

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Teach For All, Inc. and Subsidiary

September 30, 2019 and 2018

Contents

| | Page |
|--|------|
| Report of Independent Certified Public Accountants | 3 |
| Consolidated Financial Statements | |
| Consolidated statements of financial position as of September 30, 2019 and 2018 | 5 |
| Consolidated statement of activities for the year ended September 30, 2019 | 6 |
| Consolidated statement of activities for the year ended September 30, 2018 | 7 |
| Consolidated statement of functional expenses for the year ended September 30, 2019 | 8 |
| Consolidated statement of functional expenses for the year ended September 30, 2018 | 9 |
| Consolidated statements of cash flows for the years ended September 30, 2019 and 2018 | 10 |
| Notes to consolidated financial statements | 11 |

GRANT THORNTON LLP

757 Third Ave., 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

S [linkd.in/grantthorntonus](https://www.linkedin.com/company/grantthorntonus)
twitter.com/grantthorntonus

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Teach For All, Inc.:

We have audited the accompanying consolidated financial statements of Teach For All, Inc. and its subsidiary, Teach For All Network (collectively "TFALL"), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the 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; this includes 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to TFALL's preparation and fair presentation of the consolidated 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 TFALL'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teach For All, Inc. and its subsidiary as of September 30, 2019 and 2018, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
February 21, 2020

Teach For All, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30,

| | 2019 | 2018 |
|---|---------------|---------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 12,466,174 | \$ 10,635,099 |
| Prepaid expenses and other assets | 815,821 | 563,889 |
| Contributions receivable, net (Note 4) | 22,314,623 | 5,047,185 |
| Grants and contracts receivable, net of allowance of \$6,835 and \$72,183 in 2019 and 2018, respectively | 163,427 | 32,843 |
| Advances to network partners (Note 2) | 6,003,032 | 4,253,760 |
| Other receivables | 212,091 | 205,412 |
| Fixed assets, net (Note 6) | 7,415 | 21,285 |
| Total assets | \$ 41,982,583 | \$ 20,759,473 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 1,340,737 | \$ 1,460,235 |
| Deferred revenue (Note 2) | 993,153 | 2,392,352 |
| Total liabilities | 2,333,890 | 3,852,587 |
| Commitments and contingencies (Notes 5 and 11) | | |
| NET ASSETS | | |
| Net assets without donor restrictions | 6,030,221 | 5,873,102 |
| Net assets with donor restrictions (Note 8) | 33,618,472 | 11,033,784 |
| Total net assets | 39,648,693 | 16,906,886 |
| Total liabilities and net assets | \$ 41,982,583 | \$ 20,759,473 |

The accompanying notes are an integral part of these consolidated financial statements.

Teach For All, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended September 30, 2019

| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
|--|--|---|----------------------|
| Revenues, gains and other support | | | |
| Contributions | \$ 20,631,113 | \$ 30,564,889 | \$ 51,196,002 |
| Grants and contracts (Note 2) | 851,893 | - | 851,893 |
| Other income (loss) | (103,542) | - | (103,542) |
| Net assets released from restrictions (Note 8) | <u>7,980,201</u> | <u>(7,980,201)</u> | <u>-</u> |
| Revenues, gains and other support before contributed services | 29,359,665 | 22,584,688 | 51,944,353 |
| Contributed services (Note 9) | <u>2,078,505</u> | <u>-</u> | <u>2,078,505</u> |
| Total revenues, gains and other support | <u>31,438,170</u> | <u>22,584,688</u> | <u>54,022,858</u> |
| Expenses | | | |
| Program services: | | | |
| Early stage partner support | 1,835,375 | - | 1,835,375 |
| Network partner support | <u>23,159,805</u> | <u>-</u> | <u>23,159,805</u> |
| Total program services | <u>24,995,180</u> | <u>-</u> | <u>24,995,180</u> |
| Supporting services: | | | |
| Management and general | 3,845,251 | - | 3,845,251 |
| Fundraising | <u>2,440,620</u> | <u>-</u> | <u>2,440,620</u> |
| Total supporting services | <u>6,285,871</u> | <u>-</u> | <u>6,285,871</u> |
| Total expenses | <u>31,281,051</u> | <u>-</u> | <u>31,281,051</u> |
| Change in net assets | 157,119 | 22,584,688 | 22,741,807 |
| Net assets, beginning of year | <u>5,873,102</u> | <u>11,033,784</u> | <u>16,906,886</u> |
| Net assets, end of year | <u>\$ 6,030,221</u> | <u>\$ 33,618,472</u> | <u>\$ 39,648,693</u> |

The accompanying notes are an integral part of this consolidated financial statement.

