

CURT'S CAFE
Financial Statements
Year Ended December 31, 2019

AND

Independent Auditor's Report

CURT'S CAFE

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INDEPENDENT AUDITOR'S REPORT

To the:
Board of Directors of CURT'S CAFE

We have audited the accompanying financial statements of CURT'S CAFE (a nonprofit organization incorporated in the State of Illinois), which comprise the statement of financial position as of December 31, 2019, and the related statement 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 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 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.

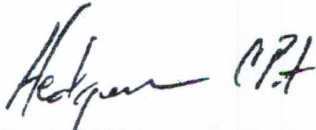
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CURT'S CAFE as of December 31, 2019, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in dark ink, appearing to read "Helgen CPA". The signature is fluid and cursive, with the letters "CPA" written more distinctly at the end.

Oak Park, Illinois 60301
October 12, 2020

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Statement of Financial Position
As of December 31

	<u>2019</u>
Assets	
Current Assets	
Cash	\$ 280,191
Accounts receivable	2,700
Current Assets	<u>282,891</u>
Property and Equipment	
Leasehold improvements	175,448
Furniture and fixtures	92,747
Accumulated depreciation	<u>(98,950)</u>
Property and Equipment	<u>169,245</u>
Other Assets	
Security deposits	8,775
Goodwill	986
Other Assets	<u>9,761</u>
Total assets	<u>\$ 461,897</u>
 Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 46,238
Payroll	26,461
Sales tax	4,827
Current liabilities	<u>\$ 77,526</u>
Long Term Liabilities	
Advances from officer	68,975
Loans	40,000
Long term liabilities	<u>108,975</u>
Total liabilities	<u>186,501</u>
 Net Assets	
Without donor restrictions	160,825
With donor restrictions	<u>114,571</u>
Total net assets	<u>275,396</u>
Total liabilities and net assets	<u>\$ 461,897</u>

See accompanying notes to the financial statements.

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Statement of Activities
Twelve Months Ended December 31

	Without Donor Restrictions	With Donor Restricted	2019 Total
Revenue			
Grants	240,850	183,971	424,821
Donations	359,622		359,622
Donations build out		45,257	45,257
Fundraising and events	100,046		100,046
Donation in-kind			-
Other	150		150
Net assets released from restriction	159,019	(159,019)	-
Total donations and fundraising	859,687	70,209	929,896
Restaurant sales, net	356,794		356,794
Cost of goods sold	(227,477)		(227,477)
Restaurant gross profit	129,317	-	129,317
Total revenue	989,004	70,209	1,059,213
Expenses			
Programs			
Restaurant	515,977		515,977
Social Services	359,983		359,983
Total Programs	875,960	-	875,960
General and administrative	56,987	-	56,987
Fundraising	21,646		21,646
Total expenses	954,593	-	954,593
Loss from asset disposal	40,977	-	40,977
Increase in net assets	(6,567)	70,209	63,642
Net Assets Change - Unrestricted			
Beginning	96,514	115,240	211,754
Transfers - net fixed assets prior year	70,878	(70,878)	
Increase in net assets	(6,567)	70,209	63,642
Ending	\$ 160,825	\$ 114,571	\$ 275,396

See accompanying notes to the financial statements.

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Statement of Cash Flows
Twelve Months Ended December 31

	<u>2019</u>
Operating activities	
Increase in net assets	\$ 63,642
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Depreciation	8,487
(Increase) decrease in operating assets:	
Accounts receivable	(2,700)
Security deposits	(6,775)
Increase (decrease) in operating liabilities:	
Accounts payable	22,495
Accrued expenses	(18,873)
Payroll	19,479
Sales tax	4,827
Net cash provided by operating activities	<u>90,581</u>
Investing activities	
Leasehold improvement	(140,330)
Furniture and fixtures acquired	(7,500)
Loss from asset disposal	40,977
Net cash used in investing activities	<u>(106,853)</u>
Financing activities	
Loan proceeds	10,000
Net cash provided by investing activities	<u>10,000</u>
Net increase (decrease) in cash	(6,272)
Cash as of beginning of year	<u>286,463</u>
Cash as of end of year	<u><u>\$ 280,191</u></u>

See accompanying notes to the financial statements.

