

FINANCIAL STATEMENTS

THE COOKIE CART
MINNEAPOLIS, MINNESOTA

FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023



The Cookie Cart
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June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 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
January 16, 2025



FINANCIAL STATEMENTS

The Cookie Cart
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,026,701	\$ 1,172,235
Accounts receivable, net of allowance of \$21,000 and \$1,000 in 2024 and 2023, respectively	201,237	38,984
Pledges receivable, net of allowance of \$0 and \$8,000 in 2024 and 2023, respectively	-	276,635
Grants receivable, net of allowance of \$8,000 and \$0 in 2024 and 2023, respectively	195,738	-
Inventory	75,920	88,478
Prepaid expenses	10,222	14,115
Total Current Assets	1,509,818	1,590,447
Property, Equipment, and Intangibles		
Land	88,750	88,750
Building and improvements	4,590,038	4,590,038
Bakery equipment	238,094	238,094
Furniture and fixtures	119,472	119,472
Vehicles	18,295	18,295
Online learning platform	39,300	39,300
Property, Equipment, and Intangibles, Cost	5,093,949	5,093,949
Less Accumulated Depreciation and Amortization	(1,449,615)	(1,294,259)
Property, Equipment and Intangibles, Net	3,644,334	3,799,690
Noncurrent Assets		
Beneficial interest in endowment assets held by others	100,000	100,000
Total Assets	\$ 5,254,152	\$ 5,490,137
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 58,554	\$ 13,561
Accrued payroll and compensated absences	149,006	117,780
Note payable, current portion	88,289	84,968
Total Current Liabilities	295,849	216,309
Long-term Liabilities		
Note payable, net of deferred refinance costs of \$7,463 and \$8,722 in 2024 and 2023, respectively	960,103	1,044,229
Total Liabilities	1,255,952	1,260,538
Net Assets		
Net assets without donor restrictions		
Undesignated	3,263,179	3,389,379
Board designated	450,000	450,000
Total net assets without donor restrictions	3,713,179	3,839,379
Net assets with donor restrictions		
Capacity campaign	44,861	290,220
Endowment	100,000	100,000
Time restricted	140,160	-
Total net assets with donor restrictions	285,021	390,220
Total Net Assets	3,998,200	4,229,599
Total Liabilities and Net Assets	\$ 5,254,152	\$ 5,490,137

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

The Cookie Cart
Statements of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Grants and contributions	\$ 1,374,853	\$ 440,160	\$ 1,815,013
Donated materials and services	146,051	-	146,051
Special events, net of direct expenses of \$61,812	90,158	-	90,158
Total Support	1,611,062	440,160	2,051,222
Revenue			
Sales of cookies	571,342	-	571,342
Delivery revenue	26,607	-	26,607
Interest	9,225	-	9,225
Rental income	4,325	-	4,325
Total Revenue	611,499	-	611,499
Net assets released from restrictions			
Restriction satisfied by time	245,359	(245,359)	-
Restriction satisfied by purpose	300,000	(300,000)	-
Total net assets released from restrictions	545,359	(545,359)	-
Total Support and Revenue	2,767,920	(105,199)	2,662,721
Expenses			
Program services	2,118,207	-	2,118,207
Support services			
Fundraising	198,701	-	198,701
Administration	577,212	-	577,212
Total Expenses	2,894,120	-	2,894,120
Change in Net Assets	(126,200)	(105,199)	(231,399)
Net Assets, July 1, 2023	3,839,379	390,220	4,229,599
Net Assets, June 30, 2024	\$ 3,713,179	\$ 285,021	\$ 3,998,200

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

The Cookie Cart
Statements of Activities (Continued)
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
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 Functional Expenses
For the Year Ended June 30, 2024

