Think Together
Certified Public Accountants'
Audited Financial Statements

Years Ended June 30, 2023 and 2022

Think Together

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Independent Auditors' Report on Financial Statements

To the Board of Directors
Think Together

Opinion

We have audited the accompanying financial statements of Think Together (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Think Together as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Think Together 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 Think Together's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of Think Together's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Think Together's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Think Together's internal control over financial reporting and compliance.

Stephens, Reidinger + Beller LLP

Newport Beach, CA
December 1, 2023

Think Together

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 227,871	$ 2,588,844
Investments	1,645,140	1,150,305
School district contracts receivable, net of allowance for doubtful accounts	28,455,176	15,688,487
Grants, donations and other receivables	2,439,653	1,326,115
Prepaid expenses	1,043,782	917,688
Total current assets	33,811,622	21,671,439
Property and equipment - net of accumulated depreciation	8,155,030	8,464,920
Operating right-of-use asset - net of accumulated amortization	8,821,498	-
Other assets	2,196,179	2,574,792
Total assets	$ 52,984,329	$ 32,711,151

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Accounts payable and other accrued liabilities	$ 13,679,201	$ 5,591,380
Accrued payroll and related liabilities	9,089,893	5,622,088
Current maturities of long-term debt	157,442	153,593
Deferred revenue	4,157,020	6,070,836
Operating lease liability - current	2,066,569	-
Total current liabilities	29,150,125	17,437,897
Long-term debt - net of current maturities	2,099,042	2,256,484
Deferred revenue - long-term	19,657	349,867
Operating lease liability - long-term	7,388,212	-
Total liabilities	38,657,036	20,044,248
Net assets		
Net assets without donor restrictions	14,053,306	12,379,616
Net assets with donor restrictions	273,987	287,287
Total net assets	14,327,293	12,666,903
Total liabilities and net assets	$ 52,984,329	$ 32,711,151

The accompanying notes are an integral part of these financial statements.

Think Together

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	2023		
Revenue	Without Donor Restrictions	With Donor Restrictions	Total
Public support			
Corporate donations	$ 641,780	$ -	$ 641,780
Individual donations	870,157	-	870,157
Foundations	1,405,434	-	1,405,434
School district contract services	162,472,033	-	162,472,033
Contributed assets and services	1,753,993	-	1,753,993
Net assets released from restrictions	36,500	(36,500)	-
Total public support	167,179,897	(36,500)	167,143,397
Interest, rental and other income (loss)	2,993,000	23,200	3,016,200
Total revenue and support	170,172,897	(13,300)	170,159,597
Expenses			
Program services	153,225,510	-	153,225,510
Management and general	13,581,114	-	13,581,114
Fundraising	1,692,583	-	1,692,583
Total expenses	168,499,207	-	168,499,207
Change in net assets	1,673,690	(13,300)	1,660,390
Beginning net assets	12,379,616	287,287	12,666,903
Ending net assets	$ 14,053,306	$ 273,987	$ 14,327,293

The accompanying notes are an integral part of these financial statements.

Think Together

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	2022		
Revenue	Without Donor Restrictions	With Donor Restrictions	Total
Public support			
Corporate donations	$ 415,994	$ -	$ 415,994
Individual donations	829,217	-	829,217
Foundations	2,109,726	-	2,109,726
School district contract services	92,514,561	-	92,514,561
Contributed assets and services	300,074	-	300,074
Net assets released from restrictions	20,000	(20,000)	-
Total public support	96,189,572	(20,000)	96,169,572
Interest, rental and other income	1,296,970	(10,569)	1,286,401
Total revenue and support	97,486,542	(30,569)	97,455,973
Expenses			
Program services	81,174,554	-	81,174,554
Management and general	8,251,662	-	8,251,662
Fundraising	1,335,691	-	1,335,691
Total expenses	90,761,907	-	90,761,907
Change in net assets	6,724,635	(30,569)	6,694,066
Beginning net assets	5,654,981	317,856	5,972,837
Ending net assets	$ 12,379,616	$ 287,287	$ 12,666,903

The accompanying notes are an integral part of these financial statements.

