P.S. IT'S SOCIAL D/B/A
CURT'S CAFE

FINANCIAL STATEMENTS

For the year ended
December 31, 2016
Independent Auditor’s Opinion

To the Board of Directors
P.S. It’s Social d/b/a Curt’s Café
Chicago, Illinois

Report on the Financial Statements

We have audited the statement of financial position of the P.S. It’s Social d/b/a Curt’s Café as of December 31, 2016, and the related statements of activity, functional expenses and cash flows for the year 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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 P.S. It’s Social d/b/a Curt’s Café as of December 31, 2016 and the results of its activity and its cash flows the year then ended in conformity with accounting principles generally accepted in the United States of America.

April 30, 2018

[Signature]
P.S. IT’S SOCIAL D/B/A CURT’S CAFE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

**ASSETS**

**Current Assets**
- Cash: $140,441
- Food inventory: 1,586
- Prepaid expenses: 3,711
  - Total current assets: 145,738

**Fixed Assets**
- Leasehold improvements: 92,387
- Furniture and fixtures: 96,766
- Accumulated depreciation: (119,336)
  - Total: 69,817

**Other assets**
- Security deposits: 2,309
  - Total assets: $217,864

**LIABILITIES AND NET ASSETS**

**Current liabilities**
- Accounts payable: $4,857
- Accrued expenses: 1,689
  - Total current liabilities: 6,546

**Long term liabilities**
- Loan from officer: 81,500
  - Total liabilities: 88,046

**Net Assets**
- Unrestricted Net Assets: 129,818
  - $217,864

The accompanying notes are an integral part of the financial statements.
<table>
<thead>
<tr>
<th>SUPPORT:</th>
<th>Unrestricted</th>
<th>Temporarily</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant sales</td>
<td>$397,666</td>
<td>$397,666</td>
<td></td>
</tr>
<tr>
<td>Less cost of goods sold</td>
<td>184,223</td>
<td>184,223</td>
<td></td>
</tr>
<tr>
<td>Restaurant gross margin</td>
<td>213,443</td>
<td>213,443</td>
<td></td>
</tr>
<tr>
<td>Grants and donations</td>
<td>365,772</td>
<td>$96,500</td>
<td>462,272</td>
</tr>
<tr>
<td>Fundraising events, net</td>
<td>53,097</td>
<td></td>
<td>53,097</td>
</tr>
<tr>
<td>Total support</td>
<td>632,312</td>
<td>96,500</td>
<td>728,812</td>
</tr>
</tbody>
</table>

| EXPENSES:                                    |              |              |           |
| Wages and benefits                           | 349,620      |              | 349,620   |
| Occupancy                                    | 100,202      |              | 100,202   |
| Repairs and maintenance                      | 11,970       |              | 11,970    |
| Equipment                                    | 8,723        |              | 8,723     |
| Contracted services                          | 14,165       |              | 14,165    |
| Student training                             | 89,884       |              | 89,884    |
| Office expenses                              | 26,289       |              | 26,289    |
| Insurance                                    | 22,096       |              | 22,096    |
| Advertising                                  | 5,186        |              | 5,186     |
| Depreciation                                 | 23,198       |              | 23,198    |
| Professional fees                            | 32,866       |              | 32,866    |
| Travel                                       | 1,992        |              | 1,992     |
| Other                                        | 21,022       |              | 21,022    |
| Support over expenses from operations        | (74,901)     | 96,500       | 21,799    |

| OTHER INCOME(EXPENSES):                      |              |              |           |
| Transfers                                    | 96,500       | (96,500)     |           |
| Forgiveness of debt                          | 61,343       |              | 61,343    |
| Rental income                                | 2,000        |              | 2,000     |
| Increase in net assets                       | 84,942       |              | 84,942    |
| Net assets, beginning of year, as restated   | 44,876       | -            | 44,876    |
| Net assets, end of year                      | $129,818     | -            | $129,818  |

The accompanying notes are an integral part of the financial statements.
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES
Increase in net assets $ 84,942

