



Financial Statements

The Cookie Cart

Minneapolis, Minnesota

For the years ended June 30, 2023 and 2022



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The Cookie Cart
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Cookie Cart
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of The Cookie Cart (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 The Cookie Cart as of June 30, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cookie Cart and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 The Cookie Cart's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 the Organization'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 the Organization'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.



Abdo
Minneapolis, Minnesota
November 24, 2023



FINANCIAL STATEMENTS

The Cookie Cart
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,172,235	\$ 1,234,112
Accounts receivable, net of allowance of \$1,000 and \$5,000 in 2023 and 2022, respectively	38,984	47,476
Pledges receivable, net of allowance of \$8,000 and \$4,000 in 2023 and 2022, respectively	276,635	336,861
Inventory	88,478	122,867
Prepaid expenses	14,115	15,055
Total Current Assets	1,590,447	1,756,371
Property, Equipment, and Intangibles		
Land	88,750	88,750
Building and improvements	4,590,038	4,582,363
Bakery equipment	238,094	213,067
Furniture and fixtures	119,472	86,928
Vehicles	18,295	18,295
Online learning platform	39,300	39,300
Property, Equipment, and Intangibles, Cost	5,093,949	5,028,703
Less Accumulated Depreciation and Amortization	(1,294,259)	(1,135,895)
Property, Equipment and Intangibles, Net	3,799,690	3,892,808
Noncurrent Assets		
Beneficial interest in endowment assets held by others	100,000	100,000
Total Assets	\$ 5,490,137	\$ 5,749,179
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 13,561	\$ 23,878
Note payable, current portion	84,968	81,792
Accrued payroll and compensated absences	117,780	87,746
Total Current Liabilities	216,309	193,416
Long-term Liabilities		
Note payable, net of deferred refinance costs of \$8,722 and \$9,968 in 2023 and 2022, respectively	1,044,229	1,127,153
Total Liabilities	1,260,538	1,320,569
Net Assets		
Net assets without donor restrictions		
Undesignated	3,389,379	3,237,749
Board designated	450,000	750,000
Total net assets without donor restrictions	3,839,379	3,987,749
Net assets with donor restrictions		
Capacity campaign	290,220	340,861
Endowment	100,000	100,000
Total net assets with donor restrictions	390,220	440,861
Total Net Assets	4,229,599	4,428,610
Total Liabilities and Net Assets	\$ 5,490,137	\$ 5,749,179

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

The Cookie Cart
Statements of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Grants and contributions	\$ 1,218,540	\$ 557,500	\$ 1,776,040
Donated materials and services	137,631	-	137,631
Special events, net of direct expenses of \$56,288	198,748	-	198,748
Total Support	1,554,919	557,500	2,112,419
Revenue			
Sales of cookies	629,640	-	629,640
Delivery revenue	38,145	-	38,145
Interest	13,832	-	13,832
Consulting and other	2,980	-	2,980
Total Revenue	684,597	-	684,597
Reclassifications			
Net assets released from restrictions			
Restriction satisfied by time	608,141	(608,141)	-
Total Support and Revenue	2,847,657	(50,641)	2,797,016
Expenses			
Program services	2,094,687	-	2,094,687
Support services			
Fundraising - General	343,253	-	343,253
Fundraising - Capacity Campaign	27,610	-	27,610
Administration	530,477	-	530,477
Total Expenses	2,996,027	-	2,996,027
Change in Net Assets	(148,370)	(50,641)	(199,011)
Net Assets, July 1, 2022	3,987,749	440,861	4,428,610
Net Assets, June 30, 2023	\$ 3,839,379	\$ 390,220	\$ 4,229,599

