WE BLOOM, INC.

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 Financial Statements

We have audited the accompanying financial statements of We Bloom, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pettit & Company, LLC

Indianapolis, Indiana
April 14, 2021

WE BLOOM, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

Assets

Current assets	
Cash and cash equivalents	$ 388,295
Total current assets	**388,295**
Property and equipment	
Furniture and fixtures	5,000
Total property and equipment	5,000
Accumulated depreciation	(273)
Net property and equipment	**4,727**
Total assets	**$ 393,022**

Liabilities and net assets

Current liabilities	
Accounts payable	$ 5,877
Accrued payroll taxes	1,415
Total current liabilities	**7,292**
Total liabilities	**7,292**
Net assets	
Net assets without donor restrictions	235,244
Net assets with donor restrictions	150,486
Total net assets	**385,730**
Total liabilities and net assets	**$ 393,022**

The accompanying notes are an integral part of these financial statements

WE BLOOM, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Support and revenue			
Donations	$ 30,365	$ -	$ 30,365
COVID-19 response	17,598	37,500	55,098
Grants	422,337	148,575	570,912
In-kind support	45,769	-	45,769
Sponsorships	1,000	-	1,000
Foundation support	1,000	81,000	82,000
Corporate support	23,247	5,000	28,247
Miscellaneous	2,900	-	2,900
Net assets released from restrictions			
Satisfaction of program requirements	166,221	(166,221)	-
Total support and revenue	**710,437**	**105,854**	**816,291**
Expenses			
Program expenses	480,808	-	480,808
Management and general	83,388	-	83,388
Fundraising	5,853	-	5,853
Total cost of operations	**570,049**	**-**	**570,049**
Change in net assets	**140,388**	**105,854**	**246,242**
Net assets - beginning of year	**94,856**	**44,632**	**139,488**
Net assets - end of year	**$ 235,244**	**$ 150,486**	**$ 385,730**

The accompanying notes are an integral part of these financial statements

WE BLOOM, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program	Management and General	Fundraising	Total
Salaries	$ 281,614	$ -	$ -	$ 281,614
Payroll taxes	24,083	-	-	24,083
Occupancy	26,720	1,600	-	28,320
Equipment	12,333	-	-	12,333
Insurance	4,694	-	-	4,694
Employee training	12,459	-	-	12,459
Travel	3,185	-	-	3,185
Supplies	53,450	-	-	53,450
Volunteer support	1,233	-	-	1,233
Member COVID-19 assistance	23,416	-	-	23,416
Administrative	-	3,786	-	3,786
Fundraising	-	-	5,853	5,853
Professional fees	-	73,404	-	73,404
Office expenses	-	2,893	-	2,893
Sponsorships	1,035	-	-	1,035
Advertising	13,441	53	-	13,494
Miscellaneous	9,614	-	-	9,614
Food assistance	13,258	-	-	13,258
Bank fees	-	1,652	-	1,652
Depreciation	273	-	-	273
Total expenses	$ 480,808	$ 83,388	$ 5,853	$ 570,049

The accompanying notes are an integral part of these financial statements

WE BLOOM, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities	
Change in net assets	$ 246,242
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	273
Increase (decrease) in liabilities	
Accounts payable	3,842
Accrued payroll taxes	(905)
Net cash provided by (used in) operating activities	**249,452**
Cash from investing activities	
Purchase of property and equipment	(5,000)
Net cash provided by (used in) investing activities	**(5,000)**
Net increase (decrease) in cash and cash equivalents	**244,452**
Cash and cash equivalents, beginning of year	**143,843**
Cash and cash equivalents, end of year	**$ 388,295**

The accompanying notes are an integral part of these financial statements

NOTE 1 – NATURE OF OPERATIONS

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958. Under ASC 958 and ASU 2016-14 Presentation of Financial Statements of Not-for-Profit Entities, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions–net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions–net assets subject to donor-imposed stipulations that may be met by actions of the Organization and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

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.

Cash and cash equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable

Delinquent receivables are written off and included in bad debt expense in the period the balances are deemed to be uncollectable. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debt; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

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, 2020.

Contributions

Gifts of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of support, revenue, expenses and change in net assets.

Grant revenue

Grant revenue is reported at the estimated net realizable amounts due from sponsoring agencies. These grants awards generally specify the purpose for which the funds are to be used. Revenues from sponsored grants are recognized when allowable expenditures are incurred under such agreements. These revenues are recorded as net assets without donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and revenues

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.