	Program Services				Support Services			Total Expenses	
	Youth Development	Cookie Production	Sales and Marketing	Volunteer	Total Program Services	Fundraising	Administration		Total Support Services
Personnel Costs									
Adult wages	\$ 257,876	\$ 2,593	\$ 190,080	\$ 22,658	\$ 473,207	\$ 102,034	\$ 241,175	\$ 343,209	\$ 816,416
Youth wages	225,068	296,058	-	-	521,126	-	-	-	521,126
Benefits and taxes	92,707	75,268	38,628	4,841	211,444	14,684	44,639	59,323	270,767
Total Personnel Costs	575,651	373,919	228,708	27,499	1,205,777	116,718	285,814	402,532	1,608,309
Expenses									
Advertising	-	-	8,841	-	8,841	-	-	-	8,841
Bad debt expense	-	-	-	-	-	-	22,500	22,500	22,500
Cookie production costs									
Ingredients and supplies	-	156,898	-	-	156,898	-	-	-	156,898
Wages	-	302,000	-	-	302,000	-	-	-	302,000
Cookie sales and delivery costs	-	50,868	110	-	50,978	-	917	917	51,895
Credit card fees	-	571	3,906	-	4,477	-	14,709	14,709	19,186
Depreciation and amortization	49,408	52,990	20,587	2,580	125,565	7,826	23,225	31,051	156,616
Dues and subscriptions	320	506	166	16	1,008	741	5,795	6,536	7,544
Events and relationship development	1,323	3,623	1,371	11	6,328	43	68,193	68,236	74,564
Facility costs	6,414	34,669	2,672	335	44,090	1,016	4,661	5,677	49,767
Insurance	18,177	19,495	7,574	949	46,195	2,879	5,920	8,799	54,994
Interest	-	-	-	-	-	-	51,250	51,250	51,250
Miscellaneous	-	-	-	215	215	-	316	316	531
Printing and office supplies	1,043	1,293	14,935	54	17,325	4,665	18,783	23,448	40,773
Professional services	21,028	23,992	23,420	1,098	69,538	61,374	125,961	187,335	256,873
Repairs and maintenance	165	7,609	-	-	7,774	-	-	-	7,774
Utilities	21,711	29,629	9,061	1,134	61,535	3,439	10,941	14,380	75,915
Youth staff appreciation and supplies	8,091	1,572	-	-	9,663	-	39	39	9,702
Total Expenses	703,331	1,059,634	321,351	33,891	2,118,207	198,701	639,024	837,725	2,955,932
Less Expenses Included with Revenues on the Statement of Activities	-	-	-	-	-	-	(61,812)	(61,812)	(61,812)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 703,331	\$ 1,059,634	\$ 321,351	\$ 33,891	\$ 2,118,207	\$ 198,701	\$ 577,212	\$ 775,913	\$ 2,894,120

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, 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										
Advertising	-	-	3,361	-	3,361	-	-	448	448	3,809
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
Depreciation and amortization	42,770	59,361	18,416	3,206	123,753	13,542	2,015	20,300	35,857	159,610
Dues and subscriptions	300	-	500	-	800	-	-	4,430	4,430	5,230
Events and relationship development	-	300	770	-	1,070	55,218	-	-	55,218	56,288
Facility costs	10,257	26,518	3,811	628	41,214	3,209	373	12,272	15,854	57,068
Insurance	9,330	13,372	3,793	672	27,167	2,901	492	3,946	7,339	34,506
Interest	-	-	-	-	-	-	-	50,481	50,481	50,481
Miscellaneous	1,897	2,714	14,890	218	19,719	2,012	11	36,364	38,387	58,106
Printing and office supplies	89	1,118	159	4	1,370	484	22	7,752	8,258	9,628
Professional services	11,493	15,679	6,716	1,095	34,983	135,364	902	164,841	301,107	336,090
Repairs and maintenance	6,332	36,737	4,532	463	48,064	2,000	266	3,421	5,687	53,751
Training	1,058	196	77	34	1,365	25	37	58	120	1,485
Transportation	341	395	-	41	777	142	38	379	559	1,336
Utilities	10,562	28,214	4,510	760	44,046	3,347	452	4,710	8,509	52,555
Youth staff appreciation and supplies	7,911	962	-	-	8,873	2,276	-	177	2,453	11,326
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 Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (231,399)	\$ (199,011)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	156,615	159,610
(Increase) decrease in assets		
Accounts receivable	(162,253)	8,492
Pledges receivable	276,635	60,226
Grants receivable	(195,738)	-
Inventory	12,558	34,389
Prepaid expenses	3,893	940
Increase (decrease) in liabilities		
Accounts payable	44,993	(10,317)
Accrued payroll and compensated absences	31,226	30,034
Net Cash Provided (Used) by Operating Activities	(63,470)	84,363
 Cash Flows from Investing Activities		
Purchase of property and equipment	-	(65,246)
 Cash Flows from Financing Activities		
Principal paid on notes payable	(82,064)	(80,994)
 Change in Cash and Cash Equivalents	(145,534)	(61,877)
 Cash and Cash Equivalents, Beginning	1,172,235	1,234,112
 Cash and Cash Equivalents, Ending	\$ 1,026,701	\$ 1,172,235
 Supplemental Disclosure of Non-Cash Flow Information		
Interest Paid	\$ 51,250	\$ 50,480

