

TEACH FOR AMERICA
FINANCIAL STATEMENTS
May 31, 2019 and 2018

TEACH FOR AMERICA
New York, New York

FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Teach for America, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Teach for America, Inc. ("TFA"), which comprise the statement of financial position as of May 31, 2019, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TFA as of May 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, TFA has adopted ASU 2016-14 - Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities* for the year ended May 31, 2019. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of TFA as of May 31, 2018, were audited by other auditors whose report dated November 26, 2018, expressed an unmodified opinion on those statements.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer, as required by the State of Louisiana, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 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 other 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 25, 2019 on our consideration of TFA'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 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 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 TFA's internal control over financial reporting and compliance.



Crowe LLP

New York, New York
November 25, 2019

TEACH FOR AMERICA
STATEMENTS OF FINANCIAL POSITION
May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 21,365,351	\$ 33,148,929
Restricted cash (Note 2)	2,012,334	2,012,334
Grants and contracts receivable	4,920,541	4,323,728
Fee for service receivable, net (Note 2)	556,741	409,759
Prepaid expenses and other assets	8,448,451	6,572,161
Contributions receivable, net (Note 4)	40,276,005	31,771,164
Loans receivable from corps members, net (Note 5)	4,308,646	3,633,034
Investments, at fair value (Note 3)	360,017,105	335,961,692
Fixed assets, net (Note 6)	<u>18,244,136</u>	<u>18,916,627</u>
 Total assets	 <u>\$ 460,149,310</u>	 <u>\$ 436,749,428</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 37,310,952	\$ 40,100,566
Deferred rent payable (Note 13)	10,681,156	10,161,733
Deferred revenue	11,729,399	19,170,635
Other liabilities	<u>307,102</u>	<u>592,364</u>
Total liabilities	<u>60,028,609</u>	<u>70,025,298</u>
 Commitment and Contingencies (Notes 7 and 13)		
 Net Assets		
Without Donor Restriction (Note 9)	172,430,100	102,551,846
With Donor Restriction (Note 8 and 9)	<u>227,690,601</u>	<u>264,172,284</u>
Total net assets	<u>400,120,701</u>	<u>366,724,130</u>
 Total liabilities and net assets	 <u>\$ 460,149,310</u>	 <u>\$ 436,749,428</u>

See accompanying notes to financial statements.

TEACH FOR AMERICA
STATEMENT OF ACTIVITIES
For the year ended May 31, 2019, with comparative totals for 2018

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	2019 <u>Total</u>	2018 <u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions (Note 4)	\$ 132,051,479	\$ 38,328,042	\$ 170,379,521	\$ 130,872,564
Grants and contracts	107,191,860	-	107,191,860	93,051,414
Fee for service	23,435,580	-	23,435,580	23,415,992
Special events (Note 2)	17,273,758	191,850	17,465,608	12,487,578
Interest and dividend income (Note 3)	2,123,714	4,478,367	6,602,081	5,644,738
Net (depreciation) appreciation in fair value of investments (Note 2 and 3)	1,198,188	(4,140,471)	(2,942,283)	28,693,825
Other revenue	3,589,855	-	3,589,855	2,376,174
Reclassification of assets (Note 9)	55,796,332	(55,796,332)	-	-
Net assets released from restrictions (Note 8)	<u>19,543,139</u>	<u>(19,543,139)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>362,203,905</u>	<u>(36,481,683)</u>	<u>325,722,222</u>	<u>296,542,285</u>
OPERATING EXPENSES				
Program services				
Corps member recruitment, selection and placement	57,461,519	-	57,461,519	56,897,927
Pre-service institute	36,359,692	-	36,359,692	36,003,070
Corps member professional development and other	93,275,139	-	93,275,139	92,360,282
Alumni affairs	<u>31,868,635</u>	<u>-</u>	<u>31,868,635</u>	<u>31,556,063</u>
Total program services	<u>218,964,985</u>	<u>-</u>	<u>218,964,985</u>	<u>216,817,342</u>
Supporting services				
Management and general	42,367,354	-	42,367,354	41,951,808
Fundraising	<u>30,993,312</u>	<u>-</u>	<u>30,993,312</u>	<u>30,689,324</u>
Total supporting services	<u>73,360,666</u>	<u>-</u>	<u>73,360,666</u>	<u>72,641,132</u>
Total operating expenses	<u>292,325,651</u>	<u>-</u>	<u>292,325,651</u>	<u>289,458,474</u>
Change in net assets	<u>69,878,254</u>	<u>(36,481,683)</u>	<u>33,396,571</u>	<u>7,083,811</u>
Net Assets, Beginning of year	<u>102,551,846</u>	<u>264,172,284</u>	<u>366,724,130</u>	<u>359,640,319</u>
Net Assets, End of year	<u>\$ 172,430,100</u>	<u>\$ 227,690,601</u>	<u>\$ 400,120,701</u>	<u>\$ 366,724,130</u>

See accompanying notes to financial statements.

TEACH FOR AMERICA
STATEMENT OF ACTIVITIES
For the year ended May 31, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2018 Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions (Note 4)	\$ 101,314,986	\$ 29,557,578	\$ 130,872,564
Grants and contracts	93,051,414	-	93,051,414
Fee for service	23,415,992	-	23,415,992
Special events (Note 2)	12,287,578	200,000	12,487,578
Interest and dividend income (Note 3)	1,308,498	4,336,240	5,644,738
Net appreciation in fair value of investments (Note 2 and 3)	4,561,293	24,132,532	28,693,825
Other revenue	2,376,174	-	2,376,174
Net assets released from restrictions (Note 2 and 8)	26,906,921	(26,906,921)	-
Total revenues, gains and other support	<u>265,222,856</u>	<u>31,319,429</u>	<u>296,542,285</u>
OPERATING EXPENSES			
Program services			
Corps member recruitment, selection and placement	56,897,927	-	56,897,927
Pre-service institute	36,003,070	-	36,003,070
Corps member professional development and other	92,360,282	-	92,360,282
Alumni affairs	31,556,063	-	31,556,063
Total program services	<u>216,817,342</u>	<u>-</u>	<u>216,817,342</u>
Supporting services			
Management and general	41,951,808	-	41,951,808
Fundraising	30,689,324	-	30,689,324
Total supporting services	<u>72,641,132</u>	<u>-</u>	<u>72,641,132</u>
Total operating expenses	<u>289,458,474</u>	<u>-</u>	<u>289,458,474</u>
Change in net assets	<u>(24,235,618)</u>	<u>31,319,429</u>	<u>7,083,811</u>
Net Assets, Beginning of year	<u>126,787,463</u>	<u>232,852,856</u>	<u>359,640,319</u>
Net Assets, End of year	<u>\$ 102,551,845</u>	<u>\$ 264,172,285</u>	<u>\$ 366,724,130</u>

See accompanying notes to financial statements.