Think Together

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Services	Supporting Services			
	Out of School Programs	Management and General	Fund Raising	Subtotal	Total
Advertising	$ 53,174	$ 53,021	$ 53,021	$ 106,042	$ 159,216
Bank charges	7,790	56,205	3,573	59,778	67,568
Computer and software expenses	748,775	912,639	5,628	918,267	1,667,042
Consulting	10,788,718	3,207,754	187,875	3,395,629	14,184,347
Copying and printing	831,010	29,666	42,618	72,284	903,294
Depreciation	156,103	566,242	-	566,242	722,345
Dispute resolution	2,201,049	76,544	-	76,544	2,277,593
Amortization	-	310,322	-	310,322	310,322
Insurance-general	-	843,361	-	843,361	843,361
Insurance-health	2,184,262	160,981	33,371	194,352	2,378,614
Insurance-workers comp.	1,068,246	29,845	4,860	34,705	1,102,951
Interest	62,312	292,625	-	292,625	354,937
Legal and accounting	1,241,564	60,784	-	60,784	1,302,348
Maintenance and repairs	346,911	341,323	1,240	342,563	689,474
Travel and mileage	893,500	51,873	14,770	66,643	960,143
Office expense	1,541,101	464,979	90,701	555,680	2,096,781
Outside/subcontracted services	2,066,131	-	2,786	2,786	2,068,917
Postage	272,043	11,675	29,967	41,642	313,685
Promotion	384,418	47,254	3,162	50,416	434,834
Rent	2,311,282	1,076	-	1,076	2,312,358
Salaries and wages	103,515,833	5,115,896	1,086,274	6,202,170	109,718,003
School supplies	11,057,937	869	261	1,130	11,059,067
Special events	1,767,010	14,631	33,483	48,114	1,815,124
Staff development	343,561	166,659	11,900	178,559	522,120
Taxes - payroll	8,792,976	323,139	82,874	406,013	9,198,989
Taxes - property, other	41,007	134,842	1,866	136,708	177,715
Telecommunications	416,180	116,492	2,353	118,845	535,025
Utilities	132,617	190,417	-	190,417	323,034
	$ 153,225,510	$ 13,581,114	$ 1,692,583	$ 15,273,697	$ 168,499,207

The accompanying notes are an integral part of these financial statements.

Think Together

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Services	Supporting Services			
	Out of School Programs	Management and General	Fund Raising	Subtotal	Total
Advertising	$ 48,454	$ 47,744	$ 47,744	$ 95,488	$ 143,942
Bank charges	10,047	59,419	9	59,428	69,475
Computer and software expenses	522,787	448,345	8,972	457,317	980,104
Consulting	412,314	371,925	304,662	676,587	1,088,901
Copying and printing	358,426	16,990	55,781	72,771	431,197
Depreciation	106,610	478,295	-	478,295	584,905
Amortization	-	94,610	-	94,610	94,610
Insurance-general	-	689,498	-	689,498	689,498
Insurance-health	1,832,596	119,510	27,474	146,984	1,979,580
Insurance-workers comp.	802,823	30,368	5,022	35,390	838,213
Interest	53,229	351,547	-	351,547	404,776
Legal and accounting	349,856	220,245	-	220,245	570,101
Maintenance and repairs	226,532	278,152	-	278,152	504,684
Travel and mileage	528,526	37,784	1,121	38,905	567,431
Office expense	720,413	313,894	69,174	383,068	1,103,481
Outside/subcontracted services	3,378,751	192,205	-	192,205	3,570,956
Postage	245,507	17,989	2,413	20,402	265,909
Promotion	454,944	43,596	6,682	50,278	505,222
Rent	1,944,468	2,651	25	2,676	1,947,144
Salaries and wages	57,072,357	3,633,480	744,127	4,377,607	61,449,964
School supplies	5,996,419	512	165	677	5,997,096
Special events	604,459	4,190	3,540	7,730	612,189
Staff development	126,794	31,413	1,288	32,701	159,495
Taxes - payroll	4,851,413	230,109	55,994	286,103	5,137,516
Taxes - property, other	34,561	58,834	29	58,863	93,424
Telecommunications	365,082	304,557	1,469	306,026	671,108
Utilities	127,186	173,800	-	173,800	300,986
	$ 81,174,554	$ 8,251,662	$ 1,335,691	$ 9,587,353	$ 90,761,907

The accompanying notes are an integral part of these financial statements.

Think Together

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Increase in net assets	$ 1,660,390	$ 6,694,066
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,032,667	679,515
Amortization of right-of-use asset	1,887,220	-
Unrealized (gain) loss on investments	(255,171)	102,319
Non-cash contributions	(56,853)	-
Equity interest income in benefit corporation	-	(699,684)
(Increase) decrease in assets		
Accounts receivables	(13,880,227)	(10,345,856)
Prepaid expenses	(126,094)	(473,789)
Deposits and other assets	60,550	(97,065)
Increase (decrease) in liabilities		
Accounts payable	8,087,821	1,052,533
Accrued payroll and related liabilities	3,467,805	223,093
Due to affiliate	-	(249,000)
Deferred revenue and rental obligations	(1,847,170)	4,542,489
Operating lease liability	(1,650,793)	-
Total adjustments	(3,280,245)	(5,265,445)
Net cash (used) provided by operating activities	(1,619,855)	1,428,621
Cash flows from investing activities		
Acquisition of property and equipment	(404,714)	(171,766)
Investment in securities	(182,811)	(39,138)
Net cash (used) by investing activities	(587,525)	(210,904)
Cash flows from financing activities		
Satisfaction of service obligation	-	(566,092)
Payments on long-term debt	(153,593)	(149,861)
Net cash (used) by financing activities	(153,593)	(715,953)
Net increase (decrease) in cash and cash equivalents	(2,360,973)	501,764
Cash and cash equivalents at beginning of year	2,588,844	2,087,080
Cash and cash equivalents at end of year	$ 227,871	$ 2,588,844
Supplemental disclosures:		
Cash paid during the year for interest	$ 352,185	$ 377,899

