

**Today's Harbor for Children, Inc.**

Financial Statements  
and Independent Auditors' Report  
for the years ended June 30, 2018 and 2017

# Today's Harbor for Children, Inc.

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**Independent Auditors' Report**

To the Board of Directors of  
Today's Harbor for Children, Inc.:

We have audited the accompanying financial statements of Today's Harbor for Children, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities, of functional expenses, and of 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 our audits 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 Today's Harbor for Children, Inc. as of June 30, 2018 and 2017 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.

*Blazek & Vetterling*

September 20, 2018

## Today's Harbor for Children, Inc.

Statements of Financial Position as of June 30, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 631,972	\$ 933,103
Government contracts receivable	56,947	40,997
Prepaid expenses and other assets	62,168	86,332
Investments (Notes 2 and 3)	5,783,617	5,495,056
Property, net (Note 4)	<u>3,056,339</u>	<u>3,076,468</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,591,043</u></b>	<b><u>\$ 9,631,956</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 53,997	\$ 45,536
Accrued salaries and related benefits	96,436	110,095
Deferred special event revenue	<u>80,600</u>	<u>60,000</u>
Total liabilities	<u>231,033</u>	<u>215,631</u>
Net assets:		
Unrestricted:		
Board-designated investment reserve	5,783,617	5,495,056
Property	3,056,339	3,076,468
Undesignated	<u>304,634</u>	<u>632,175</u>
Total unrestricted	9,144,590	9,203,699
Temporarily restricted (Note 5)	<u>215,420</u>	<u>212,626</u>
Total net assets	<u>9,360,010</u>	<u>9,416,325</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,591,043</u></b>	<b><u>\$ 9,631,956</u></b>

*See accompanying notes to financial statements.*

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## Today's Harbor for Children, Inc.

Statement of Activities for the year ended June 30, 2018

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
OPERATING REVENUE:			
Contributions ( <i>Note 6</i> )	\$ 1,041,298	\$ 342,131	\$ 1,383,429
Government contract fees	648,720		648,720
Special events:			
Revenue	577,384	32,500	609,884
Cost of donor benefits	(162,616)		(162,616)
Other income	<u>3,981</u>		<u>3,981</u>
Total operating revenue	2,108,767	374,631	2,483,398
Net assets released from restrictions:			
Property improvements	251,864	(251,864)	
Program services	53,753	(53,753)	
Strategic plan	<u>66,220</u>	<u>(66,220)</u>	
Total	<u>2,480,604</u>	<u>2,794</u>	<u>2,483,398</u>
OPERATING EXPENSES:			
Program services	2,138,816		2,138,816
Management and general	434,042		434,042
Fundraising:			
Development	395,756		395,756
Special events	<u>20,461</u>		<u>20,461</u>
Total operating expenses	<u>2,989,075</u>		<u>2,989,075</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(508,471)	2,794	(505,677)
NON-OPERATING TRANSACTIONS:			
Investment return, net ( <i>Note 2</i> )	<u>449,362</u>		<u>449,362</u>
CHANGES IN NET ASSETS	(59,109)	2,794	(56,315)
Net assets, beginning of year	<u>9,203,699</u>	<u>212,626</u>	<u>9,416,325</u>
Net assets, end of year	<u>\$ 9,144,590</u>	<u>\$ 215,420</u>	<u>\$ 9,360,010</u>

*See accompanying notes to financial statements.*

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## Today's Harbor for Children, Inc.

Statement of Activities for the year ended June 30, 2017

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
OPERATING REVENUE:			
Contributions ( <i>Note 6</i> )	\$ 1,175,113	\$ 255,976	\$ 1,431,089
Government contract fees	578,252		578,252
Special events:			
Revenue	800,875		800,875
Cost of donor benefits	(198,526)		(198,526)
Cost of auction sales	(8,013)		(8,013)
Other income	<u>6,174</u>	<u>        </u>	<u>6,174</u>
Total operating revenue	2,353,875	255,976	2,609,851
Net assets released from restrictions:			
Property improvements	140,055	(140,055)	
Program services	34,935	(34,935)	
Strategic plan	<u>19,680</u>	<u>(19,680)</u>	<u>        </u>
Total	<u>2,548,545</u>	<u>61,306</u>	<u>2,609,851</u>
OPERATING EXPENSES:			
Program services	2,157,323		2,157,323
Management and general	352,501		352,501
Fundraising:			
Development	370,432		370,432
Special events	<u>45,335</u>	<u>        </u>	<u>45,335</u>
Total operating expenses	<u>2,925,591</u>	<u>        </u>	<u>2,925,591</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(377,046)	61,306	(315,740)
NON-OPERATING TRANSACTIONS:			
Investment return, net ( <i>Note 2</i> )	<u>558,496</u>	<u>        </u>	<u>558,496</u>
CHANGES IN NET ASSETS	181,450	61,306	242,756
Net assets, beginning of year	<u>9,022,249</u>	<u>151,320</u>	<u>9,173,569</u>
Net assets, end of year	<u>\$ 9,203,699</u>	<u>\$ 212,626</u>	<u>\$ 9,416,325</u>

*See accompanying notes to financial statements.*

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## Today's Harbor for Children, Inc.

