

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

Financial Statements  
and Independent Auditors' Report  
for the years ended June 30, 2020 and 2019

# 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, 2020 and 2019 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**

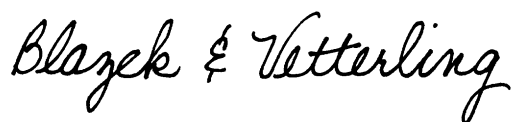
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about 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, 2020 and 2019 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.



September 18, 2020

## Today's Harbor for Children, Inc.

Statements of Financial Position as of June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 502,369	\$ 437,711
Program service contracts receivable	56,222	38,399
Prepaid expenses and other assets	119,742	135,904
Investments ( <i>Notes 4 and 5</i> )	5,367,522	5,161,042
Property, net ( <i>Note 6</i> )	<u>2,822,189</u>	<u>3,036,077</u>
 TOTAL ASSETS	 <u>\$ 8,868,044</u>	 <u>\$ 8,809,133</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 43,371	\$ 56,666
Accrued salaries and related benefits	52,313	98,426
Deferred special event revenue	33,300	60,050
Refundable advance ( <i>Note 10</i> )	<u>278,723</u>	<u>          </u>
Total liabilities	<u>407,707</u>	<u>215,142</u>
Net assets:		
Without donor restrictions ( <i>Note 3</i> )	8,311,453	8,492,095
With donor restrictions ( <i>Note 7</i> )	<u>148,884</u>	<u>101,896</u>
Total net assets	<u>8,460,337</u>	<u>8,593,991</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,868,044</u>	 <u>\$ 8,809,133</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, 2020

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE:			
Contributions ( <i>Note 8</i> )	\$ 1,153,798	\$ 215,098	\$ 1,368,896
Program service contract fees	485,822		485,822
Special events:			
Revenue	565,707		565,707
Cost of donor benefits	(159,736)		(159,736)
Other income	<u>10,623</u>		<u>10,623</u>
Total operating revenue	2,056,214	215,098	2,271,312
Net assets released from restrictions:			
Program services	133,680	(133,680)	
Strategic plan	<u>34,430</u>	<u>(34,430)</u>	
Total	<u>2,224,324</u>	<u>46,988</u>	<u>2,271,312</u>
OPERATING EXPENSES:			
Program services	2,075,830		2,075,830
Management and general	534,488		534,488
Fundraising	<u>368,074</u>		<u>368,074</u>
Total operating expenses	<u>2,978,392</u>		<u>2,978,392</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(754,068)	46,988	(707,080)
NON-OPERATING TRANSACTIONS:			
Net investment return	<u>573,426</u>		<u>573,426</u>
CHANGES IN NET ASSETS	(180,642)	46,988	(133,654)
Net assets, beginning of year	<u>8,492,095</u>	<u>101,896</u>	<u>8,593,991</u>
Net assets, end of year	<u>\$ 8,311,453</u>	<u>\$ 148,884</u>	<u>\$ 8,460,337</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, 2019

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE:			
Contributions ( <i>Note 8</i> )	\$ 988,512	\$ 368,798	\$ 1,357,310
Program service contract fees	444,017		444,017
Special events:			
Revenue	807,710		807,710
Cost of donor benefits	(199,716)		(199,716)
Other income	<u>41,346</u>		<u>41,346</u>
Total operating revenue	2,081,869	368,798	2,450,667
Net assets released from restrictions:			
Property improvements	89,418	(89,418)	
Program services	222,354	(222,354)	
Strategic plan	<u>170,550</u>	<u>(170,550)</u>	
Total	<u>2,564,191</u>	<u>(113,524)</u>	<u>2,450,667</u>
OPERATING EXPENSES:			
Program services	2,267,431		2,267,431
Management and general	581,044		581,044
Fundraising:			
Development	382,626		382,626
Special events	<u>23,010</u>		<u>23,010</u>
Total operating expenses	<u>3,254,111</u>		<u>3,254,111</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(689,920)	(113,524)	(803,444)
NON-OPERATING TRANSACTIONS:			
Net investment return	<u>37,425</u>		<u>37,425</u>
CHANGES IN NET ASSETS	(652,495)	(113,524)	(766,019)
Net assets, beginning of year	<u>9,144,590</u>	<u>215,420</u>	<u>9,360,010</u>
Net assets, end of year	<u>\$ 8,492,095</u>	<u>\$ 101,896</u>	<u>\$ 8,593,991</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, 2020

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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	\$ 909,631	\$ 177,404	\$ 261,574	\$ 1,348,609
Professional fees	37,298	256,706	16,902	310,906
Depreciation	302,531			302,531
Food	258,737			258,737
Insurance	193,887	5,222	4,929	204,038
Utilities	107,781	11,504	14,621	133,906
Supplies	42,740	34,407	18,380	95,527
Educational and residential supplies	73,715			73,715
Repairs and maintenance	65,052	2,869	4,434	72,355
Transportation	31,610	4,884	3,414	39,908
Rent	3,389	3,389	23,723	30,501
Postage and printing	1,756	11,103	13,095	25,954
Contract services	22,602			22,602
Travel	4,773	2,831	6,006	13,610
Dues and subscriptions	9,296			9,296
Conferences and training	2,775	5,372	996	9,143
Cash allowances and gifts to residents	8,257			8,257
Other		18,797		18,797
Total operating expenses	<u>\$ 2,075,830</u>	<u>\$ 534,488</u>	<u>\$ 368,074</u>	2,978,392
Special events:				
Cost of donor benefits				<u>159,736</u>
Total				<u>\$ 3,138,128</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, 2019

