

**BLOOM EARLY LEARNING  
PLYMOUTH, MINNESOTA**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**



# BLOOM EARLY LEARNING

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To the Board of Directors  
**Bloom Early Learning**  
Plymouth, Minnesota

## Opinion

We have audited the financial statements of Bloom Early Learning, which comprise the statement of financial position as of December 31, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Bloom Early Learning as of December 31, 2024, 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 Bloom Early Learning 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 Bloom Early Learning'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.

To the Board of Directors  
**Bloom Early Learning**  
Plymouth, Minnesota  
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### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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 Bloom Early Learning'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 Bloom Early Learning'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.

### **Report on Summarized Comparative Information**

We have previously audited Bloom Early Learning's 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Smith, Schafn and Associates, Ltd.*

Minneapolis, Minnesota  
May 15, 2025

**BLOOM EARLY LEARNING**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2024 and 2023**

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 346,976	\$ 603,346
Investments	497,212	293,612
Accounts receivable, net	54,629	42,820
Prepaid expenses	15,934	7,124
	<hr/>	<hr/>
Total Current Assets	914,751	946,902
	<hr/>	<hr/>
<b>Property and Equipment</b>		
Buildings and improvements	330,131	286,106
Program equipment	82,314	82,314
Total	412,445	368,420
Less: Accumulated depreciation	222,958	195,966
	<hr/>	<hr/>
Property and Equipment, net	189,487	172,454
	<hr/>	<hr/>
<b>Other Assets</b>		
Endowment investments	96,720	96,720
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<b>TOTAL ASSETS</b>	<b>\$ 1,200,958</b>	<b>\$ 1,216,076</b>

**See Notes to Financial Statements**

<b>LIABILITIES AND NET ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>Current Liabilities</b>		
Accounts payable	\$ 10,025	\$ 26,201
Accrued payroll and taxes	88,579	69,897
Deferred revenue	69,693	76,070
	<hr/>	<hr/>
Total Current Liabilities	168,297	172,168
	<hr/>	<hr/>
<b>Net Assets</b>		
Without donor restrictions:		
Designated by the Board of Directors	-	5,624
Undesignated	871,950	866,564
Total	871,950	872,188
With donor restrictions	160,711	171,720
	<hr/>	<hr/>
Total Net Assets	1,032,661	1,043,908
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,200,958</b>	<b>\$ 1,216,076</b>
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## BLOOM EARLY LEARNING

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2024

With Comparative Totals for the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
<b>Support and Revenues</b>				
Tuition	\$ 1,781,268	\$ -	\$ 1,781,268	\$ 1,687,589
Contributions	592,549	63,991	656,540	591,805
Government grants	297,539	-	297,539	253,857
Food program	49,718	-	49,718	50,641
In-kind contributions	40,968	-	40,968	39,768
Investment income	40,793	-	40,793	33,734
Fundraising ticket sales	36,330	-	36,330	34,678
Registration fees and other income	592	-	592	5,189
<b>Net Assets Released from Restrictions</b>	<b>75,000</b>	<b>(75,000)</b>	-	-
Total Support and Revenues	<b>2,914,757</b>	<b>(11,009)</b>	<b>2,903,748</b>	2,697,261
<b>Functional Expenses</b>				
Program services	2,537,696	-	2,537,696	2,290,842
General and administrative	180,749	-	180,749	140,033
Fundraising	196,550	-	196,550	162,086
Total Functional Expenses	<b>2,914,995</b>	-	<b>2,914,995</b>	2,592,961
<b>Increase (Decrease) in Net Assets</b>	<b>(238)</b>	<b>(11,009)</b>	<b>(11,247)</b>	104,300
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>872,188</b>	<b>171,720</b>	<b>1,043,908</b>	939,608
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 871,950</b>	<b>\$ 160,711</b>	<b>\$ 1,032,661</b>	\$ 1,043,908

