

Project Grant Application

McKinney Community Development Corporation FY 2025

Important Information

- **Form Function Note:** To save your progress in the form, you must scroll to the bottom of the form and select 'Save'. If you do not have a Jotform login, you will need to create one.
- Please read the McKinney Community Development Corporation [Grant Guidelines](#) before completing this application.
- The Grant Guidelines are available on this website or by emailing Info@McKinneyCDC.org.
- A completed application and all supporting documents are required to be submitted via this application for consideration by the MCDC board.
- **Applications must be completed in full, using this electronic form, and received by MCDC by 5 p.m. on the application deadline indicated on the [Grants page](#) of this website.**
- **If you are interested in a preliminary review of your grant request or event idea, please complete and submit the online [Letter of Inquiry](#).**

Process

The McKinney Community Development Corporation Board of Directors are responsible for reviewing and voting on applications for grant funding, in accordance with requirements of the Texas Local Government Code.

- A **completed** application form must be submitted via the online form in accordance with the 2025 schedule outlined on page one.
- The application will be evaluated to determine eligibility for MCDC funding under State law.
- A minimum of two bids must be secured for the proposed work and be included with the application. (A certified estimate may be accepted with the application if the timeframe for the bid expires earlier than the timeframe for the application, presentation and decision on the funding request.)
- Once eligibility for consideration is confirmed, Applicants will be notified and placed on the meeting agenda to make a presentation to the Board. Following the presentation, Board member will have an opportunity to ask questions of the applicant. Please note: This is a formal presentation and time limits may be imposed.
- A public hearing, with notice of application and request for funding, will be published and posted in accordance with the requirements of the Open Meetings Act and the Texas Local Government Code. **The application, along with all documents/attachments will become public information once submitted to MCDC.**
- Following the public hearing, grant requests will be referred to a subcommittee of the MCDC board for evaluation and recommendation of approval or denial to the full board.
- Board action on the grant application will be scheduled for the board meeting the month following the public hearing.

Eligible Projects

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

- Projects Related to the creation or retention of primary jobs.
- Infrastructure improvement projects necessary to develop new or expanded business enterprises.
- Public parks and open space improvements.
- Projects related to recreational or community (city / public access) facilities.
- Professional and amateur sports and athletic facilities, including children's sports.

- Entertainment, tourist, and convention facilities
- Projects related to low-income housing (60% AMI or lower).
- Airport facilities.

Organization Information

Name	Lauren Smith
Federal Tax I.D.	46-2332714
Incorporation Date	Sunday, July 13, 2014
Mailing Address	224 E Virginia St McKinney, Tx, 75069
Phone Number	(469) 301-6900
Email	lauren@hugscafe.org
Website	www.hugscafe.org
Facebook	https://www.facebook.com/HugsCafe/
Instagram	https://www.instagram.com/hugscafe
Twitter / X	Not applicable
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, successes, contribution to community, etc.

Hugs Café Inc. is a nonprofit organization based in McKinney, Texas, dedicated to providing meaningful employment and training opportunities for adults with intellectual and developmental disabilities (IDD). Founded in 2015, Hugs Café is more than just a café—it is a community where individuals with IDD can build confidence, develop skills, and find purpose in the workforce.

Our Mission

The mission of Hugs Café Inc. is to enhance the lives of adults with intellectual and developmental disabilities through training and employment.

Hugs Café is driven by the belief that all individuals, regardless of ability, deserve the opportunity to work, contribute to their community, and live with dignity and independence. Our vision is a world where everyone has a place to belong and thrive.

Core Programs:

1. Hugs Café Restaurant

A fully operational café that employs adults with IDD, providing them with real-world experience in food service, teamwork, and customer interaction.

2. Hugs Training Academy

A workforce readiness program that offers classroom education and hands-on training in culinary and hospitality careers. The Training Academy Program includes job coaching and employment placement assistance for meaningful, long-term employment.

3. Hugs Greenhouse

An outdoor extension of our mission where individuals learn gardening and retail skills while cultivating

plants and selling them to the community.

Organization Type

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

IRS Determination Letter for 501(c)3



Hugs Cafe Inc W-9 & IRS 501c3 Verific...pdf

Reminder: To save your progress in the form, you must scroll to the bottom of the form and select **'Save'**. If you do not have a Jotform login, you will need to create one.

Contact Information

Representative Completing Application

Name Celeste Haiduk Cox
Title Grant Writer
Mailing Address 1301 Oak St.
McKinney, Texas, 75069
Phone Number (214) 616-7373
Email Address celeste.haidukcox@gmail.com

Contact for Communication Between MCDC and Organization

Name Lauren Smith
Title Executive Director
Mailing Address 224 E Virginia St
McKinney, Tx, 75069
Phone Number (469) 301-6900
Email Address lauren@hugscafe.org

Property Owner Information (if different from Applicant)

Are you the property owner?

Yes

Name

Not Applicable

Company Hugs Cafe Inc

Mailing Address 000 Not Applicable
McKinney, TX, 75069

Phone Number (000) 000-0000

Email Address notapplicable@na.com

Reminder: To save your progress in the form, you must scroll to the bottom of the form and select '**Save**'. If you do not have a Jotform login, you will need to create one.

Project Information

Funding - Total Amount Requested 970,000

Are matching funds available?

Matching Funds Available 8,500,000

Will funding be requested from any other City of McKinney entity (e.g. TIRZ Grant, City of McKinney 380, CDBG Grant)?

Provide name of City of McKinney entity funding source and amount.

McKinney EDC \$600,000

Have you received or will funding be requested from other organizations / foundations for this project?

Provide name of organization / foundation funding source and amount.

Awarded to date:

Board Members & Staff - \$200,000
2024 Individual Building Donors (from 2024 gala)- \$216,811
FS Foundation - \$125,000
Anonymous 1 - \$1,000,000
Anonymous 2 - \$500,000
HEB - \$250,000
Lynn Family Foundation - \$200,000
Day Star Landscapes - \$150,000 GIK

Has a request for grant funding been submitted to MDCDC in the past five years?

Please list.

2020 Hugs Greenhouse Improvements \$13,000
2022 Hugs Greenhouse Improvements \$14,000

Board of Directors

See attachment

Board of Directors Attachment



Hugs Board 2024 for MCDC.xlsx

Leadership Staff

LEADERSHIP TEAM 2024

Lauren Smith, Executive Director
Evan Jones, Director of Expansion & Culture
OPEN, Director of Programs
Michael Talley, Accounting Manager
Raul Guerrero, Hugs Training Academy Manager
Bill Crump, Hugs Greenhouse Manager
OPEN, Development Manager
Allison Truetken, Marketing Manager
Stephanie Van Kirk, Community Engagement Manager
Wendy Semper, Administrative Assistant
Irene Bagby, Hugs Cafe General Manager

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Detailed Project Information

Project / Business Name	Hugs Cafe and Training Academy
Location of Project	East McKinney near Tupps and new City Hall
Physical Address	801 Green St. McKinney, Tx, 75069
Property Size (in acres)	.992
Collin CAD Property ID	R-0858-005-001A1 and R-0858-005-001B1
What kind of project is proposed? (Check all that apply.)	<input checked="" type="checkbox"/> New project
Estimated Date of Project Start Date	Sunday, June 1, 2025
Estimated Date of Project Completion Date	Tuesday, June 30, 2026

Project Details and Proposed Use

By building a state-of-the-art Hugs Headquarters, we can significantly expand our training programs and accommodate more individuals, ensuring more people can obtain the necessary skills to thrive in the workforce.

This headquarters will house the flagship Hugs Cafe, Hugs Training Academy, and administrative and support staff offices.

The new Hugs Cafe will feature an improved layout and design that maximizes employment and accommodation potential.

The Hugs Training Academy program will provide a pool of skilled restaurant employees and a community awareness of inclusive hiring. The daily use of the property will be for job readiness training. This facility

will also serve as the national headquarters for Hugs Cafe Inc. as it grows and shares its mission with organizations and cities nationwide.

Days / Hours of Business Operation

McKinney Cafe Hours
 Tuesday – Sunday
 8 am – 3 pm

Hugs Training Academy Hours
 Monday-Friday
 8 am - 4 pm

Anticipated Office Hours of new building
 Monday – Friday
 9 am – 5 pm

What is the total cost for this Project? \$10,000,000

What percentage of Project funding will be provided by the applicant? 90

Are matching funds available?

Cash Matching Funds

Amount	Source	Percent of Total
\$500,000	Anonymous	5%
\$200,000	Board Members/Staff	2%
\$125,000	FS Foundation	1.25%
\$1,000,000	Anonymous	10%
\$250,000	HEB	2.5%
\$200,000	Lynn Family Foundation	2%
\$211,000	Individual Donors from Gala	2%
500,000	Anonymous	5%

In-Kind Matching Funds

Amount	Source	Percent of Total
150,000	Day Star Landscapes	1.5

Other Funding Sources

The Following Individuals / Foundations will be asked for specific amounts for the Project: (see contributions list sent separately)

South State Bank
 Raytheon
 Heartspace
 Encore Wire

Holloway Foundation
Rees-Jones Foundation
Bailes Family Foundation
Meadows Foundation
Mabee Foundation
Hoblitzelle
Hunt Family
Ben E Keith
Auto-Chlor/Eco Lab
Ace Mart
Love Life Foundation
RFMA
McKinney Rotary
Rachal Foundation
King Foundation
Sid Richardson
Hamman Foundation
Constantine Foundation
Beasley Foundation
FedEx
Moody Foundation
SRS Foundation
May and Stanley Smith Foundation

Estimated Annual Taxable Sales	\$683,000
Current Appraised Value of Property	\$600,000
Estimated Appraised Value (post-improvement)	\$10,600,000
Estimated Construction Cost for Total Project	\$8,000,000
Total Estimated Cost for Project Improvements included in grant request	\$10,000,000
Total Grant Amount Requested	\$970,000

Will the project be competitively bid?

Yes

Attach Competitive Bids for the Project



Hugs Cafe Training Academy - Conce... .xlsx



Hugs Training Academy and HQ Preli... .pdf

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

Yes

Attach Executive Summary



1121 Updated Case for Support (1-4).pdf



1121 Updated Case for Support (5-8).pdf



1121 Updated Case for Support (9-13).pdf

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Financial Status of Applying Organization

- Provide an overview of the organization's financial status, including the projected impact of the event(s) on the organization's mission and goals.
- Please attach your budget for the current year and audited financial statements for the preceding two years. If audited financials are not available, please indicate why and attach a copy of the 990 filed with the IRS.

Current financial report including current and previous year's profit & loss statement and balance sheet.



Statement of Financial Position.pdf



StatementofActivitybyClass (10).pdf

Audited financials for current and previous two years (if not available, please indicate why).



hugs 2021 audit.pdf



hugs 2022 audit.pdf



hugs 2023 audit.pdf

Reason for Unavailable Audited Financials

Not Applicable

Budget

A screenshot of a spreadsheet titled "Building Budget" with a table of costs. The table is divided into three sections: Professional Services, Construction Budget, and Specialty Items. The total final cost is \$10,007,379.00.

Professional Services	Cost
Project Manager	Donated
Architect	\$ 174,000.00
Civil Engineer	\$ 38,200.00
Landscape Architect	\$ 19,425.00
MEP & Structural Engineer	\$ 68,000.00
Kitchen Designer	\$ 8,000.00
Signage	\$ 5,000.00
Total Professional Services Budget	\$ 312,625.00
Construction Budget	
Subtotal	\$ 8,051,385.00
Construction Contingency	\$ 413,349.00
Total Project Construction Cost	\$ 8,464,734.00
Specialty Items	
Kitchen Equipment	\$ 650,000.00
Furniture, Fixtures and Equipment	\$ 400,000.00
Permits/Fees/Inspections	\$ 55,000.00
Total Specialty Items	\$ 1,105,000.00
Complete Building Total	\$ 9,882,379.00
Fundraising/Additional Consultants	\$ 125,000.00
Final Total	\$ 10,007,379.00

Financial Statements



Statement of Financial Position_2754.pdf



StatementofActivitybyClass (10)_5643.pdf

W9



Hugs Cafe Inc W-9 & IRS 501c3 Verific....pdf

IRS Determination Letter (if applicable)



IRS Letter of 501c3 Approval & Tax St... .pdf

990 Filed with IRS (if applicable)



HUGS CAFE_ INC._2023_990_Signatur....pdf



HUGS CAFE_ INC._2023_990_Tax Ret... .pdf

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Additional Information

Business plan including mission and goals of company / organization, target customers, staff, growth goals, products / services, location(s), etc.



1121 Updated Case for Support (1-4)....pdf



1121 Updated Case for Support (5-8)....pdf



1121 Updated Case for Support (9-13)....pdf



Contributions List (3)_168.xlsx

Plat / map of property extending 200 feet beyond property in all directions (if applicable).



Describe planned support activities, their use, and admission fees (if applicable).

Hugs Café Inc. has a range of planned support activities aimed at expanding its mission to provide meaningful employment and training opportunities for individuals with intellectual and developmental disabilities (IDD). These activities are detailed below:

1. Training and Job Readiness Programs

Activities:

Hugs Training Academy:

Culinary job training, social skills development, and advanced culinary techniques.

New industry-specific training programs to diversify career pathways.

Job placement support for trainees upon program completion.

Use:

Provide individuals with IDD the skills necessary for meaningful employment.

Increase community awareness and adoption of inclusive hiring practices.

Admission Fees: None for trainees. The program is funded through Hugs Café operations, grants, and community support.

2. Direct Employment Opportunities

Activities:

Employ the flagship Hugs Café in various roles, including kitchen, front-of-house, and dish station positions.

Partnership with 20 external employers for job placements.

Use:

Provide stable, paid employment opportunities for individuals with IDD.

Serve as a model for inclusive employment in the community.

Admission Fees: Not applicable; employees are paid for their work.

3. Affiliate Partnership Programs

Activities:

Mentorship and training for organizations adopting the Hugs Café model in other states.
Curriculum licensing to expand the reach of inclusive hiring practices.

Use:

Foster national growth of the Hugs mission by partnering with like-minded organizations.

Create additional training and employment opportunities across the country.

Admission Fees: Licensing and mentoring services may have associated fees for affiliates.

4. Community-Centric Operations

Activities:

Operation of the new flagship Hugs Café with enhanced facilities and increased employment capacity.

Outreach events and volunteer programs to engage the local community.

Use:

Provide a welcoming space for customers while showcasing the abilities of individuals with IDD.

Strengthen community support for the Hugs mission through awareness and volunteer involvement.

Admission Fees: None to enter the café; customers pay for food and beverages, contributing to the financial sustainability of the organization.

5. New Industry Training Initiatives

Activities:

Launch of training programs for new industries beyond culinary arts.

