TEACH, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

OPERATING:

TEACH Academy of Technologies - #1206

TEACH Tech Charter High School - #1658

TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary - #2004

TEACH, INC.
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YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Teach, Inc.
Los Angeles, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Teach, Inc. (the Organization), a California nonprofit public benefit corporation, which comprise the consolidated 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 consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated financial statements section of our report. We are required to be independent of Teach, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Board of Directors
Teach, Inc.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Organization's consolidated financial statements as a whole. The TEACH Academy of Technologies, TEACH Tech Charter High School, TEACH Preparatory Elementary, TEACH Public Schools, Inc., Cunningham and Morris, LLC, TEACH Foundation, Wooten Avila LLC, and Eliminations columns in the statements of financial position, activities, and cash flows as well as the supplementary information (as identified in the table of contents) accompanying supplementary schedules, and 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* are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

Such information is the responsibility of management and, except for the portion marked “unaudited”, was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole. The Local Education Agency Organization Structure, which is marked “unaudited”, has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued a report dated REPORT DATE on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Organization’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

TEACH, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 19,586,833
Accounts Receivable - Federal and State	3,169,698
Accounts Receivable - Other	1,127,376
Prepaid Expenses and Other Assets	181,058
Total Current Assets	24,064,965
LONG-TERM ASSETS	
Restricted Cash and Cash Equivalents	3,387,791
Property, Plant, and Equipment, Net	30,004,788
Total Long-Term Assets	33,392,579
Total Assets	$ 57,457,544
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	$ 2,042,585
Deferred Revenue	5,416,443
Interest Payable	58,498
Notes Payable, Current Portion	53,194
Bonds Payable, Current Portion	345,000
Total Current Liabilities	7,915,720
LONG-TERM LIABILITIES	
Notes Payable, Net	62,060
Bonds Payable, Net	34,313,310
Total Long-Term Liabilities	34,375,370
Total Liabilities	42,291,090
NET ASSETS	
Without Donor Restrictions	15,166,454
Total Net Assets	15,166,454
Total Liabilities and Net Assets	$ 57,457,544

See accompanying Notes to Consolidated Financial Statements.

TEACH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

REVENUES, WITHOUT DONOR RESTRICTIONS	
State Revenue:	
State Aid	$ 10,573,397
Other State Revenue	3,769,578
Federal Revenue:	
Grants and Entitlements	3,635,709
Local Revenue:	
In-Lieu Property Tax Revenue	3,398,577
Contributions	1,380
Interest Revenue	171,102
Investment Gain	41,267
Other Revenue	10,004
Total Revenues	21,601,014
EXPENSES	
Program Services	12,460,410
Management and General	7,406,612
Total Expenses	19,867,022
CHANGE IN NET ASSETS	1,733,992
Net Assets Without Donor Restrictions - Beginning of Year	13,432,462
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 15,166,454

See accompanying Notes to Consolidated Financial Statements.

TEACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total Expenses
Salaries and Wages	$ 5,461,389	$ 2,293,695	$ 7,755,084
Pension Expense	839,208	265,842	1,105,050
Other Employee Benefits	529,383	218,762	748,145
Payroll Taxes	275,631	108,055	383,686
Management Fees	-	238,225	238,225
Legal Expenses	-	23,262	23,262
Accounting Expenses	-	46,044	46,044
Instructional Materials	897,418	14,593	912,011
Other Fees for Services	3,866,587	127,351	3,993,938
Advertising and Promotion Expenses	-	15,100	15,100
Office Expenses	-	426,613	426,613
Occupancy Expenses	451,825	335,410	787,235
Travel Expenses	18,608	63,855	82,463
Interest Expense	-	1,774,605	1,774,605
Depreciation Expense	120,361	1,138,468	1,258,827
Amortization Expense	-	17,822	17,822
Insurance Expense	-	198,567	198,567
Other Expenses	-	100,343	100,345
Total Expenses by Function	$ 12,460,410	$ 7,406,612	$ 19,867,022

See accompanying Notes to Consolidated Financial Statements.