TEACH FOR AMERICA
STATEMENTS OF CASH FLOWS
For the years ended May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows provided by (used in) by operating activities		
Change in net assets	\$ 33,396,571	\$ 7,083,811
Adjustment to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	5,404,605	6,402,624
Bad debt expense	754,616	1,790,525
Change in allowances for doubtful contributions, fee for service and loans receivable	(228,615)	(438,093)
Net depreciation (appreciation) in fair value of investments	2,942,283	(28,693,825)
Losses on disposal of fixed assets	174,955	502,965
Donated equipment	(8,548)	-
Contributed investment securities	(10,988,310)	(11,278,511)
Change in present value discount of contributions receivable	274,749	117,419
Changes in operating assets and liabilities:		
Increase in contributions receivable	(8,576,176)	(2,922,185)
(Increase) decrease in grants and contracts receivable	(596,813)	2,655,873
Increase in fee for service receivable	(136,592)	(59,454)
(Increase) decrease in prepaid expense and other assets	(1,918,118)	3,002,596
(Decrease) increase in accounts payable and accrued expenses	(2,789,614)	4,549,006
Increase in deferred rent payable	519,423	1,520,667
(Decrease) increase in deferred revenue	(7,441,236)	3,623,569
Decrease in other liabilities	(279,495)	(9,281)
Net cash (used in) provided by operating activities	<u>10,503,685</u>	<u>(12,152,294)</u>
Cash flows provided by investing activities		
Proceeds from the sale of investments	41,452,696	69,953,048
Purchase of investments	(57,462,082)	(45,644,738)
Purchase of fixed assets	(4,898,521)	(3,232,964)
Loans to corps members	(4,795,158)	(3,723,054)
Repayments of loans from corps members	3,421,569	4,073,001
Net cash provided by (used in) investing activities	<u>(22,281,496)</u>	<u>21,425,293</u>
Cash flows provided by (used in) financing activities		
Payments on capital lease obligation	(5,767)	(92,207)
Net cash used in financing activities	<u>(5,767)</u>	<u>(92,207)</u>
Net increase (decrease) in cash and cash equivalents	(11,783,578)	9,180,793
Cash and cash equivalents, beginning of year	<u>33,148,929</u>	<u>23,968,136</u>
Cash and cash equivalents, end of year	<u>\$ 21,365,351</u>	<u>\$ 33,148,929</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 323,743</u>	<u>\$ 179,151</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Capital lease obligations	<u>\$ -</u>	<u>\$ 23,451</u>

See accompanying notes to financial statements.

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Teach For America, Inc. ("TFA") is a not-for-profit corporation, incorporated in the State of Connecticut on October 6, 1989.

Children growing up in historically marginalized and disenfranchised communities lack access to a broad spectrum of resources and opportunities, and attend schools that are not equipped to meet their unmet needs. To address this, TFA's mission is to find, develop, and support a diverse network of leaders committed to expanding opportunity for children from classrooms, schools, and every sector and field that shapes the broader systems in which schools operate. TFA does this by finding promising leaders; developing and cultivating the leadership skills and mindsets necessary for systems change through classroom teaching; and supporting the individual and collective leadership, relationships, and learning of those in the TFA network throughout their lifetime.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation: The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as applicable to not-for-profit entities.

The accompanying financial statements present information regarding TFA's financial position and activities based upon the existence or absence of donor-imposed restrictions and, accordingly, have been classified into two categories of net assets: without donor restrictions and with donor restrictions, as follows:

Net assets without donor restrictions - are not subject to donor-imposed stipulations. These amounts include Board-designated resources for use as long-term investment to provide an ongoing stream of investment income for selected activities such as expansion and program services, as well as cash reserves, in the event TFA should experience a cash shortfall. As of May 31, 2019 and 2018, the total amount of Board-designated net assets without donor restrictions authorized to function as endowments were \$62,045,298 and \$4,473,128, respectively (Note 9).

Net assets with donor restrictions - include net assets subject to donor-imposed stipulations that expire with the passage of time or can be fulfilled by the actions of TFA, pursuant to those stipulations (Note 8). In addition, earnings on certain donor-restricted endowments are classified as with donor restrictions until appropriated for expenditure by the Board of Directors (Note 9). This category also includes gifts and pledges which are required by donor-imposed stipulations to be maintained in perpetuity (Note 9). The income derived from net assets with donor restrictions is available for general or specific operating purposes, as stipulated by the respective donors.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Reclassifications: Certain 2018 amounts have been reclassified to conform to the 2019 presentation. Such reclassifications had no impact on total assets, liabilities, revenues, expenses, or changes in net assets as previously presented in the fiscal 2018 financial statements.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of the financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements: TFA reports certain assets and liabilities at fair value. Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for asset or liability between market participants on the measurement date (Note 3).

TFA determines fair value of financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices in active markets or in markets not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity. Fair value measurement for these financial instruments requires significant management judgment or estimation.

Cash and Cash Equivalents: Cash and cash equivalents include cash and short-term investments with original maturities of three months or less. Cash and cash equivalents that are part of designated reserves and managed by external investment managers as part of TFA's long-term investment strategy are included in investments in the accompanying statements of financial position.

Restricted Cash: TFA entered into a letter of credit agreement with Wells Fargo in connection with its national office which, required \$2,012,334 to be maintained as a security deposit under a letter of credit agreement renewing annually until the end of the lease term in January 2032.

Investments: Investments in equity securities with readily determinable fair values are measured at fair value in the accompanying statements of financial position and reported based on quoted market prices. Purchases and sales of securities are reflected on a trade-date basis. Changes in fair value are reported as net appreciation in fair value of investments in the accompanying statements of activities. Gains and losses on the sales of securities are based on average costs and are recorded in the statements of activities in the period in which securities are sold. Interest and dividends are recognized in the period earned.

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of TFA to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Management determined that there were no impairments as of May 31, 2019 and 2018.

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: TFA records unconditional promises to give as revenues in the period received at fair value, using the present value of estimated future cash flows discounted at an appropriate rate. Contributions to be received after one year are discounted to present value using a risk-adjusted rate (Note 4). Amortization of the discount is recorded as additional contribution revenue.

Loans Receivable, Net: Loans receivable from corps members are recorded at their net realizable values and are generally due to be paid back, free from interest, over a period of one to two years (Note 5).

Allowances for Doubtful Accounts: Allowances for doubtful accounts are netted against corresponding receivables based upon management's judgment of their respective realizability, including consideration of such factors as prior collection history and type of receivable. Receivables are only written off when deemed fully uncollectible to the allowance for doubtful accounts. Payments, if any, subsequently received on previously written off balances are recognized as reductions of current year bad debt expense. There were no recoveries of previously reserved receivable balances in 2019 or 2018.