Hands-on learning opportunities tailored to specific sectors.

Use:

Equip trainees with skills for broader career opportunities.

Meet the needs of employers in diverse fields while maintaining inclusivity.

Admission Fees: None for trainees; costs will be covered through operational revenue and donations.

6. Consulting and Expertise Sharing

Activities:

Workshops and consulting services to educate other organizations on inclusive hiring practices.

Advocacy for national adoption of Hugs Café's model.

Use:

Expand the impact of Hugs Café's inclusive hiring approach.

Generate additional revenue to support training and employment programs.

Admission Fees: Fees may be charged for workshops or consulting services.

These planned activities are designed to maximize impact for individuals with IDD, ensure financial sustainability, and promote nationwide adoption of inclusive employment practices. They are largely funded through operational revenue, grants, and community support, with minimal or no cost to trainees or employees.

Timeline and schedule from design to completion.



CONSTRUCTION TIMELINE FOR HUGSpdf



Hugs Cafe - Preliminary Schedule 10.2....pdf

Plans for future expansion / growth.

1. Establishing a State-of-the-Art Hugs Headquarters in McKinney, Texas (2026)

Purpose: Centralize operations and expand the organization's capacity to train and employ individuals with intellectual and developmental disabilities (IDD).

Facilities:

Flagship Hugs Café: Designed with an improved layout to maximize employment opportunities and accommodate more individuals.

Hugs Training Academy: A hub for job readiness and inclusive hiring training, offering programs to prepare a skilled workforce for restaurants and other industries.

Administrative Offices: Support national growth and affiliate partnerships by housing leadership and

administrative staff.

2. Scaling Training and Employment Programs

Training Capacity:

Expand training in culinary skills, social skills, and advanced culinary techniques.

Launch new industry-specific training programs, potentially in non-culinary sectors.

Annual programming capacity to reach 288 trainees, a 1340% increase from current capabilities.

Employment Growth:

Increase direct employment opportunities for individuals with IDD by 30% in the café.

Enhance placement opportunities through affiliate partners and employment partnerships.

3. Enhancing Economic Impact

Cost Savings: A person employed 20 hours per week saves \$6,000 annually in state-funded programming costs, with a potential for taxpayer savings of \$600,000 annually for every 100 trainees completing the program.

Revenue Growth:

Increase café revenue from \$350,000 to \$700,000 (100% growth) with new facility operations.

Leverage licensing and mentoring models to generate additional revenue streams while promoting inclusive hiring nationwide.

4. Expanding National Reach

Affiliate Partnerships:

Establish partnerships in additional states to replicate the Hugs Café model.

Provide mentorship and curriculum licensing to new partners, expanding the Hugs mission to underserved regions.

Expertise Sharing:

Position Hugs Café as a leader in inclusive hiring by offering consulting services and training programs to other organizations.

5. Community Engagement and Awareness

Advocacy and Inclusion: Build public awareness about the benefits of employing individuals with IDD and the importance of inclusive hiring practices.

Volunteer and Partner Growth: Strengthen relationships with employment partners, volunteers, and community supporters to sustain and scale operations.

6. Diversification of Industries

Expand training beyond culinary arts to other industries, opening pathways for trainees to explore diverse career opportunities, thereby increasing employment placement options.

Conclusion

The future expansion of Hugs Café Inc. aims to create a profound economic, social, and educational impact by scaling its training programs, increasing employment opportunities, and expanding its national footprint. These initiatives will ensure that Hugs Café remains a leader in fostering meaningful employment for individuals with IDD while promoting a culture of inclusion and community support.

Reminder: To save your progress in the form, you must scroll to the bottom of the form and select 'Save'. If you do not have a Jotform login, you will need to create one.

Acknowledgements

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

- The Project for which financial assistance is sought will be administered by or under the supervision of the applying organization.
- All funds awarded will be used exclusively for the purpose described in this application.
- Applicant owns the land, building or facility where the proposed infrastructure improvements will be made. If the Applicant does not own the land, written acknowledgement / approval from the property owner must be included with the application. The letter must document the property owner is aware of the proposed improvements and use of the property or building; and the property owner

- has reviewed the project plan and application, approves and supports the efforts of the Applicant.
- MCDC will be recognized as a funder of the Project. Specifics will be agreed upon by applicant and MCDC and included in an executed performance agreement.
- Individual / company representative who has signed the application is authorized to submit the application.
- Applicant will comply with the [Grant Guidelines](#) in executing the Project for which funds were awarded.
- Funded projects must be completed within one year of the date the grant is approved by the MCDC board unless an exception is granted.
- Completed project must be inspected for code compliance.
- A signed Contractor's Sworn Statement and Waiver of Lien to Date form must be completed, notarized and provided to MCDC prior to receiving grant funds.
- Property owner will be responsible for maintaining the infrastructure improvements made with funding from Grant for ten (10) years.
- A final report detailing the successful completion of the Project will be provided to MCDC no later than 30 days following completion of the Project.
- Grant funding is provided on a reimbursement basis subsequent to submission of a reimbursement request, with copies of invoices and paid receipts for qualified expenses.
- Up to 20% of the grant funds awarded may be withheld **until a final report on completion of the Project is provided to MCDC.**
- A performance agreement will be required that may outline requirements for acknowledging MCDC funding support for the project. Additionally, it will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120th day after the date the MCDC notifies the applicant of the violation.

Applicant Electronic Signature

We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.

Selecting this option indicates your agreement with the above statement.

Representative Completing Application



Date

Sunday, December 15, 2024

Property Owner



Date

Monday, December 23, 2024

Notes

- **Reminder:** To save your progress in the form, you must scroll to the bottom of the form and select 'Save'. If you do not have a Jotform login, you will need to create one.
- Incomplete applications or those received after the deadline will not be considered.
- A final report must be provided to MCDC within 30 days of the completion of the Project.

Final payment of funding awarded will be made upon receipt of final report.

- Please use the [Final Report](#) to report your results. A [PDF version](#) is also available.



Coming to McKinney Texas in 2026
A place of Hope, Understanding, Grace and Success



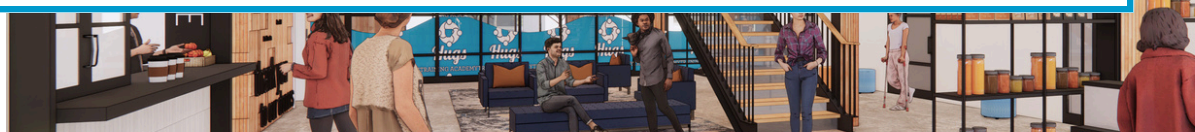
A Home for Hugs

By building a state-of-the-art Hugs Headquarters we can significantly expand our training programs and accommodate more individuals, ensuring that more people are able to obtain the necessary skills to thrive in the workforce.

This headquarters will house the flagship Hugs Cafe, Hugs Training Academy, and the offices for the administrative and support staff.

The new Hugs Cafe will feature an improved layout and design that maximizes employment and accommodation potential.

The Hugs Training Academy program will provide a pool of skilled restaurant employees, as well as a community awareness of inclusive hiring. The daily use of the property will be for job readiness training. This facility will also serve as the national headquarters for Hugs Café Inc as it grows and shares its mission with organizations and cities across the country.



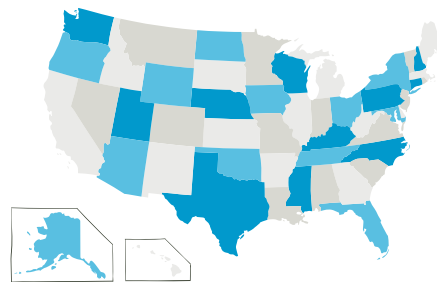
The National Model

Hugs Cafe Inc utilizes its model to create meaningful employment opportunities in North Texas and now across the country! Hugs Cafe Inc is a nationally acclaimed non-profit with over a decade of experience in fostering opportunities for adults with disabilities.

The Hugs Cafe Inc programs operate at 90% self sustainability on average. This program generated revenue empowers people directly through paid compensation for valuable work as well as high quality hands on learning supported by compassionate instructors and volunteers.



Training Center



Hugs Cafe Expansion



MY POSSIBILITIES
LEARN LIVE GROW

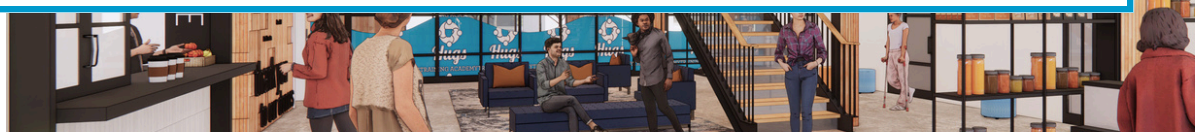
COLLABORATION
center FOUNDATION.
your disability resource network

Curriculum Licensing



Learn how Hugs Cafe Inc got started and the lessons we have learned along the way

Non-Profit Mentoring



Team Quotes

“Hugs Cafe is my happy place. It is where I feel like a member of the team and part of a family”

Danny, Hugs Cafe Associate

“Hugs is the only place for me”

Hunter, Hugs Greenhouse Associate

“Hugs saved my life”

Hugs Board Member and Volunteer

“This is my family. Hugs Cafe rocks the town!”

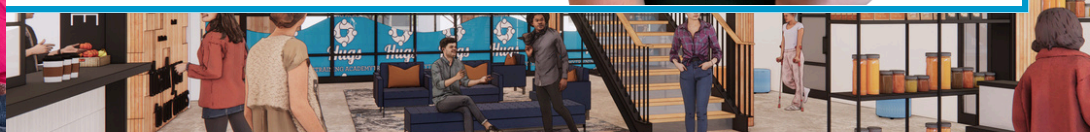
Dylan, Hugs Cafe Associate

“Hugs is the thing I was missing”

Hugs Cafe Volunteer

“The world needs more Hugs”

Hugs Cafe Customer





Our Current Impact

Direct employment for 40 individuals with IDD

Training and job placement for 41 individuals with IDD

Affiliate partnerships creating 31 training and
employment opportunities

Affiliate partners in 3 states

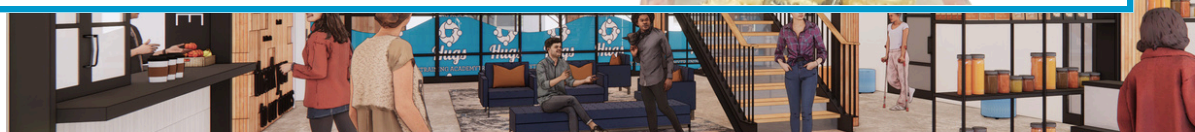
20 Employment Partners

Nationwide Inclusive Hiring Expertise

Economic Impact

A person employed 20 hours per week in lieu of state-funded programming saves the state \$6,000 per person, per year.

There is the potential to save taxpayers up to \$600,000 per year for every 100 trainees that complete Hugs Training Academy.



09-10-2024 • 24246



FLOOR PLAN - LEVEL ONE

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FLOOR PLAN - LEVEL TWO

CORGAN ■

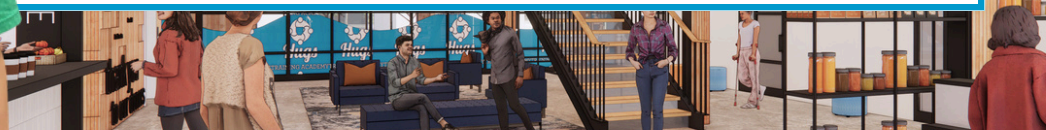
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LEVEL 2 - 4,750 SQFT.
TOTAL - 12,750 SQFT.

Direct Annual Impact of New Facility Hugs Training Academy Program

Programming Capacity Per Year By Semester				
	Semester 1	Semester 2	Semester 3	Total
Culinary Job Training	12	12	12	36
Culinary Social Skills	36	36	36	108
Advanced Culinary	24	24	24	72
New Industry #1	12	12	12	36
New Industry #2	12	12	12	36
			+ 1340%	288

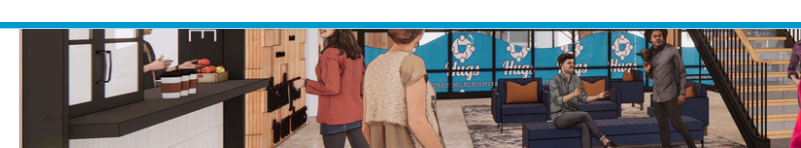


Direct Annual Impact of New Facility

Hugs Cafe Program

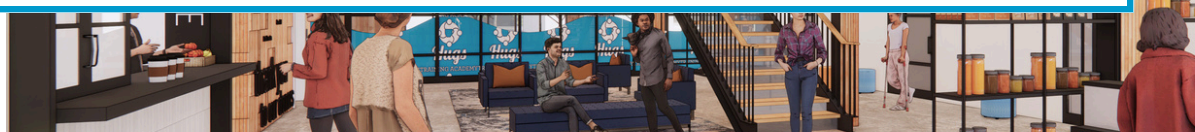
Staffing Capacity Comparison			
	Current Cafe	Future Cafe	Difference
Dish Station	10	12	+ 20%
Kitchen	15	20	+ 33%
Front of House	15	20	+ 33%
	40	52	+ 30%

Revenue Comparison		
Current Cafe	Future Cafe	Difference
\$350,000	\$700,000	+ 100%



Annual Impact of Partnerships

Programming Impact Per Year By Affiliate Partner				
	2024	2025	2026	2027
Lily Pad Cafe	20	24	24	72
Laradon	24	48	96	96
Super Duper Cookie Company	10	20	30	50
New Partners	10	12	12	36
New Hugs Cafe Locations		30	40	75
Total Per Year	64	134	202	471



