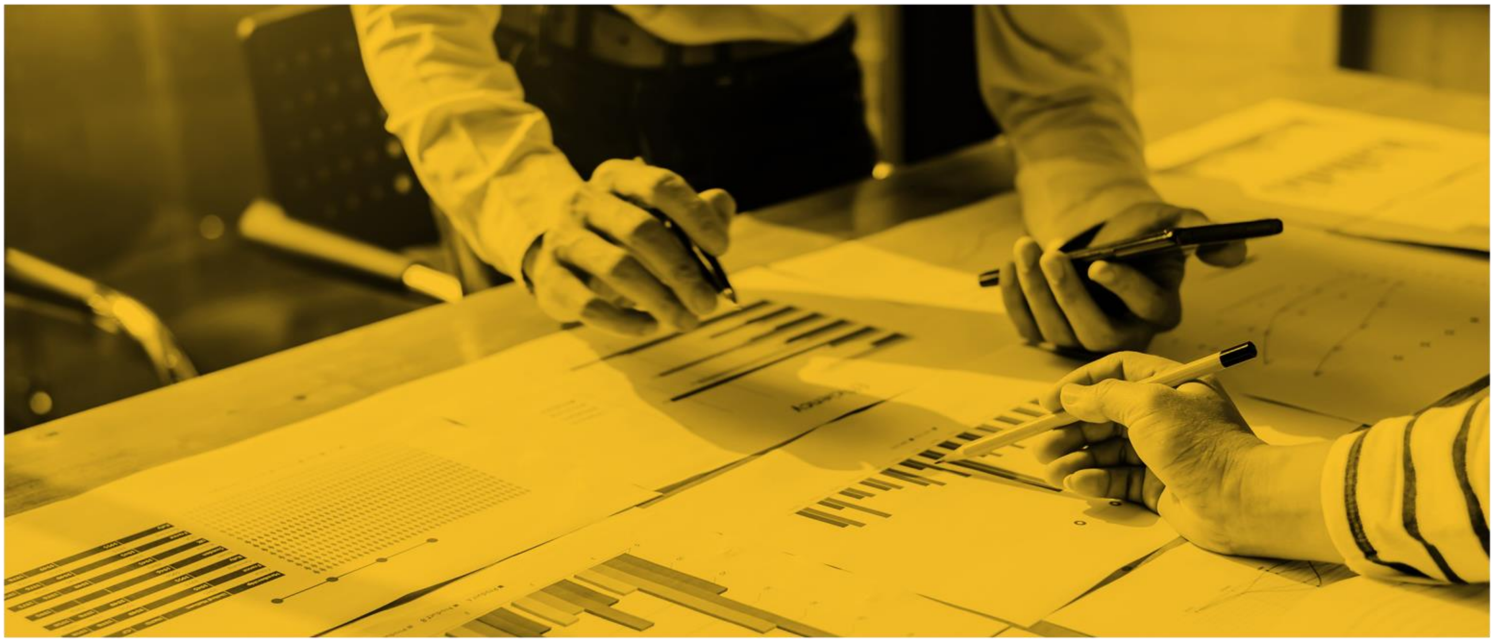

Financial Statements

Think Small

St. Paul, Minnesota

For the years ended June 30, 2023 and 2022

Abdo
Lighting the path forward

Edina Office
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Edina, MN 55436
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Mankato Office
100 Warren Street, Ste 600
Mankato, MN 56001
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Think Small
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For the Years Ending June 30, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Think Small
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Think Small (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the 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 Small as of June 30, 2023 and 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Think Small 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 opinions.

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 Small's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of Think Small'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 Think Small's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Think Small's internal control over financial reporting and compliance.

