THINK TOGETHER

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

THINK TOGETHER
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YEARS ENDED JUNE 30, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Think Together
Santa Ana, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Think Together (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Think Together, as of June 30, 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) 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 *Auditors' 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.

Prior Period Financial Statements

The financial statements of Think Together as of June 30, 2023 were audited by other auditors whose report dated December 1, 2023, expressed an unmodified opinion of those statements.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the Organization adopted new accounting guidance for the measurement of credit losses on financial instruments measured at amortized cost. Our opinion is not modified with respect to this matter.

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.

Auditors’ 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 auditors’ 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 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 GAAS 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 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 Think Together’s ability to continue as a going concern for a reasonable period of time.

Board of Directors
Think Together

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report December 9, 2024 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 9, 2024

THINK TOGETHER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 6,450,032	$ 227,871
Investments	2,206,341	1,645,140
School District Contracts Receivable, Net of Allowance for Credit Losses of $100,000	23,466,779	28,455,176
Grants, Donations, and Other Receivables	1,336,701	2,439,653
Prepaid Expenses	1,786,048	1,043,782
Total Current Assets	35,245,901	33,811,622
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	7,969,016	8,155,030
OPERATING RIGHT-OF-USE ASSETS, NET OF ACCUMULATED DEPRECIATION	8,538,187	8,821,498
OTHER ASSETS	1,925,811	2,196,179
Total Assets	$ 53,678,915	$ 52,984,329
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Other Accrued Liabilities	$ 8,680,612	$ 13,679,201
Accrued Payroll and Related Liabilities	10,784,769	9,089,893
Current Maturities of Long-Term Debt	161,400	157,442
Deferred Revenue	1,995,432	4,157,020
Operating Lease Liability - Current	2,306,913	2,066,569
Total Current Liabilities	23,929,126	29,150,125
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,937,642	2,099,042
DEFERRED REVENUE - LONG-TERM	13,745	19,657
OPERATING LEASE LIABILITY - LONG-TERM NET OF CURRENT MATURITIES	6,818,804	7,388,212
Total Liabilities	32,699,317	38,657,036
NET ASSETS		
Net Assets Without Donor Restrictions	20,669,986	14,053,306
Net Assets With Donor Restrictions	309,612	273,987
Total Net Assets	20,979,598	14,327,293
Total Liabilities and Net Assets	$ 53,678,915	$ 52,984,329

See Accompanying Notes to Financial Statements.

THINK TOGETHER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Public Support			
Corporate Donations	$ 1,278,967	$ -	$ 1,278,967
Individual Donations	1,190,494	-	1,190,494
Foundations	1,796,446	-	1,796,446
School District Contract Services	211,708,035	-	211,708,035
Contributed Assets and Services	399,563	-	399,563
Total Public Support	216,373,505	-	216,373,505
Interest, Rental, and Other Income	1,224,053	35,625	1,259,678
Total Revenue and Support	217,597,558	35,625	217,633,183
EXPENSES			
Program Services	192,065,986	-	192,065,986
Management and General	17,130,314	-	17,130,314
Fundraising	1,784,578	-	1,784,578
Total Expenses	210,980,878	-	210,980,878
CHANGE IN NET ASSETS	6,616,680	35,625	6,652,305
Net Assets - Beginning of Year	14,053,306	273,987	14,327,293
NET ASSETS - END OF YEAR	$ 20,669,986	$ 309,612	$ 20,979,598

See Accompanying Notes to Financial Statements.

THINK TOGETHER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
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	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
Net Assets - Beginning of Year	12,379,616	287,287	12,666,903
NET ASSETS - END OF YEAR	$ 14,053,306	$ 273,987	$ 14,327,293

See Accompanying Notes to Financial Statements.