Building Budget

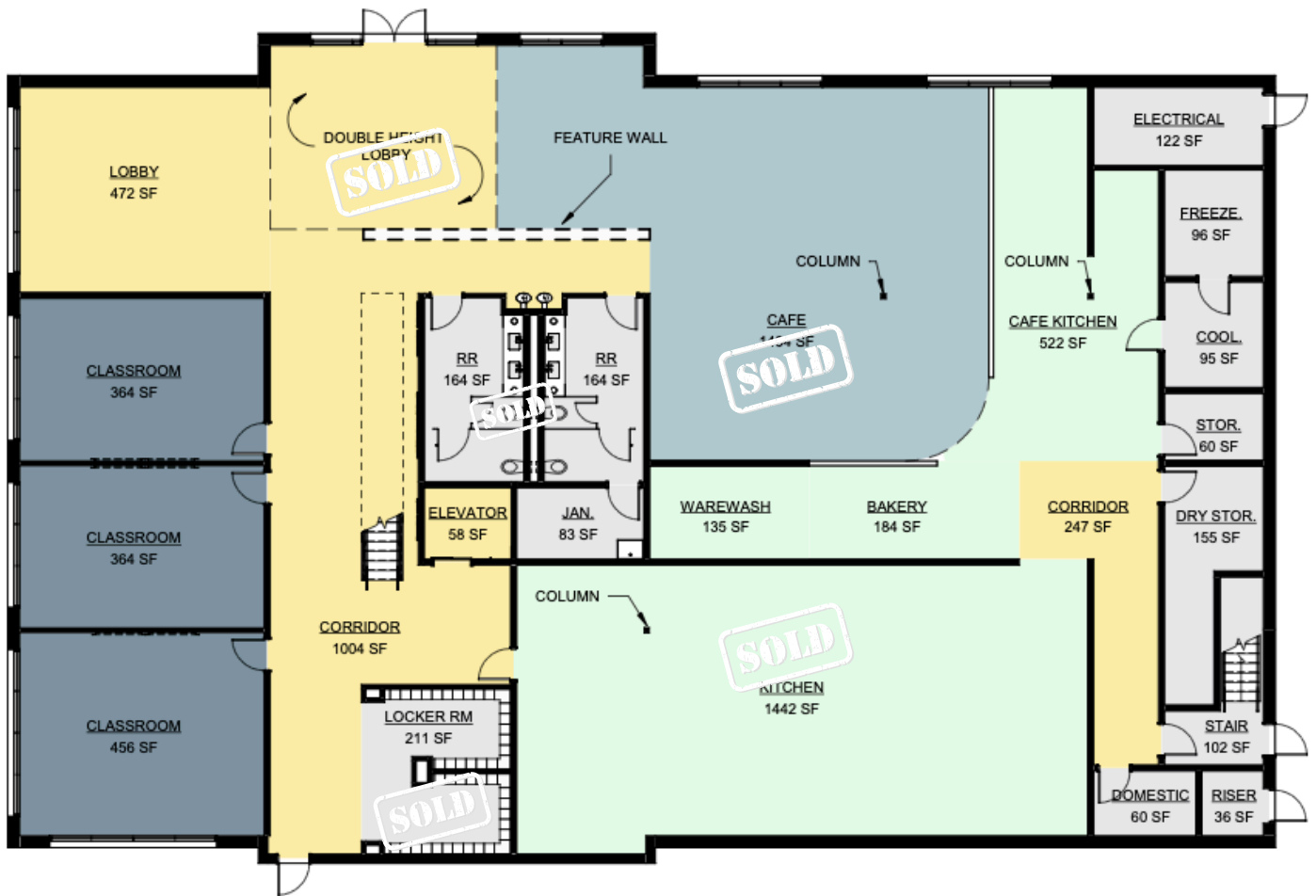
Professional Services	Cost
Project Manager	Donated
Architect	\$ 174,000.00
Civil Engineer	\$ 38,200.00
Landscape Architect	\$ 19,425.00
MEP & Structural Engineer	\$ 68,000.00
Kitchen Designer	\$ 8,000.00
Signage	\$ 5,000.00
Total Professional Services Budget	\$ 312,625.00
Construction Budget	
Subtotal	\$ 8,051,385.00
Construction Contingency	\$ 413,369.00
Total Project Construction Cost	\$ 8,464,754.00
Specialty Items	
Kitchen Equipment	\$ 650,000.00
Furniture, Fixtures and Equipment	\$ 400,000.00
Permits/Fees/Inspections	\$ 55,000.00
Total Specialty Items	\$ 1,105,000.00
Complete Building Total	\$ 9,882,379.00
Fundraising/Additional Constultants	\$ 125,000.00
Final Total	\$ 10,007,379.00

Projected Revenue

		2024	2025	2026	2027	2028
Revenue	HTA Culinary 1	\$100,000	\$110,000	\$120,000	\$135,000	\$150,000
	Hugs Cafe	\$350,000	\$400,000	\$600,000	\$660,000	\$700,000
	HTA Industry TBD	-	-	\$32,000	\$45,000	\$90,000
	HTA Industry TBD	-	-	-	\$30,000	\$45,000
	HTA Adv. Classes			-	\$18,000	\$36,000
	Hugs Home Cooking	\$3,600	\$3,600	\$10,800	\$10,800	\$10,800
	Licensing	\$45,000	\$60,000	\$105,000	\$150,000	\$195,000
	Mentorship	\$100,000	\$110,000	\$200,000	\$250,000	\$350,000
	Annual Revenue	\$598,600	\$683,600	\$1,066,800	\$1,298,800	\$1,576,800
Expenses	Rent/Utilities	\$100,000	\$100,000	\$75,000	\$60,000	\$60,000
	Training Expenses	\$15,000	\$15,000	\$45,000	\$56,250	\$70,313
	Staffing	\$350,000	\$350,000	\$400,000	\$450,000	\$500,000
	Cafe Expenses	\$225,000	\$250,000	\$350,000	\$375,000	\$400,000
Net	Annual Net	-\$91,400	-\$31,400	\$197,800	\$357,550	\$546,487



Home for Hugs Naming Options



\$1,000,000 **\$500,000**

Staircase

Coffee Bar

\$250,000

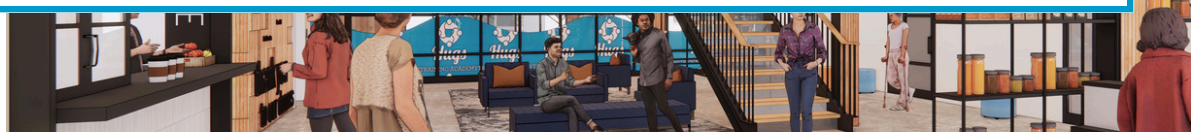
Classroom,
Elevator,
Walk In
or Pantry

\$100,000

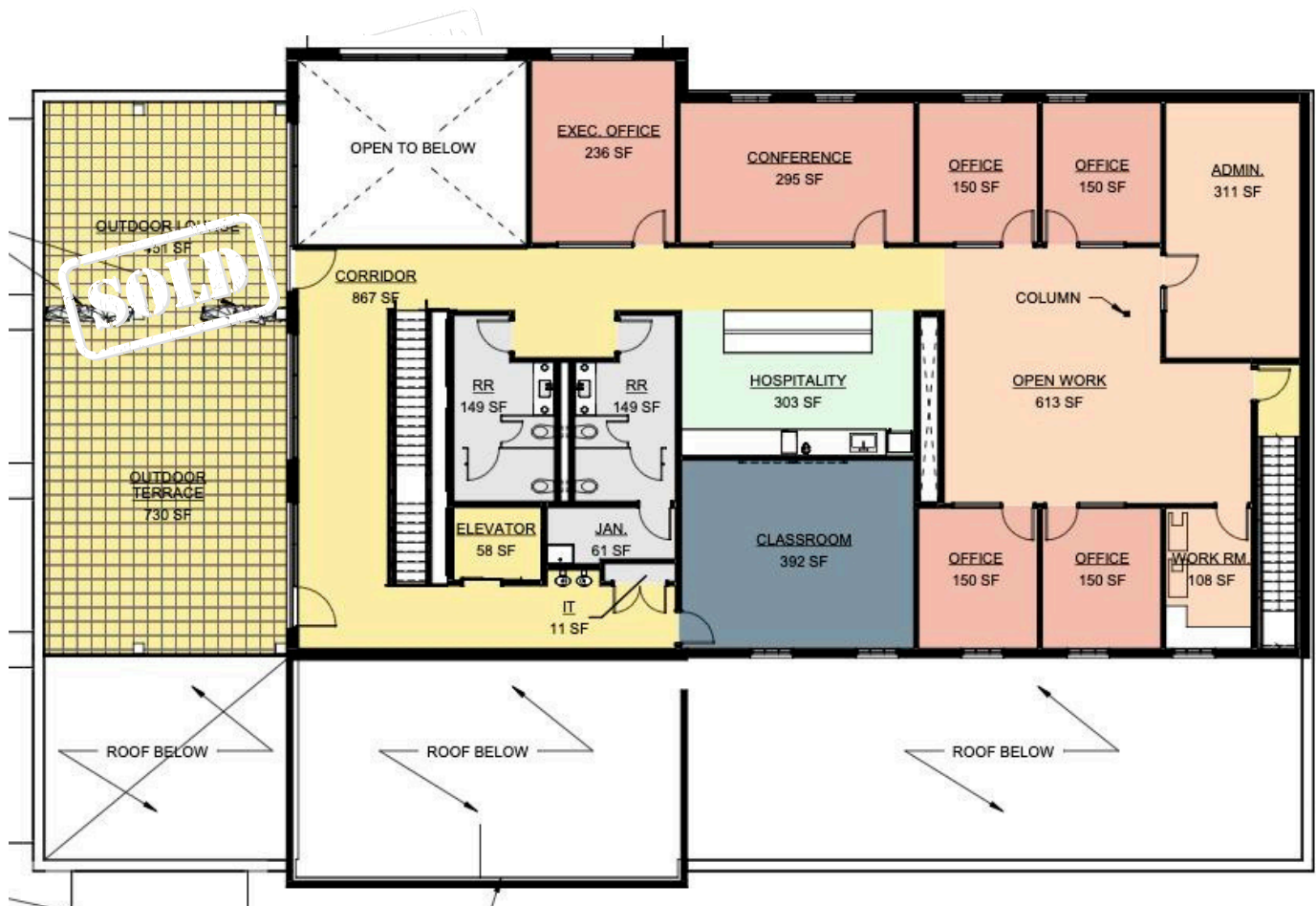
Dish Area

\$50,000

IT Closet



Home for Hugs Naming Options

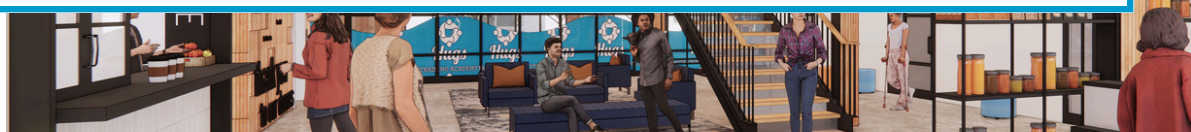


\$500,000
Conference
Room

\$250,000
Executive Office,
Classroom,
Open Work,
Hospitality,
or Admin Room

\$200,000
Mural

\$100,000
Office
Work Room

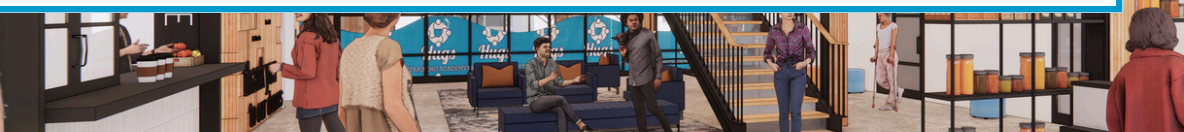


A Home for Hugs



For additional information and questions,
please contact:

Lauren Smith
Hugs Cafe Inc Executive Director
Lauren@hugscafe.org
940-367-7016



Building Budget

Professional Services	Cost
Project Manager	Donated
Architect	S 174,000.00
Civil Engineer	S 38,200.00
Landscape Architect	S 19,425.00
MEP & Structural Engineer	S 68,000.00
Kitchen Designer	S 8,000.00
Signage	S 5,000.00
Total Professional Services Budget	S 312,625.00
Construction Budget	
Subtotal	S 8,051,385.00
Construction Contingency	S 413,369.00
Total Project Construction Cost	S 8,464,754.00
Specialty Items	
Kitchen Equipment	S 650,000.00
Furniture, Fixtures and Equipment	S 400,000.00
Permits/Fees/Inspections	S 55,000.00
Total Specialty Items	S 1,105,000.00
Complete Building Total	S 9,882,379.00
Fundraising/Additional Consultants	S 125,000.00
Final Total	S 10,007,379.00

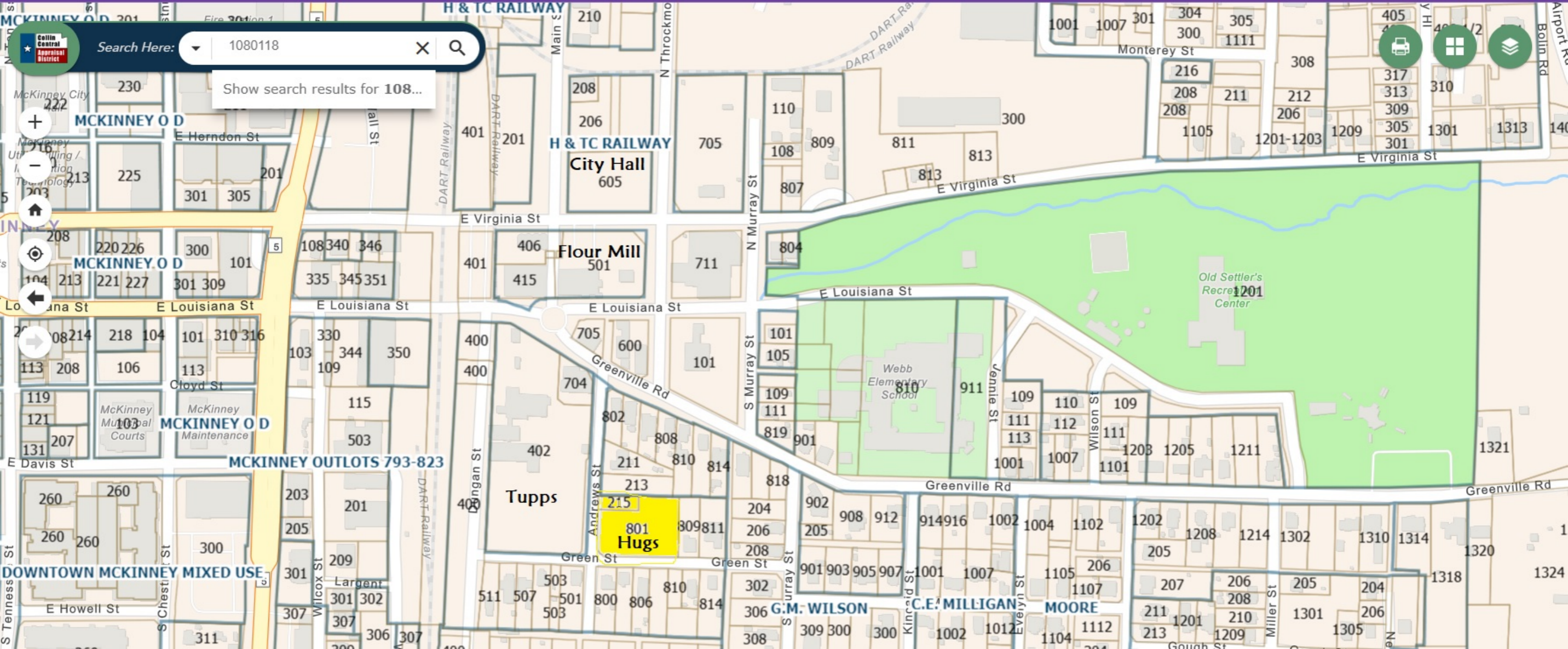
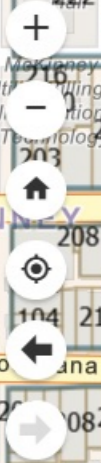


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1080118



Show search results for 108...