Teach For All, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended September 30, 2018

| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
|--|--|---|---------------|
| Revenues, gains and other support | | | |
| Contributions | \$ 15,274,240 | \$ 6,326,513 | \$ 21,600,753 |
| Grants and contracts | 690,581 | - | 690,581 |
| Other income (loss) | 270,212 | - | 270,212 |
| Net assets released from restrictions (Note 8) | 15,132,389 | (15,132,389) | - |
| Revenues, gains and other support before contributed services | 31,367,422 | (8,805,876) | 22,561,546 |
| Contributed services (Note 9) | 4,002,477 | - | 4,002,477 |
| Total revenues, gains and other support | 35,369,899 | (8,805,876) | 26,564,023 |
| Expenses | | | |
| Program services: | | | |
| Early stage partner support | 1,996,951 | - | 1,996,951 |
| Network partner support | 24,391,874 | - | 24,391,874 |
| Total program services | 26,388,825 | - | 26,388,825 |
| Supporting services: | | | |
| Management and general | 4,530,658 | - | 4,530,658 |
| Fundraising | 2,262,964 | - | 2,262,964 |
| Total supporting services | 6,793,622 | - | 6,793,622 |
| Total expenses | 33,182,447 | - | 33,182,447 |
| Change in net assets | 2,187,452 | (8,805,876) | (6,618,424) |
| Net assets, beginning of year | 3,685,650 | 19,839,660 | 23,525,310 |
| Net assets, end of year | \$ 5,873,102 | \$ 11,033,784 | \$ 16,906,886 |

The accompanying notes are an integral part of this consolidated financial statement.

Teach For All, Inc. and Subsidiary

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2019

| | Program Services | | | Supporting Services | | | Total |
|---|-----------------------------|-------------------------|------------------------|------------------------|---------------------|---------------------------|----------------------|
| | Early Stage Partner Support | Network Partner Support | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Personnel expenses: | | | | | | | |
| Salaries | \$ 1,201,310 | \$ 9,336,289 | \$ 10,537,599 | \$ 2,037,693 | \$ 1,761,835 | \$ 3,799,528 | \$ 14,337,127 |
| Payroll taxes and related expenses | 285,888 | 2,226,502 | 2,512,390 | 493,228 | 433,773 | 927,001 | 3,439,391 |
| Total personnel expenses | <u>1,487,198</u> | <u>11,562,791</u> | <u>13,049,989</u> | <u>2,530,921</u> | <u>2,195,608</u> | <u>4,726,529</u> | <u>17,776,518</u> |
| Non-personnel expenses: | | | | | | | |
| Grants | - | 5,981,913 | 5,981,913 | - | - | - | 5,981,913 |
| Travel | 97,958 | 911,743 | 1,009,701 | 117,608 | 105,190 | 222,798 | 1,232,499 |
| Conferences, workshops and meetings | 83,326 | 1,238,280 | 1,321,606 | 60,349 | 3,772 | 64,121 | 1,385,727 |
| Professional services | 52,563 | 656,790 | 709,353 | 366,144 | 42,935 | 409,079 | 1,118,432 |
| Information technology | 21,399 | 177,760 | 199,159 | 255,893 | 37,608 | 293,501 | 492,660 |
| Occupancy, office expense and other costs | 92,931 | 651,061 | 743,992 | 284,699 | 55,507 | 340,206 | 1,084,198 |
| Total non-personnel expenses | <u>348,177</u> | <u>9,617,547</u> | <u>9,965,724</u> | <u>1,084,693</u> | <u>245,012</u> | <u>1,329,705</u> | <u>11,295,429</u> |
| Total expenses before non-cash items | 1,835,375 | 21,180,338 | 23,015,713 | 3,615,614 | 2,440,620 | 6,056,234 | 29,071,947 |
| Bad debt expense | - | - | - | 116,729 | - | 116,729 | 116,729 |
| Depreciation | - | - | - | 13,870 | - | 13,870 | 13,870 |
| Contributed services | - | 1,979,467 | 1,979,467 | 99,038 | - | 99,038 | 2,078,505 |
| Total expenses | <u>\$ 1,835,375</u> | <u>\$ 23,159,805</u> | <u>\$ 24,995,180</u> | <u>\$ 3,845,251</u> | <u>\$ 2,440,620</u> | <u>\$ 6,285,871</u> | <u>\$ 31,281,051</u> |

The accompanying notes are an integral part of this consolidated financial statement.

