BLOOM EARLY LEARNING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

LA FAYETTE, MELSSEN & PLATH, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors and Management of
Bloom Early Learning
17805 County Road 6
Minneapolis, MN 55447

We have audited the accompanying financial statements of Bloom Early Learning (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bloom Early Learning as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Bloom Early Learning's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richfield, MN
May ____, 2019

BLOOM EARLY LEARNING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(with summarized financial information for the year ended December 31, 2017)

	2018	2017
ASSETS		
Current Assets		
Cash	$ 565,061	$ 313,213
Program receivables, net	31,845	25,189
Promises to give, net	155,651	117,573
Prepaid expenses	7,790	8,839
State grant receivables	2,284	4,113
Total Current Assets	762,631	468,927
Other Assets		
Endowment - cash	23,345	-
Promises to give, net	48,285	-
Total Other Assets	71,630	-
Equipment, Improvements and Intangible Assets		
Facility improvements	79,991	75,536
Program equipment	30,681	29,020
Rebranding	-	13,500
Web-site	-	7,000
Less accumulated depreciation	(59,049)	(53,358)
Total Equipment and Improvements	51,623	71,698
TOTAL ASSETS	$ 885,884	$ 540,625
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses	$ 29,821	$ 24,747
Accounts payable	6,793	7,946
Total Current Liabilities	36,614	32,693
Net Assets		
Without donor restrictions:		
Undesignated	257,585	279,372
With donor restrictions:		
Perpetual in nature	23,345	-
Purpose restrictions	568,340	228,560
	591,685	228,560
Total Net Assets	849,270	507,932
TOTAL LIABILITIES AND NET ASSETS	$ 885,884	$ 540,625

See Accompanying Notes to Financial Statements.

BLOOM EARLY LEARNING

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

(with summarized financial information for the year ended December 31, 2017)

	2018			
	Without Donor Restrictions	With Donor Restrictions	Total	2017
Support and Revenue				
Support				
Contributions	$ 40,600	$ 605,693	$ 646,293	$ 412,576
In kind	46,866	-	46,866	13,561
State grant	-	14,398	14,398	16,075
Total Support	87,466	620,091	707,557	442,212
Revenue				
Tuition	917,092	-	917,092	905,303
Food program	29,227	-	29,227	28,101
Annual gala ticket sales	10,725	-	10,725	8,640
Registration fees	600	-	600	660
Interest	1,463	-	1,463	131
Other	26	-	26	20
Net assets released from restrictions:				
Capital campaign	13,251	(13,251)	-	-
Scholarship	243,715	(243,715)	-	-
Total Revenue	1,216,099	(256,966)	959,133	942,855
Total Support and Revenue	1,303,565	363,125	1,666,690	1,385,067
Expenses				
Program	1,037,237	-	1,037,237	988,084
Costs of direct benefit to donors	10,392	-	10,392	9,779
Management and general	145,744	-	145,744	97,242
Fundraising	131,979	-	131,979	72,220
Total Expenses	1,325,352	-	1,325,352	1,167,325
Increase (decrease) in net assets	(21,787)	363,125	341,338	217,742
Net Assets, beginning of year	279,372	228,560	507,932	290,190
Net Assets, end of year	$ 257,585	$ 591,685	$ 849,270	$ 507,932

BLOOM EARLY LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

(with summarized financial information for the year ended December 31, 2017)

	2018					
Expenses	Program	Costs of direct benefits to donors	Management and general	Fundraising	Total	2017
Salaries and wages	$ 509,423	$ -	$ 56,057	$ 57,136	$ 622,616	$ 595,421
Payroll taxes	41,516	-	4,557	4,557	50,630	49,290
Benefits	101,772	-	17,538	8,369	127,679	119,491
Scholarship	243,715	-	-	-	243,715	195,876
Program	73,146	-	427	563	74,136	79,186
Facility	37,039	-	1,365	129	38,533	39,524
Professional fees	2,250	-	39,938	5,194	47,382	32,405
Office and administrative	13,700	-	24,623	44,271	82,594	21,059
Special events	-	10,392	-	11,543	21,935	18,747
Insurance	9,393	-	1,034	14	10,441	9,580
Depreciation	5,283	-	205	203	5,691	6,746
Total	$ 1,037,237	$ 10,392	$ 145,744	$ 131,979	$ 1,325,352	$ 1,167,325
Percentage	78%	1%	11%	10%	100%	

See Accompanying Notes to Financial Statements.