City Hall
605

Flour Mill
501

Webb Elementary School
810

Old Settler's Recreation Center
1201

Hugs
801

Tupps
402

G.M. WILSON

C.E. MILLIGAN

MOORE

DOWNTOWN MCKINNEY MIXED USE

MCKINNEY OUTLOTS 793-823

MCKINNEY O D

MCKINNEY O D

MCKINNEY O D



Project: Hugs Café Training Academy/HQ

Bid Summary

Location: McKinney, Texas

Prepared By: Eric Weinhagen

Date: 19-Dec-24

Building: 15,032

SITE: 43,692

	BID	COST PER RSF	Notes
Site	\$ 1,220,542.73	\$ 27.94	
Core and Shell	\$ 4,110,160.95	\$ 273.43	
Interior Improvement	\$ 2,877,659.95	\$ 191.44	
Sub Total	\$ 8,208,363.63	\$ 546.06	
Sales Tax (8.25%)	<i>New Construction. Material Sales Tax in Sub lines.</i>		
Total	\$ 8,208,363.63	\$ 546.06	
Exclusions:			
<ul style="list-style-type: none"> 1.Hazardous material removal and soil contamination remediation 2.Site Furnishings (Flag Poles, Benches, Bike Racks, etc.) 3.Builders Risk Insurance 4.Food Service Equipment 5.Window Treatments 6.Subcontractor Default Protection 7.FF&E 8.Audio-Visual System and TVs 			

7160 N. Dallas Parkway - Suite 675 - Plano, Texas 75024 - Phone 214-239-8081



Project: Hugs Café Training Academy/HQ
Site Bid

Location: McKinney, Texas
Prepared By: Eric Weinhagen
Date: 19-Dec-24
TI: 15,032
SITE: 43,692

	BID	COST PER RSF	Notes
01 General Conditions	\$ 72,550.00	\$ 1.66	<i>Incl Mobile office</i>
01 Permit	\$ -	\$ -	
02 Rental Equipment	\$ 16,230.00	\$ 0.37	
02 Traffic Control and Street Sweep	\$ 11,200.00	\$ 0.26	
02 Demolition	\$ 14,200.00	\$ 0.33	
02 Landscaping/Irrigation	\$ 82,340.00	\$ 1.88	
02 Underground Utilities	\$ 195,880.00	\$ 4.48	<i>Storm, Sewer, Domestic Water</i>
02 Paving/Striping	\$ 46,345.00	\$ 1.06	
02 Erosion Control/SWMP	\$ 8,500.00	\$ 0.19	
02 Fences/Gates	\$ 22,339.00	\$ 0.51	
03 Concrete	\$ 168,970.00	\$ 11.24	
05 Metals	\$ 8,700.00	\$ 0.20	
07 Waterproofing & Sealant	\$ 18,555.00	\$ 0.42	
09 Paint	\$ 12,440.00	\$ 0.28	
15 Fire Sprinkler	\$ 65,500.00	\$ 1.50	<i>Underground and tie in to city fire main</i>
	\$ 5,361.50	\$ 0.12	
Sub Total	\$ 1,061,341.50	\$ 24.29	
Contingency (10%)	\$ 106,134.15	\$ 2.43	
Overhead & Profit (5%)	\$ 53,067.08	\$ 1.21	<i>incl Liability Ins</i>
Sales Tax (8.25%)	<i>New Construction. Material Sales Tax in Sub lines.</i>		
Total	\$ 1,220,542.73	\$ 27.94	

7160 N. Dallas Parkway - Suite 675 - Plano, Texas 75024 - Phone 214-239-8081



Project: Hugs Café Training Academy/HQ
Core and Shell Bid

Location: McKinney, Texas
Prepared By: Eric Weinhagen
Date: 19-Dec-24
TI: 15,032
SITE: 43,692

	BID	COST PER RSF	Notes
01 General Conditions	\$ 97,455.00	\$ 6.48	16-18 Weeks
01 Permit	\$ 13,380.00	\$ 0.89	\$0.68 per sf +
02 Site Work/Progressive Clean	\$ 40,000.00	\$ 2.66	
02 Rental Equipment	\$ 27,500.00	\$ 0.63	
03 Concrete	\$ 370,678.00	\$ 24.66	Incl Stair infill
04 Masonry	\$ 269,770.00	\$ 17.95	
05 Structural Steel	\$ 577,850.00	\$ 38.44	
05 Metals - Steel Stair	\$ 170,690.00	\$ 11.36	Monumental and Exit Stairs
06 Millwork	\$ 8,800.00	\$ 0.59	Vanities
07 Thermal / Moisture Protection	\$ 92,000.00	\$ 6.12	
07 Fireproofing	\$ 70,445.00	\$ 4.69	
07 Roofing	\$ 208,990.00	\$ 13.90	
08 Doors, Frames & Hardware	\$ 22,400.00	\$ 1.49	
08 Glass and Glazing	\$ 237,370.00	\$ 15.79	incl glass rail on stairs
08 Glass Film/Graphics	\$ 10,000.00	\$ 0.67	
09 Drywall & Acoustical	\$ 198,555.00	\$ 13.21	
09 Ceramic Tile/Stone Tops	\$ 11,950.00	\$ 0.79	
09 Flooring & Base	\$ -	\$ -	
09 Tape, Bed, and Prime	\$ 28,855.00	\$ 1.92	
10 Specialties - Toilet Accessoires	\$ 16,500.00	\$ 1.10	
10 Specialties - FEC	\$ 3,640.00	\$ 0.24	
14 Elevator	\$ 135,770.00	\$ 9.03	
15 Fire Sprinkler	\$ 32,250.00	\$ 2.15	
15 Plumbing	\$ 352,000.00	\$ 23.42	
15 HVAC/ TAB	\$ 245,000.00	\$ 16.30	
16 Electrical	\$ 282,455.00	\$ 18.79	
16 Fire Alarm	\$ 25,550.00	\$ 1.70	
16 Voice & Data	\$ 24,200.00	\$ 1.61	ISP Fiber to IDF
	-----	-----	
Sub Total	\$ 3,574,053.00	\$ 237.76	
Contingency (10%)	\$ 357,405.30	\$ 8.18	
Overhead & Profit (5%)	\$ 178,702.65	\$ 4.09	incl Liability Ins
Sales Tax (8.25%)	<i>New Construction. Material Sales Tax in Sub lines.</i>		
	-----	-----	
Total	\$ 4,110,160.95	\$ 273.43	



**Project: Hugs Café Training Academy/HQ
Interior Improvement Bid**

Location: McKinney, Texas
Prepared By: Eric Weinhagen
Date: 19-Dec-24
TI: 15,032
SITE: 43,692

	BID	COST PER RSF	Notes
01 General Conditions	\$ 72,300.00	\$ 4.81	<i>14-16 Weeks</i>
01 Permit	\$ 10,700.00	\$ 0.71	<i>\$0.68 per sf +</i>
02 Site Work/Progressive Clean	\$ 24,000.00	\$ 1.60	
02 Rental Equipment	\$ 10,555.00	\$ 0.24	
03 Concrete Seal/Polish	\$ 52,000.00	\$ 3.46	
05 Metals - Misc	\$ 150,690.00	\$ 10.02	<i>SS Panels, Corner Guards, wall supports</i>
06 Millwork	\$ 155,988.00	\$ 10.38	
07 Thermal / Moisture Protection	\$ 32,500.00	\$ 2.16	
08 Doors, Frames & Hardware	\$ 33,200.00	\$ 2.21	
08 Glass & Glazing	\$ 30,100.00	\$ 2.00	<i>Including glass rail</i>
08 Glass Film	\$ 18,500.00	\$ 1.23	<i>on office sidelights</i>
09 Drywall & Acoustical	\$ 342,560.00	\$ 22.79	
09 Ceramic Tile Stone Tops	\$ 54,900.00	\$ 3.65	
09 Flooring & Base	\$ 88,895.00	\$ 5.91	
09 Tape, Bed, Paint & Wallcovering	\$ 84,220.00	\$ 5.60	
10 Specialties - Lockers	\$ 60,235.00	\$ 4.01	
10 Specialties - FEC	\$ 1,240.00	\$ 0.08	<i>In core</i>
12 Banquettes	\$ 33,500.00	\$ 2.23	
12 Appliances	\$ 12,900.00	\$ 0.86	<i>Break Room</i>
15 Fire Sprinkler	\$ 24,500.00	\$ 1.63	<i>Drops in new ceilings</i>
15 Plumbing	\$ 225,000.00	\$ 14.97	
15 HVAC/ TAB	\$ 407,500.00	\$ 27.11	
16 Electrical	\$ 495,780.00	\$ 32.98	
16 Fire Alarm	\$ 39,650.00	\$ 2.64	
16 Voice & Data	\$ 22,000.00	\$ 1.46	
16 Security	\$ 18,900.00	\$ 1.26	
Sub Total	\$ 2,502,313.00	\$ 166.47	
Contingency (10%)	\$ 250,231.30	\$ 5.73	
Overhead & Profit (5%)	\$ 125,115.65	\$ 2.86	<i>incl Liability Ins</i>
Sales Tax (8.25%)	<i>New Construction. Material Sales Tax in Sub lines.</i>		
Total	\$ 2,877,659.95	\$ 191.44	

CONSTRUCTION TIMELINE FOR HUGS CAFÉ, INC

Foundations/SOG Complete	October 25, 2025
Structure Complete	December 19, 2025
Building Dry-In Complete	February 13, 2026
Permanent Power Available	March 23, 2026
Conditioned Air Available	April 2, 2026
Substantial Completion	June 2026
Final Completion	July 26, 2026

Activity ID	Activity Name	Rem Dur	Start	Finish	2025												2026												2027									
					Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr			
Structural Steel																																						
PRO1020	Prepare Structural Steel Shop Drawings	10	07-Apr-25	18-Apr-25																																		
PRO1110	B&G Review & Approve Structural Steel Shop Drawings	5	21-Apr-25	25-Apr-25																																		
PRO1190	A/E Review & Approve Structural Steel Shop Drawings	10	28-Apr-25	09-May-25																																		
PRO1270	Fab & Deliver Structural Steel	60	12-May-25	05-Aug-25																																		
Transformer																																						
PRO1030	Oncor Release Transformer	5	07-Oct-24 A	11-Oct-24																																		
PRO1280	Oncor Fab & Deliver Transformer	194	14-Oct-24	21-Jul-25																																		
Panelboard																																						
PRO1040	Prepare Panelboard Submittals	10	25-Nov-24	10-Dec-24																																		
PRO1130	B&G Review & Approve Panelboard Submittals	5	11-Dec-24	17-Dec-24																																		
PRO1210	A/E Review & Approve Panelboard Submittals	10	18-Dec-24	03-Jan-25																																		
PRO1290	Fab & Deliver Panelboard	200	06-Jan-25	15-Oct-25																																		
RTU																																						
PRO1050	Prepare RTU Submittals	10	07-Apr-25	18-Apr-25																																		
PRO1140	B&G Review & Approve RTU Submittals	5	21-Apr-25	25-Apr-25																																		
PRO1220	A/E Review & Approve RTU Submittals	10	28-Apr-25	09-May-25																																		
PRO1300	Fab & Deliver RTU	60	12-May-25	05-Aug-25																																		
MAUs																																						
PRO1090	Prepare MAU Submittals	10	07-Apr-25	18-Apr-25																																		
PRO1170	B&G Review & Approve MAU Submittals	5	21-Apr-25	25-Apr-25																																		
PRO1250	A/E Review & Approve MAU Submittals	10	28-Apr-25	09-May-25																																		
PRO1340	Fab & Deliver MAUs	30	12-May-25	23-Jun-25																																		
Elevator																																						
PRO1070	Prepare Elevator Submittals	10	07-Apr-25	18-Apr-25																																		
PRO1320	B&G Review & Approve Elevator Submittals	5	21-Apr-25	25-Apr-25																																		
PRO1350	A/E Review & Approve Elevator Submittals	10	28-Apr-25	09-May-25																																		
PRO1360	Fab & Deliver Elevator	65	12-May-25	12-Aug-25																																		
Kitchen Equipment (OFOI)																																						
PRO1080	Prepare Kitchen Equipment Submittals (OFOI)	10	07-Apr-25	18-Apr-25																																		
PRO1160	B&G Review & Approve Kitchen Equipment Submittals (OFOI)	5	21-Apr-25	25-Apr-25																																		
PRO1240	A/E Review & Approve Kitchen Equipment Submittals (OFOI)	10	28-Apr-25	09-May-25																																		
PRO1330	Fab & Deliver Kitchen Equipment (OFOI)	100	12-May-25	01-Oct-25																																		
Fume Hood																																						
PRO1370	Prepare Fume Hood Submittals	10	07-Apr-25	18-Apr-25																																		
PRO1380	B&G Review & Approve Fume Hood Submittals	5	21-Apr-25	25-Apr-25																																		
PRO1390	A/E Review & Approve Fume Hood Submittals	10	28-Apr-25	09-May-25																																		
PRO1400	Fab & Deliver Fume Hood	30	12-May-25	23-Jun-25																																		
Millwork																																						
PRO1060	Prepare Millwork Submittals	10	07-Apr-25	18-Apr-25																																		
PRO1150	B&G Review & Approve Millwork Submittals	5	21-Apr-25	25-Apr-25																																		
PRO1230	A/E Review & Approve Millwork Submittals	10	28-Apr-25	09-May-25																																		
PRO1310	Fab & Deliver Millwork	80	12-May-25	03-Sep-25																																		
Canopies / Trellis																																						
PRO1410	Prepare Canopy / Trellis Shop Drawings	30	07-Apr-25	16-May-25																																		
PRO1420	B&G Review & Approve Canopy / Trellis Shop Drawings	5	19-May-25	23-May-25																																		
PRO1430	A/E Review & Approve Canopy / Trellis Shop Drawings	10	27-May-25	09-Jun-25																																		
PRO1440	Fab & Deliver Canopy / Trellis	50	10-Jun-25	19-Aug-25																																		

