

Project Grant Application

Organization Name Hugs Cafe Inc

CEO / Executive Director Lauren Smith

Federal Tax I.D. 46-2332714

Incorporation Date 07-14-2014

Mailing Address 224 E. Virginia, McKinney, Texas, 75069

Phone Number (469) 301-6900

Email grants@hugscafe.org

Website <https://hugscafe.org/>

Facebook <https://www.facebook.com/HugsCafe>

Instagram <https://www.instagram.com/hugscafe/>

LinkedIn <https://www.linkedin.com/company/hugs-cafe-inc./>

Please provide a detailed narrative about your organization including years established, mission, goals, scope of services, staff, successes, contribution to community, etc.

The Hugs Greenhouse Expansion Project is an extension of Hugs Cafe Inc.'s mission to provide meaningful training and employment opportunities for individuals with intellectual and developmental disabilities. This project represents a strategic investment in infrastructure that will significantly expand our capacity to serve more individuals, increase workforce participation, and increase growing area, while also creating a meaningful and lasting impact on the broader community by fostering inclusion, increasing volunteer engagement, and strengthening local economic and social connections.

Overall Project Goals

1. Workforce Development & Job Creation

The primary goal of the Hugs Greenhouse improvements is to increase employment opportunities for individuals with disabilities through expanded programming and operational capacity. These efforts contribute to addressing the disproportionately high unemployment rate among individuals

with intellectual and developmental disabilities (IDD), which is approximately double that of the general population.

Planned site and infrastructure improvements, including the installation of four new greenhouses, upgraded irrigation systems, improved walkways, and climate control enhancements, will allow us to significantly scale greenhouse operations.

2026 Impact: October, November, December

Add 2 associates, promote 1 mission-based staff member to supervisor, and add 1 salaried staff member

This expansion will result in an estimated 240 hours of additional labor for mission-based staff, representing an investment in both the supervision of Hugs Greenhouse and the additional growth of associate positions.

2027 Impact from pre-expansion:

Add 6 associates, promote 2 mission-based staff members to supervisor, and add 1 salaried staff member

Generate approximately 3600 additional work hours for mission-based staff annually

These roles provide not only employment, but also job training, skill-building, and pathways to greater independence for the individuals we serve, while also increasing overall wages and economic impact within the IDD community.

2. Volunteer Engagement & Community Impact

As operations expand, so will opportunities for meaningful community involvement.

2026:

Increase volunteer capacity by 4 individuals, contributing approximately 800 hours.

2027::

Increase volunteer capacity by 8 individuals, contributing approximately 1,600 hours annually.

This growth strengthens community connection, fosters inclusion, and broadens awareness of Hugs' mission across McKinney and surrounding areas. By expanding volunteer engagement and support, Hugs Cafe Inc. continues to create pathways to employment and skill-building opportunities for individuals in the IDD community.

3. Operational Efficiency & Capacity Expansion

The proposed site improvements will directly enhance efficiency, safety, and scalability of greenhouse operations. Key improvements include:

Installation of an automatic entry gate to improve site access, security, and logistics

Improved driveway and site access to support increased traffic and deliveries

Addition of heaters in the work barn to allow for year-round productivity

Legally compliant relocation of the septic system to optimize land use and accommodate planned expansion

Installation of three new greenhouses and one propagation house

Upgrade irrigation systems

Upgrade to a larger propane tank to support expanded operations

Development of improved walkways within and between greenhouse structures for accessibility and safety

Together, these improvements will create a more efficient, accessible, and scalable environment that supports greenhouse staff, volunteers, and customers.

Our projected additional revenue annually for the project at the Greenhouse is \$150,000 and here is the breakdown in additional product produced from the expansion project

- Bedding Plants-additional 5,600 flats annually
- Poinsettias- additional 3,000 plants annually
- Perennials- additional 12,000 pots annually
- Hanging baskets-additional 1,200 baskets annually

4. Economic & Community Development Impact

This project aligns with the McKinney Community Development Corporation's goals by:

Creating new jobs and increasing workforce participation

Supporting local economic growth through expanded operations

Enhancing a community asset that serves both social and economic purposes

Increasing visibility and engagement with a mission-driven organization rooted in McKinney

The Hugs Greenhouse Expansion Project is a transformative opportunity to expand this already impactful social enterprise. By investing in critical infrastructure, we will significantly increase employment opportunities for individuals with disabilities, deepen community engagement, and increase operational capacity.

These enhancements will position Hugs Greenhouse as a scalable, sustainable program that continues to serve as a model for inclusive employment while contributing meaningfully to the economic and social vitality of the McKinney community.

Select One

Nonprofit - 501(c)3 (Attach a copy of IRS Determination Letter)

IRS Determination Letter for 501(c)3

[Hugs IRS Letter of 501c3 Approval & Tax Status \(16\).pdf](#)

Is the representative information same as above?

No

Representative Completing Application

Jennifer Buschman

Title

Development Manager

Mailing Address

224 E. Virginia, McKinney, Texas, 75069

Phone Number

(214) 403-9888

Email Address

grants@hugscafe.org

Is the contact for communications between MCDC and the organization same as above?

Yes

Are you the property owner? Yes

Total Amount Requested 683,467

Are matching funds available? No

Have you received or will funding be requested from any other City of McKinney entity (e.g. City of McKinney, MEDC, McKinney Housing & Community Development)? No

What is the total cost for this Project? 1,163,467.00

What percentage of Project total will be funded by the applicant? 41

Are matching funds available? No

Other Funding Sources Other funders supporting the Greenhouse site improvements reflect a strong and diverse base of community investment. To date, we have received \$480,000 in contributions from individual donors, with gifts ranging from \$10 to as much as \$100,000. This broad spectrum of support highlights both grassroots engagement and significant philanthropic commitment, demonstrating widespread belief in the impact and importance of the Greenhouse project. These individual contributions provide critical financial resources and underscore the community connection and shared vision behind this initiative.

Estimated Annual Taxable Sales 226,148.90

Project / Business Name Hugs Cafe Inc

Location of Project Hugs Greenhouse

Physical Address	1151 East Cottage Hill Parkway, McKinney, Texas, 75071
Property Size (in acres)	4.4
Collin CAD Property ID	2952587
What kind of project is proposed? (Check all that apply.)	Expansion / improvement New project
Estimated Date of Project Start Date	06/01/2026
Estimated Date of Project Completion Date	10/22/2026
Current Appraised Value of Property	400,000
Estimated Appraised Value (post-improvement)	1,500,000
Has the project been competitively bid?	Yes
Attach at least TWO competitive bids for the project	Hugs Greenhouse 1st Bid.docx Hugs Greenhouse 2nd bid.docx
Project narrative and/or attachments	Greenhouse Surveys.pdf Greenhouse Grant info.pdf Hugs Greenhouse Timeline for completion.pdf Hugs Greenhouse Detailed Project Budget.pdf Hugs Greenhouse Design images.docx Hugs Greenhouse Business Plan (1).pdf 2024 Audited Hugs Cafe Financial Statement (2).pdf Hugs 2023 audit (4).pdf Hugs IRS Letter of 501c3 Approval & Tax Status (19).pdf 2026 Signed W-9 Form (1).pdf
Procedure	CHECKED: Application completed and submitted prior to deadline (5 p.m. on deadline date) CHECKED: Application submitted via online form

Organization and
Financial Information

CHECKED: Completed all organizational information
CHECKED: Provided organization business plan
CHECKED: Provided documentation of organization's status
(IRS letter, W9, Secretary of State registration)
CHECKED: Provided two most recent years of audited
financial statements (budget + profit & loss)
CHECKED: Provided information regarding project funding
(e.g. organization's contribution, other sources)

Specific Project Elements

CHECKED: Type of project (e.g. expansion, new
development, repair)
CHECKED: Project description (e.g. goals, impact on
organization, impact on McKinney's economy and quality of
life)
CHECKED: Project timeline
CHECKED: Detailed project budget
CHECKED: Site plan and/or property plat
CHECKED: Project designs
CHECKED: Two comprehensive project bids

Community & Economic Impact

CHECKED: Description of how the project supports new
business development or expansion of existing business
CHECKED: Economic impact projections
CHECKED: Benefits to McKinney residents and community
quality of life

BY SIGNING THIS
APPLICATION, I
CERTIFY THAT I AM
THE LEGAL OWNER
OF THE ABOVE
REFERENCED
PROPERTY OR THAT I
AM AUTHORIZED TO
REPRESENT AND ACT
ON THE BEHALF OF
THE OWNER OF THE
ABOVE REFERENCED
PROPERTY. I ALSO
CERTIFY THAT ALL OF
THE INFORMATION
PROVIDED HEREON IS
ACCURATE AND TRUE
SO FAR AS I AM
AWARE AND
UNDERSTAND THAT I
AM LEGALLY
RESPONSIBLE FOR
THE ACCURACY OF
THIS APPLICATION. I

Selecting this option indicates your agreement with the above
statement.

FURTHER
UNDERSTAND THAT I
AM NOT GUARANTEED
A GRANT.

Representative
Completing Application

A handwritten signature in black ink, appearing to read "A. B. Smith", written in a cursive style.

Date

03-30-2026

Property Owner

A handwritten signature in black ink, appearing to be a stylized "M" or "W", written in a cursive style.

Date

03-30-2026

Hugs Greenhouse Expansion Project – Project Narrative

The Hugs Greenhouse Expansion Project is an extension of Hugs Cafe Inc.'s mission to provide meaningful training and employment opportunities for individuals with intellectual and developmental disabilities. This project represents a strategic investment in infrastructure that will significantly expand our capacity to serve more individuals, increase workforce participation, and increase growing area, while also creating a meaningful and lasting impact on the broader community by fostering inclusion, increasing volunteer engagement, and strengthening local economic and social connections.

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- Addition of heaters in the work barn to allow for year-round productivity
- Legally compliant relocation of the septic system to optimize land use and accommodate planned expansion
- Installation of three new greenhouses and one propagation house
- Upgrade irrigation systems
- Upgrade to a larger propane tank to support expanded operations

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- Creating new jobs and increasing workforce participation
 - Supporting local economic growth through expanded operations
 - Enhancing a community asset that serves both social and economic purposes
 - Increasing visibility and engagement with a mission-driven organization rooted in McKinney
-

Conclusion

The Hugs Greenhouse Expansion Project is a transformative opportunity to expand this already impactful social enterprise. By investing in critical infrastructure, we will significantly increase employment opportunities for individuals with disabilities, deepen community engagement, and increase operational capacity.

These enhancements will position Hugs Greenhouse as a scalable, sustainable program that continues to serve as a model for inclusive employment while contributing meaningfully to the economic and social vitality of the McKinney community.

Task

Funded	31-May	31-May
GH Pad Leveling	1-Jun	3-Jun
Plumbing Tie-in and route to new locations	1-Jun	3-Jun
New Service New Poles New Wire OH	8-Jun	10-Jun
Set Meter	11-Jun	12-Jun
Propagation Concrete Pad	3-Jun	12-Jun
Deliver Structure	15-Jun	15-Jun
GH and Propagation House Post Set	13-Jul	21-Jul
Propagation Build	22-Jul	4-Aug
Propagation Bench Build	5-Aug	10-Aug
Propagation Electrical Distribution	11-Aug	25-Aug
Propagation Plumbing	11-Aug	21-Jul
Greenhouse Build	11-Aug	1-Sep
Greenhouse Electrical Distribution	2-Sep	11-Sep
Propane Tank and distribution	2-Sep	9-Sep
Greenhouse Gravel Floor, Benches & Plumbing	12-Sep	28-Sep
Greenhouse Interior Walk	29-Sep	30-Sep
Service Road Construction	1-Oct	8-Oct
Property Road Construction	8-Oct	22-Oct
Monument Sign	28-Aug	2-Sep
Gate Install	3-Sep	4-Sep
Barn Door Install	3-Sep	4-Sep
Project Clean Up	19-Oct	23-Oct
Project Completion	23-Oct	23-Oct

Summary	COST	NOTES
Cost - One Time Cost		
Property Purchase	\$480,000.00	Executed in 2025
Expansion		
Civil Survey Cost	\$6,000.00	Replot property after construction
Greenhouse	\$298,822.81	(3) 30' x 84' Gutter Connected Structures
Propagation Greenhouse	\$195,446.70	(1) 30' x 96' Structure
Site Improvements	\$124,703.44	Road Construction, Septic Realignment, Grayson Meter and Poles
Hugs Salaried Labor	\$17,500.00	Bill Crump functioning as Project Superintendent and self performing much of the installs.
Hugs MB Staff	\$8,448.00	Mission Based Staff Assisting Bill Crump in Installations

Sub Total for Expansion	\$650,920.95	

Sub Total	\$1,130,920.95	
Construction Contingency	\$32,546.05	5% Contingency for Discovery and Missed Scope
Sales Tax	\$-	

Total	\$1,163,467.00	

Greenhouse	BID	Scope
3 gutter connected materials	\$120,000.00	Material only.
Installation of Propagation	\$15,551.91	
Bench material (Horse Panels)	\$5,755.00	Material only. Hugs Install
Bench material (Lumber & Concrete Blocks)	\$5,035.00	Material only. Hugs Install labor included.
Bench material & Hanging Basket Material(Rebar)	\$936.00	Material only. Hugs Install
Interior Concrete Walk	\$5,760.00	90'x 6' x 4" walk in each greenhouse (3). For Tracking Trailers.
Gravel Base at Greenhouse	\$4,278.00	Material Only from Mike Owens. 3000 sf of 3.2 oz Weed Mat and placing gravel by Hugs. 1 week rental of Bobcat T-66, 1" Clean Concrete Gravel (10 tons delivered).
Electrical	\$39,100.00	Electrical for Equipment, power distribution from new service to all structures. (see scope in Qualifications)
Fertilizer Injectors -2	\$2,278.10	Material only. Hugs Install
Foundation Prep in Greenhouses	\$5,000.00	To level 90x 84 pad with 2% slope to the east
Installation of Greenhouses	\$67,617.00	Erection of greenhouses
Plumbing materials	\$466.37	Tap in to existing 1", pipe to new houses and install hose bibs.
Propane	\$6,000.00	New 1000 gal Tank on thrust blocks and distribution to heaters

Set new poles & service (500ft.)	\$10,000.00	Estimate for new service: (4) Poles along road and at Propagation and submeter
Shade Material	\$3,072.20	Material only. Hugs Install per season
Plant Irrigation	\$3,645.47	Interior Irrigation Materials Only. Hugs install.
Irrigation Water Hoses	\$827.76	Materials only. Hugs install.
Construction Incidentals	\$3,500.00	Small Equipment Purchase (rakes, hoses, shovels, brooms)

Sub Total	\$298,822.81	
Sales Tax	\$-	Tax Exempt

Total	\$298,822.81	
	=====	

Propagation House	BID	Scope
Propagation House Materials	\$90,800.00	Material and Install. Includes auger Post holes and set with grout
Installation of Greenhouses	\$45,303.39	
Grouting of Post Holes	\$850.00	Grout Purchase and install by Hugs
Propagation Mist Clock	\$772.12	Material only. Hugs Install
Propagation Mist Materials	\$1,851.19	Material only. Hugs Install

Concrete Slab	\$33,120.00	• 3" select fill substrate. • 95% compaction • Control Joints • #3 Rebar • Concrete Placement and finish • 12" Sonotube Sleeves for frame posts
Electrical	\$20,000.00	Electrical for Equipment, power distribution from new service to all structures. (see scope in Qualifications)
Construction Incidentals	\$2,750.00	Small Equipment Purchase (rakes, hoses, shovels, brooms)
	----- --	-----
Sub Total	\$195,446.70	
Sales Tax	\$-	Tax Exempt
	----- --	-----
Total	\$195,446.70	
	=====	

Site Improvements	BID	Scope
Property Entry Automatic Gate	\$6,600.00	60" rolling gate including level
Meter for signage	\$1,000.00	estimate

Property Road	\$76,500.00	Asphalt topping (2-2" lifts) over existing rock 1, 200 lineal foot x 20 ft wide road from Cottage Hill Pkwy to end of existing Greenhouse.
Service Road at New Construction	\$18,000.00	1-2" Gravel material. Scrape 6" existing, level, move displaced dirt on property, and place gravel. Roll to 90% compaction.
Rollup Barn Doors	\$9,003.45	(2) Doors. 10' h x 12' Wide Manual Chain operators
Barn Heaters	\$749.99	Purchase of Hanging 180 BTU Electric Garage Heater. Hugs Install.
Septic System Relocation	\$11,950.00	• 4050 Aerobic Unit \$ 9,950. • Pump tanks 600.00 • Electric Connection \$800.00 • Collin County Commercial Septic Permit \$600.00
Construction Incidentals	\$900.00	Small Equipment Purchase (rakes, hoses, shovels, brooms)
	----- --	-----
Sub Total	\$124,703.44	
Sales Tax	\$-	Tax Exempt
	----- --	-----
Total	\$124,703.44	
	=====	

	1st Bid	Bid total	Category	
3 gutter connected materials	Stuppy	\$120,000.00	Greenhouse	Material only.
Benchmaterial (Horse Panels)	Vitz Metal	\$5,755.00	Greenhouse	Material only. Hugs Install
Benchmaterial (Lumber & Concrete Blocks)	Lowe's	\$5,035.00	Greenhouse	Material only. Hugs Install
Benchmaterial & Hanging Basket Material(Rebar)	Rebar Concrete Products	\$936.00	Greenhouse	Material only. Hugs Install
Concrete Walk thru Interior Greenhouse	SGR Concrete LLC	\$5,760.00	Greenhouse	90'x 6' x 4" walk thru 3 gutter greenhouses. for Tracking Trailers
Concrete - Propagation Greenhouse Slab	SGR Concrete LLC	\$33,120.00	Greenhouse	• 3" select fill substrate. • 95% compaction • Control Joints • #3 Rebar • Concrete Placement and finish • 12" Sono tube Sleeves for frame posts
Service Road at New Construction	Mike Owens	\$13,225.00	Greenhouse	1-2" Gravel material. Scrape 6" existing, level, move displaced dirt on property, and place gravel. Roll to 90% compaction.
Gravel Base at Greenhouse	Mike Owens	\$4,975.00	Greenhouse	Material Only from Mike Owens. 3000 sf of Weed Mat and laying of gravel by Hugs. 1 week rental of Bobcat T-66, 1" Clean Concrete Gravel (10 tons delivered).
Electrical	Electrical	\$59,100.00	Greenhouse	Electrical for Equipment, power distribution from new service to all structures. (added \$20K contingency to low bid)
Fertilizer Injectors -2	Kinney Bonded Warehouse	\$2,278.10	Greenhouse	Material only. Hugs Install

Foundation Prep in Greenhouses	SRG Concrete LLC	\$5,000.00	Greenhouse	To level 90x 84 pad with 2% slope to the east. Rental of T-66 Bobcat 1 week plus delivery (\$2000). Purchase of laser for slope, stakes and misc equipment.
Installation of Greenhouses	Michael Baldwin	\$67,617.00	Greenhouse	Installation of GH and Prop. Includes auger Post holes and set with grout
Plumbing materials	Heritage Landscape Supply	\$466.37	Greenhouse	Tap in to existing 1", pipe to new houses and install hose bibs.
Propane	Offen	\$6,000.00	Greenhouse	New 1000 gal Tank on thrust blocks and distribution to heaters
Set new poles & service (500ft.)	Grayson Collin Electric Cooperative	\$10,000.00	Greenhouse	Estimate for new service: (4) Poles along road and at Propagation and submeter
Shade Material	Kinney Bonded Warehouse	\$3,072.20	Greenhouse	Material only. Hugs Install per season
Plant Irrigation	Kinney Bonded Warehouse	\$3,645.47	Greenhouse	Interior Irrigation Materials Only. Hugs install.
Water Hoses for greenhouses	Lowes	\$827.76	Greenhouse	Materials only. Hugs install.
Propagation House Materials	Stuppy	\$90,800.00	Propagation Greenhouse	Material only.
Propagation Mist Clock	Griffin	\$772.12	Propagation Greenhouse	Material only. Hugs Install
Propagation Mist Materials	Kinney Bonded Warehouse	\$1,851.19	Propagation Greenhouse	Material only. Hugs Install
Property Entry Automatic Gate	Veliz	\$6,600.00	Site Improvements	60" rolling gate including level
Meter for signage	Grayson Collin Electric Cooperative	\$1,000.00	Site Improvements	estimate

Property Road	Allstar Paving	\$76,500.00	Site Improvements	Asphalt topping (2-2" lifts) over existing rock 1, 200 lineal foot x 20 ft wide road from Cottage Hill Pkwy to end of existing Greenhouse.
Rollup Barn Doors	Overhead Garage Door	\$9,003.45	Site Improvements	(2) Doors. 10' h x 12' Wide Manual Chain operators
Barn Heaters	Northern Tool	\$749.99	Site Improvements	Hanging 180 BTU Electric Garage Heater
Septic Relocation	White Eagle Water Systems	\$11,950.00	Site Improvements	• 4050 Aerobic Unit \$ 9,950. • Pump tanks 600.00 • Electric Connection \$800.00 • Collin County Commercial Septic Permit \$600.00
Property Road <i>Alternate option for concrete road instead of asphalt</i>	SGR Concrete LLC	\$252,000.00	Site Improvements	Concrete Paving Alternate for 1, 200 lineal foot x 20 ft wide road from Cottage Hill Pkwy to end of existing Greenhouse. Includes 4" Select fill, 6" Concrete, #4 Rebar @ 18" OC, 4000 psi Concrete, 95% compacton.

	2nd Bid	Bid Total	Category	
3 gutter connected materials	Atlas Greenhouse	\$113,206.00	Greenhouse	Material only.
Bench material (Horse Panels)	Tractor Supply	\$6,540.00	Greenhouse	Material only. Hugs Install
Bench material (Lumber & Concrete Blocks)	Home Depot	\$5,386.00	Greenhouse	Material only. Hugs Install
Bench material & Hanging Basket Material (Rebar)	Lowes	\$1,209.00	Greenhouse	Material only. Hugs Install
Concrete Walk through Interior Greenhouse	SGR Concrete LLC	\$5,760.00	Greenhouse	90'x 6' x 4" walk thru 3 gutter greenhouses. for Tracking Trailers
Concrete - Propagation Greenhouse Slab	Redden Concrete	\$33,000.00	Greenhouse	• 3" select fill substrate. • 95% compaction • Control Joints • #3 Rebar • Concrete Placement and finish • 12" Sono tube Sleeves for frame posts
Service Road at New Construction	Billy Keel	\$18,000.00	Greenhouse	1-2" Gravel material. Scrape 6" existing, level, move displaced dirt on property, and place gravel. Roll to 90% compaction.
Gravel Base at Greenhouse	Bill Crump w Rental	\$4,278.00	Greenhouse	Material Only from Mike Owens. 3000 sf of Weed Mat and laying of gravel by Hugs. 1 week rental of Bobcat T-66, 1" Clean Concrete Gravel (10 tons delivered).
Electrical	GCATS	\$122,820.53	Greenhouse	Electrical for Equipment, power distribution from new service to all structures.