The accompanying notes are an integral part of these financial statements.

Organization and Nature of Services

Think Together is a non-profit, tax-exempt, California organization that partners with schools to change the odds for kids. Think Together offers direct service programs in the areas of early learning (children 0-5), afterschool (K-12) in under-resourced schools and communities. Think Together also provides professional development to school teachers and administrators around a specific data-driven, but people-centric, school improvement model that has produced transformational results. Think Together offers programs in over 570 sites across 50 public school districts and 27 charter management organizations across California. During the fiscal year ended June 30, 2023, Think Together served more than 200,000 students.

Think Together's services are provided under a variety of financial arrangements. The largest portion of these services is the daily comprehensive afterschool program provided to public school districts. Think Together serves as a sub-contractor to these districts where it delivers the program directly to students and provides the support necessary to deliver this program including staffing, human resources, volunteer recruitment, program design, coaching, program management, financial management and reporting, and program evaluation. Think Together also raises matching funds for these programs through philanthropy. In addition, Think Together serves as the fiscal agent and program provider for Expanded Learning Programs at approximately 40 charter schools mostly in the Los Angeles Metropolitan area. Think Together's early learning programs (including state preschool) are funded through state and county agency grants, also augmented through philanthropy.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Organization.

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Management has evaluated subsequent events through December 1, 2023, the date which the financial statements were available for issue.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which among other things, requires the recognition of right-of-use lease assets and related lease liabilities on the statement of financial position for operating leases, along with the disclosures of key information about leasing arrangements. A lease is required to record lease assets and liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will continue to be accounted for in a manner similar to pre-existing guidance for operating leases. Management was required to adopt the guidance of ASC 842 as of July 1, 2022.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In connection with the adoption of ASC 842, the Organization utilized the transition practical expedients allowing no reassessment of lease classification, whether the contracts contain a lease, and initial direct costs. As more fully disclosed in Note 10, as of July 1, 2022, $10,708,718 in operating right-of-use-assets and corresponding lease liabilities were recognized in the accompanying financial statements.

In September 2020, The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* ASU 2020-07 increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure but does not change the recognition or measurement requirements for those assets. The ASU became effective for the fiscal periods beginning after June 15, 2021 and management was required to adopt ASU 2020-07 as of and for the fiscal year ending June 30, 2022

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or nonexistence of restrictions on use that are placed by its donors. The two classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support the Organization's operations. The only limits on the use of these net assets, if any, are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Support that is restricted by a donor is reported as an increase in net assets without donor restrictions if the restriction expires in the period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a specified purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature and the Organization must continue to use these resources in accordance with donor's restrictions.

The Organization's unspent contributions are included in this class if the donor has limited their use. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resource for a specified purpose or for a future period. All expenses are reported as decreases in net assets without donor 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 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 those estimates.

Cash, Cash Equivalents and Concentration of Credit Risk

For purposes of the statement of cash flows, Think Together considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents. Think Together maintains its cash with commercial banks which at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Think Together believes these funds are all maintained in high quality financial institutions which limits its risk. Think Together has not incurred losses related to carrying cash balances in excess of the FDIC insurance limits.

Goodwill and Intangible Assets

The Organization capitalizes the fair value of intangible assets acquired at the cost of acquisition. Intangible assets are evaluated to determine their useful life and are amortized over their useful life on a straight line basis. In addition, intangible assets are evaluated for impairment when a triggering event occurs or other events arise.

The Organization has adopted the accounting alternative for the subsequent measurement of goodwill provided in FASB ASC 350-20, *Accounting for Goodwill*. Under this accounting alternative, the Organization amortizes goodwill on a straight-line basis over a 10 year useful life but also evaluates goodwill for impairment at the entity level when a triggering event occurs. During the years ended June 30, 2023 and 2022, no triggering events occurred requiring impairment testing and no impairment loss was recorded.