Abdo

Abdo
Minneapolis, Minnesota
November 27, 2023

FINANCIAL STATEMENTS

Think Small
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 6,834	$ 904,862
Accounts receivable - trade, net	824,671	601,932
Program receivables, net	2,633,911	2,278,217
Pledges receivable, current	2,203,422	10,000
Prepaid expenses	222,110	189,889
Inventory, net	413,651	491,938
Total Current Assets	6,304,599	4,476,838
Property and Equipment		
Land	205,000	205,000
Buildings	1,194,275	1,194,275
Building improvements	1,556,627	1,556,627
Furniture and fixtures	360,496	360,496
Computers	860,014	944,990
Office equipment	328,311	175,509
Total Property and Equipment	4,504,723	4,436,897
Less: Accumulated Depreciation	(3,802,541)	(3,600,369)
Total Property and Equipment, Net	702,182	836,528
Other Assets		
Investments	1,891,000	1,765,895
Pledges receivable, noncurrent	158,927	-
Capitalized development costs, net	806,017	939,210
Security deposits	6,119	6,119
Operating right-of-use asset	88,842	-
Total Other Assets	2,950,905	2,711,224
Total Assets	$ 9,957,686	$ 8,024,590

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Think Small
Statements of Financial Position (Continued)
June 30, 2023 and 2022

	2023	2022
Liabilities		
Current Liabilities		
Accounts payable	$ 3,094,036	$ 3,588,425
Accrued salary and related taxes	564,136	552,137
Other accrued expenses	18,444	12,692
Contract advances	529,278	418,314
Deferred revenue	189,090	18,438
Line of Credit	720,912	-
Operating lease liability - current	48,020	-
Total Current Liabilities	5,163,916	4,590,006
Noncurrent Liabilities		
Operating lease liability - noncurrent	42,085	-
Total Liabilities	5,206,001	4,590,006
Net Assets		
Without donor restrictions	4,306,868	3,319,584
With donor restrictions	444,817	115,000
Total Net Assets	4,751,685	3,434,584
Total Liabilities and Net Assets	$ 9,957,686	$ 8,024,590

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Think Small
Statements of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Publication sales, net of cost of goods sold of $1,054,785	$ 1,711,262	$ -	$ 1,711,262
Program service fees	224,451	-	224,451
Interest and dividends	54,019	-	54,019
Investment income	91,641	-	91,641
Impairment loss	(174,019)	-	(174,019)
Other revenue	54,542	-	54,542
Total Revenue	1,961,896	-	1,961,896
Support			
Contributions	2,636,229	827,677	3,463,906
In-kind contributions	475	-	475
Government contracts	30,652,977	-	30,652,977
Other contracts	1,360,036	-	1,360,036
Net assets released from restriction	497,860	(497,860)	-
Total Support	35,147,577	329,817	35,477,394
Total Revenue and Support	37,109,473	329,817	37,439,290
Expenses			
Program services	34,473,984	-	34,473,984
Management and general	1,382,635	-	1,382,635
Fundraising	265,570	-	265,570
Total Expenses	36,122,189	-	36,122,189
Change in Net Assets	987,284	329,817	1,317,101
Beginning Net Assets	3,319,584	115,000	3,434,584
Ending Net Assets	$ 4,306,868	$ 444,817	$ 4,751,685

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Think Small

Statements of Activities (Continued)
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Publication sales, net of cost of goods sold of $938,578	$ 2,036,335	$ -	$ 2,036,335
Program service fees	175,785	-	175,785
Interest and dividends	33,149	-	33,149
Investment income	(144,253)	-	(144,253)
Other revenue	76,280	-	76,280
Total Revenue	2,177,296	-	2,177,296
Support			
Contributions	569,084	291,500	860,584
In-kind contributions	43,105	-	43,105
Government contracts	26,310,566	-	26,310,566
PPP loan forgiven	449,437	-	449,437
Other contracts	568,812	-	568,812
Net assets released from restriction	563,031	(563,031)	-
Total Support	28,504,035	(271,531)	28,232,504
Total Revenue and Support	30,681,331	(271,531)	30,409,800
Expenses			
Program services	30,052,990	-	30,052,990
Management and general	1,028,473	-	1,028,473
Fundraising	325,997	-	325,997
Total Expenses	31,407,460	-	31,407,460
Change in Net Assets	(726,129)	(271,531)	(997,660)
Beginning Net Assets	4,045,713	386,531	4,432,244
Ending Net Assets	$ 3,319,584	$ 115,000	$ 3,434,584