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

The Cookie Cart
Notes to the Financial Statements
June 30, 2024 and 2023

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 focus is sustainable revenue strategies to grow the mission forward into continued success for young adults. Our key priorities are growth in earned revenue through our bakery and collective program partnerships, to diversify contributed income, building internal capacity for growth, and advancing diversity, equity, and inclusion within the organization and communities. Cookie Cart is committed to renewing the strategic plan this fiscal year to assure continued mission-driven program excellence and positive community impact.

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, 2024 and 2023

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.

F. Accounts Receivable and Allowance for Credit Losses

Accounts receivable are reported at the amount the Organization expects to collect on balances outstanding at period end. Management derives the allowance for credit losses by using historical experience applied to an aging of accounts receivable and evaluating estimated losses that will be incurred in the collection of receivables. This allowance estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. The allowance for credit losses was \$21,000 and \$1,000 as of June 30, 2024 and 2023, 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 \$0 and \$8,000 as of June 30, 2024 and 2023, 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:

<u>Assets</u>	<u>Useful Life</u>
Buildings	20 - 39.5 years
Bakery Equipment	7 -10 years
Furniture and Equipment	3 - 10 years
Vehicles	8 years
Online Learning Platform	5 years

Depreciation expense was \$147,495 and \$150,505 and amortization expense was \$9,120 and \$9,106 for the years ended June 30, 2024 and 2023, 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.

The Cookie Cart
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

H. Property, Equipment and Intangibles (Continued)

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.

I. Support and Revenue Recognition

Support

The Organization follows FASB Accounting Standards Codification 958-605, *Revenue Recognition for Not-for-Profit Entities* for contributions, grants, and other similar revenues. All contributions and grants are available for unrestricted use unless specifically restricted by the donor. The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. Net Assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Earned Revenue

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

Cookie sales and delivery fees are recognized at a point in time; when there is persuasive evidence that an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable. Rental income is recognized over time, which is the monthly rental period.

Disaggregation of revenue on June 30 is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Recognized at a point in time	\$ 597,949	\$ 667,785	\$ 641,917
Recognized over a period of time	<u>4,325</u>	<u>2,980</u>	<u>3,295</u>
Total	<u>\$ 602,274</u>	<u>\$ 670,765</u>	<u>\$ 645,212</u>

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.

The Cookie Cart
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

K. New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU amends the guidance on the impairment of financial instruments and adds an impairment model, known as the current expected credit losses model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses over the contractual life of a financial asset. In November 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), which defers the effective date to annual reporting periods beginning after December 15, 2022, with early adoption permitted. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are accounts receivables. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

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 an analysis of labor for cookie production in the year ending June 30, 2024. Based on this analysis, more wages are now being allocated to cookie production. This updated allocation methodology better reflects the direct cost of cookie production and the understanding of the true margin in cookie sales.

M. Advertising

The Organization expenses the costs of advertising as incurred. Advertising expenses were \$8,841 and \$5,675 for the years ended June 30, 2024 and 2023, 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 January 16, 2025, the date the financial statements were available to be issued.

The Cookie Cart
Notes to the Financial Statements
June 30, 2024 and 2023

Note 2: Pledges Receivable

The balance of pledges receivable are as follows:

	2024	2023
Less Than One Year	\$ -	\$ 284,635
Less Allowance for Uncollectible Pledges	-	(8,000)
Net Pledges Receivable	\$ -	\$ 276,635

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:

- 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, 2024 and 2023.