BLOOM EARLY LEARNING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

(with summarized financial information for the year ended December 31, 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 341,338	$ 217,742
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,691	6,746
Allowance for doubtful accounts	14,238	2,163
Receivables	(105,428)	(94,896)
Donated equity securities	(60,382)	(13,255)
Prepaid expenses	1,049	(119)
Accounts payable	(1,153)	5,824
Write-off intangible assets	20,500	-
Cash for perpetual endowment	(23,345)	-
Accrued expenses	5,074	169
Net cash provided by operating activities	197,582	124,374
Cash flows from investing activities		
(Addition to) cash to perpetual endowment	(23,345)	-
Sale of donated equity securities	60,382	13,255
Purchase of capitalizable assets	(6,116)	-
Net cash provided by investing activities	30,921	13,255
Cash flows from financing activities		
Contributions for perpetual endowment	23,345	-
Net cash provided by financing activities	23,345	-
Increase in cash	251,848	137,629
Cash, beginning of year	313,213	175,584
Cash, end of year	$ 565,061	$ 313,213

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Bloom Early Learning (the Organization) passionately strives to break the cycle of poverty at the start through nurturing care and an exceptional early learning program. We prepare young children for success in school and enable their parents to pursue educational and employment opportunities. The Organization is located at Messiah United Methodist Church in Plymouth, Minnesota. Programs are designed to provide age-appropriate activities that emphasize individual development for children from 6-weeks to 5 years of age. The Organization began serving the community on July 1, 2000.

The Organization's primary source of revenue comes from fees generated by its early learning program. Additional support comes from individual/corporate contributions and government agency/private foundation grants.

Basis of Accounting

The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Comparative Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2017. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Promises to Give

Promises to give represent unconditional commitments from foundations, corporations, and individuals. The Organization periodically reviews individual accounts, and as of December 31, 2018, Management recorded an estimated allowance for uncollectible accounts of $15,000 as of December 31, 2018.

State Grant Receivables

State grant receivable represent amounts due from the Minnesota Department of Education - Pathways II Early Learning Scholarships for tuition fees provided under the terms of the agreement. Management has determined that the receivable is fully collectable; therefore no allowance for uncollectible accounts is considered necessary as of December 31, 2018.

Program Receivables and Valuation Allowance

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectable amounts through a charge to activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to tuition fee receivables. Management recorded an estimated allowance for uncollectible accounts of $1,400 as of December 31, 2018.

Concentration of Credit Risk

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant custodial credit risk related to these accounts. As part of the Organization's liquidity management plan, it invests cash in excess of $250,000 into an Insured Cash Sweep (ICS) account. Credit risk associated with promises to give is considered to be limited due to the high historical collection rates and because substantial portions of the outstanding promises to give amounts are due from Board members, agencies and foundations, and individuals supportive of our mission.

Equipment, Improvements and Intangible Assets

Equipment, improvements and intangible assets are capitalized at cost or, if contributed, at fair market value on the date received. Depreciation is computed using the straight-line basis over the estimated useful life of the assets as follows:

- Facility improvements 5 - 15 years
- Program equipment 5 - 7 years

When equipment, improvements and intangible assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. Any resulting gain or loss on disposal is recognized as income or expense at the time of retirement or disposal. Maintenance and repair expenditures are expensed as incurred. The Organization's policy is to capitalize assets with a cost greater than $1,500. Depreciation expense was $5,691 for the year ended December 31, 2018.

Compensated Absences

Employees who work 24 hours or more per week begin accruing paid time off after 90 days probation period after hire. The hours accrued are on a scale based on hours per week with a maximum of 40 hours that can be carried over to the subsequent year.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2018, the Organization has no conditional donor promises to give. Contributions of noncash (in-kind) assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. For the year ended December 31, 2018, the total fair value for services contributed to the Organization was $46,866.

Advertising

The Organization expenses advertising as incurred.

Income Taxes

The Organization is a non-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements. For federal income tax purposes, the Organization's tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Functional Allocation of Expenses

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

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.

Subsequent Events

Subsequent events have been evaluated through May XX, 2019, which is the date the financial statements were available to be issued.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Endowment

The Organization's endowment consists of one fund established for the purpose of supporting the Organization's programs and activities. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor imposed restrictions.

