WE BLOOM, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

WE BLOOM, INC.

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AGRESTA, STORMS & O'LEARY PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
We Bloom, Inc.
Indianapolis, Indiana

Report on the Audit of the Financial statements

Opinion

We have audited the accompanying financial statements of We Bloom, Inc. (an Indiana not-for-profit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and 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 We Bloom, Inc. as of December 31, 2022, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 available to be issued.

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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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 on our consideration of We Bloom, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of We Bloom, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering We Bloom, Inc.'s internal control over financial reporting and compliance.

Agresta, Storms & O'Leary, P.C.

Indianapolis, Indiana
September 27, 2023

WE BLOOM, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS

Current assets:	
Cash	$ 1,606,751
Grants receivable	1,074,357
Prepaid expenses	20,049
Total current assets	2,701,157
Other assets:	
Operating lease Right-of-Use (ROU) assets	9,844
Total other assets	9,844
Total assets	$ 2,711,001

LIABILITIES AND NET ASSETS

Current liabilities:	
Current portion of operating lease obligations	$ 10,144
Accounts payable	292,319
Accrued expenses	42,806
Total current liabilities	345,269
Total liabilities	345,269
Net assets:	
Net assets without donor restrictions	164,751
Net assets with donor restrictions	2,200,981
Total net assets	2,365,732
Total liabilities and net assets	$ 2,711,001

See Accompanying Notes to the Financial Statements

WE BLOOM, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Grants	$ -0-	$ 4,644,973	$ 4,644,973
Corporate support	113,131	26,249	139,380
Contributions	60,004	-0-	60,004
Foundation support	12,350	5,000	17,350
In-kind support	75,514	-0-	75,514
Other income	1,750	-0-	1,750
	262,749	4,676,222	4,938,971
Net assets released from restrictions	2,521,675	(2,521,675)	-0-
Total support and revenues	2,784,424	2,154,547	4,938,971
Expenses:			
Program services	2,379,456	-0-	2,379,456
Supporting services:			
General and administrative	548,699	-0-	548,699
Fundraising	9,563	-0-	9,563
Total expenses	2,937,718	-0-	2,937,718
Changes in net assets	(153,294)	2,154,547	2,001,253
Net assets, beginning of year	318,045	46,434	364,479
Net assets, end of year	$ 164,751	$ 2,200,981	$ 2,365,732

WE BLOOM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Fiscal sponsor funding	$ 1,209,344	$ -0-	$ -0-	$ 1,209,344
Salaries	572,816	311,064	-0-	883,880
Consultancy	191,782	44,811	-0-	236,593
Café supplies	107,622	-0-	-0-	107,622
Professional fees	63,043	33,564	4,200	100,807
Payroll taxes	49,281	25,642	-0-	74,923
Employee training	3,856	51,647	-0-	55,503
Recovery support supplies	48,428	-0-	-0-	48,428
Café equipment	45,971	-0-	-0-	45,971
Occupancy	32,310	12,015	-0-	44,325
Café stipends	21,791	2,500	-0-	24,291
Other	15,224	8,321	-0-	23,545
Employee benefits	-0-	19,009	-0-	19,009
Office supplies	1,625	14,015	-0-	15,640
Dues and subscriptions	-0-	13,096	-0-	13,096
Advertising	-0-	12,632	-0-	12,632
Insurance	11,593	-0-	-0-	11,593
Annual fundraising event	-0-	-0-	5,363	5,363
Loss from disposal of fixed assets	3,005	-0-	-0-	3,005
Volunteer assistance	724	-0-	-0-	724
Depreciation	722	-0-	-0-	722
Bank fees	-0-	383	-0-	383
Repairs and maintenance	270	-0-	-0-	270
Volunteer program	49	-0-	-0-	49
Total	$ 2,379,456	$ 548,699	$ 9,563	$ 2,937,718