Income tax status

We Bloom, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. Accordingly, no accounting for federal or state income taxes is required in the accompanying financial statements.

The Organization recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. We Bloom, Inc. has examined this issue and has determined there are no material contingent tax liabilities at December 31, 2020.

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, 2017.

Advertising costs

Advertising costs are expensed as incurred. Advertising costs expensed for the year ended December 31, 2020 totaled $13,494.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management's review of subsequent events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2020. Management has performed their analysis of subsequent events through April 14, 2021, the date the financial statements were available to be issued.

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, 2020, 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.

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	$ 388,295
Total financial assets	388,295
Less amounts not available to be used within one year:	
Donor restricted	(150,486)
Financial assets available to meet general expenditures within one year	$ 237,809

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 – CONCENTRATIONS

The Organization deposits its cash in financial institutions. At times, deposits may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

NOTE 5 – OPERATING LEASE

The Organization entered into a lease agreement in order to operate the Recovery Café that expires on September 30, 2022, and calls for quarterly payments in the amount of $2,880.

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

2021	$ 11,520
2022	8,640
Total	$ 20,160

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

CICF – Instructor Trainee Program	$ 6,000
CICF – Peer Recovery Support Specialist	19,000
CICF NRF Direct Assistance	1,368
Drug Free Coalition Tippecanoe County	4,575
Glick Philanthropies	25,000
Herbert Simon Family Foundation	25,000
Herbert Simon Family Foundation – Emergency Assistance Program	10,000
Hoover Family Foundation	5,000
IU Health Arnett Hospital	5,000
Mental Health America of Indiana	10,000
Nicholas H. Noyes, Jr., Memorial Foundation, Inc.	1,000
Recovery Café Network – Organizational Development Strategies	3,375
Recovery Café Network – Community Cultivation/Fund Development	4,024
Recovery Café Network – Equipment/Food	3,432
Recovery Café Network – Matching Gift Campaign	10,000
United Way of Greater Lafayette	15,000
United Way – COVID Response	1,410
United Way of Greater Lafayette – Peer Support	1,178
United Way of Greater Lafayette – School for Recovery	124
Total	$ 150,486

NOTE 7 – COVID-19 PANDEMIC & PAYCHECK PROTECTION PROGRAM LOAN

COVID-19 Pandemic

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal year 2020 and 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

Paycheck Protection Program Loan

In March 2020, Congress established the Paycheck Protection Program ("PPP") to provide relief to small businesses during the coronavirus pandemic ("COVID-19") as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The legislation authorized the Treasury to use the Small Business Association's ("SBA's") 7(a) small business lending program to fund forgivable loans that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities during the "Covered Period" defined as the 8-week period starting on the date the PPP loan proceeds are received. Upon meeting certain criteria as specified in the PPP program, the loans are eligible for partial or total forgiveness. On June 5, 2020, the PPP Flexibility Act of 2020 (the "Act") was signed into law, giving borrowers flexibility with certain criteria under the PPP program including extension of the Covered Period to 24 weeks from 8 weeks, reduction to 60% of the payroll costs requirements (previously 75%), extension of the payment deferral period, extension of the full-time equivalent ("FTE") restoration deadline to December 31, 2020, and safe harbor provisions to remove the FTE reduction in forgiveness under limited circumstances.

In June 2020, the AICPA issued Technical Question and Answer ("TQA") 3200.18, Borrower Accounting for a Forgivable Loan Received under the Small Business Administration Paycheck Protection Program. The TQA addresses accounting for nongovernmental entities that are not Not-For-Profits, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the loan as a deferred income liability. The TQA further states that if such an entity expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may account for such PPP loans in accordance with FASB ASC 958-605 as a conditional contribution.

The Organization applied for and received proceeds of $39,770 through the PPP program on May 1, 2020, prior to the enactment of the Act. The Organization has determined both through internal calculations and those provided by the AICPA's forgiveness model, that all criteria for forgiveness based on both the CARES Act and the Act have been met as of December 31, 2020 and that the PPP loan will be 100% forgiven. The Organization considers the PPP loan a grant that is expected to be forgiven and as such, has recorded the proceeds as a grant as of December 31, 2020.

For the period May 1, 2020 through December 31, 2020, the Organization incurred the following costs related to and compensated through the PPP proceeds and which are expected to be forgiven in its entirety:

Salaries and wages	$ 39,770