Fixed Assets, Net: Fixed assets are reported at cost for amounts greater than or equal to \$2,500. Donations of property and equipment, if any, are recorded at their estimated fair values on the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When fixed assets are retired or otherwise disposed of, the appropriate accounts are relieved of the respective carrying value and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net assets. Depreciation and amortization is computed using the straight-line method based on the estimated useful lives (3-40 years) of the various assets or the lesser of the remaining lease term, as applicable.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on such assets are recognized based on the excess of the respective asset's carrying amount over its fair value. There were no impairments in 2019 or 2018.

Deferred Revenue: Deferred revenue consists of grant funds received prior to revenue being earned, and is recognized as revenue when related expenses are incurred.

Revenue Recognition

Contributions - Unconditional promises to give and contributions of assets other than cash, including goods and services, are recorded at their estimated fair value at the date of contribution. TFA reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants and Contracts - Revenue from government and private grants and contracts is recognized as earned, that is, as related costs are incurred or services rendered under such agreements.

Fee for Service Revenue - TFA has contractual agreements with various school districts across the United States of America to recruit, select, train, and place corps members to teach within such school districts. TFA recognizes revenue related to these contractual agreements as earned, that is, when the school district places a corps member, typically at the start of the school year each fall. At May 31, 2019 and 2018, fee for service receivables were presented net of an allowance of \$10,000 and \$20,390, respectively.

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Events Revenue: Revenue and expenses related to special events are recognized upon occurrence of the respective event and are presented net of the cost of direct donor benefits. The associated value of such benefits provided to donors amounted to \$1,518,670 and \$1,614,562 for the years ended May 31, 2019 and 2018, respectively.

Advertising Expenses: TFA expenses advertising costs as they are incurred. Advertising expenses amounted to \$6,996,609 and \$1,237,406 for the years ended May 31, 2019 and 2018, respectively. The increase for the year ended May 31, 2019, was driven by our work to build out a digital advertising strategy and presence in order to modernize our recruitment process and strengthen our brand.

Functional Allocation of Expenses: The costs of providing TFA's programs and supporting services have been summarized on a functional basis within Note 14. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Non-personnel expenses that are allocated include depreciation and occupancy, which are allocated on an employee headcount and direct project function basis. Personnel expenses are allocated on the basis of estimates of employee time and effort. See note 14 for the breakdown of expenses by nature and function. The following is a description of TFA's programs:

Corps Member Recruitment, Selection and Placement - TFA recruits and selects a teaching corps of outstanding college graduates to teach the nation's most underserved students. The recruitment and selection process includes scheduling and attending on and off campus recruiting events, processing applications, and conducting day-long interview sessions in multiple sites across the country. TFA places corps members in various urban and rural regions throughout the United States and provides assistance to the corps members through a need based financial aid program to support them with their moves to these regions.

Pre-Service Institute - TFA conducts intensive summer training institutes led by its staff and in conjunction with local public school districts as part of teacher preparation for incoming corps members. In Summer 2018, approximately 3,700 corps members were trained at one of our four institute sites run by the national organization: Atlanta (GA), Houston (TX), Philadelphia (PA), and Tulsa (OK) or at one of our 14 training sites run by regions: Bay Area, Chicago - Northwest Indiana, Dallas - Fort Worth, Delta (rural region collective), Eastern North Carolina, Las Vegas Valley, Los Angeles (regional collective), Massachusetts, Memphis, Miami (regional collective), Milwaukee, Nashville, New York, and Phoenix.

Corps Member Professional Development and Other - In each region, TFA has regional offices, which are responsible for placing corps members in schools, monitoring progress throughout their two-year commitment, providing opportunities for ongoing leadership and/or educator professional development, and helping corps members to feel part of a national corps.

Alumni Affairs - TFA has an alumni base of former corps members all over the world. These individuals present a powerful opportunity to continue to expand educational opportunity. TFA engages in activities that support and encourage alumni to continue to work in education and across sectors to address issues negatively impacting low income communities- most notably focused on information/knowledge dissemination and networking. TFA also supports alumni via activities intended to develop alumni in leadership practice and/or specific programmatic areas: classroom practice, school leadership, school systems leadership, policy/organizing work, and social entrepreneurship.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: TFA follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

TFA is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. TFA has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. TFA has determined that there are no material uncertain tax positions that require recognition or disclosure in the accompanying financial statements. In addition, TFA has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Concentration of Credit Risk: Financial instruments which potentially subject TFA to concentrations of credit risk consist primarily of cash and cash equivalents and investment securities. TFA maintains its cash and cash equivalents with creditworthy, high-quality financial institutions. TFA's bank balances typically exceed federally insured limits. However, TFA has not experienced, nor does it anticipate, any losses with respect to such bank balances. TFA's investment portfolio is diversified in a variety of asset classes. TFA regularly evaluates its depository arrangements and investment strategies, including performance thereof. TFA believes that its credit risks are not significant to the accompanying financial statements.

Recent Accounting Pronouncement Adopted: On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. TFA implemented this guidance for the year ended May 31, 2019 and has adjusted the presentation of these financial statements accordingly, with the exception of the functional allocation of expenses, as permitted.

New Accounting Pronouncements Not Yet Effective: In February 2016, the FASB issued ASU 2016-02, “Leases.” This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for the fiscal year beginning June 1, 2021, with early adoption permitted. TFA is currently assessing the effect that adoption of the new standard will have on its financial statements, however the ASU is expected to have a significant impact on TFA.

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 3 - INVESTMENTS, AT FAIR VALUE

A summary of investments at May 31, 2019 and 2018, follows:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 53,353,852	\$ 33,894,162
Equities	279,220,509	275,745,881
Fixed income securities	<u>27,442,744</u>	<u>26,321,649</u>
	<u>\$ 360,017,105</u>	<u>\$ 335,961,692</u>

The investments noted above as equities and fixed income securities are classified as Level 1 investments within the fair value hierarchy as of May 31, 2019 and 2018.

For the years ended May 31, 2019 and 2018, TFA's investment returns consisted of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 6,602,081	\$ 5,647,017
Appreciation (depreciation) in fair value of investments	(2,799,574)	28,868,991
Less: Investment fees	<u>(142,708)</u>	<u>(177,445)</u>
Total investment return	<u>\$ 3,659,798</u>	<u>\$ 34,338,563</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

A summary of contributions receivable at May 31, 2019 and 2018, follows:

	<u>2019</u>	<u>2018</u>
Due in:		
Less than one year	\$ 26,093,731	\$ 19,723,426
One to five years	<u>15,875,269</u>	<u>13,669,398</u>
	41,969,000	33,392,824
Less: Discount to present value ranging from 1.31% to 1.84% and .57% to 1.56% at May 31, 2019 and 2018, respectively	(537,995)	(263,246)
Allowance for doubtful accounts	<u>(1,155,000)</u>	<u>(1,358,414)</u>
Contributions receivable, net	<u>\$ 40,276,005</u>	<u>\$ 31,771,164</u>

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET (Continued)

During the years ended May 31, 2019 and 2018, approximately \$241,000 and \$467,000 of contributions receivable, respectively, were written off as uncollectible.

