

CURT'S CAFE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Curt's Cafe
2922 Central Avenue
Evanston, IL 60201

Opinion

We have audited the accompanying financial statements of Curt's Cafe, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Curt's Cafe and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Curt's Cafe's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Curt's Cafe's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Curt's Cafe's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in black ink that reads "Porte Brown LLC". The signature is written in a cursive, flowing style.

Elk Grove Village, Illinois
September 25, 2024

CURT'S CAFE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 54,833	\$ 274,720
Accounts receivable	10,298	806
Grants receivable - current	109,346	-
	<u>174,477</u>	<u>275,526</u>
FIXED ASSETS		
Property and equipment	1,127,605	1,125,109
Less: Accumulated depreciation	(289,755)	(243,926)
	<u>837,850</u>	<u>881,183</u>
OTHER ASSETS		
Deposits	9,294	9,210
Goodwill	986	986
Grants receivable - long-term	45,000	-
Operating lease right-of-use-assets	130,387	196,491
	<u>185,667</u>	<u>206,687</u>
TOTAL ASSETS	<u><u>\$ 1,197,994</u></u>	<u><u>\$ 1,363,396</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 20,650	\$ 3,945
Accrued expenses	12,054	25,000
Tenant deposits	11,400	11,400
Current portion of operating lease liabilities	69,499	65,953
Current portion of long-term debt	23,864	22,590
	<u>137,467</u>	<u>128,888</u>
LONG-TERM OBLIGATIONS		
Long-term debt, net of current portion included above	678,712	702,576
Operating lease liabilities, net of current portion	64,498	133,222
	<u>743,210</u>	<u>835,798</u>
NET ASSETS		
Without donor restrictions	120,485	308,226
With donor restrictions	196,832	90,484
	<u>317,317</u>	<u>398,710</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,197,994</u></u>	<u><u>\$ 1,363,396</u></u>

The accompanying notes are an integral part of these financial statements

CURT'S CAFE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Grants	\$ 253,500	\$ 350,758	\$ 604,258	\$ 482,052	\$ 132,804	\$ 614,856
Donations	418,641	-	418,641	300,195	42,610	342,805
Fundraising and events, net	55,921	-	55,921	50,478	-	50,478
Interest Income	-	-	-	8,636	-	8,636
Other	57,275	-	57,275	37,908	-	37,908
Employee Retention Credit	-	-	-	202,399	-	202,399
Net assets released from restriction	244,410	(244,410)	-	204,175	(204,175)	-
	<u>1,029,747</u>	<u>106,348</u>	<u>1,136,095</u>	<u>1,285,843</u>	<u>(28,761)</u>	<u>1,257,082</u>
Restaurant sales, net	331,887	-	331,887	331,953	-	331,953
Costs of goods sold	(210,665)	-	(210,665)	(336,896)	-	(336,896)
	<u>121,222</u>	<u>-</u>	<u>121,222</u>	<u>(4,943)</u>	<u>-</u>	<u>(4,943)</u>
	1,150,969	106,348	1,257,317	1,280,900	(28,761)	1,252,139
EXPENSES						
Program services	980,044	-	980,044	1,105,088	-	1,105,088
Management and general	350,624	-	350,624	335,273	-	335,273
Fundraising	8,042	-	8,042	3,347	-	3,347
	<u>1,338,710</u>	<u>-</u>	<u>1,338,710</u>	<u>1,443,708</u>	<u>-</u>	<u>1,443,708</u>
CHANGE IN NET ASSETS	(187,741)	106,348	(81,393)	(162,808)	(28,761)	(191,569)
NET ASSETS, BEGINNING OF YEAR	<u>308,226</u>	<u>90,484</u>	<u>398,710</u>	<u>471,034</u>	<u>119,245</u>	<u>590,279</u>
NET ASSETS, END OF YEAR	<u>\$ 120,485</u>	<u>\$ 196,832</u>	<u>\$ 317,317</u>	<u>\$ 308,226</u>	<u>\$ 90,484</u>	<u>\$ 398,710</u>