Think Small

Statements of Functional Expenses
For the Year Ended June 30, 2023

	Program Services						
	Prepare Providers	Strengthen Families	Catalyze Change	Total Program	Management and General	Fundraising	Total
Salaries and Benefits							
Salaries	$ 3,733,742	$ 1,747,290	$ 134,085	$ 5,615,117	$ 534,793	$ 206,635	$ 6,356,545
Payroll taxes	270,916	125,404	9,116	405,436	36,524	14,447	456,407
Employee benefits	445,984	215,404	12,315	673,703	98,562	12,034	784,299
Total Salaries and Benefits	4,450,642	2,088,098	155,516	6,694,256	669,879	233,116	7,597,251
Expenses							
Contract services	244,725	5,095	51,350	301,170	399,247	24,026	724,443
Travel	17,271	-	-	17,271	-	3,038	20,309
Conferences, meetings and training	34,322	109	412	34,843	19,509	214	54,566
Supplies	5,150	2,651	-	7,801	2,659	-	10,460
Postage and shipping	186,867	12,029	-	198,896	1,575	302	200,773
Printing and copying	111,472	12,135	-	123,607	3,788	-	127,395
Sales and marketing	375,466	-	-	375,466	16,720	-	392,186
Occupancy	110,538	100,888	-	211,426	22,027	-	233,453
Telephone	61,085	31,730	582	93,397	17,137	689	111,223
Equipment and repairs	204,774	106,977	17,717	329,468	-	-	329,468
Insurance	33,692	18,176	-	51,868	38,616	-	90,484
Professional fees	85,414	11,484	48,799	145,697	108,575	-	254,272
Scholarships	-	23,410,020	-	23,410,020	-	-	23,410,020
Grants	1,894,627	-	50,000	1,944,627	299	-	1,944,926
In-kind supplies	-	-	-	-	-	475	475
Subscriptions and dues	5,740	3,046	659	9,445	5,217	785	15,447
Miscellaneous	-	-	-	-	2,978	-	2,978
Bad debts	-	-	-	-	1,316	-	1,316
Interest	185	-	-	185	34,534	-	34,719
Depreciation and amortization	401,497	83,160	-	484,657	24,794	-	509,451
Credit card and bank fees	39,884	-	-	39,884	13,765	2,925	56,574
Total Expenses	$ 8,263,351	$ 25,885,598	$ 325,035	$ 34,473,984	$ 1,382,635	$ 265,570	$ 36,122,189

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Think Small

Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2022

	Program Services						
	Prepare Providers	Strengthen Families	Catalyze Change	Total Program	Management and General	Fundraising	Total
Salaries and Benefits							
Salaries	$ 3,265,094	$ 1,726,482	$ 171,103	$ 5,162,679	$ 589,192	$ 215,261	$ 5,967,132
Payroll taxes	227,851	127,162	10,584	365,597	38,815	19,204	423,616
Employee benefits	434,050	237,420	20,445	691,915	61,021	17,561	770,497
Total Salaries and Benefits	3,926,995	2,091,064	202,132	6,220,191	689,028	252,026	7,161,245
Expenses							
Contract services	194,071	16,934	18,825	229,830	142,740	3,250	375,820
Travel	603	785	154	1,542	13,786	248	15,576
Conferences, meetings and training	45,849	2,081	104	48,034	-	2,897	50,931
Supplies	22,635	5,901	-	28,536	1,982	-	30,518
Postage and shipping	264,096	11,284	-	275,380	3,494	17	278,891
Printing and copying	152,030	14,521	184	166,735	5,150	851	172,736
Sales and marketing	487,526	-	-	487,526	3,799	-	491,325
Occupancy	113,213	85,715	1,588	200,516	39,658	1,969	242,143
Telephone	58,360	31,114	2,231	91,705	7,612	2,901	102,218
Equipment and repairs	311,897	104,435	28,188	444,520	-	6,604	451,124
Insurance	26,442	13,955	817	41,214	50,559	1,017	92,790
Professional fees	15,145	7,442	136,089	158,676	12,388	402	171,466
Scholarships	-	18,789,239	-	18,789,239	-	-	18,789,239
Grants	2,250,306	-	50,000	2,300,306	1,903	-	2,302,209
In-kind supplies	-	-	-	-	-	43,105	43,105
Subscriptions and dues	5,224	-	22,397	27,621	4,743	643	33,007
Miscellaneous	241	50	-	291	-	89	380
Interest	1,081	-	-	1,081	-	-	1,081
Depreciation and amortization	411,742	90,005	5,194	506,941	22,758	6,517	536,216
Credit card and bank fees	33,106	-	-	33,106	28,873	3,461	65,440
Total Expenses	$ 8,320,562	$ 21,264,525	$ 467,903	$ 30,052,990	$ 1,028,473	$ 325,997	$ 31,407,460