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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	\$ 1,054,641	\$ 190,086	\$ 317,774	\$ 1,562,501
Professional fees	40,206	311,014	26,638	377,858
Depreciation	328,581			328,581
Food	245,944			245,944
Insurance	183,767	5,619	5,344	194,730
Utilities	95,528	8,102	9,760	113,390
Supplies	43,206	23,599	1,719	68,524
Educational and residential supplies	57,158			57,158
Repairs and maintenance	74,450	2,756	4,777	81,983
Transportation	43,134	1,890		45,024
Rent	4,304	1,722	14,634	20,660
Postage and printing		1,895	14,761	16,656
Contract services	5,267			5,267
Travel	9,536	4,685	9,400	23,621
Dues and subscriptions	11,535			11,535
Conferences and training	3,593	14,438	829	18,860
Cash allowances and gifts to residents	11,468			11,468
Resident entertainment	55,113			55,113
Other		15,238		15,238
Total operating expenses	<u>\$ 2,267,431</u>	<u>\$ 581,044</u>	<u>\$ 405,636</u>	3,254,111
Special events:				
Cost of donor benefits				<u>199,716</u>
Total				<u>\$ 3,453,827</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, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (133,654)	\$ (766,019)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	302,531	328,581
Net realized and unrealized (gain) loss on investments	(363,108)	44,558
Changes in operating assets and liabilities:		
Program service contracts receivable	(17,823)	18,548
Prepaid expenses and other assets	16,162	(73,736)
Accounts payable, accrued salaries and related benefits	(59,408)	4,659
Deferred special event revenue	(26,750)	(20,550)
Refundable advance	<u>278,723</u>	<u>                    </u>
Net cash used by operating activities	<u>(3,327)</u>	<u>(463,959)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	6,716,418	3,729,613
Purchases of investments	(6,544,399)	(3,107,925)
Change in cash held as investments	(15,391)	(43,671)
Purchases of property	<u>(88,643)</u>	<u>(308,319)</u>
Net cash provided by investing activities	<u>67,985</u>	<u>269,698</u>
<b>NET CHANGE IN CASH</b>	<b>64,658</b>	<b>(194,261)</b>
Cash, beginning of year	<u>437,711</u>	<u>631,972</u>
Cash, end of year	<u>\$ 502,369</u>	<u>\$ 437,711</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, 2020 and 2019

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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. No transactions of the charter school are recognized by Today's Harbor other than Today's Harbor's share of the costs of services provided during the summer term.

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 includes demand deposits held by financial institutions, except that cash held for investment purposes is grouped with investments in the statement of financial position and excluded from cash in the statement of cash flows. Bank deposits exceed the federally insured limit per depositor per institution.

Program service contracts receivable are noninterest-bearing amounts that reflect the amount Today's Harbor expects to receive for services already provided. Amounts are generally collected one to two months after services are provided. An allowance for uncollectible amounts is provided when changed circumstances indicate an amount may not be collected in full. All amounts are due from state agencies that management believes will be fully collected and no allowance has been provided. Program service contracts receivable were \$56,222, \$38,399, and \$56,947 at June 30, 2020, 2019, and 2018, respectively.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

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 – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

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 and grants are subject to one or more barriers that must be overcome before Today's Harbor is entitled to receive or retain funding. Conditional contributions are recognized when the conditions are met. Today's Harbor has a conditional contribution that is conditioned on incurring allowable costs in providing free or reduced breakfast and lunches to eligible children. Contribution revenue for this program is recognized as allowable costs are incurred. During the year ended June 30, 2020, approximately \$216,000 of contributions were from two donors. During the year ended June 30, 2019, approximately \$205,000 of contributions were from one donor.

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.

Program service contract fees arise from contracts with the Texas Department of Family and Protective Services for Today's Harbor to provide residential services for children in protective custody. Fees are recognized in the period support and services are provided in an amount that reflects the consideration Today's Harbor expects to be entitled to receive.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Direct donor benefit costs represent the cost of goods and services provided to attendees of the special events.

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

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and benefits are allocated based on the estimated time and effort expended by all employees. Supplies are allocated based on an estimate of usage. Rent is allocated based on employee head counts.

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.

## NOTE 2 – ADOPTION OF ACCOUNTING STANDARD

Today’s Harbor adopted the amendments of Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective January 1, 2019. The amendments in this ASU clarify and improve guidance about whether an agreement is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. These amendments have been applied on a retrospective basis to the 2019 financial statements. Reclassifications were made to conform to the new presentation but there was no impact on previously reported net assets or changes in net assets.

## NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 502,369	\$ 437,711
Government contracts receivable	56,222	38,399
Investments	<u>5,367,522</u>	<u>5,161,042</u>
Total financial assets	5,926,113	5,637,152
Less board-designated investment reserve less distribution approved for the coming year	<u>5,186,475</u>	<u>5,161,042</u>
Total financial assets available for general expenditure	<u>\$ 739,638</u>	<u>\$ 476,110</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Today’s Harbor considers all expenditures related to its ongoing program activities of operating a home for dependent, homeless, abandoned, neglected, or underprivileged children and promoting the general welfare of such children by teaching the principles of right living and good citizenship, as well as conducting services to support those activities, to be general expenditures.

Today’s Harbor is supported by contributions and grants, government contract fees, and special events. Today’s Harbor has a policy to structure its financial assets to be available as general expenditures and liabilities become due. The Board of Directors has designated a portion of *net assets without donor restrictions* to be invested for current income and long-term growth. While Today’s Harbor does not intend to make this reserve, other than approved distributions, available for general expenditures, the reserve may be made available at the discretion of the Board.

## NOTE 4 – INVESTMENTS

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Common stock:		
International	\$ 818,189	\$ 616,929
Large-cap growth	767,396	479,715
Mid-cap growth	628,939	107,213
Emerging and frontier market	500,292	398,565
Large-cap value	423,613	530,636
Small-cap growth	397,836	132,565
Mid-cap value	126,175	66,543
Small-cap value	123,161	160,322
Other	<u>122,115</u>	<u>709,853</u>
Total common stock	3,907,716	3,202,341
Fixed-income securities:		
Mutual funds	619,001	919,565
U. S. Government	415,069	584,696
Corporate bonds	<u>231,592</u>	<u>336,558</u>
Total fixed-income securities	1,265,662	1,840,819
REIT	91,603	30,732
Cash held in investment account	<u>102,541</u>	<u>87,150</u>
Total investments	<u>\$ 5,367,522</u>	<u>\$ 5,161,042</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.

## NOTE 5 – 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, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Common stock	\$ 3,907,716			\$ 3,907,716
Government and corporate debt securities		\$ 646,661		646,661
Mutual funds	619,001			619,001
REIT	<u>91,603</u>			<u>91,603</u>
Total assets measured at fair value	<u>\$ 4,618,320</u>	<u>\$ 646,661</u>	<u>\$ 0</u>	<u>\$ 5,264,981</u>

Assets measured at fair value at June 30, 2019 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Common stock	\$ 3,202,341			\$ 3,202,341
Government and corporate debt securities		\$ 921,254		921,254
Mutual funds	919,565			919,565
REIT	<u>30,732</u>			<u>30,732</u>
Total assets measured at fair value	<u>\$ 4,152,638</u>	<u>\$ 921,254</u>	<u>\$ 0</u>	<u>\$ 5,073,892</u>

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

- *Common stock* and *REITs* are valued at the closing price reported on the active market on which the individual securities are traded.
- *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.
- *Mutual funds* are valued at the reported net asset value.

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 6 – PROPERTY

Property consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 320,682	\$ 320,682
Building and leasehold improvements	6,204,000	6,169,130
Furniture and equipment	1,463,373	1,444,092
Vehicles	<u>646,249</u>	<u>645,654</u>
Total property, at cost	8,634,304	8,579,558
Accumulated depreciation	<u>(5,812,115)</u>	<u>(5,543,481)</u>
Property, net	<u>\$ 2,822,189</u>	<u>\$ 3,036,077</u>

## NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Property improvements	\$ 64,351	\$ 28,951
Summer activities	35,804	17,835
Vehicles	30,000	
Livestock purchases	5,561	8,987
Clothing, school, and recreational supplies	1,849	2,767
Strategic plan		34,430
Other	<u>11,319</u>	<u>8,926</u>
Total net assets with donor restrictions	<u>\$ 148,884</u>	<u>\$ 101,896</u>

## NOTE 8 – IN-KIND CONTRIBUTIONS

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

	<u>2020</u>	<u>2019</u>
Program services expenses:		
Food	\$ 197,042	\$ 209,404
Supplies	56,102	57,678
Resident entertainment	<u>          </u>	<u>55,113</u>
Total in-kind contributions	<u>\$ 253,144</u>	<u>\$ 322,195</u>

## NOTE 9 – COMMITMENTS

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

2021	\$ 31,700
2022	<u>32,900</u>
Total	<u>\$ 64,600</u>

Lease expense of approximately \$51,000 and \$42,000 were recognized in 2020 and 2019, respectively.

## NOTE 10 – PANDEMIC AND SUBSEQUENT EVENTS

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. While Today's Harbor expects this matter may negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Today's Harbor has striven to maintain its paid staff in spite of COVID-19 restrictions. In May 2020, Today's Harbor received financial relief of \$278,723 under the Small Business Administration's Paycheck Protection Program (PPP). Some or all of the PPP loan may be forgiven if Today's Harbor meets eligibility requirements and uses the loan to fund qualified payroll and other eligible costs. Any amounts not forgiven bear interest at 1.0% and are due within 5 years. Today's Harbor expects to qualify for full forgiveness.

Management has evaluated subsequent events through September 18, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other 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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