

THINK TOGETHER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**THINK TOGETHER
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



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 statements of financial position as of June 30, 2025 and 2024, 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 referred to above present fairly, in all material respects, the financial position of Think Together, as of June 30, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audits. 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.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 9, 2025

**THINK TOGETHER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 21,523,738	\$ 6,450,032
Investments	2,647,524	2,206,341
School District Contracts Receivable, Net of Allowance for Credit Losses of \$100,000	18,386,017	23,466,779
Grants, Donations, and Other Receivables	617,317	1,336,701
Prepaid Expenses	1,388,275	1,786,048
Total Current Assets	44,562,871	35,245,901
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	7,811,303	7,969,016
OPERATING RIGHT-OF-USE ASSETS, NET OF ACCUMULATED DEPRECIATION	7,902,761	8,538,187
OTHER ASSETS	1,628,231	1,925,811
Total Assets	\$ 61,905,166	\$ 53,678,915
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Other Accrued Liabilities	\$ 6,751,045	\$ 8,680,612
Accrued Payroll and Related Liabilities	10,398,686	9,302,101
Current Maturities of Long-Term Debt	859,722	161,400
Deferred Revenue and Rental Obligations	7,145,274	1,995,432
Operating Lease Liability - Current	2,355,733	2,306,913
Total Current Liabilities	27,510,460	22,446,458
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,077,902	1,937,642
DEFERRED REVENUE AND RENTAL OBLIGATIONS - LONG-TERM	9,754	13,745
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	2,789,134	1,482,668
OPERATING LEASE LIABILITY - LONG-TERM NET OF CURRENT MATURITIES	6,087,513	6,818,804
Total Liabilities	37,474,763	32,699,317
NET ASSETS		
Net Assets Without Donor Restrictions	24,126,567	20,669,986
Net Assets With Donor Restrictions	303,836	309,612
Total Net Assets	24,430,403	20,979,598
Total Liabilities and Net Assets	\$ 61,905,166	\$ 53,678,915

See accompanying Notes to Financial Statements.

**THINK TOGETHER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Public Support			
Corporate Donations	\$ 669,422	\$ -	\$ 669,422
Individual Donations	464,538	-	464,538
Foundations	1,947,912	-	1,947,912
School District Contract Services	231,741,790	-	231,741,790
Contributed Assets and Services	89,668	-	89,668
Total Public Support	234,913,330	-	234,913,330
Interest, Rental, and Other Income	1,452,367	24,224	1,476,591
Total Revenue and Support	236,365,697	24,224	236,389,921
Net Assets Release From Restrictions	30,000	(30,000)	-
Total Revenue and Support and Net Assets Released from Restrictions	236,395,697	(5,776)	236,389,921
EXPENSES			
Program Services	202,527,023	-	202,527,023
Management and General	29,396,988	-	29,396,988
Fundraising	1,015,105	-	1,015,105
Total Expenses	232,939,116	-	232,939,116
CHANGE IN NET ASSETS	3,456,581	(5,776)	3,450,805
Net Assets - Beginning of Year	20,669,986	309,612	20,979,598
NET ASSETS - END OF YEAR	\$ 24,126,567	\$ 303,836	\$ 24,430,403

See accompanying Notes to Financial Statements.

**THINK TOGETHER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>216,373,505</u>	<u>-</u>	<u>216,373,505</u>
Interest, Rental, and Other Income	<u>1,224,053</u>	<u>35,625</u>	<u>1,259,678</u>
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	<u>210,980,878</u>	<u>-</u>	<u>210,980,878</u>
CHANGE IN NET ASSETS	6,616,680	35,625	6,652,305
Net Assets - Beginning of Year	<u>14,053,306</u>	<u>273,987</u>	<u>14,327,293</u>
NET ASSETS - END OF YEAR	<u>\$ 20,669,986</u>	<u>\$ 309,612</u>	<u>\$ 20,979,598</u>

See accompanying Notes to Financial Statements.