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Think Small
Statement of Cash Flows
For the Year Ended June 30, 2023

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 1,317,101	$ (997,660)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
PPP loan forgiven	-	(449,437)
Depreciation and amortization	509,451	536,216
Impairment loss	174,019	-
Unrealized loss (gains) on investments	(84,543)	137,339
Net realized loss (gain) on investments	(27,552)	(6,468)
Reclassification of fixed asset to construction in process	41,306	
Loss on disposal of fixed assets	2,975	-
Reinvested investment income	(13,010)	-
(Increase) Decrease in Assets:		
Accounts receivable - trade	(222,739)	(71,026)
Program receivables	(355,694)	(560,164)
Pledges receivable	(2,352,349)	262
Prepaid expenses	(32,221)	(46,755)
Inventory	78,287	11,996
Capitalized development costs	(302,618)	(167,101)
Increase (Decrease) in Liabilities		
Accounts payable	(494,389)	732,030
Accrued salary and related taxes	11,999	56,128
Other accrued expenses	5,752	(19,394)
Contract advances	110,964	(154,298)
Deferred revenue	170,652	(57,508)
Operating lease liability	1,263	-
Net Cash Provided (Used) by Operating Activities	(1,461,346)	(1,055,840)
Cash Flows From Investing Activities		
Purchase of property and equipment	(157,594)	(143,001)
Cash Flows From Financing Activities		
Advances on line of credit	720,912	
Net Increase (Decrease) in Cash and Cash Equivalents	(898,028)	(1,198,841)
Cash and Cash Equivalents - Beginning of Year	904,862	2,103,703
Cash and Cash Equivalents - End of Year	$ 6,834	904,862
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 26,393	$ 28
Disposal of fully depreciated property and equipment	$ 59,254	$ 43,911
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 131,663	$ -

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Note 1: Summary of Significant Accounting Policies

Nature of Organization

Think Small (the Organization) is a nonprofit organization working to advance quality care and education of children in their early years. We use leading-edge knowledge from the early childhood field to create services and tools that support and strengthen the abilities of families and early childhood professionals.

Prepare Providers

Professional Development, Consultation, and Coaching

Think Small provides professional development opportunities focused on the essential elements of providing high-quality care. Opportunities include classes and workshops provided in English, Spanish, Hmong, Somali, Oromo, Amharic, and Karen; individual and site-based consultation and coaching support; business support to help maintain a successful childcare business; and career guidance for certification and licensing. Over 11,000 childcare providers take part in trainings and coaching every year.

Community Outreach and Access

Think Small's multilingual Outreach staff connects with historically underserved communities, including those in low-income neighborhoods, English Language Learners (ELL), communities of color, immigrant and refugee families, so they can fully engage in Minnesota's early childhood care and education system. Staff assist nearly 1,000 new immigrant and other families and providers navigating complex government systems, connecting them to resources and services available at Think Small and other organizations. Staff provide language translation and interpretation for providers and families.

Publishing

Redleaf Press is our award-winning, international publisher of exceptional early learning curriculum, professional development materials, and business resources. Redleaf publishes more than a dozen new titles every year and has approximately 400 titles in print. Redleaf Press has 56 books translated into 12 different languages. Over 200,000 products are distributed each year to customers both in the U.S. and abroad.

Library

Think Small operates a unique early childhood library as a branch of the St. Paul Public Library. Now numbering over 6,500 items, the library's collection is a part of Minnesota's public interlibrary loan system and materials can be delivered to all public libraries statewide.