TEACH, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,733,992
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,258,831
Amortization of Debt Issuance Cost and Discount	21,145
(Increase) Decrease in Assets:	
Accounts Receivable - Federal and State	788,204
Accounts Receivable - Other	318,346
Prepaid Expenses and Other Assets	(72,215)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	122,614
Deferred Revenue	4,530,332
Net Cash Provided by Operating Activities	8,701,249
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property, Plant, and Equipment	(724,310)
Net Cash Used by Investing Activities	(724,310)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments of Notes/Bonds Payable	(398,198)
Bond Issuance Costs	21,145
Bond Discount/Premium	(44,472)
Net Cash Used by Financing Activities	(421,525)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	7,555,414
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	15,419,210
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 22,974,624
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 1,774,605
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH REPORTED WITHIN THE STATEMENT OF FINANCIAL POSITION	
Cash and Cash Equivalents	$ 19,586,833
Restricted Cash and Cash Equivalents	3,387,791
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Financial Position	$ 22,974,624

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Teach, Inc. (the School) was incorporated in the state of California on January 2, 2001, under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The School is comprised of TEACH Public Schools, Inc. (charter management organization), TEACH Academy of Technologies, TEACH Tech Charter High School, and TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary (TEACH Preparatory Elementary), Cunningham & Morris, LLC, and Wooten Avila, LLC.

TEACH Academy of Technologies petitioned and was approved through Los Angeles Unified School District for a charter for a five-year period ending in 2020 under the Education Code Section 47612 and 47613.5, and began operations in 2010. TEACH Tech Charter High School petitioned and was approved through Los Angeles Unified School District for a charter for a five-year period ending in 2019 under the Education Code Section 47612 and 47613.5, and began operations in 2014. TEACH Preparatory Elementary petitioned and was approved through Los Angeles Unified School District for a charter for a five-year period ending in 2023 under the Education Code Section 47612 and 47613.5, and began operations in August 2018.

The School currently serves approximately 1,148 students in Transitional Kindergarten through Grade 12.

The mission of the School is to create a high quality, innovative teaching, and learning environment that focuses on literacy; integrating state-of-the-art technologies across the core curriculum to achieve academic proficiency for all students.

Cunningham & Morris, LLC, and Wooten Avila, LLC., are limited liability companies whose single member is Teach, Inc. The purpose of the LLCs includes owning and leasing real property to Teach, Inc.

TEACH Inc. Foundation is a nonprofit corporation which was formed to operate exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Teach Inc.

Principles of Consolidation

The consolidated financial statements include the accounts of TEACH, Inc. and its single member limited liability company subsidiary: Cunningham & Morris, LLC and Wooten Avila, LLC, and Teach Inc. Foundation, collectively referred to as the Organization. All material intercompany transactions have been eliminated.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Costs of providing the Organization's programs and other activities have been presented in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources. The expenses that are allocated include management fees, legal, accounting, advertising, travel, interest, depreciation, insurance and other expenses, which are allocated on a directly allocation basis, as well as salaries and wages, benefits, payroll taxes, other fees for service, office expenses, and occupancy, which are allocated on the basis of estimates of time and effort.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2023. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased, or at estimated fair value, if donated. The Organization capitalizes all expenditures for land, buildings, and equipment in excess $1,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The useful lives range varies from 3 to 35 years.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the Organization is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the Organization based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the consolidated statement of financial position. As of June 30, 2023, the Organization has conditional grants of $5,949,819 of which $5,528,437 is recognized as deferred revenue in the consolidated statement of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Organization does not allow employees to carryover unused vacation. Accordingly, there were no accumulated absence benefits at June 30, 2023.

Income Taxes

Teach, Inc. and TEACH Foundation are nonprofit entities exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. Teach, Inc. and TEACH Foundation file an exempt Organization return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Cunningham & Morris, LLC and Wooten Avila, LLC are considered disregarded entities and therefore exempted from the payment of income taxes. The LLCs have been granted exemption from the California state LLC fee under California Revenue and Taxation Code.

Leases

The Organization leases operating and office facilities with intercompany parties. All intercompany transactions have been eliminated. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the consolidated statement of financial position. Finance leases are included in financing ROU assets, and lease liabilities – financing on the consolidated statement 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. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. 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. 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 ROU assets on the consolidated statement 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Adoption of New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption with certain practical expedients available.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, the Organization elected the hindsight practical expedient to determine the lease term for existing leases.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

As a result of the adoption of the new lease accounting guidance, on the consolidating statement of financial position in the supplementary section, the Organization recognized on July 1, 2022 a ROU asset at the carrying amount of the lease asset of $44,540,389. The Organization also recognized on July 1, 2022 a lease liability of $44,678,973, which represents the present value of the remaining lease payments discounted using the risk-free rate of 3.11%.