THINK TOGETHER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services			
	Out of School Programs	Management and General	Fundraising	Total Supporting Services	Total
Advertising	$ 75,602	$ 75,512	$ 73,452	$ 148,964	$ 224,566
Bank Charges	674	42,389	-	42,389	43,063
Computer and Software Expenses	1,224,439	1,352,148	16,155	1,368,303	2,592,742
Consulting	2,073,533	1,619,886	58,123	1,678,009	3,751,542
Copying and Printing	1,226,476	42,531	8,138	50,669	1,277,145
Depreciation	110,613	251,409	-	251,409	362,022
Amortization	-	315,574	-	315,574	315,574
Dues & Subscriptions	616,657	480,790	59,969	540,759	1,157,416
Insurance-General	1,071	953,188	-	953,188	954,259
Insurance-Health	2,903,235	276,079	52,026	328,105	3,231,340
Insurance-Workers Comp.	1,141,007	45,120	5,384	50,504	1,191,511
Interest	62,222	673,085	-	673,085	735,307
Legal and Accounting	144,085	583,691	1,433	585,124	729,209
Maintenance and Repairs	341,750	326,287	670	326,957	668,707
Travel and Mileage	1,267,768	90,767	26,558	117,325	1,385,093
Office Expense	148,027	21,815	1,407	23,222	171,249
Outside/Subcontracted Services	18,424,142	608,730	8,713	617,443	19,041,585
Postage/Delivery	718,729	6,526	1,249	7,775	726,504
Promotion	601,967	64,895	18,157	83,052	685,019
Rent	2,402,109	(8,727)	149	(8,578)	2,393,531
Salaries and Wages	133,401,393	8,127,708	1,261,369	9,389,077	142,790,470
Payroll Taxes	11,125,868	541,926	95,517	637,443	11,763,311
School Supplies	12,683,699	18,695	16,696	35,391	12,719,090
Special Events	103,651	81,132	68,211	149,343	252,994
Staff Development	497,759	79,366	7,826	87,192	584,951
Taxes - Property, Other	39,010	45,768	417	46,185	85,195
Telecommunications	597,698	203,923	2,959	206,882	804,580
Utilities	132,802	210,101	-	210,101	342,903
Total Functional Expenses	$ 192,065,986	$ 17,130,314	$ 1,784,578	$ 18,914,892	$ 210,980,878

See accompanying Notes to Financial Statements.

THINK TOGETHER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services			
	Out of School Programs	Management and General	Fundraising	Total Supporting Services	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 and 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
Total Functional Expenses	$ 153,225,510	$ 13,581,114	$ 1,692,583	$ 15,273,697	$ 168,499,207

See accompanying Notes to Financial Statements.

THINK TOGETHER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 6,652,305	$ 1,660,390
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	677,596	1,032,667
Unrealized Gain on Investments	(263,398)	(255,171)
Noncash Lessee Income / Expense	(45,753)	236,427
Noncash Contributions	-	(56,853)
Changes in Operating Assets and Liabilities:		
Accounts Receivables	6,091,349	(13,880,227)
Prepaid Expenses	(742,266)	(126,094)
Deposits and Other Assets	(45,206)	60,550
Accounts Payable	(4,998,589)	8,087,821
Accrued Payroll and Related Liabilities	1,694,876	3,467,805
Deferred Revenue and Rental Obligations	(2,167,500)	(1,847,170)
Net Cash Provided (Used) by Operating Activities	6,853,414	(1,619,855)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(176,007)	(404,714)
Purchase of Investments	(297,804)	(182,811)
Net Cash Used by Investing Activities	(473,811)	(587,525)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(157,442)	(153,593)
Net Cash Used by Financing Activities	(157,442)	(153,593)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,222,161	(2,360,973)
Cash and Cash Equivalents - Beginning of Year	227,871	2,588,844
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,450,032	$ 227,871
SUPPLEMENTAL DISCOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 735,307	$ 352,185

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Think Together (the Organization) is a tax-exempt nonprofit based in California, dedicated to partnering with schools to change the odds for kids. The Organization offers a wide range of direct service programs, including early learning for children ages 0-5 and comprehensive expanded learning programs for K-12 students, specifically targeting under-resourced schools and communities across the state.

In addition to these services, the Organization provides professional development for teachers and school administrators, focusing on a data-driven yet people-centric school improvement model that has consistently delivered transformational results.

The Organization's programs span over 615 sites, covering 57 public school districts and 19 charter management organizations across California. During the fiscal year ending June 30, 2024, the Organization served more than 187,000 students, with the largest component being daily afterschool programs offered in partnership with public school districts.

