

## Cindy Schneible

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**From:** noreply@civicplus.com  
**Sent:** Monday, March 30, 2020 5:11 PM  
**To:** Cindy Schneible  
**Subject:** Online Form Submittal: Project Grant Application

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### Project Grant Application

#### Step 1

##### Important Information

- **Form Function Note:** In order to go back from a page in the form to a previous page, all required fields on the page must be populated.
- Please read the McKinney Community Development Corporation Grant Guidelines before completing this application.
- The Grant Guidelines are available on this website. They can also be obtained by calling 214-544-0296 or emailing Cindy Schneible.
- **Please call to discuss your plans for submitting an application in advance of completing this form.**
- A completed application and all supporting documents are required to be submitted via email or on a thumb drive for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation  
5900 South Lake Forest Blvd, Suite 110  
McKinney, TX 75070

- If you are interested in a preliminary Board of Directors review of your project proposal or idea, please complete and submit the Letter of Inquiry form which is available on this website, by calling 214-544-0296 or by emailing Cindy Schneible.
- **Applications must be completed in full, using this form electronically (or physically with the requested thumb drive by mail), and received by MCDC by 5 p.m. on the application deadline indicated on the Grants page of this website.**

#### Eligible Projects

Project Grants support projects eligible for consideration under Sections 501 and 505 of the Texas Local Government Code. These include the following:

- Projects Related to the creation or retention of primary jobs.

- *Infrastructure improvement projects necessary to develop new or expanded business enterprises.*
- *Public parks and open space improvements.*
- *Projects related to recreational or community (city / public access) facilities.*
- *Professional and amateur sports and athletic facilities, including children's sports.*
- *Entertainment, tourist and convention facilities*
- *Projects related to low income housing.*
- *Mass transit-related facilities.*
- *Airport facilities.*

## Organization Information

Name	Hugs Cafe Inc
Federal Tax ID Number	462332714
Incorporation Date	7/13/2014
Mailing Address	224 E Virginia Street
City	McKinney
State	TX
Zip Code	75069
Phone Number	469-301-6900
Fax Number	N/A
Email Address	lauren@hugscafe.org
Website	<a href="https://hugscafe.org">https://hugscafe.org</a>
Organization Type	Nonprofit - 501(c) (Attach a copy of IRS Determination Letter)
IRS Determination Letter	<a href="#"><u>IRS Determination .pdf</u></a>
Professional Affiliations and Organizations to Which Your Organization Belongs	McKinney Chamber of Commerce

## Representative & Contact Information

Representative Completing Application:

Name	Lauren Smith
Title	Director of Development

Mailing Address	224 E Virginia Street
City	McKinney
State	TX
Zip Code	75069
Phone Number	940-367-7016`
Fax Number	<i>Field not completed.</i>
Email Address	lauren@hugscafe.org

(Section Break)

**Contact for Communications Between MCDL and Organization:**

Name	Lauren Smith
Title	Director of Development
Mailing Address	224 E Virginia Street
City	McKinney
State	TX
Zip Code	75069
Phone Number	940-367-7016
Fax Number	<i>Field not completed.</i>
Email Address	lauren@hugscafe.org

**Project Information**

Funding - Total Amount Requested	13324.90
Are matching funds available?	No
Will funding be requested from any other City of McKinney entity (e.g. McKinney Convention and Visitors Bureau, Arts Commission, City of McKinney Community Support Grant)?	No

Project Start and Completion Dates	6/1/2020 - 9/1/2020
Board of Directors	<i>Field not completed.</i>
Leadership Staff	<i>Field not completed.</i>
Board of Directors Attachment	<u>Board of Directors 2020.docx.pdf</u>
Leadership Staff Attachment	<u>2020 Leadership Staff.docx.pdf</u>

## **Narrative**

Using the outline below, provide a written narrative no longer than seven pages in length:

### **1: Applying Organization**

- *Describe the mission, strategic goals and objectives, scope of services, day-to-day operations and number of paid staff and volunteers.*
- *Disclose and summarize any significant, planned organizational changes and describe their potential impact on the Project for which funds are requested.*

### **2: Project**

- *Outline details of the Project for which funds are requested. Include information regarding scope, goals, objectives and target audience.*
- *Describe how the proposed Project fulfills strategic goals and objectives for your organization and benefits the McKinney community.*
- *Please also include planned support activities, time frame / schedule and estimated use and admission fees if applicable.*
- *Include the location for the proposed Project.*
- *Provide a timeline for the Project - from design to completion.*
- *Will the Project be competitively bid?*
- *Are there plans for growth / expansion in future years?*

What kind of project is proposed?      Expansion / improvement, Multi-phase project

Has a feasibility study or market analysis been completed for this proposed project?      Yes

Attach Executive Summary      Hugs Greenhouse Market Analysis.pdf

Goal Alignment

*Provide specific information to illustrate how this Project aligns with one or more of*



*the goals and strategies adopted by McKinney City Council and McKinney Community Development.*

- *Eligible for MCDC consideration under Sections 501 to 505 of the Texas Local Government Code (refer to MCDC Grant Guidelines and/or page 1 of this application).*
- *Support cultural, sports, fitness, entertainment, community projects and events that attract resident and visitor participation and contribute to quality of life, business development and growth of McKinney sales tax revenue.*
- *Highlight and promote McKinney as a unique destination for residents and visitors alike.*
- *Meet citizen needs for quality of life improvements, business development and sustainable economic growth for residents in the City of McKinney.*
- *Demonstrate informed financial planning – addressing long-term costs, budget consequences and sustainability of projects for which funding is requested.*

Which goal(s) listed above will be supported by the Project?	This funding will increase the quality of life for those we serve. As a non-profit social enterprise, this will help to develop our business which will grow sales tax revenue. This will further promote this unique destination for residents and visitors and lastly, this will create sustainable economic growth for us.
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Has a request for funding for this Project been submitted to MCDC in the past?	No
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### **3: Financial**

- *Provide an overview of the organization's financial status including the impact of this grant request on organization mission, goals and business model.*
- *Please attach your organization's budget for the current year and audited financial statements for the preceding two years. If audited financials are not available, please indicate why.*

Budget	<a href="#"><u>2020 Organization Budget.pdf</u></a>
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Financial Statements	<a href="#"><u>2019 Financials.pdf</u></a>
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If audited financials are not available, please indicate why.	Hugs Cafe Inc. has not received an audit as of the completion of this application. Our first full fiscal operating year was in 2016 when we were learning many things. As we developed a successful team of professionals, we were able to gain a tremendous amount of industry knowledge and form a better understanding of what the best
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practices for financial accountability look like. We are now 5 years into running our non-profit and have come to understand the value associated with having an audit. It is part of our plan for 2020 to obtain an audit and to budget to receive regular audits in future years. We hope that you will see this as an opportunity to help us grow into a non-profit that is able to operate and maintain financial best practices. Your support will help us to allocate our individual donations to pay for this audit in 2020 and future years.

Thank you for your time and consideration.

#### Overview of Project Financial Goal

What is the total cost for this Project?	39,324.90
Budget	<a href="#">MCDC Project Budget PDF.pdf</a>
What percentage of Project funding will be provided by the applicant?	66
Are matching funds available?	No
Other Funding Sources	None

#### **4: Marketing and Outreach**

- *Describe marketing plans and outreach strategies for your organization and for the Project for which you are requesting funding - and how they are designed to help you achieve current and future goals.*

#### **5: Metrics to Evaluate Success**

- *Outline the metrics that will be used to evaluate success of the Project. If funding is awarded, a final report will be required summarizing success in achieving objectives outlined for the event.*

Attach Narrative *Field not completed.*

#### **Acknowledgements**

If funding is approved by the MCDC board of directors, applicant will assure:

- *The Project for which financial assistance is sought will be administered by or under the supervision of the applying organization.*
- *All funds awarded will be used exclusively for the purpose described in this application.*
- *Applicant owns the land, building or facility where the proposed project will be located. If the Applicant does not own the land, written acknowledgement / approval from the property owner must be included with the application. The letter must document that the property owner is aware of the proposed use of the property or facility, and that the property owner has reviewed the project plan and application, approves and supports the efforts of the applicant.*
- *MCDC will be recognized in all marketing, advertising, outreach and public relations as a funder of the Project. Specifics to be agreed upon by applicant and MCDC and included in an executed performance agreement.*
- *The organization's officials who have signed the application are authorized by the organization to submit the application.*
- *Applicant will comply with the MCDC Grant Guidelines in executing the Project for which funds were awarded.*
- *A final report detailing the success of the Project, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project.*
- *Grant funding is provided on a reimbursement basis subsequent to submission of a reimbursement request, with copies of invoices and paid receipts for qualified expenses. Up to 20% of the grant awarded may be withheld **until the final report on completion of the Project is provided to MCDC.***

(Section Break)

Applicant Electronic Signature	Selecting this option indicates your agreement with the above statement.
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Chief Executive Officer	Ruth Thompson
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Date	3/30/2020
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Representative Completing Application	Lauren Smith
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Date	3/30/2020
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#### Notes

- *Incomplete applications or those received after the deadline will not be considered.*
- *A final report must be provided to MCDC within 30 days of the completion of the Project.*
- *Final payment of funding awarded will be made upon receipt of final report.*
- *Please use the Final Report to report your results. A PDF version is also available.*

Email not displaying correctly? [View it in your browser.](#)



Hugs Cafe Inc. Grant Application Narrative  
Propagation Infrastructure for Hugs Greenhouse Program

## **I. Applying Organization**

### **Mission**

The mission of Hugs Café Inc. is to enhance the lives of adults with special needs through training and employment. It is our passion to offer a place of hope, understanding, grace, and success to each individual so they may be recognized for their abilities and talents in the community.

### **Strategic Goals and Objectives**

Our goal is to provide a place of competitively-paid training and employment for adults with special needs that teaches valuable skills and provides an ability-conscious career pathway. Additionally, we seek to provide this place of training and employment at no cost to the beneficiary. This is achieved by offering quality products to retail customers as a means to fundraise a large portion of our program expenses. We further aim to achieve independent skill mastery and vocational development with each of our mission-based employees, or teammates. We do this by carving a job to meet a person's ability. If needed, we provide a job coach, or volunteer, to assist a teammate in their current position. These job coaches shadow our teammates, or special needs employees, to ensure the task is being performed correctly and that this employee is working towards skill mastery and personal advancement.