In cases where a donor has notified TFA of a conditional intent to give, the amounts have not been recorded in the accompanying financial statements. Such conditional gifts totaled approximately \$9,500,000 and \$3,900,000 for the years ended May 31, 2019 and 2018, respectively.

For the years ended May 31, 2019 and 2018, TFA received new contributions, mostly in cash, from members of its National Board of Directors totaling \$33,700,000 and \$31,400,000, respectively, which represented 20% and 24% of total contributions, respectively. TFA received approximately \$500,000 and \$2,100,000 in payments against prior pledges from these related parties, for the years ended May 31, 2019 and 2018, respectively.

NOTE 5 - LOANS RECEIVABLE FROM CORPS MEMBERS, NET

TFA makes uncollateralized loans to corps members based on financial need which are funded through TFA's loan programs. As of May 31, 2019 and 2018, these loans represented approximately 1.0% of total assets.

A summary of corps member loans at May 31, 2019 and 2018, follows:

	<u>2019</u>	<u>2018</u>
Corps Member Transition Loans	\$ 5,208,646	\$ 4,329,928
Corps Member Placement Loans	-	-
Less: Allowance for doubtful accounts	<u>(900,000)</u>	<u>(696,895)</u>
	<u>\$ 4,308,646</u>	<u>\$ 3,633,033</u>

The following amounts were past due under the Corps Member Loan Program:

	<u>One Year</u> <u>Past Due</u>	<u>Two Years</u> <u>Past Due</u>	<u>Over</u> <u>Three Years</u> <u>Past Due</u>	<u>Total</u> <u>Past Due</u>
<u>Year ending May 31,</u>				
2019	\$ 563,578	\$ 430,956	\$ 63,597	\$ 1,058,131
2018	\$ 792,238	\$ 236,024	\$ 56,871	\$ 1,224,090

Allowances for doubtful loans are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Loan balances are written off only when they are deemed to be uncollectible. There was approximately \$495,000 and \$1,019,000 written off during the years ended May 31, 2019 and 2018, respectively.

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 6 - FIXED ASSETS, NET

A summary of fixed assets follows:

	<u>2019</u>	<u>2018</u>
Building	\$ 536,252	\$ 536,252
Vehicles	81,867	81,867
Computer equipment and software	40,326,291	49,085,367
Furniture, fixtures and office equipment	8,391,885	8,280,487
Leasehold improvements	<u>17,604,398</u>	<u>17,388,009</u>
Subtotal	66,940,693	75,371,982
Less: accumulated depreciation	<u>(48,696,557)</u>	<u>(56,455,355)</u>
Fixed assets, net	<u>\$ 18,244,136</u>	<u>\$ 18,916,627</u>

Depreciation and amortization expense related to fixed assets totaled \$5,404,605 and \$6,402,624 for the years ended May 31, 2019 and 2018, respectively.

During the years ended May 31, 2019 and 2018, TFA disposed of approximately \$13,300,000 and \$8,400,000 of fixed assets that resulted in losses of approximately \$175,000 and \$503,000, respectively. The majority of these disposals represented fixed assets that were fully depreciated.

NOTE 7 - LINE OF CREDIT

At both May 31, 2019 and 2018, TFA had a \$35,000,000 line of credit agreement with Wells Fargo with interest at LIBOR market index plus 1.00% and secured by all cash and cash equivalents and pledged receivables. The line of credit agreement expires March 31, 2020. The agreement includes the following covenants: (1) a financial covenant that requires a minimum of \$50,000,000 in unrestricted Level 1 investments; and (2) clean up provision of 45 consecutive days. The effective interest rate was 3.43% and 2.98% at May 31, 2019 and 2018, respectively. TFA drew down on its line of credit during both 2019 and 2018; however, at both May 31, 2019 and 2018, there were no amounts outstanding. TFA has been in compliance with its covenants.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or time periods at:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Cumulative endowment earnings	\$ 59,575,744	\$ 115,034,179
Teacher recruitment and selection, placement, professional development, expansion, and other	13,284,727	3,238,989
Time restrictions on contributions	<u>37,668,256</u>	<u>28,737,242</u>
	110,528,727	147,010,410
Donor restricted endowment fund held in perpetuity	<u>117,161,874</u>	<u>117,161,874</u>
Total net assets with donor restrictions	<u>\$ 227,690,601</u>	<u>\$ 264,172,284</u>

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions on contributions	\$ 13,517,686	\$ 19,590,694
Teacher recruitment and selection, placement, professional development, expansion, and other	<u>6,025,453</u>	<u>7,316,227</u>
	<u>\$ 19,543,139</u>	<u>\$ 26,906,921</u>

NOTE 9 - ENDOWMENT NET ASSETS

TFA's endowment consists of individual funds established for various purposes, with related investments overseen by the Finance Committee of the Board of Directors. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Relevant Law: The Board of Directors of TFA has interpreted the Connecticut State Not-For-Profit Corporation Law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, management classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment; (b) the original value of the subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by TFA's Board. Management considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of TFA and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income on the appreciation of investments;
6. Other resources of TFA; and
7. The investment policies of TFA.

Endowment net asset composition, by type, consisted of the following:

	<u>May 31, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 62,045,298	\$ -	\$ 62,045,298
Donor-restricted endowment funds	<u>-</u>	<u>176,737,619</u>	<u>176,737,619</u>
Total	<u>\$ 62,045,298</u>	<u>\$ 176,737,619</u>	<u>\$ 238,782,917</u>

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 9 - ENDOWMENT NET ASSETS (Continued)

	May 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 4,473,128	\$ -	\$ 4,473,128
Donor-restricted endowment funds	-	232,196,054	232,196,054
Total	<u>\$ 4,473,128</u>	<u>\$ 232,196,054</u>	<u>\$ 236,669,182</u>

Changes in endowment net assets during the years ended May 31, 2019 and 2018, consisted of the following:

	May 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,473,128	\$ 232,196,054	\$ 236,669,182
Investment return:			
Investment income, net of fees	671,805	4,478,367	5,150,173
Net (depreciation) appreciation (realized and unrealized)	<u>1,104,032</u>	<u>(4,140,470)</u>	<u>(3,036,438)</u>
Total investment return, net of fees	1,775,838	337,897	2,113,735
Reclassification of assets	<u>55,796,332</u>	<u>(55,796,332)</u>	-
Endowment net assets, end of year	<u>\$ 62,045,298</u>	<u>\$ 176,737,619</u>	<u>\$ 238,782,917</u>

	May 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,924,693	\$ 203,727,282	\$ 207,651,975
Investment return:			
Investment income, net of fees	83,536	4,336,283	4,419,820
Net appreciation (realized and unrealized)	<u>464,899</u>	<u>24,132,489</u>	<u>24,597,387</u>
Total investment return, net of fees	548,435	28,468,772	29,017,207
Reclassification of assets	-	-	-
Endowment net assets, end of year	<u>\$ 4,473,128</u>	<u>\$ 232,196,054</u>	<u>\$ 236,669,182</u>

At May 31, 2019 and 2018, investments related to donor-restricted endowments had provided cumulative investment returns totaling \$115,372,077 and \$115,034,180, respectively, to support general operating purposes, as per donor intent. See Spending Policy below for information on reclassification.