Adjustments to reconcile to net cash provided by operating activities:
Depreciation 23,198
Forgiveness of debt (61,343)
Increase in food inventory (116)
Increase in prepaid expenses (3,711)
Increase in security deposits (309)
Decrease in accounts payable and accrued liabilities (1,663)

Net cash provided by operating activities 40,998

CASH FLOWS FROM FINANCING ACTIVITIES
Decrease in City of Evanston loan (2,130)
Decrease in loan from officer (2,500)

Net cash used by financing activities (4,630)

CASH, BEGINNING OF YEAR 104,073

CASH, END OF YEAR $140,441

The accompanying notes are an integral part of the financial statements.
NOTE 1: ORGANIZATION PURPOSE AND FUNCTION

P.S. It's Social d/b/a Curt's Cafe ("Curt's") is a not-for-profit organization organized April 28, 2011 whose purpose is to provide leadership, life and job skills, training and job placement to young ex-offenders and at risk youth. Curt's operates to restaurants as part of providing this training.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(A) Principles of Accounting

Curt's policy is to prepare its financial statements using the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenditures are recognized when the obligation is incurred. If an expenditure results in an asset having an estimated useful life extending substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset.

(B) Property and Equipment

Office equipment is capitalized at cost. Depreciation is recorded using the straight-line method over two to seven years. Leasehold improvements are depreciated over 15 years.

(C) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(D) Net Assets

Net assets of Curt's are considered unrestricted or restricted using definitions as follows:

"Unrestricted net assets" are not subject to donor imposed restrictions.

"Temporarily restricted net assets" are subject to donor imposed restrictions that may or will be met by actions of the Curt's and/or the passage of time.

"Permanently restricted net assets" are subject to donor imposed restrictions which do not expire or lapse.
(E) Contributed services

Services requiring specialized professional knowledge are contributed to Curt's from time to time. In 2016, Curt's received no contributed professional services. Contributed services not requiring specialized knowledge are not recorded.

(F) Income Taxes

Curt’s is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Curt’s federal Exempt Organization Business Income Tax Returns for 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

(G) Compensated Absences

Employees of Curt’s are compensated for vacation, sick days and personal days off, depending on job classification, length of service, and other factors. The estimated liability for such compensated absences cannot be reasonably estimated as of December 31, 2016.

NOTE 3: LEASES

Curt’s operates in two leased facilities. One lease that provides for rent of $2,000 monthly until October 31, 2017 plus utilities. Curt’s has an option to renew the lease for an additional three year term at increased rents.

The other lease is a sub-lease from a related party and provides for rent of $3,700 monthly until December 31, 2017 plus continent rents based upon utility charges, real estate taxes and insurance for a portion of the premises and $1,000 monthly until December 15, 2018 for the remainder of the premises. Curt’s has an option to renew the first lease for an additional three year term. The related party forgave $61,343 of unpaid rent in 2016.

Minimum rents due under non-cancelable leases as of December 31, 2016 are:

2017 $ 64,400

Rent expense for the year ended December 31, 2016 was $78,470.

NOTE 4: CREDIT RISK CONCENTRATIONS

Curt’s maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2016, there were no uninsured cash balances.

Note 5: RELATED PARTIES
NOTES TO FINANCIAL STATEMENTS

Curt’s received a loan of $81,500 from a related party. The loan is non-interest bearing and is payable in monthly installments of $1,000.

Note 6:-- PROGRAM EXPENDITURES
Expenditures by major program/category consist of:

Programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant operations</td>
<td>$470,953</td>
</tr>
<tr>
<td>Social services</td>
<td>171,831</td>
</tr>
<tr>
<td>General and administrative</td>
<td>1,551</td>
</tr>
<tr>
<td>Fundraising</td>
<td>62,878</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$707,213</strong></td>
</tr>
</tbody>
</table>

Additionally event income is shown net of expenses of $38,262.

Note 7: PRIOR PERIOD ADJUSTMENT

Various accounting errors from prior years were identified during 2016. The net effect of these changes on prior net assets was a decrease of $33,799.

Note 8: SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 30, 2018 which is the date the financial statements were available to be issued.