THINK TOGETHER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services		Supporting Services		Total	
	Out of School Programs	Management and General	Fundraising	Supporting Services	Total	
Advertising	\$ -	\$ 313,293	\$ -	\$ 313,293	\$	313,293
Amortization	-	310,321	-	310,321		310,321
Bank Charges	280	45,258	-	45,258		45,538
Computer and Software Expenses	1,426,345	833,614	11,437	845,051		2,271,396
Consulting	1,558,109	1,817,361	-	1,817,361		3,375,470
Copying and Printing	449,201	882,831	1,590	884,421		1,333,622
Depreciation	94,444	180,381	-	180,381		274,825
Dues & Subscriptions	59,303	304,190	16,897	321,087		380,390
Insurance-General	488,196	2,018,224	-	2,018,224		2,506,420
Insurance-Health	3,155,450	717,765	40,416	758,181		3,913,631
Insurance-Workers Comp.	1,149,654	203,120	2,665	205,785		1,355,439
Interest	57,610	195,159	-	195,159		252,769
Legal and Accounting	123,100	1,167,155	-	1,167,155		1,290,255
Maintenance and Repairs	294,198	354,283	-	354,283		648,481
Office Expense	233,039	68,907	3,931	72,838		305,877
Outside/Subcontracted Services	25,573,437	451,692	650	452,342		26,025,779
Payroll Taxes	12,153,137	1,050,969	53,703	1,104,672		13,257,809
Postage/Delivery	312,972	40,240	3,126	43,366		356,338
Promotion	137,438	80,233	39,378	119,611		257,049
Rent	2,789,904	58,851	-	58,851		2,848,755
Salaries and Wages	141,067,783	17,504,486	715,639	18,220,125		159,287,908
School Supplies	8,280,532	-	-	-		8,280,532
Special Events	100,475	52,569	90,798	143,367		243,842
Staff Development	768,110	222,745	6,754	229,499		997,609
Taxes - Property, Other	37,942	73,105	-	73,105		111,047
Telecommunications	596,091	58,880	1,480	60,360		656,451
Travel and Mileage	1,472,834	169,285	26,641	195,926		1,668,760
Utilities	147,439	222,071	-	222,071		369,510
Total Functional Expenses	\$ 202,527,023	\$ 29,396,988	\$ 1,015,105	\$ 30,412,093	\$	232,939,116

See accompanying Notes to Financial Statements.

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

	Program Services		Supporting Services		Total	
	Out of School Programs	Management and General	Fundraising	Supporting Services	Total	
Advertising	\$ 75,602	\$ 75,512	\$ 73,452	\$ 148,964	\$ 224,566	
Amortization	-	315,574	-	315,574	315,574	
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	
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	
Office Expense	148,027	13,088	1,407	14,495	162,522	
Outside/Subcontracted Services	18,424,142	608,730	8,713	617,443	19,041,585	
Payroll Taxes	11,125,868	541,926	95,517	637,443	11,763,311	
Postage	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	-	149	149	2,402,258	
Salaries and Wages	133,401,393	8,127,708	1,261,369	9,389,077	142,790,470	
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 and Other	39,010	45,768	417	46,185	85,195	
Telecommunications	597,698	203,923	2,959	206,882	804,580	
Travel and Mileage	1,267,768	90,767	26,558	117,325	1,385,093	
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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,450,805	\$ 6,652,305
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	585,146	677,596
Unrealized Gain on Investments	(409,607)	(263,398)
Noncash Lease Expense	(47,045)	(45,753)
Changes in Operating Assets and Liabilities:		
Receivables	5,800,146	6,091,349
Prepaid Expenses	397,773	(742,266)
Other Assets	(12,741)	(45,206)
Accounts Payable	(1,929,567)	(4,998,589)
Accrued Payroll and Related Liabilities	1,096,585	1,333,506
Deferred Revenue and Rental Obligations	5,145,851	(2,167,500)
Supplemental Executive Retirement Plan	1,306,466	361,370
Net Cash Provided by Operating Activities	15,383,812	6,853,414
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(117,112)	(176,007)
Proceeds from sale of Investments	70,824	-
Purchase of Investments	(102,400)	(297,804)
Net Cash Used by Investing Activities	(148,688)	(473,811)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(161,418)	(157,442)
Net Cash Used by Financing Activities	(161,418)	(157,442)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	15,073,706	6,222,161
Cash and Cash Equivalents - Beginning of Year	6,450,032	227,871
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 21,523,738	\$ 6,450,032
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 252,770	\$ 735,307

See accompanying Notes to Financial Statements.

**THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, school administrators, and superintendents, focusing on a data-driven yet people-centric school improvement model that has consistently delivered transformational results.

The Organization's programs span over 626 sites, covering 60 public school districts and 19 charter management organizations across California. During the fiscal year ending June 30, 2025, the Organization served more than 212,000 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 51 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).

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**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.

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**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, 2025 and 2024, 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.

**THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

**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, 2025 and 2024.

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.

**THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

**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 noncancelable operating leases for office space.

Deferred revenue and rental obligations consist of the following:

	2025	
	Current Portion	Long-Term Portion
Deferred Revenue	\$ 7,145,274	\$ -
Security Deposits	-	9,754
Total	\$ 7,145,274	\$ 9,754
	2024	
	Current Portion	Long-Term Portion
Deferred Revenue	\$ 1,995,432	\$ -
Security Deposits	-	13,745
Total	\$ 1,995,432	\$ 13,745

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 \$89,668 and \$399,563 in donated materials during the years ended June 30, 2025 and 2024, respectively. Contributed facilities are reported as public support income and rental expense based on the estimated usage value of the premises. The Organization did not recognize any contributed facilities during the years ended June 30, 2025 and 2024.

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. There were no donated services resulting in recognized revenue for the years ended June 30, 2025 and 2024. In addition, a substantial number of volunteers have donated 1,985 hours and 1,016 hours of their time to the Organization during the years ended June 30, 2025 and 2024, respectively. The value of this time and related expense has not been included in the accompanying financial statements.

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**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, 2025 and 2024 was \$313,293 and \$224,566, 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.

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.

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**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.

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.

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 and 2024 are as follows:

	2025			
	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities	\$ 2,647,524	\$ -	\$ -	\$ 2,647,524
Total Investments at Fair Value	\$ 2,647,524	\$ -	\$ -	\$ 2,647,524
	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

Net investment earnings totaling \$575,609 and \$175,755 are included in other income (loss) in the accompanying statements of activities for the years ended June 30, 2025 and 2024, respectively.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2025	2024
Land	\$ 5,603,245	\$ 5,603,245
Building	1,534,589	1,534,589
Building Improvements	2,978,013	2,934,411
Office, Furniture, and Equipment	1,324,195	1,243,297
Leasehold and Tenant Improvements	650,962	730,357
Subtotal	12,091,004	12,045,899
Less: Accumulated Depreciation	(4,279,701)	(4,076,883)
Total Property and Equipment	\$ 7,811,303	\$ 7,969,016

Depreciation expense for the years ended June 30, 2025 and 2024 was \$274,825 and \$360,935, respectively.

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 OTHER ASSETS

Other assets consisted of the following at June 30:

	2025	2024
Deposits and Other	\$ 256,555	\$ 243,813
Goodwill and Intangible Assets, Net	1,371,676	1,681,998
Total Other Assets	\$ 1,628,231	\$ 1,925,811

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:

	2025	2024
Goodwill	\$ 750,000	\$ 750,000
Intellectual Property	1,647,251	1,647,251
Less: Accumulated Amortization	(1,025,575)	(715,253)
Net Intangible Assets	\$ 1,371,676	\$ 1,681,998

Amortization expense for the years ended June 30, 2025 and 2024 was \$310,321 and \$316,661, 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.

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 years ended June 30, 2025 and 2024, school district contracts comprised 99% and 98%, respectively, 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 four 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 year ended June 30, 2025, 59% of its operating revenue (60% of total school district revenue) relates to Expanded Learning Opportunities Programs, 20% of its operating revenue (20% of total school district contract revenue) relates to CDE Proposition 49 grant funding, 6% 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 13% of its operating revenue (13% of total school district revenue) relates to Local School District Discretionary Funding Sources.

For the year ended June 30, 2024, 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, 8% of its total operating revenue (9% of total school district contract revenue) relates to U.S. Department of Education 21st Century Community Centers funding, and 9% of its operating revenue (9% of total school district revenue) relates to Local School District Discretionary Funding Sources.

For the fiscal years ended June 30, 2025 and 2024, school district contract revenue for the Organization was comprised of the following sources of state and federal grant funding:

	<u>2025</u>	<u>2024</u>
Expanded Learning Opportunities Program (ELOP)	\$ 139,851,508	\$ 126,045,461
Local School District Discretionary Funding Sources (LCFF)	30,539,619	19,296,622
California Department of Education (CDE) - Proposition 49 After School Education and Safety Act (ASES)	46,455,573	48,299,231
U.S. Department of Education - 21st Century Community Learning Centers (21st CCLC) (Administered by the CDE)	<u>14,895,090</u>	<u>18,066,721</u>
Total	<u><u>\$ 231,741,790</u></u>	<u><u>\$ 211,708,035</u></u>

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 LIQUIDITY AND AVAILABILITY

Financial assets without donor or other restrictions limiting their use within one year of June 30, 2025, which are available for general expenditures are as follows:

Financial Assets	2025	2024
Cash and Cash Equivalents	\$ 21,523,738	\$ 6,450,032
Investments	2,647,524	2,206,341
Receivables and Loans, Net	19,003,334	24,803,480
Total Financial Assets	43,174,596	33,459,853
Less:		
Investments for Future Deferred Compensation	(1,359,630)	(1,040,266)
Financial Assets Held to Meet Donor- Imposed Restrictions:		
Donor Restricted Net Assets	(303,836)	(309,612)
Amount Available for General Expenditures Within One Year	\$ 41,511,130	\$ 32,109,975

As of June 30, 2025 and 2024, the Organization has \$41,511,130 and \$32,109,975, respectively, 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 Secured Overnight Financing Rate (SOFR) and has a maturity date of March 1, 2027. The line of credit has no outstanding balance as of June 30, 2025 and 2024. 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, 2025 and 2024, the Organization was in compliance with these covenants.