See Accompanying Notes to the Financial Statements

WE BLOOM, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Change in net assets	$ 2,001,253
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	722
Loss on disposal of assets	3,005
Changes in assets and liabilities:	
Grants receivable	(1,021,847)
Prepaid expenses	(11,897)
Operating lease right-of-use (ROU) assets	(9,844)
Accounts payable	258,742
Deferred revenue	(80,249)
Accrued expenses	16,190
Operating lease obligations	10,144
Net cash provided by operating activities	1,166,219
Net increase in cash	1,166,219
Cash, beginning of year	440,532
Cash, end of year	$ 1,606,751
Supplemental information:	
Interest paid	$ -0-

See Accompanying Notes to the Financial Statements

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

We Bloom, Inc. (the Organization) was established in April 2018 to empower communities through training, education, consulting, collaboration, resource sharing and technology. The Organization operates multiple café spaces in central Indiana. Each café 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.

BASIS OF ACCOUNTING

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

FINANCIAL STATEMENT PRESENTATION

The financial statements are in conformity with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. This statement established standards for external financial reporting for not-for-profit organizations.

ASC 958 primarily affects the display of financial statements and requires that the amounts for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions – be displayed in an aggregate statement of financial position and the amounts of change in each of those classes be displayed in a statement of activities and changes in net assets. The two-part net asset accounts used include the following:

Net Assets Without Donor Restrictions – Funds that have not been restricted in any manner by the donors are referred to as net assets without donor restrictions and are available for general Organization purposes. The Organization had net assets without donor restrictions of $164,751 at December 31, 2022.

Net Assets With Donor Restrictions – Funds received from donors or grantors who have specified as to the use of their gifts or grants for specific purposes. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by future obligations or are to be invested and maintained intact in perpetuity. The Organization had net assets with donor restrictions of $2,200,981 at December 31, 2022.

INCOME TAXES

We Bloom, Inc. is a not-for-profit organization under the laws of the State of Indiana and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements for the year ended December 31, 2022.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as penalties. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof, as well as other factors. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization files income tax returns in the U.S. federal jurisdiction and in Indiana. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years prior to 2019. Such tax examinations could include questioning the Organization's tax-exempt status and compliance with federal, state, and local tax laws. No tax-related interest or penalties have been recorded in these financial statements. GAAP requires an entity to recognize the financial statement impact of a tax benefit position when it is more likely than not that the position will not be sustained upon examination. The Organization does not believe it is taking any uncertain tax benefit positions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates are used by the Organization when accounting for accrued expenses, depreciation, allocation of functional expenses and allowances for doubtful accounts.

Cash and Cash Equivalents

For the purposes of the presentation of the financial statements, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable consist primarily of amounts unconditionally pledged or due from claims submitted by the Organization against a grant for which reimbursable expenses have been incurred. The Organization periodically evaluates grants receivable for collectability based on past history with donors and their financial condition. Based upon prior history and management's assessment of collectability, no allowance has been deemed necessary for any receivables.

Property and Equipment

Property and equipment are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has explicit time or use restrictions. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Major expenses that substantially increase the useful lives of existing assets are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation expense totaled $722 for the year ended December 31, 2022.

Leases

The Organization maintains a lease agreements related to its office and café spaces. The operating lease right-of-use (ROU) asset represents the Organization's right to use an underlying asset for the lease term while the operating lease liability represents the Organization's obligation to make lease payments arising from the lease. All leases greater than 12 months result in the recognition of a ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease terms. Should the Organization's leases not provide the required information to determine the implicit rate, the Organization uses the risk-free rate at the lease commencement date in determining the present value of lease payments. Lease expense for operating leases is recognized on a straight-line basis over the lease term. The Organization recognizes the operating lease ROU asset in other assets on the statement of financial position. See Note 3 for additional information.

Going Concern

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for the period of one year from the date the financial statements are available to be issued.