The leases subject to ASC 842 are intercompany agreements within the Organization. On the consolidated statement of financial position, these have been eliminated. The standard had a material impact on the consolidated statement of financial position but did not have an impact on the consolidated statement of activities, nor the consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through REPORT DATE, the date these consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and accounts receivable for the total amount of $23,883,907.

As part of its liquidity management plan, the Organization monitors liquidity required and cash flows to meet operating needs on a monthly basis. The Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization also maintains cash balances held in banks and revolving funds which are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). Amounts over the FDIC insurance are insured by the bank up to 110%. At times, cash in these accounts exceeds the insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying consolidated financial statements are presented net of accumulated depreciation. Depreciation expense was $1,258,827 as of June 30, 2023.

The components of property, plant, and equipment as of June 30, 2023 are as follows:

	TEACH Academy of Technologies	TEACH Tech Charter High School	TEACH Preparatory Elementary	TEACH Public Schools, Inc.	Cunningham and Morris, LLC	Wooten Avila LLC	Total
Construction in Progress	$ 848,313	$ -	$ -	$ (1,311)	$ 31,000	$ 1,074,712	$ 1,952,714
Land	-	-	-	-	3,280,111	900,000	4,180,111
Buildings	-	-	-	-	7,786,399	19,567,084	27,353,483
Leasehold Improvements	732,285	200,504	163,866	79,181	-	-	1,175,836
Furniture, Fixtures, and Equipment	306,899	281,729	182,896	43,785	-	-	815,309
Total Property, Plant, and Equipment	1,887,497	482,233	346,762	121,655	11,097,510	21,541,796	35,477,453
Less: Accumulated Depreciation	(635,341)	(279,717)	(129,939)	(73,781)	(1,902,292)	(2,451,595)	(5,472,665)
Property, Plant, and Equipment, Net	$ 1,252,156	$ 202,516	$ 216,823	$ 47,874	$ 9,195,218	$ 19,090,201	$ 30,004,788

NOTE 5 BONDS PAYABLE

In November 2016, Cunningham & Morris, LLC obtained financing through the CSFA. The amount loaned to the LLC was $12,530,000 to be applied to the finance or refinance certain costs of the acquisition, construction, improvement, equipping and furnishing of charter school facilities. The loan agreement requires the LLC and TEACH, Inc. to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear interest rates ranging from 5.250% to 5.875%.

In December 2019, Wooten Avila, LLC obtained financing through the CSFA. The amount loaned to the LLC was $22,310,000 to be applied to the finance or refinance certain costs of the acquisition, construction, improvement, equipping and furnishing of charter school facilities. The loan agreement requires the LLC and TEACH, Inc. to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear interest rates ranging from 4.00% to 5.00%

The LLCs is required to maintain in a bond reserve cash account an amount equal to the bond reserve requirement which is calculated as the least of (a) 10% of the proceeds from the bonds (b) maximum annual debt service with respect to the bonds outstanding, (c) 125% of average annual debt service with respect to the bonds or (d) the last bond year only, the total debt service with respect to the bonds outstanding.

Bonds payable are reported on the consolidated statement of financial position, net of a discount of $190,568, net of premium $1,759,420 and net of issue costs of $675,542. The discount, premium and issue costs are amortized to amortization expense over the life of the bonds.

NOTE 5 BOND PAYABLE (CONTINUED)

A portion of the bonds are subject to early redemption at the option of the LLC on any date after June 1, 2026 together with accrued interest.

Future maturities of bonds payable are as follows:

Year Ending June 30,	Cunningham and Morris, LLC	Wooten Avila LLC	Total
2024	$ 170,000	$ 175,000	$ 345,000
2025	175,000	190,000	365,000
2026	190,000	195,000	385,000
2027	200,000	205,000	405,000
2028	210,000	215,000	425,000
Thereafter	10,965,000	20,875,000	31,840,000
Total Future Maturities	11,910,000	21,855,000	33,765,000
Bond Issue Costs	(234,433)	(441,109)	(675,542)
Bond Premium	-	1,759,420	1,759,420
Bond Discount	(190,568)	-	(190,568)
Total Bond Payable	$ 11,484,999	$ 23,173,311	$ 34,658,310

NOTE 6 NOTES PAYABLE

In August 2018, the Organization obtained a note payable in the amount of $372,360. The note is secured by modular buildings previously purchase by the Organization. The note does not have a stated interest rate, but requires monthly payments of $5,721.22 and has an imputed interest rate of 7.55%. The note matures on July 1, 2025. The balance as of June 30, 2023 was $115,254.