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 and 2024 was \$801,163 and \$904,022, respectively.

On January 31, 2008, the Organization financed the acquisition of a four-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 6.32% at June 30, 2025. The outstanding balance of this note was \$254,660 and \$268,940 at June 30, 2025 and 2024, respectively.

The purchase of the second Shalimar building was financed on May 7, 2019 under the terms of a \$1,120,000 10-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 6.32% as of June 30, 2025. The outstanding balance as of June 30, 2025 and 2024 was \$881,801 and \$926,080, respectively.

Maturities of long-term debt are as follows at June 30:

<u>Year Ending June 30,</u>	<u>2025</u>	<u>2024</u>
2025	\$ -	\$ 161,400
2026	859,722	861,769
2027	58,559	62,711
2028	270,379	276,751
2029	748,964	736,411
Total	<u>\$ 1,937,624</u>	<u>\$ 2,099,042</u>

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 30 days based on certain events, such as completion of service period, death, disability, and termination without cause. On June 30, 2025 and 2024, approximately \$2,789,000 and \$1,483,000 of deferred compensation are included in accrued payroll and related liabilities in the statements of financial position, respectively.

NOTE 11 LEASES

The Organization leases equipment and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2031 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 for years ending June 30:

Lease Cost	<u>2025</u>	<u>2024</u>
Operating Lease Cost	<u>\$ 2,757,663</u>	<u>\$ 2,459,399</u>
Other Information		
Operating Cash Flows from Operating Leases	\$ 2,868,017	\$ 2,510,900
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	\$ 1,529,038	\$ 1,225,217
Weighted-Average Remaining Lease Term - Operating Leases	3.9 Years	4.2 Years
Weighted-Average Discount Rate - Operating Leases	3.19%	2.88%

**THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 11 LEASES (CONTINUED)

Below is a maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30:

<u>Year Ending June 30,</u>	<u>2025 Operating</u>	<u>2024 Operating</u>
2025	\$ -	\$ 2,554,248
2026	2,591,674	2,336,888
2027	2,425,100	2,109,100
2028	1,687,832	1,362,353
2029	1,205,921	870,676
2030	862,877	539,334
Thereafter	289,407	-
Total Lease Payments	<u>9,062,811</u>	<u>9,772,599</u>
Less: Imputed interest	<u>(619,565)</u>	<u>(646,881)</u>
Present Value of Lease Liabilities	<u>\$ 8,443,246</u>	<u>\$ 9,125,718</u>
Short-Term Lease Liabilities	\$ 2,355,733	\$ 2,306,913
Long-Term Lease Liabilities	<u>6,087,513</u>	<u>6,818,804</u>
Total	<u>\$ 8,443,246</u>	<u>\$ 9,125,717</u>

At June 30, 2025, the Organization has an additional operating lease for office space, that has not yet commenced of approximately \$1,220,000. The operating lease will commence in January 2026 with lease terms of five years.

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:

<u>Category</u>	<u>Type of Donation</u>	<u>Valuation</u>	<u>Amount</u>	
			<u>2025</u>	<u>2024</u>
Donated Materials	Computers from Broadcom	Market Value for Similar Products	<u>\$ 89,668</u>	<u>\$ 399,563</u>

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025 and 2024 consist of the following and were restricted for the following purposes:

	<u>2025</u>	<u>2024</u>
Think Together Scholarship Fund	<u>\$ 303,836</u>	<u>\$ 309,612</u>

THINK TOGETHER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 14 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2024, the wife of the CEO was employed 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.

For years ended June 30, 2025 and 2024, 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 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

From October 2023 through October 2025, Think Together cooperated with the California Department of Education (CDE) by participating in The Cooperative Audit Resolution and Oversight Initiative (CAROI) to remediate the findings of the California Department of Finance.

On October 2, 2025, the Organization received a letter from the CDE noting that the corrective actions stated in CAROI had been met for the past two years and that the Organization is being released from High-Risk Status.

NOTE 17 RECLASSIFICATIONS

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 18 SUBSEQUENT EVENTS

We have evaluated subsequent events through December 9, 2025, the date of the financial statements were available to be issued.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.