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

The Cookie Cart
Statements of Activities (Continued)
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Grants and contributions	\$ 1,259,067	\$ 388,361	\$ 1,647,428
Donated materials and services	74,205	-	74,205
Special events, net of direct expenses of \$36,525	253,936	-	253,936
Total Support	1,587,208	388,361	1,975,569
Revenue			
Sales of cookies	556,767	-	556,767
Delivery revenue	85,150	-	85,150
Interest	3,300	-	3,300
Consulting and other	28,295	-	28,295
Total Revenue	673,512	-	673,512
Reclassifications			
Net assets released from restrictions			
Restriction satisfied by time	448,266	(448,266)	-
Total Support and Revenue	2,708,986	(59,905)	2,649,081
Expenses			
Program services	1,864,230	-	1,864,230
Support services			
Fundraising - General	288,450	-	288,450
Fundraising - Capacity Campaign	118,201	-	118,201
Administration	405,326	-	405,326
Total Expenses	2,676,207	-	2,676,207
Change in Net Assets	32,779	(59,905)	(27,126)
Net Assets, July 1, 2021	3,954,970	500,766	4,455,736
Net Assets, June 30, 2022	\$ 3,987,749	\$ 440,861	\$ 4,428,610

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

The Cookie Cart
Statements of Functional Expenses
For the Year Ended June 30, 2023

	Program Services					Support Services				
	Youth Development	Cookie Production	Sales and Marketing	Volunteer	Total Program Services	Fundraising			Total Support Services	Total Expenses
						General	Capital Campaign	Administration		
Personnel Costs										
Adult wages	\$ 245,470	\$ 214,548	\$ 175,340	\$ 28,350	\$ 663,708	\$ 157,423	\$ 19,979	\$ 189,705	\$ 367,107	\$ 1,030,815
Youth wages	262,382	332,207	-	-	594,589	-	-	-	-	594,589
Benefits and taxes	65,372	89,935	28,044	4,733	188,084	20,528	3,023	31,193	54,744	242,828
Total Personnel Costs	573,224	636,690	203,384	33,083	1,446,381	177,951	23,002	220,898	421,851	1,868,232
Expenses										
Cookie production costs										
Ingredients and supplies	89,430	76,973	-	-	166,403	-	-	-	-	166,403
Wages	-	50,061	-	-	50,061	-	-	-	-	50,061
Cookie sales and delivery costs	-	76,175	175	-	76,350	-	-	-	-	76,350
Printing and office supplies	89	1,118	159	4	1,370	484	22	7,752	8,258	9,628
Insurance	9,330	13,372	3,793	672	27,167	2,901	492	3,946	7,339	34,506
Dues and subscriptions	300	-	500	-	800	-	-	4,430	4,430	5,230
Utilities	10,562	28,214	4,510	760	44,046	3,347	452	4,710	8,509	52,555
Advertising	-	-	3,361	-	3,361	-	-	448	448	3,809
Professional services	11,493	15,679	6,716	1,095	34,983	135,364	902	164,841	301,107	336,090
Training	1,058	196	77	34	1,365	25	37	58	120	1,485
Events and relationship development	-	300	770	-	1,070	55,218	-	-	55,218	56,288
Miscellaneous	1,897	2,714	14,890	218	19,719	2,012	11	36,364	38,387	58,106
Youth staff appreciation and supplies	7,911	962	-	-	8,873	2,276	-	177	2,453	11,326
Interest	-	-	-	-	-	-	-	50,481	50,481	50,481
Repairs and maintenance	6,332	36,737	4,532	463	48,064	2,000	266	3,421	5,687	53,751
Facility costs	10,257	26,518	3,811	628	41,214	3,209	373	12,272	15,854	57,068
Transportation	341	395	-	41	777	142	38	379	559	1,336
Total Expenses before Depreciation	722,224	966,104	246,678	36,998	1,972,004	384,929	25,595	510,177	920,701	2,892,705
Depreciation and amortization	42,770	59,361	18,416	3,206	123,753	13,542	2,015	20,300	35,857	159,610
Total Expenses	764,994	1,025,465	265,094	40,204	2,095,757	398,471	27,610	530,477	956,558	3,052,315
Less Expenses Included with Revenues on the Statement of Activities	-	(300)	(770)	-	(1,070)	(55,218)	-	-	(55,218)	(56,288)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 764,994</u>	<u>\$ 1,025,165</u>	<u>\$ 264,324</u>	<u>\$ 40,204</u>	<u>\$ 2,094,687</u>	<u>\$ 343,253</u>	<u>\$ 27,610</u>	<u>\$ 530,477</u>	<u>\$ 901,340</u>	<u>\$ 2,996,027</u>