See Notes to Financial Statements

## BLOOM EARLY LEARNING

### STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Totals</b>
Salaries and wages	\$ 1,372,318	\$ 76,263	\$ 116,853	\$ 1,565,434
Scholarship	453,423	-	-	453,423
Employee benefits	283,757	5,555	13,808	303,120
Program expenses	146,455	-	3,989	150,444
Payroll taxes	107,302	5,519	8,912	121,733
Rent	93,342	2,888	120	96,350
Office and administrative expenses	40,510	27,686	6,887	75,083
Professional fees	-	61,215	-	61,215
Fundraising expenses	335	-	45,475	45,810
Depreciation	26,992	-	-	26,992
Insurance	13,262	1,623	506	15,391
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,537,696</b>	<b>\$ 180,749</b>	<b>\$ 196,550</b>	<b>\$ 2,914,995</b>

See Notes to Financial Statements

**BLOOM EARLY LEARNING****STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2023

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Totals</b>
Salaries and wages	\$ 1,211,025	\$ 45,574	\$ 88,847	\$ 1,345,446
Scholarship	493,293	-	-	493,293
Employee benefits	203,427	5,985	13,071	222,483
Program expenses	126,401	77	4,790	131,268
Payroll taxes	95,015	2,198	6,778	103,991
Rent	88,584	3,214	168	91,966
Office and administrative expenses	39,849	24,571	4,076	68,496
Professional fees	-	51,617	-	51,617
Fundraising expenses	-	-	44,356	44,356
Depreciation	27,159	-	-	27,159
Insurance	6,089	6,797	-	12,886
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,290,842</b>	<b>\$ 140,033</b>	<b>\$ 162,086</b>	<b>\$ 2,592,961</b>

## BLOOM EARLY LEARNING

### STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	2024	2023
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in net assets	\$ (11,247)	\$ 104,300
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net investment return retained in investments	(29,928)	(28,499)
Depreciation	26,992	27,159
Contribution of stock	(113,672)	(112,079)
(Increase) Decrease in:		
Accounts receivables	(11,809)	(13,985)
Prepaid expenses	(8,810)	757
(Increase) Decrease in:		
Accounts payable	(16,176)	18,967
Accrued payroll and taxes	18,682	15,742
Deferred revenue	(6,377)	11,742
	<u>(152,345)</u>	<u>24,104</u>
Net Cash Provided By (Used In) Operating Activities		
	<u>(152,345)</u>	24,104
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	30,000	-
Purchases of property and equipment	(44,025)	-
Purchase of investments	(90,000)	(100,000)
	<u>(104,025)</u>	<u>(100,000)</u>
Net Cash (Used In) Investing Activities		
	<u>(104,025)</u>	(100,000)

See Notes to Financial Statements

<i>Continued</i>	<b>2024</b>	2023
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(256,370)</b>	(75,896)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>603,346</b>	679,242
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 346,976</b>	<b>\$ 603,346</b>

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## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. Description of Organization and Summary of Significant Accounting Policies

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##### Description of Organization

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. The Organization prepares young children for success in school and enables their parents to pursue educational and employment opportunities. The Organization is located at two sites 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.

##### Basis of Presentation

Financial statement presentation follows FASB ASC 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of donor imposed restrictions as either:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets with Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### Basis of Accounting and Support and Revenue Recognition

The Organization maintains its books and records on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

For contracts that are within the scope of FASB ASC 606, *Revenue from Contracts with Customers*, the Organization performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Organization satisfies a performance obligation.

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Basis of Accounting and Support and Revenue Recognition (Continued)

Revenue is measured based on consideration specified with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a service to a customer. Performance obligations related to tuition and food program revenues are completed as benefits are consumed and transferred to customers. For performance obligations related to the Organization's events, control transfers to the customer and revenue is recognized at a point in time when the event occurs.

The Organization does not have any significant financing components as payments are received at or shortly after the services are provided.

##### Cash and Cash Equivalents

The Organization classifies all investments with an original maturity of three months or less as cash equivalents.

##### Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

##### Accounts Receivable and Allowance for Credit Losses

Accounts receivable are carried at their outstanding principal amounts, less an allowance for credit losses. All accounts receivable are expected to be collected within one year of the statement of financial position date.