In August 2019, the Organization entered into a Charter School Revolving Loan with the California School Finance Authority, in the amount of $150,000. The loan bears an interest rate of 2.21% and matures in October 2022. The loan has been paid and has a $0 balance as of June 30, 2023.

Future maturities under notes payable are as follows:

Year Ending June 30,	Amount
2024	$ 53,194
2025	62,060
Total Future Maturities	$ 115,254

NOTE 7 PARTICIPATION IN JOINT POWERS AUTHORITY

The Organization entered into a Joint Powers Agreement (JPA) known as “CharterSAFE” through the California Charter Schools Association Joint Powers Authority (CCSA-JPA), a self-insurance plan for workers' compensation, property/casualty, and school board liability insurance. The CCSA-JPA is governed by a board consisting of a representative from each member organization. The board controls the operation of the CCSA-JPA including selection of management and approval of operating budgets, independent of any influence by the member organizations beyond their representation on the board. Each member organization pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the CCSA-JPA. The CCSA-JPA is a separate entity which is audited by an independent accounting firm.

NOTE 8 EMPLOYEE RETIREMENT

Multiemployer Defined Benefit Pension Plans

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the state of California.

The risks of participating in these multiemployer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the Organization chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the Plan. The Organization has no plans to withdraw from this multiemployer plan.

State Teachers’ Retirement System (STRS)

Plan Description

The Organization contributes to the State Teachers’ Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The Plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers’ Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2022 total STRS plan net assets are $300 billion, the total actuarial present value of accumulated plan benefits is $434 billion, contributions from all employers totaled $6.513 billion, and the plan is 74.4% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The Organization's contributions to STRS for the past three years are as follows:

Year Ending June 30,	Required Contribution	Percent Contributed
2021	$ 611,130	100%
2022	776,277	100%
2023	956,982	100%

Public Employees' Retirement System (PERS)

Plan Description

The Organization contributes to the Organization Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2022, the Organization Employer Pool total plan assets are $79.3 billion, the present value of accumulated plan benefits is $113.7 billion, contributions from all employers totaled $3.55 billion, and the plan is 69.8% funded. The Organization did not contribute more than 5% of the total contributions to the plan.
Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 8.0% of their salary for Public Employees' Pension Reform Act (PEPRA) members and 7.0% of their salary for classic members. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2023 was 25.37%. The contribution requirements of the plan members are established and may be amended by state statute.

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Funding Policy (Continued)

The Organization's contributions to PERS for each of the last three years are as follows:

Year Ending June 30,	Required Contribution	Percent Contributed
2021	$ 64,257	100%
2022	108,576	100%
2023	132,834	100%

NOTE 9 CONTINGENCIES, RISKS AND UNCERTAINTIES

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

SUPPLEMENTARY INFORMATION

TEACH, INC.
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)
UNAUDITED

The Organization was established in the state of California on January 2, 2001, when it was granted its charter under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The Organization was granted its charter by the Los Angeles Unified School District (the District) and its charter school status from the California Department of Education. The charter may be revoked by the District for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

The charter schools operated and charter numbers are as follows:

TEACH Academy of Technologies – charter number 1206

TEACH Tech Charter High School – charter number 1658

TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary – charter number 2004

The Board of Directors and the Administrator as of June 30, 2023 were as follows:

BOARD OF DIRECTORS

Member	Office	Term Expires (2-Year Term)
Cecilia Sandoval	Board Chair	July 2023
Spencer Burrows	Secretary	May 2025
Sanjay Athalye	Member	November 2024
James Lobdell	Member	September 2024
Austin Dragon	Member	July 2023

ADMINISTRATOR

Raul Carranza	Superintendent

TEACH, INC.
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2023

	Instructional Minutes		Traditional	
	Requirement	Actual	Calendar Days	Status
TEACH Preparatory Elementary:				
Grade TK/K	36,000	58,590	180	In compliance
Grade 1	50,400	57,420	180	In compliance
Grade 2	50,400	57,420	180	In compliance
Grade 3	50,400	60,120	180	In compliance
Grade 4	54,000	60,120	180	In compliance
TEACH Academy of Technologies:				
Grade 5	54,000	64,845	180	In compliance
Grade 6	54,000	64,845	180	In compliance
Grade 7	54,000	64,845	180	In compliance
Grade 8	54,000	64,845	180	In compliance
TEACH Tech Charter High School:				
Grade 9	64,800	69,780	180	In compliance
Grade 10	64,800	69,780	180	In compliance
Grade 11	64,800	69,780	180	In compliance
Grade 12	64,800	69,780	180	In compliance