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Schedule of Functional Expenses
December 31, 2019

Functional Expenses

		-----Programs-----			
	Total	Restaurant	Social Services	Management	Fundraising
Advertising	20,182	5,504	12,741	1,855	81
Amortization	-				
Auto	7,716	4,224	1,036	2,456	
Bank	2,437	918	120	1,399	
Catering supplies	-				
Cleaning supplies	7,010	7,010			
Contracted services	11,833	11,833			
Delivery	2,344	2,344			
Depreciation	8,487			8,487	
Donations	566	361	125		80
Equipment < \$5k	16,047	16,047			
Fundraising	20,634		225		20,409
In-kind expenses	-				
Insurance	7,645	592	5,116	1,937	
Interest	5,446	305	2,053	3,088	
Licenses and permits	2,475	2,210	115	150	
Membership dues	544		424	120	
Office expense	15,211	8,971	697	4,467	1,076
Other	-				
Personnel	494,143	280,117	200,334	13,692	
Personnel - benefits	34,269		28,138	6,131	
Personnel - taxes	37,547	22,088	13,804	1,655	
Printing	2,709	1,565	1,144		
Professional fees	6,500			6,500	
Rent	114,451	108,825	1,232	4,394	
Repairs and maintenance	9,737	9,427		310	
Student training and other	94,559	2,094	92,414	51	
Travel and entertainment	340	65	265	10	
Uniforms	2,793	2,793			
Utilities	28,969	28,684		285	
Total Expense	\$ 954,593	\$ 515,977	\$ 359,983	\$ 56,987	\$ 21,646

See accompanying notes to the financial statements.

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Notes to Financial Statements
December 31, 2019

NOTE 1—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

CURT'S CAFE'S ("the Organization") 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 two restaurants as part of providing this training. During 2018, the Organization changed its name to "Curt's Café" from PS It's Social.

The organization was setup as a not-for-profit corporation according to Illinois requirements, and is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to the organization are considered tax deductible to the extent provided by section 170 of the Internal Revenue Code.

The organization's fiscal year is the calendar year.

Basis of Accounting

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

Additionally, US GAAP requires that pledged amounts must be unconditional to be reported as an asset in the organization's financial report.

Basis of Presentation

Per ASU No. 2016-14 (*Accounting Standards Update*), the Organization is required to report information regarding its financial position and activities according to two classes of net assets. A definition and description of each class follows:

Net Assets Without Donor Restriction

Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors.

Net Assets With Donor Restriction

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue

The organization receives funds from a combination of corporate and individual donations, grants, and government contracts. Unless specifically requested, these funds are considered unrestricted when received.

Functional Allocation of Expenses

The organization allocates its expenses on a functional basis to programs, general & administrative, and fundraising expenses. Expenses that can be identified with a specific program are allocated to that program directly. Expenses that are common to several functions are allocated based on other various factors, such as the revenue source's anticipated use.

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Notes to Financial Statements
December 31, 2019

In-Kind Contributions

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, and are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. There were no in-kind contributions during the year ended December 31, 2017

NOTE 2—CASH AND CONCENTRATION RISK

Cash includes demand deposit accounts at two financial institutions. The accounts are fully insured by the Federal Deposit Insurance Corporation up to \$250,000 per customer at fiscal yearend.

The carrying amounts reported in the statements of financial position approximate fair values because of the highly liquid nature of cash.

NOTE 3—PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. The organization capitalizes fixed assets that cost \$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 the current year was \$8,487.

NOTE 4—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at December 31 are amounts billed by vendors but not yet paid and estimated expenses owed to vendors but not yet billed by the vendors.

NOTE 5—ADVANCES FROM OFFICER

Curt's received working capital advances from its Director in prior years totaling \$68,975. The working capital advances is non-interest bearing, and is to be repaid subject to the Line of Credit agreement with Byline Bank being repaid first.