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Accounts Receivable and Allowance for Credit Losses (Continued)

The Organization maintains an allowance for credit losses on its accounts receivable, which represents an estimate of expected losses over the remaining contractual life of its receivables. The allowance for credit losses under the current expected credit loss (CECL) methodology is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. The loss rate percentages used are based on the history of credit loss expense, the aging of accounts receivable, and the expectation of payments, with adjustments for current economic conditions and forecasts of future economic conditions. Where accounts receivable do not share risk characteristics, they are evaluated on an individual basis. Amounts are deemed past due when they exceed the payment terms agreed to by the customer. Past due amounts are charged off to the allowance for credit losses when reasonable collection efforts have been exhausted and the amounts are deemed uncollectible. Adjustments to the allowance are recorded as “credit loss expense” in management and general expenses, on the statements of activities and changes in net assets.

##### Property and Equipment

Property and equipment are stated at cost or fair value on the date of donation if contributed and are being depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to fifteen years. The Organization’s policy is to capitalize and depreciate property and equipment purchased or obtained which has a cost in excess of \$3,000 and an estimated useful life of at least one year.

##### Leases

When, at inception of an agreement, it is concluded an agreement includes a lease component, the Organization records an operating lease or finance lease based on the agreement. In evaluation contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

##### Donated Materials and Services

Donated materials are recorded as contributions at the estimated fair value on the date received. The value of the contribution of materials is recognized as both revenue and an expense to the Organization. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

##### Income Taxes

The Organization is a Minnesota nonprofit corporation and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. As a result, the Organization does not pay federal income tax. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

The Organization's federal informational returns are subject to examination by the IRS, generally for three years after they were filed.

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Concentrations of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and receivables. The Organization keeps its cash with high quality financial institutions. At times, balances maintained at these financial institutions may exceed the federally insured limit. The Organization has no cash balances in excess of the federally insured limit as of December 31, 2024. As of December 31, 2023 there were cash balances in excess of the federally insured limit of approximately \$312,000.

The Organization's investments are maintained in mutual funds, fixed income funds, and exchange traded funds and are therefore subject to the inherent risk of investing in equity-based and debt-based securities and general market risk.

Management routinely assesses the financial strength of its customers and as a consequence, believes that receivables credit risk exposure is limited.

##### Fair Value of Financial Instruments

The carrying amount for substantially all assets and liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments. See Note 4 for discussion of fair value regarding the Organization's investments.

##### 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.

##### Use of 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 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 and expenses during the reporting period. Actual results could differ from the estimates.

##### Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the presentation in the 2024 financial statements. There were no changes to net assets as of December 31, 2024 and 2023.

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 15, 2025, the date the financial statements were available to be issued.

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#### 2. Liquidity and Availability

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The following reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual, donor-imposed or board-imposed restrictions.

	<b>2024</b>	<b>2023</b>
Financial assets, end of year	<b>\$ 995,537</b>	\$ 1,036,498
Less those unavailable for general expenditure within one year due to:		
Designated by Board of Directors	-	5,624
Restriction due to time - held in perpetuity	<b>100,171</b>	96,720
Restricted by donor for purpose	<b>60,540</b>	75,000
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 834,826</b>	\$ 859,154

Financial assets are considered available for general expenditure if there are no restrictions limiting their use, or if the restriction will be achieved through general operations of the Organization within one year of the statement of financial position date.

As part of the Organization's liquidity management plan, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due. The board of directors may from time to time direct that certain funds or specific sources of revenue be set aside for reserves. The Organization's board designated funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of typical operations.

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## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 3. Investments

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Investments, carried at fair value as determined on an open market, as of December 31, 2024 and 2023, consisted of the following:

	2024		2023	
	Cost	Market	Cost	Market
Money market funds	\$ 416,367	\$ 416,367	\$ 288,434	\$ 288,434
Exchange traded funds	65,922	85,708	63,670	75,289
Certificate of deposit	63,540	63,540	-	-
Fixed income	28,327	28,317	26,882	26,609
Total Investments	<u>\$ 574,156</u>	<u>\$ 593,932</u>	<u>\$ 378,986</u>	<u>\$ 390,332</u>

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#### 4. Fair Value Measurements

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Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2:** Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Fair Value Measurements (Continued)

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The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

**Money market funds:** Money market funds are reported at the fair value based on the quoted market price of the accounts or the accounts or similar assets by the Organization's brokerage firm.