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

TEACH, INC.
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2023

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
TEACH Preparatory Elementary:				
Grades TK/K-3	175.10	175.10	175.34	175.34
Grade 4	47.57	47.57	47.43	47.43
ADA Totals	222.67	222.67	222.77	222.77
TEACH Academy of Technologies:				
Grades 5-6	155.45	155.45	154.99	154.99
Grades 7-8	221.40	221.40	220.59	220.59
ADA Totals	376.85	376.85	375.58	375.58
TEACH Tech Charter High School:				
Grades 9-12	369.39	369.39	366.22	366.22
ADA Totals	369.39	369.39	366.22	366.22
ADA Totals	968.91	968.91	964.57	964.57

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

TEACH, INC.
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

	TEACH Academy of Technologies	TEACH Tech Charter High School	TEACH Preparatory Elementary
June 30, 2023 Annual Financial Report Fund Balances (Net Assets)	$ 6,784,313	$ 8,122,806	$ 3,063,263
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents	19,644	41,490	28,909
Accounts Receivable - Federal and State	(257,366)	47,321	616,341
Accounts Receivable - Other	92,270	141,784	489,786
Prepaid Expenses and Other Assets	-	(210)	-
Deferred Rent Asset	-	(55,634)	-
Operating Right-of-Use Asset	16,374,730	15,625,298	11,762,510
Accounts Payable and Accrued Liabilities	(5,241)	(39,261)	(943,049)
Deferred Revenue	221,891	10,157	(595,391)
Deferred Rent Liability	184,488	-	-
Operating Lease Liability	(16,560,306)	(15,570,773)	(11,765,174)
Net Adjustments and Reclassifications	70,110	200,172	(406,068)
June 30, 2023 Audited Financial Statement Fund Balances (Net Assets)	$ 6,854,423	$ 8,322,978	$ 2,657,195

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

TEACH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Additional Award Identification	TEACH Academy of Technologies	TEACH Tech Charter High School	TEACH Preparatory Elementary	Total
U.S. Department of Education							
Pass-Through Program from California Department of Education:							
Every Child Succeeds Act							
Title I, Part A, Basic Grants: Low-Income and Neglected	84.010	14329		$ 216,361	$ 191,463	$ 112,062	$ 519,886
Title II, Part A, Teacher Quality	84.367	14341		41,636	40,314	13,687	95,637
Title III, Part A, Limited English Proficiency	84.365	14346		-	-	737	737
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15391		16,969	14,089	10,000	41,058
Title IV 21st Century Grant Community Learning Center	84.287	14349		86,655	-	-	86,655
Special Education Cluster - IDEA Basic Local Assistance	84.027	13379		94,512	94,763	59,489	248,764
Total Special Education Cluster				94,512	94,763	59,489	248,764
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):							
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	COVID-19	10,920	64,038	4,789	79,747
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	COVID-19	47,581	-	20,865	68,446
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	COVID-19	591,156	284,768	133,103	1,009,027
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	COVID-19	141,301	75,960	74,632	291,893
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	COVID-19	16,223	16,968	6,801	39,992
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	COVID-19	27,735	29,362	11,724	68,821
Total CARES Act:				834,916	471,096	251,914	1,557,926
Total U.S. Department of Education				1,291,049	811,725	447,889	2,550,663
U.S. Department of Agriculture							
Pass-Through Program from California Department of Education:							
Child Nutrition Cluster:							
School Breakfast Program Especially National School Lunch Program	10.555	N/A		385,117	235,680	326,259	947,056
Total Child Nutrition Cluster				385,117	235,680	326,259	947,056
Total U.S. Department of Agriculture				385,117	235,680	326,259	947,056
U.S. Department of Health and Human Services							
Pass-Through Program From Los Angeles County Office of Education:							
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A		60,546	51,321	26,123	137,990
Total U.S. Department of the Treasury				60,546	51,321	26,123	137,990
Total Federal Expenditures				$ 1,736,712	$ 1,098,726	$ 800,271	$ 3,635,709

N/A - Pass-through entity number not readily available or not applicable.