### **Scope of Services**

Hugs Café Inc. is composed of three programs. Hugs Café is our flagship program where we directly employ 24 adults with special needs in a café setting. When we are closed on Mondays, we offer cooking classes and food handler's certification instruction via our Hugs Prep program. We are currently partnering with local restaurants and businesses to secure job placement in the community to those that finish our Hugs Prep program and we cannot directly employ. Through these two culinary initiatives, we have placed two individuals in jobs at Harvest Seasonal Kitchen in McKinney, and four of our staff have mastered their roles in the cafe and have been promoted to management and training positions. Hugs Greenhouse is our newest program that recognizes food service may not be for every person or every ability. We have developed a second social enterprise that trains and educates adults with special needs on gardening, retail sales, and socialization within the community. All of our programs offer training and educational employment to adults with special needs so

they may gain respect and independence. In 2019, we provided 11,010 hours of meaningful employment and paid out \$101,000 in wages to adults with intellectual or developmental disabilities that would otherwise be unable to contribute to society.

### **Day to day operations**

At Hugs Cafe Inc, we carve jobs to fit a person's abilities so they are able to perform a job suited for their individual needs. The special needs staff, or teammates, perform all of the roles necessary to run our employment programs with the help of volunteers, or job coaches. Jobs at our cafe include server, cashier, sandwich line attendant, sides and dessert assembly, dish washer, host and more. We believe it is important to provide quality jobs that are designed for the individual so that our teammates will know personal and professional success.

Hugs Greenhouse provides a tranquil environment for those who may prefer a less chaotic or crowded work environment. This model offers a chance for each of our teammates to study horticulture, plant seedlings, maintain a watering schedule, and provide excellent customer service on sale dates. This has proven to be a new and exciting model with endless potential. Daily you will find the staff planting and watering the young seedlings, organizing products for the next customer pick up, and studying flower facts to be ready for the next pop quiz.

### **Number of Paid Staff and Volunteers**

Paid Staff: 4 FTE

Mission-based Staff: 29

Volunteers: 48

## **II. Project- Outline details of the project.**

### **Scope**

This proposal is for the investment of heating and final propagation infrastructure for our two greenhouses. In 2018, we self-financed and began the construction of these greenhouses. In 2019 these structures were finished with the installation of covers and initial irrigation. We are now seeking funds to finish this project with your support of power installation to the two greenhouses, the purchase and installation of heaters for two greenhouses, the installation and infrastructure for one propane tank to fuel the heaters, and the purchase and installation of the two misting systems.

### **Goals**

Our goal is to use plant propagation as a means of replicating our perennials inventory and reducing our cost of goods sold. Plant propagation is the process which grows new plants from a variety of sources: seeds, cuttings, and other plant parts. It is estimated that we would be able to save an average of \$.12 per plant after converting to propagation. For this to be accomplished, we are seeking an investment for the infrastructure to propagate year-round and produce our high-quality inventory at a lower

price point. This will provide a continuous inventory and business model with potential to grow our customer base and sales to year round.

**Objective**

Our objective is to provide the most efficient and successful model to employ adults with special needs. Part of this requires that we utilize the efforts of our staff to learn and develop the skill of growing our own plants from the seed and stems of their parent plants. This presents an opportunity to teach a very marketable skill to our staff, grow our product year round, and provide a higher margin of profit for us for every perennial sold.

**End User**

The end user of this investment will be our teammates. This equipment and infrastructure will be utilized on a daily basis for our team to grow and propagate new plants.

**How project fulfills goals for your org and benefits McKinney.**

The goal for our organization is to utilize as much of our business model and profits to create employment for adults with special needs. This investment will reduce our costs and provide a revenue stream and learning opportunity to advance and develop our staff. McKinney and MCDC believe in supporting and developing all aspects of the community, most importantly the unique parts. We believe that our mission to provide meaningful employment serves the most unique and amazing part of our community.

**Planned support activities, timeframe/schedule, and estimated use.**

As a supported activity for this project, we would have a propagation day where MCDC members could come and work with our teammates and do our first propagated planting. This event would take place in late August or early September. The estimated use of this project is daily. Our staff will be utilizing this equipment as an essential part of daily operations.

**Project Location and Timeline**

The project will take place at Hugs Greenhouse in McKinney. We estimate that upon confirmation of funding, this project will take 3 months to complete. We aim to begin our perennial propagation in September of 2020.

**Will the project be competitively bid? Are there plans for growth/expansion in future years?**

While we have preferred vendors and partners whom we work with, we are able to furnish other competitive bids upon request. It is our belief that we will expand again within the next 5 years as we grow our customer base and landscape clientele.

**III. Financial**

**Overview of financial status. Include impact of grant request on organization mission, goals, and business model.**

This financial request will impact our organization on many levels. Our mission will now be able to employ more adults with special needs and teach them the marketable skill of propagation. Our goal to have more of an impact in the community will also be achieved with additional employment opportunities and skill advancement. Our business model will also be stimulated as we will be able to produce our product for 20% less, on average.

**Supporting documents provided include:**

2019 P&L

2020 P&L

2018 990

IRS Determination Letter

**IV. Marketing and Outreach**

Hugs Greenhouse is uniquely positioned for marketing and community outreach. By leveraging the current consumer base of Hugs Cafe, Inc., we're able to secure our customers from those who already support our mission and frequent our restaurant.

For our start-up initiative, Hugs Greenhouse has two greenhouses and an outdoor shade structure. The land lease provides a growth opportunity to increase the number of greenhouses and/or shade structures. Seasonal sales are held in a roadside facility, the style of which provides a destination experience for shoppers. Flyers and marketing materials are distributed at Hugs Cafe, Inc. and other local merchants.

Additionally, Chambersville Tree Farm is located approximately one mile away. Established in 2004, Chambersville Tree Farm has established itself as a premier grower. Our businesses are not in competition, but rather complement each other. Dean Oswald, owner, is aware of the vision of Hugs Greenhouse and supportive. Ultimately other nursery operations could provide employment opportunities for our well-trained adults with special needs after they have successfully completed their education in plant care and nursery functions.

The long-term growth opportunity for Hugs Greenhouse is significant, with a current need for an investment to finish the propagation needs for the two greenhouses, which is outlined in the attached Project Budget.

Hugs Greenhouse is located northwest of McKinney (and less than three miles from the rapidly growing Trinity Falls community) and is easily accessible from what will be the new Collin County Outer Loop. This proximity to McKinney and northern Collin County ensures a steady growth of customers.

Communication to our customers is multi-faceted:



- Hugs Cafe brick and mortar location - flyers and posters to customers  
Hugs Cafe gets over 1,000 people in its doors every month who support our mission.
- Social Media – leveraging the existing following of Hugs Cafe, Inc.  
Currently there are over 18,000 people who follow Hugs Cafe Inc on social media, the significant majority of which are prospects for Hugs Greenhouse.
- Local Media - special interest news pieces
- Industry Connections – Bill Crump has several buyers of our high-quality products.

During retail sales, we capture customer's names and email addresses to be able to alert them as seasonal sales occur. Additionally, we do direct marketing to the local landscaping businesses to advise them of the next seasonal products available.

## **V. Metrics to Evaluate Success**

We possess a number of tools to identify the success of this investment. After 6 months, we will be able to assess the financial success of money saved by not purchasing perennial seedlings. After two growing seasons, or 10 months, we will be able to provide the data for revenue increased by being able to grow during the colder months and starting the spring flush with perennials. We anticipate being able to sell 20% more perennials if provided the resources to upgrade to propagation.

Our individual success is measured with feedback from the families that we serve who monitor the interpersonal skills and overall development of our special needs staff when they are not at work. We also evaluate our teammates on an annual basis to assess the effectiveness of their training, desire to learn new skills, and readiness for promotion within each of our programs. This most recent evaluation of skills earned the promotion of Hunter Heinrichs, to Hugs Greenhouse Lead.



## Hugs Cafe Inc. 2020 Board of Directors

### **Board of Directors**

#### **Name, Profession- Role**

Ruth Thompson, Philanthropist- Founder and President

Alex Beard, Attorney - Vice President

Georgiann Leonard, Philanthropist- Treasurer

Wendi Osborn, McKinney Independent School District- Secretary

Marc Robertson, Seven Properties- Member

Shannon Patterson, Apex Realtors- Member

Rick Lewis, Z-Tech Solutions- Member

Jared Thompson, Hewlett Packard- Member

Kari Shelton, Concentra- Member

Mark Potter, First Bank- Member

Janice Morriss, McKinney Independent School District- Member



## Hugs Cafe Inc. 2020 Leadership Staff

### **Program and Administrative Staff**

#### **Lauren Smith- Director of Development**

With over 10 years private marketing and development experience, Lauren has grown the Hugs Cafe Inc. organization into its most successful fundraising year to date. In addition to developing donors and community relations, Lauren is now focusing on ways to streamline costs and make a larger impact in the community.

#### **Maria Caccavale- Hugs Café General Manager**

Having worked with Ruth, our founder, for over 12 years, Maria's passion for Hugs is second to none. Now managing the cafe on her own, our teammates have fallen in love with Miss Maria and her devotion to each team member.

#### **Bill Crump- Hugs Greenhouse General Manager**

4th generation flower grower, this man has brought all of his industry knowledge and relationships to the table. This has proven to be a huge reason Hugs Greenhouse is successful and investable.

#### **Jennifer McIntosh- Kitchen Lead at Hugs Café**

As a mother of a child with special needs, the compassionate soul spends every day training and inspiring our teammates. There is nothing she wouldn't do for our staff and our mission.



