

BLOOM360 LEARNING COMMUNITY, INC.

EAST TROY, WISCONSIN

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023

BLOOM360 LEARNING COMMUNITY, INC.
EAST TROY, WISCONSIN

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7 – 12

Chamberlain | Otte

CERTIFIED PUBLIC ACCOUNTANTS, LLP

Independent Auditor's Report

To Management and Board of Directors
Bloom360 Learning Community, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bloom360 Learning Community, Inc., which comprise the statement of financial position as of June 30, 2023, 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 Bloom360 Learning Community, Inc. as of June 30, 2023, 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 Bloom360 Learning Community, 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 Bloom360 Learning Community, 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 Bloom360 Learning Community, 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 Bloom360 Learning Community, 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.

Chamberlain | Otte, CPAs, LLP

CHAMBERLAIN | OTTE, CPAs, LLP
Lake Geneva, WI

November 17, 2023

FINANCIAL STATEMENTS

BLOOM360 LEARNING COMMUNITY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 74,022
Accounts Receivable	4,291
Prepays	<u>738</u>
Total Current Assets	<u>79,051</u>
Fixed Assets	
Property and Equipment, Net of Accumulated Depreciation of \$27,268	24,829
Right of Use Asset	<u>52,670</u>
TOTAL ASSETS	<u><u>\$ 156,550</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Payroll Liabilities	\$ 2,919
Deferred Revenue	73,442
Current Portion of Operating Lease Liability	<u>9,460</u>
TOTAL CURRENT LIABILITIES	85,821
LONG TERM LIABILITIES	
Lease Liability	<u>70,747</u>
TOTAL LIABILITIES	<u>156,568</u>
NET ASSETS	
Without Donor Restrictions:	
Board Designated	12,301
Unrestricted and Undesignated	(14,119)
With Donor Restrictions:	
Purpose Restricted	<u>1,800</u>
TOTAL NET ASSETS	<u>(18)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 156,550</u></u>

BLOOM360 LEARNING COMMUNITY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>WITHOUT DONOR RESTRICTION</u>	<u>WITH DONOR RESTRICTION</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Support:			
Donations and Grants	\$ 232,416	\$ 1,800	\$ 234,216
Miscellaneous Income	89,034	-	89,034
Fundraising Income	<u>64,053</u>	<u>-</u>	<u>64,053</u>
TOTAL SUPPORT	385,503	1,800	387,303
Revenue:			
Program income	<u>241,317</u>	<u>-</u>	<u>241,317</u>
TOTAL SUPPORT AND REVENUE	<u>626,820</u>	<u>1,800</u>	<u>628,620</u>
EXPENSES			
Program expenses	488,134	-	488,134
General supporting expenses	91,788	-	91,788
Fundraising expenses	<u>57,623</u>	<u>-</u>	<u>57,623</u>
TOTAL EXPENSES	<u>637,545</u>	<u>-</u>	<u>637,545</u>
INCREASE (DECREASE) IN NET ASSETS	(10,725)	1,800	(8,925)
NET ASSETS AT BEGINNING OF YEAR	<u>8,907</u>	<u>-</u>	<u>8,907</u>
NET ASSETS AT END OF YEAR	<u><u>\$ (1,818)</u></u>	<u><u>\$ 1,800</u></u>	<u><u>\$ (18)</u></u>

See Accompanying Notes to Financial Statements

BLOOM360 LEARNING COMMUNITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 287,092	\$ 64,457	\$ 30,921	\$ 382,470
Payroll taxes	23,144	4,860	2,539	30,543
Employee Benefits	<u>23,373</u>	<u>533</u>	<u>1,209</u>	<u>25,115</u>
 Total wages and related expenses	 <u>333,609</u>	 <u>69,850</u>	 <u>34,669</u>	 <u>438,128</u>
 Donated Services	 80,037	 8,893	 9,881	 98,811
Occupancy	23,380	2,580	2,905	28,865
Information Technology	16,026	1,781	1,978	19,785
Legal and Professional Fees	6,460	6,769	1,270	14,499
Education Program Expenses	11,213	-	-	11,213
Insurance	7,976	917	771	9,664
Office Expenses	4,366	552	535	5,453
Fundraising	-	-	5,056	5,056
Depreciation	3,011	335	371	3,717
Auto and Travel	1,482	111	123	1,716
Advertising and Marketing	258	-	64	322
Licenses and Permits	<u>316</u>	<u>-</u>	<u>-</u>	<u>316</u>
 Total expenses	 <u>\$ 488,134</u>	 <u>\$ 91,788</u>	 <u>\$ 57,623</u>	 <u>\$ 637,545</u>