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

The Cookie Cart
Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2022

	Program Services					Support Services				Total Expenses
	Youth Development	Cookie Production	Sales and Marketing	Volunteer	Total Program Services	Fundraising		Administration	Total Support Services	
						General	Capital Campaign			
Personnel Costs										
Adult wages	\$ 194,714	\$ 234,107	\$ 178,497	\$ 52,867	\$ 660,185	\$ 55,616	\$ 84,777	\$ 153,229	\$ 293,622	\$ 953,807
Youth wages	187,540	249,459	-	-	436,999	-	-	-	-	436,999
Benefits and taxes	55,106	97,581	28,724	10,170	191,581	9,264	14,118	27,742	51,124	242,705
Total Personnel Costs	437,360	581,147	207,221	63,037	1,288,765	64,880	98,895	180,971	344,746	1,633,511
Expenses										
Cookie production costs										
Ingredients and supplies	-	134,766	-	-	134,766	-	-	-	-	134,766
Wages	-	43,837	-	-	43,837	-	-	-	-	43,837
Cookie sales and delivery costs	-	75,404	225	-	75,629	-	-	-	-	75,629
Printing and office supplies	1,618	6,301	922	297	9,138	2,524	421	4,441	7,386	16,524
Insurance	6,454	9,991	3,623	1,193	21,261	1,085	1,652	3,572	6,309	27,570
Dues and subscriptions	945	1,224	590	71	2,830	436	100	1,922	2,458	5,288
Utilities	6,712	22,069	3,648	1,246	33,675	1,136	1,732	3,230	6,098	39,773
Advertising	-	-	8,779	-	8,779	392	-	2,487	2,879	11,658
Professional services	13,521	14,607	12,421	1,750	42,299	198,413	2,437	93,924	294,774	337,073
Events and relationship development	-	-	-	-	-	40,732	-	-	40,732	40,732
Program evaluation	300	-	-	-	300	-	-	-	-	300
Miscellaneous	1,700	5,468	4,627	495	12,290	3,100	414	19,943	23,457	35,747
Youth staff appreciation and supplies	11,620	828	383	88	12,919	1,254	123	320	1,697	14,616
Interest	-	-	-	-	-	-	-	53,962	53,962	53,962
Repairs and maintenance	7,264	20,901	7,666	1,345	37,176	1,233	1,877	4,138	7,248	44,424
Facility costs	7,346	13,034	4,027	1,141	25,548	3,912	1,598	9,365	14,875	40,423
Transportation	410	865	-	68	1,343	63	95	246	404	1,747
Total Expenses before Depreciation	495,250	930,442	254,132	70,731	1,750,555	319,160	109,344	378,521	807,025	2,557,580
Depreciation and amortization	34,421	54,272	18,746	6,236	113,675	5,815	8,857	26,805	41,477	155,152
Total Expenses	529,671	984,714	272,878	76,967	1,864,230	324,975	118,201	405,326	848,502	2,712,732
Less Expenses Included with Revenues on the Statement of Activities	-	-	-	-	-	(36,525)	-	-	(36,525)	(36,525)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 529,671	\$ 984,714	\$ 272,878	\$ 76,967	\$ 1,864,230	\$ 288,450	\$ 118,201	\$ 405,326	\$ 811,977	\$ 2,676,207

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

The Cookie Cart
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (199,011)	\$ (27,126)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	159,610	155,152
(Increase) decrease in assets		
Accounts receivable	8,492	(28,588)
Promises to give	60,226	48,905
Inventory	34,389	(27,975)
Prepaid expenses	940	12,131
Increase (decrease) in liabilities		
Accounts payable	(10,317)	(53,640)
Accrued payroll and compensated absences	30,034	8,059
Net Cash Provided by Operating Activities	84,363	86,918
 Cash Flows from Investing Activities		
Purchase of property and equipment	(65,246)	(2,000)
 Cash Flows from Financing Activities		
Principal paid on notes payable	(80,994)	(78,783)
 Change in Cash and Cash Equivalents	(61,877)	6,135
 Cash and Cash Equivalents, Beginning	1,234,112	1,227,977
 Cash and Cash Equivalents, Ending	\$ 1,172,235	\$ 1,234,112
 Supplemental Disclosure of Non-Cash Flow Information		
Donated Materials and Services	\$ 137,631	\$ 74,205
Interest Paid	\$ 50,480	\$ 53,962

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

The Cookie Cart
Notes to the Financial Statements
June 30, 2023 and 2022

Note 1: Summary of Significant Accounting Policies

A. Organization

The Cookie Cart (the Organization) is a nonprofit community corporation that provides leadership and employment skills for youth in North Minneapolis and East St. Paul, Minnesota. Cookie Cart's mission is to teach life, leadership, and employment skills to teens of color through on-the-job and classroom experiences in nonprofit bakeries. Combining hands-on work experience, classroom work readiness training, formal customer service education, skills certification and financial literacy classes, Cookie Cart helps youth develop the foundational tools they need to be successful in education and career.