Hugs Cafe Inc- ALL PROGRAMS 2020 Budget	
<b>Hugs Revenue</b>	
Source	Amount
Projected Greenhouse Revenue	\$68,100.00
Project Cafe Revenue	\$253,981.86
Projected Prep Tuition	\$6,000.00
Donations	\$200,000.00
Grants	\$45,000.00
	<b>\$573,081.86</b>
<b>Wages</b>	
Staff Wages	\$135,450.00
Teammate Wages	\$125,000.00
Payroll Expenses	\$25,000.00
	<b>\$285,450.00</b>
<b>Expenses</b>	
Source	Amount
Hugs Cafe	\$170,396.00
Hugs Prep	\$1,200.00
Hugs Greenhouse	\$37,749.00
Admin	\$12,000.00
	<b>\$221,345.00</b>
Revenue Total	<b>\$573,081.86</b>
Expense Total	<b>\$506,795.00</b>
<b>Net for Program without funding</b>	<b>\$66,286.86</b>

Hugs Cafe Inc.  
 224 E. Virginia Street McKinney Tx 75069  
[www.hugscafe.org](http://www.hugscafe.org)  
 Tax ID 46-2332714



Hugs Greenhouse- Greenhouse Development Project Budget				
Item	Cost	% of Project	Funding Source	% by Funder
2- 30' x 90' covered greenhouses	\$25,000.00	63.57%	Hugs Cafe Inc.	
Greenhouse concrete and flooring	\$1,000.00	2.54%	Hugs Cafe Inc.	66.12%
	<b>\$26,000.00</b>			
4 heaters and propane installation	\$4,185.30	10.64%	MCDC	
Electrical infrastructure and install	\$7,805.00	19.85%	MCDC	
Misters	\$1,334.60	3.39%	MCDC	33.88%
	<b>\$13,324.90</b>			
<b>Total</b>	<b>\$39,324.90</b>	<b>100.00%</b>		<b>100.00%</b>

Hugs Cafe Inc.  
 224 E. Virginia Street McKinney Tx 75069  
[www.hugscafe.org](http://www.hugscafe.org)  
 Tax ID 46-2332714



## MARKET ANALYSIS



### 3.1 Industry

The greenhouse industry is highly labor intensive, requiring dedicated and repetitive processes. The unique and focused skills of many adults with special needs make this an excellent industry for these workers.

Hugs Greenhouse focuses on bedding plants - annuals, perennials and specialty plants as requested by clientele.

As the north Texas landscaping market continues to grow, so does the demand for these products. The Collin County population has grown from approximately 782,000 to over 935,000, according to the latest U.S. Census data (period 4/1/2010-7/1/2016). This 20% growth is significant, but pales in comparison to McKinney's growth over the same period of 31.5%. Furthermore, the median income is almost 50% higher than the national average, while median owner housing costs is approximately 25% higher, resulting in a significant amount of disposable income in the targeted area.

Businesses classified under the North American Industry Classification System (NAICS) code 11 - agriculture, forestry, fishing and hunting - has declined from 15 establishments within the county to 10 establishments in the 10 years from 2005-2015. This decline of local businesses, combined with Hugs' unique ability to recruit and train the necessary labor, provides a competitive edge for this venture.

### 3.2 Customers

Hugs Greenhouse has two distinct customers:

#### **Bedding Plants:**

- Individual Consumers. This group of people buy bedding plants for the visual and aromatic enjoyment of bedding plants. Customers typically purchase in both the spring and the fall.
- Small Businesses. Small landscaping businesses are in constant need of locally available bedding plants. Their ability to purchase locally, while



supporting a non-profit business, makes Hugs Greenhouse the business of choice.

### **3.3 Competitors**

Hugs Greenhouse faces the following types of competitors:

- Home Improvement Stores. The local large retailers of Home Depot and Lowe's are prime competitors, with the advantage of a complete array of landscaping needs priced as a large-scale retailer with extended hours. Their disadvantage is quality and the lack of personal customer service. Often their plants are not purchased locally and therefore the freshness and heartiness of the plants is compromised in transport, prior to being available at the stores.
- Similar local retailers. These are very similar operations to the home improvement stores and include local nurseries. There appears to be room in the market for multiple distribution channels, given the tremendous growth in the catchment area.

### **3.4 Competitive Advantage**

The key member of the Hugs Greenhouse Advisory Committee is Bill Crump, former co-owner of Crump's Gardens in Collin County. Crump's Gardens was originally founded by Bill's grandfather in 1939. Bill grew up in the greenhouse business within the local community. He provides the technical expertise for Hugs Greenhouse, as well as insight in consumer buying habits from years in the local business marketplace. Bill will ensure that the quality offered by Hugs will be second to none. The high quality will provide Hugs with a distinct advantage.

Buying patterns are based on the customer's desires. As customers are spending their disposable income, they desire not only personal satisfaction in the actual product they are purchasing, but also from the buying experience. That is where Hugs Greenhouse stands apart from its competition.

Hugs Greenhouse produces high-quality bedding plants. In addition to the high-quality products, the buying experience at Hugs is unmatched in the industry. Consumers, both individuals and small businesses, are humanitarian in nature and want to give back to society. Their ability to support a non-profit business during their normal course of buying is a prime advantage. These consumers appreciate the difference in quality and are willing to make the short trip to Hugs Greenhouse for their seasonal landscaping needs.

As a small, local business, Hugs is able to offer flexibility that our large competitors cannot match. For instance, if a local business is preparing for a large new subdivision with specialized landscaping needs, Hugs is able to alter production to meet the needs of that customer. Hugs is less concerned about maximizing yield, and more concerned

with ensuring we establish customers for life. We believe, rightfully so, that taking care of the customer is the most important thing.

### **3.5 Regulation**

Based on our mission, Hugs is providing training and gainful employment to adults with special needs. Our focus includes those with physical limitations and therefore we anticipate making modifications to the workplace to accommodate mobility challenges. There will be a TAS-compliant restroom within the maintenance facility.

Hugs Greenhouse is required to have a Nursery Floral License, which must be annually renewed.

The land secured for the Hugs Greenhouse lease is already considered agricultural-exempt. Furthermore, it is not included within any city limits or any extraterritorial jurisdiction (ETJ). The land is intended to be within the city of Weston's ETJ, but due to an administrative error, that has not occurred.

There are no prohibiting deed restrictions on the property.



# David & Kari Shelton



1255 Cottage Hill Pkwy  
McKinney, Texas 75071  
214 725 0002  
das1700@yahoo.com  
kari.shelton@yahoo.com

March 30, 2020

Dear Ms. Smith,

We are excited to be part of the Hugs Greenhouse facility that we are hosting on our property. It has been a blessing to watch this project grow, and to see the many good works that have come from it.

We have reviewed the proposed additions to the Greenhouse facility to add electrical and propane heating and climate control systems, and misting equipment. We certainly approve these improvements and any related enhancements needed to make them functional.

Please let us know if we can be of any further assistance. Can't wait to see the new equipment!!

Warm regards,

A handwritten signature in blue ink, appearing to read "David Shelton", with a long horizontal flourish extending to the right.

David Shelton





March 31, 2020

Re: Financial Audit Attachment

To Whom It May Concern:

Hugs Cafe Inc. has not received an audit as of the completion of this application. Our first full fiscal operating year was in 2016 when we were learning many things. As we developed a successful team of professionals, we were able to gain a tremendous amount of industry knowledge and form a better understanding of what the best practices for financial accountability look like. We are now 5 years into running our non-profit and have come to understand the value associated with having an audit. It is part of our plan for 2020 to obtain an audit and to budget to receive regular audits in future years.

We hope that you will see this as an opportunity to help us grow into a non-profit that is able to operate and maintain financial best practices. Your support will help us to allocate our individual donations to pay for this audit in 2020 and future years.

Thank you for your time and consideration,

*Lauren Smith*

Lauren Smith  
Director of Development  
Hugs Cafe Inc.

**Hugs Cafe Inc**  
**Balance Sheet**  
As of February 29, 2020

Cash Basis

	Feb 29, 20
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
CIB - Cafe Operating 0087	22,833.46
CIB - Donations 0079	211,033.47
CIB -Greenhouse Operating 1252	6,518.55
CIB - Payroll 1237	147.12
CIB - Prep School 1245	13,708.40
Cash in Bank - Operating 2817	4,858.93
Total Checking/Savings	259,099.93
Other Current Assets	
Credit Card/Deposit Clearing	2,964.01
Total Other Current Assets	2,964.01
Total Current Assets	262,063.94
<b>Fixed Assets</b>	
Donated Improvements - Greenhse	3,949.00
Equipment	8,776.54
Accum Depr - Equipment	-1,567.24
Furniture & Fixtures	6,000.00
Accum Depr-Furniture & Fixtures	-1,900.00
Greenhouse	35,700.00
Accum Depr - Greenhouse	-7,291.24
Land Improvements	28,393.45
Accum Depr - Land Improvements	-1,852.16
Leasehold Improvements	6,000.00
Accum Depr-Leasehold Improvment	-133.34
Total Fixed Assets	76,075.01
<b>Other Assets</b>	
Greenhouse Start Up Costs	30,067.36
Accum Amor-Greenhouse Start Up	-8,519.09
Security Deposits	3,000.00
Total Other Assets	24,548.27
<b>TOTAL ASSETS</b>	<b>362,687.22</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Credit Cards	
Wells Fargo Credit Card #9005	822.19
Wells Fargo Credit Card #1787	1,021.20
Wells Fargo Credit Card #5774	875.12
Total Credit Cards	2,718.51
Other Current Liabilities	
Gift Certificates O/S	650.00
Sales Tax Payable	1,101.79
Total Other Current Liabilities	1,751.79
Total Current Liabilities	4,470.30
Total Liabilities	4,470.30
<b>Equity</b>	
Unrestrict (retained earnings)	279,559.38
Net Income	78,657.54
Total Equity	358,216.92
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>362,687.22</b>

For Management Purposes Only. No Assurance Is Provided.