(Continued)

NOTE 9 - ENDOWMENT NET ASSETS (Continued)

Funds with Deficiencies: From time to time, the fair value of the investment assets related to individual donor-restricted endowment funds may fall below the level that the donor requires TFA to retain as a fund of permanent duration. There were no deficiencies at May 31, 2019 and 2018.

Return Objectives and Risk Parameters: TFA has adopted investment and spending policies for endowment assets that attempt to provide a predictable and stable stream of funding to programs and support services supported by its endowment while seeking to maintain the purchasing power of the endowment assets to support future operations. Endowment assets include those assets of donor-restricted funds that TFA must hold in permanent duration as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, TFA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TFA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy: For the years ended May 31, 2019 and 2018, there were no distributions from TFA's donor-restricted or quasi endowments; however, in December 2018, with the Board of Directors approval, TFA transferred the cumulative spending reserves on the endowment to a separate quasi endowment account in the amount of \$60,269,460, which included \$55,796,332 net of cumulative spending reserves (reclassification of assets) from donor endowment plus \$4,473,128 of a board designated funds noted in prior years. In subsequent years, and upon authorization from the Board of Directors, spending will be determined based upon the sum of:

- 70% of prior year endowment spending, adjusted upward (or downward) by the inflation (deflation) rate as measured by the change in the consumer price index for the 12 months ending on the date six months prior to the start of the fiscal year.
- 30% of the long-term spending rate of 5%, multiplied by the average market value of the endowment over the 12 months ending on the date six months prior to the start of the fiscal year (calculated by averaging the market value of the endowment on the dates 6 months, 9 months, 12 months, and 15 months before the start of the fiscal year).

In establishing this policy, TFA considered the long-term expected return on its endowment. Accordingly, over the long term TFA expects the current spending policy to allow its endowment to grow at a pace at least equal with inflation. This is consistent with TFA's objective to maintain the purchasing power of the endowment assets held in funds of a permanent duration or for a specified term to support future operations.

(Continued)

NOTE 10 - RELATED-PARTY TRANSACTIONS

TFA entered into a Resource Sharing and Expense Reimbursement Agreement with Leadership for Educational Equity (“LEE”), a related party due to the nature of the transactions, not controlled by TFA. LEE was created to enable TFA’s corps members and alumni to realize high impact careers in public leadership. The agreement states that LEE shall pay TFA for all direct expenses incurred by TFA on LEE’s behalf and that LEE shall pay a pro-rata share of TFA’s overhead expenses. In addition, LEE agreed to operate and conduct its use of the resources described in the agreement in a manner so as not to interfere with the accomplishment of TFA’s tax-exempt purposes and not to jeopardize TFA’s compliance with federal and state laws. In addition, TFA has entered into a grant agreement with LEE Foundation, a related party not controlled by TFA. The grant agreement with LEE Foundation is to support its mission of supporting charitable and educational activities to develop policy, advocacy, and organizing leaders and fuel the movement for educational equity. As of May 31, 2019 and 2018, amounts owed to TFA from LEE totaled approximately \$1,200,000 and \$617,000 respectively, and are included within prepaid expenses and other assets in the accompanying statements of financial position.

TFA also has a Resource Sharing and Expense Reimbursement Agreement with Teach For All, a related party due to the nature of the transactions, not controlled by TFA, created to expand educational opportunity in other countries. This agreement also states that Teach For All shall pay TFA for all direct expenses incurred by TFA on Teach For All’s behalf and that Teach For All shall pay a pro-rata share of TFA’s overhead expenses. As of May 31, 2019 and 2018, the amounts owed to TFA from Teach For All totaled approximately \$41,000 and \$96,000, respectively, and are included within prepaid expenses and other assets in the accompanying statements of financial position.

TFA also has a Resource Sharing and Expense Reimbursement Agreement with Cambiar, Inc., a related party due to the nature of the transactions, not controlled by TFA, to massively scale the number of bold, innovative ideas being generated and successfully implemented by leaders. Cambiar believes that by showing dozens of examples of transformational models, it can then undeniably prove that it is possible for every student to receive a world-class education, and create a significant and enduring impact as these models scale and are replicated. Cambiar shall reimburse TFA for all direct expenses paid on Cambiar’s behalf. During fiscal year 2019, TFA ended the Resource Sharing and Expense Reimbursement Agreement with Cambiar and entered into a Shared Space License Agreement for just the use of short-term space. As of May 31, 2019 and 2018, the amounts owed to TFA from Cambiar from the Resource Sharing Agreement totaled approximately \$0 and \$8,830, respectively, and are included within prepaid expenses and other assets in the accompanying statements of financial position.

During the years ended May 31, 2019 and 2018, TFA received contributions from certain members of its Board of Directors (Note 4).

NOTE 11 - EDUCATION AWARDS DUE TO CORPS MEMBERS

TFA granted education awards (the “awards”) for eligible corps members who successfully completed the 2017-2018 and prior school years. The awards were intended to mirror the awards provided by the Corporation of National and Community Service. For both years ended May 31, 2019 and 2018, approximately 90 corps members in their 1st and 2nd school years were granted varying amounts up to \$5,920 and \$5,815 that could be applied to pay student loans or educational expenses. As of May 31, 2019 and 2018, approximately \$4,800,000 and \$5,100,000, respectively, has been awarded and remained to be disbursed, and which was included in accounts payable and accrued expenses in the accompanying statements of financial position. The awards are valid for 7 years post completion of the corps members’ service and are payable through July 1, 2026, at which time these awards expire. The 2012-2013 school year educational awards will be the first to expire in fiscal year 2020.

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TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 12 - RETIREMENT PLAN

TFA offers full and part-time staff members who worked at least 20 hours a week or are expected to work 1,000 hours in the first year of employment the opportunity to participate in a 403(b) retirement program. This is a defined contribution plan (the "Plan") with employer matching contributions equal to 100% of the employee's contributions up to 5% of their gross earned salary in each fiscal year. Participants are fully vested after six months of employment, increasing to 12 months, effective October 1, 2008. Withdrawal cannot be made without penalty until the age of 59½. TFA matching contributions totaled approximately \$5,500,000 and \$5,100,000 for the years ended May 31, 2019 and 2018, respectively.

TFA also offers an Executive 457(b) Retirement Plan, which is a non-qualified 457(b) Retirement Plan for select key managerial and highly compensated employees. Only discretionary employer contributions are allowed under the Plan. For the years ended May 31, 2019 and 2018, employer contributions to this plan were approximately \$12,800 and \$8,500, respectively.