### Statement of Functional Expenses for the year ended June 30, 2018

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Operating expenses:				
Salaries and related benefits	\$ 920,605	\$ 193,154	\$ 327,019	\$ 1,440,778
Depreciation	299,859			299,859
Food	281,597			281,597
Professional fees	42,000	184,555	27,016	253,571
Insurance	180,056	10,948		191,004
Utilities	118,228	7,632	11,222	137,082
Supplies	61,660	8,894	19,988	90,542
Repairs and maintenance	66,928	2,110	3,785	72,823
Educational and residential supplies	59,629			59,629
Transportation	44,231	298		44,529
Travel	17,309	2,595	513	20,417
Rent	4,107	2,591	11,845	18,543
Postage and printing	1,655	406	14,829	16,890
Conferences and training	7,167	7,167		14,334
Dues and subscriptions	11,905			11,905
Cash allowances and gifts to residents	11,668			11,668
Contract services	10,212			10,212
Other		13,692		13,692
Total operating expenses	<u>\$ 2,138,816</u>	<u>\$ 434,042</u>	<u>\$ 416,217</u>	2,989,075
Special events:				
Cost of donor benefits				<u>162,616</u>
Total				<u>\$ 3,151,691</u>

*See accompanying notes to financial statements.*

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## Today's Harbor for Children, Inc.

### Statement of Functional Expenses for the year ended June 30, 2017

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Operating expenses:				
Salaries and related benefits	\$ 940,673	\$ 189,161	\$ 310,460	\$ 1,440,294
Depreciation	273,574			273,574
Food	330,109			330,109
Professional fees	25,812	112,564	54,487	192,863
Insurance	182,435	10,720		193,155
Utilities	117,485	6,739	9,382	133,606
Supplies	41,822	3,042	12,479	57,343
Repairs and maintenance	52,804	2,296	4,021	59,121
Educational and residential supplies	60,850			60,850
Transportation	51,601	668		52,269
Travel	20,116	3,547	935	24,598
Rent	6,036	2,888	13,204	22,128
Postage and printing	549	137	10,799	11,485
Conferences and training	4,789	4,789		9,578
Dues and subscriptions	13,540			13,540
Cash allowances and gifts to residents	14,442			14,442
Contract services	20,686			20,686
Other		15,950		15,950
Total operating expenses	<u>\$ 2,157,323</u>	<u>\$ 352,501</u>	<u>\$ 415,767</u>	2,925,591
Special events:				
Cost of donor benefits				198,526
Cost of auction sales				<u>8,013</u>
Total				<u>\$ 3,132,130</u>

*See accompanying notes to financial statements.*

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## Today's Harbor for Children, Inc.

### Statements of Cash Flows for the years ended June 30, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (56,315)	\$ 242,756
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	299,859	273,574
Contributions restricted for property improvements	(301,485)	(236,981)
Net realized and unrealized gain on investments	(354,198)	(468,738)
Changes in operating assets and liabilities:		
Government contracts receivable	(15,950)	7,824
Prepaid expenses and other assets	24,164	(1,714)
Accounts payable, accrued salaries and related benefits	(5,198)	23,245
Deferred special event revenue	<u>20,600</u>	<u>13,390</u>
Net cash used by operating activities	<u>(388,523)</u>	<u>(146,644)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	3,401,250	2,291,006
Insurance proceeds for property repairs	212,951	
Purchases of investments	(3,388,451)	(2,400,254)
Change in money market mutual funds held as investments	52,838	19,490
Purchases of property	<u>(492,681)</u>	<u>(268,084)</u>
Net cash used by investing activities	<u>(214,093)</u>	<u>(357,842)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for property improvements	301,485	236,981
Repayment of notes payable	<u>          </u>	<u>(7,244)</u>
Net cash provided by financing activities	<u>301,485</u>	<u>229,737</u>
NET CHANGE IN CASH	(301,131)	(274,749)
Cash, beginning of year	<u>933,103</u>	<u>1,207,852</u>
Cash, end of year	<u>\$ 631,972</u>	<u>\$ 933,103</u>

*See accompanying notes to financial statements.*

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## Today's Harbor for Children, Inc.