**Hugs Cafe Inc**  
**Profit & Loss**  
**February 2020**

Cash Basis

	Feb 20	Jan - Feb 20
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Business Income	17,256.20	32,119.74
Contributions Income	91,514.22	142,110.44
Greenhouse Income	0.00	1,173.57
Interest Income	16.95	30.48
Prep School Income	300.00	775.00
<b>Total Income</b>	<b>109,087.37</b>	<b>176,209.23</b>
<b>Expense</b>		
Administrative Expenses		
Credit Card Fees	2,196.25	2,695.77
Education & Training	0.00	75.00
Insurance - Workers Comp	0.00	26.47
Office Supplies / Expense	234.99	234.99
Payroll Expense	7.54	15.74
Payroll Tax Expense	623.46	840.74
Printing & Copying	0.00	365.04
Promotional	4,000.00	4,000.00
Salaries & Wages	7,538.48	10,076.96
<b>Total Administrative Expenses</b>	<b>14,600.72</b>	<b>18,330.71</b>
Business Expenses		
Accounting / Professional Fees	325.00	650.00
Advertising & Marketing	0.00	131.00
Bank Charges	0.00	36.00
Beverages	238.20	238.20
Computer / Internet / Website	47.80	91.22
Credit Card Fees	499.19	1,075.01
Delivery Fees	16.00	32.00
Dues/Subscriptions/Memberships	50.00	50.00
Equipment Rental	69.95	139.90
Food	3,741.07	9,579.43
Insurance - Workers Comp	0.00	2,901.67
Office Supplies / Expense	0.00	292.91
Payroll Clearing Account	0.00	0.00
Payroll Expense	195.96	386.91
Payroll Tax Expense	1,044.14	1,990.13
POS Equipment Lease	96.34	192.68
Postage & Shipping	216.31	216.31
Printing & Copying	0.00	267.90
Rent	3,000.00	6,000.00
Repairs & Maintenance	227.00	227.00
Restaurant Supplies	1,196.75	2,194.08
Salaries & Wages	12,234.49	23,285.23
Telephone / Internet	88.21	177.24
Utilities	749.09	1,569.44
<b>Total Business Expenses</b>	<b>24,035.50</b>	<b>51,724.26</b>
Greenhouse Expenses		
Accounting / Professional Fees	325.00	650.00
Auto Gas	30.86	30.86
Computer / Internet / Website	47.79	91.21
Insurance - Workers Comp	0.00	2,366.86
Payroll Expense	48.96	79.63
Payroll Tax Expense	307.70	535.70
Repairs & Maintenance	857.49	1,109.63
Salaries & Wages	3,594.50	6,258.01
Small Tools	207.04	207.04

**Hugs Cafe Inc**  
**Profit & Loss**  
**February 2020**

Cash Basis

	Feb 20	Jan - Feb 20
Supplies/Materials	1,677.66	1,757.53
Utilities	116.46	245.63
<b>Total Greenhouse Expenses</b>	<b>7,213.46</b>	<b>13,332.10</b>
Prep School Expenses		
Food	0.00	32.23
<b>Total Prep School Expenses</b>	<b>0.00</b>	<b>32.23</b>
<b>Total Expense</b>	<b>45,849.68</b>	<b>83,419.30</b>
<b>Net Ordinary Income</b>	<b>63,237.69</b>	<b>92,789.93</b>
Other Income/Expense		
Other Income		
Timely Filing Discounts	5.53	11.11
<b>Total Other Income</b>	<b>5.53</b>	<b>11.11</b>
Other Expense		
Amortization Expense	501.13	1,002.25
Depreciation Expense	762.88	1,525.72
Fund Raising Expense	9,255.10	11,615.53
<b>Total Other Expense</b>	<b>10,519.11</b>	<b>14,143.50</b>
<b>Net Other Income</b>	<b>-10,513.58</b>	<b>-14,132.39</b>
<b>Net Income</b>	<b>52,724.11</b>	<b>78,657.54</b>

**Hugs Cafe Inc**  
**Balance Sheet**  
**As of December 31, 2019**

Cash Basis

	Dec 31, 19
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
CIB - Cafe Operating 0087	8,672.17
CIB - Donations 0079	137,593.73
CIB -Greenhouse Operating 1252	13,855.43
CIB - Payroll 1237	1,170.05
CIB - Prep School 1245	12,964.54
Cash in Bank - Operating 2817	6,301.24
Total Checking/Savings	180,557.16
Other Current Assets	
Credit Card/Deposit Clearing	562.00
Total Other Current Assets	562.00
Total Current Assets	181,119.16
<b>Fixed Assets</b>	
Donated Improvements - Greenhse	3,949.00
Equipment	8,776.54
Accum Depr - Equipment	-1,358.27
Furniture & Fixtures	6,000.00
Accum Depr-Furniture & Fixtures	-1,800.00
Greenhouse	35,700.00
Accum Depr - Greenhouse	-6,377.78
Land Improvements	28,393.45
Accum Depr - Land Improvements	-1,615.54
Leasehold Improvements	6,000.00
Accum Depr-Leasehold Improvment	-66.67
Total Fixed Assets	77,600.73
<b>Other Assets</b>	
Greenhouse Start Up Costs	30,067.36
Accum Amor-Greenhouse Start Up	-7,516.84
Security Deposits	3,000.00
Total Other Assets	25,550.52
<b>TOTAL ASSETS</b>	<b>284,270.41</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Credit Cards	
Wells Fargo Credit Card #9005	195.18
Wells Fargo Credit Card #8481	1,721.83
Wells Fargo Credit Card #5774	198.47
Total Credit Cards	2,115.48
Other Current Liabilities	
Gift Certificates O/S	650.00
Sales Tax Payable	1,945.55
Total Other Current Liabilities	2,595.55
Total Current Liabilities	4,711.03
Total Liabilities	4,711.03
<b>Equity</b>	
Unrestrict (retained earnings)	247,208.05
Net Income	32,351.33
Total Equity	279,559.38
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>284,270.41</b>

For Management Purposes Only. No Assurance Is Provided.

# Hugs Cafe Inc

## Profit & Loss

December 2019

Cash Basis

	Dec 19	Jan - Dec 19
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Prep School Contributions	0.00	6,500.00
Business Income	18,041.54	212,757.90
<b>Contributions Income</b>	46,451.45	301,854.68
Greenhouse Contributions	0.00	44,374.93
Greenhouse Income	11,571.94	39,269.42
Interest Income	12.65	29.45
Prep School Income	1,925.00	3,970.00
<b>Total Income</b>	78,002.58	608,756.38
<b>Expense</b>		
<b>Administrative Expenses</b>		
Accounting / Professional Fees	0.00	450.00
Bank Fees	0.00	42.00
Credit Card Fees	208.27	2,683.90
Dues/Subscriptions/Memberships	275.00	405.00
Education & Training	0.00	105.00
Insurance - Accident	0.00	100.00
Insurance - D&O	0.00	1,004.00
Meals & Entertainment	0.00	366.65
Office Supplies / Expense	0.00	119.08
Payroll Expense	89.18	157.34
Payroll Tax Expense	194.18	1,700.64
Salaries & Wages	2,538.48	30,307.60
<b>Total Administrative Expenses</b>	3,305.11	37,441.21
<b>Business Expenses</b>		
Accounting / Professional Fees	307.50	3,882.50
Advertising & Marketing	173.25	1,802.84
Bank Charges	35.00	112.00
Beverages	296.00	2,919.09
Computer / Internet / Website	45.75	2,021.63
Contract Labor	0.00	0.00
Credit Card Fees	485.43	5,694.34
Delivery Fees	24.00	229.00
Donations & Contributions	0.00	100.00
Dues/Subscriptions/Memberships	0.00	511.49
Equipment Rental	69.95	769.45
Equipment Repair	226.97	626.97
Food	6,549.63	63,954.86
Insurance - General Liability	0.00	5,628.50
Insurance - Property	0.00	813.00
Meals & Entertainment	108.25	132.25
Miscellaneous	0.00	0.00
Office Supplies / Expense	53.76	1,774.84
Payroll Clearing Account	0.00	0.00
Payroll Expense	269.39	3,596.46
Payroll Tax Expense	977.14	13,683.02
Permits / Inspections	0.00	1,494.76
POS Equipment Lease	96.34	1,116.34
Postage & Shipping	728.23	2,209.64
Rent	3,000.00	36,000.00
Repairs & Maintenance	0.00	4,889.58
Restaurant Small Tools & Equip	0.00	1,301.13
Restaurant Supplies	1,357.59	12,519.39
Salaries & Wages	12,179.20	157,736.91
Salaries & Wages-Administrative	0.00	0.00
Telephone / Internet	203.71	807.29
Training	0.00	293.66
Utilities	797.03	13,163.70
<b>Total Business Expenses</b>	27,984.12	339,784.64

For Management Purposes Only. No Assurance Is Provided.

**Hugs Cafe Inc**  
**Profit & Loss**  
**December 2019**

Cash Basis

	Dec 19	Jan - Dec 19
<b>Greenhouse Expenses</b>		
Accounting / Professional Fees	307.50	3,882.50
Advertising / Marketing	180.44	2,714.77
Auto Expense	0.00	186.67
Auto Gas	42.68	367.19
Bank Charges	30.00	210.00
Computer / Internet / Website	45.74	1,825.09
Contract Labor	0.00	21,563.76
Credit Card Fees	0.00	253.09
Equipment Rental	0.00	1,395.81
Insurance - Auto	0.00	2,012.00
Insurance - General Liability	0.00	1,927.50
Insurance - Property	0.00	813.00
Meals and Entertainment	71.79	177.49
Office Supplies / Expense	0.00	879.73
Payroll Expense	124.34	674.84
Payroll Tax Expense	181.21	4,274.74
Permits/Certifications/Inspect	0.00	445.00
Rent	0.00	50.00
Repairs & Maintenance	0.00	2,617.23
Salaries & Wages	2,298.25	52,964.37
Small Tools	0.00	719.84
Supplies/Materials	2,165.99	43,697.13
Utilities	110.01	1,841.29
<b>Total Greenhouse Expenses</b>	<b>5,557.95</b>	<b>145,493.04</b>
<b>Prep School Expenses</b>		
Advertising & Marketing	0.00	66.48
Bank Charges	0.00	42.00
Food	0.00	229.90
Payroll Expense	0.00	10.19
Payroll Tax Expense	0.00	29.81
Salaries & Wages	0.00	346.15
<b>Total Prep School Expenses</b>	<b>0.00</b>	<b>724.53</b>
<b>Total Expense</b>	<b>36,847.18</b>	<b>523,443.42</b>
<b>Net Ordinary Income</b>	<b>41,155.40</b>	<b>85,312.96</b>
<b>Other Income/Expense</b>		
Other Income		
Other Income	0.00	923.49
Timely Filing Discounts	9.78	93.34
<b>Total Other Income</b>	<b>9.78</b>	<b>1,016.83</b>
<b>Other Expense</b>		
Amortization Expense	501.12	6,013.47
Depreciation Expense	762.84	8,820.91
Fund Raising Expense	3,767.77	31,571.40
Fund Raising Exp - Merchandise	0.00	6,876.08
Property Tax Expense	0.00	696.60
<b>Total Other Expense</b>	<b>5,031.73</b>	<b>53,978.46</b>
<b>Net Other Income</b>	<b>-5,021.95</b>	<b>-52,961.63</b>
<b>Net Income</b>	<b>36,133.45</b>	<b>32,351.33</b>