Teach For All, Inc. and Subsidiary

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2018

| | Program Services | | | Supporting Services | | | Total |
|---|-----------------------------|-------------------------|------------------------|------------------------|---------------------|---------------------------|----------------------|
| | Early Stage Partner Support | Network Partner Support | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Personnel expenses: | | | | | | | |
| Salaries | \$ 1,282,045 | \$ 8,699,555 | \$ 9,981,600 | \$ 2,345,184 | \$ 1,553,843 | \$ 3,899,027 | \$ 13,880,627 |
| Payroll taxes and related expenses | 327,564 | 2,234,373 | 2,561,937 | 603,521 | 403,174 | 1,006,695 | 3,568,632 |
| Total personnel expenses | <u>1,609,609</u> | <u>10,933,928</u> | <u>12,543,537</u> | <u>2,948,705</u> | <u>1,957,017</u> | <u>4,905,722</u> | <u>17,449,259</u> |
| Non-personnel expenses: | | | | | | | |
| Grants | - | 5,413,168 | 5,413,168 | - | - | - | 5,413,168 |
| Travel | 102,926 | 937,481 | 1,040,407 | 133,225 | 103,298 | 236,523 | 1,276,930 |
| Conferences, workshops and meetings | 75,320 | 1,663,960 | 1,739,280 | 23,109 | 6,883 | 29,992 | 1,769,272 |
| Professional services | 75,963 | 601,483 | 677,446 | 561,849 | 53,855 | 615,704 | 1,293,150 |
| Information technology | 26,016 | 175,329 | 201,345 | 295,708 | 36,587 | 332,295 | 533,640 |
| Occupancy, office expense and other costs | 107,117 | 732,537 | 839,654 | 469,260 | 105,324 | 574,584 | 1,414,238 |
| Total non-personnel expenses | <u>387,342</u> | <u>9,523,958</u> | <u>9,911,300</u> | <u>1,483,151</u> | <u>305,947</u> | <u>1,789,098</u> | <u>11,700,398</u> |
| Total expenses before non-cash items | 1,996,951 | 20,457,886 | 22,454,837 | 4,431,856 | 2,262,964 | 6,694,820 | 29,149,657 |
| Bad debt expense | - | - | - | 9,434 | - | 9,434 | 9,434 |
| Depreciation | - | - | - | 20,879 | - | 20,879 | 20,879 |
| Contributed services | - | 3,933,988 | 3,933,988 | 68,489 | - | 68,489 | 4,002,477 |
| Total expenses | <u>\$ 1,996,951</u> | <u>\$ 24,391,874</u> | <u>\$ 26,388,825</u> | <u>\$ 4,530,658</u> | <u>\$ 2,262,964</u> | <u>\$ 6,793,622</u> | <u>\$ 33,182,447</u> |

The accompanying notes are an integral part of this consolidated financial statement.

Teach For All, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended September 30,

| | 2019 | 2018 |
|--|---------------|----------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 22,741,807 | \$ (6,618,424) |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 13,870 | 20,879 |
| Change in discount of contributions receivable | 395,178 | (151,809) |
| Change in allowance for doubtful accounts - contributions receivable | 178,410 | (226,435) |
| Change in allowance for doubtful accounts - grants and contracts receivable | (65,348) | (69,144) |
| Bad debt expense | 116,729 | 9,434 |
| Changes in operating assets and liabilities: | | |
| Prepaid expense and other assets | (251,932) | 845 |
| Contributions receivable | (17,841,026) | 9,209,995 |
| Grants and contracts receivables | (65,236) | 113,983 |
| Advances to network partners | (1,749,272) | (1,664,127) |
| Other receivables | (123,408) | 47,988 |
| Accounts payable and accrued expenses | (119,498) | (330,122) |
| Deferred revenue | (1,399,199) | 2,163,488 |
| Net cash provided by operating activities | 1,831,075 | 2,506,551 |
| Cash flows from investing activities | | |
| Purchase of fixed assets | - | (3,552) |
| Net increase (decrease) in cash and cash equivalents | 1,831,075 | 2,502,999 |
| Cash and cash equivalents, beginning of year | 10,635,099 | 8,132,100 |
| Cash and cash equivalents, end of year | \$ 12,466,174 | \$ 10,635,099 |

The accompanying notes are an integral part of these consolidated financial statements.