				(added \$20K contingency to low bid)
Fertilizer Injectors -2	Griffin	\$2,715.92	Greenhouse	Material only. Hugs Install
Foundation Prep in Greenhouses	Bill Crump w Rental	\$5,000.00	Greenhouse	To level 90x 84 pad with 2% slope to the east. Rental of T-66 Bobcat 1 week plus delivery (\$2000). Purchase of laser for slope, stakes and misc. equipment.
Installation of Greenhouses	Jackson Agro	\$91,000.00	Greenhouse	Installation of GH and Prop. Includes auger Post holes and set with grout
Plumbing materials	Lowes	\$654.00	Greenhouse	Tap in to existing 1", pipe to new houses and install hose bibs.
Propane	Offen	\$6,000.00	Greenhouse	New 1000-gal Tank on thrust blocks and distribution to heaters
Set new poles & service (500ft.)	Grayson Collin Electric Cooperative	\$10,000.00	Greenhouse	Estimate for new service: (4) Poles along road and at Propagation and submeter
Shade Material	BWI	\$3,252.00	Greenhouse	Material only. Hugs Install per season
Plant Irrigation	Irrigation Station		Greenhouse	Interior Irrigation Materials Only. Hugs install.
Water Hoses for greenhouses	Home Depot	\$872.88	Greenhouse	Materials only. Hugs install.
Propagation House Materials	Atlas Greenhouse	\$82,500.00	Propagation Greenhouse	Material only.
Propagation Mist Clock	Kinney Bonded Warehouse	\$623.00	Propagation Greenhouse	Material only. Hugs Install

Propagation Mist Materials	BWI	\$1,962.00	Propagation Greenhouse	Material only. Hugs Install
Property Entry Automatic Gate	Family Christian Doors	\$12,559.00	Site Improvements	60" rolling gate including level
Meter for signage	<i>Sole Source</i>	\$1,000.00	Site Improvements	estimate
Property Road	Butterfield Excavation	\$96,289.99	Site Improvements	Asphalt topping (2-2" lifts) over existing rock 1, 200 lineal foot x 20 ft wide road from Cottage Hill Pkwy to end of existing Greenhouse.
Rollup Barn Doors	Supreme Garage Doors	\$9,599.00	Site Improvements	(2) Doors. 10' h x 12' Wide Manual Chain operators
Barn Heaters	Wal-Mart	\$849.99	Site Improvements	Hanging 180 BTU Electric Garage Heater
Septic Relocation	White Eagle Water Systems	\$11,950.00	Site Improvements	• 4050 Aerobic Unit \$ 9,950. • Pump tanks 600.00 • Electric Connection \$800.00 • Collin County Commercial Septic Permit \$600.00
Property Road <i>Alternate option for concrete road instead of asphalt</i>	-	\$252,000.00	Site Improvements	Concrete Paving <i>Alternate</i> for 1, 200 lineal foot x 20 ft wide road from Cottage Hill Pkwy to end of existing Greenhouse. Includes 4" Select fill, 6" Concrete, 4 Rebar @ 18" OC, 4000 psi Concrete, 95% compaction.



A Complete Assembly

140 W Myers Blvd
Mascotte, FL 34753

Estimate

Date	Estimate #
1/28/2026	5973

Name / Address
HUGS GREENHOUSE 1151 E. COTTAGE HILL PKWY MCKINNEY, TX 75071 972-670-2062 ATTN: BILL CRUMP

Ship To
HUGS GREENHOUSE 1151 E. COTTAGE HILL PKWY MCKINNEY, TX 75071 972-670-2062 ATTN: BILL CRUMP

		LOT		PO	
		50% dep balance at...			
Item	Description	Qty	Rate	Total	
T5X10HDP	TRACKING TRAILER 5 X 10, PAINTED, 4000# CAP, 18X8.50 TIRE, 3/4#9 EXP METAL, 1250# END UNIT, PIPE IN PIPE TURNING SYSTEM.	3	2,050.00	6,150.00T	
PAINT	PAINTED GREEN				
SHIPMENT	SHIPMENT -- AGRICARTS -- FREIGHT COST MAY CHANGE FROM THE ACTUAL TIME OF SHIPPING; THIS IS JUST A QUOTE ** 14' SPACE - 1881 LBS 6-8 WEEKS MANUFACTURING LEAD TIME [EXCLUDING VENDOR SUPPLY INTERRUPTIONS]	1	1,500.00	1,500.00	
PAYMENT	50% DEP \$3,825 REM BAL \$3,825				
ESTIMATE	This is an ESTIMATE for the items requested above. Upon order a 50% deposit is required payable via CC. If you have any questions or modifications please let us know.				
ESTIMATE IS VALID FOR 7 DAYS		Subtotal \$7,650.00			
		Sales Tax (0.0%) \$0.00			
		Total \$7,650.00			

Phone #
352-429-4740

E-mail
accounting@acompleteassembly.com

**Block**Quote # **217655684**Created on **Apr 2, 2025**Quote valid until **Apr 17, 2025, 11:59 p.m.***Created by **Bill Crump****bill@hugsgreenhouse.org****(214) 836-4708****Hugs Cafe Inc**Lowe's Store # **2825, McKinney, TX**Store Phone **(972) 547-2240**

Item #	Item Description	Fulfillment	Unit Price	Qty	Item Total
270120	Oldcastle PALLET CHRGR OLDCASTLE/TXI/USMIX	PICKUP	\$18.00	13	\$234.00
10383	8-in W x 8-in H x 16-in L Cored Concrete Block	TRUCK	\$2.15	900	\$1,935.00
197672	Severe Weather 2-in x 4-in x 16-ft #2 Prime Southern yellow pine Above ground Pressure Treat...	TRUCK	\$12.11	200	\$2,422.00

Item Subtotal **\$4,844.00**Estimated Quote Savings **-\$253.00**Delivery Fees & Taxes **Calculated in Checkout**Estimated Total **\$4,591.00**

*The prices quoted are valid until 11:59 p.m. on the date shown above, subject to the following exclusions, conditions, and exceptions.

Delivery fees will be added at time of purchase where applicable.

Prices listed on this quote will be honored at Lowe's Store # 2825, McKinney, TX. Please request a new online quote if you'd like to purchase the listed items at a different store, or contact the Pro Service Desk with any questions.

Any changes you make to this quote, for example, adding or removing one or more items or changing the quantity of any item or items, will create a new quote and cancel this quote.

Additional discounts, if applicable, are subject to Lowe's standard discount policy, and are calculated at checkout.

All products are available while supplies last and may vary by market. Lowe's reserves the right to correct any error and/or limit quantities sold.

Lowe's is offering to supply materials only. Lowe's is not offering engineering, architecture, or general contracting services or advice. Lowe's is not responsible for the selection or choice of materials for a general or specific use; for quantities or sizing of materials; for the use or installation of materials; or for compliance with any building code or standard of workmanship.

This quote is based on Lowe's standard commercial terms. Lowe's does not agree to terms and conditions (including, but not limited to, governmental regulations) not specifically indicated or referenced in the request for this quote. If terms and conditions are presented, product selection and pricing may change pending legal review.



Chris Butterfield
Chris@ButterfieldX.com
 940-273-1415
 PO Box 27
 Sanger, TX 76266

Project: Hugs Greenhouse- McKinney, TX

Date: 1.28.26

Civil plans: N/A (Site visit only)

Geotech: N/A

Item #	Description of Item	Quantity	Measurement	Unit price	Total
1:	Mobilization	1	ls	\$10,000.00	\$10,000.00
2:	Survey existing alignment and verify drainage away from existing shop building	1	ls	\$5,000.00	\$5,000.00
3:	Site cut/ fills to prepare for new material installation, includes up to 10 loads of import/ export as needed to make drain	1	ls	\$25,118.00	\$25,118.00
4:	Supervision	1	ls	\$1,500.00	\$1,500.00
5:	Smooth drum and compaction of flexbase layer and asphalt millings	1	ls	\$4,500.00	\$4,500.00
6:	Install 4" of recycled flexbase material over approximately 21,828 sf of proposed 12' wide roadway and parking areas	1	ls	\$23,853.90	\$23,853.90
7:	Install Tensar HX-145 geotextile directly on top of flexbase after installation	1	ls	\$7,805.17	\$7,805.17
8:	Install 3" recycled asphalt millings on top of geotextile	1	ls	\$18,512.92	\$18,512.92
					\$96,289.99

Base Bid

Project Specific Notes: Payment due upon day of completion. Evidence of escrow funds required prior to mobilization. Not to exceed 21,828 sf of installation area.

Excludes geotechnical testing or warranties beyond completion. Any future maintenance to be provided by owner.

Fuel Qualification: All pricing based upon 1.28.26 delivered fuel prices of \$3.50/ gallon. Due to current diesel price increases, any fuel pricing increase above this bid day pricing will be an additional charge at actual contract date. In the event fuel prices should increase \$0.25 p/ gallon or more after execution day of this contract, we reserve the right to additional compensation for those fuel costs associated with the remainder of the project.

Material Qualification: Material/ Transportation pricing valid for 30 days from date of proposal. Transportation and earthwork commodities are incapable of contractual early buyouts and are subject to fluctuation after expiration date of proposal.

Valid for: 30 Days

We will perform a topo of existing ground prior to mobilization to ensure topo quantities

Exclusions: Bonds, Permits or fees, buried debris or rock excavation, demolition of any kind unless listed above, watering or seeding of borrow site area, Survey/ Staking, special pad prep or poly, import from any other site/ distance other than stated above, retaining wall excavation or backfill, SWPPP of any kind, fine grading other than stated above, backfill of curbs, handling of other trades spoils, relocation of utilities within our grading depths or limits. All lime work to be complete in one mobilization. Excludes adhesive removals, MEP make safes, salvaging of any kind, removal/ testing of any existing hazardous material below ground or structural, or removal of structures in excess of 2ft below grade, phasing, barricades or traffic control devices.

~ Additional dirt crew mobilizations are \$5,800 each. Additional lime crew mobilizations are \$12,800 each (min charge)

Project: Greenhouse Concrete Road @ 1151 E Cottage Hill Pkwy, Mckinney Tx

Job Materials for 1,200LF x 20ft Wide Road

4" Select Fill
6" Concrete
#4 Rebar @ 18" OC
4000 PSI Concrete

DATE:
INVOICE #
FOR:

February 28, 2026

Greenhouse Concrete Road

[illegible]

Make all checks payable to SGR Concrete LLC by 30 days of completing job

If you have any questions concerning this invoice, Contact Name, Phone Number, E-mail

THANK YOU FOR YOUR BUSINESS!

Project: Greenhouse Concrete @ 1151 E Cottage Hill Pkwy, McKinney Tx

Scope of work:

February 26, 2026

Greenhouse Concrete

FOR:

3in of select fill
Control joints
Labor
Time
Material

[illegible]

Make all checks payable to SGR Concrete LLC

If you have any questions concerning this invoice, Contact Name, Phone Number, E-mail

THANK YOU FOR YOUR BUSINESS!

Dyna-Glo Electric Garage Heater, 51,180 BTU, 15,000 Watts, 240 Volts, Model# EG15000DH

Item# 76206

Top Seller

This is a carousel with one large zoomable image and a track of thumbnails on the left. Select any of the thumbnail buttons to change the zoomable image on the right. If a thumbnail is a video or 360 degree image thumbnail, or the last thumbnail in the list, the button will open the product media modal.



Instant Answers by Northern Tool

How large an area can it heat?Is a blower included?Does it have a fan-only setting?What type of motor does it use?What safety features are included?

Ask a question about this item

Powered by

This is an AI tool. Please double-check product details before purchasing.

\$849.99

- Premium enclosed motor
- LED touch screen displays temperature and settings
- Overheat protection and caution indicator light for added safety
- Includes remote control for across-the-room convenience

The Dyna-Glo® Dual Heat Electric Garage Heater is the ideal heating solution for your garage, warehouse, or workshop. Multiple heat and timer settings plus a fan-only setting provide comfort in any situation.

What's Included

- (1) Electric garage heater

Downloads

[Product Manual](#)

Features + Benefits

- Premium enclosed motor
- LED touch screen displays temperature and settings
- Overheat protection and caution indicator light for added safety
- Includes remote control for across-the-room convenience

Attribute	Specification
item#	76206
Brand	Dyna Glo
Manufacture's Warranty	1 year limited warranty
Ship Weight	61.2 LB
Heat Output	51,180 Btu/hour
Heat Type	Forced Air
Heating Capability	1,500 ft²
Blower Included	Yes
Attribute	Specification
Blower CFM	1,570 cfm

Amps	62.5
Thermostat Included	Yes
Remote Included	Yes
Volts	240
Watts	15,000
Product Weight	49 lb

[How can we improve these key specs?](#)

TO: Hugs Cafe
Attn: Eric Weinhausen

JOB: Green House

***** Propagation Structure *****

QTY	
2	Bug eyes / Exit Sign
12	120v HAF Fans Connections
6	120v Curtain System Motor Connections
3	120v Hydronic Unit Heater Connections
6	120v Convenience Receptacles
1	200A Fused Disconnect
1	125A Panel
1	125A Aluminum Feeders From Meter To New Panel (Not To Exceed 50 LF)

***** Green House *****

6	Bug eyes / Exit Sign
18	120v Convenience Receptacles
12	120v HAF Fan Connections
6	120v Exhaust Fan Connections
1	50A Subpanel Panel
1	50A Feeders Panel To Sub Panel (Not To Exceed 100 LF)

***** Service *****

1	100A Service Disconnect W 100A 120/240v Panel Outside Propagation Room (Not To Exceed 50LF From Utility Pole)
1	200A Fused Disconnect
1	Green House Subpanel Not To Exceed (100 LF From Main Panel)

TOTAL AMOUNT	\$	59,100.00
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***** Notes *****

- A** Excludes Sales Tax
- B** Excludes ALL Work Associated w/ Fire Alarm
- C** Excludes All Work Associated w/ Data or Security Cabling
- E** Equipment Connections Only (Excludes Installing Equipment)
- F** Excludes Utility Meter /Base & Primary Wires From Utility Pole To Meter

AUTHORIZED SIGNATURE _____ Oscar Serrano _____

Enlighten Electric

GCATS - TECL# 23204
8200 Sovereign Row
Dallas, TX
75247, US
(972) 290-2000

Prepared By:
Mathew Skaggs
(469) 724-7083
mskaggs@gcatstx.com

Project: Hugs Greenhouse Expansion - McKinney

Scope of Work

We propose the following scope of work to furnish and install the electrical work for the project Hugs Greenhouse located in McKinney, Texas. This proposal is in accordance with the request sent by Hugs. We have reviewed no engineered drawings or addenda for this project. Our proposal is as follows:

3 BAY GREEN HOUSE

	Quantity
GFCI QUAD - W/ 3/4" EMT	8 ea
GFCI DUPLEX FOR 20' FANS - W/ 3/4" EMT	12 ea
20A DISCONNECT FOR HEATERS	3 ea
CONNECTION FOR CURTAIN	6 ea
EXIT	3 ea
4' WET LOCATION STRIP FIXTURE	8 ea
SWITCH 3W	2 ea

SINGLE BAY GREEN HOUSE

	Quantity
GFCI QUAD - W/ 3/4" EMT	4 ea
GFCI DUPLEX FOR 20' FANS - W/ 3/4" EMT	4 ea
20A DISCONNECT FOR HEATERS	3 ea
20A DISCONNECT FOR 36" EXHAUST FANS	2 ea
CONNECTION FOR PAD PUMP	2 ea
EXIT	2 ea
4' WET LOCATION STRIP FIXTURE	4 ea
SWITCH 3W	2 ea

FEEDERS

	Quantity
UNDERGROUND 200A FEEDER(2)2.5" (1)SPARE (1)3(4/0)	87.02 ft
UNDERGROUND 100A(1)1.25"(3)2(1)8	145.69 ft
ABOVE GROUND 100A	40.43 ft

GEAR & PANELS

	Quantity
Riser CONDUITS ON UTILITY PROVIDED POLE	1 ea
METER/DISCONNECT	1 ea
PANELBOARD ON STRUT	2 ea

QUOTES

	Quantity
QUOTE - FIXTURES	1 ea
QUOTES - GEAR & PANEL	1 ea

Included (+)

1. Homerun wiring in EMT to first box
2. Temporary power and lights

Excluded (-)

1. If the equipment connection types change after we have completed the rough-in. There will be an additional cost to rework the connections
2. Data/telecom conduit, devices, and wiring.
3. Trenching, backfill, concrete, cutting, patching, and roof penetrations.
4. X-ray scanning
5. Hvac and mechanical, conduit, controls, control wiring, and starters.
6. Fire alarm system conduits, devices, and wiring.
7. Security and access control conduit, devices, and wiring
8. Removal of demolished and stacked light fixture, lamps, or ballasts
9. Assuring compliance with the International Energy Conservation Code.
11. This contractor shall not be held liable for errors or omissions in designs by others, or inadequacies of materials and equipment specified or supplied by others.
12. Correcting code compliance issues on existing electrical work.
13. This contractor shall not be liable for indirect loss or damage.
14. Costs of performance or payment bonds.
15. After hours construction
16. Engineered plans
17. Commodities escalation or tariff increases.
18. Anything not listed in scope.

Qualifications:

- Due to recent tariffs, price increases may be forthcoming. We have not considered future price impacts in this quote. It is recommended that the GC or customer carry escalation to cover future increases.
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- Proposal includes labor, material, and supervision per design documents noted above.
- Work is Limited to the Scope of Work. Any Deviation will result in a change order.
- If accepted, this proposal shall become part of the contractual documents. This proposal is contingent upon mutually agreeable contract language.

If you have any questions or need any additional information, please give us a call.

Regulated by the Texas Dept. of Licensing & Regulation | P.O. Box 12157 | Austin, Texas 78711 | 1-800-803-9202
 | website: www.tdlr.texas.gov/complaints

Summary

Subtotal	\$122,820.53
Taxes	\$10,132.69

\$132,953.23
--

Accepted By

Date

.....

.....

TO: Hugs Cafe
Attn: Eric Weinhausen

JOB: Green House

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QTY	
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(972) 290-2000

Prepared By:
Mathew Skaggs
(469) 724-7083
mskaggs@gcatstx.com

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8200 Sovereign Row
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75247, US
(972) 290-2000

Customer

Prepared By:
Mathew Skaggs
(469) 724-7083
mskaggs@gcatstx.com

Project: **Hugs Greenhouse Expansion - McKinney**

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.....

QUOTATION As of: 01/26/26



5303 N. Havana Street
Suite 120
DENVER, CO 80239

Griffins.com

Livegoods: 800-888-0054

Hardgoods: 800-659-4346

Quote Number:	18027495
Quote Date:	01/26/2026
Required Date:	02/09/2026
Expire Date:	02/25/2026
Customer PO#:	DOSA
Ship Method:	MOTOR FREIGHT (LTL)
Terms:	NET 30 DAYS
Promo 1:	
Promo 2:	
Sales Rep:	HAILEY PARSONS
Accept Backorder:	Y

Sold To: 625463 HUGS CAFE, INC 224 E VIRGINIA ST MCKINNEY TX 75069 Phone: 972-670-2062	Ship To: 625463 HUGS CAFE, INC 1151 E COTTAGE HILL PKWY MCKINNEY TX 75071 Phone: 972-670-2062	Sales Team: Hard Goods HAILEY PARSONS Live Goods HAILEY PARSONS Retail HAILEY PARSONS
--	---	--

Order Qty	Description	Product Number	Unit Price	Ext. Price
2	Dosatron NEW 40Gpm Injector 1:500 to 1:50 D40MZ2VFII VP#-D40MZ2VFII <i>Requires a 200 Mesh Filter (5012147) & a Check Valve (33-2335) for warranty coverage</i> <i>..... Freight is F.O.B. Shipping Point, and the Freight Charge will be added to our Invoice.</i> <i>.....</i> <i>All payments made via credit card will incur a 2% flat charge. Ask about the fee-free ways of paying your invoice.</i> <i>Please review the delivery information and instructions and contact us if there are any changes.</i> <i>Receiving Hours: - CALL FOR APPT</i> <i>Appointment Required: - Yes</i> <i>Can Take 53' Trailer: - Yes</i> <i>Straight Truck Only: - No</i> <i>Liftgate Required: - No</i> <i>Has Loading Dock: - No</i> <i>Customer Equipment: - Both Fork Lift & Pallet</i> <i>Restricted Access: - Limited / Rural</i> <i>Shipping Instructions</i> <i>Instructions 1: - 972-670-2062</i> <i>Instructions 2: - LIMITED/GATED</i> <i>Instructions 4: - 9.16.24 1466</i>	33-2430	1,357.9582	2,715.92

2

FOR TERMS AND CONDITIONS OF THIS ORDER PLEASE GO TO Griffins.com. ALL ORDERS (WITHOUT EXCEPTION) ARE

SUBJECT TO THE TERMS AND CONDITIONS. IF YOU WOULD LIKE A PRINTED COPY OF THE TERMS AND CONDITIONS SENT TO YOU

PLEASE CALL 800-888-0054

SubTotal	2,715.92
Estimated Freight:	0.00
Tax:	0.00
Total:	2,715.92

Please note: A tariff surcharge will only apply to URC and CC orders that ship directly from Mexico and will be added w
Page 1 of 1

Original Entry Date: 01/26/2026

Due to current market volatility and supply chain delays, Griffin cannot guarantee pricing on orders or quotes with requested shipping dates in the future, or back ordered items. All pricing is subject to change at time of shipment
****Griffin HIGHLY RECOMMENDS taking delivery of all orders immediately to secure product and pricing.****



HERITAGE LANDSCAPE SUPPLY MCKINNEY
101 THROCKMORTON ST
MCKINNEY, TX 75069
FAX: (972)-542-4798
Phone: (972)-562-5390

ORDER ACKNOWLEDGMENT

0024495466

Account: 6702062 0001
Branch: IRRMCKI
Phone: (972)-670-2062
Fax:

Bill To: HUGS GREENHOUSE
3054 CR 205
MCKINNEY, TX 75071

Ship To: HUGS GREENHOUSE
3054 CR 205
MCKINNEY, TX 75071

Page 1 of 1

PO:		Ref:		Job:		
Order Date:	12/17/25	Sales	HOUSE	Type:	COUNTER	Ship Via: WCNOW
Exp Delv Date:	12/17/25	Agents	K CAWLEY	Ordered By:		
ITEM	DESCRIPTION	QTY	UOM	PRICE	UOM	AMOUNT
BEP010SCH40	1" X 20' PVC PIPE SCH-40 WHITE BELL END 240/FT Loc:NOBIN	240	FT	0.4793	FT	115
BEP007SCH40	3/4" X 20' PVC PIPE SCH-40 WHITE BELL END Supp#: 00055500422 200/FT Loc:NOBIN	200	FT	0.3565	FT	71
S4PT131	1" X 1" X 3/4" SCH 40 PVC TEE SLIP 401-131 SCH 40 PVC REDUCER TEE SLIP 1IN X 3/4IN Supp#: 401131 40/EA Loc:40401	40	EA	1.37	EA	54
S4PCP007	3/4" SCH 40 PVC COUPLER SLIP 429-007 Supp#: 429007 40/EA Loc:70202	40	EA	0.44	EA	17
S4PC007	3/4" SCH 40 PVC CAP SLIP 447-007 SCH 40 PVC CAP SLIP 3/4IN Supp#: 447007 40/EA Loc:80202	40	EA	0.49	EA	19
VLZHNKV007	3/4" BRASS NO KINK HOSE BIB MIPT CONTAINS LEAD HOSE BIBB 3/4IN MIP HB-075M Supp#: HB-075M 12/EA Loc:110302	12	EA	9.07	EA	108
INPMA007	3/4" MIPXINS ADAPTER 1436-007 PVC INSERT FITTING BARBED MIPT X INSERT 3/4IN Supp#: 1436007 80/EA Loc:	80	EA	0.99	EA	7
Subtotal						46