Strengthen Families

Family Engagement

Think Small Parent Powered texting delivers evidence-based texting messages to parents and caregivers for children birth to five years old. These short text messages encourage parents to do fun and engaging activities with their children to support their development and help assure they will be ready for Kindergarten. Over 10,000 families are currently enrolled.

Scholarships and Other Financial Supports

Think Small serves providers and families with targeted financial supports. Annually, Think Small administers over 4,700 eligibility-based scholarships for families to enroll children in quality childcare programs in order to reduce opportunity gaps.

Note 1: Summary of Significant Accounting Policies (Continued)

Catalyze Change

Beanstalk

Think Small has an innovation lab where high-potential services are developed, implemented and when merited, scaled, with the end goal of ensuring every child in Minnesota is ready for kindergarten.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets without Donor Restriction (Unrestricted)

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets with Donor Restriction (Restricted)

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Organization has donor restricted net assets of $444,817 and $115,000, for the years ended June 30, 2023 and 2022, respectively.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in its financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term, highly liquid investments and investments purchased with a maturity of three months or less to be considered cash or cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insurance limits at times.

Pledges Receivable

Pledges receivable are stated at the amount management expects to collect. Management review receivable balances annually and establishes an allowance based on expected collections. The allowance for pledges receivable was $0 for the years ended June 30, 2023 and 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

The Organization's accounts receivable are due in less than one year and are recorded at the amount management expects to collect. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable on a quarterly basis. Uncollectible amounts are charged against the allowance for doubtful accounts. The receivables are current and are due in one year or less.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established through a provision charged to expense. Accounts receivable are charged against the allowance for doubtful accounts when management believes that the collectability of the balance is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing accounts receivable that may become uncollectible, based on evaluations of the collectability of individual accounts receivable and prior accounts receivable loss experience. The evaluations take into consideration such factors as receivable quality, review of specific problem receivables, and current economic conditions that may affect the client's ability to pay. The allowance for uncollectible trade accounts was $910 for the years ended June 30, 2023 and 2022. The allowance for uncollectible program accounts was $1,000 for the years ended June 30, 2023 and 2022. When all collection efforts have been exhausted, the accounts are written off against the related allowance.

Property and Equipment

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of $5,000 with a future benefit of greater than one year. Depreciation and amortization is charged to activities using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Asset	Estimated Useful Lives
Land	-
Building	20 years
Building Improvements	10 to 20 years
Furniture and Fixtures	5 years
Computers	3 to 7 years
Office Equipment	3 to 15 years

Depreciation expense for the years ended June 30, 2023 and 2022 was $247,658 and $295,379 respectively.

Capitalized Development Costs

Capitalized development costs represent pre-publishing development costs of books. Such costs are amortized over their estimated useful lives which are typically 10 years, though shorter time periods may be used in certain cases. Amortization is 15% per year for the first three years, 10% for the next four years, and 5% for the final three years. Costs associated with discontinued publications are written off and charged to expense in the period discontinued. Amortization expense for the years ended June 30, 2023 and 2022 was 261,792 and 239,472 respectively. Impairment loss for the years ended June 30, 2023 and 2022 was $174,019 and $0 respectively.

Inventory

Inventory consists of Early Childhood Education books and publications held for resale by the Organization. Such inventory is valued at the lower of cost or net realizable value, with cost being determined by title on an average cost basis. An allowance for excess and obsolete inventory has been recorded for books, which may be unsaleable based on historical data. The allowances for obsolescence was $226,389 and $240,267 for the years ended June 30, 2023 and 2022, respectively.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Think Small reports its investments in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures.* ASC Topic 820 provides guidance for accounting for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Donated investments are recorded at fair value on the date of donation and sold upon receipt. See Note 3, Fair Value Investments, for amounts recorded in 2023 and 2022

Revenue Recognition

Think Small follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from its publication sales and program service revenue. In the case of publication sales, revenue is recognized when the product is shipped out, which is at a point in time. In a case of program service revenue, revenue is recognized once a customer has attended the class, which is at a point in time.

- **Performance Obligations**

  The performance obligation related to publication sales is satisfied when the product is shipped out; therefore Think Small recognizes revenue at a point in time. The performance obligation related to program services is satisfied when a customer has attended the class, therefore Think Small recognizes revenue at a point in time.