Investments

Investments are included in the accompanying statement of financial position at estimated fair value as described in Note 2. Realized and unrealized gains and losses are recognized annually in the statement of activities in other income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition and Promises to Give

The primary source for Think Together's revenue is derived from service contracts with school districts. As required under ASC 606, *Revenue Recognition from Contracts with Customers*, income from these school district contracts is recognized ratably over the related contract term.

In addition, the Organization receives public support in the form of contributions from individuals, corporations, foundations and government grants. In accordance with ASU 2018-08, *Not-for-Profit Entities – Revenue Recognition (Subtopic 958-605),* Think Together is first required to determine whether a contribution is conditional or unconditional. An unconditional contribution is recognized immediately and classified as either net assets without donor restrictions or net assets with donor restrictions. Conditional promises to give are not recognized until all conditions are substantially met and all barriers to entitlement are overcome, at which point the contribution is recognized as unconditional.

Allowance for Doubtful Accounts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Think Together provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the collectability of the various accounts receivables. The provision for doubtful accounts for the years ended June 30, 2023 and 2022 was $100,000.

Property and Equipment

Think Together follows the practice of capitalizing all material expenditures for property and equipment, which are carried at cost. Donated property is capitalized at its estimated fair market value at the time of donation.

Depreciation is recorded on the straight-line basis over the estimated useful life as follows:

Building	30 years
Building and leasehold improvements	4 - 10 years
Office, furniture and equipment	3 - 7 years

Long-lived assets held and used by Think Together are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed. Management does not believe there to be an impairment of long-lived assets as of June 30, 2023 and 2022.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Think Together is exempt from federal income taxes under the 501(c)(3) provisions of the Internal Revenue Code and is exempt from the state franchise tax under Section 23701(d) of the California Revenue and Taxation code. No provision for income tax liability is therefore required.

Deferred Revenue and Rental Obligations

Funds received in advance of program services or activities to be performed or delivered in future periods are recorded as deferred revenue in the accompanying statement of financial position. Revenues relating to such advance payments are recognized as the required services or activities are performed and the related exchange transaction is completed. The Organization enters into non-cancelable operating leases for office space. Prior to the adoption of ASC 842, rent expense for leases having rent holidays, landlord incentives or scheduled rent increases were recorded on a straight-line basis over the lease term, generally beginning with the lease commencement date. Differences between straight-line expense and actual rent payments through June 30, 2022 were recorded in deferred rental obligations as an adjustment to rent expense over the lease term. As described in Note 10, the previous accounting for deferred rental obligations was discontinued effective July 1, 2022 in connection with the capitalization of the right-of-use assets and related lease obligations.

Deferred revenue and rental obligations consist of the following:

	2023		2022	
	Current Portion	Long Term Portion	Current Portion	Long Term Portion
Deferred revenue	$ 4,157,020	$ -	$ 6,004,184	$ -
Security deposits	-	19,657	-	19,657
Deferred rent	-	-	66,652	330,210
Total	$ 4,157,020	$ 19,657	$ 6,070,836	$ 349,867

Donated Materials, Facilities and Services

Donated materials have been included in the accompanying financial statements where estimates of market value were available to measure the value of such materials. There were $110,228 and $171,791 in donated materials during the years ended June 30, 2023 and 2022, respectively. In addition, the Organization received $56,853 in donated marketable securities during the year ended June 30, 2023. Contributed facilities are reported as public support income and rental expense based on the estimated usage value of the premises. The organization recognized $42,096 in contributed facilities during the year ended June 30, 2023 and $50,283 during the year ended June 30, 2022.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials, Facilities and Services (continued)

Donated services are recognized when a nonfinancial asset is created or specialized skills are required and the organization would otherwise need to purchase the services. Donated services for the years ended June 30, 2023 and 2022 were $1,601,669 and $78,000, respectively. In addition, a substantial number of volunteers have donated 2,553 hours and 11,476 hours of their time to Think Together during the years ended June 30, 2023 and 2022, respectively. The value of this time and related expense has not been included in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing programs and services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or service are charged directly to that program or service. Oversight costs common to multiple programs have been allocated among various programs benefited using a reasonable allocation method that is consistently applied based on a percentage of contract revenue method.

General and administrative expenses include costs that are not directly identifiable with or relate directly to the oversight of any specific program, but which provide for the overall support and direction of the Organization. Such costs include the finance and administrative functions and liability insurance costs for the organization. Fundraising expenses are expensed as incurred and are charged to the respective fundraising cost center. When the Organization incurs shared costs that are both fundraising and general and administrative, the costs are allocated based on the methods described above.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the year ended June 30, 2023 and 2022 was $159,216 and $143,942, respectively.

NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan can access at measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs that are unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value.