State of TX #  
32049309449-

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: JUL 13 2014

HUGS CAFE INC  
1706 CROSS POINT RD  
MCKINNEY, TX 75070

Employer Identification Number:  
46-2332714  
DLN:  
17053058340004  
Contact Person:  
CUSTOMER SERVICE ID# 31954  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Public Charity Status:  
509(a)(2)  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
October 22, 2012  
Contribution Deductibility:  
Yes  
Addendum Applies:  
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Sincerely,



Director, Exempt Organizations

Enclosure: Publication 4221-PC

Letter 947

**Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

**2018**Department of the Treasury  
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**Open to Public Inspection**

<b>A</b> For the 2018 calendar year, or tax year beginning , 2018, and ending , 20																					
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>C</b> Name of organization <u>Hugs Cafe, Inc.</u></td> </tr> <tr> <td colspan="2">Doing business as</td> </tr> <tr> <td>Number and street (or P.O. box if mail is not delivered to street address)</td> <td>Room/suite</td> </tr> <tr> <td><u>224 E. Virginia</u></td> <td></td> </tr> <tr> <td colspan="2">City or town, state or province, country, and ZIP or foreign postal code</td> </tr> <tr> <td colspan="2"><u>McKinney, TX 75069</u></td> </tr> <tr> <td colspan="2"><b>F</b> Name and address of principal officer: <u>Georgiann Leonard, 2637 Fairway Ridge Drive, McKinney, TX 75070</u></td> </tr> <tr> <td colspan="2"><b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td colspan="2"><b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)</td> </tr> <tr> <td colspan="2"><b>H(c)</b> Group exemption number ▶</td> </tr> </table>	<b>C</b> Name of organization <u>Hugs Cafe, Inc.</u>		Doing business as		Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<u>224 E. Virginia</u>		City or town, state or province, country, and ZIP or foreign postal code		<u>McKinney, TX 75069</u>		<b>F</b> Name and address of principal officer: <u>Georgiann Leonard, 2637 Fairway Ridge Drive, McKinney, TX 75070</u>		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)		<b>H(c)</b> Group exemption number ▶	
<b>C</b> Name of organization <u>Hugs Cafe, Inc.</u>																					
Doing business as																					
Number and street (or P.O. box if mail is not delivered to street address)	Room/suite																				
<u>224 E. Virginia</u>																					
City or town, state or province, country, and ZIP or foreign postal code																					
<u>McKinney, TX 75069</u>																					
<b>F</b> Name and address of principal officer: <u>Georgiann Leonard, 2637 Fairway Ridge Drive, McKinney, TX 75070</u>																					
<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																					
<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)																					
<b>H(c)</b> Group exemption number ▶																					
<b>D</b> Employer identification number <u>46-2332714</u>																					
<b>E</b> Telephone number <u>(469) 301-6900</u>																					
<b>G</b> Gross receipts \$ <u>519,795.</u>																					
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527																					
<b>J</b> Website: ▶ <u>N/A</u>																					
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶																					
<b>L</b> Year of formation: <u>2014</u> <b>M</b> State of legal domicile: <u>TX</u>																					

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b>	Briefly describe the organization's mission or most significant activities: <u>The mission of Hugs Cafe is to create an inviting place of training and employment for adults with special needs while providing dignity, self-worth, and developing respect</u>		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a) . . . . . <b>3</b> 9		
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b) . . . . . <b>4</b> 9		
	<b>5</b>	Total number of individuals employed in calendar year 2018 (Part V, line 2a) . . . . . <b>5</b> 35		
	<b>6</b>	Total number of volunteers (estimate if necessary) . . . . . <b>6</b> 16		
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12 . . . . . <b>7a</b> 0.		
<b>b</b>	Net unrelated business taxable income from Form 990-T, line 38 . . . . . <b>7b</b> 0.			
<b>Revenue</b>	<b>8</b>	Contributions and grants (Part VIII, line 1h) . . . . . <u>174,522.</u>	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b>	Program service revenue (Part VIII, line 2g) . . . . . <u>244,375.</u>	<u>174,522.</u>	<u>275,517.</u>
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . . <u>4.</u>	<u>244,375.</u>	<u>244,188.</u>
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . . <u>93.</u>	<u>4.</u>	<u>1.</u>
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . . <u>418,994.</u>	<u>93.</u>	<u>89.</u>
<b>Expenses</b>	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	<u>418,994.</u>	<u>519,795.</u>
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .		
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) . . . . . <u>202,981.</u>		
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .		
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>34,946.</u>		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . . <u>197,691.</u>		
	<b>18</b>	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) . . . . . <u>400,672.</u>		
<b>Net Assets or Fund Balances</b>	<b>19</b>	Revenue less expenses. Subtract line 18 from line 12 . . . . . <u>18,322.</u>	<u>18,322.</u>	<u>77,194.</u>
	<b>20</b>	Total assets (Part X, line 16) . . . . . <u>173,656.</u>	<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>21</b>	Total liabilities (Part X, line 26) . . . . . <u>3,642.</u>	<u>173,656.</u>	<u>252,250.</u>
	<b>22</b>	Net assets or fund balances. Subtract line 21 from line 20 . . . . . <u>170,014.</u>	<u>3,642.</u>	<u>5,042.</u>

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer

04/24/2019

Date

Georgiann Leonard, Treasurer

Type or print name and title

**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☒ if self-employed

PTIN

Wendy Dugall, CPA04/29/2019P00433510Firm's name ▶ Wendy Dugall, CPA - ProNet Services Inc.

Firm's EIN ▶

Firm's address ▶ 5010 Timber Circle Dr, McKinney, TX 75072Phone no. (972) 762-5015May the IRS discuss this return with the preparer shown above? (see instructions) . . . . . ☒ Yes ☐ NoFor Paperwork Reduction Act Notice, see the separate instructions. **BAA**

REV 04/11/19 PRO

Form **990** (2018)

**Part III** Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission:

The mission of Hugs Cafe is to create  
an inviting place of training and employment for adults with special  
needs while providing dignity, self-worth, and developing respect

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code: ) (Expenses \$ 346,152. including grants of \$ 0.) (Revenue \$ 498,947.)

Hugs Cafe, Inc. is a non-profit organization dedicated to providing  
a sustainable source of training and employment for qualified special  
needs adults in our Cafe and the food service/restaurant industry.

**4b** (Code: ) (Expenses \$ 23,658. including grants of \$ 0.) (Revenue \$ 20,848.)

Hugs Greenhouse is an initiative within Hugs Cafe's mission to  
employ and train dozens of special needs adults who have the skills  
to work, but may not be the fit to work in the Hugs Cafe restaurant.

**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses ► 369,810.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .	<b>1</b> x	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .	<b>2</b> x	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I . . . . .	<b>3</b>	x
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II . . . . .	<b>4</b>	x
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III . . . . .	<b>5</b>	x
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I . . . . .	<b>6</b>	x
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II . . . . .	<b>7</b>	x
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .	<b>8</b>	x
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV . . . . .	<b>9</b>	x
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V . . . . .	<b>10</b>	x
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .	<b>11a</b> x	
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII . . . . .	<b>11b</b>	x
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII . . . . .	<b>11c</b>	x
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX . . . . .	<b>11d</b> x	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .	<b>11e</b>	x
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X . . . . .	<b>11f</b>	x
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII . . . . .	<b>12a</b>	x
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional . . . . .	<b>12b</b>	x
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	<b>13</b>	x
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<b>14a</b>	x
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV. . . . .	<b>14b</b>	x
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV . . . . .	<b>15</b>	x
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV. . . . .	<b>16</b>	x
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) . . . . .	<b>17</b>	x
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .	<b>18</b>	x
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .	<b>19</b>	x
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .	<b>20a</b>	x
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<b>20b</b>	
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II . . . . .	<b>21</b>	x

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III . . . . .	<b>22</b>	<input checked="" type="checkbox"/>
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J . . . . .	<b>23</b>	<input checked="" type="checkbox"/>
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . . . .	<b>24a</b>	<input checked="" type="checkbox"/>
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>	
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>	
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>	
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I . . . . .	<b>25a</b>	<input checked="" type="checkbox"/>
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I . . . . .	<b>25b</b>	<input checked="" type="checkbox"/>
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II . . . . .	<b>26</b>	<input checked="" type="checkbox"/>
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III . . . . .	<b>27</b>	<input checked="" type="checkbox"/>
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV . . . . .	<b>28a</b>	<input checked="" type="checkbox"/>
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV . . . . .	<b>28b</b>	<input checked="" type="checkbox"/>
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV . . . . .	<b>28c</b>	<input checked="" type="checkbox"/>
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M . . . . .	<b>29</b>	<input checked="" type="checkbox"/>
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M . . . . .	<b>30</b>	<input checked="" type="checkbox"/>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I . . . . .	<b>31</b>	<input checked="" type="checkbox"/>
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II . . . . .	<b>32</b>	<input checked="" type="checkbox"/>
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I . . . . .	<b>33</b>	<input checked="" type="checkbox"/>
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . . . .	<b>34</b>	<input checked="" type="checkbox"/>
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .	<b>35a</b>	<input checked="" type="checkbox"/>
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 . . . . .	<b>35b</b>	
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 . . . . .	<b>36</b>	<input checked="" type="checkbox"/>
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI . . . . .	<b>37</b>	<input checked="" type="checkbox"/>
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O. . . . .	<b>38</b>	<input checked="" type="checkbox"/>

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . .	<b>1a</b>	0
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .	<b>1b</b>	0
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>	<input checked="" type="checkbox"/>