- **Contract balances**

  Deferred revenue consists of payments received in advance that relates to publication sales . Deferred revenue does not represent total values. All deferred revenue is classified as current and will be recognized over the next year. Deferred revenue is $189,090 and $18,438 as of June 30, 2023 and 2022, respectively.

The Think Small other revenues are explicitly excluded from the scope of ASC Topic 606 and are not recorded in accordance with that standard.

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

Government contract funds are generally considered nonexchange transactions and are recorded as revenue when earned as conditions on eligible expenditures are met. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as contract advances if the contract contains conditions. At June 30, 2023 and 2022, approximately 87% and 86% of government contract revenue was from the state of Minnesota respectively. The Organization received government grants of $11,246,972 and $10,361,076 that have not been recognized as of June 30, 2023 and 2022, respectively.

In-Kind Contributions

Donated materials are recorded as contributions when received, at their estimated fair market value. During the years ended June 30, 2023 and 2022, the Organization received program supplies of $475 and $43,105 respectively. The supplies received are utilized by the Organization.

Income Taxes

Think Small is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code.

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expense presents the natural classification detail of expenses by function. In the absence of specific identification, expenses have been allocated based on staff time spent in each category and space. The time allocations are based on estimates made by management.

Shipping and Handling

Think Small records shipping and handling costs to postage and shipping expense. Shipping and handling was $52,508 and $51,289 for the year ended June 30, 2023 and 2022, respectively.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $107,737 and $110,824 for the years ended June 30, 2023 and2022, respectively.

Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the 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. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities.

The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.

- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.

- The Organization I has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for the Organization as of July 1, 2022, and has been applied using a modified retrospective approach.

Note 1: Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU amends the guidance on the impairment of financial instruments and adds an impairment model, known as the current expected credit losses model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses over the contractual life of a financial asset. In November 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), which defers the effective date to annual reporting periods beginning after December 15, 2022, with early adoption permitted. The provisions of this ASU are to be applied using the modified retrospective approach. The Organization is currently evaluating the impact this standard will have on its financial statements.

Subsequent Events

Subsequent events were evaluated through November 27, 2023, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

From time to time, Think Small's cash balances at financial institutions may exceed the Federal Deposit Insurance Corporation (FDIC) limits of $250,000. Management does not believe this presents a significant risk to the Organization. The unsecured cash balance for Think Small was $0 and $701,759 and for the years ended June 30, 2023 and 2022.

Note 3: Fair Value Measurements

The Organization has adopted ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that the market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value, as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that included quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entity.

The Organization also has adopted ASC Topic 825, Financial Instruments. ASC Topic 825 allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities that are not otherwise required to be stated at fair value, on a contract-by-contract basis. The Organization has not elected to change the measurement of any existing financial instruments at fair value. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Note 3: Fair Value Measurements (Continued)

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

Money Market Funds - Valued at $1 per share.

Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Exchange Traded Funds, Closed End Funds – Investments in mutual funds and stocks, valued at market value.

Net Unsettled Purchases and Sales – Uncompleted purchases and sales valued at expected execution price

Financial assets recorded in the statement of financial position are categorized based on the inputs to the valuation technique as follows:

	2023	2022
	Level 1	Level 1
Money Market Funds	$ 43,889	$ 18,406
Mutual Funds	1,020,080	750,450
Exchange Traded Funds, Closed End Funds	716,690	887,180
Net Unsettled Purchases and Sales	4,009	310
Total	$ 1,784,668	$ 1,656,346
Investments Accounted for at Net Asset Value	$ 106,332	$ 109,549
Total Assets at Fair Value	$ 1,891,000	$ 1,765,895

Assets measured using net asset value per share (or its equivalent)

Think Small values certain investment holdings at fair value using their net asset value and has the ability to redeem its investments with the investee at the net asset value per share (or its equivalent) at the measurement date.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2023 are as follows:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Whitebox Credit Fund, Ltd.	$ 106,332	-	Quarterly	60 Days

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2022 are as follows:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Whitebox Credit Fund, Ltd.	$ 109,549	-	Quarterly	60 Days