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

TEACH, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	TEACH Academy of Technologies	TEACH Tech Charter High School	TEACH Preparatory Elementary	TEACH Public Schools, Inc.	Cunningham and Morris, LLC	TEACH Foundation	Wooten Avila LLC	Eliminations	Consolidated Total
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	$ 6,186,625	$ 7,889,627	$ 3,201,462	$ 1,985,163	$ 57,417	$ -	$ 266,539	$ -	$ 19,586,833
Accounts Receivable - Federal and State	1,685,480	686,671	797,547	-	-	-	-	-	3,169,698
Accounts Receivable - Other	636,797	340,369	135,470	6,429	4,122	2,337	1,852	-	1,127,376
Intercompany Receivables	413,585	535,582	1,371,256	104,277	-	-	349	(2,425,049)	-
Prepaid Expenses and Other Assets	60,639	211,782	142,155	16,818	-	-	3,625	(253,961)	181,058
Total Current Assets	8,983,126	9,664,031	5,647,890	2,112,687	61,539	2,337	272,365	(2,679,010)	24,064,965
LONG-TERM ASSETS									
Restricted Cash and Cash Equivalents	-	-	-	-	1,109,347	-	2,278,444	-	3,387,791
Deferred Rent Asset	-	-	-	-	194,312	-	-	(194,312)	-
Operating Right-of-Use Asset	16,374,730	15,625,298	11,762,510	-	-	-	-	(43,762,538)	-
Property, Plant, and Equipment, Net	1,252,156	202,516	216,823	47,874	9,195,218	-	19,090,201	-	30,004,788
Total Long-Term Assets	17,626,886	15,827,814	11,979,333	47,874	10,498,877	-	21,368,645	(43,956,850)	33,392,579
Total Assets	$ 26,610,012	$ 25,491,845	$ 17,627,223	$ 2,160,561	$ 10,560,416	$ 2,337	$ 21,641,010	$ (46,635,860)	$ 57,457,544
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Liabilities	$ 860,916	$ 173,128	$ 665,445	$ 343,096	$ -	$ -	$ -	$ -	$ 2,042,585
Intercompany Payables	104,277	168,804	493,964	1,574,597	76,431	-	6,976	(2,425,049)	-
Deferred Revenue	2,114,836	1,256,162	2,045,445	-	-	-	111,994	(111,994)	5,416,443
Deferred Rent Liability, Current Portion	-	-	-	-	-	-	55,728	(55,728)	-
Interest Payable	-	-	-	-	58,498	-	-	-	58,498
Operating Lease Liability, Current Portion	361,355	254,290	191,248	-	-	-	-	(806,893)	-
Notes Payable, Current Portion	53,194	-	-	-	-	-	-	-	53,194
Bonds Payable, Current Portion	-	-	-	-	170,000	-	175,000	-	345,000
Total Current Liabilities	3,494,578	1,852,384	3,396,102	1,917,693	304,929	-	349,698	(3,399,664)	7,915,720
LONG-TERM LIABILITIES									
Intercompany Deposit Payable	-	-	-	-	-	-	141,967	(141,967)	-
Operating Lease Liability, Net	16,198,951	15,316,483	11,573,926	-	-	-	-	(43,089,360)	-
Notes Payable, Net	62,060	-	-	-	-	-	-	-	62,060
Bonds Payable, Net	-	-	-	-	11,314,999	-	22,998,311	-	34,313,310
Total Long-Term Liabilities	16,261,011	15,316,483	11,573,926	-	11,314,999	-	23,140,278	(43,231,327)	34,375,370
Total Liabilities	19,755,589	17,168,867	14,970,028	1,917,693	11,619,928	-	23,489,976	(46,630,991)	42,291,090
NET ASSETS									
Without Donor Restrictions	6,854,423	8,322,978	2,657,195	242,868	(1,059,512)	2,337	(1,848,966)	(4,869)	15,166,454
Total Net Assets	6,854,423	8,322,978	2,657,195	242,868	(1,059,512)	2,337	(1,848,966)	(4,869)	15,166,454

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

TEACH, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES BY LOCATION
YEAR ENDED JUNE 30, 2023