Construction



Activity ID	Activity Name	Rem Dur	Start	Finish	2025												2026												2027				
					Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Sitework																																	
SW1000	Mobilization	5	07-Apr-25	11-Apr-25																													
SW1010	Install Erosion Control	5	07-Apr-25	11-Apr-25																													
SW1180	Moisture Conditioning & Flex Base Cap	10	14-Apr-25	25-Apr-25																													
SW1060	Rough Grading	5	28-Apr-25	02-May-25																													
SW1120	Building Pad Prep	5	05-May-25	09-May-25																													
Site Utilities																																	
SW1020	Install Sanitary Sewer	10	12-May-25	23-May-25																													
SW1030	Install Electrical Conduit	10	19-May-25	02-Jun-25																													
SW1040	Install Fire Water	10	19-May-25	02-Jun-25																													
SW1050	Install Domestic Water	10	19-May-25	02-Jun-25																													
Site Finishes																																	
SW1070	Scarify & Compact Paving	5	03-Jun-25	09-Jun-25																													
SW1080	Install UG Sleeves	5	10-Jun-25	16-Jun-25																													
SW1090	FRP Paving (Fire Lane) (13,700 SF)	10	10-Jun-25	23-Jun-25																													
SW1100	FRP Dumpster Pad	5	24-Jun-25	30-Jun-25																													
SW1110	Install CMU	10	24-Jun-25	08-Jul-25																													
SW1130	Install UG Electrical	10	09-Jul-25	22-Jul-25																													
SW1140	Install Steel Gates	10	23-Jul-25	05-Aug-25																													
SW1150	Install Light Poles	5	06-Aug-25	12-Aug-25																													
SW1160	Install UG Irrigation	15	12-Dec-25	06-Jan-26																													
SW1170	Install Landscaping / Hardscape	20	07-Jan-26	03-Feb-26																													
Foundations / SOG																																	
FDN1000	FRP Drilled Piers (35 Total)	10	03-Jun-25	16-Jun-25																													
FDN1040	FRP Elevator Pit Walls & Slab	7	10-Jun-25	18-Jun-25																													
FDN1010	Rough-In UG Plumbing	10	17-Jun-25	30-Jun-25																													
FDN1020	Rough-In UG Electrical	5	17-Jun-25	23-Jun-25																													
FDN1030	FRP Grade Beams (770 LF)	10	19-Jun-25	02-Jul-25																													
FDN1090	Waterproof Elevator Pit Walls & Slab	3	19-Jun-25	23-Jun-25																													
FDN1100	Backfill Elevator Pit Walls & Slab	3	24-Jun-25	26-Jun-25																													
FDN1080	Rough-In UG Plumbing @ Elevator Pit	10	01-Jul-25	15-Jul-25																													
FDN1050	Prep SOG	3	16-Jul-25	18-Jul-25																													
FDN1060	FRP Slab on Grade (9,100 SF)	5	21-Jul-25	25-Jul-25																													
FDN1070	Cure Slab on Grade	6	25-Jul-25	31-Jul-25																													
Structure																																	
STR1020	Erect Structural Steel	7	06-Aug-25	14-Aug-25																													
STR1030	Install Decking & Detail	10	15-Aug-25	28-Aug-25																													
STR1010	Install Stairs	10	29-Aug-25	12-Sep-25																													
STR1040	FRP Slab on Deck (7,400 SF)	5	15-Sep-25	19-Sep-25																													
STR1050	Cure Slab on Deck	6	19-Sep-25	25-Sep-25																													
Exterior																																	
Air On																																	
EXT1030	Set Roof Curbs @ Low Roof	3	24-Oct-25	28-Oct-25																													
EXT1040	Set MAUs @ Low Roof	3	29-Oct-25	31-Oct-25																													
EXT1050	Set Roof Curbs @ High Roof	3	29-Oct-25	31-Oct-25																													
EXT1060	Set RTU @ High Roof	3	03-Nov-25	05-Nov-25																													
EXT1070	MAU Controls Rough-In	8	03-Nov-25	12-Nov-25																													
EXT1090	RTU Controls Rough-In	8	06-Nov-25	17-Nov-25																													



Activity ID	Activity Name	Rem Dur	Start	Finish	2025																																	
					Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr			
EXT1100	MAU Power Connections	8	13-Nov-25	24-Nov-25																																		█ MAU Power Connections
EXT1120	RTU Power Connections	8	18-Nov-25	01-Dec-25																																	█ RTU Power Connections	
EXT1130	MAU Mechanical Tie-Ins	8	26-Nov-25	09-Dec-25																																█ MAU Mechanical Tie-Ins		
EXT1140	RTU Mechanical Tie-Ins	8	10-Dec-25	19-Dec-25																																█ RTU Mechanical Tie-Ins		
EXT1190	Start-Up Equipment	5	26-Dec-25	02-Jan-26																																█ Start-Up Equipment		
Roof																																						
EXT1010	Install TPO Roofing @ Low Roof	5	17-Oct-25	23-Oct-25																																█ Install TPO Roofing @ Low Roof		
EXT1020	Install TPO Roofing @ High Roof	10	24-Oct-25	06-Nov-25																																█ Install TPO Roofing @ High Roof		
EXT1080	Install Equipment Screen Wall @ Low Roof	10	09-Dec-25	22-Dec-25																																█ Install Equipment Screen Wall @ Low Roof		
Skin																																						
EXT1000	Install Framing & Sheathing	15	26-Sep-25	16-Oct-25																																█ Install Framing & Sheathing		
EXT1110	Rough-In Electrical for Exterior Lights	5	17-Oct-25	23-Oct-25																																█ Rough-In Electrical for Exterior Lights		
EXT1150	Install Air Barrier / Water Protection	10	24-Oct-25	06-Nov-25																																█ Install Air Barrier / Water Protection		
EXT1160	Install Glass & Glazing	15	24-Oct-25	13-Nov-25																																█ Install Glass & Glazing		
EXT1170	Install Brick Masonry (8,140 SF)	20	07-Nov-25	08-Dec-25																																█ Install Brick Masonry (8,140 SF)		
EXT1230	Install Exterior Doors	5	07-Nov-25	13-Nov-25																																█ Install Exterior Doors		
EXT1200	Field Measure Metal Panels	3	09-Dec-25	11-Dec-25																																█ Field Measure Metal Panels		
EXT1260	Install Canopies	10	09-Dec-25	22-Dec-25																																█ Install Canopies		
EXT1210	Procure Metal Panels	40	12-Dec-25	10-Feb-26																																█ Procure Metal Panels		
EXT1220	Install Metal Panels (3,530 SF)	15	11-Feb-26	03-Mar-26																																█ Install Metal Panels (3,530 SF)		
EXT1180	Exterior Trimout	5	04-Mar-26	10-Mar-26																																█ Exterior Trimout		
EXT1240	Install Coping Cap	5	04-Mar-26	10-Mar-26																																█ Install Coping Cap		
EXT1250	Install Gutters & Downspouts	5	04-Mar-26	10-Mar-26																																█ Install Gutters & Downspouts		
EXT1270	Install Mural	3	11-Mar-26	13-Mar-26																																█ Install Mural		
Punch																																						
PL1050	B&G Create Skin Punchlist	3	16-Mar-26	18-Mar-26																																█ B&G Create Skin Punchlist		
PL1060	Work-Off B&G Skin Punchlist	7	19-Mar-26	27-Mar-26																																█ Work-Off B&G Skin Punchlist		
PL1070	O/A Create Skin Punchlist	3	30-Mar-26	01-Apr-26																																█ O/A Create Skin Punchlist		
PL1080	Work-Off O/A Skin Punchlist	5	02-Apr-26	08-Apr-26																																█ Work-Off O/A Skin Punchlist		
Interior Buildout																																						
1st Floor																																						
Electrical Room (152 SF)																																						
1FLR1000	Interior Layout - Elec Room	2	01-Oct-25	02-Oct-25																																█ Interior Layout - Elec Room		
1FLR1010	Install Metal Studs - Elec Room	2	03-Oct-25	06-Oct-25																																█ Install Metal Studs - Elec Room		
1FLR1030	Hang & Finish Drywall - Elec Room	4	07-Oct-25	10-Oct-25																																█ Hang & Finish Drywall - Elec Room		
1FLR1080	Set & Tie-In Transformer - Elec Room	5	13-Oct-25	17-Oct-25																																█ Set & Tie-In Transformer - Elec Room		
1FLR1090	Install Light Fixtures - Elec Room	3	13-Oct-25	15-Oct-25																																█ Install Light Fixtures - Elec Room		
1FLR1070	Install Electrical Panels - Elec Room	3	24-Oct-25	28-Oct-25																																█ Install Electrical Panels - Elec Room		
1FLR1410	Pull & Term Wire - Elec Room	5	12-Dec-25	18-Dec-25																																█ Pull & Term Wire - Elec Room		
1FLR1440	Energize Panels - Elec Room	3	19-Dec-25	23-Dec-25																																█ Energize Panels - Elec Room		
Kitchens (3,000 SF)																																						
1FLR1020	Interior Layout - Kitchens	3	26-Sep-25	30-Sep-25																																█ Interior Layout - Kitchens		
1FLR1050	Install Metals Studs & HM Frames / Top Out - Kitchens	5	01-Oct-25	07-Oct-25																																█ Install Metals Studs & HM Frames / Top Out - Kitchens		
1FLR1450	Install Hood - Kitchens	3	01-Oct-25	03-Oct-25																																█ Install Hood - Kitchens		
1FLR1110	Rough-In OH Grease Duct - Kitchens	5	06-Oct-25	10-Oct-25																																█ Rough-In OH Grease Duct - Kitchens		
1FLR1470	Install Cooler - Kitchens	3	06-Oct-25	08-Oct-25																																█ Install Cooler - Kitchens		
1FLR1190	Rough-In OH Mechanical - Kitchens	5	13-Oct-25	17-Oct-25																																█ Rough-In OH Mechanical - Kitchens		
1FLR1230	Rough-In OH Plumbing - Kitchens	5	20-Oct-25	24-Oct-25																																█ Rough-In OH Plumbing - Kitchens		
1FLR1280	Rough-In OH Electrical - Kitchens	5	27-Oct-25	31-Oct-25																																█ Rough-In OH Electrical - Kitchens		

EXECUTIVE SUMMARY

Hugs Cafe Training Academy

Hugs
McKinney, Texas June 18, 2024
Conceptual Pricing Based on Corgan Drawings Dated 5/20/2024

Item of Work	Quantity	UOM	Unit Cost	Total Cost
100 SITE	43,692	GSF	\$26.25	\$1,146,906
200 CORE & SHELL	15,032	GSF	\$259.22	\$3,896,544
300 TI (TENANT IMPROVEMENT)	15,032	GSF	\$209.20	\$3,144,660
TOTAL PROJECT	15,032	GSF	\$544.71	\$8,188,111

ALTERNATES

Rooftop Outdoor Terrace				\$495,775
-------------------------	--	--	--	-----------

CLARIFICATIONS



Inclusions:

- 5% Construction Contingency is included.
- Sales Tax on Materials is included.
- MEP Design and Engineering Services are included.
- Telecommunication/Data and Security Systems Pricings are included.
- Flooring and RCP Finishes included per the attachments.
- Exterior Finishes included per the attachments.

Exclusions:

- Testing & inspections
- Permits
- FF&E
- Escalation
- Hazardous material removal and soil contamination remediation
- Food Service Equipment
- Window Treatment
- Low Voltage Systems (Telecommunication/Data, Security, Access Control, Audio-Visual) Design and Engineering Service Fees
- Audio-Visual System and TVs
- Site Furnishings (Flag Poles, Benches, Bike Racks, etc.)

Hugs Cafe Training Academy

Hugs
McKinney, Texas June 18, 2024

Item of Work	Total Cost	Unit Cost
015400 Hoisting & Equipment	\$25,427	\$0.58
017000 Site Services & Progressive Cleanup	\$34,254	\$0.78

020500 Demolition	\$20,231	\$0.46
033000 Concrete	\$157,500	\$3.60
042000 Masonry	\$11,070	\$0.25
051210 Misc Steel	\$4,046	\$0.09
070000 Waterproofing & Sealant	\$14,551	\$0.33
099000 Painting	\$15,468	\$0.35
260000 Electrical	\$136,994	\$3.14
270000 Communications	\$20,231	\$0.46
310000 Earthwork	\$184,923	\$4.23
311000 Erosion Control	\$7,020	\$0.16
321723 Pavement Markings	\$2,974	\$0.07
323100 Fences and Gates	\$18,814	\$0.43
329000 Landscaping & Irrigation	\$73,183	\$1.67
330000 Site Utilities	\$235,356	\$5.39
650000 General Conditions	\$59,200	\$1.35
650500 General Requirements	\$24,205	\$0.55
Preconstruction Services	\$0	\$0
Contractor Insur & Risk Mgmt	\$12,616	\$0.29
Builders Risk Insurance	\$803	\$0.02
Subcontract Default Protection	\$12,086	\$0.28
Construction Contingency	\$53,017	\$1.21
Subtotal	\$1,123,968	\$25.72
Fee	\$22,938	\$0.52
Totals	\$1,146,906	\$26.25

Hugs Cafe Training Academy

Hugs

McKinney, Texas June 18, 2024

	15,032	GSF
Item of Work	Total Cost	Unit Cost
015400 Hoisting & Equipment	\$86,387	\$5.75
017000 Site Services & Progressive Cleanup	\$72,043	\$4.79
033000 Concrete	\$341,247	\$22.70
042000 Masonry	\$238,619	\$15.87
051200 Structural Steel	\$566,454	\$37.68
051210 Misc Steel	\$40,712	\$2.71
070000 Waterproofing & Sealant	\$79,612	\$5.30
074213 Metal Panels	\$76,107	\$5.06
075400 Roofing	\$218,592	\$14.54
078100 Spray-on Fireproofing	\$57,172	\$3.80
081100 Doors, Frames & Hardware	\$14,920	\$0.99
084000 Glass & Glazing	\$217,451	\$14.47
092500 Drywall & Ceiling	\$212,809	\$14.16
101400 Signage	\$8,092	\$0.54
107300 Canopy	\$81,278	\$5.41
140000 Elevators	\$101,153	\$6.73
210000 Fire Suppression	\$31,171	\$2.07
220000 Plumbing	\$320,896	\$21.35
230000 HVAC	\$219,538	\$14.60
260000 Electrical	\$240,891	\$16.03
270000 Communications	\$22,808	\$1.52
281000 Security	\$20,527	\$1.37
650000 General Conditions	\$201,128	\$13.38
650500 General Requirements	\$82,233	\$5.47
Preconstruction Services	\$0	\$0
Contractor Insur & Risk Mgmt	\$42,862	\$2.85

Builders Risk Insurance	\$2,728	\$0.18
Subcontract Default Protection	\$41,061	\$2.73
Construction Contingency	\$180,123	\$11.98
Subtotal	\$3,818,613	\$254.03
Fee	\$77,931	\$5.18
Totals	\$3,896,544	\$259.22