Note 3: Fair Value Measurements (Continued)

Whitebox Relative Value Fund, LTD. (The Relative Value Fund) is a “feeder” entity in a “master-feeder” structure, whereby the Relative Value Fund invests substantially all of its assets in Whitebox Relative Value Partners, L.P. (the Relative Value Master Fund). The Relative Value Master Fund’s investment objective is to provide superior short-term, risk-adjusted returns through a convertible arbitrage trading strategy. To accomplish this, the Relative Value Master Fund invests primarily in convertible debt, equity and other securities of the United States issuers. In addition to its investment in the Relative Value Master Fund, the Relative Value Fund holds an investment in an affiliated limited liability company. The fair value of the fund has been estimated using the net asset value per share of the investments.

Whitebox Credit Fund, Ltd. (the Credit Fund) is a “feeder” entity in a “master-feeder” structure, whereby the Credit Fund invests substantially all of its assets in Whitebox Credit Partner, L.P. (the Credit Master Fund). The Credit Master Fund’s investment objective is to provide superior short-term, risk-adjusted returns through an arbitrage trading strategy using convertible debt, equity, and other securities. In addition to its investment in the Credit Master Fund, the Credit Fund holds an investment in an affiliated limited liability company and a derivative contract. The fair value of the fund has been estimated using the net asset value per share of the investments.

Investment income for the years ended June 30, 2023 and 2022 is made up of the following:

	2023	2022
Dividends and interest	$ 54,019	$ 33,149
Realized and unrealized gains/(losses)	112,095	(125,827)
Investment expenses	(20,454)	(18,426)
Total Investment Income	$ 145,660	$ (111,104)

Note 4: Paycheck Protection Program Notes

In March 2021, the Organization entered into a promissory note agreement in the amount of $449,437 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES) and governed by the Small Business Administration (SBA). The note accrues interest at one percent per annum and is scheduled to mature in March 2023. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). During February 2022, the loan was 100% forgiven and recorded as revenue.

Note 5: In-kind Donations

In-kind donations consisted of the following for the years ended June 30, 2023 and 2022:

	2023	2022	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Masks	$ 475	$ 43,105	Management and general	None	Estimated wholesale prices of identical or similar products if purchased in the region

Note 6: Line of Credit

Think Small has a $1,000,000 revolving line of credit with Bremer Bank with an interest rate of 8.5% and a maturity date of November 30, 2023. The line of credit is secured by all inventory, chattel paper, accounts receivable, equipment and general intangibles. There was no outstanding balance as of June 30, 2023.

Note 7: Leases

A. Leases Under ASC 840

Expenses under leases for the years ended June 30, 2022 totaled $77,525. Cash payments for future rental commitments are as follows:

Year Ended June 30,	Amount
2023	$ 100,437
2024	98,553
2025	70,038
2026	4,125
Thereafter	43,656
Total	$ 316,809

B. Leases Under ASC 842

Effective July 1, 2022, the Organization entered into an operating leases for an office building. Monthly payments range from $4,018--$4,254 and have a remaining lease term from 2 years. The lease asset and liability were calculated using the weighted-average risk-free discount rate of 2.880 percent.

As disclosed in Note 1, the Organization adopted FASB ASC 842, effective July 1, 2022, using a modified retrospective approach. As a result, the Organization was required to recognize a ROU asset and corresponding lease liability on the face of the statement of financial position for the year ended June 30, 2023. As the standard was implemented using a modified retrospective approach, the statement of financial position as of June 30, 2022 was not impacted.

Additional information about the Organization’s lease for the year ended June 30, 2023, is as follows:

Lease expense (included in operating expenses)	
Operating lease expense	$ 49,715
Other Information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	$ 1,260
ROU assets obtained in exchange for new operating lease liabilities	131,663
Weighted-average remaining lease term in years for operating leases	2
Weighted-average discount rate for operating leases	2.880%

Maturities of lease liabilities are as follows:

Ended June 30,	Operating
2024	$ 49,868
2025	42,540
Total undiscounted cash flows	92,408
Less: present value discount	(2,303)
Total Lease Liabilities	$ 90,105

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2023	2022
Time Restricted	$ 419,817	$ 75,000
Policy, Advocacy and Initiatives	25,000	40,000
Total	$ 444,817	$ 115,000

Note 9: Pension Plan

Think Small has a 401(k) plan for eligible employees. Eligibility for this plan requires one month of employment and attainment of age 18. During the year ended June 30, 2023 and 2022, Think Small contributed $246,577 and $227,891 on behalf of its employees.