See Accompanying Notes to Financial Statements

BLOOM360 LEARNING COMMUNITY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	\$ (8,925)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	3,717
(Increase) Decrease in Operating Assets	
Accounts Receivable	(411)
Prepays	(738)
Amortization of Right of Use Asset	8,978
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(15,441)
Payroll Liabilities	1,453
Deferred Revenue	73,442
	<u>62,075</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>62,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Asset Purchases	<u>(9,412)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(9,412)</u>
NET INCREASE (DECREASE) BY CASH AND CASH EQUIVALENTS	52,663
BEGINNING CASH AND CASH EQUIVALENTS	<u>21,359</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 74,022</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

Bloom360 Learning Community, Inc. was organized in 2015 as a nonprofit organization in the State of Wisconsin. The organization provides two programs for neurodivergent youth (ages 5-21) and adults. Bloom360's unique approach focuses on whole-person development including a focus on each person's needs for social, emotional, body, spirit (purpose) and mind.

The Bloom360 staff includes special educators, occupational therapists, a music therapist, a social worker, and administrative support from two parents of special needs children.

Bloom360 is one of only a few schools in the country that uses the DIR/Floortime framework as the foundation of its model. This is different from Applied Behavior Analysis (ABA) programs that try to "fix" a behavior to a desired outcome. Bloom360 sees behavior as communication. The organization focuses on understanding the behavior at the root and supporting the individual's needs which supports intrinsic and sustainable growth.

Project-based learning (PBL) is the primary curriculum. PBL supports Learners in developing creativity, critical thinking, problem solving, communication and collaboration skills. The social-emotional focus centers on supporting Learner's growth in their self-regulation, decision making, self-awareness, leadership, perspective taking, and more.

Bloom360 prioritizes:

- Developing trusting relationships where Learners feel safe.
- Customizing a learning plan for each Learner that supports social and emotional growth.
- Integrating sensory processing and movement throughout the day, whenever needed.
- Using interest-driven projects as the main curriculum.
- Pacing that works for the Learner.

Day School

Bloom360 Day School Learners (ages 5-21) reside throughout southeastern Wisconsin. Families are drawn to the innovative educational approach that is at the forefront of redefining special education. Bloom360 serves as the school of record for the Learners who each have a custom Developmental Learning Plan with social-emotional and academic goals. Learners can earn a high school diploma.

Roots Program

The Roots Program is for Learners (5-21) to supplement their homeschool program or for those who have finished their K-12 educational requirements. Roots Program participants fully participate in the Bloom360 Learning Community with a flexible, part time schedule, and reduced tuition as Bloom360 is not needed as their school of record. The goal of the Roots Program is to help Learners grow in a safe and trusted sensory-friendly learning environment.

NOTE 1 – NATURE OF ORGANIZATION, continued

This includes choosing high-interest projects and opportunities to share experiences with peers with guidance from Bloom360’s highly trained staff.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Public Support and Revenue

Contributions are generally available for unrestricted use in the current year unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a non-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income is taxable by both the Federal and State governments. For the current year, the organization did not have any unrelated business taxable income.

Accounting for Uncertainty in Income Taxes

The Organization has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization’s policy is to evaluate, at least annually, the potential for income tax exposure. Any exposure from such positions is recorded based on the largest cost that has a greater than 50% likelihood of being incurred upon ultimate settlement. The adoption of ASC 740-10 did not have a material effect on its financial position, results of operations or cash flows. The Organization is no longer subject to examination by federal income tax authorities for periods before 2020 and state income tax authorities for periods before 2019.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Assets

Net assets have been recorded and reported as changes in net assets without donor restriction.