The successful "earn as you learn" programming at Cookie Cart is based on a logic model constructed on principles of positive youth development and most recent research on career pathways. Young people who participate gain or strengthen skills in five key outcome areas: connectedness to new communities, strengthened future goal orientation, improved interpersonal skills, enhanced critical thinking skills, and increased employment readiness skills. Cookie Cart's programming typically serves 150-200 young people annually, a majority of which qualify for free or reduced lunch and over 95 percent are from communities of color.

Cookie Cart's strategic plan for 2022 and 2023 had four main goals: 1) Expand learning experiences for youth within our growing social enterprise, 2) Grow earned income and profitability through optimized bakery operations and sales, 3) Increase and diversify contributed income, 4) Build internal capacity to support the organization's mission and growth, and 5) Advance diversity, equity, and inclusion throughout the organization. For the next three years, Cookie Cart is working to ensure financial sustainability, mission-driven program excellence and sufficient infrastructure to support our growing organization.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Contributions received are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources over which the Board of Directors has discretionary control. Designated amounts represent revenue, which the Board of Directors has set aside for a particular purpose.

With Donor Restrictions - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions. Some resources are subject to the donor-imposed restriction that they be maintained permanently by the Organization.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

The Cookie Cart
Notes to the Financial Statements
June 30, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents. The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC. As of June 30, 2023 and 2022 there were no significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

F. Accounts Receivable

Accounts receivable are reported at the amount the Organization expects to collect on balances outstanding at period end. The Organization uses the allowance method to account for uncollectible receivables. This method provides allowances for doubtful receivables based on historical experience and management's evaluation of estimated losses that will be incurred in the collection of receivables. An allowance for uncollectible accounts of \$1,000 and \$5,000 was recorded as of June 30, 2023 and 2022, respectively.

G. Pledges Receivable (Promises to Give)

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Pledges are recorded, net of any discount to present value and allowance for uncollectible pledges. No present value discount was deemed necessary, and the allowance for uncollectible pledges was \$8,000 and \$4,000 as of June 30, 2023 and 2022, respectively.

H. Property, Equipment and Intangibles

Property and equipment are recorded at cost and are depreciated using the straight-line method. Property and equipment are defined by the Organization as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year based on estimated useful lives as follows:

Assets	Useful Lives in Years
Building and Improvements	20 - 39.5
Bakery Equipment	10
Furniture and Fixtures	5 - 20
Vehicles	5
Online Learning Platform	5

Depreciation expense was \$150,505 and \$146,045 and amortization expense was \$9,106 and \$9,106 for the years ended June 30, 2023 and 2022, respectively.

Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and any resultant gain or loss is recognized in changes in unrestricted net assets.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

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 support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

The Cookie Cart
Notes to the Financial Statements
June 30, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (Continued)

I. Support and Revenue Recognition

Revenue Recognition Policy

The Organization follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from its cookie sales and delivery fees.

In the case of cookie sales and delivery fees, revenue is recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable. Thus, revenue is recognized at a point in time.

The Organizations other revenues are explicitly excluded from the scope of ASC Topic 606 and are not recorded in accordance with that standard.

Performance Obligations

The performance obligation related to cookie sales and delivery fees, is satisfied when earned, an arrangement exists, and delivery has occurred; therefore, the organization recognizes revenue at a point in time.

J. Donated Materials, Services and Property and Equipment

The Organization receives donated inventory, services, and property and equipment. These items are recorded at their fair market value on the date of the donation. In the case of donated services, the Organization records the value of the services based on fair market value, if those services create or enhance nonfinancial assets and if they require a specialized skill that would have to be purchased if not donated.

K. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016- shall be applied using either a full retrospective or modified retrospective approach. The adoption of this standard had no impact on the financial statements.

L. Functional Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, some costs are directly related to individual functions and other costs have been allocated based on management estimates. Wages are allocated based on staff time studies of how time is spent on each function.

The Cookie Cart conducted a time study in late 2019, tracking closely the direct labor involved in the production of each type of cookie. The varying types of cookie production include regular cookies, iced, hand decorated, and individually wrapped. Based on this study, a dollar allocation was assigned to the production of each type of cookie being produced. This updated allocation methodology better reflects the direct cost of cookie production and the understanding the true margin in cookie sales.

The Cookie Cart
Notes to the Financial Statements
June 30, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (Continued)

M. Advertising

The Organization expenses the costs of advertising as incurred. Advertising expenses were \$5,675 and \$11,657 for the years ended June 30, 2023 and 2022, respectively.

N. Shipping and Handling Costs

Shipping and handling costs are included in product costs.

O. Income Taxes

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization also qualifies as a tax-exempt corporation under applicable Minnesota statutes. Contributions to the Organization are tax deductible as the Organization qualifies under Section 170(c) of the Internal Revenue Code.

P. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 24, 2023, the date the financial statements were available to be issued. Subsequent to the year-end, the Organization terminated Executive Director Cynthia Fraction on October 3rd, 2023.

Note 2: Pledges Receivable

The balance of pledges receivable are as follows:

	2023	2022
Less Than One Year	\$ 284,635	\$ 340,861
One to Five Years	-	-
Total Pledges Receivable	284,635	340,861
Less Allowance for Uncollectible Pledges	(8,000)	(4,000)
Net Pledges Receivable	\$ 276,635	\$ 336,861

Note 3: Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

The Cookie Cart
Notes to the Financial Statements
June 30, 2023 and 2022

Note 3: Fair Value Measurements (Continued)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used to measure assets at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Beneficial Interest in Assets Held by Others: Value is measured using the appropriate percentage of the fair value of the assets held at the Catholic Community Foundation as reported by the Foundation's management as of the measurement date (see also Note 6). The Foundation values securities and other financial instruments on a fair value basis of accounting. The Organization considers the measurement of its beneficial interest in the Foundation's assets to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the appropriate percentage of the unadjusted fair value of the assets in the fund pool, the Organization will never receive those assets or have the ability to direct the Foundation's management to redeem them.

	2023		
	Level 1	Level 2	Level 3
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 100,000
	2022		
	Level 1	Level 2	Level 3
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 100,000

Note 4: Inventory

Inventory consists of cookie ingredients, plus packaging and other supplies valued at actual costs. Donated items are valued at fair market value on the date of donation. Total inventory as of June 30, 2023 and 2022 was \$88,478 and \$122,867, respectively.

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Note 5: Retirement Plan

The Organization offers its employees a SIMPLE IRA retirement plan. All employees are eligible, and contributions are made via payroll deduction. Matching contributions are made at the discretion of the board of directors up to 3 percent of the employee's compensation. Matching contributions by the Organization were \$15,671 and \$14,552 for the years ended June 30, 2023 and 2022, respectively.

Note 6: Beneficial Interest in Endowment Assets Held by Others

The beneficial interest in endowment assets held by others consists of endowment funds held for the Organization by another public charity for the purpose of providing support for The Cookie Cart. The funds are invested in various equity, fixed income, private capital, and real estate asset funds. The value of these funds at June 30, 2023 and 2022 was \$100,000.

Note 7: Long-term Debt

As of June 30, 2023 and 2022, long-term debt was as follows:

	2023	2022
Note payable to Bremer Bank, due in monthly payments of \$9,518 including interest at 4.50%. The payment schedule reflects a 10 year amortization; all unpaid principal and interest is payable in full on June 1, 2030. The note is secured by assets of the organization.	\$ 1,062,335	\$ 1,127,151
Note payable to the City of St. Paul, due in monthly payments of \$920 including interest at 2%. The term is 11 years but the payment schedule reflects a 25 year amortization; all unpaid principal and accrued interest is payable in full on October 1, 2028. The note is secured by assets of the organization.	54,158	63,195
Forgivable loan payable to East Side Neighborhood Development Company. The loan bears no interest and is forgivable on September 22, 2024 provided the loan conditions are met.	21,426	28,567
Total Long-term Debt	1,137,919	1,218,913
Less Refinance Costs, net	(8,722)	(9,968)
Less Amounts Due Within One Year	(84,968)	(81,792)
Long-term Portion	<u>\$ 1,044,229</u>	<u>\$ 1,127,153</u>