Investments in marketable securities: Consist of mutual funds that are registered with the Securities Exchange Commission. Mutual funds are valued at the daily closing price as reported by the fund. These funds are required to publish their net asset value (NAV) and to transact at that price. The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2023 and 2022 are as follows:

	Assets at Fair Value 2023			
	Level 1	Level 2	Level 3	Total
Investments in marketable securities	$1,645,140	$ -	$ -	$1,645,140
Total investments at fair value	$1,645,140	$ -	$ -	$1,645,140

	Assets at Fair Value 2022			
	Level 1	Level 2	Level 3	Total
Investments in marketable securities	$1,150,305	$ -	$ -	$1,150,305
Total investments at fair value	$1,150,305	$ -	$ -	$1,150,305

Net realized and unrealized gains totaling $227,996 and net realized and unrealized losses totaling $98,777 are included in other income (loss) in the accompanying statement of activities for the years ended June 30, 2023 and 2022, respectively.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consists of the following:

	2023	2022
Land	$ 5,603,245	$ 5,603,245
Building	1,534,589	1,534,589
Building improvements	2,934,411	2,863,692
Office, furniture and equipment	1,257,288	1,696,028
Leasehold and tenant improvements	618,372	433,332
	11,947,905	12,130,886
Less: accumulated depreciation	(3,792,875)	(3,665,966)
Total property and equipment	$ 8,155,030	$ 8,464,920

NOTE 4: OTHER ASSETS

Other assets consist of the following:

	2023	2022
Deposits and other	$ 203,860	$ 272,151
Intangible assets	1,992,319	2,302,641
Total other assets	$ 2,196,179	$ 2,574,792

NOTE 5: GOODWILL AND INTANGIBLE ASSETS

Goodwill

In July 2013, Think Together acquired an asset of Bay Area After School All Stars, a San Jose based out of school provider, for a cost of $420,000 which exceeded the value of the net tangible asset received by $350,000 and recorded the excess as goodwill.

Effective October 25, 2019, in connection with the acquisition of certain assigned net assets and related business activity of an unrelated nonprofit organization, Think Together assumed 21st Century Community Learning Center (21st CCLC) grants from the California Department of Education (CDE) totaling approximately $9,500,000 annually. The costs and expenses in excess of the net assets acquired in the amount of $400,000 in connection with this acquisition were recorded as goodwill in the accompanying financial statements.

NOTE 5: GOODWILL AND INTANGIBLE ASSETS (continued)

Intellectual Property

In exchange for the sale of Think Together's 41% interest in Orenda Education, a California benefit corporation, the Organization recorded the acquisition of intellectual property for $1,647,251 on June 1, 2022. The valuation of the intangible asset was based on the value of the 41% interest in Orenda Education. The Organization has determined that the intellectual property has a finite life and will be amortized based on fair value and the useful life of these assets in accordance with FASB ASC 350, *Intangible – Goodwill and Other*. The intellectual property will be amortized over a 7 year period, which matches the life of the related services agreement with Orenda Education.

Intangible assets consists of the following at June 30, 2023 and 2022:

	2023	2022
Goodwill	$ 750,000	$ 750,000
Intellectual property	1,647,251	1,647,251
Less: accumulated amortization	(404,932)	(94,610)
Net intangible assets	$ 1,992,319	$ 2,302,641

Amortization expense for the years ended June 30, 2023 and 2022 was $310,322 and $94,610, respectively. Estimated amortization expense for the intellectual property for each of the ensuing years through June 30, 2027 is $310,322 for each year.

NOTE 6: CONCENTRATION OF SCHOOL DISTRICT CONTRACT REVENUE AND RECEIVABLES

Think Together serves as a subcontractor to school districts where it provides a variety of program services. For the year ended June 30, 2023, school district contracts comprised 97% of Think Together's operating revenue. Under these subcontractor arrangements, school districts act as the Lead Education Agency (LEA), or fiscal agent, and have been awarded grant funding by either the California Department of Education (CDE) or the U.S. Department of Education to provide program services. Partnering school districts have in turn contracted Think Together to provide the comprehensive delivery and administrative oversight of the funded programs.

Contracted program services provided by Think Together have three primary sources of funding: 1) Local School District Discretionary Funding Sources, 2) Federal funding through the 21st Century Community Learning Centers program (administered by the CDE), and 3) California Department of Education (CDE) grant funding for after school programming funded by Proposition 49.

NOTE 6: CONCENTRATION OF SCHOOL DISTRICT CONTRACT REVENUE AND RECEIVABLES (continued)

For Think Together, 53% of its operating revenue (55% of total school district revenue) relates to Local School District Discretionary Funding Sources, 32% of its operating revenue (33% of total school district contract revenue) relates to CDE Proposition 49 grant funding; and 12% of its total operating revenue (13% of total school district contract revenue) relates to U.S. Department of Education 21st Century Community Centers funding.