**Exchange traded funds:** Exchange traded funds are reported at the fair value based on the quoted market price of the fund, as reported by the Organization's brokerage firm.

**Fixed Income:** Fixed income funds are reported at the fair value based on the quoted market price of the fund, as reported by the Organization's brokerage firm.

**Certificate of deposit:** Certificates of deposit are reported at fair value based on the quoted market price of the certificates or similar assets, by the Organization's financial institution.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**BLOOM EARLY LEARNING****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4. Fair Value Measurements (Continued)**

The following tables reflect the Organization's investments within the fair value hierarchy at December 31, 2024 and 2023:

	<b>As of December 31, 2024</b>			
	<b>Assets Measured at Fair Value</b>	<b>Fair Value Hierarchy Level</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds	\$ 416,367	\$ 416,367	\$ -	\$ -
Exchange traded funds	85,708	85,708	-	-
Certificate of deposit	63,540	-	63,540	-
Fixed income	28,317	28,317	-	-
Total	\$ 593,932	\$ 530,392	\$ 63,540	\$ -

	<b>As of December 31, 2023</b>			
	<b>Assets Measured at Fair Value</b>	<b>Fair Value Hierarchy Level</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds	\$ 288,434	\$ 288,434	\$ -	\$ -
Exchange traded funds	75,289	75,289	-	-
Fixed income	26,609	26,609	-	-
Total	\$ 390,332	\$ 390,332	\$ -	\$ -

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 5. Accounts Receivable

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Accounts receivable as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 60,629	\$ 48,820
Less: Allowance for credit losses	(6,000)	(6,000)
Accounts receivable, net	<u>\$ 54,629</u>	<u>\$ 42,820</u>

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#### 6. Net Assets

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##### Board Designated

Board designated net assets as of December 31, 2023 totaled \$5,624 designated for scholarships. This amount was spent for its designated purpose during the year ended December 31, 2024.

##### Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Restricted for purpose:		
Staffing	\$ 60,540	\$ 50,000
Playground equipment	-	25,000
Restricted for time:		
Endowments, held in perpetuity	<u>100,171</u>	<u>96,720</u>
Total Net Assets with Donor Restrictions	<u>\$ 160,711</u>	<u>\$ 171,720</u>

Net assets in the amount of \$75,000 were released from restriction through use of the funds for the donor-specific purpose for the year ended December 31, 2024. There were no net assets released from restriction through use of the funds for the donor-specified purpose for the year ended December 31, 2023.

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## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 7. Retirement Plan

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The Organization sponsors a 401(k) plan for its employees. Employees are eligible to participate in the plan after 90 days of service. Each year, the Organization may contribute to the plan a discretionary matching and/or nonelective contribution. The Organization contributed a matching contribution of 100% of the participant's contribution up to the first 3% of a participant's compensation for each of the years ended December 31, 2024 and 2023. Employer contributions made by the Organization for the years ended December 31, 2024 and 2023 totaled \$24,436 and \$17,869, respectively.

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#### 8. Functional Expenses

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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.

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#### 9. Revenue and Contract Balances

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Revenue, disaggregated by timing of satisfaction of performance obligations, for the years ended December 31, 2024 and 2023, was as follows:

	<b>2024</b>	2023
Performance obligations satisfied over time	<b>\$ 1,830,986</b>	\$ 1,738,230
Performance obligations satisfied at a point in time	<b>36,922</b>	39,867
Total	<b><u>\$ 1,867,908</u></b>	<u>\$ 1,778,097</u>

Revenue from performance obligations satisfied over time consist of tuition and food program revenues. Revenue from performance obligations satisfied at a point in time consist of the Organization's events, registration fees and other income.

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## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 9. Revenue and Contract Balances (Continued)

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Contract liability balances, made up of funds paid in advance for childcare fees, were the following:

	<u>Contract Liability</u>
Balance as of January 1, 2023	<u>\$ 64,328</u>
Balance as of December 31, 2023	<u>\$ 76,070</u>
Balance as of December 31, 2024	<u>\$ 69,693</u>

The Organization typically recognizes contract liabilities as revenue in the next fiscal year.