Payment Terms:
COD

Balance **\$466.37**

Printed: 12/17/25 12:16:28

Weight: 143.56

Load: 652.00



Michael Baldwin <info@michaelspatio.com>

To: Bill Crump



Reply



Reply all



Forward



Tue 2025-03-18 8:43 PM

Retention: Hugs Retention (7 years) Expires: Tue 2032-03-16 8:43 PM

Hello Bill,
Please find below the labor quote to Install your Stuppy Greenhouses quoted on February 19, 2025

Thank you for the opportunity to bid on these Greenhouses
if you have any questions, please do not hesitate to call/ text or email
We look forward to working with you in the future
Thanks ,
Michael Baldwin

• Labor to install 1- 30' x 96'
Stuppy Powerhouse
* includes concrete for piers & endwalls
30,840.00
Assemble and install benches
7980.00
Total 38,820.00

• Labor to install 3- 30' x 84' rainbow plus Greenhouses
* include concrete for piers & endwalls
Total 67,617.00

This labor quote is to assemble the Greenhouses complete frame, roof, coverings -doors, cooling and heating

This quote does not include:
Connections of any equipment to utilities
Site work
Electrical
Plumbing
Gas lines
Building permits or inspections



www.kbwsupply.com

Your Source for Greenhouse, Nursery
& Landscape Supplies

Entered Date	Taken By	Customer #	Order #
4/2/25	SKF	134470	507286-00
PO #	Requested Ship Date		Page #
	4/25/25		1 of 2

Ship To	Bill To	Correspondence To
HUGS GREENHOUSE 1151 E. COTTAGE HILL PARKWAY 972-670-2062 MCKINNEY, TX 75071	HUGS GREENHOUSE 224 E. VIRGINIA ST. MCKINNEY, TX 75069	Kinney Bonded Warehouse, Inc. 102 North 13th Street Donna, TX 78537

Instructions

Ship Point	Via	Expiration Date	Terms
KBW - Tyler Location	N Texas/DFW		2% 10 Net 30

Notes

Line	Product and Description	Order Quantity	Shipped Quantity	Qty UM	Unit Price	Price UM	Amount(Net)
1	NI-NF-507286 0300HSAC-36-B - 25/CASE HANGING SPRK ASSEMBLY	4.00	4.00	CS	52.15	CS	208.60
2	NI-NF-507286 VN-BL 0354040LB VIBRONET BLUE	100.00	100.00	each	1.80	each	180.00
3	NI-DW-507286 32PRV.75-LF35V2 LOW FLOW PRESS REGULATOR	3.00	3.00	each	10.75	each	32.25
4	57635 3/4" PL-70-PC Power-Loc 70 Coupling 12050205 Extended Description Power-Loc coupling for 3/4" polytubing. Connects two pieces of 3/4" polytubing.	3.00	3.00	EA	1.47	EA	4.41
5	59502 Electric Throttling Valve 1" 71640-007406	3.00	3.00	EA	42.00	EA	126.00
6	57640 3/4" 900-CELL Compressin Elbow 12010511 NOT EASY LOC	5.00	5.00	EA	2.13	EA	10.65
7	57638 3/4" 900-CETC Compressio W/Threaded Cap 12010516	5.00	5.00	EA	6.46	EA	32.30
8	57638 3/4" 900-CETC Compressio W/Threaded Cap 12010516	5.00	5.00	EA	6.46	EA	32.30
9	57533 Netafim Goof Plug 3/7mm 10/pk 32000-001010	2.00	2.00	PK	2.00	PK	4.00



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*Your Source for Greenhouse, Nursery
& Landscape Supplies*

Entered Date	Taken By	Customer #	Order #
4/2/25	SKF	134470	507286-00
PO #	Requested Ship Date		Page #
	4/25/25		2 of 2

10	57643 3/4" 900-CMA Comp Male Adapter 12010523 NOT EASY LOC	5.00	5.00	EA	1.88	EA	9.40
11	NI-DW-507286 25A47V-140-140 Mesh 1" Manual Disc Filter	1.00	1.00	each	89.00	each	89.00
12	51505 Nova 6 Station Mist Control 1626D	1.00	1.00	EA	760.00	EA	760.00
13	NI-NF-507286 14W082094-UV WHITE 3/4" X 500'	1.00	1.00	RL	146.65	RL	146.65

13	Lines Total	Total Order Quantity	138.00	Subtotal	1,635.56
				KBW Delivery	40.00
				Taxes	0.00
				Total	1,675.56

REBAR CONCRETE PRODUCTS
2112 N CUSTER RD
MCKINNEY, TX 75071 US
+1 4696317730
Office@RebarConcreteProducts.com
RebarConcreteProducts.com

Estimate



ADDRESS
EST

ESTIMATE #	DATE	
1335	04/03/2025	

DATE	QTY		DESCRIPTION	RATE	AMOUNT
	60	Rebar #4 (1/2") 20'	Barilla de #4 (1/2) 20'	6.50	390.00
			TAX EXEMPT - HUGS CAFE QUOTES GOOD FOR 30DAYS		

SUBTOTAL	390.00
TAX	0.00
TOTAL	\$390.00

Accepted By

Accepted Date



Huggs Greenhouse
McKinney, TX

Bid Date: 3/3/26
Proposal Number: 55-26

Acknowledged Addenda: N/A

I - Inclusions

Description	Dimensions	Quantity	Unit measurement	PSI
Slab w/ turn down	4"	2,880	SF	3000
TOTAL BID: \$				33,000

II - General Notes

Bid based on 1 mobilization

Tax **INCLUDED**

III - Exclusions

1. Moisture Control or Conditioning of Sub Grade @ Any Point Anywhere
2. Hot and cold weather concreting techniques
3. Concrete Heating or Accelerating Admixtures, – If Required a \$42/ cy fee will be added
4. Concrete Cooling Admixtures, Ice, or Hydration Stabilizer – If Required a \$42/ cy fee will be added
5. Concrete Sealers, Hardeners or Installation
6. Concrete Heat Blanketing – If Required a \$0.50/ sf fee will be added
7. Joint Sealants Material & Install or Removal of Redwood Top-strip or Zip Strip Cap
8. Dirt Work Outside 1/10th Tolerance Anywhere, Cuts, Fills, Or Compaction for Permanent Civil, Structure, Or Temporary Construction Applications i.e., Casting Beds or Temp. Flatwork
9. Protection Of Surfaces Post Installation Civil & Structure
10. Responsibility for Surface Cracking Included but Not Limited To; Plastic/Dry Shrinkage, Cracking, Delamination & Spalling Due to Wind and Heat Conditions or while Pouring In a Non Climate Controlled Setting Or within City Enforced Work Hour Restrictions.
11. Responsibility for Cracking @ Random or Pattern Type Cracking When Pouring atop Weathered Or Un-Weathered Shale/Rock Included But Not Limited To; Limestone Tan Or Gray, Sandstone, Granite.
12. Remedial Work of Slab Once Sealing or Floor Covering Contractor Has Accepted / Began
13. General Contractor or Owner directed project schedule acceleration without prior consulting with sub-contractor regarding durations, means and methods, or monetary impacts upon sub-contractor.
14. Warranty of any/all types for scope related installed items in association with project “termination for convenience” of sub-contractor by general contractor or owner.
15. Responsibility for incurred cost upon material increases, remobilizations, or labor rate increase associated with delays of the project by General Contractor, Owner, or Owner appointed Representative.
16. Warranty of scope specific items that are prone or exposed to work related wear or construction traffic during the duration of the

Proposal good for seven days and conditioned upon the use of the AIA A401 subcontract or other acceptable contract language including this proposal.

Thank You,

Justin Dickerson

justin@reddenconcrete.com

214-682-4504

Please sign and return if this proposal is accepted

Sign Name: _____ Date: _____

Contractor has agreed by his or her signature that the proposal is acceptable and that payment will be made to Redden Concrete, Inc. within 30 days of invoicing.



White Eagle Water Systems

Quote 9015

2306 FM 36 South, Caddo Mills, TX 75135-6416
(903) 527-3730 - Fax (903) 527-3029 - Email: whiteeagle@me.com

Account: RQ...89

TO:

Eric Welinghagen

Date: 2/6/25

Cus PO #:

For: Aerobic Unit - 1151 E Cottage Hill Parkway

Qty	Details		Our Quote
1	I0039 4050 Aerobic Unit	9,950.00	9,950.00
1	I0158 Pump tanks	600.00	600.00
1	I0107 Electric Connection (If there's enough room in existing breaker box)	800.00	800.00
1	I0542 Collin County Commercial Septic Permit	600.00	600.00

This bid has been made without a design from a sanitarian and may change after. A timer is an additional \$100. If rock is encountered the excavation could be an additional \$3000-\$5000. Not responsible for any unmarked lines, including irrigation.

Subtotal:	11,950.00
TAX:	0.00

Total Quoted:	\$11,950.00
---------------	--------------------

This quote remains valid until 8/11/25



White Eagle Water Systems

Quote 9015

2306 FM 36 South, Caddo Mills, TX 75135-6416
(903) 527-3730 - Fax (903) 527-3029 - Email: whiteeagle@me.com

Account: RQ...89

TO:

Eric Welinghagen

Date: 2/6/25

Cus PO #:

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Qty	Details		Our Quote
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1	I0158 Pump tanks	600.00	600.00
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1	I0542 Collin County Commercial Septic Permit	600.00	600.00
This bid has been made without a design from a sanitarian and may change after. A timer is an additional \$100. If rock is encountered the excavation could be an additional \$3000-\$5000. Not responsible for any unmarked lines, including irrigation.		Subtotal:	11,950.00
		TAX:	0.00
		Total Quoted:	\$11,950.00

This quote remains valid until 8/11/25



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Entered Date	Taken By	Customer #	Order #
4/7/25	SKF	134470	507496-00
PO #	Requested Ship Date		Page #
	5/2/25		1 of 1

Ship To	Bill To	Correspondence To
HUGS GREENHOUSE BILL CRUMP 1151 E. COTTAGE HILL PARKWAY (972)670-2062 MCKINNEY, TX 75071	HUGS GREENHOUSE 224 E. VIRGINIA ST. MCKINNEY, TX 75069	Kinney Bonded Warehouse, Inc. 102 North 13th Street Donna, TX 78537

Instructions			
Ship Point	Via	Expiration Date	Terms
KBW - Tyler Location	Drop Ship		2% 10 Net 30

Notes

Line	Product and Description	Order Quantity	Shipped Quantity	Qty UM	Unit Price	Price UM	Amount(Net)
1	DS-LI-507496 47% WV 40' X 90' T/G 2'	3.00	3.00	each	650.00	each	1,950.00
2	DS-LI-507496 47% WV 40' X 100' T/G 2'	1.00	1.00	each	722.20	each	722.20
2	Lines Total	Total Order Quantity	4.00			Subtotal	2,672.20
						DO Freight	375.00
						Taxes	0.00
						Total	3,047.20

Project: Greenhouse Concrete Road @ 1151 E Cottage Hill Pkwy, McKinney Tx

4" Select Fill
6" Concrete
#4 Rebar @ 18" OC
4000 PSI Concrete

February 28, 2026

Greenhouse Concrete Road

THANK YOU FOR YOUR BUSINESS!

Project: Greenhouse Concrete @ 1151 E Cottage Hill Pkwy, McKinney Tx

Scope of work:

February 26, 2026

Greenhouse Concrete

FOR:

3in of select fill
Control joints
Labor
Time
Material

[illegible]

Make all checks payable to SGR Concrete LLC

If you have any questions concerning this invoice, Contact Name, Phone Number, E-mail

THANK YOU FOR YOUR BUSINESS!



February 19, 2025

Hugs Greenhouse
1151 E Cottage Hill Parkway
McKinney, TX 75071

Thank you for the opportunity to provide a quotation for the greenhouse project located in McKinney, TX. Stuppy is a family-owned greenhouse manufacturing company that began operations in 1873. We manufacture innovative designs that provide industry leading strength and value for our customers.

We are pleased to present the following proposal to provide (1) 30' X 96' of PowerHouse greenhouse based on your recent request for quotation.

Project Summary:

Materials and Basic Construction Proposal

- **Structure:**
 - (1) Block of (1) house 30' X 96' PowerHouse
 - **Note: Dimensions are center to center of greenhouse columns. For outside dimensions or for concrete details contact Stuppy for details. Do not install foundation prior to final greenhouse design.**
 - Sidewall Height: 3.5'
 - Columns will be set in concrete piers.
 - Code Design: Structure is NOT designed to meet code.
 - (2) Sets of construction prints will be provided
 - Additional Structural Information:
 - Columns: 2.40" o.d. round galvanized steel
 - 6' column spacing
 - 6' truss spacing
 - Truss design: W-Truss
 - Roof Purlin: 1.315" o.d. round galvanized steel
 - No Outside Gutter Runs Included.
 - Endwalls: (2 each) 3" x 2" rectangle galvanized steel endwall packages



- **Doors:**
 - To include (2) 42" Aluminum and Glass Entry Door.
- **Heating Equipment:**
 - No Heating Equipment included in Quotation
- **Ventilation:**
 - (2) MAL-36K – American Coolair Aluminum 36" $\frac{3}{4}$ hp exhaust fan. Fan includes rotary belt tensioner, shutter side guard and exterior guard for safety. 1-speed 115v single phase and a 2-speed 115v single phase
 - (1) 4'x21' Rack and Pinion Rigid Vent system with Motor by Lock
 - (1) 4'x21'x6" PVC Evaporative Cooling System including System, Pads and Pump.
 - **Air Circulation:** Acme 20" HAF fan (4 each) with (1) manual speed control.
- **Environmental Controls:**
 - To be a Wadsworth StepUp environmental controller. Unit is supplied with contactors, relays, wiring diagram and shielded temperature sensor.
 - Programming and specialized training of controller is NOT included. This service can be provided at an additional cost.
- **Covering Material:**
 - **Roof Covering:** 2-layer, 6mil Polyethylene – Inflated.
 - **Sidewall Covering:** Clear Corrugated Polycarbonate Covering
 - **Endwall Covering:** Clear Corrugated Polycarbonate Covering
- **Benches:**
 - **Benches:** To be (5) 4' wide x 84' long benches. Above ground benches.
 - Bench framing is 1.5" square on posts, bench rail is 1.315 galvanized steel with aluminum perimeter extrusion. Bench top cross bars are spaced 16" on center. Bench top is Durabench plastic bench tops. Above ground benches
- **Shade Cloth:**
 - Shade cloth sized for the roof 55% black woven. Includes attachment hardware.
- **Aluminum Extrusions & Accessories:**
 - Aluminum extrusions for roof, sides, & endwalls are included. Also, includes Aluminum baseboard for sides & ends. Includes hardware, flashings & sealants.



- **Site Preparation:**

- General Contractor or Owner is responsible for site preparation
- It will be the responsibility of the owner to ensure that the pad site is elevated enough to allow for proper drainage. Stuppy will not raise or lower the pad site.
- Stuppy will provide the labor and materials to set posts (includes concrete).
- It is the responsibility of the owner/contractor to have all utilities marked prior to commencement of installation.

- **Concrete Slab Erection**

- Stuppy is not responsible for installing concrete slab. The covering will terminate at the edge of the slab into Stuppy's 1001 girt.

- **Greenhouse Erection:**

- **Frame Erection:** Stuppy will provide the labor to erect complete the frame of the greenhouse structure. This includes, but is not limited to mounting columns, erecting and hanging all trusses, erecting and hanging all end wall framing, side wall framing and all equipment.
- **Covering:** Stuppy will provide the labor to install the 8mm Twin-Wall Polycarbonate covering and all necessary accessories.
- **Equipment:** Stuppy will provide the labor to install all of the greenhouse materials & equipment and any associated materials that are necessary for the hanging of the materials & equipment.

- **Utilities**

- Electrical – Stuppy is not responsible for interior wiring of greenhouse equipment. Final connection into the greenhouse electrical panel by others. Low voltage control wiring by others. The electrical installer is required to mount greenhouse controller and motor controller as needed. Additional framing or Unistrut used to mount controllers is not included. Supply and installation of grounding rod and ground wire by others.
- Water - The owner/general contractor will be responsible for making the water line connections from the supply to greenhouse at cooling system and/or irrigation system. Backflow preventer/Pressure Regulator Valve by Others. Required supply is 1" pvc with 50 psi at greenhouse for proper operation.
- Wiring diagram for greenhouse equipment will be included.



- Gas - Stuppy will **not** supply the materials for and installation of the gas lines and regulators inside the greenhouse. The owner/others will be responsible for making the gas line connections from the supply to greenhouse.
- The final utility connections must be made within (3) weeks from the date of substantial completion of Stuppy's scope of work. It is extremely important that the equipment in the greenhouse is up and running as soon as possible. The temperatures and environment in the greenhouse could have negative effects on the equipment. If connections are not made within that timeframe, Stuppy will not be responsible for malfunctioning equipment.

GENERAL:

- **Wages:** Wage rates are based on **non-prevailing** wage rates. If prevailing wage rates are required, a change order will be issued to cover the additional labor costs.
- **Trailer Drop:** A trailer drop will be utilized on this project. A storage site within 50' of the jobsite must be provided to Stuppy to store the trailer. The erection crew will work out of the trailer and store materials in the trailer.
- **Utility Location:** Utility locations will be marked on the jobsite prior to installation. Stuppy will not be responsible for damage done to unmarked utilities.
- **Bonds:** Bonds are not included in this proposal. Stuppy can provide the general contractor or owner with a performance and payment bond upon request with the approval of a change order issued by Stuppy.
- **Inspections:** Inspections of any kind are not included in this bid proposal.
- **Erosion Control:** Erosion control of any kind is not included in this bid proposal.
- Supply of and labor to install backflow preventers, cleanouts and/or interceptors is not included.
- Stuppy's bid proposal does not include money for background checks or drug testing. If background checks or drug testing is required, a change order will be issued to the general contractor by Stuppy for the cost of the background checks and/or drug tests plus any additional monies needed to obtain the background checks and/or drug tests such as travel costs.

Additional Installation Terms

1. FOUNDATION:

- a. Masonry or foundation installation shall not be constructed prior to approval of the greenhouse drawings.
- b. The site shall be prepared with normal load bearing soils (Class 4 Soils), free from rock or any other obstructions.



- c. Grade is based on no more than 2" fall per 50'.
 - d. Additional costs or delays incurred due to conditions outside these limits shall be the responsibility of the buyer.
 - i. Base bid excludes soil testing, additional boring or additional piers, the removal or blasting of rock and improvement to the sub-soil. If these conditions are encountered, the additional expense will require a change order.
 - e. Any back fill using gravel or rock requiring the use of sonotubes or other materials may result in re-design, re-engineering fees and/or delays.
2. **LICENSING:** Stuppy is a licensed contractor in the state of Texas
3. **WAGE DETERMINATION:** Installation is based on non-union non-prevailing wages.
4. **PERMITS AND FEES:** Stuppy will not assume responsibility for permits, fees, inspections licenses and subcontracting of other trades necessary for completion of greenhouse.
5. **DRAINAGE:** By others
 - a. Provisions should be made for proper drainage, including greenhouse gutters or downspouts if provided.
 - b. Stuppy will provide gutter sections with flange opening for internal or external gutter drainage (if applicable). Location of gutter flange openings will be shown on greenhouse drawings.
6. **ROOF PENETRATION:** Not recommended.
7. **UTILITIES:** Water, electrical and gas supply lines shall be brought within ten feet of the greenhouse site to allow construction crew to be able to operate necessary tools and equipment. Electrical (115-volt grounded receptacle-20amp outlet minimum) and water (1" supply, 50 psi minimum) should be in place prior to crew arrival. Failure by owner or general contractor to have operational construction service available will result in a change order.
 - a. It is the responsibility of the Owner to provide and install a back-flow preventer and pressure regulating device before irrigation lines are installed.
 - i. Stuppy, Inc. takes no responsibility for damage to irrigation system should these items not be properly installed.
8. **SITE SECURITY:** A secure location must be made available to store materials within One hundred feet of the construction site.
9. **INSURANCE:** Certificates of insurance are available upon request.
10. **DUMPSTER AND PORTABLE RESTROOM:** Provided by Owner or General Contractor.
11. **SITE ACCESS:** Stuppy requires access to job site Monday through Sunday from 7:00 a.m. to 8:00 p.m.

12. **AUTHORIZATION TO DIG:** Owner or General Contractor are responsible for contacting utility companies for proper marking of all utility lines prior to arrival of the construction crews. Stuppy will not be responsible for any damage done to the following:
 - a. Underground Utilities (Electrical, gas, sprinkler, cables, etc.)
 - b. Landscaping
 - c. Sidewalks
 - d. Driveways
 - e. Stuppy will not remove any excess dirt, sand, rocks, or concrete from your property unless stated in a contract agreement for the repair or construction that is being made.
13. **WALK THROUGH:** A preliminary walk thru and final inspection shall be required prior to erection crew's departure. A twenty-four-hour notice will be given to the owner. An authorized Owner's agent shall be present. The final punch list shall be prepared after the preliminary walk through. Upon completion of work discovered during the preliminary walk through, a final inspection shall be performed.
14. Start-up of equipment must be completed by a licensed electrician or HVAC technician.
15. Stamped MEP's are NOT included (if required).
16. Includes daily site cleanup
17. Structural and/or Covering & Equipment changes required due to building code compliance may result in additional costs.
18. For baseplated columns that bolt down to concrete foundation the greenhouse structure is designed to meet the governing building code adopted by the Authority Having Jurisdiction (AHJ). The drawings and calculations of the primary structural components of the greenhouse will be sealed by a licensed professional engineer. The engineer designing the greenhouse structure is considered a delegated design engineer and is not the Engineer-of-Record (EOR) for the project. The design of the concrete foundation and concrete anchor bolt embedment is specifically excluded from this proposal and should be provided by the EOR for the project. Reactions will be provided for the EOR to complete the foundation drawings. However, for pier supported greenhouses, the greenhouse engineer may be considered the EOR.