For the fiscal years ending June 30, 2023 and 2022, school district contract revenue for Think Together was comprised of the following sources of State and Federal grant funding:

	2023	2022
Local School District Discretionary Funding Sources (LCFF)	$ 88,688,629	$ 23,175,061
California Department of Education (CDE) –Proposition 49 After School Education and Safety Act (ASES)	53,142,137	51,677,855
U.S. Department of Education - 21st Century Community Learning Centers (21st CCLC) (administered by the CDE)	20,641,267	17,661,645
Total	$162,472,033	$ 92,514,561

NOTE 7: LIQUIDITY AND AVAILABILITY

Financial assets without donor or other restrictions limiting their use within one year of June 30, 2023, which are available for general expenditures are as follows:

Financial assets:	
Cash and cash equivalents	$ 227,871
Investments	1,645,140
Accounts receivable, net	30,894,829
Total financial assets	32,767,840
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted net assets	(273,987)
Amount available for general expenditures within one year	$ 32,493,853

NOTE 7: LIQUIDITY AND AVAILABILITY (continued)

Based on the table, the Organization has $32,493,853 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The account receivables are subject to implied time restrictions but are expected to be collected within one year. As disclosed in Note 8, the Organization has a line of credit available which it could draw upon in the event of an unanticipated liquidity need.

NOTE 8: LINE OF CREDIT

Think Together has a line of credit with Comerica Bank that provides for borrowings up to $30,000,000 to fund operations. Borrowings on this line of credit are permitted based on outstanding accounts receivable balances and are collateralized by a Deed of Trust that creates a lien on the security interest in the headquarters of Think Together located in Santa Ana, CA, receivables and other organization assets.

The credit line bears interest on the outstanding balance based on the Bloomberg Short-Term Bank Yield rate (BSBY) plus 2.75% and has a maturity date of December 1, 2024. The line of credit has no outstanding balance as of June 30, 2023 and 2022. Under the terms of the line of credit agreement, Think Together is required to meet and maintain certain financial covenants. As of the date of this report and for the fiscal years ended June 30, 2023 and 2022, Think Together was in compliance with these covenants.

NOTE 9: LONG-TERM DEBT

In October 28, 2010, Think Together obtained a five year loan in the amount of $2,000,000 from St. Joseph Health System to provide working capital needs related to the Organization and to satisfy the requirements for the bank's line of credit as mentioned in Note 8. This loan is subordinate to Comerica Bank’s line of credit.

Starting in December 2010, payments were due and payable in 60 consecutive monthly installments of principal and interest in the amount of $9,839 per month with an interest rate of 2.17% per annum. In November 2015, St. Joseph Health System agreed to extend the loan for an additional 60 months with a maturity date of November 30, 2020. On June 4, 2018, St. Joseph Health System assigned and transferred the loan and all of its rights to Providence St. Joseph Health Investment Trust. Then in November 2020, the loan was extended once again for an additional 60 months with a new maturity date of November 30, 2025.

The interest rate was adjusted to 2% per annum with monthly installments of principal and interest of $10,000 with a final balloon payment due on the maturity date. The outstanding loan balance as of June 30, 2023 and 2022 was $1,004,846 and $1,103,676, respectively.

NOTE 9: LONG-TERM DEBT (continued)

On January 31, 2008, Think Together financed the acquisition of a 4-unit apartment building under the terms of a $595,000 note and deed of trust payable, secured by the property. On February 22, 2018, the note was refinanced in the amount of $357,000. The new note is payable in monthly installments of $1,190 plus interest and will be due on March 1, 2028. Interest on this note is payable monthly at the elected LIBOR-based rate, which resulted in a weighted average rate of 7.16% at June 30, 2023. The outstanding balance of this note was $283,220 and $297,500 at June 30, 2023 and 2022, respectively.

The purchase of the second Shalimar building was financed on May 7, 2019 under the terms of a $1,120,000 ten year note and deed of trust payable, secured by the property. The note is payable in monthly installments of principal and interest beginning June 1, 2019 with the final payment due on May 7, 2029. Monthly interest on the note is calculated using a monthly LIBOR-based rate which was 7.16% as of June 30, 2023. The outstanding balance as of June 30, 2023 and 2022 was $968,418 and $1,008,901, respectively.