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#### 10. Endowment Fund

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The Organization's endowment consists of money market funds, mutual funds, exchange traded funds, and fixed income. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization's Board of Directors has interpreted Minnesota's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 10. Endowment Fund (Continued)

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In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. The purpose of the organization and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments,
6. Other resources of the organization,
7. The investment policies of the organization.

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the donor requires the Organization to retain as a balance for perpetual duration (underwater endowments). There were no underwater endowments as of December 31, 2024 and 2023.

#### 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 requirement of UPMIFA. Stability of support to the Organization from the endowment and preservation of the purchasing power of the endowment's principal and income against inflammatory 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. This percentage may be increased or decreased by the Board of Directors from time to time.

**BLOOM EARLY LEARNING****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. Endowment Fund (Continued)**

The composition of endowment net assets as of December 31, 2024 and 2023 was as follows:

As of December 31, 2024	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
Endowment funds without restrictions	\$ 17,439	\$ -	\$ 17,439
Donor-restricted endowment funds	-	100,171	<b>100,171</b>
<b>Totals</b>	<b>\$ 17,439</b>	<b>\$ 100,171</b>	<b>\$ 117,610</b>

As of December 31, 2023	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
Endowment funds without restrictions	\$ 5,624	\$ -	\$ 5,624
Donor-restricted endowment funds	-	96,720	<b>96,720</b>
<b>Totals</b>	<b>\$ 5,624</b>	<b>\$ 96,720</b>	<b>\$ 102,344</b>

The changes in endowment net assets for the year ended December 31, 2024 consisted of the following:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
Endowment net assets January 1, 2024	\$ 5,624	\$ 96,720	\$ 102,344
Contributions	-	3,451	<b>3,451</b>
Net investment return	11,815	-	<b>11,815</b>
<b>Endowment at December 31, 2024</b>	<b>\$ 17,439</b>	<b>\$ 100,171</b>	<b>\$ 117,610</b>

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 10. Endowment Fund (Continued)

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The changes in endowment net assets for the year ended December 31, 2023 consisted of the following:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
Endowment net assets January 1, 2023	\$ 3,034	\$ 96,720	\$ <b>99,754</b>
Net investment return	2,590	-	<b>2,590</b>
Endowment at December 31, 2023	<u>\$ 5,624</u>	<u>\$ 96,720</u>	<u>\$ <b>102,344</b></u>

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#### 11. Lease Obligations

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The Organization uses facility space from Messiah United Methodist Church (Site #1), without charge through December 2026. The parties have agreed that the estimated fair market value of the space would be \$2,000 per month.

The Organization's second site a few miles away at Plymouth Presbyterian Church (PPC, Site #2), has a lease term through February 2027, with free use of space (in-kind) and no required security deposit. However, the Organization is charged its percentage share of utility/usage type costs (as determined by PPC).

The Organization also uses several pieces of Site #1 and Site #2 office equipment (which the Organization does not own) throughout the year. The two lessors have set-up a system in which usage can be tracked by user. They will, from time-to-time, invoice the Organization for its use of the equipment, based on pre-established rates.

Total in-kind rent expense incurred by the Organization for each of the years ended December 31, 2024 and 2023 was \$39,768.

## BLOOM EARLY LEARNING

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 12. In-Kind Contributions

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The Organization's financial statements include the following in-kind contributions revenue and support and associated expense:

*Rent* – The Organization receives donated rent that would typically be paid directly if not provided as an in-kind contribution. The value is provided by the lease agreement, which is described in Note 11.

*Professional services* – The Organization occasionally receives donated professional services that would typically be paid directly if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value and expenses as services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on date, time and market in which the services are rendered.

The Organization did not monetize any contributed non-financial assets and contributed non-financial assets did not have donor restrictions during the years ended December 31, 2024 and 2023.

In-kind contributions included in the statements of activities for the years ended December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Program Services		
Rent	\$ 39,168	\$ 39,168
Fundraising		
Professional services	1,200	-
Rent	120	120
General and Administrative		
Rent	480	480
Total	<u>\$ 40,968</u>	<u>\$ 39,768</u>