The accompanying notes are an integral part of these financial statements

CURT'S CAFE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>			Management and General	Fundraising Services	Total
	<u>Restaurant</u>	<u>Social Services</u>	<u>Total Programs</u>			
EXPENSES						
Advertising	\$ 2,079	\$ 203	\$ 2,282	\$ 465	\$ -	\$ 2,747
Auto	7,518	-	7,518	4,688	-	12,206
Bank	2,122	-	2,122	13,168	-	15,290
Cleaning supplies	3,960	-	3,960	-	-	3,960
Contracted services	21,735	-	21,735	-	-	21,735
Depreciation	-	-	-	45,829	-	45,829
Development	-	-	-	-	5,199	5,199
Education	-	3,635	3,635	642	-	4,277
Equipment	4,384	-	4,384	412	-	4,796
Evanston safe summer	18,225	-	18,225	-	-	18,225
Event expenses	-	-	-	-	12,686	12,686
Food and supplies	210,665	-	210,665	-	-	210,665
Insurance	1,578	-	1,578	17,942	-	19,520
Interest, mortgage	-	-	-	39,320	-	39,320
Licenses and permits	-	-	-	1,538	-	1,538
Membership dues	5,958	-	5,958	788	-	6,746
Office	9,355	7,216	16,571	18,529	2,840	37,940
Personnel	410,295	274,984	685,279	67,977	-	753,256
Personnel - benefits	60	3,904	3,964	19,513	-	23,477
Personnel - taxes	27,080	16,366	43,446	4,960	-	48,406
Professional fees	-	31,229	31,229	101,495	-	132,724
Rent	68,413	-	68,413	7,601	-	76,014
Repairs and maintenance	10,905	-	10,905	83	-	10,988
Student training and other	207	2,782	2,989	131	3	3,123
Tax - real estate	11,853	-	11,853	-	-	11,853
Utilities	33,998	-	33,998	5,543	-	39,541
TOTAL FUNCTIONAL EXPENSES	850,390	340,319	1,190,709	350,624	20,728	1,562,061
Cost of sales, netted with revenue	(210,665)	-	(210,665)	-	-	(210,665)
Direct benefit to donors, netted with revenue	-	-	-	-	(12,686)	(12,686)
TOTAL EXPENSES	\$ 639,725	\$ 340,319	\$ 980,044	\$ 350,624	\$ 8,042	\$ 1,338,710

The accompanying notes are an integral part of these financial statements

CURT'S CAFE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>			<u>Management and General</u>	<u>Fundraising Services</u>	<u>Total</u>
	<u>Restaurant</u>	<u>Social Services</u>	<u>Total Programs</u>			
EXPENSES						
Advertising	\$ 9,734	\$ 948	\$ 10,682	\$ 2,176	\$ -	\$ 12,858
Auto	4,007	-	4,007	2,498	-	6,505
Bank	2,253	-	2,253	13,983	-	16,236
Cleaning supplies	255	-	255	-	-	255
Contracted services	7,574	-	7,574	-	-	7,574
Delivery	1,147	-	1,147	-	-	1,147
Depreciation	-	-	-	44,117	-	44,117
Equipment	10,341	-	10,341	973	-	11,314
Evanston grows initiative	7,305	51,008	58,313	7,768	-	66,081
Event expenses	-	-	-	-	40,383	40,383
Food and supplies	336,896	-	336,896	-	-	336,896
Insurance	1,525	-	1,525	17,336	-	18,861
Interest	-	-	-	40,527	-	40,527
Licenses and permits	-	-	-	1,904	-	1,904
Membership dues	2,247	-	2,247	297	-	2,544
Office	10,878	8,392	19,270	21,549	3,302	44,121
Personnel	414,158	277,572	691,730	68,617	-	760,347
Personnel - benefits	95	6,168	6,263	30,830	-	37,093
Personnel - taxes	31,846	19,247	51,093	5,833	-	56,926
Printing	45	82	127	-	-	127
Professional fees	-	18,732	18,732	60,878	-	79,610
Rent	64,021	-	64,021	7,113	-	71,134
Repairs and maintenance	20,003	-	20,003	152	-	20,155
Student training and other	3,179	42,800	45,979	2,015	45	48,039
Tax - real estate	53,444	-	53,444	-	-	53,444
Travel and entertainment	204	-	204	1,113	-	1,317
Uniforms	1,561	-	1,561	-	-	1,561
Utilities	34,317	-	34,317	5,594	-	39,911
TOTAL FUNCTIONAL EXPENSES	1,017,035	424,949	1,441,984	335,273	43,730	1,820,987
Cost of sales, netted with revenue	(336,896)	-	(336,896)	-	-	(336,896)
Direct benefit to donors, netted with revenue	-	-	-	-	(40,383)	(40,383)
TOTAL EXPENSES	\$ 680,139	\$ 424,949	\$ 1,105,088	\$ 335,273	\$ 3,347	\$ 1,443,708