**Part V** Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
<b>2a</b> Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	<b>2a</b> 35		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	<b>2b</b>	X	
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>		X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	<b>3b</b>		
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>		X
<b>b</b> If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>		X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>		X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>		
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	<b>6a</b>		X
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>		X
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>		X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>		X
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>		X
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>		X
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>		X
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	<b>8</b>		X
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966?	<b>9a</b>		X
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>		X
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>		
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>		X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	<b>14b</b>		
<b>15</b> Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	<b>15</b>		
<b>16</b> Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	<b>16</b>		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☒

**Section A. Governing Body and Management**

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year . . . . . <b>1a</b> 9		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent . . . . . <b>1b</b> 9		
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . <b>2</b>		<b>x</b>
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? . . . . . <b>3</b>		<b>x</b>
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . <b>4</b>		<b>x</b>
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . . <b>5</b>		<b>x</b>
<b>6</b> Did the organization have members or stockholders? . . . . . <b>6</b>		<b>x</b>
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . <b>7a</b>		<b>x</b>
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . <b>7b</b>		<b>x</b>
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body? . . . . . <b>8a</b>	<b>x</b>	
<b>b</b> Each committee with authority to act on behalf of the governing body? . . . . . <b>8b</b>	<b>x</b>	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O See Statement . . . . . <b>9</b>	<b>x</b>	

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates? . . . . . <b>10a</b>		<b>x</b>
<b>b</b> If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . . . . <b>10b</b>		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . . <b>11a</b>	<b>x</b>	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . . <b>12a</b>	<b>x</b>	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . <b>12b</b>	<b>x</b>	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . . <b>12c</b>	<b>x</b>	
<b>13</b> Did the organization have a written whistleblower policy? . . . . . <b>13</b>	<b>x</b>	
<b>14</b> Did the organization have a written document retention and destruction policy? . . . . . <b>14</b>	<b>x</b>	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b> The organization's CEO, Executive Director, or top management official . . . . . <b>15a</b>		<b>x</b>
<b>b</b> Other officers or key employees of the organization . . . . . <b>15b</b>		<b>x</b>
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . <b>16a</b>		<b>x</b>
<b>b</b> If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . . <b>16b</b>		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ►
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website ☐ Another's website ☐ Upon request ☐ Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records ►  
 Georgiann Leonard, 2637 Fairway Ridge Dr, McKinney, TX 75070 (972) 529-5817

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
  - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
  - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
  - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Ruth Thompson President	30.00			X				0.	0.	0.
(2) Chris Thompson Board Member	1.00	X		X				0.	0.	0.
(3) Georgiann Leonard Treasurer	20.00			X				0.	0.	0.
(4) Wendi Osborn Secretary	2.00			X				0.	0.	0.
(5) Don Hodges V. President	1.00			X				0.	0.	0.
(6) Mark Potter Board Member	1.00	X						0.	0.	0.
(7) Jared Thompson Board Member	1.00	X						0.	0.	0.
(8) Janice Morriss Board Member	1.00	X						0.	0.	0.
(9) Alex Bear Board Member	1.00	X						0.	0.	0.
(10)										
(11)										
(12)										
(13)										
(14)										



**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
<b>1b Sub-total</b>							0.	0.	0.	
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>							0.	0.	0.	

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

- 3** Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*
- 4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? *If "Yes," complete Schedule J for such individual*
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*

	Yes	No
<b>3</b>		X
<b>4</b>		X
<b>5</b>		X

**Section B. Independent Contractors**

- 1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

**Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b>	Membership dues . . . . .	<b>1b</b>				
	<b>c</b>	Fundraising events . . . . .	<b>1c</b>				
	<b>d</b>	Related organizations . . . . .	<b>1d</b>				
	<b>e</b>	Government grants (contributions)	<b>1e</b>				
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	275,517.			
	<b>g</b>	Noncash contributions included in lines 1a-1f: \$					
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . . ▶		275,517.			
<b>Program Service Revenue</b>				<b>Business Code</b>			
	<b>2a</b>						
	<b>b</b>						
	<b>c</b>						
	<b>d</b>						
	<b>e</b>						
	<b>f</b>	All other program service revenue . . . . .		244,188.	244,188.	0.	0.
	<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . . ▶		244,188.			
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1.	1.	0.	0.
	<b>4</b>	Income from investment of tax-exempt bond proceeds ▶					
	<b>5</b>	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	<b>6a</b>	Gross rents . . . . .					
	<b>b</b>	Less: rental expenses . . . . .					
	<b>c</b>	Rental income or (loss) . . . . .					
	<b>d</b>	Net rental income or (loss) . . . . . ▶					
	<b>7a</b>	Gross amount from sales of assets other than inventory . . . . .	(i) Securities	(ii) Other			
	<b>b</b>	Less: cost or other basis and sales expenses . . . . .					
	<b>c</b>	Gain or (loss) . . . . .					
	<b>d</b>	Net gain or (loss) . . . . . ▶					
	<b>8a</b>	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 . . . . .	<b>a</b>				
	<b>b</b>	Less: direct expenses . . . . .	<b>b</b>				
	<b>c</b>	Net income or (loss) from fundraising events . . ▶					
	<b>9a</b>	Gross income from gaming activities. See Part IV, line 19 . . . . .	<b>a</b>				
	<b>b</b>	Less: direct expenses . . . . .	<b>b</b>				
	<b>c</b>	Net income or (loss) from gaming activities . . ▶					
	<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>				
	<b>b</b>	Less: cost of goods sold . . . . .	<b>b</b>				
<b>c</b>	Net income or (loss) from sales of inventory . . ▶						
<b>Miscellaneous Revenue</b>			<b>Business Code</b>				
<b>11a</b>							
<b>b</b>							
<b>c</b>							
<b>d</b>	All other revenue . . . . .		89.	89.	0.	0.	
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . . ▶		89.				
<b>12</b>	<b>Total revenue.</b> See instructions . . . . . ▶		519,795.	244,278.	0.	0.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .				
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .				
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .				
<b>4</b> Benefits paid to or for members . . . . .				
<b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .				
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
<b>7</b> Other salaries and wages . . . . .	194,371.	194,371.	0.	0.
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .				
<b>9</b> Other employee benefits . . . . .				
<b>10</b> Payroll taxes . . . . .	16,197.	16,197.	0.	0.
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management . . . . .				
<b>b</b> Legal . . . . .				
<b>c</b> Accounting . . . . .	7,970.	7,970.	0.	0.
<b>d</b> Lobbying . . . . .				
<b>e</b> Professional fundraising services. See Part IV, line 17 . . . . .				
<b>f</b> Investment management fees . . . . .				
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .	2,400.	2,400.	0.	0.
<b>12</b> Advertising and promotion . . . . .	3,491.	3,491.	0.	0.
<b>13</b> Office expenses . . . . .	4,054.	0.	4,054.	0.
<b>14</b> Information technology . . . . .				
<b>15</b> Royalties . . . . .				
<b>16</b> Occupancy . . . . .	49,339.	49,339.	0.	0.
<b>17</b> Travel . . . . .	521.	521.	0.	0.
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
<b>19</b> Conferences, conventions, and meetings . . . . .				
<b>20</b> Interest . . . . .				
<b>21</b> Payments to affiliates . . . . .				
<b>22</b> Depreciation, depletion, and amortization . . . . .	3,043.	0.	3,043.	0.
<b>23</b> Insurance . . . . .	10,895.	0.	10,895.	0.
<b>24</b> Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.) . . . . .				
<b>a</b> Food and Beverages . . . . .	73,446.	73,446.	0.	0.
<b>b</b> Merchant and Bank fees . . . . .	8,557.	0.	8,557.	0.
<b>c</b> Computer and Internet . . . . .	1,672.	0.	1,672.	0.
<b>d</b> Repairs & Maintenance . . . . .	2,675.	2,675.	0.	0.
<b>e</b> All other expenses . . . . .	63,970.	19,400.	9,624.	34,946.
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e . . . . .	442,601.	369,810.	37,845.	34,946.
<b>26</b> <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .				

**Part X Balance Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	161,543.	<b>1</b>	140,265.
	<b>2</b> Savings and temporary cash investments . . . . .		<b>2</b>	
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>	
	<b>4</b> Accounts receivable, net . . . . .		<b>4</b>	
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>	
	<b>8</b> Inventories for sale or use . . . . .		<b>8</b>	
	<b>9</b> Prepaid expenses and deferred charges . . . . .	3,000.	<b>9</b>	3,000.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	<b>10a</b> 82,818.		
	<b>b</b> Less: accumulated depreciation . . . . .	<b>10b</b> 2,397.	5,143.	<b>10c</b> 80,421.
	<b>11</b> Investments—publicly traded securities . . . . .		<b>11</b>	
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .		<b>12</b>	
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .		<b>13</b>	
	<b>14</b> Intangible assets . . . . .		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	3,970.	<b>15</b>	28,564.
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	173,656.	<b>16</b>	252,250.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	3,642.	<b>17</b>	5,042.
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D . . . . .		<b>25</b>	
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	3,642.	<b>26</b>	5,042.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	170,014.	<b>27</b>	247,208.
	<b>28</b> Temporarily restricted net assets . . . . .		<b>28</b>	
	<b>29</b> Permanently restricted net assets . . . . .		<b>29</b>	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> <b>Total net assets or fund balances</b> . . . . .	170,014.	<b>33</b>	247,208.	
<b>34</b> <b>Total liabilities and net assets/fund balances</b> . . . . .	173,656.	<b>34</b>	252,250.	