Note 10: Commitments and Contingencies

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies principally the federal government passed through the state of Minnesota and Ramsey County. Such audits could result in claims against Think Small for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at November 27, 2023.

Note 11: Solar Capital Lease Agreement

In February 2017, Think Small entered into Solar Array Capital Lease Agreements. The terms of the agreement stipulate that Think Small is the fee title owner of a Rooftop Ballasted Solar Array installed in June 2017. In exchange, Think Small has assigned its tax and energy rebates to the lessee and agrees to purchase power produced by the solar panels at a pre-negotiated rate. The duration of the contract is 20 years, with the last payment due in the year 2037, with an available early termination clause. Think Small has agreed to lease the solar array and the premises occupied by the panels to the lessee for a term equal to the Power Purchase agreement for a combined total of $50 per year.

Note 13: Liquidity and Availability of Resources

The Organization has the following assets available to meet financial needs for one year:

	2023	2022
Financial Assets		
Cash and cash equivalents	$ 6,834	$ 904,862
Accounts receivable - trade, net	824,671	601,932
Program receivables - net	2,633,911	2,278,217
Pledges receivable	2,203,422	10,000
Total Financial Assets	5,668,838	3,795,011
Less: Net Assets with Donor Restrictions	(444,817)	(115,000)
Plus Time-Restricted Net Assets Available Within One Year	419,817	75,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,643,838	$ 3,755,011

As part of our liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. Per its operating reserve, the Organization strives to have $1.2 million as an operating reserve to provide short-term financial stability during an unexpected financial challenge.

OTHER REPORTS

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

Board of Directors
Think Small
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Think Small (the Organization) which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2023.

Reporting on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Abdo

Abdo
Minneapolis, Minnesota
November 27, 2023

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

Board of Directors
Think Small
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Think Small's (the Organization), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Abdo

Abdo
Minneapolis, Minnesota
November 27, 2023

Think Small
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Program Title Pass-Through Grantor/Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Pass-Through Identification Number	Pass-Through Federal Expenditures	Federal Expenditures
U.S. Department of Health and Human Services:				
Child Care and Development Fund Cluster:				
Child Care Development Block Grant				
Passed-Through Minnesota Department of Human Services	93.575	2101MNCCDF, 2101MNCSC6, 2101MNCDC6; 2301MNCCDD	$ 5,645,728	$ 5,645,728
Total US Dept of Health and Human Services:			5,645,728	5,645,728
U.S. Department of Education:				
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Governor's Emergency Education Relief (GEER II) Fund				
Passed-Through Minnesota Department of Education	84.425C	S425C210015	2,488,456	2,488,456
Total U.S. Department of Education:			2,488,456	2,488,456
Total Federal Expenditures			$ 8,134,184	$ 8,134,184

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, and *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-Through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

Note 4: Subrecipients

Federal expenditures provided to subrecipients are presented separately in the Schedule of Expenditures of Federal Awards.

Note 5: Indirect Cost Rate

During the year ended June 30, 2023, the Organization did not elect to use the 10% de minimis indirect cost rate.

Think Small
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements:	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards:	
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	No
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	No

Identification of Major Federal Programs:	Assistance Listing Number
Child Care and Development Fund Cluster:	
Child Care and Development Block Grant	93.575
Dollar threshold used to distinguish between Type A and Type B Programs:	$ 750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance	Yes

Section II - Findings - Financial Statement Audit

There are no significant deficiencies, material weaknesses, or instances of material noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III - Findings and Questioned Costs - Major Federal Award Programs Audit

There are no significant deficiencies, material weaknesses, or instances of material noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Other Issues

The Summary Schedule of Prior Audit Findings is not required because there were no prior year audit findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

A Corrective Action Plan is not required because there were no current year findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.