Terms and Conditions

1. **FREIGHT:** Freight is included. 28' ABF Storage Trailer provided for 60 days during installation. If additional time is required, it is billable (change order) at \$225 per week.
2. **VALIDITY:** 60 Days. Shipment within 120 days of order activation.
3. **SCHEDULE:** A schedule will be issued upon receipt of executed contract or letter of intent. Submittal approval will also affect scheduling and lead times.
4. **CHANGES:** Changes in engineering details of any order which may be requested after approval drawings or after fabrication commences are subject to engineering charges and to factory charges on in-process work already completed and affected by the change.
5. **CANCELLATION:** In the event of cancellation for products which are to be specifically constructed or adapted for use, the buyer agrees that cancellation shall be confirmed in writing. The buyer shall reimburse Stuppy for actual costs and damages incurred, including, but not limited to engineering, fabrication and restocking expense.
6. **WARRANTY:** Stuppy Standard One Year Material Warranty Applies. The buyer assumes all risks and liability for results of use of the products. Buyer's sole remedy and exclusive remedy against Stuppy shall be for the replacement of defective parts. Labor is excluded. Warranties expressed or implied on purchased parts such as electric motors, pumps and controllers are limited to the terms of the warranty extended by the manufacturer. Stuppy assumes no obligation or liability due to any recommendations, opinions, or advice as to the choice, installation or use of products. Any such recommendations, opinions, or advice are given and shall be accepted at the buyer's risk and shall not constitute any warranty or guarantee of such products or their performance.
7. **NON-PAYMENT:** If the buyer fails to make payments to Stuppy in accordance with this agreement, such failure shall be considered substantial nonperformance and cause for termination; or at Stuppy's option, cause for suspension of material deliveries and/or

- work. In the event of a suspension of deliveries or work, Stuppy shall have no liability to the buyer for delay or damage caused because of such suspension. Before resuming deliveries and work Stuppy shall be paid all sums due prior to the suspension and any expenses incurred in the interruption and/or resumption of deliveries or work.
8. **STORAGE:** Customer requested delayed shipment after materials have been manufactured/packaged and the shipment date is pushed back an excessive amount of time (greater than four weeks). A storage fee of \$200 per week for each week storage is provided either at Stuppy, a consigned trailer either at Stuppy Inc or another location at the customer's request.
 9. **TERMINATION:** This agreement may be terminated by either party upon not less than seven days written notice, should either party fail to substantially perform in accordance with the terms of this agreement through no fault of the party initiating the termination. In the event of termination not the fault of Stuppy, Stuppy shall be compensated for all materials and work performed prior to termination, together with expenses plus profit directly attributed to the termination.
 10. **INDEMNIFICATION:** To the fullest extent permitted by law Stuppy, Inc. and the buyer agree to mutually indemnify and hold harmless from and against any liability costs, damages, or expenses arising from the failure of Stuppy, or buyer to perform or comply with any provisions or requirements of their respective work of the project.
 11. **CLAIMS:** Claims by either party must be submitted within 21 days after occurrence of the event. Written notice shall be given for claims for money, time and injury or damage to personal property.
 12. Stuppy nor its agent shall be held liable for any claims verbal, written or digital content that have estimated or expected expenses, revenue, plant growth or output.
 13. **CONSEQUENTIAL DAMAGES:** Stuppy, Inc. and the buyer shall waive claims against each other for consequential damages arising out of or relating to the proposal/contract.
 14. **RETURNED GOODS:** Products must receive written permission prior to return. Goods returned which were shipped as ordered and are without manufacturing defect will be subject to a 15% handling charge in addition to whatever expense may be necessary to restore them to salable condition. Transportation charges on goods returned must be prepaid. Only products of current design and in salable condition will be considered for credit.



Pricing

Thank you again for the opportunity to provide this proposal. Please contact Chad Gooley at 816-260-9218 or cgooley@stuppy.com if we can help in any way.

Should you choose all options above your signature below will execute this proposal and serve as the contract for the sum of:

Materials Only Quotation

Sixty-Four Thousand, Nine Hundred Dollars and no/100

\$64,900.00

Shipping Included in Quotation

No Sales Tax Included in Quotation

Greenhouse - Materials \$64,900.00

Installation – \$19,000.00 (Paid Directly to Jackson Agrobuiders)

Sales Tax (0.0%) - \$0.00

TOTAL: \$83,900.00

Alternates: (Not included in Materials Only Quotation)

- **Bench Top Heat:**
 - Heat2O hot water heating system complete with:
 - Water Heater Hard Pipe and Air/Water Controls kit for owner supplied water heater.
 - (5) Inline Cartridge Type Circulator zone pump
 - (1) Ranco ETC electronic thermostat with soil sensor
 - EPDM tube system with manifolds for (5) 48" x 84' benches with manifolds cut to 48" length for field fit trimming.
 - Piping design, Sch. 80 fittings for mainlines.



Greenhouse Design, Manufacturing & Construction

- Boiler sized to fit system.
- Drawings and Manual include full drawing set and installation manual will be provided with product.

- **Total Bench Top Heat Materials Only: \$19,500.00**
- **Total Installation Paid to Jackson Agro: \$6,000.00**

MATERIALS PAYMENT TERMS: 50% Down to Activate Project. Balance due no later than 2 weeks prior to scheduled shipment date.

INSTALLATION PAYMENT TERMS:

- **Installation terms would be set with Jackson Agrobuidlers at time of contract.**

TAXES: Taxes are NOT included in the pricing above. Owner is responsible for all taxes that apply.

FREIGHT: Freight is included in pricing above.

Acknowledged and Accepted:

By: _____

Title: _____

Date: _____



February 19, 2025

Hugs Greenhouse
1151 E Cottage Hill Parkway
McKinney, TX 75071

Thank you for the opportunity to provide a quotation for the greenhouse project located in McKinney, TX. Stuppy is a family-owned greenhouse manufacturing company that began operations in 1873. We manufacture innovative designs that provide industry leading strength and value for our customers.

We are pleased to present the following proposal to provide (3) 30' X 84' of Rainbow Plus greenhouse based on your recent request for quotation.

Project Summary:

Materials and Basic Construction Proposal

- **Structure:**
 - (1) Block of (3) houses 30' X 84' Rainbow Plus
 - **Note: Dimensions are center to center of greenhouse columns. For outside dimensions or for concrete details contact Stuppy for details. Do not install foundation prior to final greenhouse design.**
 - Sidewall Height: 8'
 - Columns will be set in concrete piers.
 - Code Design: Structure is NOT designed to meet code.
 - (2) Sets of construction prints will be provided
 - Additional Structural Information:
 - Columns: 2.875" o.d. round galvanized steel
 - 6' column spacing
 - 6' truss spacing
 - Truss design: W-Truss
 - Roof Purlin: 1.315" o.d. round galvanized steel
 - Aluminum Gutter(s)-Downspout outlet included; PVC pipe to grade not included; Splashblock excluded
 - Endwalls: (6 each) 3" x 2" rectangle galvanized steel endwall packages



- **Doors:**
 - To include (1) 42" Aluminum and Glass Entry Door.
 - Includes (2) 8'x8' Cooling Metal Roll Up Doors
- **Heating Equipment:**
 - (3) 250k BTU LB White Heaters with Vent Stacking as needed.
 - Heater Hanger Included.
- **Ventilation:**
 - (6) Center roll curtain systems, 8' x various lengths. (To be determined at time of contract and door placement.)
 - **Air Circulation:** Acme 20" HAF fan (12 each) with (3) manual speed controls.
- **Environmental Controls:**
 - To be a Wadsworth StepUp environmental controller. Unit is supplied with contactors, relays, wiring diagram and shielded temperature sensor.
 - Programming and specialized training of controller is NOT included. This service can be provided at an additional cost.
- **Covering Material:**
 - **Roof Covering:** 2-layer, 6mil Polyethylene – Inflated.
 - **Sidewall Covering:** Loretex Reinforced Curtain Material.
 - **Endwall Covering:** Clear Corrugated Polycarbonate covering for all gables. End Wall Curtains covered in Loretex Reinforced Curtain Material.
- **Shade Cloth:**
 - Shade cloth sized for (3) roofs 55% black woven. Includes attachment hardware.
- **Aluminum Extrusions & Accessories:**
 - Aluminum extrusions for roof, sides, & endwalls are included. Also, includes Aluminum baseboard for sides & ends. Includes hardware, flashings & sealants.
- **Site Preparation:**
 - General Contractor or Owner is responsible for site preparation
 - It will be the responsibility of the owner to ensure that the pad site is elevated enough to allow for proper drainage. Stuppy will not raise or lower the pad site.



- Stuppy will provide the labor and materials to set posts (includes concrete).
- It is the responsibility of the owner/contractor to have all utilities marked prior to commencement of installation.
- **Concrete Slab Erection**
 - Stuppy is not responsible for installing concrete slab. The covering will terminate at the edge of the slab into Stuppy's 1001 girt.
- **Greenhouse Erection:**
 - **Frame Erection:** Stuppy will provide the labor to erect complete the frame of the greenhouse structure. This includes, but is not limited to mounting columns, erecting and hanging all trusses, erecting and hanging all end wall framing, side wall framing and all equipment.
 - **Covering:** Stuppy will provide the labor to install the 8mm Twin-Wall Polycarbonate covering and all necessary accessories.
 - **Equipment:** Stuppy will provide the labor to install all of the greenhouse materials & equipment and any associated materials that are necessary for the hanging of the materials & equipment.
- **Utilities**
 - Electrical – Stuppy is not responsible for interior wiring of greenhouse equipment. Final connection into the greenhouse electrical panel by others. Low voltage control wiring by others. The electrical installer is required to mount greenhouse controller and motor controller as needed. Additional framing or Unistrut used to mount controllers is not included. Supply and installation of grounding rod and ground wire by others.
 - Water - The owner/general contractor will be responsible for making the water line connections from the supply to greenhouse at cooling system and/or irrigation system. Backflow preventer/Pressure Regulator Valve by Others. Required supply is 1" pvc with 50 psi at greenhouse for proper operation.
 - Wiring diagram for greenhouse equipment will be included.
 - Gas - Stuppy will **not** supply the materials for and installation of the gas lines and regulators inside the greenhouse. The owner/others will be responsible for making the gas line connections from the supply to greenhouse.
 - The final utility connections must be made within (3) weeks from the date of substantial completion of Stuppy's scope of work. It is extremely important that



the equipment in the greenhouse is up and running as soon as possible. The temperatures and environment in the greenhouse could have negative effects on the equipment. If connections are not made within that timeframe, Stuppy will not be responsible for malfunctioning equipment.

GENERAL:

- **Wages:** Wage rates are based on **non-prevailing** wage rates. If prevailing wage rates are required, a change order will be issued to cover the additional labor costs.
- **Trailer Drop:** A trailer drop will be utilized on this project. A storage site within 50' of the jobsite must be provided to Stuppy to store the trailer. The erection crew will work out of the trailer and store materials in the trailer.
- **Utility Location:** Utility locations will be marked on the jobsite prior to installation. Stuppy will not be responsible for damage done to unmarked utilities.
- **Bonds:** Bonds are not included in this proposal. Stuppy can provide the general contractor or owner with a performance and payment bond upon request with the approval of a change order issued by Stuppy.
- **Inspections:** Inspections of any kind are not included in this bid proposal.
- **Erosion Control:** Erosion control of any kind is not included in this bid proposal.
- Supply of and labor to install backflow preventers, cleanouts and/or interceptors is not included.
- Stuppy's bid proposal does not include money for background checks or drug testing. If background checks or drug testing is required, a change order will be issued to the general contractor by Stuppy for the cost of the background checks and/or drug tests plus any additional monies needed to obtain the background checks and/or drug tests such as travel costs.

Additional Installation Terms

1. FOUNDATION:

- a. Masonry or foundation installation shall not be constructed prior to approval of the greenhouse drawings.
- b. The site shall be prepared with normal load bearing soils (Class 4 Soils), free from rock or any other obstructions.
- c. Grade is based on no more than 2" fall per 50'.
- d. Additional costs or delays incurred due to conditions outside these limits shall be the responsibility of the buyer.
 - i. Base bid excludes soil testing, additional boring or additional piers, the removal or blasting of rock and improvement to the sub-soil. If these



conditions are encountered, the additional expense will require a change order.

- e. Any back fill using gravel or rock requiring the use of sonotubes or other materials may result in re-design, re-engineering fees and/or delays.
2. **LICENSING:** Stuppy is a licensed contractor in the state of Texas
3. **WAGE DETERMINATION:** Installation is based on non-union non-prevailing wages.
4. **PERMITS AND FEES:** Stuppy will not assume responsibility for permits, fees, inspections licenses and subcontracting of other trades necessary for completion of greenhouse.
5. **DRAINAGE:** By others
 - a. Provisions should be made for proper drainage, including greenhouse gutters or downspouts if provided.
 - b. Stuppy will provide gutter sections with flange opening for internal or external gutter drainage (if applicable). Location of gutter flange openings will be shown on greenhouse drawings.
6. **ROOF PENETRATION:** Not recommended.
7. **UTILITIES:** Water, electrical and gas supply lines shall be brought within ten feet of the greenhouse site to allow construction crew to be able to operate necessary tools and equipment. Electrical (115-volt grounded receptacle-20amp outlet minimum) and water (1" supply, 50 psi minimum) should be in place prior to crew arrival. Failure by owner or general contractor to have operational construction service available will result in a change order.
 - a. It is the responsibility of the Owner to provide and install a back-flow preventer and pressure regulating device before irrigation lines are installed.
 - i. Stuppy, Inc. takes no responsibility for damage to irrigation system should these items not be properly installed.
8. **SITE SECURITY:** A secure location must be made available to store materials within One hundred feet of the construction site.
9. **INSURANCE:** Certificates of insurance are available upon request.
10. **DUMPSTER AND PORTABLE RESTROOM:** Provided by Owner or General Contractor.
11. **SITE ACCESS:** Stuppy requires access to job site Monday through Sunday from 7:00 a.m. to 8:00 p.m.
12. **AUTHORIZATION TO DIG:** Owner or General Contractor are responsible for contacting utility companies for proper marking of all utility lines prior to arrival of the construction crews. Stuppy will not be responsible for any damage done to the following:
 - a. Underground Utilities (Electrical, gas, sprinkler, cables, etc.)
 - b. Landscaping
 - c. Sidewalks
 - d. Driveways



- e. Stuppy will not remove any excess dirt, sand, rocks, or concrete from your property unless stated in a contract agreement for the repair or construction that is being made.
- 13. **WALK THROUGH:** A preliminary walk thru and final inspection shall be required prior to erection crew's departure. A twenty-four-hour notice will be given to the owner. An authorized Owner's agent shall be present. The final punch list shall be prepared after the preliminary walk through. Upon completion of work discovered during the preliminary walk through, a final inspection shall be performed.
- 14. Start-up of equipment must be completed by a licensed electrician or HVAC technician.
- 15. Stamped MEP's are NOT included (if required).
- 16. Includes daily site cleanup
- 17. Structural and/or Covering & Equipment changes required due to building code compliance may result in additional costs.
- 18. For baseplated columns that bolt down to concrete foundation the greenhouse structure is designed to meet the governing building code adopted by the Authority Having Jurisdiction (AHJ). The drawings and calculations of the primary structural components of the greenhouse will be sealed by a licensed professional engineer. The engineer designing the greenhouse structure is considered a delegated design engineer and is not the Engineer-of-Record (EOR) for the project. The design of the concrete foundation and concrete anchor bolt embedment is specifically excluded from this proposal and should be provided by the EOR for the project. Reactions will be provided for the EOR to complete the foundation drawings. However, for pier supported greenhouses, the greenhouse engineer may be considered the EOR.

Terms and Conditions

1. **FREIGHT:** Freight is included. 28' ABF Storage Trailer provided for 60 days during installation. If additional time is required, it is billable (change order) at \$225 per week.
2. **VALIDITY:** 60 Days. Shipment within 120 days of order activation.
3. **SCHEDULE:** A schedule will be issued upon receipt of executed contract or letter of intent. Submittal approval will also affect scheduling and lead times.
4. **CHANGES:** Changes in engineering details of any order which may be requested after approval drawings or after fabrication commences are subject to engineering charges and to factory charges on in-process work already completed and affected by the change.
5. **CANCELLATION:** In the event of cancellation for products which are to be specifically constructed or adapted for use, the buyer agrees that cancellation shall be confirmed in writing. The buyer shall reimburse Stuppy for actual costs and damages incurred, including, but not limited to engineering, fabrication and restocking expense.
6. **WARRANTY:** Stuppy Standard One Year Material Warranty Applies. The buyer assumes all risks and liability for results of use of the products. Buyer's sole remedy and exclusive remedy against Stuppy shall be for the replacement of defective parts. Labor is excluded. Warranties expressed or implied on purchased parts such as electric motors, pumps and controllers are limited to the terms of the warranty extended by the manufacturer. Stuppy assumes no obligation or liability due to any recommendations, opinions, or advice as to the choice, installation or use of products. Any such recommendations, opinions, or advice are given and shall be accepted at the buyer's risk and shall not constitute any warranty or guarantee of such products or their performance.
7. **NON-PAYMENT:** If the buyer fails to make payments to Stuppy in accordance with this agreement, such failure shall be considered substantial nonperformance and cause for termination; or at Stuppy's option, cause for suspension of material deliveries and/or work. In the event of a suspension of deliveries or work, Stuppy shall have no liability to the buyer for delay or damage caused because of such suspension. Before resuming deliveries and work Stuppy shall be paid all sums due prior to the suspension and any expenses incurred in the interruption and/or resumption of deliveries or work.
8. **STORAGE:** Customer requested delayed shipment after materials have been manufactured/packaged and the shipment date is pushed back an excessive amount of time (greater than four weeks). A storage fee of \$200 per week for each week storage



- is provided either at Stuppy, a consigned trailer either at Stuppy Inc or another location at the customer's request.
9. **TERMINATION:** This agreement may be terminated by either party upon not less than seven days written notice, should either party fail to substantially perform in accordance with the terms of this agreement through no fault of the party initiating the termination. In the event of termination not the fault of Stuppy, Stuppy shall be compensated for all materials and work performed prior to termination, together with expenses plus profit directly attributed to the termination.
 10. **INDEMNIFICATION:** To the fullest extent permitted by law Stuppy, Inc. and the buyer agree to mutually indemnify and hold harmless from and against any liability costs, damages, or expenses arising from the failure of Stuppy, or buyer to perform or comply with any provisions or requirements of their respective work of the project.
 11. **CLAIMS:** Claims by either party must be submitted within 21 days after occurrence of the event. Written notice shall be given for claims for money, time and injury or damage to personal property.
 12. Stuppy nor its agent shall be held liable for any claims verbal, written or digital content that have estimated or expected expenses, revenue, plant growth or output.
 13. **CONSEQUENTIAL DAMAGES:** Stuppy, Inc. and the buyer shall waive claims against each other for consequential damages arising out of or relating to the proposal/contract.
 14. **RETURNED GOODS:** Products must receive written permission prior to return. Goods returned which were shipped as ordered and are without manufacturing defect will be subject to a 15% handling charge in addition to whatever expense may be necessary to restore them to salable condition. Transportation charges on goods returned must be prepaid. Only products of current design and in salable condition will be considered for credit.



Pricing

Thank you again for the opportunity to provide this proposal. Please contact Chad Gooley at 816-260-9218 or cgooley@stuppy.com if we can help in any way.

Should you choose all options above your signature below will execute this proposal and serve as the contract for the sum of:

Materials Only Quotation

One Hundred and Eight Thousand Dollars and no/100

\$108,000.00

Shipping Included in Quotation

No Sales Tax Included in Quotation

Greenhouse - Materials \$108,000.00

Installation – \$72,000.00 (Paid Directly to Jackson Agrobuiders)

Sales Tax (0.0%) - \$7,000.00

TOTAL: \$180,000.00

MATERIALS PAYMENT TERMS: 50% Down to Activate Project. Balance due no later than 2 weeks prior to scheduled shipment date.

INSTALLATION PAYMENT TERMS:

- **Installation terms would be set with Jackson Agrobuiders at time of contract.**

TAXES: Taxes are NOT included in the pricing above. Owner is responsible for all taxes that apply.

FREIGHT: Freight is included in pricing above.

Acknowledged and Accepted:

By: _____

Title: _____

Date: _____

Good to know.





February 24, 2025

Hugs Greenhouse
1151 E Cottage Hill Parkway
McKinney, TX 75071

Thank you for the opportunity to provide a quotation for the greenhouse project located in McKinney, TX. Stuppy is a family-owned greenhouse manufacturing company that began operations in 1873. We manufacture innovative designs that provide industry leading strength and value for our customers.

We are pleased to present the following proposal to provide (3) 30' X 84' of Rainbow Plus greenhouse based on your recent request for quotation.

Project Summary:

Materials Only Proposal

- **Structure:**
 - (1) Block of (3) houses 30' X 84' Rainbow Plus
 - **Note: Dimensions are center to center of greenhouse columns. For outside dimensions or for concrete details contact Stuppy for details. Do not install foundation prior to final greenhouse design.**
 - Sidewall Height: 8'
 - Columns will be set in concrete piers.
 - Code Design: Structure is NOT designed to meet code.
 - (2) Sets of construction prints will be provided
 - Additional Structural Information:
 - Columns: 2.875" o.d. round galvanized steel
 - 6' column spacing
 - 6' truss spacing
 - Truss design: W-Truss
 - Roof Purlin: 1.315" o.d. round galvanized steel
 - Aluminum Gutter(s)-Downspout outlet included; PVC pipe to grade not included; Splashblock excluded
 - Endwalls: (6 each) 3" x 2" rectangle galvanized steel endwall packages



- **Doors:**
 - To include (1) 42" Aluminum and Glass Entry Door.
 - Includes (2) 8'x8' Cooling Metal Roll Up Doors
- **Heating Equipment:**
 - (3) 250k BTU LB White Heaters with Vent Stacking as needed.
 - Heaters will be hung outside the house.
- **Ventilation:**
 - (6) Center roll curtain systems, 8' x various lengths. (To be determined at time of contract and door placement.)
 - **Air Circulation:** Acme 20" HAF fan (12 each) with (3) manual speed controls.
- **Environmental Controls:**
 - To be a Wadsworth StepUp environmental controller. Unit is supplied with contactors, relays, wiring diagram and shielded temperature sensor.
 - Programming and specialized training of controller is NOT included. This service can be provided at an additional cost.
- **Covering Material:**
 - **Roof Covering:** 2-layer, 6mil Polyethylene – Inflated.
 - **Sidewall Covering:** Loretex Reinforced Curtain Material.
 - **Endwall Covering:** Clear Corrugated Polycarbonate covering for all gables. End Wall Curtains covered in Loretex Reinforced Curtain Material.
- **Shade Cloth:**
 - Shade cloth sized for (3) roofs 55% black woven. Includes attachment hardware.
- **Aluminum Extrusions & Accessories:**
 - Aluminum extrusions for roof, sides, & endwalls are included. Also, includes Aluminum baseboard for sides & ends. Includes hardware, flashings & sealants.
- **Site Preparation:**
 - General Contractor or Owner is responsible for site preparation
 - It will be the responsibility of the owner to ensure that the pad site is elevated enough to allow for proper drainage. Stuppy will not raise or lower the pad site.



- Stuppy will not provide the labor and materials to set posts (includes concrete).
- It is the responsibility of the owner/contractor to have all utilities marked prior to commencement of installation.

- **Concrete Slab Erection**
 - Stuppy is not responsible for installing concrete slab. The covering will terminate at the edge of the slab into Stuppy's 1001 girt.

- **Greenhouse Erection:**
 - **Frame Erection:** Stuppy will not provide the labor to erect complete the frame of the greenhouse structure. This includes, but is not limited to mounting columns, erecting and hanging all trusses, erecting and hanging all end wall framing, side wall framing and all equipment.
 - **Covering:** Stuppy will not provide the labor to install the 8mm Twin-Wall Polycarbonate covering and all necessary accessories.
 - **Equipment:** Stuppy will not provide the labor to install all of the greenhouse materials & equipment and any associated materials that are necessary for the hanging of the materials & equipment.

- **Utilities**
 - Electrical – Stuppy is not responsible for interior wiring of greenhouse equipment. Final connection into the greenhouse electrical panel by others. Low voltage control wiring by others. The electrical installer is required to mount greenhouse controller and motor controller as needed. Additional framing or Unistrut used to mount controllers is not included. Supply and installation of grounding rod and ground wire by others.
 - Water - The owner/general contractor will be responsible for making the water line connections from the supply to greenhouse at cooling system and/or irrigation system. Backflow preventer/Pressure Regulator Valve by Others. Required supply is 1" pvc with 50 psi at greenhouse for proper operation.
 - Wiring diagram for greenhouse equipment will be included.
 - Gas - Stuppy will **not** supply the materials for and installation of the gas lines and regulators inside the greenhouse. The owner/others will be responsible for making the gas line connections from the supply to greenhouse.
 - The final utility connections must be made within (3) weeks from the date of substantial completion of Stuppy's scope of work. It is extremely important that



the equipment in the greenhouse is up and running as soon as possible. The temperatures and environment in the greenhouse could have negative effects on the equipment. If connections are not made within that timeframe, Stuppy will not be responsible for malfunctioning equipment.