Revenue Recognition

The Organization records support and revenues from various sources as revenue when either grant and contributions are received, as reimbursable expenses are incurred, or the donor makes an unconditional promise to give to the Organization. Support and revenues that are unrestricted by the donor are reported as increases in net assets without donor restrictions. Donor-restricted support and revenues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In-Kind Goods and Services

Contributions of goods and services are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, in accordance with ASC 958, *Accounting for Contributions Received and Contributions Made*. During the year ended December 31, 2022, $75,514 was recognized for donated food.

Advertising Costs

The Organization incurs advertising costs in the normal course of business which are expensed as incurred. Advertising costs totaled $12,632 during the year ended December 31, 2022.

Functional Expenses

The allocation of the costs of providing the Organization's various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program services, management and general, and fundraising based on management's estimates of resources devoted to these activities.

ADOPTION OF NEW ACCOUNTING STANDARD

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard which the Organization adopted effective January 1, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize in their statements of financial position the assets and liabilities for the rights and obligations created by those leases and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on the entity's statement of financial position. As a result of adopting the new lease standard, on January 1, 2022, the Organization recognized an operating right-of-use (ROU) asset of $72,239 and an offsetting operating lease liability of $72,239. There was no effect on net assets as of December 31, 2021 from the adoption of this standard.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available for general expenditures within one year the statement of financial position date include the following at December 31, 2022:

Cash	$ 1,606,751
Grants receivable	1,074,357
Total financial assets	2,681,108
Less amounts unavailable for general expenditures within one year due to:	
Restricted for use or by time constraint	(2,200,981)
Total financial assets available to management for general expenditures within one year	$ 480,127

As part of the Organization's liquidity management, it has a policy to have financial assets available for general expenditures, liabilities, and other obligations that are due.

3. OPERATING LEASES

The Organization leased office space and café locations under various lease agreements. These leases required payments ranging from $800 to $3,345 with terms from 2 to 5 years. During the year ended December 31, 2022, total rent expense under these leases was $44,325. Two leases related to café locations in Lafayette, Indiana and Muncie, Indiana were terminated in September 2022 as operations for those cafés transitioned to other organizations. See Note 6. The operating lease for the Organization's office space was the only remaining lease obligation at December 31, 2022.

Minimum future lease payments required under these operating leases are as follows:

Year ending December 31,	
2023	$10,200
Total future minimum payments	10,200
Portion representing interest	(56)
Present value of future minimum payments	$10,144
Less: Current portion of operating lease obligations	(10,144)
Long- term portion of operating lease obligations	$ -0-

The weighted average remaining lease term and discount rate for the Organization's operating lease obligations at December 31, 2022 are 1 year and 0.78%, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Restrictions on net assets with donor restrictions relate to programs supporting the various recovery initiatives of the Organization. Net assets with donor restrictions consist of the following at December 31, 2022:

Net assets restricted as to time or purpose:	
Recovery Works	$ 2,054,730
Elevation Grant	90,423
Lift Indy - CDBG	14,659
RCN Muncie Capacity Building	25,951
City of Muncie ARP	8,767
Ball Brothers Foundation	5,000
United Way of Greater Lafayette	1,451
Total net assets with donor restrictions	$ 2,200,981

5. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and grants receivable. The Organization places its cash investments with high quality financial institutions and is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The accounts, at times, exceeded federally insured limits. The Organization has not experienced any losses on such accounts.

The Organization is funded substantially by grants awarded by the federal government and the State of Indiana. During the year ended December 31, 2022, 94% of revenues and 99% of grants receivable were from one state planning agency charged with administering state and federal funds.

6. RELATED PARTY TRANSACTIONS

The Organization provides funding for program services for recovery cafés in Lafayette, Indiana and Muncie, Indiana. These cafés were managed by We Bloom, Inc. until September 2022, when the Organization transitioned operations of the cafés to two unrelated not-for-profit organizations. We Bloom, Inc. remained a supporting sponsor to these organizations until they received official tax exempt status by the federal government in 2023. Funding for program services provided to the Lafayette and Muncie cafés for the year ended December 31, 2022 totaled $261,496 and $31,873, respectively.

7. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events,* the Organization has evaluated subsequent events through September 27, 2023, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure in the financial statements.

WE BLOOM, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Federal Expenditures
Department of Housing and Urban Development:		
Passed through Indiana Housing and Community Development Authority:		
Community Development Block Grant	14.218	$ 45,667
Total Department of Housing and Urban Development		45,667
Department of the Treasury:		
Passed through Central Indiana Community Foundation:		
Coronavirus State and Local Fiscal Recovery Fund	21.027	125,000
Total Department of the Treasury		125,000
Department of Health and Human Services:		
Passed through Division of Mental Heath and Addiction of the Indiana Family and Social Services Administration		
Substance Abuse and Treatment Block Grant	93.959	1,381,999
Mental Health Block Grant	93.958	542,875
Total Department of Heath and Human Services		1,924,874
Total federal awards expended		$ 2,095,541

See Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal award expenditures disbursed by We Bloom, Inc. received from the federal government for the year ended December 31, 2022. For the purpose of the Schedule, federal awards include pass-through funds from grants and contracts entered into directly between We Bloom, Inc. and state or local agencies and departments of the federal government.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of We Bloom, Inc., it is not intended to and does not present the statements financial position, changes in net assets, or cash flows of We Bloom, Inc.

De Minimis Cost Rate

We Bloom, Inc. does not utilize the 10% de minimis cost rate because the guidance under Part 200.414 Indirect Costs does not apply.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures consist of direct and indirect costs. Direct costs are those that can be readily identified with an individual federally sponsored program. Benefit payments made on behalf of an eligible recipient and the materials consumed by the program are examples of direct costs.

3. MANAGEMENT'S USE OF ESTIMATES

The preparation of the Schedule of Expenditures of Federal Awards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
We Bloom, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of We Bloom, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered We Bloom, Inc.'s internal control over financial reporting (internal control) as a basis to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of We Bloom, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of We Bloom, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of We Bloom, Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether We Bloom, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Agresta, Storms & O'Leary, P.C.

Indianapolis, Indiana
September 27, 2023

AGRESTA, STORMS & O'LEARY PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
We Bloom, Inc.
Indianapolis, Indiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited We Bloom, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on We Bloom, Inc.'s major federal program for the year ended December 31, 2022. We Bloom, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, We Bloom, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect its major federal program identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of We Bloom, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to We Bloom, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on We Bloom, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about We Bloom, Inc.'s compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 We Bloom, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of We Bloom, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, 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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Agresta, Storms & O'Leary, P.C.

Indianapolis, Indiana
September 27, 2023

WE BLOOM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements Summary

Type of auditors' report issued: Unmodified

Is a 'going concern' emphasis-of-matter paragraph included in the audit report?	☐ YES	☒ NO
Is a significant deficiency disclosed?	☐ YES	☒ NO
Is a material weakness disclosed?	☐ YES	☒ NO
Is a material noncompliance disclosed?	☐ YES	☒ NO

Federal Programs Summary

Internal control over major programs:

• Material weakness(es) identified?	☐ YES	☒ NO
• Significant deficiencies identified that are not considered to be material weaknesses?	☐ YES	☒ NO

Type of auditors' report issued: Unmodified

What is the dollar threshold to distinguish Type A and Type B programs?		$750,000
Did the auditee qualify as a low-risk auditee?	☐ YES	☒ NO
Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings?	☐ YES	☒ NO

Indicate which Federal agencies have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding.

CFDA #	Federal Agency	Name of Federal Program or Cluster
None		

Identification of major programs

CFDA #	Federal Agency	Name of Federal Program or Cluster
19.959	Department of Health and Human Services	Substance Abuse and Treatment Block Grant

SECTION II – FINANCIAL STATEMENT FINDINGS

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDINGS - SECTION II AND SECTION III COMBINED

None Noted

WE BLOOM, INC.

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2022

There are no outstanding corrective actions on findings from prior audit reports.