NOTE 6—NET ASSETS

The organization's net asset detail at December 31 is as follows:

	<u>2019</u>
Without donor restrictions:	
Designated for general purposes	(8,419)
Invested in fixed assets	<u>169,245</u>
Total without donor restrictions	<u>160,825</u>
With donor restrictions:	
Cash balances for restricted purposes:	
Building Fund 9663	554
Temp restricted 3501	106,401
Trauma specialist 9075	7,478
PNC Highland	139
South-1st Bank & Tr 3923	<u>-</u>
Total with donor restrictions	<u>114,572</u>
Total net assets	<u><u>275,397</u></u>

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Notes to Financial Statements
December 31, 2019

NOTE 7—FUND HELD IN TRUST

The Evanston Community Foundation (ECF) holds an endowment fund on behalf of Curt's Café (Fund for Curt's Café), established by a donor and designated to support the work of Curt's through annual distributions from the fund. ECF owns and invests the assets and provides for annual distribution to Curt's based upon its investment and spending policy. Curt's Café can demand distributions, if necessary, subject to the endowment's spending policy. No distributions were requested or made during the year. Endowment was follows for the year:

Fund balance at 12/31/18	18,342
Revenue	
Contributions	175
Investment results for the period	3,693
	3,868
Expenses	
Foundation support charge	(202)
Audit and investment expense	(40)
	<u>(242)</u>
Fund balance at 12/31/19	<u>21,968</u>

NOTE 8—LINE OF CREDIT

The Organization entered into a line of credit (Line) agreement with Byline Bank on December 4, 2017. Borrowings under the line are limited to \$50,000. The line is secured by inventory and equipment of the Organization, and matures March 31, 2020. Interest on outstanding borrowings is at 5.5% at yearend, interest only payments are due monthly. Curt's has an outstanding loan payable of \$40,000 as of the balance sheet date.

NOTE 9—LEASES

Curt's operated three leased facilities in 2019 (Curt's Cafe Highland Park, Curt's Cafe North, and Curt's Café South). Curt's Café South was closed during the year. Curt's Café Highland Park rents are set to double in 2020. Curt's has an option to renew the leases at expiration. Lease specifics and minimum rents are as follows for leases in operation:

	Highland Park	North	South	Total
Term	3 years	1 year	-	-
Effective	2/1/19	1/1/20	-	-
Monthly	2,000	4,800	-	-
<hr/>				
2019	33,364	57,600	17,862	108,826
2020	46,000	57,600	-	103,600

NOTE 10—LOSS ON FIXED ASSET DISPOSAL

In 2019, the organization closed the Curt's Café South site. Unamortized leasehold improvements were written off as a loss of \$40,977.

CURT'S CAFE
(An Illinois Not-For-Profit Corporation)
Notes to Financial Statements
December 31, 2019

NOTE 11—LIQUIDITY

Financial assets available for general expenditures within one year of the Statement of Financial Position date comprise the following at yearend:

Total current assets	\$ 282,891
Total current liabilities	<u>(77,526)</u>
Total financial assets	\$ 205,366
Less: Net assets with donor restrictions	<u>(114,572)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 90,794</u></u>

The Organization's goal is to maintain financial assets without restrictions to meet 45 days of operating expenses. The Organization's liquidity plan monitors grant renewals and café sales monthly. Estimate of shortfalls are addressed proactively. Financial support in place to accommodate shortfalls in liquidity include the following: a) bridge loan from Byline Bank (\$50,000 limit, \$10,000 available as of balance sheet date), b) approved grants for upcoming year, and c) continued cash flow from café sales.

NOTE 12—CONTINGENCIES, RISK AND UNCERTAINTIES

The organization is subject to the annual information filing requirements for both the Attorney General's Office of the State of Illinois and the Internal Revenue Service. Failure to file the necessary informational returns could result in loss of its "tax exempt" status.

The organization is dependent on "annual" contributions to fund its programs and general overhead annually.

Additionally, the organization has not evaluated the consequences of the coronavirus outbreak on its financial statements as of yearend.

NOTE 13—SUBSEQUENT EVENTS

The organization has evaluated subsequent events through October 12, 2020, the date on which the financial statements were available to be issued.