GENERAL:

- **Wages:** Wage rates are based on **non-prevailing** wage rates. If prevailing wage rates are required, a change order will be issued to cover the additional labor costs.
- **Trailer Drop:** A trailer drop will be utilized on this project. A storage site within 50' of the jobsite must be provided to Stuppy to store the trailer. The erection crew will work out of the trailer and store materials in the trailer.
- **Utility Location:** Utility locations will be marked on the jobsite prior to installation. Stuppy will not be responsible for damage done to unmarked utilities.
- **Bonds:** Bonds are not included in this proposal. Stuppy can provide the general contractor or owner with a performance and payment bond upon request with the approval of a change order issued by Stuppy.
- **Inspections:** Inspections of any kind are not included in this bid proposal.
- **Erosion Control:** Erosion control of any kind is not included in this bid proposal.
- Supply of and labor to install backflow preventers, cleanouts and/or interceptors is not included.
- Stuppy's bid proposal does not include money for background checks or drug testing. If background checks or drug testing is required, a change order will be issued to the general contractor by Stuppy for the cost of the background checks and/or drug tests plus any additional monies needed to obtain the background checks and/or drug tests such as travel costs.

Additional Installation Terms

1. FOUNDATION:

- a. Masonry or foundation installation shall not be constructed prior to approval of the greenhouse drawings.
- b. The site shall be prepared with normal load bearing soils (Class 4 Soils), free from rock or any other obstructions.
- c. Grade is based on no more than 2" fall per 50'.
- d. Additional costs or delays incurred due to conditions outside these limits shall be the responsibility of the buyer.
 - i. Base bid excludes soil testing, additional boring or additional piers, the removal or blasting of rock and improvement to the sub-soil. If these



conditions are encountered, the additional expense will require a change order.

- e. Any back fill using gravel or rock requiring the use of sonotubes or other materials may result in re-design, re-engineering fees and/or delays.
2. **LICENSING:** Stuppy is a licensed contractor in the state of Texas
3. **WAGE DETERMINATION:** Installation is based on non-union non-prevailing wages.
4. **PERMITS AND FEES:** Stuppy will not assume responsibility for permits, fees, inspections licenses and subcontracting of other trades necessary for completion of greenhouse.
5. **DRAINAGE:** By others
 - a. Provisions should be made for proper drainage, including greenhouse gutters or downspouts if provided.
 - b. Stuppy will provide gutter sections with flange opening for internal or external gutter drainage (if applicable). Location of gutter flange openings will be shown on greenhouse drawings.
6. **ROOF PENETRATION:** Not recommended.
7. **UTILITIES:** Water, electrical and gas supply lines shall be brought within ten feet of the greenhouse site to allow construction crew to be able to operate necessary tools and equipment. Electrical (115-volt grounded receptacle-20amp outlet minimum) and water (1" supply, 50 psi minimum) should be in place prior to crew arrival. Failure by owner or general contractor to have operational construction service available will result in a change order.
 - a. It is the responsibility of the Owner to provide and install a back-flow preventer and pressure regulating device before irrigation lines are installed.
 - i. Stuppy, Inc. takes no responsibility for damage to irrigation system should these items not be properly installed.
8. **SITE SECURITY:** A secure location must be made available to store materials within One hundred feet of the construction site.
9. **INSURANCE:** Certificates of insurance are available upon request.
10. **DUMPSTER AND PORTABLE RESTROOM:** Provided by Owner or General Contractor.
11. **SITE ACCESS:** Stuppy requires access to job site Monday through Sunday from 7:00 a.m. to 8:00 p.m.
12. **AUTHORIZATION TO DIG:** Owner or General Contractor are responsible for contacting utility companies for proper marking of all utility lines prior to arrival of the construction crews. Stuppy will not be responsible for any damage done to the following:
 - a. Underground Utilities (Electrical, gas, sprinkler, cables, etc.)
 - b. Landscaping
 - c. Sidewalks
 - d. Driveways



- e. Stuppy will not remove any excess dirt, sand, rocks, or concrete from your property unless stated in a contract agreement for the repair or construction that is being made.
- 13. **WALK THROUGH:** A preliminary walk thru and final inspection shall be required prior to erection crew's departure. A twenty-four-hour notice will be given to the owner. An authorized Owner's agent shall be present. The final punch list shall be prepared after the preliminary walk through. Upon completion of work discovered during the preliminary walk through, a final inspection shall be performed.
- 14. Start-up of equipment must be completed by a licensed electrician or HVAC technician.
- 15. Stamped MEP's are NOT included (if required).
- 16. Includes daily site cleanup
- 17. Structural and/or Covering & Equipment changes required due to building code compliance may result in additional costs.
- 18. For baseplated columns that bolt down to concrete foundation the greenhouse structure is designed to meet the governing building code adopted by the Authority Having Jurisdiction (AHJ). The drawings and calculations of the primary structural components of the greenhouse will be sealed by a licensed professional engineer. The engineer designing the greenhouse structure is considered a delegated design engineer and is not the Engineer-of-Record (EOR) for the project. The design of the concrete foundation and concrete anchor bolt embedment is specifically excluded from this proposal and should be provided by the EOR for the project. Reactions will be provided for the EOR to complete the foundation drawings. However, for pier supported greenhouses, the greenhouse engineer may be considered the EOR.

Terms and Conditions

1. **FREIGHT:** Freight is included. 28' ABF Storage Trailer provided for 60 days during installation. If additional time is required, it is billable (change order) at \$225 per week.
2. **VALIDITY:** 60 Days. Shipment within 120 days of order activation.
3. **SCHEDULE:** A schedule will be issued upon receipt of executed contract or letter of intent. Submittal approval will also affect scheduling and lead times.
4. **CHANGES:** Changes in engineering details of any order which may be requested after approval drawings or after fabrication commences are subject to engineering charges and to factory charges on in-process work already completed and affected by the change.
5. **CANCELLATION:** In the event of cancellation for products which are to be specifically constructed or adapted for use, the buyer agrees that cancellation shall be confirmed in writing. The buyer shall reimburse Stuppy for actual costs and damages incurred, including, but not limited to engineering, fabrication and restocking expense.
6. **WARRANTY:** Stuppy Standard One Year Material Warranty Applies. The buyer assumes all risks and liability for results of use of the products. Buyer's sole remedy and exclusive remedy against Stuppy shall be for the replacement of defective parts. Labor is excluded. Warranties expressed or implied on purchased parts such as electric motors, pumps and controllers are limited to the terms of the warranty extended by the manufacturer. Stuppy assumes no obligation or liability due to any recommendations, opinions, or advice as to the choice, installation or use of products. Any such recommendations, opinions, or advice are given and shall be accepted at the buyer's risk and shall not constitute any warranty or guarantee of such products or their performance.
7. **NON-PAYMENT:** If the buyer fails to make payments to Stuppy in accordance with this agreement, such failure shall be considered substantial nonperformance and cause for termination; or at Stuppy's option, cause for suspension of material deliveries and/or work. In the event of a suspension of deliveries or work, Stuppy shall have no liability to the buyer for delay or damage caused because of such suspension. Before resuming deliveries and work Stuppy shall be paid all sums due prior to the suspension and any expenses incurred in the interruption and/or resumption of deliveries or work.
8. **STORAGE:** Customer requested delayed shipment after materials have been manufactured/packaged and the shipment date is pushed back an excessive amount of time (greater than four weeks). A storage fee of \$200 per week for each week storage



- is provided either at Stuppy, a consigned trailer either at Stuppy Inc or another location at the customer's request.
9. **TERMINATION:** This agreement may be terminated by either party upon not less than seven days written notice, should either party fail to substantially perform in accordance with the terms of this agreement through no fault of the party initiating the termination. In the event of termination not the fault of Stuppy, Stuppy shall be compensated for all materials and work performed prior to termination, together with expenses plus profit directly attributed to the termination.
 10. **INDEMNIFICATION:** To the fullest extent permitted by law Stuppy, Inc. and the buyer agree to mutually indemnify and hold harmless from and against any liability costs, damages, or expenses arising from the failure of Stuppy, or buyer to perform or comply with any provisions or requirements of their respective work of the project.
 11. **CLAIMS:** Claims by either party must be submitted within 21 days after occurrence of the event. Written notice shall be given for claims for money, time and injury or damage to personal property.
 12. Stuppy nor its agent shall be held liable for any claims verbal, written or digital content that have estimated or expected expenses, revenue, plant growth or output.
 13. **CONSEQUENTIAL DAMAGES:** Stuppy, Inc. and the buyer shall waive claims against each other for consequential damages arising out of or relating to the proposal/contract.
 14. **RETURNED GOODS:** Products must receive written permission prior to return. Goods returned which were shipped as ordered and are without manufacturing defect will be subject to a 15% handling charge in addition to whatever expense may be necessary to restore them to salable condition. Transportation charges on goods returned must be prepaid. Only products of current design and in salable condition will be considered for credit.



Pricing

Thank you again for the opportunity to provide this proposal. Please contact Chad Gooley at 816-260-9218 or cgooley@stuppy.com if we can help in any way.

Should you choose all options above your signature below will execute this proposal and serve as the contract for the sum of:

Materials Only Quotation

One Hundred and Eight Thousand Dollars and no/100

\$108,000.00

Shipping Included in Quotation

No Sales Tax Included in Quotation

Greenhouse - Materials \$108,000.00

Sales Tax (0.0%) - \$0.00

TOTAL: \$108,000.00

MATERIALS PAYMENT TERMS: 50% Down to Activate Project. Balance due no later than 2 weeks prior to scheduled shipment date.

Acknowledged and Accepted:

By: _____

Title: _____

Date: _____

Good to know.





February 19, 2025

Hugs Greenhouse
1151 E Cottage Hill Parkway
McKinney, TX 75071

Thank you for the opportunity to provide a quotation for the greenhouse project located in McKinney, TX. Stuppy is a family-owned greenhouse manufacturing company that began operations in 1873. We manufacture innovative designs that provide industry leading strength and value for our customers.

We are pleased to present the following proposal to provide (1) 30' X 96' of PowerHouse greenhouse based on your recent request for quotation.

Project Summary:

Materials Only Proposal

- **Structure:**
 - (1) Block of (1) house 30' X 96' PowerHouse
 - **Note: Dimensions are center to center of greenhouse columns. For outside dimensions or for concrete details contact Stuppy for details. Do not install foundation prior to final greenhouse design.**
 - Sidewall Height: 3.5'
 - Columns will be set in concrete piers.
 - Code Design: Structure is NOT designed to meet code.
 - (2) Sets of construction prints will be provided
 - Additional Structural Information:
 - Columns: 2.40" o.d. round galvanized steel
 - 6' column spacing
 - 6' truss spacing
 - Truss design: W-Truss
 - Roof Purlin: 1.315" o.d. round galvanized steel
 - No Outside Gutter Runs Included.
 - Endwalls: (2 each) 3" x 2" rectangle galvanized steel endwall packages



- **Doors:**
 - To include (2) 42" Aluminum and Glass Entry Door.
- **Heating Equipment:**
 - No Heating Equipment included in Quotation
- **Ventilation:**
 - (2) MAL-36K – American Coolair Aluminum 36" $\frac{3}{4}$ hp exhaust fan. Fan includes rotary belt tensioner, shutter side guard and exterior guard for safety. 1-speed 115v single phase and a 2-speed 115v single phase
 - (1) 4'x21' Rack and Pinion Rigid Vent system with Motor by Lock
 - (1) 4'x21'x6" PVC Evaporative Cooling System including System, Pads and Pump.
 - **Air Circulation:** Acme 20" HAF fan (4 each) with (1) manual speed control.
- **Environmental Controls:**
 - To be a Wadsworth StepUp environmental controller. Unit is supplied with contactors, relays, wiring diagram and shielded temperature sensor.
 - Programming and specialized training of controller is NOT included. This service can be provided at an additional cost.
- **Covering Material:**
 - **Roof Covering:** 2-layer, 6mil Polyethylene – Inflated.
 - **Sidewall Covering:** Clear Corrugated Polycarbonate Covering
 - **Endwall Covering:** Clear Corrugated Polycarbonate Covering
- **Benches:**
 - **Benches:** To be (5) 4' wide x 84' long benches. Above ground benches.
 - Bench framing is 1.5" square on posts, bench rail is 1.315 galvanized steel with aluminum perimeter extrusion. Bench top cross bars are spaced 16" on center. Bench top is Durabench plastic bench tops. Above ground benches
- **Shade Cloth:**
 - Shade cloth sized for the roof 55% black woven. Includes attachment hardware.
- **Aluminum Extrusions & Accessories:**
 - Aluminum extrusions for roof, sides, & endwalls are included. Also, includes Aluminum baseboard for sides & ends. Includes hardware, flashings & sealants.



- **Site Preparation:**

- General Contractor or Owner is responsible for site preparation
- It will be the responsibility of the owner to ensure that the pad site is elevated enough to allow for proper drainage. Stuppy will not raise or lower the pad site.
- Stuppy will not provide the labor and materials to set posts (includes concrete).
- It is the responsibility of the owner/contractor to have all utilities marked prior to commencement of installation.

- **Concrete Slab Erection**

- Stuppy is not responsible for installing concrete slab. The covering will terminate at the edge of the slab into Stuppy's 1001 girt.

- **Greenhouse Erection:**

- **Frame Erection:** Stuppy will not provide the labor to erect complete the frame of the greenhouse structure. This includes, but is not limited to mounting columns, erecting and hanging all trusses, erecting and hanging all end wall framing, side wall framing and all equipment.
- **Covering:** Stuppy will not provide the labor to install the 8mm Twin-Wall Polycarbonate covering and all necessary accessories.
- **Equipment:** Stuppy will not provide the labor to install all of the greenhouse materials & equipment and any associated materials that are necessary for the hanging of the materials & equipment.

- **Utilities**

- Electrical – Stuppy is not responsible for interior wiring of greenhouse equipment. Final connection into the greenhouse electrical panel by others. Low voltage control wiring by others. The electrical installer is required to mount greenhouse controller and motor controller as needed. Additional framing or Unistrut used to mount controllers is not included. Supply and installation of grounding rod and ground wire by others.
- Water - The owner/general contractor will be responsible for making the water line connections from the supply to greenhouse at cooling system and/or irrigation system. Backflow preventer/Pressure Regulator Valve by Others. Required supply is 1" pvc with 50 psi at greenhouse for proper operation.
- Wiring diagram for greenhouse equipment will be included.



- Gas - Stuppy will **not** supply the materials for and installation of the gas lines and regulators inside the greenhouse. The owner/others will be responsible for making the gas line connections from the supply to greenhouse.
- The final utility connections must be made within (3) weeks from the date of substantial completion of Stuppy's scope of work. It is extremely important that the equipment in the greenhouse is up and running as soon as possible. The temperatures and environment in the greenhouse could have negative effects on the equipment. If connections are not made within that timeframe, Stuppy will not be responsible for malfunctioning equipment.

GENERAL:

- **Wages:** Wage rates are based on **non-prevailing** wage rates. If prevailing wage rates are required, a change order will be issued to cover the additional labor costs.
- **Trailer Drop:** A trailer drop will be utilized on this project. A storage site within 50' of the jobsite must be provided to Stuppy to store the trailer. The erection crew will work out of the trailer and store materials in the trailer.
- **Utility Location:** Utility locations will be marked on the jobsite prior to installation. Stuppy will not be responsible for damage done to unmarked utilities.
- **Bonds:** Bonds are not included in this proposal. Stuppy can provide the general contractor or owner with a performance and payment bond upon request with the approval of a change order issued by Stuppy.
- **Inspections:** Inspections of any kind are not included in this bid proposal.
- **Erosion Control:** Erosion control of any kind is not included in this bid proposal.
- Supply of and labor to install backflow preventers, cleanouts and/or interceptors is not included.
- Stuppy's bid proposal does not include money for background checks or drug testing. If background checks or drug testing is required, a change order will be issued to the general contractor by Stuppy for the cost of the background checks and/or drug tests plus any additional monies needed to obtain the background checks and/or drug tests such as travel costs.

Additional Installation Terms

1. FOUNDATION:

- a. Masonry or foundation installation shall not be constructed prior to approval of the greenhouse drawings.
- b. The site shall be prepared with normal load bearing soils (Class 4 Soils), free from rock or any other obstructions.



- c. Grade is based on no more than 2" fall per 50'.
 - d. Additional costs or delays incurred due to conditions outside these limits shall be the responsibility of the buyer.
 - i. Base bid excludes soil testing, additional boring or additional piers, the removal or blasting of rock and improvement to the sub-soil. If these conditions are encountered, the additional expense will require a change order.
 - e. Any back fill using gravel or rock requiring the use of sonotubes or other materials may result in re-design, re-engineering fees and/or delays.
2. **LICENSING:** Stuppy is a licensed contractor in the state of Texas
3. **WAGE DETERMINATION:** Installation is based on non-union non-prevailing wages.
4. **PERMITS AND FEES:** Stuppy will not assume responsibility for permits, fees, inspections licenses and subcontracting of other trades necessary for completion of greenhouse.
5. **DRAINAGE:** By others
 - a. Provisions should be made for proper drainage, including greenhouse gutters or downspouts if provided.
 - b. Stuppy will provide gutter sections with flange opening for internal or external gutter drainage (if applicable). Location of gutter flange openings will be shown on greenhouse drawings.
6. **ROOF PENETRATION:** Not recommended.
7. **UTILITIES:** Water, electrical and gas supply lines shall be brought within ten feet of the greenhouse site to allow construction crew to be able to operate necessary tools and equipment. Electrical (115-volt grounded receptacle-20amp outlet minimum) and water (1" supply, 50 psi minimum) should be in place prior to crew arrival. Failure by owner or general contractor to have operational construction service available will result in a change order.
 - a. It is the responsibility of the Owner to provide and install a back-flow preventer and pressure regulating device before irrigation lines are installed.
 - i. Stuppy, Inc. takes no responsibility for damage to irrigation system should these items not be properly installed.
8. **SITE SECURITY:** A secure location must be made available to store materials within One hundred feet of the construction site.
9. **INSURANCE:** Certificates of insurance are available upon request.
10. **DUMPSTER AND PORTABLE RESTROOM:** Provided by Owner or General Contractor.
11. **SITE ACCESS:** Stuppy requires access to job site Monday through Sunday from 7:00 a.m. to 8:00 p.m.

12. **AUTHORIZATION TO DIG:** Owner or General Contractor are responsible for contacting utility companies for proper marking of all utility lines prior to arrival of the construction crews. Stuppy will not be responsible for any damage done to the following:
 - a. Underground Utilities (Electrical, gas, sprinkler, cables, etc.)
 - b. Landscaping
 - c. Sidewalks
 - d. Driveways
 - e. Stuppy will not remove any excess dirt, sand, rocks, or concrete from your property unless stated in a contract agreement for the repair or construction that is being made.
13. **WALK THROUGH:** A preliminary walk thru and final inspection shall be required prior to erection crew's departure. A twenty-four-hour notice will be given to the owner. An authorized Owner's agent shall be present. The final punch list shall be prepared after the preliminary walk through. Upon completion of work discovered during the preliminary walk through, a final inspection shall be performed.
14. Start-up of equipment must be completed by a licensed electrician or HVAC technician.
15. Stamped MEP's are NOT included (if required).
16. Includes daily site cleanup
17. Structural and/or Covering & Equipment changes required due to building code compliance may result in additional costs.
18. For baseplated columns that bolt down to concrete foundation the greenhouse structure is designed to meet the governing building code adopted by the Authority Having Jurisdiction (AHJ). The drawings and calculations of the primary structural components of the greenhouse will be sealed by a licensed professional engineer. The engineer designing the greenhouse structure is considered a delegated design engineer and is not the Engineer-of-Record (EOR) for the project. The design of the concrete foundation and concrete anchor bolt embedment is specifically excluded from this proposal and should be provided by the EOR for the project. Reactions will be provided for the EOR to complete the foundation drawings. However, for pier supported greenhouses, the greenhouse engineer may be considered the EOR.



Terms and Conditions

1. **FREIGHT:** Freight is included. Unloading and storage by others.
2. **VALIDITY:** 60 Days. Shipment within 120 days of order activation.
3. **SCHEDULE:** A schedule will be issued upon receipt of executed contract or letter of intent. Submittal approval will also affect scheduling and lead times.
4. **CHANGES:** Changes in engineering details of any order which may be requested after approval drawings or after fabrication commences are subject to engineering charges and to factory charges on in-process work already completed and affected by the change.
5. **CANCELLATION:** In the event of cancellation for products which are to be specifically constructed or adapted for use, the buyer agrees that cancellation shall be confirmed in writing. The buyer shall reimburse Stuppy for actual costs and damages incurred, including, but not limited to engineering, fabrication and restocking expense.
6. **WARRANTY:** Stuppy Standard One Year Material Warranty Applies. The buyer assumes all risks and liability for results of use of the products. Buyer's sole remedy and exclusive remedy against Stuppy shall be for the replacement of defective parts. Labor is excluded. Warranties expressed or implied on purchased parts such as electric motors, pumps and controllers are limited to the terms of the warranty extended by the manufacturer. Stuppy assumes no obligation or liability due to any recommendations, opinions, or advice as to the choice, installation or use of products. Any such recommendations, opinions, or advice are given and shall be accepted at the buyer's risk and shall not constitute any warranty or guarantee of such products or their performance.
7. **NON-PAYMENT:** If the buyer fails to make payments to Stuppy in accordance with this agreement, such failure shall be considered substantial nonperformance and cause for termination; or at Stuppy's option, cause for suspension of material deliveries and/or work. In the event of a suspension of deliveries or work, Stuppy shall have no liability to the buyer for delay or damage caused because of such suspension. Before resuming deliveries and work Stuppy shall be paid all sums due prior to the suspension and any expenses incurred in the interruption and/or resumption of deliveries or work.
8. **STORAGE:** Customer requested delayed shipment after materials have been manufactured/packaged and the shipment date is pushed back an excessive amount of time (greater than four weeks). A storage fee of \$200 per week for each week storage is provided either at Stuppy, a consigned trailer either at Stuppy Inc or another location at the customer's request.



9. **TERMINATION:** This agreement may be terminated by either party upon not less than seven days written notice, should either party fail to substantially perform in accordance with the terms of this agreement through no fault of the party initiating the termination. In the event of termination not the fault of Stuppy, Stuppy shall be compensated for all materials and work performed prior to termination, together with expenses plus profit directly attributed to the termination.
10. **INDEMNIFICATION:** To the fullest extent permitted by law Stuppy, Inc. and the buyer agree to mutually indemnify and hold harmless from and against any liability costs, damages, or expenses arising from the failure of Stuppy, or buyer to perform or comply with any provisions or requirements of their respective work of the project.
11. **CLAIMS:** Claims by either party must be submitted within 21 days after occurrence of the event. Written notice shall be given for claims for money, time and injury or damage to personal property.
12. Stuppy nor its agent shall be held liable for any claims verbal, written or digital content that have estimated or expected expenses, revenue, plant growth or output.
13. **CONSEQUENTIAL DAMAGES:** Stuppy, Inc. and the buyer shall waive claims against each other for consequential damages arising out of or relating to the proposal/contract.
14. **RETURNED GOODS:** Products must receive written permission prior to return. Goods returned which were shipped as ordered and are without manufacturing defect will be subject to a 15% handling charge in addition to whatever expense may be necessary to restore them to salable condition. Transportation charges on goods returned must be prepaid. Only products of current design and in salable condition will be considered for credit.