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Note 3: Fair Value Measurements (Continued)

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.

	2024		
	Level 1	Level 2	Level 3
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 100,000
	2023		
	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, 2024 and 2023 was \$75,920 and \$88,478, respectively.

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 \$22,710 and \$15,671 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023 was \$100,000.

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Note 7: Long-term Debt

As of June 30, 2024 and 2023, long-term debt was as follows:

	2024	2023
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.	\$ 997,604	\$ 1,062,335
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.	43,966	54,158
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.	14,285	21,426
Total Long-term Debt	1,055,855	1,137,919
Less Refinance Costs, net	(7,463)	(8,722)
Less Amounts Due Within One Year	(88,289)	(84,968)
Long-term Portion	\$ 960,103	\$ 1,044,229

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

Year	Amount	Refinance Costs	Net Amount
2025	\$ 88,289	\$ (1,246)	\$ 87,043
2026	91,609	(1,246)	90,363
2027	88,075	(1,246)	86,829
2028	91,848	(1,246)	90,602
2029	87,448	(1,246)	86,202
Thereafter	608,586	(1,233)	607,353
Total	\$ 1,055,855	\$ (7,463)	\$ 1,048,392

Note 8: Line of Credit

The Organization had access to a \$100,000 line of credit at Bremer Bank. As of June 30, 2024 and 2023, there was no balance on this line of credit. Through extensions, the agreement expired on November 10, 2023.

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Note 9: Net Assets without Donor Restrictions

Net assets without donor restrictions at June 30, 2024 and 2023 are as follows:

	2024	2023
Undesignated	\$ 3,263,179	\$ 3,389,379
Board-designated for future operations and debt payments	450,000	450,000
Total Net Assets Without Donor Restrictions	\$ 3,713,179	\$ 3,839,379

Note 10: Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2024 and 2023 are as follows:

	2024	2023
Capacity Campaign	\$ 44,861	\$ 290,220
Endowment Fund	100,000	100,000
Time Restricted	140,160	-
Total Net Assets With Donor Restrictions	\$ 285,021	\$ 390,220

Note 11: In-kind Donations

The Organization recognized contributed inventory and services during 2024 and 2023, as detailed below:

	2024	2023	Usage in Programs/Activities	Fair Value Techniques
Ingredients and Supplies	\$ 40,812	\$ 35,229	Cookie Production	Valued using estimated wholesale prices of identical or similar product if purchased in the region.
Butter	22,522	39,600	Cookie Production	Valued using estimated wholesale prices of identical or similar product if purchased in the region.
Other Services	33,720	1,510	Chef's Dinner	Valued based on current rates of similar services if purchased in the region.
Intern Wages	48,997	61,292	Youth Development Program	Valued based on current rates of similar services if purchased in the region.
Total In-kind Contributions	\$ 146,051	\$ 137,631		

There were no donor restrictions on in-kind donations during the years ended June 30, 2024 and 2023.

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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

Endowment Composition and Changes in Endowment Net Assets

Endowment net asset composition and changes as of and for the years ended June 30, 2024 and 2023 are as follows:

	Amount
Balance June 30, 2022	\$ 100,000
Contributions	-
Balance June 30, 2023	100,000
Contributions	-
Balance June 30, 2024	\$ 100,000

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Note 13: Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets as of June 30, 2024 and 2023 reduced by amounts not available for general use within one year:

	2024	2023
Financial Assets, at June 30		
Cash and cash equivalents	\$ 1,026,701	\$ 1,172,235
Accounts receivable, net	201,237	38,984
Pledges receivable, net	-	276,635
Grants receivable, net	195,738	-
Total Financial Assets	1,423,676	1,487,854
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)	(450,000)
Donor-restricted:		
Restricted for capacity campaign	(44,861)	(290,220)
Restricted for endowment	(100,000)	(100,000)
Total Assets Unavailable for General Expenditure Within One Year	(594,861)	(840,220)
Financial Assets Available to Meet Cash Needs		
For General Expenditures Within One Year	\$ 828,815	\$ 647,634

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.