



WE BLOOM, INC.

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**



WE BLOOM, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
We Bloom, Inc.
Middletown, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of We Bloom, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of We Bloom, Inc. as of December 31, 2021, and the changes 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 We Bloom, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 We Bloom, 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 We Bloom, 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.

Emphasis of Matter Prior Period Adjustment

As discussed in Note 6 to the financial statements, an error was discovered by management of We Bloom, Inc. during the current year resulting in changes to amounts previously reported for net assets and grants and contracts receivable as of December 31, 2020. Our opinion is not modified with respect to that matter.

Pettit & Company, LLC

Indianapolis, Indiana
June 23, 2022

WE BLOOM, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

Assets

Current assets

Cash and cash equivalents	\$ 440,532
Grants and contracts receivable	52,510
Prepaid expenses	8,152

Total current assets 501,194

Property and equipment

Furniture	5,000
Total property and equipment	5,000
Accumulated depreciation	(1,273)

Net property and equipment 3,727

Total assets \$ 504,921

Liabilities and net assets

Current liabilities

Accounts payable	\$ 33,577
Accrued payroll and payroll taxes	26,616
Deferred revenue	80,249

Total liabilities 140,442

Net assets

Net assets without donor restrictions	318,045
Net assets with donor restrictions	46,434

Total net assets 364,479

Total liabilities and net assets \$ 504,921

WE BLOOM, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenue			
Grants and contracts	\$ 699,096	\$ -	\$ 699,096
Corporate support	80,821	-	80,821
Contributions	57,324	-	57,324
Foundation support	9,720	40,781	50,501
In-kind support	12,258	-	12,258
Sponsorships	3,500	-	3,500
COVID-19 response	495	-	495
Net assets released from restrictions			
Satisfaction of program requirements	144,833	(144,833)	-
Total support and revenue	<u>1,008,047</u>	<u>(104,052)</u>	<u>903,995</u>
Expenses			
Program expenses	782,500	-	782,500
Management and general	179,495	-	179,495
Fundraising	3,851	-	3,851
Total cost of operations	<u>965,846</u>	<u>-</u>	<u>965,846</u>
Change in net assets	<u>42,201</u>	<u>(104,052)</u>	<u>(61,851)</u>
Net assets - beginning of year	235,244	150,486	385,730
Prior period adjustment	<u>40,600</u>	<u>-</u>	<u>40,600</u>
Net assets - end of year	<u><u>\$ 318,045</u></u>	<u><u>\$ 46,434</u></u>	<u><u>\$ 364,479</u></u>

The accompanying notes are an integral part of these financial statements

WE BLOOM, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program</u>	<u>Management and general</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 434,014	\$ 97,424	\$ -	\$ 531,438
Payroll taxes	37,455	7,663	-	45,118
Employee benefits	1,000	-	-	1,000
Occupancy	50,667	1,294	-	51,961
Equipment	20,709	-	-	20,709
Insurance	6,041	-	-	6,041
Employee training	18,636	-	-	18,636
Fiscal sponsor funding	131,176	-	-	131,176
Supplies	32,073	-	-	32,073
Volunteer program	448	-	-	448
Volunteer assistance	6,902	-	-	6,902
Professional fees	-	43,284	-	43,284
Advertising	-	12,183	-	12,183
Office supplies	-	10,623	-	10,623
Bank fees	-	1,465	-	1,465
Dues and subscriptions	-	3,953	-	3,953
Café stipends	2,500	-	-	2,500
Project support	15,968	-	-	15,968
Recovery support supplies	3,468	-	-	3,468
Café stipends	18,183	-	-	18,183
Annual fundraising event	-	-	3,851	3,851
Depreciation	1,000	-	-	1,000
Other	2,260	1,606	-	3,866
	\$ 782,500	\$ 179,495	\$ 3,851	\$ 965,846
Total expenses	\$ 782,500	\$ 179,495	\$ 3,851	\$ 965,846

The accompanying notes are an integral part of these financial statements

WE BLOOM, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash flows from operating activities	
Change in net assets	\$ (61,851)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,000
(Increase) decrease in assets	
Grants and contracts receivable	(11,910)
Prepaid expenses	(8,152)
Increase (decrease) in liabilities	
Accounts payable	27,700
Accrued payroll and payroll taxes	25,201
Deferred revenues	80,249
	<hr/>
Net cash provided by (used in) operating activities	52,237
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Net increase (decrease) in cash and cash equivalents	52,237
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Cash and cash equivalents, beginning of year	388,295
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Cash and cash equivalents, end of year	\$ 440,532
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Supplemental Schedule of Cash Flow Information

Interest paid	\$ <u>-</u>
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WE BLOOM, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

We Bloom, Inc. (the Organization) is a nonprofit organization incorporated under the laws of the State of Indiana. We Bloom, Inc.'s mission is to empower communities through training, education, consulting, collaboration, resource sharing and technology. The Organization operates two café spaces in central Indiana. Each is meant to provide a community-based, peer support solution for long-term recovery. The Recovery Café initiative is a membership-based community meant to bring together those who have struggled with addiction, mental illness, and homelessness to help them make the shift from surviving to thriving.