With these partnerships, the Organization acts as a subcontractor, directly providing afterschool programs and offering comprehensive support, including staffing, human resources, volunteer recruitment, program design, coaching, management, financial reporting, and program evaluation. Additionally, the Organization serves as the fiscal agent and program provider for Expanded Learning Programs at approximately 40 charter schools, primarily in the Los Angeles Metropolitan area. Early learning programs, including state-funded preschools, receive support through state and county agency grants. The Organization also provides staffing services to schools and districts, helping them meet key personnel needs in expanded learning programs.

The Organization also collaborates with private and philanthropic partners, including corporate foundations and private donors, to secure additional funding to support these programs. By leveraging public funding alongside private support, the Organization is able to maximize its impact, providing high-quality expanded learning opportunities that help students in California—especially those from historically marginalized backgrounds—graduate high school with every life opportunity within reach.

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).

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 GAAP 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.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Concentration of Credit Risk

The Organization considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents. The Organization maintains its cash with commercial banks which at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Organization believes these funds are all maintained in high quality financial institutions which limits its risk. The Organization 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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, 2024 and 2023, 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.

Grants and Contract Receivables and the Allowance for Credit Losses

The Organization's account receivables are primarily contract receivables for the current fiscal year. Receivables are periodically evaluated for collectability based on history with school districts. The allowance for credit losses is determined on the basis of loss experience, economic conditions in the industry, and the financial stability of customers.

The Organization has adopted the current expected credit losses, (CECL) methodology for estimating credit losses on financial assets, effective July 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organizations accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization has also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this standard did not have a material impact on the Organizations financial statements but did change how the allowance for credit losses is determined. As of June 30, 2024, the Organization had a $100,000 allowance for credit losses. The balance of grants and contract receivables on July 1, 2022, was approximately $15,688,000.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Promises to Give

The primary source for the Organization'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 Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities – Revenue Recognition* (Subtopic 958-605), the Organization 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.

Property and Equipment

The Organization 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 to 10 Years
Office, Furniture, and Equipment	3 to 7 Years

Long-lived assets held and used by the Organization 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, 2024 and 2023.

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.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred revenue and rental obligations consist of the following:

	2024	
	Current Portion	Long-Term Portion
Deferred Revenue	$ 1,995,432	$ -
Security Deposits	-	13,745
Total	$ 1,995,432	$ 13,745

	2023	
	Current Portion	Long-Term Portion
Deferred Revenue	$ 4,157,020	$ -
Security Deposits	-	19,657
Total	$ 4,157,020	$ 19,657

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 approximately $399,563 and $110,228 in donated materials during the years ended June 30, 2024 and 2023, 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 $-0- and $42,096 in contributed facilities during the years ended June 30, 2024 and 2023, respectively.

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, 2024 and 2023 were $-0- and $1,601,669, respectively. In addition, a substantial number of volunteers have donated 1,016 hours and 2,553 hours of their time to the Organization during the years ended June 30, 2024 and 2023, respectively. The value of this time and related expense has not been included in the accompanying financial statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing programs and services have been summarized on a functional basis in the statements of activities and statements 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 years ended June 30, 2024 and 2023 was $224,566 and $159,216, respectively.

Leases

The Organization leases its office spaces under noncancelable lease arrangements. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the accompanying statements of financial position. ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease.
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ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, the Organization has elected to use a risk-free discount rate of a period comparable with that of the lease term for computing the present value of lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the accompanying statements of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additionally, the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use the risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

Adoption of New Accounting Standards

At the beginning of fiscal year ended 2024 the Organization adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

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.

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.

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2024 and 2023 are as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities	$ 2,206,341	$ -	$ -	$ 2,206,341
Total Investments at Fair Value	$ 2,206,341	$ -	$ -	$ 2,206,341

	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

Net investment earnings totaling $338,375 and $259,994 are included in other income (loss) in the accompanying statements of activities for the years ended June 30, 2024 and 2023, respectively.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Land	$ 5,603,245	$ 5,603,245
Building	1,534,589	1,534,589
Building Improvements	2,934,411	2,934,411
Office, Furniture, and Equipment	1,243,297	1,257,288
Leasehold and Tenant Improvements	730,357	618,372
Subtotal	12,045,899	11,947,905
Less: Accumulated Depreciation	(4,076,883)	(3,792,875)
Total Property and Equipment	$ 7,969,016	$ 8,155,030

NOTE 4 OTHER ASSETS

	2024	2023
Deposits and Other	$ 243,813	$ 203,860
Goodwill and Intangible Assets, Net	1,681,998	1,992,319
Total Other Assets	$ 1,925,811	$ 2,196,179

NOTE 5 GOODWILL AND INTANGIBLE ASSETS

Goodwill

In July 2013, the Organization 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, the Organization 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.