Hugs Cafe Training Academy

Hugs

McKinney, Texas June 18, 2024

	15,032	GSF
Item of Work	Total Cost	Unit Cost
015400 Hoisting & Equipment	\$69,718	\$4.64
017000 Site Services & Progressive Cleanup	\$58,142	\$3.87
017423 Final Cleaning	\$10,948	\$0.73
051250 Monumental Stair	\$202,305	\$13.46
062200 Millwork & Tops	\$134,351	\$8.94
081100 Doors, Frames & Hardware	\$103,580	\$6.89
084000 Glass & Glazing	\$3,075	\$0.20
092500 Drywall & Ceiling	\$362,498	\$24.12
093000 Tile	\$29,757	\$1.98
093300 Sealed Concrete	\$11,097	\$0.74
096800 Flooring	\$95,628	\$6.36
099000 Painting	\$90,944	\$6.05
100000 Specialties	\$19,472	\$1.30
101400 Signage	\$1,821	\$0.12
105100 Lockers	\$55,634	\$3.70
113000 Residential Appliances	\$6,019	\$0.40
126423 Banquette Seating	\$9,028	\$0.60
210000 Fire Suppression	\$40,294	\$2.68
220000 Plumbing	\$348,960	\$23.21
230000 HVAC	\$409,173	\$27.22
260000 Electrical	\$492,495	\$32.76
270000 Communications	\$33,452	\$2.23
281000 Security	\$18,246	\$1.21
283100 Fire Alarm	\$31,152	\$2.07
650000 General Conditions	\$162,318	\$10.80
650500 General Requirements	\$66,366	\$4.41
Preconstruction Services	\$0	\$0
Contractor Insur & Risk Mgmt	\$34,591	\$2.30
Builders Risk Insurance	\$2,201	\$0.15
Subcontract Default Protection	\$33,138	\$2.20
Construction Contingency	\$145,366	\$9.67
Subtotal	\$3,081,767	\$205.01
Fee	\$62,893	\$4.18
Totals	\$3,144,660	\$209.20

Contact	Individual/Entity	Status	Ask	Naming Right?
			\$ 11,960,000	
Gary and Sue Reichling	Dakota Holdings	Awaiting final pledge	\$ 500,000	Rooftop Deck
Keli Disernes	South State Bank		\$ 250,000	
Joceyln Williams	Raytheon		\$ 250,000	
Rachel Jones	Heartspace		\$ 250,000	
Troy Skidmore	Encore Wire		\$ 250,000	
Valerie Holloway	Holloway Foundation		\$ 250,000	
Terese Stevenson	Rees-Jones Foundation		\$ 250,000	
Gala Founding Donors	Board Members/Staff/Founding Donors	Pledged, partial award	\$ 150,000	Mural Somewhere in space
Marie Robertson	Bailes Family Foundation		\$ 100,000	
Peter Miller/ Charles Glover	Meadows Foundation		\$ 100,000	
	FS Foundation	Awarded	\$ 100,000	Office
Darron Ash	Sammons	Awarded	\$ 1,000,000	Lobby
Cindy Schneible	MCDC/MEDC		\$ 1,500,000	Hugs Cafe
	Mabee Foundation		\$ 1,500,000	
Carol Troesh	Carol Troesh		\$ 500,000	
Ashlee Clary	HEB	Awarded	\$ 250,000	Training Kitchen
Lori Bhargava	Lori Bhargava		\$ 250,000	
Katie Baker	Hoblitzelle		\$ 250,000	
	Hunt Family		\$ 250,000	
Danielle Lynn	Lynn Family Foundation	Pledged, partial award	\$ 200,000	Locker Room
Daystar Landscapes	Day Star	In-kind donation	\$ 200,000	Exterior Garden
Emily Knight	TRA/NRA		\$ 150,000	
Mike Sweet	Ben E Keith or Ace Mart		\$ 250,000	
Lyle Clay	Auto-Chlor/Eco Lab		\$ 100,000	
Maylee Thomas	Love Life Foundation		\$ 100,000	
Carl LaBoeuf	RFMA		\$ 100,000	
Celeste Cox	McKinney Rotary		\$ 10,000	
	Rachal Foundation		\$ 100,000	
	King Foundation		\$ 100,000	
	Sir Richardson		\$ 100,000	
	Hamman Foundation		\$ 100,000	

	Constantine Foundation	\$	250,000
	Beasley Foundation	\$	250,000
Rochelle Teauge, Michelle Rowe	Fedex	\$	50,000
	Moody Foundation	\$	1,000,000
Mikell Bolinger	SRS Foundation	\$	50,000
Jeanine Alpert	May and Stanley Smith Foundation	\$	100,000
Brandon Smith	Brandon and Monica Smith	\$	250,000
Barbara Tomes	Tomes Family	\$	250,000
Pris Darling	Darling Family	\$	250,000
Bruce Meade	Meade Family	\$	50,000

Award
\$ 1,875,000

\$ 150,000

\$ 125,000

\$ 1,000,000

\$ 250,000

\$ 200,000

\$ 150,000

HUGS

2024 Operations Board Members Directory

	<u>First Name</u>	<u>Last Name</u>		<u>Phone no.</u>	<u>Email Address</u>	<u>Mailing Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
1	Alex	Beard	VP	214-282-2746	alex@saunderswalsh.com	1613 Alamosa Dr.	Allen	TX	75013
2	Chris	Thompson	Member	214-551-2166	chris.thompson1706@gmail.com	12 Trailridge Dr.	Melissa	TX	75454
3	Georgiann	Leonard	Member	214-726-5772	georgiann@hugscafe.org	2637 Fairway Ridge Dr.	McKinney	TX	75072
4	Janice	Morriss	Member	972-571-5368	jlmorriss@yahoo.com	1205 North. Waddill	McKinney	TX	75069
5	Kellee	Rice	Member	214-460-7522	kellee@dakotaholdings.com	9014 Pheasant Run Dr.	Rowlett	TX	75078
6	Lee Ann	Parsons	Member	214-908-8161	leanp9261@att.net	2609 Fitzgerald Ave.	McKinney	TX	75069
7	Marc	Robertson	Member	214-213-0366	mrobertson@cymcor.com	402 E. Beech St.	Celina	TX	75009
8	Mark	Potter	Member	214-763-9192	mpotterrotary@gmail.com	5 Roberts Ave.	McKinney	TX	75454
9	Matt	Fuhriman	Member	469-834-2424	fuhrimy@yahoo.com	1446 Hackberry Rd.	Van Alstyne	TX	75495
10	Michael	Jones	Member	469-307-6695-	michael.jones@b1bank.com	2516 Grafton Ln.	McKinney	TX	75071
11	Ruth	Thompson	President	214-385-1462	ruth@hugscafe.org	12 Trailridge Dr.	Melissa	TX	75454
12	Shannon	Patterson	Secretary	214-799-5266	sspattersontx@gmail.com	1370 Lakeside Dr.	Prosper	TX	75078
13	Timothy	Newsome	Member	214-697-7612	tnewsome@nbusa.net	7005 Quartermile Lane	Dallas	TX	75248

Updated 11/21/2024

Hugs Cafe Inc

Statement of Financial Position

As of November 21, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	\$1,567,341.38
Accounts Receivable	\$19,967.33
Other Current Assets	\$72,858.48
Total Current Assets	\$1,660,167.19
Fixed Assets	\$800,224.86
Other Assets	\$4,900.00
TOTAL ASSETS	\$2,465,292.05
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable (A/P)	42,630.00
Total Accounts Payable	\$42,630.00
Credit Cards	\$2,566.11
Other Current Liabilities	\$149,061.68
Total Current Liabilities	\$194,257.79
Total Liabilities	\$194,257.79
Equity	
3000 Unrestricted Net Assets	420,412.38
3020 Retained Earnings	1,540,742.44
Net Revenue	309,879.44
Total Equity	\$2,271,034.26
TOTAL LIABILITIES AND EQUITY	\$2,465,292.05

THE CJ CPA GROUP, PLLC
6801 GAYLORD PARKWAY, SUITE 302
FRISCO, TX 75034

HUGS CAFE, INC.
224 E. VIRGINIA
MCKINNEY, TX 75069

|||||



July 30, 2024

HUGS CAFE, INC.
224 E. VIRGINIA
MCKINNEY, TX 75069

HUGS CAFE, INC.:

Enclosed is the organization's 2023 Exempt Organization return.

Specific filing instructions are as follows.

FORM 990 RETURN:

This return has been prepared for electronic filing. If you wish to have it transmitted electronically to the IRS, please sign, date, and return Form 8879-TE to our office. We will then submit the electronic return to the IRS. Do not mail a paper copy of the return to the IRS. Return Form 8879-TE to us by November 15, 2024.

A copy of the return is enclosed for your files. We suggest that you retain this copy indefinitely.

Very truly yours,

The CJ CPA Group, PLLC

The CJ CPA Group, PLLC

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

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

2023

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Go to www.irs.gov/Form990 for instructions and the latest information.

A For the **2023** calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization HUGS CAFE, INC.		D Employer identification number 46-2332714
	Doing business as		E Telephone number 469-301-6900
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	G Gross receipts \$ 1,985,326.
	224 E. VIRGINIA		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	City or town, state or province, country, and ZIP or foreign postal code MCKINNEY, TX 75069		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No
F Name and address of principal officer: LAUREN SMITH 510A S KENTUCKY STREET, MCKINNEY, TX 75069		H(c) Group exemption number	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: WWW.HUGSCAFE.ORG			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			L Year of formation: 2014
M State of legal domicile: TX			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: THE MISSION OF HUGS CAFE INC IS TO ENHANCE THE LIVES OF ADULTS WITH INTELLECTUAL AND DEVELOPMENTAL		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	14
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	14
	5 Total number of individuals employed in calendar year 2023 (Part V, line 2a)	5	47
	6 Total number of volunteers (estimate if necessary)	6	43
	7 a Total unrelated business revenue from Part VIII, column (C), line 12	7a	15,736.
b Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	819,700.	1,213,075.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	461,668.	655,805.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,873.	15,736.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-39,650.	0.
		1,249,591.	1,884,616.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	440,141.	540,461.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25)	113,267.	
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	506,003.	664,033.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	946,144.	1,204,494.	
19 Revenue less expenses. Subtract line 18 from line 12	303,447.	680,122.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	1,534,904.	2,226,852.
	22 Net assets or fund balances. Subtract line 21 from line 20	233,834.	245,660.
	1,301,070.	1,981,192.	

Part II Signature Block

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

Sign Here	Signature of officer		Date		
	LAUREN SMITH, EXECUTIVE DIRECTOR Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	BRADLEY L. RATLIFF	<i>Brad Ratliff</i>	07/30/24	<input type="checkbox"/>	P01308442
Firm's name THE CJ CPA GROUP, PLLC			Firm's EIN 27-4461251		
Firm's address 6801 GAYLORD PARKWAY, SUITE 302 FRISCO, TX 75034			Phone no. (972) 202-8000		

May the IRS discuss this return with the preparer shown above? See instructions Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

THE MISSION OF HUGS CAFE INC IS TO ENHANCE THE LIVES OF ADULTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES THROUGH TRAINING AND EMPLOYMENT.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes No

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 442,771. including grants of \$) (Revenue \$ 361,756.)

HUGS CAFE INC. IS COMPOSED OF FOUR PROGRAMS. HUGS CAFE IS OUR FLAGSHIP PROGRAM WHERE WE DIRECTLY EMPLOY 23 ADULTS WITH SPECIAL NEEDS IN A CAFE SETTING. TO PROVIDE AN INTRODUCTORY AND SOCIAL WAY TO INTERACT IN THE KITCHEN, WE OFFER COOKING CLASSES VIA OUR HUGS HOME COOKING PROGRAM.

4b (Code:) (Expenses \$ 263,350. including grants of \$) (Revenue \$ 211,099.)

HUGS GREENHOUSE IS OUR THIRD PROGRAM THAT RECOGNIZES FOOD SERVICE MAY NOT BE FOR EVERY PERSON OR EVERY ABILITY. WE HAVE DEVELOPED A SECOND SOCIAL ENTERPRISE THAT TRAINS AND EDUCATES ADULTS WITH SPECIAL NEEDS ON GARDENING, RETAIL SALES, AND SOCIALIZATION WITHIN THE COMMUNITY.

4c (Code:) (Expenses \$ 96,804. including grants of \$) (Revenue \$ 82,950.)

OUR FINAL ADDITION TO THE HUGS CAFE INC FAMILY OF PROGRAMS IS HUGS TRAINING ACADEMY. THIS 12 WEEK VOCATIONAL TRAINING PROGRAM SUPPORTS ADULTS WITH DISABILITIES AS THEY LEARN THE BASIC SKILLS TO ENTER THE WORKFORCE WITH AN EMPLOYMENT PARTNER IN THE CULINARY OR HOSPITALITY INDUSTRIES. ALL OF OUR PROGRAMS OFFER TRAINING AND EDUCATIONAL EMPLOYMENT TO ADULTS WITH SPECIAL NEEDS SO THEY MAY GAIN RESEPCT AND INDEPENDENCE.

4d Other program services (Describe on Schedule O.)

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

4e Total program service expenses 802,925.

Part IV Checklist of Required Schedules

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 1 through 21 regarding organizational requirements and financial reporting.

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question number, Yes, No. Rows 22-38 detailing various organizational requirements and compliance checks.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with 3 columns: Question number, Yes, No. Rows 1a, 1b, 1c regarding Form 1096, Forms W-2G, and backup withholding rules.

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

Table with columns for question number, question text, and Yes/No columns. Includes questions 2a through 17 regarding employee counts, tax returns, gross income, foreign accounts, prohibited transactions, and charitable contributions.

Part VI Governance, Management, and Disclosure. For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (14), 1b (14), 2 (X), 3 (X), 4 (X), 5 (X), 6 (X), 7a (X), 7b (X), 8a (X), 8b (X), 9 (X).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (X), 10b, 11a (X), 11b, 12a (X), 12b (X), 12c (X), 13 (X), 14 (X), 15a (X), 15b (X), 16a (X), 16b.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed NONE
18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, address, and telephone number of the person who possesses the organization's books and records
MICHAEL TALLEY - (469) 301-6900
224 E VIRGINIA, MCKINNEY, TX 75069

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- See the instructions for the order in which to list the persons above.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) RUTH THOMPSON PRESIDENT	30.00			X				0.	0.	0.
(2) ALEX BEARD VICE PRESIDENT	2.00			X				0.	0.	0.
(3) GEORGIANN LEONARD MEMBER	30.00	X						0.	0.	0.
(4) MARK POTTER MEMBER	1.00	X						0.	0.	0.
(5) MICHAEL JONES MEMBER	1.00	X						0.	0.	0.
(6) JANICE MORRISS MEMBER	1.00	X						0.	0.	0.
(7) SHANNON PATTERSON SECRETARY	2.00			X				0.	0.	0.
(8) CHRIS THOMPSON MEMBER	3.00	X						0.	0.	0.
(9) TIMOTHY NEWSOM MEMBER	1.00	X						0.	0.	0.
(10) LEE ANN PARSONS MEMBER	1.00	X						0.	0.	0.
(11) MATT FURHIMAN MEMBER	1.00	X						0.	0.	0.
(12) MARC ROBERTSON MEMBER	1.00	X						0.	0.	0.
(13) KELLECE PACE MEMBER	1.00	X						0.	0.	0.
(14) KEN SIPIORA TREASURER	1.00			X				0.	0.	0.