The accompanying notes are an integral part of these financial statements

CURT'S CAFE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets:	\$ (81,393)	\$ (191,569)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	45,829	44,117
Reduction in operating lease right-of-use-assets	66,104	61,749
Changes in:		
Accounts receivable	(9,492)	(806)
Grants receivable	(154,346)	-
Deposits	(84)	(1,000)
Accounts payable	16,705	3,225
Accrued expenses	(12,946)	15,246
Tenant deposits	-	562
Due to Evanston Grows	-	(22,995)
Operating lease liabilities	(65,177)	(59,065)
Net cash used by operating activities	(194,800)	(150,536)
INVESTING ACTIVITIES		
Purchase of fixed assets	(2,496)	-
Net cash used by investing activities	(2,496)	-
FINANCING ACTIVITIES		
Repayment of long-term debt	(22,590)	(21,383)
Net cash used by financing activities	(22,590)	(21,383)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(219,886)	(171,919)
BEGINNING CASH AND CASH EQUIVALENTS	274,719	446,639
ENDING CASH AND CASH EQUIVALENTS	\$ 54,833	\$ 274,720
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	39,320	40,527
Noncash investing activities:		
Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ 24,968	\$ 258,240

The accompanying notes are an integral part of these financial statements

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF OPERATIONS

The Organization is a not-for-profit organization organized on 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

BASIS OF ACCOUNTING

The Organization maintains records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of Financial Statements," the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently, until the donor restriction expires, the net assets are restricted.

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

The Organization derives its revenue primarily from contributions. In accordance with FASB ASC 958-605-25 “Not-for-Profit Entities Revenue Recognition” contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. In addition, FASB ASC 958-605 requires not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire. Revenue from special events is recognized as the cost of direct benefits to donors, and contribution revenue is recognized for the difference.

The Organization is eligible for the Employee Retention Credit (ERC) under the CARES ACT, which is a refundable tax credit against certain employment taxes. The ERC was equal to 50% of qualified wages paid to employees for a maximum credit of \$5,000 in total per employee in 2020. As modified by additional relief provisions, the ERC is equal to 70% of qualified wages paid to employees during 2021 for a maximum credit of \$7,000 per employee for each calendar quarter through September 30, 2021. The Organization qualified for \$202,399 in tax credits. The tax credit revenue is included in Employee Retention Credit revenue during the year ended December 31, 2022.

Revenue earned from contracts with customers consist of food sales and is recognized at the point in time control of the product transfers to the customer, which is at the point of sale.

The following table disaggregates the Organization’s revenue from contracts with customers and noncontractual revenue for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Contracts with customers	\$ 331,887	\$ 331,953
Noncontractual revenues with customers	<u>1,136,095</u>	<u>1,257,082</u>
	<u>\$ 1,467,982</u>	<u>\$ 1,589,035</u>

All revenues earned from contracts with customers are performance obligations satisfied at a point in time. No impairment losses were incurred in the years ended December 31, 2023 and 2022 with respect to contract assets arising from contracts with customers.

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NET ASSETS WITHOUT DONOR IMPOSED RESTRICTIONS

Net assets without donor restrictions are those funds presently available for use by or on behalf of the Organization, including amounts available for management and general expenses. These net assets without donor restrictions may also include board-designated amounts.

DONOR IMPOSED RESTRICTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Net assets with donor restrictions are available for the following:

	2023	2022
Purpose restrictions, available for spending:		
Highland Park Café	\$ 65,000	\$ 65,000
Building fund 9663	-	25,473
Student stipends	21,922	-
Educational trips	-	11
Social worker	24,910	-
	111,832	90,484
Time restrictions, some of which may also be subject to purpose restrictions:		
Restricted for use in 2024	40,000	-
Restricted for use in 2025	45,000	-
	85,000	-
	\$ 196,832	\$ 90,484

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONOR IMPOSED RESTRICTIONS (Continued)

Net assets released from restriction due the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Restriction satisfied by expenditures	<u>\$ 244,410</u>	<u>\$ 204,175</u>

IN-KIND CONTRIBUTIONS

During the current period, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

EXPENSE RECOGNITION AND ALLOCATION

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Organization has cash and cash equivalents in excess of federally insured limits of \$250,000 at one banking institution. These amounts potentially subject the Organization to credit risk if the banking institution fails. It is of the opinion of management that the solvency of the referenced financial institutions is not of a particular concern at this time.

