

**P.S. IT'S SOCIAL  
d/b/a CURT'S CAFÉ**

Financial Statements and  
Independent Auditor's Report

December 31, 2017

**P.S. IT'S SOCIAL  
d/b/a CURT'S CAFÉ**

**Financial Statements**

**December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of P.S. It's Social d/b/a Curt's Café (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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 in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 7 to the financial statements, P.S. It's Social d/b/a Curt's Café was using the tax basis of accounting in depreciating its property and equipment. As a result, a prior period adjustment was made to correct depreciation to straight line basis. Our opinion is not modified with respect to this matter.

***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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Adelfia LLC*

Chicago, Illinois  
December 17, 2018

**P.S. IT'S SOCIAL d/b/a CURT'S CAFÉ**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 143,300
Food Inventory	1,586
Prepaid Expenses	3,000
Total Current Assets	<u>147,886</u>
Property and Equipment	
Leasehold Improvements	86,387
Furniture and Fixtures	92,266
Accumulated Depreciation	(92,599)
Total Property and Equipment	<u>86,054</u>
Other Assets	
Security Deposits	2,309
Goodwill	2,186
Total Other Assets	<u>4,495</u>
Total Assets	<u><u>\$ 238,435</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 3,493
Accrued Expenses	3,840
Payroll Liability	17,626
Total Current Liabilities	<u>24,959</u>
Long term liabilities	
Advances from Officer	71,500
Total Liabilities	<u>96,459</u>
Net assets:	
Unrestricted Net Assets	77,358
Temporary Restricted Net Assets	64,618
Total Net Assets	<u>141,976</u>
Total Liabilities and Net Assets	<u><u>\$ 238,435</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

**P.S. IT'S SOCIAL d/b/a/ CURT'S CAFÉ**

**STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Restaurant Sales	\$ 408,590	\$ -	\$ 408,590
Less Cost of Goods Sold	(248,681)	-	(248,681)
Restaurant Gross Margin	<u>159,909</u>	-	<u>159,909</u>
Grants and Donations	336,246	129,750	465,996
Fundraising Events, Net	142,647	-	142,647
Donations In Kind	20,184	-	20,184
Program Service Income	2,500	-	2,500
Released From Restriction	65,132	(65,132)	-
Total Revenues	<u>726,618</u>	<u>64,618</u>	<u>791,236</u>
Expenses			
Program Expenses			
Restaurant Operations	497,435	-	497,435
Social Services	240,151	-	240,151
Total Program Expenses	<u>737,586</u>	-	<u>737,586</u>
Administrative Expenses	17,251	-	17,251
Fundraising Expenses	62,409	-	62,409
Total Expenses	<u>817,246</u>	<u>-</u>	<u>817,246</u>
Increase (Decrease) in Net Assets	(90,628)	64,618	(26,010)
Net Assets, Beginning of Year	129,818	-	129,818
Prior Period Adjustment	38,168	-	38,168
Net assets, Beginning of Year, as Restated	<u>167,986</u>	<u>-</u>	<u>167,986</u>
Net Assets at End of Year	<u>\$ 77,358</u>	<u>\$ 64,618</u>	<u>\$ 141,976</u>

See Independent Auditor's Report and Notes to Financial Statements.

**P.S. IT'S SOCIAL d/b/a/ CURT'S CAFÉ**

**STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2017**

Cash Flows From Operating Activities	
Change in Net Assets	\$ (26,010)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	17,338
Amortization Expense	1,200
Decrease in Prepaid Expenses	711
Decrease in Accounts Payable	(157)
Increase in Payroll Liabilities	17,626
Increase in Accrued Expenses	2,151
Net Cash Provided by Operating Activities	<u>12,859</u>
Cash Flows From Financing Activities	
Payment of Advances from Officer	<u>(10,000)</u>
Net Cash Used in Financing Activities	<u>(10,000)</u>
Cash, Beginning of the Year	<u>140,441</u>
Cash, End of the Year	<u><u>\$ 143,300</u></u>
In-kind Donations	\$ 20,184
In-kind Expenses	\$ 20,184

See Independent Auditor's Report and Notes to Financial Statements.