Pricing

Thank you again for the opportunity to provide this proposal. Please contact Chad Gooley at 816-260-9218 or cgooley@stuppy.com if we can help in any way.



Should you choose all options above your signature below will execute this proposal and serve as the contract for the sum of:

Materials Only Quotation

Sixty-Four Thousand, Nine Hundred Dollars and no/100

\$64,900.00

Shipping Included in Quotation

No Sales Tax Included in Quotation

Greenhouse - Materials \$64,900.00

Sales Tax (0.0%) - \$0.00

TOTAL: \$64,900.00

Alternates: (Not included in Materials Only Quotation)

○ **Bench Top Heat:**

- Heat2O hot water heating system complete with:
- Water Heater Hard Pipe and Air/Water Controls kit for owner supplied water heater.
- (5) Inline Cartridge Type Circulator zone pump
- (1) Ranco ETC electronic thermostat with soil sensor
- EPDM tube system with manifolds for (5) 48" x 84' benches with manifolds cut to 48" length for field fit trimming.
- Piping design, Sch. 80 fittings for mainlines.
- Boiler sized to fit system.
- Drawings and Manual include full drawing set and installation manual will be provided with product.

● **Total Bench Top Heat Materials Only: \$19,500.00**

● **Total Installation Paid to Jackson Agro: \$6,000.00**

MATERIALS PAYMENT TERMS: 50% Down to Activate Project. Balance due no later than 2 weeks prior to scheduled shipment date.

Acknowledged and Accepted:

Stuppy, Inc.

1212 Clay Street • North Kansas City, Missouri 64116 • 800-733-5025 • greenhouse@stuppy.com • www.stuppy.com

V-8.4

Good to know.



By: _____

Title: _____

Date: _____

REF. NOTE:

The area (acres) shown hereon is based on the mathematical closure of the courses and distances reflected on this Survey. It does not include the tolerances that may be present due to a positional accuracy of the boundary monuments in place.

REFERENCE HEARING NOTE:

The bearings shown herein are geodetic and are based upon the Texas State Plane Coordinate system, NAD 83, North Central Zone (42002).

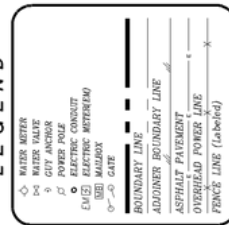
FLOOD ZONE NOTE:

This Surveyor has reviewed Flood Insurance Rate Map No. 46055C0145J (effective date June 2, 1999) published by the Federal Emergency Management Administration for Collin County, Texas and based upon said scaled map and geographic plotting, such review revealed that the subject parcel lies within "ZONE X" (Un-Shaded) and is outside of the 100 Year Flood Plain and is determined to be outside the 0.2% annual chance floodplain.

TITLE COMMENT: NOTE:

This Survey was performed without the benefit of an abstract of title or a current Title Commitment and may be subject to liens, encumbrances, easements, rights-of-way, restrictions, covenants, reservations or other conditions of record which the undersigned has not been advised of or made aware of at the time of this Survey. No additional research for encumbrances of such encumbrances was performed by Ringier & Associates, Inc. in the preparation of this Boundary Survey.

LEGEND

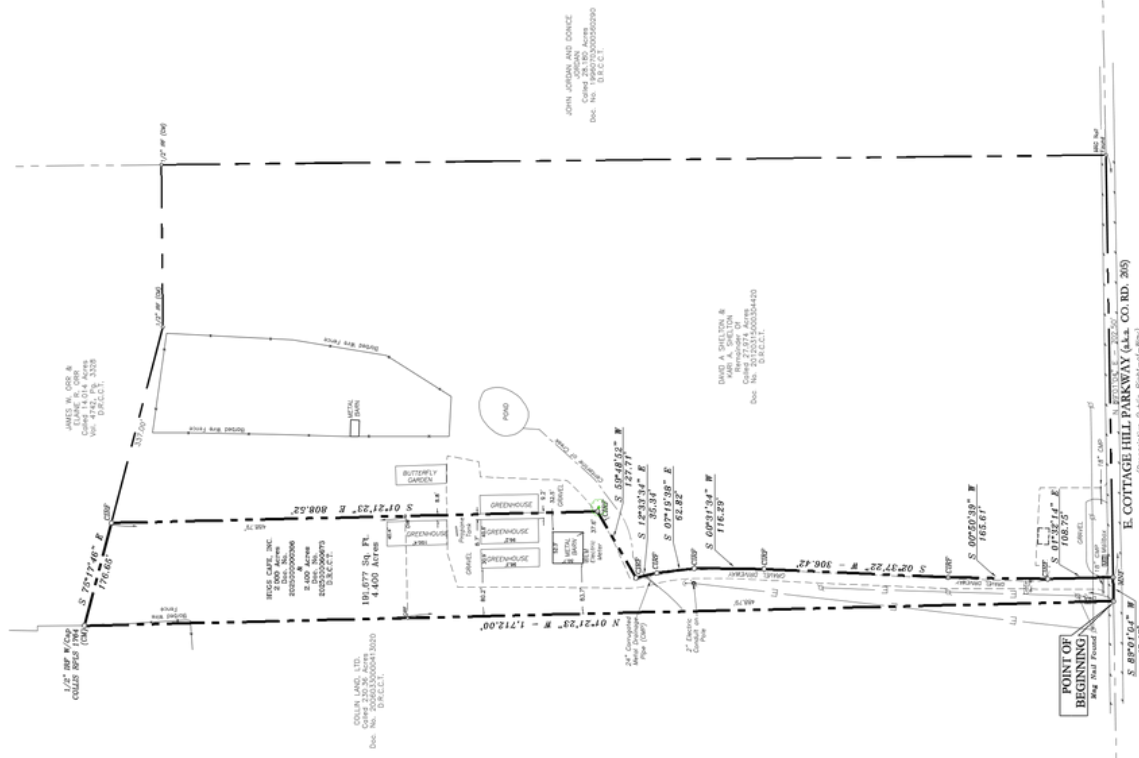


VICINITY MAD



ABBREVIATIONS

Vol. = Volume
Pg. = Page
Doc. No. = Document Number
R.R.C.T. = Deed Records, Collin County, Texas
IRS = 1/2" Iron Rod Set with cap, stamped "RPLS 4701"
MNS = Mag Nail Set with steel washer, stamped "RPLS 4701"
CNS = Controlling Monument



LEGAL DESCRIPTION

[illegible][illegible]

REFERENCE: South 75 deg. 17 min. 46 sec. East, along the north line of said Hugs tract and said original 27,974 acre tract and the south line of said 14,914 acre Orr tract, a distance of 176.85 feet to a capped iron rod found for the northeast corner of said 2,000 acre Hugs tract and said point bears North 75 deg. 17 min. 46 sec. West - 337.00 feet from a 1/2 inch capped iron rod found for an angle corner in the north line of said 27,974 acre Shelton tract.

CITIZENS. South 01 deg., 21 min., 23 sec. East, along the east line of said 2,000-acre Hugs Café tract and the west line of the remainder of said T7974, acre Shelton tract, at a distance of 485.76 feet, passing a capped iron rod found for the southeast corner of said 2,000-acre Hugs Café tract and the northeast corner of said 2,400-acre Hugs Café tract; thence S 88° 31' E, 277.70 feet to the intersection of the east line of said Shelton tract and the south line of said 2,400-acre Hugs Café tract; thence S 27° 52' E, 272.70 feet to the intersection of the east line of said Shelton tract for the total distance of 806.52 feet to the capped iron rod found for the easterly-southeast corner of this hereinafter described parcel of land;

REFERENCE: Continuing along the east line of said 2.400 acre Hugs tract and the west line of the remainder of said 27.974 acre Shelton tract, along and near the easterly edge of a gravel road as follows:

South 19 deg 48 min 52 sec West, a distance of 13771 feet to a capped iron rod found for corner.
South 12 deg 34 min 34 sec East, a distance of 35334 feet to a capped iron rod found for corner.
South 07 deg 19 min 38 sec East, a distance of 65282 feet to a capped iron rod found for corner.
South 02 deg 54 min 34 sec East, a distance of 11620 feet to a capped iron rod found for corner.
South 00 deg 50 min 34 sec East, a distance of 10561 feet to a capped iron rod found for corner.
South 01 deg 50 min 14 sec East, a distance of 10476 feet to a mark nail with a steel washer.
South 01 deg 46 min 32 sec East, a distance of 2400 feet above Hugs tract, on the south line of said Tr 2974 stamped "2974 4791", found for the northeast corner of the above described 2503 acs Collin Land, 11 acs in the center of the above mentioned Collin Land.

THENCE: South 89 deg. 01 min. 04 sec. West, along the common line of said 2,400 acre Hugs tract and Collin Land E. tract and with the center of said E. Cottage Hill Parkway, a distance of 40.17 feet to the POINT OF BEGINNING and containing 191,677 square feet or 4,400 acres of land.

GENERAL NOTES:

- At the time of this Survey, this Surveyor did not see any evidence of current earth moving work, new building construction or new building additions.
2. The Subject Tract has direct access to the south, to the public prescriptive right-of-way of E. Cottage Hill Parkway (formerly known as County Road 200).
3. This Surveyor is unaware of any proposed changes to the right-of-way of E. Cottage Hill Parkway.
4. At the time of this Survey, this Surveyor did not see any evidence of the site currently being used as a

SURVEYOR'S CERTIFICATION

Lawrence H. Ringley, Registered Professional Land Surveyor in and for the State of Texas, hereby certifies that the Plat hereon represents an actual survey made on the ground under my direct supervision, and that all lines and dimensions shown are correct to the best of my knowledge, all property corners are monumented as shown and this Survey substantially complies with the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 1 Standard Survey. There are no visible encumbrances found during the time of this survey.

LAWRENCE H. RINGLER, P.E., No. 4201

BOUNDARY SURVEY

4.400 Acres
situated in the
City of Weston, Texas ETJ
Joseph House Survey, Abstract No. 439
Collin County, Texas

PROPERTY ADDRESS

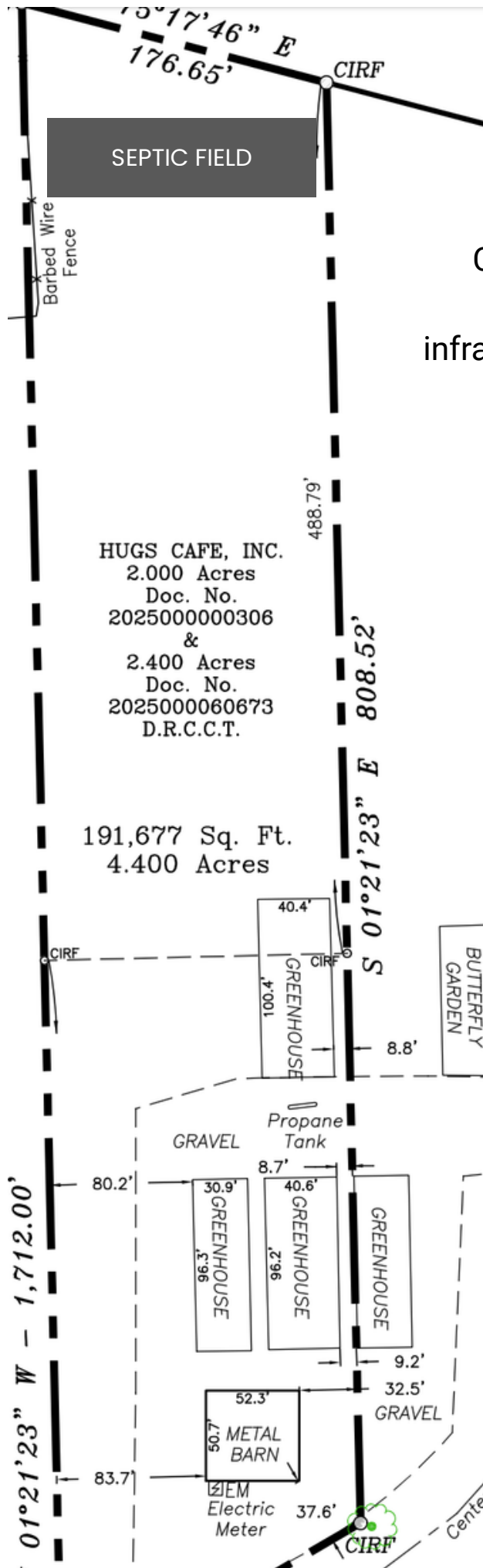
255 E. Cottage Hill Parkway
(County Road 205)
McKinney, Texas 75071

Property ID No. 2121161

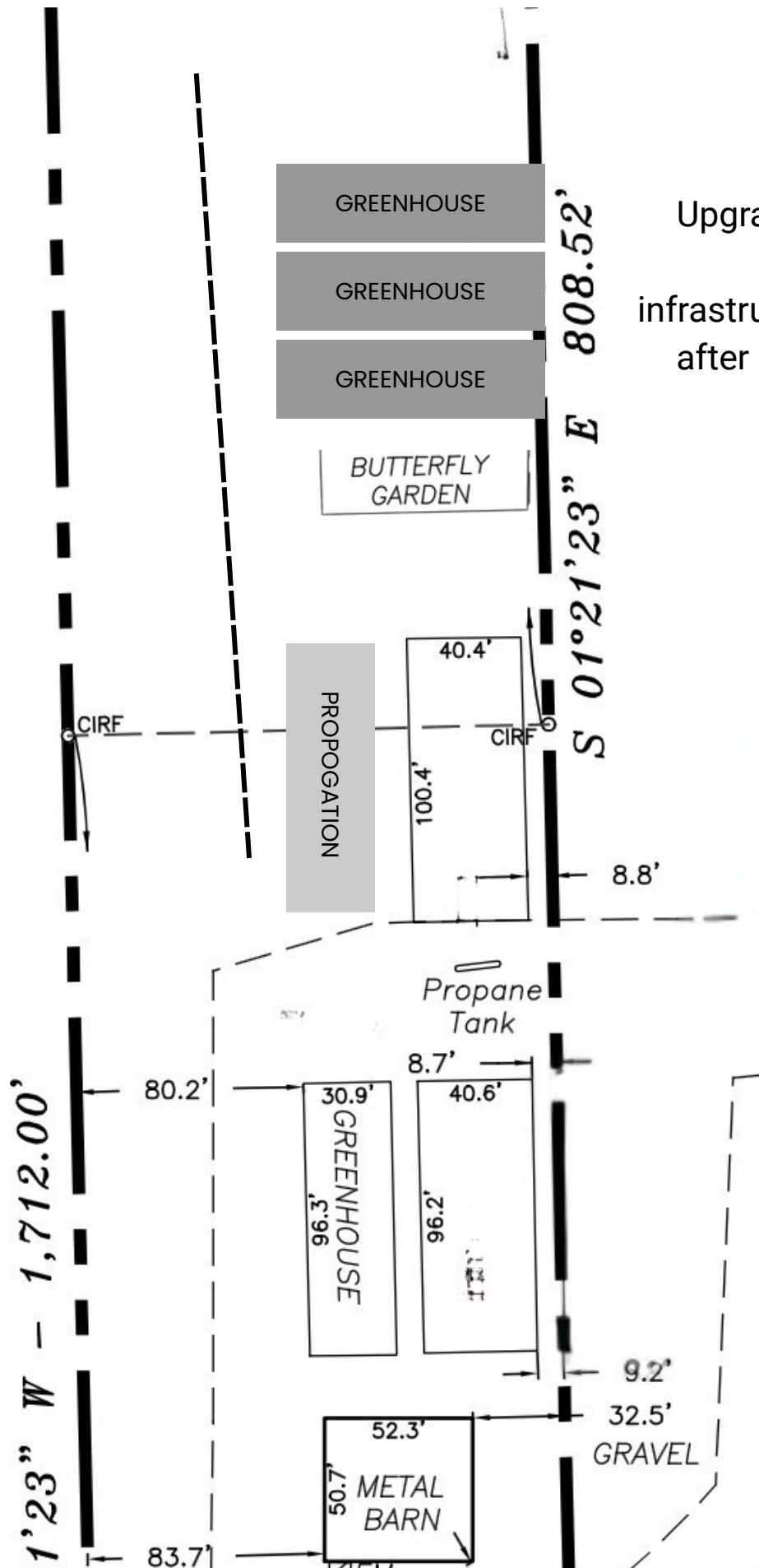
TSPS Category 1R - Standard Land Survey



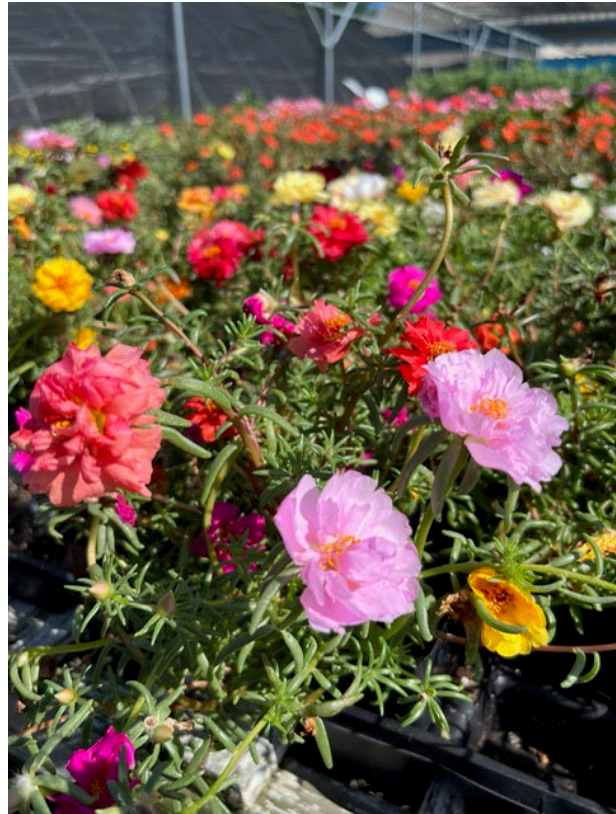
Date	Scale	Job	Title	Sheet
(972) 542-1246				



Current Site Plan
and
infrastructure placement



Upgraded Site Plan
and
infrastructure placement
after improvements



Hugs Greenhouse Business Plan

Mission & Goals

Hugs Greenhouse exists to create meaningful employment, job training, and skill-building opportunities for individuals with intellectual and developmental disabilities (IDD), while producing high-quality plants and products for the community.

Key Goals:

- Expand workforce development through increased employment opportunities
 - Scale greenhouse production to meet growing retail, wholesale, and HOA demand
 - Increase earned revenue to support long-term program sustainability
 - Enhance operational efficiency through on-site propagation and resource optimization
 - Strengthen community partnerships and visibility of the Hugs mission
-

Organizational Structure

Hugs Greenhouse operates as a program of Hugs Cafe Inc, a 501(c)(3) non-profit organization, guided by a Board of Directors and led by executive leadership, including the CEO and Chief Programs Officer (CPO). The organizational chart reflects a collaborative leadership model that supports both mission delivery and operational excellence. In addition to executive oversight, the Development Team plays a critical role in advancing the organization's impact and sustainability. This team is supported by a Development Manager who leads donor relations and fundraising efforts, an Administrative Coordinator who oversees and supports the Ambassador program, a Marketing Manager and Marketing Associate, and a Community Engagement Manager who leads volunteer coordination and community outreach efforts. The team also includes our Chief Expansion Officer, who collaborates with like-minded nonprofits through our expansion program to scale and replicate both our cafe and greenhouse models, ensuring continued growth, increased visibility, and strong community relationships.

Hugs Greenhouse will maintain a strong leadership structure while growing internal talent:

- Greenhouse Manager – Oversees all greenhouse and landscape operations

- Grant funding will support the hiring of an Assistant Greenhouse Manager to establish a clear succession plan, ensuring continuity of operations and knowledge transfer as the current General Manager prepares for retirement.
- Associates (Mission-Based Staff) currently have 9
 - Add 2 associates in 2026
 - Add 4 additional associates in 2027
 - Promote 1 associate to a leadership role in 2026
 - Promote 1 associate to a leadership role in 2027

This structure supports both operational growth and internal advancement opportunities.

Products & Services (Product Lines)

Expanded greenhouse capacity will significantly increase production across multiple product lines:

- Additional greenhouses will support additional
 - Bedding Plants: 5,600 additional flats annually
 - Poinsettias: 3000 poinsettias annually
 - Hanging Baskets: 1200 annually
- Herbs & Edibles:
 - Grown onsite to support operations at the McKinney cafe
- Propagation (New Capability):
 - Addition of a dedicated propagation house will allow Hugs to grow plants from seed/cuttings onsite, resulting in an estimated \$25,000 annual savings

Target Customers

Hugs Greenhouse will focus on expanding and diversifying its customer base:

- HOA & Landscaping Clients – Increased capacity to fulfill large-scale seasonal plantings
- Wholesale Customers – Local businesses, landscapers, and retail partners

- Retail Customers – Community members purchasing directly from Hugs Greenhouse
 - Internal Operations – Supplying fresh herbs to the McKinney café
-

Future Expansion & Growth

The addition of three new greenhouses and one propagation house will significantly increase operational capacity and efficiency. This expansion will:

- Support higher production volumes across all plant categories
- Reduce costs through in-house propagation
- Increase revenue potential across wholesale, HOA, and retail channels
- Expand workforce development by creating new roles and advancement opportunities

As operations grow, Hugs Greenhouse will continue to scale both its economic impact and its mission impact, providing more individuals with IDD the opportunity to gain meaningful employment, develop skills, and achieve greater independence. This growth will also have a meaningful impact on the McKinney community by strengthening the local economy, supporting workforce development, increasing access to locally grown products, and fostering a more inclusive community where individuals of all abilities are valued and empowered to contribute.

FINANCIAL STATEMENTS

Hugs Café, Inc.

For the Years Ended December 31, 2024 and 2023

Financial Statements

Hugs Café, Inc.

For the Years Ended December 31, 2024 and 2023

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Report of Independent Auditors

To the Board of Directors of
Hugs Café, Inc.