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

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

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization 0

	Yes	No
3 Did the organization list any former officer, director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>		X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization 0

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A)	(B)	(C)	(D)			
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514			
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns	1a						
	b	Membership dues	1b						
	c	Fundraising events	1c						
	d	Related organizations	1d						
	e	Government grants (contributions)	1e						
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,213,075.					
	g	Noncash contributions included in lines 1a-1f	1g	\$					
	h	Total. Add lines 1a-1f		1,213,075.					
Program Service Revenue			Business Code						
	2 a								
	b								
	c								
	d								
	e								
	f	All other program service revenue		624100	655,805.	655,805.			
g	Total. Add lines 2a-2f			655,805.					
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		5,549.		5,549.			
	4	Income from investment of tax-exempt bond proceeds							
	5	Royalties							
	6 a	Gross rents	6a	(i) Real					
				(ii) Personal					
				b	Less: rental expenses	6b			
				c	Rental income or (loss)	6c			
	d	Net rental income or (loss)							
	7 a	Gross amount from sales of assets other than inventory	7a	(i) Securities					
				(ii) Other					
				b	Less: cost or other basis and sales expenses	7b	110,897.		
				c	Gain or (loss)	7c	100,710.		
	d	Net gain or (loss)		10,187.		10,187.			
	8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	8a						
b				Less: direct expenses	8b				
c				Net income or (loss) from fundraising events					
9 a	Gross income from gaming activities. See Part IV, line 19	9a							
			b	Less: direct expenses	9b				
			c	Net income or (loss) from gaming activities					
10 a	Gross sales of inventory, less returns and allowances	10a							
			b	Less: cost of goods sold	10b				
			c	Net income or (loss) from sales of inventory					
Miscellaneous Revenue			Business Code						
	11 a								
	b								
	c								
	d	All other revenue							
e	Total. Add lines 11a-11d								
12	Total revenue. See instructions			1,884,616.	655,805.	15,736.			
						0.			

Part IX Statement of Functional Expenses

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

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	540,461.	380,563.	159,898.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (nonemployees):				
a Management	175,618.	4,351.	92,662.	78,605.
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion	41,229.	2,496.	11,560.	27,173.
13 Office expenses	30,496.	17,037.	6,464.	6,995.
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	27,847.	27,847.		
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a RENT, REPAIRS, AND UTIL	172,822.	161,265.	11,557.	
b FOOD & DRINK	112,957.	112,957.		
c TOOLS & EQUIPMENT	103,064.	96,409.	6,161.	494.
d _____				
e All other expenses _____				
25 Total functional expenses. Add lines 1 through 24e	1,204,494.	802,925.	288,302.	113,267.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	953,827.	1	1,222,717.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	30,112.	4	20,000.
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	12,500.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 795,403.		
	b Less: accumulated depreciation	10b 108,111.	112,800.	10c 687,292.
	11 Investments - publicly traded securities	224,993.	11	113,863.
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	213,172.	15	170,480.
16 Total assets. Add lines 1 through 15 (must equal line 33)	1,534,904.	16	2,226,852.	
Liabilities	17 Accounts payable and accrued expenses	175,516.	17	184,626.
	18 Grants payable		18	
	19 Deferred revenue	58,318.	19	61,034.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	233,834.	26	245,660.
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	971,601.	27	1,763,007.
	28 Net assets with donor restrictions	329,469.	28	218,185.
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds		29	
	30 Paid-in or capital surplus, or land, building, or equipment fund		30	
	31 Retained earnings, endowment, accumulated income, or other funds		31	
	32 Total net assets or fund balances	1,301,070.	32	1,981,192.
	33 Total liabilities and net assets/fund balances	1,534,904.	33	2,226,852.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,884,616.
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,204,494.
3	Revenue less expenses. Subtract line 2 from line 1	3	680,122.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	1,301,070.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	1,981,192.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F? _____		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits _____		

Form 990 (2023)

SCHEDULE A
(Form 990)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
Attach to Form 990 or Form 990-EZ.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2023

Open to Public
Inspection

Name of the organization HUGS CAFE, INC.	Employer identification number 46-2332714
--	---

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
Total						

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2023 (line 6, column (f), divided by line 11, column (f))	14	%
15 Public support percentage from 2022 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2023. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2022. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2023. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2022. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	352,730.	630,626.	506,163.	681,335.	1213075.	3383929.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	256,920.	277,876.	614,552.	461,668.	665,992.	2277008.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	609,650.	908,502.	1120715.	1143003.	1879067.	5660937.
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						0.
c Add lines 7a and 7b						0.
8 Public support. (Subtract line 7c from line 6.)						5660937.

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
9 Amounts from line 6	609,650.	908,502.	1120715.	1143003.	1879067.	5660937.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources	30.	96.	3,365.	7,873.	5,549.	16,913.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	30.	96.	3,365.	7,873.	5,549.	16,913.
11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)	609,680.	908,598.	1124080.	1150876.	1884616.	5677850.

14 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2023 (line 8, column (f), divided by line 13, column (f))	15	99.70 %
16 Public support percentage from 2022 Schedule A, Part III, line 15	16	99.72 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2023 (line 10c, column (f), divided by line 13, column (f))	17	.30 %
18 Investment income percentage from 2022 Schedule A, Part III, line 17	18	.26 %

19a 33 1/3% support tests - 2023. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2022. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

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

Part IV Supporting Organizations (continued)

Table with 3 columns: Question, Yes, No. Row 11: Has the organization accepted a gift or contribution from any of the following persons? Sub-rows 11a, 11b, 11c.

Section B. Type I Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? Row 2: Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization?

Section C. Type II Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)?

Section D. All Type III Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided? Row 2: Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? Row 3: By reason of the relationship described on line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year?

Section E. Type III Functionally Integrated Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions). Sub-rows a, b, c. Row 2: Activities Test. Answer lines 2a and 2b below. Sub-rows a, b. Row 3: Parent of Supported Organizations. Answer lines 3a and 3b below. Sub-rows a, b.

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

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

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

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

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	1
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3
4	Amounts paid to acquire exempt-use assets	4
5	Qualified set-aside amounts (prior IRS approval required - provide details in Part VI)	5
6	Other distributions (describe in Part VI). See instructions.	6
7	Total annual distributions. Add lines 1 through 6.	7
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	8
9	Distributable amount for 2023 from Section C, line 6	9
10	Line 8 amount divided by line 9 amount	10

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2023	(iii) Distributable Amount for 2023
1	Distributable amount for 2023 from Section C, line 6		
2	Underdistributions, if any, for years prior to 2023 (reasonable cause required - explain in Part VI). See instructions.		
3	Excess distributions carryover, if any, to 2023		
a	From 2018		
b	From 2019		
c	From 2020		
d	From 2021		
e	From 2022		
f	Total of lines 3a through 3e		
g	Applied to underdistributions of prior years		
h	Applied to 2023 distributable amount		
i	Carryover from 2018 not applied (see instructions)		
j	Remainder. Subtract lines 3g, 3h, and 3i from line 3f.		
4	Distributions for 2023 from Section D, line 7: \$		
a	Applied to underdistributions of prior years		
b	Applied to 2023 distributable amount		
c	Remainder. Subtract lines 4a and 4b from line 4.		
5	Remaining underdistributions for years prior to 2023, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.		
6	Remaining underdistributions for 2023. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.		
7	Excess distributions carryover to 2024. Add lines 3j and 4c.		
8	Breakdown of line 7:		
a	Excess from 2019		
b	Excess from 2020		
c	Excess from 2021		
d	Excess from 2022		
e	Excess from 2023		

Schedule A (Form 990) 2023

Part VI

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

Multiple horizontal lines for supplemental information.

Schedule B
(Form 990)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Attach to Form 990, 990-EZ, or 990-PF.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2023

Name of the organization

HUGS CAFE, INC.

Employer identification number

46-2332714

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

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

501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year \$ _____

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

For Paperwork Reduction Act Notice, see the instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990) (2023)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	<u>FIDELITY CHARITABLE</u> <u>P.O. BOX 770001</u> <u>CINCINNATI, OH 45277-0053</u>	\$ <u>124,916.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	<u>ENCORE WIRE</u> <u>P.O. BOX 1149</u> <u>MCKINNEY, TX 75070</u>	\$ <u>10,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	<u>COMPATRIOT CAPITAL</u> <u>5949 SHERRY LANE STE 1880</u> <u>DALLAS, TX 75225</u>	\$ <u>70,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	<u>JASON COLE</u> <u>502 OAK BROOK DRIVE</u> <u>ALLEN, TX 75002</u>	\$ <u>10,290.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	<u>TEXAS INSTRUMENTS FOUNDATION</u> <u>PO BOX 660199 MS B-400</u> <u>DALLAS, TX 75266</u>	\$ <u>11,600.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	<u>DEBBIE FINLEY</u> <u>2700 SYLVAN WAY</u> <u>MCKINNEY, TX 75072</u>	\$ <u>5,525.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	BRANDON TOMES 6501 BILTMORE LANE MCKINNEY, TX 75072	\$ 6,355.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	ARKANSAS COMMUNITY FOUNDATION 5 ALLIED DRIVE LITTLE ROCK, AR 72202	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	APW REALTY, LLC 7901 BUTTERNUT LANE MCKINNEY, TX 75070	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	LYNN FAMILY FOUNDATION 3570 DRYDEN ROAD FORT WORTH, TX 76109	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11	BAILES FAMILY FOUNDATION 6424 PINECASTLE BLVD STE A ORLANDO, FL 32809	\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
12	BETH BOWE 8532 SPECTRUM DRIVE MCKINNEY, TX 75072	\$ 63,540.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13	LEE ANN PARSONS 2609 FITZGERALD AVE. MCKINNEY, TX 75072	\$ 100,600.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
14	TERRY BASTIAN PO BOX 866 MCKINNEY, TX 75070	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
15	HEB 3890 W NORTHWEST HWY, S DALLAS, TX 75220	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
16	SRS RAISE THE ROOF FOUNDATION 224 E. VIRGINIA ST MCKINNEY, TX 75069	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
17	RAJ METHA 209 DEAVILLE PLACE LITTLE ROCK, AR 72223	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
18	YARDI SYSTEMS 430 S FAIRVIEW AVENUE SANTA BARBARA, CA 93114	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
19	<u>SAMUEL BAYNES</u> <u>3626 N HALL ST SUITE 610</u> <u>DALLAS, TX 75219</u>	\$ <u>26,546.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
20	<u>COMMUNITIES FOUNDATION OF TEXAS</u> <u>5500 CARRUTH HAVEN LANE</u> <u>DALLAS, TX 75225</u>	\$ <u>33,559.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
21	<u>KELLE PACE</u> <u>9114 WATERVIEW PKWY</u> <u>ROWLETT, TX 75089</u>	\$ <u>50,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
22	<u>MICHAEL JONES</u> <u>2516 GRAFTON LANE</u> <u>MCKINNEY, TX 75071</u>	\$ <u>14,760.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
23	<u>SAMMONS CORPORATION</u> <u>5949 SHERRY LANE STE 1900</u> <u>DALLAS, TX 75225</u>	\$ <u>50,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
24	<u>MARC ROBERTSON</u> <u>11330 LEGACY DR. STE 305B</u> <u>FRISCO, TX 75033</u>	\$ <u>5,400.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
25	<u>BEVERLY BLACK</u> <u>2551 ALMA RD APT 7A</u> <u>MCKINNEY, TX 75072</u>	\$ <u>10,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
26	<u>GEORGE & MAYLEE FULLER</u> <u>290 ADRIATIC PKWY</u> <u>MCKINNEY, TX 75072</u>	\$ <u>10,500.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
27	<u>JOHN & NANCY MARLETT</u> <u>6675 MEDITERRANEAN DRIVE</u> <u>MCKINNEY, TX 75072</u>	\$ <u>5,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
28	<u>GARY & SUE REICHLING</u> <u>2050 TRAVIS RANCH DRIVE</u> <u>ALLEN, TX 75002</u>	\$ <u>44,500.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
29	<u>MARK AND SHERRY SMITH</u> <u>5516 SETTLEMENT WAY</u> <u>MCKINNEY, TX 75070</u>	\$ <u>10,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
30	<u>CHRIS THOMPSON</u> <u>12 TRAILRIDGE DR</u> <u>MELISSA, TX 75454</u>	\$ <u>31,020.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
31	CAPITAL ONE PO BOX 61540 NEW ORLEANS, LA 70161	\$ 25,300.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
32	PHYSICAL THERAPY OF MELISSA 3201 MCKINNEY ST MELISSA, TX 75454	\$ 7,770.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
33	RICHARD FRANKLIN 7621 DARROW DR MCKINNEY, TX 75071	\$ 5,270.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
34	SAUNDERS, WALSH AND BEARD 6850 TPC DRIVE SUITE 210 MCKINNEY, TX 75071	\$ 7,600.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
35	SHANNON PATTERSON 1370 LAKESIDE DRIVE PROSPER, TX 75078	\$ 8,790.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
36	HUGS CAFE DONATION JAR 224 E. VIRGINIA ST MCKINNEY, TX 75069	\$ 7,387.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
37	AMERICAN ONLINE GIVING/BENEVITY P.O. BOX 1010 SAFE HARBOR, FL 34695	\$ 10,275.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
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Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

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

Name of organization HUGS CAFE, INC.	Employer identification number 46-2332714
--	---

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this info. once.) \$ _____
Use duplicate copies of Part III if additional space is needed.

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

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

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

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2023

Open to Public Inspection

Name of the organization HUGS CAFE, INC. Employer identification number 46-2332714

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate value of contributions, grants, and end of year, and two yes/no questions about donor property and grant fund usage.