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Teach For All, Inc. is a not-for-profit corporation incorporated in the State of New York on February 29, 2008 and is exempt from corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Teach For All, Inc. is a global organization that works to accelerate the progress of the more than 50 independent, locally led and governed partner organizations within the overall Teach For All global network. Each network partner recruits and develops promising future leaders to teach in their nations' high-need schools and communities and, with this foundation, to work with others, inside and outside of education, to ensure all children are able to fulfill their potential. Teach For All, Inc. works to accelerate the network's progress and increase its impact by providing partners with direct support, facilitating connections among them, accessing global resources for the benefit of the network, and fostering the leadership development of partner staff, teachers, and alumni.

Teach For All Network, established in 2011, is a company limited by guarantee and a registered charity in England and Wales, and is dedicated to the advancement of education for the public benefit and shares the same mission as Teach For All, Inc.

Teach For All, Inc. and Teach For All Network are separate legal entities for which there are overlapping board members and officers and, since its establishment, Teach For All, Inc. has been the sole member of Teach For All Network, and accordingly, the fiscal 2019 and 2018 financial operations of Teach For All Inc. and Teach For All Network have been consolidated for financial reporting purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures. The significant changes include:

- Requiring the presentation of two net asset classes classified as "net assets without donor restrictions" and "net assets with donor restrictions";
- Modifying the presentation of underwater endowment funds and related disclosures;
- Requiring the use of the placed in service approach to recognize the satisfaction of restrictions on gifts used to acquire or construct long-lived assets, absent explicit donor stipulations otherwise;
- Requiring that all not-for-profits present an analysis of expenses by function and nature in a separate statement or in the notes to the financial statements;
- Requiring disclosure of quantitative and qualitative information on liquidity;
- Presenting investment return net of external and direct internal investment expenses; and

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness to the reader.

TFALL adopted ASU No. 2016-14 for its year ended September 30, 2019.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that expire with the passage of time or can be fulfilled by the actions of TFALL, pursuant to those stipulations (Note 8).

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, if any, and other assets, if any, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or prevailing law. Expirations of 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.

Cash and Cash Equivalents

Cash consists of cash on deposit with banks. Cash equivalents represent short-term investments with original maturities of three months or less from the date of purchase.

Functional Allocation of Expenses

The costs of providing TFALL's programs and supporting services have been summarized on a functional basis within the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, generally using personnel and related costs.

The following is a description of TFALL's programs:

Early Stage Partner Support

Expenditures for Early Stage Partner Support enable TFALL to respond to interest from social entrepreneurs around the world and help to ensure that future partner organizations lay the necessary foundation to develop into effective and sustainable network partners. TFALL staff work with social entrepreneurs to evaluate the feasibility of the approach within their country's context, to develop and refine business plans, and to set up the organization for a successful launch by anticipating upcoming challenges. Additionally, TFALL assists in garnering financial and other support and connects existing and emerging partners with peer programs in their region.

Network Partner Support

Expenditures in the area of Network Partner Support provide ongoing assistance to programs established as TFALL network partners, to accelerate impact in the areas of scale, network impact and learning, alumni leadership, and organizational strength. TFALL support for network partners focuses on four areas: identifying effective practices across the network, creating tools and resources, and advising partners in adapting these approaches to their individual contexts; facilitating direct connections for peer-to-peer learning and experience-sharing; accessing global knowledge and resources for the network; and contributing to the leadership development of network staff, alumni and participants.

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

The focus and delivery method of support differs by partner needs and “life stage.” Levels of support include: direct support by representatives of the partner engagement team and functional area specialists; opportunities for leadership development and networking through conferences for partner staff, participants and alumni; and the generation and sharing of global funding, technology, public affairs opportunities, and staffing leads.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged based upon donor restriction, if any. Contributions to be received in future periods are discounted using a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Contributions of assets other than cash, including goods and services, are recorded at their estimated fair value at the date of contribution. Restricted contributions, received and utilized in the same year, are presented in the consolidated statements of activities as unrestricted contributions and support.

Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met. During fiscal 2017, TFALL received three conditional contributions totaling approximately \$6.4 million. Under the terms of these agreements, TFALL met a portion of the respective conditions and, accordingly, received and recognized contribution revenue of approximately \$3.1 million, \$3.1 million and \$125,000 during fiscal years ended September 30, 2017, 2018 and 2019, respectively. As of September 30, 2019, the remaining \$125,000 was conditional and, accordingly, has not been reflected in the accompanying consolidated financial statements.

During fiscal 2018, TFALL received two conditional contributions totaling approximately \$15 million. Under the terms of these agreements, TFALL met a portion of the respective conditions and, accordingly, received and recognized contribution revenue of \$2.4 million and \$500,000 during fiscal years ended September 30, 2019 and 2018, respectively. The remaining \$12.1 million under the agreements is contingent upon the donors’ approval and, accordingly, has not been reflected in the accompanying consolidated financial statements.

During fiscal 2019, TFALL received six conditional contributions totaling approximately \$15.2 million. TFALL met a portion of the respective conditions and, accordingly, recognized contribution revenue of \$3.7 million. The remaining \$11.5 million under the agreements is contingent upon the donors’ approval and, accordingly, has not been reflected in the accompanying consolidated financial statements. In connection with certain of these agreements, TFALL received initial advance payments of approximately \$2 million, of which approximately \$1.2 million was recognized as contribution revenue in the accompanying consolidated statements of activities, with the remaining \$800,000 included within deferred revenue in the accompanying consolidated statements of financial position.

Contributed Services

Certain donated professional services have been recognized in the accompanying consolidated financial statements based on the estimated fair value for such services on the date received, in accordance with the criteria for recognition under US GAAP (Note 9).

Grants and Contracts

Revenue from grants and contracts is recognized as earned, that is, as related costs are incurred or services rendered under such agreements. Advances or unspent resources received, if any, are recorded as deferred revenue.

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

During fiscal 2018, TFALL received a multi-year government grant award from U.S. Agency for International Development totaling approximately \$1 million. This grant requires TFALL to provide cost sharing/matching funds of not less than \$250,000 of the total award. As of September 30, 2019, TFALL recognized approximately \$290,000, which is included within grant and contract revenue in the accompanying consolidated statements of activities.

Deferred Revenue

Deferred revenue for the years ended September 30, 2019 and 2018 consisted of advance payments related to one conditional contribution received during fiscal 2019 and various exchange transactions received during fiscal years ended 2019 and 2018, as described above. Such advances totaled \$993,153 and \$2,392,352, respectively.

Allowances for Doubtful Accounts

Allowances for doubtful accounts are provided based upon management’s judgment including such factors as prior collection history and type of receivable. Receivables are written-off when deemed uncollectible. Payments, if any, subsequently received on previously reserved receivables are credited to the allowance for doubtful accounts.

Advances to Network Partners

Advances to Network Partners represent sub-grant advances that are recognized by TFALL as grant expenditures in future years as the respective network partners meet all of the applicable sub-grant requirements. At September 30, 2019 and 2018, TFALL had advances outstanding to the following network partners:

| | 2019 | 2018 |
|----------------------------|--------------|--------------|
| Teach For Armenia | \$ 487,512 | \$ 75,052 |
| Teach For India | 33,615 | 293,872 |
| Teach for All Mexico | 124,948 | 719,000 |
| Teach For Bangladesh | 221,815 | 180,672 |
| Teach For Uganda | 871,310 | 312,500 |
| Teach For Nigeria | 1,016,056 | 280,000 |
| Teach For Afghanistan | 558,088 | 277,000 |
| Teach For Vietnam | 454,400 | 270,000 |
| Sarvodaya Shramadana Nepal | 205,000 | 210,000 |
| Teach For Ghana | 60,650 | 200,000 |
| Teach For Cambodia | 318,069 | - |
| Teach For Pakistan | 241,165 | - |
| Other network partners | 1,410,404 | 1,435,664 |
| Total | \$ 6,003,032 | \$ 4,253,760 |

Grants Made

Grant awards made by TFALL to recipients are recorded as an expense and a liability when approved by the Board of Directors and the respective grantee has been selected and notified. Conditional grants are recognized when substantially all conditions have been satisfied (Note 11). Rescinded grants, if any, are recorded as a reduction to grant expense.