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☐

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	<b>1</b>	519,795.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25) . . . . .	<b>2</b>	442,601.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1 . . . . .	<b>3</b>	77,194.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	<b>4</b>	170,014.
<b>5</b>	Net unrealized gains (losses) on investments . . . . .	<b>5</b>	
<b>6</b>	Donated services and use of facilities . . . . .	<b>6</b>	
<b>7</b>	Investment expenses . . . . .	<b>7</b>	
<b>8</b>	Prior period adjustments . . . . .	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	<b>9</b>	
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) . . . . .	<b>10</b>	247,208.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☐

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . . If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		x
<b>b</b> Were the organization's financial statements audited by an independent accountant? . . . . . If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		x
<b>c</b> If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	x	
<b>3a</b> As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .		x
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

**Additional information from your Form 990: Return of Organization Exempt from Income Tax****Form 990: Return of Organization Exempt from Income Tax****Part VI, Line 9 (continued)****Continuation Statement**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>ZIP</b>
Ruth Thompson	1706 Cross Point	McKinney	TX	75070
Chris Thompson	1706 Cross Point	McKinney	TX	75070
Wendi Osborn	2320 Ithasca Drive	McKinney	TX	75070
Georgiann Leonard	2637 Fairway Ridge	McKinney	TX	75070
Don Hodges	2100 Cotton Mill Drive	McKinney	TX	75070
Mark Potter	1404 Wade Haven Ct	McKinney	TX	75071
Jared Thompson	624 Thompson Drive	Coppell	TX	75019
Janice Morris	1205 Waddill	McKinney	TX	75069
Alex Beard	481 Oakwood Circle	Fairview	TX	75069

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2018**

**Open to Public  
Inspection**

Name of the organization

Hugs Cafe, Inc.

Employer identification number

46-2332714

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: \_\_\_\_\_
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 ☒ An organization that normally receives: (1) more than 33 $\frac{1}{3}$ % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 $\frac{1}{3}$ % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations . . . . .

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
<b>Total</b>						

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4 Total.</b> Add lines 1 through 3 . . . . .						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) . . . . .						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
<b>7</b> Amounts from line 4 . . . . .						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f)) . . . . .	<b>14</b>	%
<b>15</b> Public support percentage from 2017 Schedule A, Part II, line 14 . . . . .	<b>15</b>	%
<b>16a 33<sup>1</sup>/<sub>3</sub>% support test—2018.</b> If the organization did not check the box on line 13, and line 14 is 33 <sup>1</sup> / <sub>3</sub> % or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>b 33<sup>1</sup>/<sub>3</sub>% support test—2017.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 <sup>1</sup> / <sub>3</sub> % or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>17a 10%-facts-and-circumstances test—2018.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>b 10%-facts-and-circumstances test—2017.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . <input type="checkbox"/>		



**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II.  
If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	9,950.	190,520.	159,118.	174,522.	275,606.	809,716.
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . . . .	0.	65,966.	323,672.	244,375.	244,188.	878,201.
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . . .	9,950.	256,486.	482,790.	418,897.	519,794.	1,687,917.
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year . . . . .						
<b>c</b> Add lines 7a and 7b . . . . .						
<b>8 Public support.</b> (Subtract line 7c from line 6.) . . . . .						1,687,917.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
<b>9</b> Amounts from line 6 . . . . .	9,950.	256,486.	482,790.	418,897.	519,794.	1,687,917.
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .			5.	4.	1.	10.
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
<b>c</b> Add lines 10a and 10b . . . . .			5.	4.	1.	10.
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .			110.	93.		203.
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . . .	9,950.	256,486.	482,905.	418,994.	519,795.	1,688,130.
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input checked="" type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f)) . . . . .	<b>15</b>	%
<b>16</b> Public support percentage from 2017 Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2018</b> (line 10c, column (f), divided by line 13, column (f)) . . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from <b>2017</b> Schedule A, Part III, line 17 . . . . .	<b>18</b>	%

- 19a 33⅓% support tests—2018.** If the organization did not check the box on line 14, and line 15 is more than 33⅓%, and line 17 is not more than 33⅓%, check this box and **stop here**. The organization qualifies as a publicly supported organization. ► ☐
- b 33⅓% support tests—2017.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33⅓%, and line 18 is not more than 33⅓%, check this box and **stop here**. The organization qualifies as a publicly supported organization. ► ☐
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions. ► ☐

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in <b>Part VI</b> how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in <b>Part VI</b> when and how the organization made the determination.		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in <b>Part VI</b> what controls the organization put in place to ensure such use.		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in <b>Part VI</b> how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in <b>Part VI</b> , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).		
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in <b>Part VI</b> .		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in <b>Part VI</b> .		
<b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.		
<b>b</b> Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
<b>b</b> A family member of a person described in (a) above?		
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in <b>Part VI</b> .		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in <b>Part VI</b> how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in <b>Part VI</b> how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in <b>Part VI</b> how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in <b>Part VI</b> how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in <b>Part VI</b> the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete <b>line 2</b> below.			
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete <b>line 3</b> below.			
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a government entity (see instructions).			
<b>2</b> Activities Test. Answer (a) and (b) below.		Yes	No
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in <b>Part VI</b> identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
<b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in <b>Part VI</b> the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.			
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in <b>Part VI</b> .			
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in <b>Part VI</b> the role played by the organization in this regard.			

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1** ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

<b>Section A—Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b> Net short-term capital gain	<b>1</b>		
<b>2</b> Recoveries of prior-year distributions	<b>2</b>		
<b>3</b> Other gross income (see instructions)	<b>3</b>		
<b>4</b> Add lines 1 through 3.	<b>4</b>		
<b>5</b> Depreciation and depletion	<b>5</b>		
<b>6</b> Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	<b>6</b>		
<b>7</b> Other expenses (see instructions)	<b>7</b>		
<b>8 Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	<b>8</b>		
<b>Section B—Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b> Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
<b>a</b> Average monthly value of securities	<b>1a</b>		
<b>b</b> Average monthly cash balances	<b>1b</b>		
<b>c</b> Fair market value of other non-exempt-use assets	<b>1c</b>		
<b>d Total</b> (add lines 1a, 1b, and 1c)	<b>1d</b>		
<b>e Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):			
<b>2</b> Acquisition indebtedness applicable to non-exempt-use assets	<b>2</b>		
<b>3</b> Subtract line 2 from line 1d.	<b>3</b>		
<b>4</b> Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	<b>4</b>		
<b>5</b> Net value of non-exempt-use assets (subtract line 4 from line 3)	<b>5</b>		
<b>6</b> Multiply line 5 by .035.	<b>6</b>		
<b>7</b> Recoveries of prior-year distributions	<b>7</b>		
<b>8 Minimum Asset Amount</b> (add line 7 to line 6)	<b>8</b>		
<b>Section C—Distributable Amount</b>			Current Year
<b>1</b> Adjusted net income for prior year (from Section A, line 8, Column A)	<b>1</b>		
<b>2</b> Enter 85% of line 1.	<b>2</b>		
<b>3</b> Minimum asset amount for prior year (from Section B, line 8, Column A)	<b>3</b>		
<b>4</b> Enter greater of line 2 or line 3.	<b>4</b>		
<b>5</b> Income tax imposed in prior year	<b>5</b>		
<b>6 Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	<b>6</b>		
<b>7</b> <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).			

**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D—Distributions	Current Year
<b>1</b> Amounts paid to supported organizations to accomplish exempt purposes	
<b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
<b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations	
<b>4</b> Amounts paid to acquire exempt-use assets	
<b>5</b> Qualified set-aside amounts (prior IRS approval required)	
<b>6</b> Other distributions (describe in <b>Part VI</b> ). See instructions.	
<b>7</b> <b>Total annual distributions.</b> Add lines 1 through 6.	
<b>8</b> Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.	
<b>9</b> Distributable amount for 2018 from Section C, line 6	
<b>10</b> Line 8 amount divided by line 9 amount	

Section E—Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2018	(iii) Distributable Amount for 2018
<b>1</b> Distributable amount for 2018 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2018 (reasonable cause required—explain in <b>Part VI</b> ). See instructions.			
<b>3</b> Excess distributions carryover, if any, to 2018			
<b>a</b> From 2013 . . . . .			
<b>b</b> From 2014 . . . . .			
<b>c</b> From 2015 . . . . .			
<b>d</b> From 2016 . . . . .			
<b>e</b> From 2017 . . . . .			
<b>f</b> <b>Total</b> of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2018 distributable amount			
<b>i</b> Carryover from 2013 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2018 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2018 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4.			
<b>5</b> Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b> Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7</b> <b>Excess distributions carryover to 2019.</b> Add lines 3j and 4c.			
<b>8</b> Breakdown of line 7:			
<b>a</b> Excess from 2014 . . . . .			
<b>b</b> Excess from 2015 . . . . .			
<b>c</b> Excess from 2016 . . . . .			
<b>d</b> Excess from 2017 . . . . .			
<b>e</b> Excess from 2018 . . . . .			

**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Pt III Ln 12: Other Income Part III, Line 12 Description: Timely filing discounts

2016: 110. 2017: 93.

**Schedule of Contributors**

OMB No. 1545-0047

**2018**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

Name of the organization

Hugs Cafe, Inc.

Employer identification number

46-2332714

**Organization type** (check one):

**Filers of:**

**Section:**

Form 990 or 990-EZ

☒ 501(c)( 3 ) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization Hugs Cafe, Inc.	Employer identification number 46-2332714
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**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	LeeAnn Parsons 3075 Willow Grove Blvd McKinney TX 75070	\$ 22,713.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	Sam Sarah Project, Greg Thiel 1001 Sonoma Drive McKinney TX 75070	\$ 10,751.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	EJ & Sarah Morrow 800 Wooded Trail McKinney TX 75071	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	Ruth and Chris Thompson 1706 Cross Point McKinney TX 75072	\$ 5,400.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	Mark and Sherry Smith 8205 Chickasaw Trail McKinney TX 75070	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	Tisdale Food Ingredients LLC 304 Tennessee Street McKinney TX 75069	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)



Name of organization

Employer identification number

Hugs Cafe, Inc.

46-2332714

**Part II** **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

Name of organization

Hugs Cafe, Inc.

Employer identification number

46-2332714

**Part III** **Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor.** Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ► \$ \_\_\_\_\_

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----

**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**  
▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2018**

**Open to Public Inspection**

Name of the organization

Hugs Cafe, Inc.