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

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include purpose of easements, a table for lines 2a-2d (Total number, acreage, certified historic structures, and others), and questions about monitoring, expenses, and reporting requirements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include questions about reporting requirements for art and historical treasures, and a table for revenue and assets included.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule D (Form 990) 2023

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

- 3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply).
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange program
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

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

- 1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

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

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

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment _____%
 - b Permanent endowment _____%
 - c Term endowment _____%
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|--|--------|----|
| (i) Unrelated organizations? | 3a(i) | |
| (ii) Related organizations? | 3a(ii) | |
| b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? | 3b | |
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		604,839.		604,839.
b Buildings				
c Leasehold improvements		69,883.	42,064.	27,819.
d Equipment		120,681.	66,047.	54,634.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, line 10c, column (B))				687,292.

Part VII Investments - Other Securities

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

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

Part VIII Investments - Program Related.

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

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

Part IX Other Assets

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

(a) Description	(b) Book value
(1) RIGHT OF USE ASSET	111,933.
(2) LT PROMISES TO GIVE	53,647.
(3) SECURITY DEPOSITS	4,900.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, line 15, col. (B))	170,480.

Part X Other Liabilities

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

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

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

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Total revenue reported as 1,884,616.

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Total expenses reported as 1,204,494.

Part XIII Supplemental Information

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

Horizontal lines provided for entering supplemental information.

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
Attach to Form 990 or Form 990-EZ.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2023

Open to Public
Inspection

Name of the organization

HUGS CAFE, INC.

Employer identification number

46-2332714

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

DISABILITIES THROUGH TRAINING AND EMPLOYMENT.

FORM 990, PART VI, SECTION B, LINE 11B:

REVIEWED IN MEETINGS

FORM 990, PART VI, SECTION B, LINE 12C:

DOCUMENTED IN MEETINGS.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND
FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST IN WRITING.

Hugs Cafe Inc

Statement of Activity by Class

January - December 2023

	AFFILIATE	CAPITAL CAMPAIGN	DONATIONS (DELETED)	GENERAL	GREENHOUSE	MCK CAFE	TRAINING	TOTAL
Revenue								
4000 Donations		107,912.62	741,125.28		6,620.61	33,585.76	-3,775.00	\$885,469.27
4010 Sales	3,750.00				198,477.96	320,658.00		\$522,885.96
4015 Tuition							65,699.50	\$65,699.50
Total 4010 Sales	3,750.00				198,477.96	320,658.00	65,699.50	\$588,585.46
4020 Grants				3,000.00	6,000.00	7,500.00	13,500.00	\$30,000.00
Total Revenue	\$3,750.00	\$107,912.62	\$741,125.28	\$3,000.00	\$211,098.57	\$361,743.76	\$75,424.50	\$1,504,054.73
Cost of Goods Sold								
5000 Cost of Goods Sold					78,250.25	109,792.18	75.07	\$188,117.50
5001 COGS- Shipping						1,846.35		\$1,846.35
Total Cost of Goods Sold	\$0.00	\$0.00	\$0.00	\$0.00	\$78,250.25	\$111,638.53	\$75.07	\$189,963.85
GROSS PROFIT	\$3,750.00	\$107,912.62	\$741,125.28	\$3,000.00	\$132,848.32	\$250,105.23	\$75,349.43	\$1,314,090.88
Expenditures								
5010 Bad Debts							350.00	\$350.00
6000 Payroll Expenses				-267.00	-214.00		-581.00	\$ -1,062.00
6001 Wages				135,380.36	97,200.02	184,060.32	58,884.67	\$475,525.37
6003 Payroll Taxes				8,225.51	6,044.14	9,853.79	5,663.92	\$29,787.36
6004 Payroll Fees				1,289.73	970.28	3,650.19	385.44	\$6,295.64
Total 6000 Payroll Expenses				144,628.60	104,000.44	197,564.30	64,353.03	\$510,546.37
6040 Care and HR				4,757.43			79.00	\$4,836.43
6041 Staff Care				54.00	27.00	27.00	27.00	\$135.00
6042 Training				1,410.06	438.10	449.00	439.31	\$2,736.47
6043 Background Check Fee				6.39			19.17	\$25.56
Total 6040 Care and HR				6,227.88	465.10	476.00	564.48	\$7,733.46
7000 Fundraising Event								\$0.00
7010 Fundraising				1,039.28				\$1,039.28
7030 Gala				39,672.55				\$39,672.55
Total 7000 Fundraising Event				40,711.83				\$40,711.83
8001 Supplies & Materials		494.10		6,161.48	5,494.92	5,667.34	5,498.56	\$23,316.40
8005 Chemicals					1,497.95			\$1,497.95
8007 Office Supplies				1,230.14	16.00	327.08	122.86	\$1,696.08
8008 Car & Truck				308.44	3,715.96	181.25		\$4,205.65
8009 Equipment						10.15		\$10.15
8010 Meals & Entertainment				3,222.50	521.32			\$3,743.82
8012 Accidental Charges					0.00	0.00		\$0.00
8070 Dues & subscriptions				7,416.17	832.78	2,448.87	179.89	\$10,877.71
8071 QuickBooks Payments Fees							355.78	\$355.78
8080 Shipping, Freight, Delivery & Postage				1,628.37	20.90	206.96		\$1,856.23
8110 Advertising & Marketing				9,270.95	2,111.97	311.63	72.16	\$11,766.71
8130 Travel				50.00				\$50.00
8200 Legal & Professional Services								\$0.00
8210 Accounting				12,578.00				\$12,578.00
8220 Professional Services		69,092.95		43,395.00				\$112,487.95
Total 8200 Legal & Professional Services		69,092.95		55,973.00				\$125,065.95
8310 Rent & Lease				11,514.66		28,848.75	15,420.00	\$55,783.41
8311 Storage						90.00		\$90.00
8320 Property Tax					1,859.80			\$1,859.80
8321 Taxes & Licenses				862.11	196.50	103.00		\$1,161.61
8330 Utilities				430.08	12,903.55	14,595.87		\$27,929.50
8340 Repairs & Maintenance					4,491.23	6,310.48		\$10,801.71
8350 Permits						300.00		\$300.00
8400 Bank Charges & Fees		12.00		5.00	-16.25	69.30	30.00	\$100.05
8410 Credit Card Fees			6,465.15		2,904.75	8,418.32	4.65	\$17,792.87
8420 Square Fees					66.85	64.51		\$131.36
8430 Interest Paid				25.33				\$25.33

Hugs Cafe Inc

Statement of Activity by Class

January - December 2023

	AFFILIATE	CAPITAL CAMPAIGN	DONATIONS (DELETED)	GENERAL	GREENHOUSE	MCK CAFE	TRAINING	TOTAL
8640 Insurance								\$0.00
8610 Director's Liability Insurance				1,122.00				\$1,122.00
8620 Non-Profit Insurance				9,276.00				\$9,276.00
8630 Worker's Comp				-1,630.56				\$ -1,630.56
Total 8640 Insurance				8,767.44				\$8,767.44
Total Expenditures	\$0.00	\$69,599.05	\$6,465.15	\$298,433.98	\$141,083.77	\$265,993.81	\$86,951.41	\$868,527.17
NET OPERATING REVENUE	\$3,750.00	\$38,313.57	\$734,660.13	\$ -295,433.98	\$ -8,235.45	\$ -15,888.58	\$ -11,601.98	\$445,563.71
Other Revenue								
4052 Interest Earned			0.67			7.25		\$7.92
4060 Sales Tax Discount				132.90		11.65		\$144.55
Total Other Revenue	\$0.00	\$0.00	\$0.67	\$132.90	\$0.00	\$18.90	\$0.00	\$152.47
Other Expenditures								
1523 Depreciation Expense					6,263.64	5,775.60		\$12,039.24
Total Other Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$6,263.64	\$5,775.60	\$0.00	\$12,039.24
NET OTHER REVENUE	\$0.00	\$0.00	\$0.67	\$132.90	\$ -6,263.64	\$ -5,756.70	\$0.00	\$ -11,886.77
NET REVENUE	\$3,750.00	\$38,313.57	\$734,660.80	\$ -295,301.08	\$ -14,499.09	\$ -21,645.28	\$ -11,601.98	\$433,676.94

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

Table of Contents

Report of Independent Auditors	3
Financial Statements:	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11



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	<u>1,985,713</u>	<u>(219,197)</u>	<u>1,766,516</u>
Expenses:			
Program service expense			
Cafe	442,771	-	442,771
Greenhouse	263,350	-	263,350
Training	96,804	-	96,804
Total program services expenses	<u>802,925</u>	<u>-</u>	<u>802,925</u>
Supporting services expense:			
Management and general	288,302	-	288,302
Fundraising	113,267	-	113,267
Total supporting services expenses	<u>401,569</u>	<u>-</u>	<u>401,569</u>
Total expenses	<u>1,204,494</u>	<u>-</u>	<u>1,204,494</u>
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	<u>10,187</u>	<u>107,913</u>	<u>118,100</u>
Change in net assets	791,406	(111,284)	680,122
Beginning net assets	971,601	329,469	\$ 1,301,070
Ending net assets	<u>\$ 1,763,007</u>	<u>\$ 218,185</u>	<u>\$ 1,981,192</u>

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	<u>1,095,406</u>	<u>55,470</u>	<u>1,150,876</u>
Expenses:			
Program service expense			
Cafe	457,639	-	457,639
Greenhouse	231,132	-	231,132
Training	119,023	-	119,023
Total program services expenses	<u>807,794</u>	<u>-</u>	<u>807,794</u>
Supporting services expense:			
Management and general	104,492	-	104,492
Fundraising	33,858	-	33,858
Total supporting services expenses	<u>138,350</u>	<u>-</u>	<u>138,350</u>
Total expenses	<u>946,144</u>	<u>-</u>	<u>946,144</u>
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	<u>(39,650)</u>	<u>138,365</u>	<u>98,715</u>
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
	Café	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
Fuels 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	\$ 84,767	\$ 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	2023	2022
For the Years Ended December 31,		
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	<u>446,374</u>	<u>327,210</u>
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	<u>(191,442)</u>	<u>215</u>
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

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.

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 reduce 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:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Net Sales</u>
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:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Net Sales</u>
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:

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

	<u>Amortized Cost</u>	<u>Unrealized Holding Gains</u>	<u>Unrealized Holding Losses</u>	<u>Estimated Fair Value</u>
Cash and cash equivalents	\$ 10,420	\$ -	\$ -	\$ 10,420
Mutual funds (level 1)	<u>248,675</u>	<u>-</u>	<u>(34,102)</u>	<u>214,573</u>
	259,095	-	(34,102)	224,993
Less: amounts reclassified to cash and cash equivalents	<u>(10,420)</u>	<u>-</u>	<u>-</u>	<u>(10,420)</u>
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,	<u>2023</u>	<u>2022</u>
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	<u>58,000</u>	<u>82,000</u>
Less: present value discount	(4,353)	(5,024)
Total gifts-in-kind receivable, net	<u>\$ 53,647</u>	<u>\$ 76,976</u>

6. Property and Equipment

Property and equipment consist of the following at December 31:

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

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,	<u>2023</u>	<u>2022</u>
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	<u>\$ 124,226</u>	<u>\$ 114,657</u>

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,	<u>2023</u>	<u>2022</u>
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:

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

8. Net Assets with Donor Restrictions

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

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

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

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

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.

Form **8879-TE**

IRS E-file Signature Authorization for a Tax Exempt Entity

OMB No. 1545-0047

For calendar year 2023, or fiscal year beginning _____, 2023, and ending _____, 20____

2023

Department of the Treasury
Internal Revenue Service

Do not send to the IRS. Keep for your records.
Go to www.irs.gov/Form8879TE for the latest information.

Name of filer

HUGS CAFE, INC.

EIN or SSN

46-2332714

Name and title of officer or person subject to tax

**RUTH THOMPSON
PREISDENT**

Part I Type of Return and Return Information

Check the box for the return for which you are using this Form 8879-TE and enter the applicable amount, if any, from the return. Form 8038-CP and Form 5330 filers may enter dollars and cents. For all other forms, enter whole dollars only. If you check the box on line **1a, 2a, 3a, 4a, 5a, 6a, 7a, 8a, 9a, or 10a** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b, 5b, 6b, 7b, 8b, 9b, or 10b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not complete more than one line in Part I.**

1a Form 990 check here <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b <u>1,884,616.</u>
2a Form 990-EZ check here <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part V, line 5)	4b _____
5a Form 8868 check here <input type="checkbox"/>	b Balance due (Form 8868, line 3c)	5b _____
6a Form 990-T check here <input type="checkbox"/>	b Total tax (Form 990-T, Part III, line 4)	6b _____
7a Form 4720 check here <input type="checkbox"/>	b Total tax (Form 4720, Part III, line 1)	7b _____
8a Form 5227 check here <input type="checkbox"/>	b FMV of assets at end of tax year (Form 5227, Item D)	8b _____
9a Form 5330 check here <input type="checkbox"/>	b Tax due (Form 5330, Part II, line 19)	9b _____
10a Form 8038-CP check here <input type="checkbox"/>	b Amount of credit payment requested (Form 8038-CP, Part III, line 22)	10b _____

Part II Declaration and Signature Authorization of Officer or Person Subject to Tax

Under penalties of perjury, I declare that I am an officer of the above entity or I am a person subject to tax with respect to (name of entity) _____, (EIN) _____ and that I have examined a copy of the 2023 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the electronic return and, if applicable, the consent to electronic funds withdrawal.

PIN: check one box only

I authorize THE CJ CPA GROUP, PLLC to enter my PIN 32714
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the tax year 2023 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer or person subject to tax with respect to the entity, I will enter my PIN as my signature on the tax year 2023 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Signature of officer or person subject to tax

Date

Part III Certification and Authentication

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

75246512345

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2023 electronically filed return indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature

Date

08/03/2024

ERO Must Retain This Form - See Instructions

Do Not Submit This Form to the IRS Unless Requested To Do So

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form **8879-TE** (2023)

LHA 302521 01-05-24

05590730 759501 6771.0

2023.04010 HUGS CAFE, INC.

6771.0_1

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 <i>Specific Instructions</i> on page 3.	<p>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.</p> <p>2 Business name/disregarded entity name, if different from above.</p>
	<p>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.</p> <p><input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate</p> <p><input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____</p> <p>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.</p> <p><input checked="" type="checkbox"/> Other (see instructions) 501c3</p>
	<p>4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____</p> <p><i>(Applies to accounts maintained outside the United States.)</i></p>
	<p>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 <input type="checkbox"/></p>
	<p>5 Address (number, street, and apt. or suite no.). See instructions. 224 E. Virginia Street</p> <p style="text-align: right;">Requester's name and address (optional)</p>
	<p>6 City, state, and ZIP code McKinney, Texas 75069</p>
	<p>7 List account number(s) here (optional)</p>

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.

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

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.

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	Date 1-1-2024
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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

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