Maturities of long-term debt are as follows:

Year ended June 30,	
2024	$ 157,442
2025	161,417
2026	861,752
2027	62,711
2028	276,751
Thereafter	736,411
Total	$ 2,256,484

NOTE 10: LEASES

The Company adopted ASU 2016-02, *Leases (Topic 842) ("ASC 842")* on July 1, 2022 on a modified retrospective basis. As a result, the Company's lease disclosures for the year ended June 30, 2023 are reported under ASC 842. Comparative financial information for the year ended June 30, 2022 has not been restated and continues to be reported under ASC 840, the lease accounting standard in effect for that period. Lease liabilities are recognized at the present value of the fixed lease payments using the risk free rate at the date of the lease inception. Lease assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing leases, except for unamortized lease commissions, reported in other assets.

NOTE 10: LEASES (continued)

Think Together has various leases for its facilities. The lease agreements having an original term of more than one year expire on various dates through April 2030.

Supplemental statement of financial position information as of June 30, 2023 related to the operating leases are as follows:

Assets:	
Operating lease right-of-use assets (ROU)	
Buildings	$ 7,489,214
Equipment	3,219,504
	10,708,718
Less: accumulated amortization	(1,887,220)
Total operating right-of-use assets	$ 8,821,498
Liabilities:	
Current operating lease obligations	$ 2,066,569
Long-term operating lease obligations	7,388,212
Total lease liabilities	$ 9,454,781

Supplemental statement of activities information as of June 30, 2023 related to the operating leases are as follows:

Fixed rent expense	$ 2,285,112
Indirect variable cost	27,246
Total rent expense	$ 2,312,358

The following table presents cash flow information and the weighted average lease term and discount rate for operating leases:

Operating cash used for operating leases	$ 1,907,487
Weighted average remaining lease term	5.01 years
Weighted average discount rate	2.88%

NOTE 10: LEASES (continued)

Minimum lease obligations for these facilities are as follows:

Year ended June 30,	Base Rent
2024	$ 2,310,242
2025	1,992,504
2026	1,895,117
2027	1,831,806
2028	1,132,787
Thereafter	1,020,184
Total	$ 10,182,640

Rent expense was $1,947,145 for the year ended June 30, 2022.

NOTE 11: DONATED MATERIALS, SERVICES AND FACILITIES

Donated materials, services and facilities are reported as in-kind contributions in the accompanying statement of activities and include the following donations:

			Amount	
Category	Type of Donation	Valuation	June 30, 2023	June 30, 2022
Donated Materials	Computers from Broadcom	Market value for similar products.	$ 110,228	$ 171,791
Donated Facilities	Program space – rent subsidy	Comparable rents obtained from local property	42,096	50,283
Donated Services	BCG finance department analysis	Going rate for billable hours for related services	1,601,669	-
Donated Services	Americorps	Going rate for related services	-	78,000
Total			$ 1,753,993	$ 300,074

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 and 2022 consist of the following and were restricted for the following purposes:

	2023	2022
Think Together Scholarship Fund	$ 273,987	$ 287,287
	$ 273,987	$ 287,287

NOTE 13: RELATED PARTY TRANSACTIONS

During the first half of the year ended June 30, 2023 and the previous fiscal year, the wife of the CEO was employed as its Senior Director Risk Management. After ending her employment, she continued to provide consulting services 1 day a week. In other ongoing related party arrangements, a daughter of the CEO is employed as a Marketing & Communications Specialist, another daughter of the CEO is employed as a Production Assistant and a software company owned by one of Think Together's board members has been contracted to provide on-line parent outreach services.

A Board member is a managing director at Boston Consulting Group, which provided services for Think Together in the form of consulting for the Accounting and Finance and Information Technology departments. The consulting services for the Accounting and Finance department were provided pro bono (as disclosed in Note 11), while the consulting services to the Information Technology department were provided at a 75% discount.

Think Together pays a subscription to Voter Circle, operated by one of the Board members.

A Board member and Think Together alumni provided architectural services to help the Organization entitle its home office campus for potential redevelopment as multi-family housing. These services were provided through the Board member's firm, Architects Orange, and were provided at a 50% discount.

The Board of Directors has approved each transaction in advance applying the tests of fairness and benefit to the Organization in accordance with regulatory requirements.

NOTE 14: LITIGATION

The Organization is involved in litigation in the normal course of its operations which management believes are adequately covered by insurance or accruals.

NOTE 15: SUBSEQUENT EVENTS

Subsequent to June 30, 2023, Think Together received a letter from the California Department of Education (CDE) regarding a 21st Century Community Learning Centers (CCLC) Program Grants Performance Audit report issued in July 2023 by the California Department of Finance (CDOF). This performance audit covered the period from October 25, 2019 through December 31, 2021. The contents of the letter from the CDE, dated October 16, 2023, placed the CCLC grant awards administered by Think Together on High Risk Status and included a request for repayment of $2,277,593 related to disputed expenses. The expense related to resolve this dispute was recorded in the June 30, 2023 financials as dispute resolution in the accompanying Statement of Functional Expenses. Think Together is cooperating with the CDE and participating in The Cooperative Audit Resolution and Oversight Initiation to remediate the findings of the CDOF.