Our Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the principal of the original gift as of the date of the contribution of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2018, there were no such donor stipulations. As a result of this interpretation , unless a donor specifies otherwise, the Organization will endeavor to preserve the principal amount of any donation to the endowment in perpetuity; provided, however, that a distribution of principal may be made to the Organization's general operating funds in the event that the Board of Directors determines by a 2/3 vote that (i) because of an emergency or other unforeseen circumstances, a distribution of principal from the endowment is reasonably necessary to allow the Organization to continue to provide programming and/or to avoid imminent harm to the Organization; and (ii) funds are not reasonably available from other sources for the intended purpose. The principal amount of a donation is the dollar amount of money at the time of contribution; provided that the Organization may, in its discretion, adjust the principal amount over time in order to preserve the purchasing power of a donor's initial donation. If a contribution of securities or other assets is made, the initial principal from the donation is the cash proceeds, net of commissions, taxes and other expenses from the sale of those assets. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment - continued

As of December 31, 2018, we had the following endowment net asset composition by type of fund:

	Without Donor Restriciton	With Donor Restriciton	Total
Donor-restricted endowment funds			
Orginal donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 23,345	$ 23,345
	$ -	$ 23,345	$ 23,345

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2018, funds with original gift values of $23,345 which also had a fair value of $23,345 (cash) was reported in net assets with donor restrictions.

Investment and Spending Policies

Control over the investment or reinvestment of the amounts held in the endowment is exercised exclusively by the Organization, through the finance committee of the Board of Directors, in accordance with the requirements of the UPMIFA. Stability of support to the Organization from the endowment and preservation of the purchasing power of the endowment's principal and income against inflationary pressures are the primary investment objectives. The Organization may from time to time make charges to the endowment in amounts reasonably calculated to reimburse the Organization's other funds or accounts from direct and indirect costs incurred in the administration of the endowment.

Income from funds held in the endowment are available for use as approved by the Board of Directors, subject to the limitations, if any, expressed by a donor. The amount of income available for use by the Organization is determined by the Board of Directors based on the factors set forth in the UPMIFA, including the preservation of the endowment, general economic conditions, and the expected total return from interest and dividend income as well as appreciation of investments. The Board of Directors may periodically determine a specified percentage of the endowment's market value that will be available for spending, which percentage may be increased or decreased by the Board of Directors from time to time.

Investment and Spending Policies - Continued

Changes in Endowment net assets for the year ended December 31, 2018 are as follows:

	Without Donor Restriciton	With Donor Restriciton	Total
Endowment at December 31, 2017	$ -	$ -	$ -
Contributions	-	23,345	23,345
Endowment at December 31, 2018	$ -	$ 23,345	$ 23,345

NOTE 2 - LEASE OBLIGATION AND RELATED PARTIES

The Organization rents facility space from Messiah United Methodist Church (The Church). The lease term is effective January 1, 2016 through December 31, 2020. The lease calls for monthly rent payments of $2,000.

Total rent expense incurred by the Organization for 2018 was $24,000.

The following discloses the future minimum lease payments:

2019	$ 24,000
2020	24,000
Total	$ 48,000

The organization also uses several pieces of The Church's office equipment (which Bloom does not own) throughout the year. The two entities have set-up a system in which usage can be tracked by user. The Church, from time-to-time, invoices the Organization for its use of the equipment, based on pre-established rates. Further, the Church donates back to the Organization the rent paid, which amounted to $24,000 as of December 31, 2018.

Several board members of the Organization donated a combined total of approximately $80,192 as of December 31, 2018 to support the mission of the Organization, for combined intentions to fund scholarships to families in need and fund the capital campaign.

NOTE 3 - BUSINESS CONCENTRATIONS

Substantially all of the Organization's revenue is derived from providing child care. Further, all of the Organization's clients are located near the location of the Organization. In addition, the Organization relies on local government childcare subsidies for certain families to reimburse the Organization for operating costs.

NOTE 4 - GRANT

The Organization has a fee for service contract with the Minnesota Department of Education - Pathways II Early Learning Scholarships where the award is based on a school year period July 1 through June 30. Under the award, the Organization selects eligible families, generally based on federal family income guidelines. The total award received from the 2018-2019 award period amounted to $15,000, of which $8,148 remains available through June 30, 2019.