NOTE 13 - COMMITMENT AND CONTINGENCIES

Operating Leases: TFA has entered into approximately 80 lease agreements for its National and regional offices, expiring at various dates through January 2032. TFA also has various lease agreements for office equipment at its national and regional offices, expiring at various dates through May 2022.

A summary of future minimum lease payments under all non-cancelable operating leases, follows:

<u>Year ending May 31.</u>	<u>Office Space</u>	<u>Equipment</u>
2020	\$ 14,977,416	\$ 193,603
2021	13,771,703	118,945
2022	12,722,846	10,377
2023	10,933,296	-
2024	8,363,625	-
Thereafter	<u>52,328,481</u>	<u>-</u>
Total	<u>\$ 113,097,367</u>	<u>\$ 322,925</u>

Total rent expense approximated \$14,800,000 and \$13,600,000 for the years ended May 31, 2019 and 2018, respectively.

In addition to the above, TFA entered into 57 sublease agreements for facilities it no longer needed. Each of these leases require payment of base rent plus additional rent for insurance, common area maintenance, and other costs, and expected to expire at various dates through November 2022. Future lease income under these agreements will be \$2,614,314, \$1,801,291, \$1,834,523, and \$930,817 for the next four years ending May 31, 2020 through 2023 respectively. Rental income totaled approximately \$2,700,000 and \$1,800,000 for the years ended May 31, 2019 and 2018, respectively, and is included within other revenue in the accompanying statements of activities.

Deferred Rent Payable: Certain operating leases contain escalation clauses and rent abatements that are being recognized over the terms of the respective leases. The deferred rent balances totaled approximately \$10,700,000 and \$10,200,000 at May 31, 2019 and 2018, respectively.

Contingencies: In the normal course of its operations, TFA is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of TFA is not aware of any claims or contingencies that would have a material adverse effect on TFA's financial position, changes in net assets or cash flows.

(Continued)

TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 14 – SCHEDULE OF FUNCTIONAL EXPENSES

	Program Services					Supporting Services				
	Corps Member Recruitment, Selection and Placement	Pre-Service Institute	Corps Member Professional Development and Other	Alumni Affairs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2019	2018
Expenses:										
Personnel expenses	\$ 37,242,995	\$ 20,447,021	\$ 65,144,034	\$ 18,865,566	\$ 141,699,616	\$ 27,961,972	\$ 24,215,194	\$ 52,177,166	\$ 193,876,782	\$ 191,054,270
Professional services	1,234,814	998,474	2,846,770	1,390,641	6,470,700	3,262,348	1,351,325	4,613,673	11,084,373	12,950,888
Travel, meetings and subsistence	3,852,835	12,409,836	5,933,503	3,007,707	25,203,882	2,036,699	1,411,311	3,448,010	28,651,892	27,360,859
Corps member support	3,796,603	156,774	2,102,161	1,649,420	7,704,957	2,969	26,352	29,321	7,734,278	10,239,906
Postage and delivery	102,047	27,546	103,092	114,790	347,474	46,769	91,740	138,509	485,983	455,369
Telecommunications	310,049	63,542	1,161,393	74,643	1,609,627	269,459	75,941	345,400	1,955,027	2,679,615
Equipment and supplies	929,368	1,049,280	1,948,233	487,748	4,414,629	3,141,789	449,857	3,591,646	8,006,275	8,407,226
Special events	-	-	151,806	-	151,806	-	1,366,864	1,366,864	1,518,670	1,655,314
Subscriptions and dues	230,716	45,136	199,346	67,180	542,378	319,741	157,931	477,672	1,020,050	635,240
Grants	-	-	1,000,000	4,693,693	5,693,693	-	125,000	125,000	5,818,693	5,121,578
Printing, advertising and media	5,457,369	215,673	280,114	386,024	6,339,180	224,756	432,873	657,429	6,996,609	1,237,404
Occupancy	2,627,286	646,694	10,083,756	736,508	14,094,244	2,325,682	782,730	3,108,412	17,202,656	17,220,154
Bad debt expense	656,748	495	43,314	67	700,624	53,892	100	53,992	754,616	1,790,526
Other	47,492	111,560	250,532	58,469	468,053	33,298	51,534	84,832	552,885	602,087
Interest, insurance, and fees	168,326	58,250	229,676	49,211	505,463	534,766	222,028	756,794	1,262,257	1,645,413
Depreciation and amortization	804,871	129,411	1,797,409	286,968	3,018,659	2,153,214	232,732	2,385,946	5,404,605	6,402,625
Total	\$ 57,461,519	\$ 36,359,692	\$ 93,275,139	\$ 31,868,635	\$ 218,964,985	\$ 42,367,354	\$ 30,993,312	\$ 73,360,666	\$ 292,325,651	\$ 289,458,474

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TEACH FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
Year ended May 31, 2019

NOTE 15 - LIQUIDITY AND AVAILABILITY

The TFA's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash	\$ 21,365,351	\$ 33,148,929
Restricted cash	2,012,334	2,012,334
Grants and contracts receivable	4,920,541	4,323,728
Fee for service receivable, net	556,741	409,759
Contributions receivable, net	40,276,005	31,771,164
Loans receivable from corp members, net	4,308,646	3,633,034
Investments	<u>360,017,105</u>	<u>335,961,692</u>
 Total financial assets	 <u>\$ 433,456,723</u>	 <u>\$ 411,260,640</u>
 Less amounts not available for general expenditure within one year:		
Restricted cash	\$ (2,012,334)	\$ (2,012,334)
Contributions receivable, net due greater than one year	(14,182,274)	(13,047,738)
Loans receivable from corp members, due greater than one year	(561,361)	(211,466)
Donor restricted endowment funds net of estimated draw within one year	(166,081,548)	(176,399,722)
Donor restricted funds net of estimated draw within one year	<u>(21,084,727)</u>	<u>(15,505,645)</u>
 Financial assets not available to be used within one year	 <u>\$ (203,922,244)</u>	 <u>\$ (207,176,905)</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 229,534,479</u>	 <u>\$ 204,083,735</u>

TFA's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amount available for general use. Donor-restricted endowment funds are not available for general expenditure.

TFA's donor endowment of \$176,737,619 is subject to an annual spending rate as described in Note 9:

- 70% of prior year endowment spending, adjusted upward (or downward) by the inflation (deflation) rate as measured by the change in the consumer price index for the 12 months ending on the date six months prior to the start of the fiscal year.
- 30% of the long-term spending rate of 5%, multiplied by the average market value of the endowment over the 12 months ending on the date six months prior to the start of the fiscal year (calculated by averaging the market value of the endowment on the dates 6 months, 9 months, 12 months, and 15 months before the start of the fiscal year).