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

Fixed Assets

Computer equipment, software, and other fixed assets with a unit cost in excess of \$3,500 are recorded at cost and depreciated on a straight-line basis over an estimated useful life ranging from three to five years. Leasehold improvements are amortized over the shorter of their useful life or the respective lease term.

Income Taxes

TFALL 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 standard provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. This standard also provides guidance on measurement, classification, interest and penalties, and disclosure, and its adoption had no material impact on the accompanying consolidated financial statements. TFALL has processes presently in place to ensure the maintenance of its tax-exempt status; identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and identify and evaluate other matters that may be considered tax positions.

Concentration of Credit Risk

Financial instruments which potentially subject TFALL to concentrations of credit risk consist primarily of cash and cash equivalents. TFALL maintains its cash and cash equivalents with creditworthy, high-quality financial institutions. At certain times, TFALL's bank balances may exceed federally insured limits. However, TFALL has not experienced, nor does it anticipate, any losses with respect to such bank balances. TFALL regularly evaluates its depository arrangements, including performance thereof.

Use of Estimates

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

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

TFALL's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

| | |
|--|----------------------|
| Cash and cash equivalents | \$ 7,874,224 |
| Contributions receivable | 6,502,883 |
| Total financial assets available at September 30, 2019 | <u>14,377,107</u> |
| Less: | |
| Contractual and other obligations due | <u>640,902</u> |
| Total financial assets available within one year | <u>\$ 13,762,205</u> |

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

TFALL is primarily supported by contributions (both with and without donor restrictions). As donor restrictions require resources to be used in a particular manner or in future periods, TFALL maintains sufficient resources to meet those responsibilities to its donors. As part of TFALL's liquidity management, through budget planning and monitoring, financial assets are made available as its general operations, liabilities, and other obligations require. It is TFALL's goal to build reserves to meet current and unexpected operating needs. In the event of financial distress or an immediate liquidity need resulting from events outside general operations, TFALL could also draw from its \$1,000,000 line of credit (as further discussed in Note 5).

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable at September 30, 2019 and 2018, were scheduled to be collected as follows:

| | 2019 | 2018 |
|--|---------------|--------------|
| Less than one year | \$ 8,916,386 | \$ 4,311,860 |
| One to five years | 14,044,500 | 808,000 |
| | 22,960,886 | 5,119,860 |
| Less: discount to present value ranging from 1.56% to 1.75% | (416,654) | (21,476) |
| | 22,544,232 | 5,098,384 |
| Less: allowance for doubtful accounts | (229,609) | (51,199) |
| Contributions receivable, net | \$ 22,314,623 | \$ 5,047,185 |

NOTE 5 - LINE OF CREDIT

As of September 30, 2019 and 2018, TFALL had a \$1,000,000 commercial line of credit (on demand) with a major bank. Drawdowns on the line are collateralized by TFALL's unrestricted net assets. There were no drawdowns on the line of credit during the years ended September 30, 2019 and 2018. Drawdowns are subject to interest at a rate of 2.5% through July 31, 2020, the expiration date of the line of credit.

NOTE 6 - FIXED ASSETS, NET

Fixed assets, net, at September 30, 2019 and 2018, consisted of the following:

| | 2019 | 2018 |
|---------------------------------|------------|------------|
| Computer equipment and software | \$ 721,778 | \$ 721,778 |
| Less: accumulated depreciation | (714,363) | (700,493) |
| Fixed assets, net | \$ 7,415 | \$ 21,285 |

Depreciation expense totaled \$13,870 and \$20,879 for the years ended September 30, 2019 and 2018, respectively.

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE 7 - RELATED PARTY TRANSACTIONS

TFALL has a Resource Sharing and Expense Reimbursement Agreement with Teach For America, Inc. (“Teach For America”), a related party. Teach For America is a member of the Teach For All network and one of its Board members is also a member of Teach For All, Inc.’s Board of Directors. This agreement states that TFALL shall pay Teach For America for all direct expenses incurred by Teach For America on TFALL’s behalf and that TFALL shall pay a pro-rata share of Teach For America’s overhead expenses. Amounts paid by TFALL to Teach For America totaled approximately \$401,000 and \$566,000 during the years ended September 30, 2019 and 2018, respectively.