Think Together

Single Audit Report on Federal Awards

Year Ended June 30, 2023

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Think Together

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Think Together (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Stephens, Reidinger + Beller LLP

Newport Beach, California
December 1, 2023

Stephens, Reidinger & Beller LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Think Together

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Think Together's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Think Together's major federal programs for the years ended June 30, 2023 and 2022. Think Together's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Think Together complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2023 and 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Think Together and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Think Together's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Think Together's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Think Together's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Think Together's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Stephens, Reidinger + Beller LLP

Newport Beach, California
December 1, 2023

Think Together

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Fiscal Year Ended June 30, 2023

Name of Agency or Department	Name of Program	CFDA No.	Name of Pass-through Entity	Identifying Number	Awards Expended
U.S. Department of Education	21st Century Community Learning Centers Program	84.287	California Department of Education	22-14349-67819-3A	$ 243,495
				22-14349-64279-3A	134,015
				22-14349-64279-2A	409,816
				22-14535-64279-2A	483,550
				22-14535-64295-2A	229,050
				22-14535-73437-2A	967,100
				22-14765-64279-3A	23,750
				22-15651-67090-0A	187,516
				22-14349-64774-1A	1,680,472
				22-14349-21860-0A	43,494
				22-14349-65037-2A	142,535
				22-14349-64816-2A	1,052,406
				22-14535-67082-2A	483,550
				22-14603-67082-2A	23,750
				22-14349-67173-3A	468,130
				22-14535-67173-3A	240,146
				22-14535-67207-2A	407,200
				22-14603-67207-2A	20,000
				22-14349-67686-2A	654,726
				22-14535-67850-2A	241,775
				22-14349-Z4150-3A	1,423,023
				22-14535-Z4150-1Y	1,899,650
				22-14535-Z4150-3A	436,284
				22-14535-Z4150-2Y	1,687,449
				22-25632-Z4150-1Y	3,552,970
				22-14765-Z4150-1Y	193,273
				22-14349-Z4150-2Y	1,280,389
				22-14765-Z4150-2Y	53,256
				22-14765-Z4150-3A	25,000
				22-14603-Z4150-2Y	32,905
				22-14603-Z4150-1Y	156,086
				22-14603-Z4150-0Y	17,305
				22-25632-C0016-1Y	595,945
				22-14765-C0016-1Y	46,921
				22-14535-C0016-1Y	304,091
				22-14603-C0016-1Y	38,552
				22-14349-Z0280-2Y	728,983
				22-14765-Z0280-2Y	32,709
					20,641,267
	Education Innovation and Research	84.411C	Think Together	S411C210113	627,017
Total U.S. Department of Education					21,268,284
U.S. Department of Health and Human Services	Child Care and Development Block Grant	93.575	Think Together	CCTR-2365	736,418
			Total Expenditures of Federal Awards		$ 22,004,702

Think Together

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Think Together under programs of the federal government for the year ended June 30, 2023. For purposes of the schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by Think Together from non-federal organizations. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Think Together, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Think Together.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF FEDERAL AWARDS

Scope of Presentation

The accompanying schedule presents expenses incurred by Think Together that are reimbursable under federal programs of federal financial assistance.

Basis of Accounting

The expenses included in the accompanying schedule were reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited for reimbursement.

Subrecipient Expenses

There were no payments made to subrecipients for the year ended June 30, 2023.

Indirect Cost Rate

Think Together has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Think Together

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2023

PRIOR PERIOD AUDIT REPORT

There were no audit findings in the previous year.

Think Together

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

SUMMARY OF AUDITORS' RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Think Together were prepared in accordance with GAAP.

2. There were no material weaknesses in internal control nor were there any significant deficiencies based upon our audit of the financial statements of the auditee.

3. No instances of noncompliance material to the financial statements of Think Together, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4. There were no material weaknesses nor were there any significant deficiencies in internal control over major programs of the auditee.

5. The auditor's report on compliance for the major federal award programs of Think Together expresses an unmodified opinion on the major federal program.

6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).

7. The program tested as a major program was the 21st Century Community Learning Centers Program, which is pass-through assistance from the U.S. Department of Education, CFDA # 84.287.

8. The threshold used for distinguishing between Type A and Type B programs was $750,000.

9. Think Together was determined to be a low risk auditee.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

There were no auditors' findings required to be reported in accordance with Generally Accepted Government Auditing Standards.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no auditors' findings or questioned costs to be reported in accordance with 2 CFR Section 200.516(a).