	TEACH Academy of Technologies	TEACH Tech Charter High School	TEACH Preparatory Elementary	TEACH Public Schools, Inc.	Cunningham and Morris, LLC	TEACH Foundation	Wooten Avila LLC	Eliminations	Consolidated Total
REVENUES, WITHOUT DONOR RESTRICTIONS									
State Revenue:									
State Aid	$ 3,664,852	$ 4,572,257	$ 2,336,288	$ -	$ -	$ -	$ -	$ -	$ 10,573,397
Other State Revenue	1,967,273	1,063,018	739,287	-	-	-	-	-	3,769,578
Federal Revenue:									
Grants and Entitlements	1,736,712	1,098,726	800,271	-	-	-	-	-	3,635,709
Local Revenue:									
In-Lieu Property Tax Revenue	1,321,850	1,295,683	781,044	-	-	-	-	-	3,398,577
Contributions	-	1,380	-	-	-	-	-	-	1,380
Interest Revenue	40,751	112,983	17,368	-	-	-	-	-	171,102
Investment Gain	-	-	-	-	8,157	-	33,110	-	41,267
Other Revenue	10,004	-	-	2,116,708	861,429	-	1,296,810	(4,274,947)	10,004
Total Revenues	8,741,442	8,144,047	4,674,258	2,116,708	869,586	-	1,329,920	(4,274,947)	21,601,014
EXPENSES									
Program Services	5,461,079	4,909,520	3,221,099	595,303	-	-	-	(1,726,591)	12,460,410
Management and General	2,271,266	1,866,150	1,195,589	1,819,708	1,014,703	-	1,782,683	(2,543,487)	7,406,612
Total Expenses	7,732,345	6,775,670	4,416,688	2,415,011	1,014,703	-	1,782,683	(4,270,078)	19,867,022
CHANGE IN NET ASSETS	1,009,097	1,368,377	257,570	(298,303)	(145,117)	-	(452,763)	(4,869)	1,733,992
Net Assets Without Donor Restrictions - Beginning of Year	5,845,326	6,954,601	2,399,625	541,171	(914,395)	2,337	(1,396,203)	-	13,432,462
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 6,854,423	$ 8,322,978	$ 2,657,195	$ 242,868	$ (1,059,512)	$ 2,337	$ (1,848,966)	$ (4,869)	$ 15,166,454

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

TEACH, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS BY LOCATION
YEAR ENDED JUNE 30, 2023

	TEACH Academy of Technologies	TEACH Tech Charter High School	TEACH Preparatory Elementary	TEACH Public Schools, Inc.	Cunningham and Morris, LLC	TEACH Foundation	Wooten Avila LLC	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Change in Net Assets	$ 1,009,097	$ 1,368,377	$ 257,570	$ (298,303)	$ (145,117)	$ -	$ (452,763)	$ (4,869)	$ 1,733,992
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:									
Depreciation	134,196	59,883	46,645	11,850	294,727	-	711,530	-	1,258,831
Amortization	-	-	-	-	8,542	-	12,603	-	21,145
(Increase) Decrease in Assets:									
Accounts Receivable - Federal and State	(312,480)	715,743	384,941	-	-	-	-	-	788,204
Accounts Receivable - Other Deposits	41,780	158,443	122,586	(6,429)	(1,117)	-	3,083	-	318,346
Intercompany Receivables	(364,402)	(393,145)	(1,371,256)	316,859	-	-	(349)	1,812,293	-
Prepaid Expenses and Other Assets	(26,689)	(173,246)	(25,112)	10,865	-	-	-	141,967	(72,215)
Deferred Rent Asset	-	56,991	1,586	-	9,515	-	-	(68,092)	-
Operating Right-of-Use Asset	(16,374,730)	(15,625,298)	(11,762,510)	-	-	-	-	43,762,538	-
Increase (Decrease) in Liabilities:									
Accounts Payable and Accrued Liabilities	108,741	(293,215)	331,592	(24,504)	-	-	-	-	122,614
Intercompany Payables	13,370	(73,464)	374,882	1,574,597	64,875	-	-	(1,954,260)	-
Deferred Rent Liability	(203,826)	-	-	-	-	-	(2,850)	206,676	-
Deferred Revenue	1,499,469	1,143,039	1,803,904	-	-	-	83,920	-	4,530,332
Operating Lease Liability	16,560,306	15,570,773	11,765,174	-	-	-	-	(43,896,253)	-
Net Cash Provided by Operating Activities	2,084,832	2,514,881	1,930,002	1,584,935	231,425	-	355,174	-	8,701,249
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchases of Property, Plant, and Equipment	(259,815)	(19,741)	(64,329)	(5,498)	(39,542)	-	(335,385)	-	(724,310)
Net Cash Used in Investing Activities	(259,815)	(19,741)	(64,329)	(5,498)	(39,542)	-	(335,385)	-	(724,310)
CASH FLOWS FROM FINANCING ACTIVITIES									
Repayments of Notes/Bonds Payable	(53,194)	-	(20,004)	-	(160,000)	-	(165,000)	-	(398,198)
Bond Issuance Costs	-	-	-	-	8,542		12,603	-	21,145
Bond Discount/Premium	-	-	-	-	5,797	-	(50,269)	-	(44,472)
Net Cash Used by Financing Activities	(53,194)	-	(20,004)	-	(145,661)	-	(202,666)	-	(421,525)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,771,823	2,495,140	1,845,669	1,579,437	46,222	-	(182,877)	-	7,555,414
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,414,802	5,394,487	1,355,793	405,726	1,120,542	-	2,727,860	-	15,419,210
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 6,186,625	$ 7,889,627	$ 3,201,462	$ 1,985,163	$ 1,166,764	$ -	$ 2,544,983	$ -	$ 22,974,624
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION									
Cash Paid for Interest	$ 15,460	$ -	$ 349	$ -	$ 708,246	$ -	$ 1,050,550	$ -	$ 1,774,605
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH REPORTED WITHIN THE STATEMENT OF FINANCIAL POSITION									
Cash and Cash Equivalents	$ 6,186,625	$ 7,889,627	$ 3,201,462	$ 1,985,163	$ 57,417	$ -	$ 266,539	$ -	$ 19,586,833
Restricted Cash and Cash Equivalents	-	-	-	-	1,109,347	-	2,278,444	-	3,387,791
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Financial Position	$ 6,186,625	$ 7,889,627	$ 3,201,462	$ 1,985,163	$ 1,166,764	$ -	$ 2,544,983	$ -	$ 22,974,624