NOTE 5 - SCHOLARSHIP PARTNERS

Years ago, the board of Bloom Early Learning along with the Wayzata School District and Interfaith Outreach & Community Partners (IOCP) established a joint initiative called Caring for Kids (CFK). CFK was formed to expand the availability of scholarships to low-income families and to make available high quality (nationally accredited) early childhood programs within the Wayzata School District. In 2011, CFK became an official program of IOCP, a 501(c)(3) non-profit organization. Bloom's Executive Director and a Board member serve on the CFKI executive committee.

When CFK became a funded program under IOCP, the original three partners expanded CFK's services to include case management and family resources from IOCP, parenting education and support, plus early childhood special education services from the Wayzata School District. Early childhood care and education services as well as a demonstration site and coordination of the Quality Providers Network of accredited programs are also provided.

CFK raises scholarship funds from foundations through grant applications prepared by IOCP staff as well as through fundraising events and other activities. Families who need scholarships apply to a case worker at CFKI, who assesses eligibility and provides information about the child care facilities within the network. Parents then visit and choose the program for their child. Bloom Early Learning is one of the choices. If Bloom Early Learning is chosen, CFKI has guaranteed to fund all or a portion of the cost of such services. The child must attend and continue to qualify for the services. Based on the conditions of the guaranteed funding, no scholarship receivable from CFK is required. The Organization also alerts CFK when Organization scholarships are available to new children and families.

NOTE 6 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

NOTE 6 - LIQUIDITY AND AVAILABILITY - Continued

Cash	$ 588,406
Program receivables, net	31,845
Promises to give, net	203,936
State grant receivables	2,284
Prepaid expenses	7,790
	834,261
Less	
Endowment - cash	(23,345)
Shirley Robinson	(122,666)
Capital campaign - site 2	(445,674)
	(591,685)
Financial assets available to meet cash needs for general expenditures within one year	$ 242,576

As part of the Organization’s liquidity management plan, it invests cash in excess of $250,000 into an Insured Cash Sweep (ICS) account.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of donor-imposed contributions in cash and receivables and consist of the following as December 31, 2018;

Perpetual:	
Endowment	$ 23,345
Purpose:	
Shirley Robinson scholarships	122,666
Capital campaign - Site 2	445,674
	568,340
Total	$ 591,685

NOTE 8 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted subsequent to periods beginning after December 15, 2016. The Organization plans to adopt ASU 2014-09 (Topic 606) for the year beginning after December 31, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization’s financial statements.

NOTE 8 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - CONTINUED

In February 2016, the FASB issued ASU 2016-02, Leases, (Topic 842), which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for the Organization in 2020. It is to be adopted using a modified retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In June 2018, the FASB issued a new accounting standard, ASU 2018-18 (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization plans to adopt ASU 2018-18 (Topic 958) for the year beginning after December 31, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

NOTE 9 - FUTURE EXPANSION

In 2015, the Bloom Board of Directors adopted a 5-year strategic plan that envisioned serving 150 children and their families by the year 2020. The first step was to build out a fourth classroom in the Messiah Church space, bringing our capacity from 52 to 70 children. The Bloom Board of Directors also created a Strategic Planning Committee to outline the steps needed to attain the goal of serving 150 children. One component of the Strategic Planning Committee's work is to evaluate the feasibility and requirements of expanding Bloom's services to one or more sites in addition to the Messiah Church site. In February 2017, the Bloom Board of Directors authorized spending of up to $20,000 for a feasibility study to evaluate the short-term and long-term funding potential from donors to support an additional site.

The capital campaign feasibility study results indicated that we could expect to raise the funds necessary to create a second Bloom location at Plymouth Presbyterian Church. Based on the results, the Board of Directors voted in December 2017 to move forward with the capital campaign and expansion plans. Bloom exceeded the original capital campaign goal of $425,000 by December 31, 2018. The next steps in 2019 are to hire staff, remodel the church to meet licensing and accreditation standards, and enroll families. We plan to open the center in June 2019.

NOTE 10 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2018 are summarized as follows:

Expected receipt of the promises to give in:		
2019	$	165,286
2020		53,650
Total		218,936
Less allowance for uncollectable promises to give		(15,000)
	$	203,936

Promises to give appear as follows in the statements of financial position:

Current Assets:		
Promises to give, net	$	155,651
Other Assets:		
Promises to give, net		48,285
Total	$	203,936

NOTE 11 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent which is allocated on a square footage basis, human resource costs which are allocated on the basis of time and effort, and administrative type costs which are allocated on the basis of actual use.