**P.S. IT'S SOCIAL d/b/a CURT'S CAFÉ  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1: ORGANIZATION PURPOSE AND FUNCTION**

P.S It's Social d/b/a Curt's Café ("Curt's") is a not-for-profit organization organized October 5, 2011 whose purpose is to improve outcomes for young adults living in at-risk situations through work- and life-skills training. Curt's operates to restaurants as part of providing this training

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

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

***Property and Equipment***

Property and equipment are stated at cost. Curt's generally capitalizes items costing over \$5,000 or more. Provisions for depreciation of property and equipment are computed using the straight-line method based upon the estimated useful lives of the related assets. The estimated useful life for furniture and equipment is 2 to 7 years. Leasehold improvements are depreciated over 15 years. Depreciation expense for 2018 was \$17,338.

***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 reported period. Actual results could differ from those estimates.

***Net Assets***

Curt's is required to report information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted or unrestricted, defined as follows:

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

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



**P.S. IT'S SOCIAL d/b/a CURT'S CAFÉ  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

“Permanently restricted net assets” are subject to donor imposed restrictions which do not expire or lapse. Generally, the donors to these assets permit Curt’s to use all or part of the income on related investments for general or specific purposes. During 2017, Curt’s did not have permanently restricted net assets.

***Contributed Services***

Services requiring specialized professional knowledge are contributed to Curt’s from time to time. In 2017, Curt’s did not receive contributed professional services. Contributed services not requiring specialized knowledge are not recorded.

***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 2016 and 2017 are subject to examination by the IRS, generally for three years after they were filed.

**NOTE 3: LEASES**

Curt’s operates in three leased facilities. One lease that provides for rent of \$2,200 monthly until January 31, 2019 plus utilities. Curt’s has an option to renew the lease on a month-to-month.

The other lease is a sub-lease from a related party and provides for rent of \$4,700 monthly until December 31, 2018. This lease is on its second extension, and Curt’s has an option to renew on a month-to-month after this second extension.

The third facility leased provides for \$400 monthly rent on a month to month basis.

Minimum rents due under non-cancelable leases as of December 31, 2017 are:

2018	\$ 82,800
2019	<u>2,200</u>
Total future payments	<u>\$ 85,000</u>

Rent expense for the year ended December 31, 2017 was \$71,636.

**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, 2017, there were no uninsured cash balances.

**P.S. IT'S SOCIAL d/b/a CURT'S CAFÉ  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 5: ADVANCES FROM OFFICER**

Curt's received working capital advances from prior years which accumulated to \$81,500 as of December 31, 2016. The working capital advances is non-interest bearing. During the year 2017, Curt's paid a total of \$10,000 and intends to pay \$1,000 per month until fully paid.

**NOTE 6: PROGRAM EXPENSES**

Expenses by major program/category consist of:

<b>Expenses</b>	<b>Restaurant Operations</b>	<b>Social Services</b>	<b>Administrative</b>	<b>Fund Raising</b>	<b>Total Expenses</b>
Wages and Benefits	\$ 265,000	\$ 126,059	\$ 10,673	10,935	\$ 412,667
Occupancy	28,811	-	-	-	28,811
Rent	70,017	-	1,619	-	71,636
Repairs and Maintenance	9,813	-	-	-	9,813
Equipment	6,191	-	-	-	6,191
Contracted Services	7,579	-	-	-	7,579
Student Training	-	106,015	-	-	106,015
Office Expenses	23,588	4,296	-	-	27,884
Insurance	34,466	-	-	-	34,466
Advertising	3,068	3,781	-	6,023	12,872
Depreciation	17,338	-	-	-	17,338
Professional Fees	-	-	3,407	5,000	8,407
Travel	5,035	-	-	-	5,035
Other	8,361	-	1,552	-	9,913
Catering Supplies and Expenses	16,968	-	-	-	16,968
Amortization	1,200	-	-	-	1,200
In-kind - Food and Beverages	-	-	-	20,184	20,184
Fund Raising Expenses	-	-	-	20,267	20,267
<b>Total Expenses</b>	<b>\$ 497,435</b>	<b>\$ 240,151</b>	<b>\$ 17,251</b>	<b>\$ 62,409</b>	<b>\$ 817,246</b>

**NOTE 7: PRIOR PERIOD ADJUSTMENT**

Curt's was using the tax basis of accounting in depreciating its property and equipment which is not in accordance with generally accepted accounting principles. As a result, a prior period adjustment was made to correct the depreciation to straight line. The net effect of these changes on prior net assets was a decrease of \$38,168.

**NOTE 8: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 17, 2018 which is the date the financial statements were available to be issued.