Opinion

We have audited the financial statements of Hugs Café, Inc., which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hugs Café, Inc. as of December 31, 2024 and 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAS"), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hugs Café, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hugs Café, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

The CJ CPA Group, PLLC

May 21, 2025
Frisco, Texas

Statements of Financial Position

As of December 31,	2024	2023
Assets		
Cash and cash equivalents	\$ 2,250,455	\$ 1,222,717
Marketable securities	-	113,863
Accounts receivable	25,655	20,000
Gifts-in-kind receivable, current portion	22,043	22,677
Prepaid expenses and other current assets	51,241	12,500
Total current assets	2,349,394	1,391,757
Property and equipment, net	1,355,548	687,292
Right-of-use assets - operating	66,556	111,933
Other long-term assets:		
Gifts-in-kind receivable, net of current portion	8,927	30,970
Deposits	4,900	4,900
Total other long-term assets	13,827	35,870
Total assets	\$ 3,785,325	\$ 2,226,852
Liabilities and Net Assets		
Accounts payable	\$ 54,685	\$ 42,630
Accrued expenses	64,068	30,063
Contract liabilities	35,989	61,034
Current portion of lease liabilities - operating	46,699	45,377
Total current liabilities	201,441	179,104
Operating lease liabilities, net of current portion	19,857	66,556
Total liabilities	221,298	245,660
Net assets without donor restrictions	2,582,355	1,763,007
Net assets with donor restrictions	981,672	218,185
Total net assets	3,564,027	1,981,192
Total liabilities and net assets	\$ 3,785,325	\$ 2,226,852

Statement of Activities

For the Year Ended December 31, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Contributions	1,607,660	132,577	1,740,237
In-kind contributions	33,600	-	33,600
Sales	742,341	-	742,341
Affiliate mentor	133,663	-	133,663
License revenue	12,188	-	12,188
Interest and dividends	25,026	-	25,026
Net assets released from restrictions	187,215	(187,215)	-
Total revenue and other support	2,741,693	(54,638)	2,687,055
Expenses:			
Program service expense			
Cafe	588,155	-	588,155
Greenhouse	313,624	-	313,624
Training	157,106	-	157,106
Affiliate	56,589	-	56,589
Total program services expenses	1,115,474	-	1,115,474
Supporting services expense:			
Management and general	769,499	-	769,499
Fundraising	37,372	-	37,372
Total supporting services expenses	806,871	-	806,871
Total expenses	1,922,345	-	1,922,345
Change in net assets from operations	819,348	(54,638)	764,710
Non-operating activities:			
Capital campaign revenue	-	818,125	818,125
Total non-operating activities	-	818,125	818,125
Change in net assets	819,348	763,487	1,582,835
Beginning net assets	1,763,007	218,185	1,981,192
Ending net assets	2,582,355	981,672	3,564,027

Statement of Activities

For the Year Ended December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Contributions	1,082,331	54,250	1,136,581
In-kind contributions	23,400	-	23,400
Sales	580,986	-	580,986
License revenue	20,000	-	20,000
Interest and dividends	5,549	-	5,549
Net assets released from restrictions	273,447	(273,447)	-
Total revenue and other support	1,985,713	(219,197)	1,766,516
Expenses:			
Program service expense			
Cafe	442,771	-	442,771
Greenhouse	263,350	-	263,350
Training	96,804	-	96,804
Total program services expenses	802,925	-	802,925
Supporting services expense:			
Management and general	288,302	-	288,302
Fundraising	113,267	-	113,267
Total supporting services expenses	401,569	-	401,569
Total expenses	1,204,494	-	1,204,494
Change in net assets from operations	781,219	(219,197)	562,022
Non-operating activities:			
Capital campaign revenue	-	107,913	107,913
Investments return, net	10,187	-	10,187
Total non-operating activities	10,187	107,913	118,100
Change in net assets	791,406	(111,284)	680,122
Beginning net assets	971,601	329,469	1,301,070
Ending net assets	1,763,007	218,185	1,981,192

Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services					Supporting Services			Total Expenses
	Café	Greenhouse	Training	Affiliate	Program Subtotal	Management and General	Fundraising	Supporting Subtotal	
Salaries, payroll taxes, and benefits	\$ 297,455	\$ 114,448	\$ 125,571	\$ 48,185	\$ 585,659	\$ 438,774	\$ -	\$ 438,774	\$ 1,024,433
Food and drink	142,995	76,812	-	-	219,807	-	-	-	219,807
Tools and equipment	18,602	12,704	15,587	-	46,893	5,847	-	5,847	52,740
Rent, repairs, and utilities	98,598	60,452	14,431	-	173,481	29,208	3,562	32,770	206,251
Promotion	1,538	4,241	114	6	5,899	101,176	-	101,176	107,075
Professional fees	12,803	10,133	762	1,174	24,872	175,480	33,810	209,290	234,162
Depreciation and amortization	15,436	26,115	-	-	41,551	-	-	-	41,551
Office supplies and other	728	8,719	641	7,224	17,312	19,014	-	19,014	36,326
Total functional expenses	<u>\$ 588,155</u>	<u>\$ 313,624</u>	<u>\$ 157,106</u>	<u>\$ 56,589</u>	<u>\$ 1,115,474</u>	<u>\$ 769,499</u>	<u>\$ 37,372</u>	<u>\$ 806,871</u>	<u>\$ 1,922,345</u>

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Supporting Services			Total Expenses
	Café	Greenhouse	Training	Affiliate	Program Subtotal	Management and General	Fundraising	Supporting Subtotal	
Salaries, payroll taxes, and benefits	\$ 205,803	\$ 106,890	\$ 67,870	\$ -	\$ 380,563	\$ 159,898	\$ -	\$ 159,898	\$ 540,461
Food and drink	112,882	-	75	-	112,957	-	-	-	112,957
Tools and equipment	5,667	85,243	5,499	-	96,409	6,161	494	6,655	103,064
Rent, repairs, and utilities	96,189	42,851	22,225	-	161,265	11,557	-	11,557	172,822
Promotion	312	2,112	72	-	2,496	11,560	27,173	38,733	41,229
Professional fees	2,883	883	585	-	4,351	92,662	78,605	171,267	175,618
Depreciation and amortization	9,655	18,192	-	-	27,847	-	-	-	27,847
Office supplies and other	9,380	7,179	478	-	17,037	6,464	6,995	13,459	30,496
Total functional expenses	<u>\$ 442,771</u>	<u>\$ 263,350</u>	<u>\$ 96,804</u>	<u>\$ -</u>	<u>\$ 802,925</u>	<u>\$ 288,302</u>	<u>\$ 113,267</u>	<u>\$ 401,569</u>	<u>\$ 1,204,494</u>

Statements of Cash Flows

For the Years Ended December 31,

2024**2023****Cash Flows from Operating Activities:**

Change in net assets	\$	1,582,835	\$	680,122
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		41,551		27,847
Net appreciation on marketable securities		-		(10,187)
Non-cash donation of land		(400,000)		(300,000)
Gifts-in-kind		22,677		23,329
Non-cash operating lease expense		48,000		48,000
Change in operating assets and liabilities:				
Accounts receivable		(5,655)		(16,755)
Prepaid		(38,741)		(12,500)
Deposits		-		(1,400)
Accounts payable		12,055		40,130
Accrued expenses		34,005		13,072
Deferred revenue		(25,045)		2,716
Change in operating lease liabilities		(48,000)		(48,000)
Net cash provided by operating activities		1,223,682		446,374

Investing Activities:

Dividends and interest income on marketable securities		3,485		5,542
Purchase of marketable securities		-		(5,542)
Proceeds from sale of marketable securities		110,378		110,897
Purchases of property and equipment		(309,807)		(302,339)
Net cash used in investing activities		(195,944)		(191,442)

Net change in cash and cash equivalents **1,027,738** 254,932

Cash and cash equivalents, beginning of year **1,222,717** 967,785

Cash and cash equivalents, end of year \$ **2,250,455** \$ 1,222,717

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

1. Nature of Operations

Hugs Café, Inc. (the “Organization”) is a Section 501(c)(3) nonprofit corporation founded in 2013. The mission of Hugs Café, Inc. is to enhance the lives of adults with special needs through training and employment.

The Organization operates a café, which is operated primarily by adults with special needs. The café is open for breakfast and lunch Tuesday through Sunday. The Organization also operates a greenhouse, staffed primarily by adults with special needs. The greenhouse focuses on growing and selling fresh plant varieties such as perennials, annuals, and herbs. The Organization also runs Hugs Training Academy, a 12-week educational training course for adults with disabilities who seek to work in the culinary and hospitality industries. The Organization also leverages its experience to support other organizations and business with similar missions through mentorship.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S.” GAAP”).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include valuation of donated goods and services and estimated useful lives of long-lived assets. The Organization evaluates its estimates and assumptions on an ongoing basis and relies on historical experience and various other factors that it believes to be reasonable under the circumstances to determine such estimates. Because uncertainties with respect to estimates and assumptions are inherent in the preparation of financial statements, actual results could differ from these estimates.

Presentation of Financial Statements

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:	The portion of net assets that is not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
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NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Presentation of Financial Statements (continued)

Net assets with donor restrictions:	The portion of net assets that is subject to donor-imposed restrictions. Such net assets are subject to donor-imposed restrictions that may be met, either by actions of the Organization and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions. It is the policy of the Organization to show revenues with donor restrictions whose restrictions are met in the same reporting period as revenues without donor restrictions.
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Liquidity and Availability

The Organization's financial assets available within one year of the balance sheet data for general expenditure primarily include cash and cash equivalents, accounts receivable, and marketable securities. Restricted deposits are excluded from availability as these funds are not available for general expenditure purposes. The Organization's goal is generally to maintain financial assets to meet at least six to nine months of normal operating expense. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Hugs Café, Inc.'s ongoing programs and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or non-recurring nature.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. At times, cash and cash equivalents held at a financial institution may be in excess of the Federal Deposit Insurance Corporation ("FDIC") coverage limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are primarily comprised of training academy tuition payments to be received, license revenue to be received, and credit card charges, which are generally converted to cash in two to five days after a purchase is made. The Organization does not anticipate any material collection loss on the balance in accounts receivable; accordingly, no allowance for credit losses has been established. As of December 31, 2024, 2023, and 2022, the Organization had accounts receivable of \$25,655, \$20,000, and \$3,245, respectively.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Gifts-in-Kind Receivable

Gifts-in-kind receivable expected to be collected within one year are recorded at estimated net realizable value. Gifts-in-kind receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Management determines the allowance for uncollectable gifts-in-kind receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Gifts-in-kind receivable are written off when deemed uncollectable. No allowance for gifts-in-kind receivable was recorded as of December 31, 2024 and 2023.

Investment Valuation and Income Recognition

Marketable securities consist of cash and cash equivalents and mutual funds and are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The Organization determines the valuation policies utilizing information provided by the investment advisers and custodian. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as paid. Dividends are recorded on the ex-dividend date. Investment income (loss) includes the Organization's gains and losses on marketable securities bought and sold as well as held during the year.

Leases

Right-of-use ("ROU") assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization's leases may include options allowing to extend or terminate the lease, and when it is reasonably certain that the Organization will exercise those options, those periods will be included in the lease term. Variable costs, such as payments for insurance and tax payments, are expensed when the obligation for those payments is incurred.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, *Leases*, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset. Leases may contain termination options, where the rights to terminate are held by either the Organization, the lessor, or both parties.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

Leases may contain non-lease components, which the Organization accounts for separately from lease components. Most of the Organization's leases do not provide for an implicit rate, therefore, the Organization uses the incremental borrowing rate based on the estimated rate of interest for the collateralized borrowing over a similar term of the lease payments at commencement date. The Organization has elected to account for short-term leases (12 months or less) by recognizing the lease payments in the statement of activity on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligations of the payments is incurred, in accordance with the private Organization practical expedient option.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method over a period ranging from 2 to 10 years. Expenditures for leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the estimated useful life of the specific asset or the term of the applicable lease. Maintenance and repairs are charged to expense as incurred and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss is recorded in income.

Financial Instruments

The carrying values of the Organization's financial instruments, including cash and cash equivalents, receivables, accounts payable and accrued expenses, and other current liabilities, approximate the fair values of such instruments due to the short-term nature of the instruments.

Contract Liabilities

Contracts with affiliates, donors, and customers usually stipulate the timing of payment, which is defined by the terms found with the various contracts under which obligations were performed during the period. Therefore, liabilities are created when the timing of satisfaction of the performance obligation does not coincide with the billing terms.

The Organization classifies contract liabilities as current or noncurrent to the extent the revenue is expected to be recognized in excess of one year from the balance sheet date. No contract liabilities were considered noncurrent as of December 31, 2024. As of December 31, 2024, 2023, and 2022, the Organization had contract liabilities of \$35,989, \$61,034, and \$58,318, respectively.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions and Pledges

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Sales

Sales of food and beverage at the café and plants and supplies at the greenhouse are recognized at the point-of-sale upon receipt of cash, check, or credit card charge, net of discounts and promotional allowances. Sales taxes collected from customers and remitted to governmental authorities are presented on a net basis in the statements of activities. Tuition income from the training academy is recognized over the period of time that the instructional services are provided to the student.

Gifts-in-Kind and Donated Services

The Organization receives gifts-in-kind, such as reduced rent, in-kind services, and donated items to be sold or auctioned off. Gifts-in-kind revenue is recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with FASB. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which the Organization takes constructive possession of the gifts-in-kind and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Gifts-in-kind received through donations are valued and recorded as revenue at their fair value that would be received for selling the goods in their principal market considering their condition and utility for use at the time the contribution is received.

In circumstances in which the Organization distributes gifts-in-kind as part of its own programs, it reports an expense, which is reported in the functional classification for the program in which the gifts-in-kind were used. Although it is the Organization's policy to distribute gifts-in-kind as promptly as possible, the

A substantial number of individuals have volunteered significant amounts of their time to program and supporting functions; however, these services do not meet the criteria for recognition in accordance with U.S. GAAP and, therefore, are not recorded in the accompanying financial statements. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

License and Collaboration Agreements (continued)

The Organization offers license agreements with affiliate partners. Under the terms of the license agreement, the Organization grants the licensee an exclusive right to use training materials developed by the Organization. The Organization determined that the right of the licensee to use the licensed materials is transferred upon execution of the contract.

Practical Expedients

The Organization has elected to utilize certain practical expedients available under U.S. GAAP, including: (1) excluding sales taxes and other usage-based taxes from revenue, (2) electing not to disclose information about remaining performance obligations has also been elected as these obligations have an original duration of one year or less, (3) electing not to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer, (4) not evaluating whether the selling price includes a financing interest component for contracts that are less than a year, (5) expensing costs incurred to obtain a contract for contracts for which obligations will be settled in less than one year, and (6) the “as invoiced” practical expedient.

Taxes Collected from Customers

The Organization records taxes collected from customers imposed on revenue transactions, for example, sales taxes, use taxes, value-added taxes and some types of excise taxes, on a net basis.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Therefore, there are no provisions for income taxes reflected in these financial statements.

The Organization follows FASB ASC 740-10, *Income Taxes – Overall*. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income (“UBIT”). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization has assessed its federal and state tax positions and determined that there were no unrelated business income taxes and no uncertainties or possible related effects that need to be recorded as of or for the year ended December 31, 2024. The Organization’s federal tax returns for the year 2021 and subsequent years remain subject to examination by tax authorities.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Functional Expenses

The financial statements report certain categories of expenses that are attributable to either program or supporting functions. Functional expenses are allocated to programs and supporting services based on specific identification. Expenses that relate to more than one program or support activity are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are administrative, which are allocated based on the nature of the cost incurred.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment recognized is measured at the amount by which the carrying value exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized during the years ended December 31, 2024 and 2023.

Recently Adopted and New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Organization has adopted the provisions of ASU 2019-10 for the year ended December 31, 2023. The adoption had no significant impact on the financial statements.

Reclassifications

Certain reclassifications have been made to the prior year balances to confirm to the current year's presentation.

Subsequent Events

Subsequent events have been evaluated through the date of the report of independent auditors, which is the date these financial statements were available to be issued. Other than the matters disclosed in Note 12, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

3. Revenue Recognition

The following table sets forth net sales from contracts with customers for the year ended December 31, 2024:

	Point in Time	Over Time	Net Sales
Sales	\$ 601,232	\$ 141,109	\$ 742,341
Affiliate mentor revenue	-	133,663	133,663
License revenue	12,188	-	12,188
Total contracts with customers, net	<u>\$ 613,420</u>	<u>\$ 274,772</u>	<u>\$ 888,192</u>

The following table sets forth net sales from contracts with customers for the year ended December 31, 2023:

	Point in Time	Over Time	Net Sales
Sales	\$ 515,286	\$ 65,700	\$ 580,986
License revenue	20,000	-	20,000
Total contracts with customers, net	<u>\$ 535,286</u>	<u>\$ 65,700</u>	<u>\$ 600,986</u>

4. Fair Value Measurements

Certain assets and liabilities are required to be recorded at fair value on a recurring basis, while other assets and liabilities are recorded at fair value on a nonrecurring basis, generally as a result of impairment charges. Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Assets measured at fair value on a nonrecurring basis include long-lived assets. The fair value of cash and cash equivalents and accrued expenses approximate their carrying values. The three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies, is:

- Level 1 – Observable inputs that reflect quoted prices in active markets for identical assets or liabilities in active markets.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Valuations based on inputs that are unobservable and not corroborated by market data.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

4. Fair Value Measurements (continued)

Cash and cash equivalents: Include all cash balances and highly liquid investments with an initial maturity of three months or less and are stated at cost which approximates market value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2024 and 2023.

The following table sets forth by level, within the fair value hierarchy, the Organization’s marketable securities at fair value as of December 31, 2023:

	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Estimated Fair Value
Cash and cash equivalents	\$ 126,848	\$ -	\$ -	\$ 126,848
Mutual funds (level 1)	124,568	-	(10,705)	113,863
	251,416	-	(10,705)	240,711
Less: amounts reclassified to cash and cash equivalents	(126,848)	-	-	(126,848)
Total marketable securities	\$ 124,568	\$ -	\$ (10,705)	\$ 113,863

5. Gifts-in-Kind Receivable

Gifts-in-kind receivable relate solely to the in-kind donations of rent provided over the total lease term at an effective interest rate of 2.88%. Unconditional promises to give are estimated to be collected as follows:

As of December 31,	2024	2023
Amounts due in 2024	\$ -	\$ 24,000
Amounts due in 2025	24,000	24,000
Amounts due in 2026	10,000	10,000
Total financial assets	34,000	58,000
Less: present value discount	(3,030)	(4,353)
Total gifts-in-kind receivable, net	30,970	53,647
Less: current portion	(22,043)	(22,677)
Gifts-in-kind receivable, net of current portion	\$ 8,927	\$ 30,970

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2024	2023
Leasehold improvements	\$ 69,883	\$ 69,883
Furniture and equipment	209,494	120,681
Land	1,004,839	604,839
Construction in progress	220,994	-
Property and equipment, at cost	1,505,210	795,403
Accumulated depreciation	(149,662)	(108,111)
Property and equipment, net	<u>\$ 1,355,548</u>	<u>\$ 687,292</u>

Construction in progress represents costs incurred by the Company related to the construction of property and equipment. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and placed into service.

During the year ended December 31, 2024, the Organization was donated land valued at \$400,000. During the year ended December 31, 2023, the Organization purchased land of which 50% of the fair market value was donated by the seller. In a future event where the Organization receives a bona fide offer for the property, the Organization shall give written notice to the original seller/donor. The Organization must then first offer the seller/donor the same purchase terms and conditions, less \$300,000, of the fair market value of the land originally donated.

7. Operating Lease Liabilities

The Organization has operating leases primarily for facilities, office space, and equipment. The Organization's leases generally do not contain any material restrictive covenants.

The components of lease expense are as follows:

For the Years Ended December 31,	2024	2023
Operating lease expense	\$ 48,000	\$ 48,000
Operating lease expense - discount	23,311	24,000
Short-term rent	72,180	52,226
Total lease expense	<u>\$ 143,491</u>	<u>\$ 124,226</u>

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

7. Operating Lease Liabilities (continued)

Other information related to operating leases is as follows:

For the Years Ended December 31,	2024	2023
Weighted-average remaining lease term in years	1.4	2.4
Weighted-average discount rate	2.88%	2.88%

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the balance sheet as of December 31, 2024, are as follows:

	Total
2025	\$ 48,000
2026	20,000
Total undiscounted cash flows	68,000
Less: present value discount	(1,444)
Total lease liabilities	\$ 66,556
Less: current portion	(46,699)
Long-term, less current portion	\$ 19,857

8. Net Assets with Donor Restrictions

Net assets with donor restrictions were:

As of December 31,	2024	2023
Restricted to purpose		
Capital campaign	\$ 818,125	\$ 107,913
Training academy - scholarships	25,210	56,625
Café	52,166	-
Greenhouse	43,816	-
Training academy	7,885	-
Ambassador program	3,500	-
Total restricted to purpose	950,702	164,538
Time restricted	30,970	53,647
Total net assets with donor restrictions	\$ 981,672	\$ 218,185

Releases from net assets with donor restrictions were due to the following purposes:

For the Years Ended December 31,	2024	2023
Capital campaign - land purchase	\$ 107,913	\$ 238,365
Training academy scholarships awarded	56,625	11,750
Time restricted-discounted operating lease rent	22,677	23,332
Total net assets released from restrictions	\$ 187,215	\$ 273,447

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

9. In-Kind Contributions

Facilities

The Organization received a discounted rental rate for its café and greenhouse facilities. The value of the donated rent is recognized as in-kind contributions at fair value when the pledge is made and are expensed over the life of the lease. The estimated fair value of donated rent is calculated based on estimated market rates where the facilities are located.

Professional Services

The Organization receives donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

10. Capital Campaign

In January 2022, the Organization launched a capital campaign with the goal of raising funds to begin the process of purchasing and building a facility in east McKinney, Texas. In January 2023, the Organization acquired a parcel of land to be the headquarters and future training academy facility. The fundraising goal for the capital campaign is \$25,000,000 over a period ending in 2028. Construction is set to begin in 2025 and construction is anticipated to be completed in 2026. As of the date of the report of independent auditors, construction has not yet begun.

11. Concentrations, Risk, and Uncertainties

Concentrations of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable incurred in the normal course of business and deposits in financial institutions in excess of federally insured limits. Management believes that the financial institutions are of high credit quality, and therefore, do not pose a significant credit risk to the Organization.

During the year ended December 31, 2024, the Organization received approximately 50% of its total contributions and grants from two donors. During the year ended December 31, 2023, the Organization received approximately 37% of its total contributions and grants from two donors. Additionally, contributions and grants made up approximately 64% and 66% of total revenue for the years ended December 31, 2024 and 2023, respectively.

12. Subsequent Events

Effective January 1, 2025, the Organization entered into a partnership agreement with Independence Landing, a non-profit company located in Florida. Under the terms of the agreement, the Organization will provide licensing of training materials. In return, the Organization will receive a total fixed consideration of \$10,000.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

12. Subsequent Events (continued)

Effective March 1, 2025, the Organization entered into a partnership agreement with Keshet, a non-profit company. Under the terms of the agreement, the Organization will provide consulting, operational support, training, and licensing of training materials over a period from March 1, 2025, through February 28, 2026. In return, the Organization will receive a total fixed consideration of \$46,000 to be paid out quarterly over the 12-month term of the agreement.

Effective May 12, 2025, the Organization purchased land that was previously rented for use of the greenhouse program for a purchase price of \$480,000.

FINANCIAL STATEMENTS

Hugs Café, Inc.

For the Years Ended December 31, 2023 and 2022

Financial Statements

Hugs Café, Inc.

For the Years Ended December 31, 2023 and 2022

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Report of Independent Auditors

To the Board of Directors of
Hugs Café, Inc.