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Note 7: Long-term Debt (Continued)

Scheduled future principal payments due under the agreement are as follows:

Year	Amount	Refinance Costs	Net Amount
2024	\$ 84,968	\$ (1,246)	\$ 83,722
2025	88,285	(1,246)	87,039
2026	91,753	(1,246)	90,507
2027	88,226	(1,246)	86,980
2028	92,005	(1,246)	90,759
Thereafter	692,682	(2,492)	690,190
Total	<u>\$ 1,137,919</u>	<u>\$ (8,722)</u>	<u>\$ 1,129,197</u>

Note 8: Line of Credit

The Organization has access to a \$100,000 line of credit at Bremer Bank. As of June 30, 2023 and 2022, there was no balance on this line of credit. Through extensions, the agreement is set to expire on November 10, 2023.

Note 9: In-kind Donations

The Organization recognized contributed inventory and services during 2023 and 2022, as detailed below:

	2023	2022	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Ingredients and Supplies	\$ 35,229	\$ 14,481	Cookie Production	None	Valued using estimated wholesale prices of identical or similar product if purchased in the region.
Butter	39,600	30,554	Cookie Production	None	Valued using estimated wholesale prices of identical or similar product if purchased in the region.
Other Services	1,510	-	Chef's Dinner	None	Valued based on current rates of similar services if purchased in the region.
Intern Wages	61,292	29,170	Youth Development Program	None	Valued based on current rates of similar services if purchased in the region.
Total In-kind Contributions	<u>\$ 137,631</u>	<u>\$ 74,205</u>			

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Note 10: Net Assets without Donor Restrictions

Net assets without donor restrictions at June 30, 2023 and 2022 are as follows:

	2023	2022
Undesignated	\$ 3,389,379	\$ 3,237,749
Board-designated for future operations and debt payments	450,000	750,000
Total Net Assets Without Donor Restrictions	\$ 3,839,379	\$ 3,987,749

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are as follows:

	2023	2022
Capacity Campaign	\$ 290,220	\$ 340,861
Endowment Fund	100,000	100,000
Total Net Assets With Donor Restrictions	\$ 390,220	\$ 440,861

Note 12: Endowment

The Organization has established permanent endowment funds from contributions made by donors for this purpose. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

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Note 12: Endowment (Continued)

Endowment Composition and Changes in Endowment Net Assets

Endowment net asset composition and changes as of and for the years ended June 30, 2023 and 2022 are as follows:

	Amount
Balance June 30, 2021	\$ 100,000
Contributions	-
Balance June 30, 2022	100,000
Contributions	-
Balance June 30, 2023	\$ 100,000

Note 13: Liquidity and Availability of Financial Assets

Financial assets consist of the Organization's cash and cash equivalents, investments, and net accounts receivable. The following represents the Organization's financial assets as of June 30, 2023 and 2022 reduced by amounts not available for general use within one year:

	2023	2022
Financial Assets, at June 30		
Cash and cash equivalents	\$ 1,172,235	\$ 1,234,112
Accounts receivable, net	38,984	47,476
Promises to give, net	276,635	336,861
Total Financial Assets	1,487,854	1,618,449
Less those unavailable for general expenditure within one year, due to:		
Contractual or board-designated:		
Board-designated funds for future operations and debt payments	(450,000)	(750,000)
Donor-restricted:		
Restricted for capacity campaign	(290,220)	(340,861)
Restricted for endowment	(100,000)	(100,000)
Total Assets Unavailable for General Expenditure Within One Year	(840,220)	(1,190,861)
Financial Assets Available to Meet Cash Needs		
For General Expenditures Within One Year	\$ 647,634	\$ 427,588

The Cookie Cart's Board of Directors has approved and continuously monitors a comprehensive set of policies that govern the responsibilities and limitations of executive management. Management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies. Additionally, liquidity measures are tracked, provided and discussed with the board of directors as part of regular reporting cycle.