Notes to Financial Statements for the years ended June 30, 2018 and 2017

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Today's Harbor for Children, Inc. (Today's Harbor) was incorporated in Texas in 1947. The mission of Today's Harbor is to provide healthy, comprehensive care for children and families in crisis. Today's Harbor operates a home in La Porte, Texas for dependent, homeless, abandoned, neglected, or underprivileged children, and promotes the general welfare of such children by teaching the principles of right living and good citizenship.

Agreement with Educational Leadership, Inc. – Today's Harbor has an agreement with Educational Leadership, Inc., a Texas nonprofit corporation, the charter holder for Southwest Schools which are Texas open enrollment charter schools that provide classes during the fall and spring terms at Today's Harbor for students in grades kindergarten to eight. Under the agreement, the charter holder has the right to seek and obtain all funds, private or public, state or federal, that are available for the provision of the educational program. The funds received by the charter holder are its sole source of remuneration for the provision of those services. In the event that Southwest Schools provide educational programs to students during the summer term, Today's Harbor reimburses Southwest Schools for the costs of the salary and associated fringe benefits of staff assigned to the summer program, netted by other funding sources for summer school services received by Southwest Schools. Except for costs of services provided during the summer term, no revenue or expenses of the charter school are recognized by Today's Harbor.

Federal income tax status – Today's Harbor is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash in the statement of cash flows excludes cash held for investment. Bank deposits exceed the federally insured limit per depositor per institution.

Investment valuation and income recognition – Investments are reported at fair value. Purchases and sales of securities are reported on a trade-date basis. Today's Harbor's management determines valuation policies utilizing information provided by its investment advisers, custodians and fund managers. Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold as well as held during the year. Investment return is reported in the statement of activities as an increase in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions.

Property is reported at cost if purchased and at fair value at the date of gift if donated. Today's Harbor capitalizes additions and improvements with a cost of more than \$500. Depreciation is provided on a straight-line basis over estimated useful lives of 10 to 30 years for building and leasehold improvements, and 3 to 7 years for furniture, equipment, and vehicles.

Deferred special event revenue represents sponsorships received in advance for special events which are refundable if the events do not take place.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or future time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Donated materials, use of facilities and services – Donated materials and use of facilities are recognized at fair value as unrestricted contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Government contract fees related to room and board from the Texas Department of Family and Protective Services and reduced lunch programs from the Texas Department of Agriculture Food and Nutrition Division are recognized in the period in which the services are provided.

Non-operating transactions include transactions not in the ordinary course of business, including investment return.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU are aimed at providing more useful information to users of not-for-profit financial statements. Under this ASU, net assets will be presented in two classes: *net assets with donor restrictions* and *net assets without donor restrictions*. New or enhanced disclosures will be required about the nature and composition of net assets, and the liquidity and availability of resources for general operating expenditures within one year of the balance sheet date. Expenses will be required to be presented by both nature and function and investment return will be presented net of external and direct internal investment expenses. Absent explicit donor stipulations, restrictions on long-lived assets will expire when assets are placed in service. Today's Harbor is required to adopt this ASU for fiscal year 2019. Adoption of this ASU will impact the presentation and disclosures of the financial statements.

## NOTE 2 – INVESTMENTS

Investments consist of the following:

	<u>2018</u>	<u>2017</u>
Equity securities	\$ 3,991,864	\$ 4,099,080
Fixed-income and preferred securities	1,689,447	1,238,337
Alternatives	<u>58,827</u>	<u>60,822</u>
Total investments at fair value	5,740,138	5,398,239
Cash held in investment accounts	<u>43,479</u>	<u>96,817</u>
Total investments	<u>\$ 5,783,617</u>	<u>\$ 5,495,056</u>

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, 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 statement of financial position and statement of activities.

Investment return includes earnings on cash and consists of the following:

	<u>2018</u>	<u>2017</u>
Interest, dividends and capital gain distributions	\$ 148,051	\$ 137,391
Net realized and unrealized gain	354,198	468,738
Investment management fees	<u>(52,887)</u>	<u>(47,633)</u>
Investment return, net	<u>\$ 449,362</u>	<u>\$ 558,496</u>

## NOTE 3 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. 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. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date. Level 2 investments are priced by independent, industry recognized vendors contracted by Today's Harbor's custodian or independent appraisals.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability. Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the investment.