FIXED ASSETS

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the estimated lives of the related assets. The Organization has adopted a policy to capitalize assets using a \$5,000 threshold. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS (Continued)

Major classifications of property and equipment and their respective lives are summarized below:

	<u>Lives in Years</u>	<u>2023</u>	<u>2022</u>
Leasehold improvements	20 - 40	\$ 224,469	\$ 224,469
Furniture and fixtures	3 - 7	100,346	97,850
Vehicles	5	37,998	37,998
Building	39	764,792	764,792
		<u>\$ 1,127,605</u>	<u>\$ 1,125,109</u>

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

INCOME TAXES

The Organization is generally exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for income tax expense is included in the accompanying financial statements. The Organization has adopted the provision of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The Organization files information returns in the U.S. federal jurisdiction, and the State of Illinois. Management is not aware of any uncertain tax positions.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 25, 2024, the date which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The Organization regularly monitors liquidity required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following table show the total financial assets held by the Organization and the amounts of which could readily be made available within one year of December 31, 2023 and 2022 to meet general expenditures:

	2023	2022
Cash and cash equivalents	\$ 54,833	\$ 274,719
Accounts receivable	10,298	806
Grants receivable	154,346	-
Total financial assets	219,477	275,525
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	(196,832)	(90,484)
Financial assets available to meet general expenditures within one year	\$ 22,645	\$ 185,041

NOTE D – LONG-TERM DEBT

Long-term debt consists of the following:

	2023	2022
An installment loan payable \$5,159 per month, principal and interest at 5.5%, with a final balloon payment of \$634,305 maturing November 2026. The loan is collateralized by a building.	\$ 702,576	\$ 725,166
Less current portion	(23,864)	(22,590)
Long-term portion	\$ 678,712	\$ 702,576

The total debt maturing in years subsequent to December 31, 2023 is as follows:

Year-ending December 31,	
2024	\$ 23,864
2025	25,210
2026	653,502
	\$ 702,576

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE E – LEASE COMMITMENTS

The Organization has entered into a lease commitment on a building used for its Highland Park Café. The current terms of the lease provide for annual rents of \$58,346 payable monthly, increasing to \$60,240 throughout the life of the lease. The Organization may also be responsible for operating expenses and real estate taxes, which exceed the base year defined in the lease. The expiration date of the lease is January 31, 2026. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Organization has entered into a lease commitment on an office space used for its activities. The current terms of the lease provide for annual rents of approximately \$13,000. The Organization may also be responsible for operating expenses and real estate taxes, which exceed the base year defined in the lease. The expiration date of the lease is December 31, 2024. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense included in the functional allocation of expenses was \$76,014 and \$71,134 for the years ended December 31, 2023 and 2022, respectively.

The Organization has lease agreements with lease and non-lease components, which beginning in 2022, are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

Beginning in 2022, the operating lease assets and liabilities were calculated using the risk-free discount rate according to the Organization's elected policy for all lease agreements.

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2023	2022
Operating leases		
Weighted average remaining lease term	1.98 Years	2.95 Years
Weighted average discount rate	1.89%	1.56%

The maturities of lease liabilities as of December 31, 2023 are as follows:

Year-ending December 31,	Operating
2024	\$ 71,354
2025	60,094
2026	5,020
Total lease payments	136,468
Less: Interest	(2,471)
Present value of lease liabilities	\$ 133,997

CURT'S CAFE

NOTES TO FINANCIAL STATEMENTS

NOTE F – FUNDS 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 annual distributions 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 activity was as follows:

Fund balance, January 1, 2022	\$ 28,459
Revenue:	
Investment loss	(4,211)
Contributions	50
Expenses:	
Foundation support charge	<u>(293)</u>
Fund balance, December 31, 2022	24,005
Revenue:	
Investment income	3,293
Contributions	150
Expenses:	
Foundation support charge	<u>(292)</u>
Fund balance, December 31, 2023	<u><u>\$ 27,156</u></u>

NOTE G – RENTAL INCOME

The Organization leases a portion of the building it owns at 2920 Central Street, Evanston, IL to an unrelated third party. The Organization entered into a ten-year lease in February 2019 that ends in February 2029. The terms of the lease provide for annual rents of \$61,080 increasing to \$71,554 throughout the life of the lease. Beginning in 2020, the Organization granted the lessee a rent concession as a result of the COVID-19 pandemic, which has reduced annual rents to \$36,000. As of the date these financial statements are available to be issued, the Organization has not determined when the rent concession will be lifted and therefore future minimum rental income is not presented.

NOTE H – ACCOUNTING CHANGE

MEASUREMENT OF CREDIT LOSSES ON FINANCIAL INSTRUMENTS

As of January 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments- Credit Losses (Topic 326) that replaced the incurred loss model for measuring the allowance for credit losses with a new model that reflects current expected credit losses (CECL) that are expected to occur over the lifetime of the underlying accounts and notes receivable. The CECL methodology is applicable to financial assets that are measured at amortized cost, including trade accounts receivable, contract assets, and notes and loans receivable due from officers, owners, and employees. The Organization adopted the changes in accounting for credit losses using a modified retrospective method. Under the modified retrospective approach, the Organization had no change to the opening balances that included the date of initial application.