(Continued)

NOTE 15 - LIQUIDITY AND AVAILABILITY (Continued)

Although the TFA does not plan to spend from its board-designated endowment of \$62,045,298 (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of TFA's liquidity management, TFA invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, TFA has a committed line of credit in the amount of \$35,000,000 which it could draw upon. The use of this line of credit is generally restricted to the extent that TFA is in need of liquidity to fund program-related obligations.

NOTE 16 - SUBSEQUENT EVENTS

TFA has evaluated subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position through November 25, 2019, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TEACH FOR AMERICA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD,
POLITICAL SUBDIVISION HEAD OR CHIEF EXECUTIVE OFFICER
Year ended May 31, 2019

Agency Head Name: Elisa Villanueva Beard, Chief Executive Officer

<u>Purpose</u>	<u>Amount*</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-other (describe)	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other	-

* As a not for profit auditee, Teach for America is required to report only the compensation, reimbursements, and benefits paid to the agency head or Chief Executive Officer that are paid from Louisiana public funds.

TEACH FOR AMERICA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2019

	CFDA Number	Pass-Through Entity/ Identifying Number	Award Period	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
Corporation for National and Community Service:					
Direct Awards:					
AmeriCorps National Direct					
2017-2018 Fixed Award	94.006	16EDHNY002	9/1/17-8/31/18	\$ 115,911	\$ -
2018-2019 Fixed Award	94.006	16EDHNY002	9/1/18-8/31/19	<u>1,253,376</u>	<u>-</u>
				1,369,286	-
2018-2019 Surge Funding	94.009	19TAHNY007	1/29/19-6/30/19	<u>5,133</u>	<u>-</u>
Total AmeriCorps Direct Awards				1,374,419	-
Pass-through awards:					
The State of Alabama					
2017-2018 Formula Award	94.006	17ESHAL0010001	9/1/17-8/31/18	10,634	-
2018-2019 Formula Award	94.006	17ESHAL0010001	9/1/18-8/31/19	50,840	-
The State of Arkansas					
2017-2018 Award	94.006	17ESHAR0020001	9/1/17-8/31/18	5,361	-
2018-2019 Award	94.006	17FXHAR0020001	9/1/18-8/31/19	43,555	-
The State of Connecticut					
2017-2018 Award	94.006	16ESHCT0010003	9/1/17-8/31/18	6,284	-
2018-2019 Award	94.006	16ESHCT001	9/1/18-8/31/19	49,160	-
The State of Delaware					
2017-2018 Award	94.006	16ESHDE0010001	9/1/17-8/31/18	1,697	-
2018-2019 Award	94.006	16ESHDE0010001	9/1/18-8/31/19	11,400	-
The State of District of Columbia					
2017-2018 Award	94.006	16ESHDC0010002	9/1/17-8/31/18	8,933	-
2018-2019 Award	94.006	16ESHDC0010002	9/1/18-8/31/19	53,874	-
The State of Florida					
2017-2018 Award (Jacksonville)	94.006	15AFHFL0010032	8/1/17-7/31/18	1,671	-
2018-2019 Award (Jacksonville)	94.006	15AFHFL0010032	8/1/18-7/31/19	81,341	-
2018-2019 Award (Miami-Dade)	94.006	15AFHFL0010025	8/1/18-7/31/19	161,702	-
2018-2019 Award (Orlando)	94.006	18AFHFL0010010	8/1/18-7/31/19	22,540	-
The State of Georgia					
2017-2018 Fixed Award Competitive	94.006	14ESHGA0010001	9/1/17-8/31/18	5,300	-
2018-2019 Fixed Award Competitive	94.006	17ESHGA0010001	9/1/18-8/31/19	50,741	-
The State of Hawaii					
2017-2018 Award	94.006	16ACHHI001/MA140043	9/1/17-6/30/18	1,313	-
2018-2019 Award	94.006	16ACHHI0010002	9/1/18-8/31/19	44,397	-
The State of Illinois					
2017-2018 Award	94.006	15FXHIL0010003	8/1/17-12/31/18	8,888	-
The State of Kentucky					
2017-2018 Award	94.006	17ESHKY0010001	8/1/17-7/31/18	5,178	-
2018-2019 Award	94.006	17ESHKY0010001	8/1/18-7/31/19	29,827	-
The State of Louisiana					
2017-2018 Award Competitive	94.006	17ESHLA0010001	7/1/17-11/30/18	48,113	-
2018-2019 Award Competitive	94.006	17ESHLA0010002	7/1/18-11/30/19	216,787	-
The Michigan Department of Health and Human Services					
2017-2018 Award	94.006	17FXHMI002	9/1/17-8/31/18	2,915	-
2018-2019 Award	94.006	17FXHMI002	9/1/18-8/31/19	26,424	-
The State of Missouri					
2017-2018 Award	94.006	17AC196550	9/1/17-8/31/18	578	-
2018-2019 Award	94.006	17AFHMO0010005	9/1/18-8/31/19	142,122	-
The State of Maryland					
2017-2018 Award	94.006	15ACHMD0010005	8/15/17-8/14/18	17,720	-
2018-2019 Award	94.006	15ACHMD0010005	8/15/18-8/14/19	156,877	-
The State of New Mexico					
2017-2018 Award	94.006	15ACHNM001	9/1/17-8/31/18	3,989	-
2018-2019 Award	94.006	17ESHNM0020001	9/1/18-8/31/19	42,185	-
The State of Ohio					
2017-2018 Award	94.006	16ESH-1502-18-OC111	9/1/17-6/30/18	6,104	-
2018-2019 Award	94.006	16ESH-1502-19-OC111	9/1/18-6/30/19	68,037	-
The State of Oklahoma					
2017-2018 Fixed Award	94.006	17ESHOK001001	9/1/17-6/30/18	17,392	-
2018-2019 Fixed Award	94.006	17ESHOK0010001	9/1/18-6/30/19	153,547	-
The State of Pennsylvania					
2017-2018 Award	94.006	16AFHPA0010005	8/20/17-8/19/18	8,917	-
2018-2019 Award	94.006	16AFHPA0010005	8/15/18-8/14/19	90,561	-
The State of Rhode Island					
2017-2018 Fixed Award	94.006	17ESHRI0020001	9/1/17-6/30/18	6,023	-
2018-2019 Fixed Award	94.006	18ES198550	9/1/18-5/31/19	51,957	-
The State of South Carolina					
2017-2018 Fixed Award	94.006	17ESHSC0010001	8/1/17-7/31/18	7,853	-
2018-2019 Fixed Award	94.006	17ESHSC0010001	8/1/18-7/31/19	78,275	-

(Continued)