Without donor restriction – Unrestricted net assets consist of resources that are available for use in carrying out the mission of the Organization and include those expendable resources that have been designated for special purpose by the Board.

With donor restrictions – Temporarily restricted net assets represent those amounts that are donor restricted with respect to purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributed Services, Materials, and Facilities

Contributed services, materials and/or facilities are recognized at fair market value if the services, materials and/or facilities received (1) create or enhance long lived assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

Functional Expense Statement

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment

The Organization capitalizes all asset acquisitions over \$2,500 per unit cost and a useful life over one year. Depreciation is provided, using the straight-line method over the estimated useful life of the related asset. The following useful lives are used in determining depreciation:

	<u>Estimated Useful Life</u>
Building and improvements	15-39 years
Furniture and Equipment	5-7 years
Automobiles	5 years

NOTE 3 – CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned. Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the combined amounts of all time, savings accounts (including NOW accounts), and all non-interest-bearing demand deposit accounts.

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

At year-end, the carrying amount of the Organization’s deposits was \$74,022 and the bank balance was \$83,084. All of the bank balance was covered by federal depository insurance.

NOTE 4 — DONATED SERVICES AND MATERIALS

The Organization receives a significant amount of donated services from Vista360, LLC, an independent consulting firm, who assist in conducting the services offered. The amount recognized for these services in the statement of activities was \$98,811.

NOTE 5 – PROPERTY AND EQUIPMENT

At June 30, 2023, the cost and accumulated depreciation of property and equipment was:

Building Equipment	\$3,560
Computer Hardware	18,612
Security Cameras	2,695
Sensory Equipment	7,935
Van	12,578
Playground Equipment	6,717
Total	<u>52,097</u>
Less: Accumulated depreciation	<u>(27,268)</u>
Net Property and Equipment	<u>\$24,829</u>

Depreciation expense was \$3,717 for the year ended June 30, 2023.

NOTE 6 – DESIGNATED NET ASSETS

The Board of Directors has designated certain unrestricted net assets for scholarships and equipment. The balance of designated net assets as of June 30, 2023 was \$12,301.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Temporarily restricted net assets were available for the following purposes or periods:

Roof Improvements	<u>\$1,800</u>
-------------------	----------------

NOTE 8 – INSURANCE RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9 – RETIREMENT PLAN

The employees of the Organization are eligible to participate in a Simple IRA plan. The Organization matches up to 3%. Employees are able to contribute amounts in addition to the 3% contributed by the Organization. The total employer contribution for the year was \$9,754.

NOTE 10 – OPERATING LEASE

The Organization leased a building for its operations under an operating lease agreement. Payments under the lease agreement are expensed as incurred. Total expense for the building lease during the year was \$8,978. The lease agreement has no definite term, so the Organization estimated the term as 120 months. Monthly payments are \$1,000. The organization’s right of use asset related to the lease had a balance of \$52,670 at year end.

At June 30, 2023, the weighted average remaining lease term was 5 years and the weighted average discount rate was 5.25%.

Future minimum lease payments under the operating lease are as follows:

<u>Fiscal Year Ending June 30,</u>	
2024	\$51,000
2025	12,000
2026	12,000
2027	12,000
2028	<u>12,000</u>
Total Remaining Lease Payments	99,000
Less: Future Interest Expense	<u>(18,793)</u>
Lease Liability	<u><u>\$80,207</u></u>

NOTE 11 – RELATED PARTY

The President of the Organization is also an owner of Vista 360, LLC, which is a major donor to the Organization. Vista 360, LLC donated \$77,088 to the Organization for the year ended June 30, 2023.

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

On July 1, 2022, the Organization adopted accounting standard ASC 842 that resulted in significant changes to financial reporting and disclosures related to both operating and capital leases.

Under the new standard, a Right of Use asset is recorded for the value assigned to the lease of the Organization's office space. There is a corresponding Lease Liability that has been recorded in the amount \$52,670 which reflects present value of the remaining lease payments. The annual lease expense is the straight-line lease cost (the total lease payments divided by the term of the lease) plus the imputed interest on the lease.

NOTE 13 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 17, 2023, the date that the financial statements were available to be issued.