A summary of the Organization's significant accounting policies follows:

Basis of accounting

The accompanying financial statements are presented on the accrual basis of accounting.

Basis of presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

Net Assets without donor restrictions : These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions : These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Cash and cash equivalents

The Organization's cash and cash equivalents consist of a checking account. The Organization maintains the account at a commercial bank. The accounts are insured by the Federal Deposit Insurance Corporation. The balances, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

Concentration of credit risk

The Organization has grants and contracts with the Division of Mental Health and Addiction (DMHA). Approximately 50% of total revenue was received from DMHA in 2021.

WE BLOOM, INC.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and contracts receivable

Grants and contracts receivable consists of amounts management expects to collect from grantors and other performance-based program reimbursements, and are reported at net realizable value. The Organization uses the allowance method for recognition of bad debt expense. The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of various types of receivables including billing and payment timetables and historical loss experience for each funding source. No interest is charged on receivables. Receivables are continually reviewed and are written-off when all reasonable possibility of collection or rebilling (which varies by source) has been exhausted. Management has determined that no allowance is necessary for the year ended December 31, 2021.

Property and equipment

Property and equipment are recorded at cost and depreciation is computed using the straight line method. Depreciation is computed over the estimated useful lives of each individual asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as income or loss for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

The Organization is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB Accounting Standards Codification (ASC) 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Organization's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the year ended December 31, 2021.

Support and revenue

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Revenue funded by contracts, which represents revenue from exchange transactions, is recognized as the Organization performs the contracted services. Support funded by grants is recognized when the contributions are made. Grant expenditures are subject to audit and acceptance by the granting agency, and adjustments could be required as a result of such audit. Support and revenue with donor-imposed restrictions which are met in the same reporting period are reported as net assets without donor restrictions in the statement of activities.

WE BLOOM, INC.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax status

The Organization is exempt from federal and state income taxes on its related activities under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been made.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax- exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before December 31, 2018.

Advertising costs

Advertising costs are expensed as incurred. Advertising costs expensed for the year ended December 31, 2021 totaled \$12,183.

Functional allocation of expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying statement of activities. Directly identifiable expenses are charged to the applicable program and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited based on management's time and service estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization. Our concentrations due to grantor or contributor; concentrated revenue from particular programs, services or fund-raising events; and the market or geographic area in which the Organization conducts operations make it reasonably possible that we are vulnerable to the risk of a near-term severe impact.

WE BLOOM, INC.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates in the preparation of financial statements (Continued)

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

In-kind contributions

In addition to receiving cash contributions, the Organization received in-kind contributions totaling \$12,258 for the year ending December 31, 2021, which are reported as contributions in the statement of activities.

Management's review of subsequent events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2021. Management has performed their analysis of subsequent events through June 23, 2022, the date the financial statements were available to be issued.

NOTE 2 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either finance or operating, and this distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the entity for the year ending December 31, 2022. The Organization is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position. Amounts appropriated from donor-restricted categories for general expenditures within one year of the date of the statement of financial position are available.

WE BLOOM, INC.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The following schedule explains the Organization's financial assets to meet cash needs for general expenditures within one year. The financial assets were derived from the total assets on the statements of financial position.

Cash and cash equivalents	\$ 440,532
Grants and contracts receivable	<u>52,510</u>
Total financial assets	<u>493,542</u>
Less amounts not available to be used within one year:	
Donor restricted	<u>(46,434)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 447,108</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

NOTE 4 – OPERATING LEASE

The Organization leases multiple office space and program space under non-cancelable operating leases expiring at various times through December 31, 2022. Total rental expense for under these leases for the period ended December 31, 2021 totaled \$36,030. Minimum future rental payments in the aggregate are as follows:

The future minimum rental payments under the operating leases are as follows:

2022	\$ <u>20,580</u>
Total	\$ <u>20,580</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021:

Foundation	\$ 32,344
Herbert Simon Family Foundation – Emergency Assistance Program	4,655
Nicholas H. Noyes, Jr., Memorial Foundation, Inc.	1,575
RCN Muncie Capacity Building - Fund Development	5,000
RCN Muncie Capacity Building - Meal Program	2,500
United Way of Central Indiana GO ALL IN	<u>360</u>
Total	<u>\$ 46,434</u>

WE BLOOM, INC.

NOTE 6 – PRIOR PERIOD ADJUSTMENT

Fund balances as of December 31, 2020 have been adjusted to increase grants and contracts receivables by \$40,600. This correction has no effect on the results of the statement of activities for the year ended December 31, 2021; however, the cumulative effect increased net assets by \$40,600 at December 31, 2020.