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED CONSOLIDATED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited consolidated financial statements.

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award 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 requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of 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 5 INDIRECT COST RATE

The Organization has elected to use a rate other than the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 6 SUPPLEMENTARY STATEMENTS BY LOCATION AND ENTITY

These statements report the financial position, activities and cash flows for each of TEACH, Inc.'s charter schools, departments, and subsidiaries.

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

Board of Directors
Teach, Inc.
Los Angeles, California

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 consolidated financial statements of Teach, Inc. (the Organization), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the consolidated financial statements, and have issued our report thereon dated REPORT DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 opinion on the consolidated 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 Organization'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 or significant deficiencies may exist that have not been identified.

Board of Directors
Teach, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE

Board of Directors
Teach, Inc.
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Teach, Inc.'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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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 (GAAS); 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 Auditors' 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 laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' 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 GAAS, *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 GAAS, *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 Auditors' 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.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Directors
Teach, Inc.
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited Teach, Inc.'s (the Organization) compliance with the types of compliance requirements applicable to the Organization described in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2023. The Organization's applicable State compliance requirements are identified in the table below.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the Organization for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel 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. 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 laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's state programs.

Auditors' Responsibility 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 GAAS, *Government Auditing Standards*, and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel 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 the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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.

Board of Directors
Teach, Inc.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the Organization's compliance with the laws and regulations applicable to the following items:

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable[1]
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable[2]
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant (CTEIG)	Not Applicable[3]
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable[4]
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable[5]
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Not Applicable[1]: The Organization did not have any expenditures for California Clean Energy Jobs Act in the year under audit or a completed project between 12 and 15 months prior to any month in the audit year.

Not Applicable[2]: The Organization did not report ADA pursuant to Education Code section 51749.5.

Not Applicable[3]: The Organization did not receive a CTEIG allocation for the audit year.

Not Applicable[4]: The Organization did not report ADA to the CDE as generated through nonclassroom-based instruction (independent study).

Not Applicable[5]: The Organization did not report more than 20% of its ADA as generated through nonclassroom-based instruction (independent study).

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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from 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.

Purpose of this Report

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

TEACH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results

Consolidated Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
84.425C	Expanded Learning Opportunities (ELO) Grant GEER II
84.425D	Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund & ESSER III Learning Loss
84.425U	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs & ELO ESSER III Learning Loss

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? __x__ yes ______ no

All audit findings must be identified as one or more of the following categories:

Five Digit Code	Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Consolidated Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Findings and Questioned Costs – State Compliance

There were no findings or questioned costs related to state awards for June 30, 2023.

TEACH, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

There were no findings and questioned costs related to the consolidated financial statements, federal awards, or state awards for the prior year.