Opinion

We have audited the financial statements of Hugs Café, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hugs Café, Inc. as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditor's Report on the 2022 Financial Statements

The financial statements of Hugs Café, Inc. for the year ended December 31, 2022, were audited by another auditor whose report dated July 17, 2023, expressed an unmodified opinion on those statements. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Organization, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAS"), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hugs Café, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hugs Café, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

The CJ CPA Group, PLLC

April 22, 2024
Frisco, Texas

Statements of Financial Position

As of December 31,

2023**2022****Assets**

Cash and cash equivalents	\$ 1,222,717	\$ 967,785
Marketable securities	113,863	214,573
Accounts receivable	20,000	3,245
Gifts-in-kind receivable, current portion	22,677	23,329
Prepaid expenses and other current assets	12,500	-
Total current assets	1,391,757	1,208,932
Property and equipment, net	687,292	112,800
Right-of-use assets - operating	111,933	156,025
Other long-term assets:		
Gifts-in-kind receivable, net of current portion	30,970	53,647
Deposits	4,900	3,500
Total other long-term assets	35,870	57,147

Total assets	\$ 2,226,852	\$ 1,534,904
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Liabilities and Net Assets

Accounts payable	\$ 42,630	\$ 2,500
Accrued expenses	30,063	16,991
Contract liabilities	61,034	58,318
Current portion of lease liabilities - operating	45,377	44,092
Total current liabilities	179,104	121,901
Operating lease liabilities, net of current portion	66,556	111,933
Total liabilities	245,660	233,834
Net assets without donor restrictions	1,763,007	971,601
Net assets with donor restrictions	218,185	329,469
Total net assets	1,981,192	1,301,070

Total liabilities and net assets	\$ 2,226,852	\$ 1,534,904
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Statement of Activities

For the Year Ended December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Contributions	\$ 1,082,331	\$ 54,250	\$ 1,136,581
In-kind contributions	23,400	-	23,400
Sales	580,986	-	580,986
License revenue	20,000	-	20,000
Interest and dividends	5,549	-	5,549
Net assets released from restrictions	273,447	(273,447)	-
Total revenue	1,985,713	(219,197)	1,766,516
Expenses:			
Program service expense			
Cafe	442,771	-	442,771
Greenhouse	263,350	-	263,350
Training	96,804	-	96,804
Total program services expenses	802,925	-	802,925
Supporting services expense:			
Management and general	288,302	-	288,302
Fundraising	113,267	-	113,267
Total supporting services expenses	401,569	-	401,569
Total expenses	1,204,494	-	1,204,494
Change in net assets from operations	781,219	(219,197)	562,022
Non-operating activities:			
Capital campaign revenue	-	107,913	107,913
Marketable securities return, net	10,187	-	10,187
Total non-operating activities	10,187	107,913	118,100
Change in net assets	791,406	(111,284)	680,122
Beginning net assets	971,601	329,469	\$ 1,301,070
Ending net assets	\$ 1,763,007	\$ 218,185	\$ 1,981,192

Statement of Activities

For the Year Ended December 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Contributions	\$ 569,360	\$ -	\$ 569,360
In-kind contributions	20,999	90,976	111,975
Sales	461,668	-	461,668
Interest and dividends	7,873	-	7,873
Net assets released from restrictions	35,506	(35,506)	-
Total revenue and other support	1,095,406	55,470	1,150,876
Expenses:			
Program service expense			
Cafe	457,639	-	457,639
Greenhouse	231,132	-	231,132
Training	119,023	-	119,023
Total program services expenses	807,794	-	807,794
Supporting services expense:			
Management and general	104,492	-	104,492
Fundraising	33,858	-	33,858
Total supporting services expenses	138,350	-	138,350
Total expenses	946,144	-	946,144
Change in net assets from operations	149,262	55,470	204,732
Non-operating activities:			
Capital campaign revenue	-	138,365	138,365
Investments return, net	(39,650)	-	(39,650)
Total non-operating activities	(39,650)	138,365	98,715
Change in net assets	109,612	193,835	303,447
Beginning net assets	861,989	135,634	997,623
Ending net assets	\$ 971,601	\$ 329,469	\$ 1,301,070

Statement of Functional Expenses

For the Year Ended December 31, 2023

	Program Services				Supporting Services			Total Expenses
	Cafe	Greenhouse	Training	Program Subtotal	Management and General	Fundraising	Supporting Subtotal	
Salaries, payroll taxes, and benefits	\$ 205,803	\$ 106,890	\$ 67,870	\$ 380,563	\$ 159,898	\$ -	\$ 159,898	\$ 540,461
Food and drink	112,882	-	75	112,957	-	-	-	112,957
Tools and equipment	5,667	85,243	5,499	96,409	6,161	494	6,655	103,064
Rent, repairs, and utilities	96,189	42,851	22,225	161,265	11,557	-	11,557	172,822
Promotion	312	2,112	72	2,496	11,560	27,173	38,733	41,229
Professional fees	2,883	883	585	4,351	92,662	78,605	171,267	175,618
Depreciation and amortization	9,655	18,192	-	27,847	-	-	-	27,847
Office supplies and other	9,380	7,179	478	17,037	6,464	6,995	13,459	30,496
Total functional expenses	\$ 442,771	\$ 263,350	\$ 96,804	\$ 802,925	\$ 288,302	\$ 113,267	\$ 401,569	\$ 1,204,494

Statement of Functional Expenses
 For the Year Ended December 31, 2022

	Program Services				Supporting Services			Local Expenses
	Cafe	Greenhouse	Training	Program Subtotal	Management and General	Fundraising	Supporting Subtotal	
Salaries, payroll taxes, and benefits	\$ 218,224	\$	\$ 79,785	\$ 382,776	\$ 43,181	\$ 18,806	\$ 61,987	\$ 444,763
Food and drink	113,593		3,551	117,144				117,144
Fuels and equipment	14,921	82,759	7,552	105,232				105,232
Rent, repairs, and utilities	84,510	42,975	22,820	150,305	9,554		9,554	159,859
Promotion	836	365	70	1,271	1,875	15,052	16,927	18,198
Professional fees	1,280	973	2,400	4,653	41,157		41,157	45,810
Depreciation and amortization	15,974	11,695		27,669				27,669
Office supplies and other	8,301	7,598	2,845	18,744	8,725		8,725	27,469
Total functional expenses	\$ 457,639	\$ 231,132	\$ 119,023	\$ 807,794	\$ 104,492	\$ 33,858	\$ 138,350	\$ 946,144

Statements of Cash Flows

For the Years Ended December 31,

2023**2022****Cash Flows from Operating Activities:**

Change in net assets	\$	680,122	\$	303,447
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		27,847		27,669
Net appreciation (depreciation) on marketable securities		(10,187)		39,650
Non-cash donation of land		(300,000)		-
Gifts-in-kind		23,329		(71,345)
Non-cash operating lease expense		48,000		25,142
Change in operating assets and liabilities:				
Accounts receivable		(16,755)		(1,153)
Prepaid		(12,500)		-
Deposits		(1,400)		-
Accounts payable		40,130		2,500
Accrued expenses		13,072		26,442
Deferred revenue		2,716		-
Change in operating lease liabilities		(48,000)		(25,142)
Net cash provided by operating activities		446,374		327,210

Investing Activities:

Dividends and interest income on marketable securities		5,542		7,873
Purchase of marketable securities		(5,542)		(3,207)
Proceeds from sale of marketable securities		110,897		-
Purchases of property and equipment		(302,339)		(4,451)
Net cash provided by (used in) investing activities		(191,442)		215

Net increase in cash and cash equivalents

254,932

327,425

Cash and cash equivalents, beginning of year

967,785

640,360

Cash and cash equivalents, end of year**\$ 1,222,717****\$ 967,785****Supplemental Disclosure of Non-Cash Investing Activities:**

Establishment of operating right-of-use assets and lease liabilities	\$	-	\$	181,167
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NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. Nature of Operations

Hugs Café, Inc. (the “Organization”) is a Section 501(c)(3) nonprofit corporation founded in 2013. The mission of Hugs Café, Inc. is to enhance the lives of adults with special needs through training and employment.

The Organization operates a café, which is operated primarily by adults with special needs. The café is open for lunch Tuesday through Saturday. The Organization also operates a greenhouse, staffed primarily by adults with special needs. The greenhouse focuses on growing and selling fresh plant varieties such as perennials, annuals, and herbs. The Organization also runs Hugs Training Academy, a 12-week educational training course for adults with disabilities who seek to work in the culinary and hospitality industries.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S.” GAAP”).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include valuation of donated goods and services and estimated useful lives of long-lived assets. The Organization evaluates its estimates and assumptions on an ongoing basis and relies on historical experience and various other factors that it believes to be reasonable under the circumstances to determine such estimates. Because uncertainties with respect to estimates and assumptions are inherent in the preparation of financial statements, actual results could differ from these estimates.

Presentation of Financial Statements

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, “Not-for Profit Entities.” Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:	The portion of net assets that is not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
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NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Presentation of Financial Statements (continued)

Net assets with donor restrictions:	The portion of net assets that is subject to donor-imposed restrictions. Such net assets are subject to donor-imposed restrictions that may be met, either by actions of the Organization and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions. It is the policy of the Organization to show revenues with donor restrictions whose restrictions are met in the same reporting period as revenues without donor restrictions.
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Liquidity and Availability

The Organization's financial assets available within one year of the balance sheet data for general expenditure primarily include cash and cash equivalents, accounts receivable, and marketable securities. Restricted deposits are excluded from availability as these funds are not available for general expenditure purposes. The Organization's goal is generally to maintain financial assets to meet at least six to nine months of normal operating expense. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Hugs Café, Inc.'s ongoing programs and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or non-recurring nature.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. At times, cash and cash equivalents held at a financial institution may be in excess of the Federal Deposit Insurance Corporation ("FDIC") coverage limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are primarily comprised of training academy tuition payments to be received, license revenue to be received, and credit card charges, which are generally converted to cash in two to five days after a purchase is made. The Organization does not anticipate any material collection loss on the balance in accounts receivable; accordingly, no allowance for credit losses has been established.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions receivable expected to be collected within one year are recorded at estimated net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Management determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. No allowance for contributions receivable was recorded as of December 31, 2023 and 2022.

Investment Valuation and Income Recognition

Marketable securities consist of cash and cash equivalents and mutual funds and are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The Organization determines the valuation policies utilizing information provided by the investment advisers and custodian. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as paid. Dividends are recorded on the ex-dividend date. Investment income (loss) includes the Organization's gains and losses on marketable securities bought and sold as well as held during the year.

Leases

Right-of-use ("ROU") assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization's leases may include options allowing to extend or terminate the lease, and when it is reasonably certain that the Organization will exercise those options, those periods will be included in the lease term. Variable costs, such as payments for insurance and tax payments, are expensed when the obligation for those payments is incurred.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset. Leases may contain termination options, where the rights to terminate are held by either the Organization, the lessor, or both parties.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

Leases may contain non-lease components, which the Organization accounts for separately from lease components. Most of the Organization's leases do not provide for an implicit rate, therefore, the Organization uses the incremental borrowing rate based on the estimated rate of interest for the collateralized borrowing over a similar term of the lease payments at commencement date. The Organization has elected to account for short-term leases (12 months or less) by recognizing the lease payments in the statement of activity on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligations of the payments is incurred, in accordance with the private Organization practical expedient option.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method over a period ranging from 2 to 10 years. Expenditures for leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the estimated useful life of the specific asset or the term of the applicable lease. Maintenance and repairs are charged to expense as incurred and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss is recorded in income.

Financial Instruments

The carrying values of the Organization's financial instruments, including cash and cash equivalents, receivables, accounts payable and accrued expenses, and other current liabilities, approximate the fair values of such instruments due to the short-term nature of the instruments.

Revenue Recognition

Contributions and Pledges

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Sales

Sales of food and beverage at the café and plants and supplies at the greenhouse are recognized at the point-of-sale upon receipt of cash, check, or credit card charge, net of discounts and promotional allowances. Sales taxes collected from customers and remitted to governmental authorities are presented on a net basis in the statements of activities. Tuition income from the training academy is recognized over the period of time that the instructional services are provided to the student.

Gifts-in-Kind and Donated Services

The Organization receives gifts-in-kind, such as reduced rent, in-kind services, and donated items to be sold or auctioned off. Gifts-in-kind revenue is recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with FASB. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which the Organization takes constructive possession of the gifts-in-kind and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Gifts-in-kind received through donations are valued and recorded as revenue at their fair value that would be received for selling the goods in their principal market considering their condition and utility for use at the time the contribution is received.

In circumstances in which the Organization distributes gifts in kind as part of its own programs, it reports an expense, which is reported in the functional classification for the program in which the gifts in kind were used. Although it is the Organization's policy to distribute gifts in kind as promptly as possible, the Organization may hold some gifts in kind at year-end. Undistributed gifts in kind at year-end are reported as inventory. Inventory is valued at the lower of cost or net realizable value (cost is determined as fair value at the date of gift plus any costs incurred).

A substantial number of individuals have volunteered significant amounts of their time to program and supporting functions; however, these services do not meet the criteria for recognition in accordance with U.S. GAAP and, therefore, are not recorded in the accompanying financial statements. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

License and Collaboration Agreements

The Organization offers license agreements with affiliate partners. Under the terms of the license agreement, the Organization grants the licensee an exclusive right to use training materials developed by the Organization. The Organization determined that the right of the licensee to use the licensed materials is transferred upon execution of the contract.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Advertising and Fundraising

All costs associated with advertising and fundraising are expensed in the year incurred. Advertising and fundraising costs were \$41,229 and \$18,198 for the years ended December 31, 2023 and 2022, respectively.

Taxes Collected from Customers

The Organization records taxes collected from customers imposed on revenue transactions, for example, sales taxes, use taxes, value-added taxes and some types of excise taxes, on a net basis.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Therefore, there are no provisions for income taxes reflected in these financial statements.

The Organization follows FASB ASC 740-10, *Income Taxes – Overall*. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income ("UBIT"). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization has assessed its federal and state tax positions and determined that there were no unrelated business income taxes and no uncertainties or possible related effects that need to be recorded as of or for the year ended December 31, 2023. The Organization's federal tax returns for the year 2020 and subsequent years remain subject to examination by tax authorities.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to either program or supporting functions. Functional expenses are allocated to programs and supporting services based on specific identification. Expenses that relate to more than one program or support activity are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are administrative, which are allocated based on the nature of the cost incurred.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment recognized is measured at the amount by which the carrying value exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during the years ended December 31, 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Recently Adopted and New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* and subsequent amendments to the initial guidance, ASU 2017-13, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, ASU 2019-10, and ASU 2020-05 to increase transparency and comparability of lease recognition and disclosure. The update requires lessees to recognize lease contracts with a term greater than one year on the balance sheet, while recognizing expenses on the income statement in a manner similar to current guidance. For lessors, the update makes targeted changes to the classification criteria and the lessor accounting model to align the guidance with the new lessee model and revenue guidance. The ASUs also will require disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The ASUs also provide for an additional (and optional) transition method by allowing entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The ASUs are effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 31, 2022, with early adoption permitted. The Organization has adopted the provisions of ASU 2016-02 for the year ending December 31, 2022. The adoption had no impact on the Organization's statements of income. The most significant impact was the recognition of right of use assets and liabilities for operating leases on the statements of financial position.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. ASU No. 2020-07 is effective for fiscal years, and interim periods within those years, beginning after June 15, 2021. The Organization has adopted the provisions ASU No. 2020-07 for the year ended December 31, 2022. The adoption had no significant impact on the financial statements, with the exception of increased disclosure.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Organization has adopted the provisions of ASU 2019-10 for the year ended December 31, 2023. The adoption had no significant impact on the financial statements.

Reclassifications

Certain reclassifications have been made to the prior year balances to confirm to the current year's presentation.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events have been evaluated through the date of the report of independent auditors, which is the date these financial statements were available to be issued. Other than the matters disclosed in Note 12, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

3. Revenue Recognition

The following table sets forth net sales from contracts with customers for the year ended December 31, 2023:

	Point in Time	Over Time	Net Sales
Sales	\$ 515,286	\$ 65,700	\$ 580,986
License revenue	20,000	-	20,000
Interest and dividends	5,549	-	5,549
Total contracts with customers, net	<u>\$ 540,835</u>	<u>\$ 65,700</u>	<u>\$ 606,535</u>

The following table sets forth net sales from contracts with customers for the year ended December 31, 2022:

	Point in Time	Over Time	Net Sales
Sales	\$ 386,959	\$ 74,709	\$ 461,668
Interest and dividends	7,873	-	7,873
Total contracts with customers, net	<u>\$ 394,832</u>	<u>\$ 74,709</u>	<u>\$ 469,541</u>

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

4. Fair Value Measurements

Certain assets and liabilities are required to be recorded at fair value on a recurring basis, while other assets and liabilities are recorded at fair value on a nonrecurring basis, generally as a result of impairment charges. Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Assets measured at fair value on a nonrecurring basis include long-lived assets. The fair value of cash and cash equivalents and accrued expenses approximate their carrying values. The three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies, is:

- Level 1 – Observable inputs that reflect quoted prices in active markets for identical assets or liabilities in active markets.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Valuations based on inputs that are unobservable and not corroborated by market data.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Cash and cash equivalents: Include all cash balances and highly liquid investments with an initial maturity of three months or less and are stated at cost which approximates market value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

4. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's marketable securities at fair value as of December 31, 2023:

	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Estimated Fair Value
Cash and cash equivalents	\$ 126,848	\$ -	\$ -	\$ 126,848
Mutual funds (level 1)	124,568	-	(10,705)	113,863
	<u>251,416</u>	<u>-</u>	<u>(10,705)</u>	<u>240,711</u>
Less: amounts reclassified to cash and cash equivalents	(126,848)	-	-	(126,848)
Total marketable securities	<u>\$ 124,568</u>	<u>\$ -</u>	<u>\$ (10,705)</u>	<u>\$ 113,863</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's marketable securities at fair value as of December 31, 2022:

	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Estimated Fair Value
Cash and cash equivalents	\$ 10,420	\$ -	\$ -	\$ 10,420
Mutual funds (level 1)	248,675	-	(34,102)	214,573
	<u>259,095</u>	<u>-</u>	<u>(34,102)</u>	<u>224,993</u>
Less: amounts reclassified to cash and cash equivalents	(10,420)	-	-	(10,420)
Total marketable securities	<u>\$ 248,420</u>	<u>\$ -</u>	<u>\$ (34,102)</u>	<u>\$ 214,573</u>

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

5. Gifts-in-Kind Receivable

Gifts-in-kind receivable relate solely to the in-kind donations of rent provided over the total lease term at an effective interest rate of 2.88%. Unconditional promises to give are estimated to be collected as follows:

As of December 31,	2023	2022
Amounts due in 2023	\$ -	\$ 24,000
Amounts due in 2024	24,000	24,000
Amounts due in 2025	24,000	24,000
Amounts due in 2026	10,000	10,000
Total financial assets	58,000	82,000
Less: present value discount	(4,353)	(5,024)
Total gifts-in-kind receivable, net	\$ 53,647	\$ 76,976

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2023	2022
Leasehold improvements	\$ 153,501	\$ 153,501
Furniture and equipment	37,063	37,063
Land	604,839	2,500
Property and equipment, at cost	795,403	193,064
Accumulated depreciation	(108,111)	(80,264)
Property and equipment, net	\$ 687,292	\$ 112,800

During the year ended December 31, 2023, the Organization purchased land of which 50% of the fair market value was donated by the seller. In a future event where the Organization receives a bona fide offer for the property, the Organization shall give written notice to the original seller/donor. The Organization must then first offer the seller/donor the same purchase terms and conditions, less \$300,000, of the fair market value of the land originally donated.

7. Operating Lease Liabilities

The Organization has operating leases primarily for facilities, office space, and equipment. The Organization's leases generally do not contain any material restrictive covenants.

The components of lease expense are as follows:

For the Years Ended December 31,	2023	2022
Operating lease expense	\$ 48,000	\$ 43,131
Operating lease expense - discount	24,000	20,000
Short-term rent	52,226	51,526
Total lease expense	\$ 124,226	\$ 114,657

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

7. Operating Lease Liabilities (continued)

Other information related to operating leases is as follows:

For the Years Ended December 31,	2023	2022
Weighted-average remaining lease term in years	2.4	3.4
Weighted-average discount rate	2.88%	2.88%

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the balance sheet as of December 31, 2023, are as follows:

	Total
2024	\$ 48,000
2025	48,000
2026	20,000
Total undiscounted cash flows	116,000
Less: present value discount	(4,067)
Total lease liabilities	\$ 111,933
Less: current portion	(45,377)
Long-term, less current portion	\$ 66,556

8. Net Assets with Donor Restrictions

As of December 31, 2023 and 2022, net assets with donor restrictions were:

As of December 31,	2023	2022
Restricted to purpose		
Capital campaign	\$ 107,913	\$ 238,365
Training academy scholarships	56,625	14,125
Total restricted to purpose	164,538	252,490
Time restricted	53,647	76,979
Total net assets with donor restrictions	\$ 218,185	\$ 329,469

Releases from net assets with donor restrictions were due to the following purposes:

For the Years Ended December 31,	2023	2022
Capital campaign-land purchase	\$ 238,365	\$ -
Training academy scholarships awarded	11,750	15,875
Time restricted-discounted operating lease rent	23,332	19,631
Total net assets released from restrictions	\$ 273,447	\$ 35,506

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

9. In-Kind Contributions

Facilities

The Organization received a discounted rental rate for its café and greenhouse facilities. The value of the donated rent is recognized as in-kind contributions at fair value when the pledge is made and are expensed over the life of the lease. The estimated fair value of donated rent is calculated based on estimated market rates where the facilities are located.

Professional Services

The Organization receives donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

10. Capital Campaign

In January 2022, the Organization launched a capital campaign with the goal of raising funds to begin the process of purchasing and building a facility in east McKinney, Texas. In January 2023, the Organization acquired a parcel of land to be the headquarters and future training academy facility. The fundraising goal for the capital campaign is \$25,000,000 over a period ending in 2028. Construction is set to begin in 2025 and construction is anticipated to be completed in 2026. As of the date of the report of independent auditors, construction has not yet begun.

Capital campaign revenue recognized related to building a new facility was \$107,913 and \$138,365 for the years ended December 31, 2023 and 2022, respectively.

11. Concentrations, Risk, and Uncertainties

Concentrations of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable incurred in the normal course of business and deposits in financial institutions in excess of federally insured limits. Management believes that the financial institutions are of high credit quality, and therefore, do not pose a significant credit risk to the Organization.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

12. Subsequent Events

Partnership Agreements

Super Duper Cookie

In January 2024, the Organization entered into a partnership agreement with Super Duper Cookie Company, a food truck that aims to replicate the successful model of Hugs Café, Inc. Under the terms of the agreement, the Organization will provide operational support over a period from February 1, 2024, through July 31, 2024, employees, training, and customized training materials. In return, the Organization will receive a total fixed consideration of \$25,000 due within 15 days of execution of the agreement.

The Lily Pad

In January 2024, the Organization entered into a partnership agreement with The Lily Pad, a café that aims to replicate the successful model of Hugs Café, Inc. Under the terms of the agreement, the Organization will provide operational support, training, and licensing of training materials over a period from February 1, 2024, through January 31, 2026. In return, the Organization will receive a total fixed consideration of \$59,500 over a two-year period.

Laradon

In March 2024, the Organization entered into a partnership agreement with Laradon. Under the terms of the agreement, the Organization will provide consulting, operational support, training, and licensing of training materials over a period from April 1, 2024, through December 31, 2025. In return, the Organization will receive a total fixed consideration of \$77,000 to be paid monthly over the 20-month term of the agreement.

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

**Request for Taxpayer
Identification Number and Certification**

Go to www.irs.gov/FormW9 for instructions and the latest information.

Give form to the
requester. Do not
send to the IRS.

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.) Hugs Cafe, Inc	
	2 Business name/disregarded entity name, if different from above.	
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. ☐ Individual/sole proprietor ☐ C corporation ☐ S corporation ☐ Partnership ☐ Trust/estate ☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____ Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. ☐ Other (see instructions) _____ 501c3 - Non-Profit	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ (Applies to accounts maintained outside the United States.)
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions ☐	
	5 Address (number, street, and apt. or suite no.). See instructions. 224 E Virginia St 6 City, state, and ZIP code McKinney, TX 75069 7 List account number(s) here (optional)	Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
			-						
or									
Employer identification number									
4	6		-	2	3	3	2	7	1 4

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person <i>McAldo-Wiley</i>	Date <i>1/9/2026</i>
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they