Intellectual Property

In exchange for the sale of the Organization'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 seven year period, which matches the life of the related services agreement with Orenda Education.

Intangible assets consists of the following at June 30:

	2024	2023
Goodwill	$ 750,000	$ 750,000
Intellectual Property	1,647,251	1,647,251
Less: Accumulated Amortization	(715,253)	(404,932)
Net Intangible Assets	$ 1,681,998	$ 1,992,319

Amortization expense for the years ended June 30, 2024 and 2023 was $315,574 and $310,322, respectively. Estimated amortization expense for the intellectual property for each of the ensuing years through June 30, 2029, is approximately $310,000 for each year.

NOTE 6 CONCENTRATION OF SCHOOL DISTRICT CONTRACT REVENUE AND RECEIVABLES

The Organization serves as a subcontractor to school districts where it provides a variety of program services. For the year ended June 30, 2024, school district contracts comprised 98% of the Organization'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 the Organization to provide the comprehensive delivery and administrative oversight of the funded programs.

Contracted program services provided by the Organization have three primary sources of funding: 1) Expanded Learning Opportunities Program, 2) Local School District Discretionary Funding Sources, 3) Federal funding through the 21st Century Community Learning Centers program (administered by the CDE), and 4) California Department of Education (CDE) grant funding for after school programming funded by Proposition 49.

For the Organization, 58% of its operating revenue (60% of total school district revenue) relates to Expanded Learning Opportunities Programs, 22% of its operating revenue (23% of total school district contract revenue) relates to CDE Proposition 49 grant funding, 5% of its total operating revenue (6% of total school district contract revenue) relates to U.S. Department of Education 21st Century Community Centers funding, and 3% of its operating revenue (3% of total school district revenue) relates to Local School District Discretionary Funding Sources.

For the fiscal years ended June 30, 2024 and 2023, school district contract revenue for the Organization was comprised of the following sources of State and Federal grant funding:

	2024	2023
Expanded Learning Opportunities Program (ELOP)	$ 126,045,461	$ -
Local School District Discretionary Funding Sources (LCFF)	19,296,622	88,688,629
California Department of Education (CDE) - Proposition 49 After School Education and Safety Act (ASES)	48,299,231	53,142,137
U.S. Department of Education - 21st Century Community Learning Centers (21st CCLC) (Administered by the CDE)	18,066,721	20,641,267
Total	$ 211,708,035	$ 162,472,033

NOTE 7 LIQUIDITY AND AVAILABILITY

Financial assets without donor or other restrictions limiting their use within one year of June 30, 2024, which are available for general expenditures are as follows:

Financial Assets	2024	2023
Cash and Cash Equivalents	$ 6,450,032	$ 227,871
Investments	2,206,341	1,645,140
Accounts Receivable, Net	24,803,480	30,894,830
Total Financial Assets	33,459,853	32,767,841
Less: Financial Assets Held to Meet Donor-Imposed Restrictions:		
Donor Restricted Net Assets	(309,612)	(273,987)
Amount Available for General Expenditures Within One Year	$ 33,150,241	$ 32,493,854

Based on the table, the Organization has $33,150,238 of financial assets available within one year of the statement of financial position 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 is drawn upon in the event of a liquidity need.

NOTE 8 LINE OF CREDIT

The Organization 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 the Organization located in Santa Ana, California, 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 March 1, 2025. The line of credit has no outstanding balance as of June 30, 2024 and 2023. Under the terms of the line of credit agreement, the Organization is required to meet and maintain certain financial covenants. As of the date of this report and for the fiscal years ended June 30, 2024 and 2023, the Organization was in compliance with these covenants.