Assets measured at fair value at June 30, 2018 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Equity securities:				
U. S.:				
Large-Cap Value	\$ 609,462			\$ 609,462
Large-Cap Growth	539,042			539,042
Small-Cap Growth	263,803			263,803
Mid-Cap Growth	160,326			160,326
Small-Cap Value	117,740			117,740
Mid-Cap Value	94,021			94,021
Other	903,433			903,433
International:				
European	649,103			649,103
Japan	113,251			113,251
Asia Pacific (excluding Japan)	90,666			90,666
Canadian	15,622			15,622
International Small-Cap	9,041			9,041
Emerging and frontier markets:				
Emerging markets	174,176			174,176
Asia	165,483			165,483
Latin America	86,695			86,695
Fixed-income securities:				
Global		\$ 831,171		831,171
U. S. Securitized		346,026		346,026
U. S. Intermediate-term		206,663		206,663
U. S. Long-term		203,842		203,842
U. S. Ultra Short-term		68,348		68,348
U. S. Short-term		33,397		33,397
Alternatives:				
Real estate investment trusts	56,699			56,699
Private equity	2,128			2,128
Total investments	4,050,691	1,689,447		5,740,138
Money market mutual funds held as cash equivalents	43,479			43,479
Total assets measured at fair value	<u>\$ 4,094,170</u>	<u>\$ 1,689,447</u>	<u>\$ 0</u>	<u>\$ 5,783,617</u>

Assets measured at fair value at June 30, 2017 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Equity securities:				
U. S.:				
Large-Cap Value	\$ 621,267			\$ 621,267
Large-Cap Growth	704,004			704,004
Small-Cap Growth	312,138			312,138
Mid-Cap Growth	207,493			207,493
Small-Cap Value	262,880			262,880
Mid-Cap Value	56,546			56,546
Other	615,858			615,858
International:				
European	540,916			540,916
Japan	97,056			97,056
Asia Pacific (excluding Japan)	78,668			78,668
Canadian	7,202			7,202
International Small-Cap	233,368			233,368
Emerging and frontier markets:				
Emerging markets	135,726			135,726
Asia	118,503			118,503
Latin America	107,455			107,455
Fixed-income securities:				
Global		\$ 613,698		613,698
U. S. Securitized		209,827		209,827
U. S. Intermediate-term		187,175		187,175
U. S. Long-term		122,562		122,562
U. S. Short-term		80,055		80,055
Inflation-linked securities		25,020		25,020
Alternatives:				
Real estate investment trusts	53,498			53,498
Private equity	3,427			3,427
Master limited partnerships	3,897			3,897
Total investments	4,159,902	1,238,337		5,398,239
Money market mutual funds held as cash equivalents	96,817			96,817
Total assets measured at fair value	<u>\$ 4,256,719</u>	<u>\$ 1,238,337</u>	<u>\$ 0</u>	<u>\$ 5,495,056</u>

Valuation methods used for assets measured at fair value are as follows:

- *Equity securities* and *alternatives* are valued at the closing price reported on the active market on which the individual securities are traded or at reported net asset value.
- *Fixed-income securities* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Today's Harbor believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

#### NOTE 4 – PROPERTY

Property consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 320,682	\$ 320,682
Building and leasehold improvements	6,245,563	5,993,266
Furniture and equipment	1,384,659	1,273,955
Vehicles	<u>553,714</u>	<u>548,628</u>
Total property, at cost	8,504,618	8,136,531
Accumulated depreciation	<u>(5,448,279)</u>	<u>(5,060,063)</u>
Property, net	<u>\$ 3,056,339</u>	<u>\$ 3,076,468</u>

#### NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Property improvements	\$ 134,616	\$ 97,495
Livestock purchases	27,393	18,593
Clothing, school, and recreational supplies	21,789	2,661
Summer activities	7,890	
Appliances	7,099	13,795
Vehicles	5,848	5,848
Strategic plan		66,220
Other	<u>10,785</u>	<u>8,014</u>
Total temporarily restricted net assets	<u>\$ 215,420</u>	<u>\$ 212,626</u>

#### NOTE 6 – IN-KIND CONTRIBUTIONS

Today's Harbor recognized the following in-kind contributions:

	<u>2018</u>	<u>2017</u>
Program services expenses:		
Food	\$ 252,790	\$ 286,756
Supplies	<u>86,080</u>	<u>58,690</u>
Total in-kind contributions	<u>\$ 338,870</u>	<u>\$ 345,446</u>

## NOTE 7 – COMMITMENTS

Today's Harbor leases office space and certain equipment under non-cancellable operating leases. Future minimum lease payments are due as follows:

2019	\$ 26,212
2020	<u>11,539</u>
Total	<u>\$ 37,751</u>

Lease expense of approximately \$33,000 and \$34,000 were recognized in 2018 and 2017, respectively.

## NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 20, 2018, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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