TEACH FOR AMERICA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2019

	CFDA Number	Pass-Through Entity/ Identifying Number	Award Period	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
The State of South Dakota					
2017-2018 Award	94.006	17NDHSD001	9/1/17-8/31/18	7,308	-
2018-2019 Award	94.006	17NDHSD001	9/1/18-8/31/19	33,987	-
The State of Tennessee					
2017-2018 Award	94.006	16FXHTN002	8/1/17-12/31/18	-	-
2017-2018 Award	94.006	16ESHTN001	8/1/17-12/31/18	4	-
2018-2019 Award	94.006	16ESHTN0010002	8/1/18-12/31/19	119,846	-
2018-2019 Award	94.006	16FXHTN0020002	8/1/18-12/31/19	102,369	-
The State of Texas					
2017-2018 Award	94.006	15FXHTX0010004	9/1/17-8/31/18	61,309	-
2018-2019 Award	94.006	15FXHTX0010004	9/1/18-8/31/19	528,372	-
The State of Wisconsin					
2017-2018 Fixed Award	94.006	17ESHW0020001	9/1/17-8/31/18	10,095	-
2018-2019 Fixed Award	94.006	17ESHW0020001	9/1/18-8/31/19	86,882	-
				<u>2,751,186</u>	-
The State of Alabama					
2018-2019 Surge Funding	94.009	17FXHAL001	1/1/19-6/30/19	3,192	-
The State of Arkansas					
2018-2019 Surge Funding	94.009	17FXHAR0020001	1/1/19-6/30/19	2,493	-
The State of Connecticut					
2018-2019 Surge Funding	94.009	19TAHCT002	1/1/19-6/30/19	3,376	-
The State of Delaware					
2018-2019 Surge Funding	94.009	19TAHDE002	1/1/19-6/30/19	1,070	-
The State of District of Columbia					
2018-2019 Surge Funding	94.009	19TAHDC004	1/1/19-6/30/19	1,023	-
The State of Florida					
2018-2019 Surge Funding (Jacksonville)	94.009	19TAHFL002	2/1/19-6/3/19	3,745	-
2018-2019 Surge Funding (Miami-Dade)	94.009	19TAHFL002	2/1/19-6/3/19	3,691	-
2018-2019 Surge Funding (Orlando)	94.009	19TAHFL002	2/1/19-6/3/19	545	-
The State of Georgia					
2018-2019 Surge Funding	94.009	N/A	1/1/19-6/30/19	2,898	-
The State of Hawaii					
The State of Illinois					
2018-2019 Surge Funding	94.009	15FXHIL0010003	1/1/19-6/30/19	6,140	-
The State of Kentucky					
2018-2019 Surge Funding	94.009	19TAHKY002	1/1/19-6/30/19	1,700	-
The State of Louisiana					
2018-2019 Surge Funding	94.009	19TAHLA003	1/1/19-6/30/19	630	-
The Michigan Department of Health and Human Services					
2018-2019 Surge Funding	94.009	19TAHMD002	1/1/19-6/30/19	37	-
The State of Missouri					
2018-2019 Surge Funding	94.009	19TAHMO003	1/1/19-6/30/19	1,927	-
The State of Maryland					
2018-2019 Surge Funding	94.009	18ACHMD001	1/1/19-6/30/19	2,463	-
The State of New Mexico					
The State of Ohio					
2018-2019 Surge Funding	94.009	19TAHOH002	1/1/19-6/30/19	5,446	-
The State of Oklahoma					
2018-2019 Surge Funding	94.009	19TAHOK002	1/1/19-6/30/19	1,793	-
The State of Pennsylvania					
2018-2019 Surge Funding	94.009	19TAHPA004	1/1/19-6/30/19	4,736	-
The State of Rhode Island					
The State of South Carolina					
2018-2019 Surge Funding	94.009	19TAHSC002	1/1/19-6/30/19	321	-
The State of South Dakota					
2018-2019 Surge Funding	94.009	19TAHSD001	1/1/19-6/30/19	1,451	-
The State of Tennessee					
2018-2019 Surge Funding	94.009	19TAHTN002	1/1/19-6/30/19	9,063	-
2018-2019 Surge Funding	94.009	19TAHTN002	1/1/19-6/30/19	4,984	-
The State of Texas					
2018-2019 Surge Funding	94.009	19TAHTX003	1/1/19-6/30/19	18,865	-
The State of Wisconsin					
2018-2019 Surge Funding	94.009	19TAHWI004	1/1/19-6/30/19	3,420	-
Total AmeriCorps Pass-through Awards				<u>2,836,192</u>	-
Total Corporation for National and Community Service				<u>4,210,612</u>	-

(Continued)

TEACH FOR AMERICA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2019

	CFDA Number	Pass-Through Entity/ Identifying Number	Award Period	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
U.S. Department of Education					
Direct Awards:					
Supporting Effective Educators Development (SEED)	84.367D	U367D150021		201,650	201,650
Supporting Effective Educators Development (SEED)	84.367D	U367D170011		9,075,654	550,148
Supporting Effective Educators Development (SEED)	84.367D	U423A170036		<u>1,463,496</u>	<u>-</u>
Total Supporting Effective Educators Development				10,740,801	751,799
Supporting Effective Educators Development (SEED)	84.423A	U423A190075		4,474,238	100,000
Education Innovation and Research (EIR)	84.411C	U411C170167		684,610	86,666
Pass-through Awards:					
Scholarships for Opportunity and Results (SOAR)	84.370C	U370C170001		98,388	-
Promise Neighborhoods	84.215N	U215N170054		<u>143,838</u>	<u>-</u>
Total U.S. Department of Education				16,141,874	938,465
Research and Development Cluster					
National Science Foundation					
CS10K: Prioritizing & Expanding Access to Computer Science Instruction in High needs High Schools	47.070	1542737		276,232	53,251
CS10K: Prioritizing & Expanding Access to Computer Science Instruction in High needs High Schools	47.070	1837394		<u>77,848</u>	<u>33,232</u>
Total Research and Development				<u>354,080</u>	<u>86,483</u>
				<u>\$ 20,706,566</u>	<u>\$ 1,024,948</u>

TEACH FOR AMERICA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the activity of Teach for America ("TFA") for the year ended May 31, 2019 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TFA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TFA.

Expenditures reported on the 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. TFA has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

The Board of Trustees
Teach for America
New York, New York

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 Teach for America ("TFA"), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TFA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

(Continued)

Purpose of this Report

The purpose of this 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 TFA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TFA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, stylized font.

Crowe LLP

New York, New York
November 25, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Trustees
Teach for America
New York, New York

Report on Compliance for Each Major Federal Program

We have audited Teach for America's ("TFA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on TFA's major federal programs for the year ended May 31, 2019. TFA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for TFA's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs occurred. An audit includes examining, on a test basis, evidence about TFA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of TFA's compliance.

Opinion on Major Federal Programs

In our opinion, Teach for America complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended May 31, 2019.

Report on Internal Control Over Compliance

Management of TFA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TFA's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TFA's 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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 and state programs 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 federal and state programs 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Crowe LLP

New York, New York
November 25, 2019

TEACH FOR AMERICA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Section I—Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the
Financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.423A

Supporting Effective Educator Development Program

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

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II—Financial Statement Findings

None noted.

Section III—Federal Award Findings and Questioned Costs

None noted.