NOTE 9 LONG-TERM DEBT

In October 28, 2010, the Organization 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. 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, 2024 and 2023 was $904,022 and $1,004,846, respectively.

On January 31, 2008, the Organization 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 5.45% at June 30, 2024. The outstanding balance of this note was $268,940 and $283,220 at June 30, 2024 and 2023, 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 5.45% as of June 30, 2024. The outstanding balance as of June 30, 2024 and 2023 was $926,080 and $968,418, respectively.

Maturities of long-term debt are as follows:

Year Ending June 30,	Amount
2025	$ 161,400
2026	861,769
2027	62,711
2028	276,751
2029	176,618
Thereafter	559,793
Total	$ 2,099,042

NOTE 10 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In 2018, the Organization established a Supplemental Executive Retirement Plan (the Plan) to provide deferred compensation for certain key employees. The Plan is unsecured and intended to comply with section 457(f) of the Internal Revenue Code. Annually, the Board of Directors determines the performance criteria that is used to establish the deferred compensation accrual. Distributions to the participants will be payable within thirty days based on certain events, such as completion of service period, death, disability, and termination without cause. On September 30, 2024 and 2023, approximately $1,483,000 and $1,221,000 of deferred compensation are included in accrued payroll and related liabilities in the Statements of Financial Position, respectively.

NOTE 11 LEASES

The Organization adopted ASU 2016-02, *Leases (Topic 842)* (ASC 842) on July 1, 2022 on a modified retrospective basis. As a result, the Organization's lease disclosures for the years ended June 30, 2024 and 2023 are reported under ASC 842.

The Organization leases equipment and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2030 and provide for renewal options up to 60 months. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. The agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the Organization's leases:

Lease Cost	2024	2023
Operating Lease Cost	$ 2,459,399	$ 2,285,112
Variable Lease Cost	-	27,246
Total Lease Cost	$ 2,459,399	$ 2,312,358
Other Information		
Operating Cash Flows from Operating Leases	$ 2,510,900	$ 1,907,487
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$ 1,225,217	$ 10,708,718
Weighted-Average Remaining Lease Term - Operating Leases	4.2 Years	5.0 Years
Weighted-Average Discount Rate - Operating Leases	2.88%	2.88%

NOTE 11 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating
2025	$ 2,554,248
2026	2,336,888
2027	2,109,100
2028	1,362,353
2029	870,676
Thereafter	539,334
Total Lease Payments	9,772,598
Less: Imputed interest	(646,881)
Present Value of Lease Liabilities	$ 9,125,717
Short-Term Lease Liabilities	$ 2,306,913
Long-Term Lease Liabilities	6,818,804
Total	$ 9,125,717

NOTE 12 DONATED MATERIALS, SERVICES AND FACILITIES

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

			Amount June 30,	
Category	Type of Donation	Valuation	2024	2023
Donated Materials	Computers from Broadcom	Market Value for Similar Products	$ 399,563	$ 110,228
Donated Facilities	Program Space - Rent Subsidy	Comparable Rents Obtained from Local Property	-	42,096
Donated Services	BCG Finance Department Analysis	Going Rate for Billable Hours for Related Services	-	1,601,669
Total			$ 399,563	$ 1,753,993

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 and 2023 consist of the following and were restricted for the following purposes:

	2024	2023
Think Together Scholarship Fund	$ 309,612	$ 273,987
Total	$ 309,612	$ 273,987

NOTE 14 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 one day a week through March 2024. In other ongoing related party arrangements, a daughter of the CEO is employed as a Communications Manager, and another daughter of the CEO is employed as an e-Commerce Coordinator. During the year ended June 30, 2023, a software company owned by one of Think Together's board members had been contracted to provide on-line parent outreach services.

During the year ended June 30, 2023, a board member was 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.

During the year ended June 30, 2023, Think Together paid 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 multifamily housing. These services were provided through the board member's firm, Architects Orange.

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 15 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 16 COOPERATIVE AUDIT RESOLUTION AND OVERSIGHT INITIATIVE

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 Initiative to remediate the findings of the CDOF.

NOTE 17 SUBSEQUENT EVENTS

We have evaluated subsequent events through December 9, 2024, the date of the financial statements were available to be issued.