Employer identification number

46-2332714

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year . . . . .		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year . . . . .		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

**Part II Conservation Easements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply). <input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of a historically important land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a Total number of conservation easements . . . . .	2a
b Total acreage restricted by conservation easements . . . . .	2b
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register . . . . .	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶	
4 Number of states where property subject to conservation easement is located ▶	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶	
7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenue included on Form 990, Part VIII, line 1 . . . . .	▶ \$
(ii) Assets included in Form 990, Part X . . . . .	▶ \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:	
a Revenue included on Form 990, Part VIII, line 1 . . . . .	▶ \$
b Assets included in Form 990, Part X . . . . .	▶ \$

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

**3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

**a** ☐ Public exhibition

**b** ☐ Scholarly research

**c** ☐ Preservation for future generations

**d** ☐ Loan or exchange programs

**e** ☐ Other \_\_\_\_\_

**4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

**5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

**b** If "Yes," explain the arrangement in Part XIII and complete the following table:

**c** Beginning balance

**d** Additions during the year

**e** Distributions during the year

**f** Ending balance

	Amount
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

**Part V Endowment Funds.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance					
<b>b</b> Contributions					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships					
<b>e</b> Other expenditures for facilities and programs					
<b>f</b> Administrative expenses					
<b>g</b> End of year balance					

**2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

**a** Board designated or quasi-endowment  %

**b** Permanent endowment  %

**c** Temporarily restricted endowment  %

The percentages on lines 2a, 2b, and 2c should equal 100%.

**3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations

(ii) related organizations

	Yes	No
<b>3a(i)</b>		
<b>3a(ii)</b>		
<b>3b</b>		

**b** If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? ☐

**4** Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land	0.			0.
<b>b</b> Buildings		68,042.	1,093.	66,949.
<b>c</b> Leasehold improvements				
<b>d</b> Equipment		8,776.	104.	8,672.
<b>e</b> Other		6,000.	1,200.	4,800.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				80,421.

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely-held equity interests . . . . .		
(3) Other		
(A) . . . . .		
(B) . . . . .		
(C) . . . . .		
(D) . . . . .		
(E) . . . . .		
(F) . . . . .		
(G) . . . . .		
(H) . . . . .		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments—Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Greenhouse Start up costs	28,564.
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	28,564.

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☐

**Part XI**      **Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .		<b>1</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments . . . . .	<b>2a</b>	
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .		<b>2e</b>
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .		<b>3</b>
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .		<b>4c</b>
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.) . . . . .		<b>5</b>

## Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements		<b>1</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)		<b>5</b>

**Part XIII**      **Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Client

**Part XIII**   **Supplemental Information** *(continued)*

Client Copy

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

► Attach to Form 990 or 990-EZ.  
► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2018**

**Open to Public  
Inspection**

Name of the organization

Hugs Cafe, Inc.

Employer identification number

46-2332714

Pt VI, Line 12c: Documented in meetings.

Pt VI, Line 11b: Reviewed in meetings.

Pt VI, Section A, Line 9:

Name: Ruth Thompson

Address: 1706 Cross Point McKinney TX 75070

Name: Chris Thompson

Address: 1706 Cross Point McKinney TX 75070

Name: Wendi Osborn

Address: 2320 Ithasca Drive McKinney TX 75070

Name: Georgiann Leonard

Address: 2637 Fairway Ridge McKinney TX 75070

Name: Don Hodges

Address: 2100 Cotton Mill Drive McKinney TX 75070

Name: Mark Potter

Address: 1404 Wade Haven Ct McKinney TX 75071

Name: Jared Thompson

Address: 624 Thompson Drive Coppell TX 75019

Name: Janice Morris

Address: 1205 Waddill McKinney TX 75069

Name: Alex Beard

Address: 481 Oakwood Circle Fairview TX 75069

Pt IX, Line 11g:

Description: Subcontractor Chefs

Total: \$2,400

Program services: \$2,400



Name of the organization

Employer identification number

Hugs Cafe, Inc.

46-2332714

Management and general: \$0

Fundraising: \$0

Pt IX, Line 24e:

Description: Permits &amp; Inspections

Total: \$452

Program services: \$0

Management and general: \$452

Fundraising: \$0

Description: Restuarant Supplies

Total: \$16,855

Program services: \$16,855

Management and general: \$0

Fundraising: \$0

Description: Dues and Membership

Total: \$885

Program services: \$0

Management and general: \$885

Fundraising: \$0

Description: Donations and Contributions

Total: \$157

Program services: \$0

Management and general: \$157

Fundraising: \$0

Description: Fundraising Expenses

Total: \$34,946

Program services: \$0

Management and general: \$0

Name of the organization

Employer identification number

Hugs Cafe, Inc.

46-2332714

Fundraising: \$34,946

Description: Training

Total: \$435

Program services: \$435

Management and general: \$0

Fundraising: \$0

Description: POS Equipment Lease

Total: \$1,495

Program services: \$0

Management and general: \$1,495

Fundraising: \$0

Description: Uniforms

Total: \$2,110

Program services: \$2,110

Management and general: \$0

Fundraising: \$0

Description: Payroll Processing

Total: \$3,404

Program services: \$0

Management and general: \$3,404

Fundraising: \$0

Description: Equipment Rental

Total: \$3,082

Program services: \$0

Management and general: \$3,082

Fundraising: \$0

Description: Meals &amp; Entertainment

Name of the organization

Employer identification number

Hugs Cafe, Inc.

46-2332714

Total: \$149

Program services: \$0

Management and general: \$149

Fundraising: \$0

Form **8879-EO****IRS e-file Signature Authorization  
for an Exempt Organization**

OMB No. 1545-1878

For calendar year 2018, or fiscal year beginning \_\_\_\_\_, 2018, and ending \_\_\_\_\_, 2018

Department of the Treasury  
Internal Revenue Service▶ **Do not send to the IRS. Keep for your records.**  
▶ **Go to [www.irs.gov/Form8879EO](http://www.irs.gov/Form8879EO) for the latest information.****2018**

Name of exempt organization

Hugs Cafe, Inc.

Employer identification number

46-2332714

Name and title of officer

Georgiann Leonard, Treasurer

**Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a**, **2a**, **3a**, **4a**, or **5a**, below, and the amount on that line for the return being filed with this form was blank, then leave line **1b**, **2b**, **3b**, **4b**, or **5b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

<b>1a</b> Form 990 check here ▶ <input checked="" type="checkbox"/>	<b>b Total revenue</b> , if any (Form 990, Part VIII, column (A), line 12)	<b>1b</b>	519,795.
<b>2a</b> Form 990-EZ check here ▶ <input type="checkbox"/>	<b>b Total revenue</b> , if any (Form 990-EZ, line 9)	<b>2b</b>	
<b>3a</b> Form 1120-POL check here ▶ <input type="checkbox"/>	<b>b Total tax</b> (Form 1120-POL, line 22)	<b>3b</b>	
<b>4a</b> Form 990-PF check here ▶ <input type="checkbox"/>	<b>b Tax based on investment income</b> (Form 990-PF, Part VI, line 5)	<b>4b</b>	
<b>5a</b> Form 8868 check here ▶ <input type="checkbox"/>	<b>b Balance Due</b> (Form 8868, line 3c)	<b>5b</b>	

**Part II Declaration and Signature Authorization of Officer**

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2018 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

**Officer's PIN: check one box only**

☒ I authorize Wendy Dugall, CPA - ProNet Services Inc. to enter my PIN 

3	2	7	1	4
---	---	---	---	---

 as my signature

ERO firm name

Enter five numbers, but  
do not enter all zeros

on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

☐ As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶

Date ▶ 04/24/2019

**Part III Certification and Authentication**

**ERO's EFIN/PIN.** Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

7	5	8	6	7	4	5	0	1	7	9
---	---	---	---	---	---	---	---	---	---	---

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2018 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163, Modernized e-File (MeF)** Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶

Date ▶ 04/29/2019

**ERO Must Retain This Form — See Instructions**  
**Do Not Submit This Form to the IRS Unless Requested To Do So**

Employer Identification No.  
46-2332714

[illegible]

## Additional information from your 2018 Federal Exempt Tax Return

### Form 990: Return of Organization Exempt from Income Tax

#### Line 4a Expenses

#### Itemization Statement

Description	Amount
Total Program Expense	369,810.
less: Greenhouse expenses	-23,658.
<b>Total</b>	<b>346,152.</b>

### Form 990: Return of Organization Exempt from Income Tax

#### Line 4a Revenue

#### Itemization Statement

Description	Amount
Total Program revenue	519,795.
Less: Greenhouse revenue	-20,848.
<b>Total</b>	<b>498,947.</b>

### Form 990: Return of Organization Exempt from Income Tax

#### Other amt. not included

#### Itemization Statement

Description	Amount
Contributions Income	241,345.
Greenhouse Contributions	34,172.
<b>Total</b>	<b>275,517.</b>

### Form 990: Return of Organization Exempt from Income Tax

#### Line 13 col (C)

#### Itemization Statement

Description	Amount
Office expense	106.
Postage/Delivery	1,250.
Printing	827.
Supplies	1,871.
<b>Total</b>	<b>4,054.</b>

### Form 990: Return of Organization Exempt from Income Tax

#### Line 16 col (B)

#### Itemization Statement

Description	Amount
Rent	36,000.
Telephone	726.
Utilities	11,900.
Property tax	713.
<b>Total</b>	<b>49,339.</b>

**Form 990: Return of Organization Exempt from Income Tax****Line 17, column (A)****Itemization Statement**

Description	Amount
Accrued Exp-Wells Fargo Debit	1,645.
Gift Certificate O/S	650.
Sales Tax Payable	1,347.
<b>Total</b>	<b>3,642.</b>

**Form 990: Return of Organization Exempt from Income Tax****Line 17, column (B)****Itemization Statement**

Description	Amount
Credit Cards	2,834.
Gift Certificates O/S	650.
Sales Tax Payable	1,558.
<b>Total</b>	<b>5,042.</b>

**Form 990: Return of Organization Exempt from Income Tax****Line 27, column (A)****Itemization Statement**

Description	Amount
Unrestricted (retained earnings)	145,556.
Net Income	24,458.
<b>Total</b>	<b>170,014.</b>

**Schedule D: Supplemental Financial Statements****Buildings col (b)****Itemization Statement**

Description	Amount
Greenhouse	35,700.
Donated Improvements-Greenhouse	3,949.
Land Improvements	28,393.
<b>Total</b>	<b>68,042.</b>

**Schedule D: Supplemental Financial Statements****Equipment col (b)****Itemization Statement**

Description	Amount
Equipment	8,776.
<b>Total</b>	<b>8,776.</b>

**Schedule D: Supplemental Financial Statements****Other col (b)****Itemization Statement**

Description	Amount
Furniture and Fixtures	6,000.
<b>Total</b>	<b>6,000.</b>