TFALL has a Resource Sharing and Expense Reimbursement Agreement with Teach First, a related party and a member of the Teach For All network. Teach First’s Chief Executive Officer and one of its Board members are members of Teach For All, Inc.’s Board of Directors. This agreement commenced in 2016 and states that TFALL shall pay Teach First for all direct expenses incurred by Teach First on TFALL’s behalf and that TFALL shall pay a pro-rata share of Teach First’s overhead expenses. Amounts paid by TFALL to this related party totaled approximately \$46,000 and \$213,000 during the years ended September 30, 2019 and 2018, respectively.

Enseña Chile is also a member of the Teach For All network and its Chief Executive Officer is a member of Teach For All, Inc.’s Board of Directors. TFALL provides certain technical advice to Enseña Chile and awarded this related party grants totaling approximately \$111,000 and \$127,000 during the years ended September 30, 2019 and 2018, respectively.

Teach For Nigeria, Teach For Armenia and Empieza por Educar are related parties and members of the Teach For All network. TFALL’s Chief Executive Officer is a board member of Teach For Armenia. Empieza por Educar’s Chief Executive officer is a board member of TFALL. A board member of Teach For Nigeria is also a board member of Teach For All, Inc. Additionally, TFALL provided certain technical advice to each of these related parties and awarded:

- Teach For Armenia - grants totaling approximately \$1,721,000 and \$1,070,000 during the years ended September 30, 2019 and 2018, respectively.
- Teach For Nigeria - grants totaling approximately \$757,000 and \$332,000 during the years ended September 30, 2019 and 2018, respectively.
- Empieza por Educar - grants totaling approximately \$85,000 during the year ended September 30, 2019.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2019 and 2018, net assets with donor restrictions were comprised of the following:

| | 2019 | 2018 |
|------------------|---------------|---------------|
| Time restricted | \$ 11,728,761 | \$ 1,979,378 |
| Expansion | 1,440,810 | 1,493,189 |
| Regional support | 20,448,901 | 7,561,217 |
| | \$ 33,618,472 | \$ 11,033,784 |

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

Time restricted net assets represent general support contributions to be received by TFALL in future fiscal years.

Net assets restricted to Expansion represent contributions that are purpose restricted for expanding and improving the quality of TFALL's programmatic work globally.

Net assets restricted to Regional support represent contributions that are purpose restricted for the support of specific network or early stage partners, or groups thereof.

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes specified by the donors or by having met the respective time restrictions during the years ended September 30, 2019 and 2018, as follows:

| | 2019 | 2018 |
|------------------|---------------------|----------------------|
| Time restricted | \$ 2,725,000 | \$ 7,556,606 |
| Expansion | 493,189 | 2,298,631 |
| Regional support | 4,762,012 | 5,277,152 |
| | <u>\$ 7,980,201</u> | <u>\$ 15,132,389</u> |

NOTE 9 - CONTRIBUTED SERVICES

Contributed services for the years ended September 30, 2019 and 2018, consisted of professional services rendered by one consulting company and three law firms. These services included expertise in international trademarks, legal affairs, and program consulting. The fair value of donated services reflected in the accompanying consolidated statements of activities for the years ended September 30, 2019 and 2018 totaled \$2,078,505 and \$4,002,477, respectively.

NOTE 10 - RETIREMENT PLAN

TFALL offers the opportunity to participate in a retirement program to all eligible staff members. Unless otherwise governed by local regulations, staff members who are scheduled to work at least 1,000 hours per year are eligible to participate in a retirement program. A 403(b) retirement plan and a 457(b) deferred compensation plan is offered to eligible US staff and a group pension plan is offered for to staff. Staff members from other locales are offered a comparable retirement plan in line with local regulations, requirements and customs. The 403(b) and group pension plans are defined contribution plans with employer matching contributions. The employer contribution on the US and UK plans is equal to 100% of the employee's contribution up to 6% of their gross earned salary per pay period. Matching contributions in other locales are either governed by local regulations or equal to 100% of the employee's contributions up to 6% of their gross earned salary per pay period. Participants become eligible for the employer matching contributions and are fully vested after 12 months of qualified employment. Withdrawal cannot be made without penalty prior to the locally-determined retirement age (59½ and 55 in the United States and United Kingdom, respectively). The 457(b) deferred compensation plan is established to mitigate lost benefits of employer matching contributions that are otherwise not available to an individual's 403(b) retirement plan due to the Internal Revenue Service earnings limit. These contributions are fully vested immediately and there are two qualifying distribution events: at separation of service or on April 1st in the calendar year after the participant has turned 70½. TFALL's matching contributions under all plans totaled \$610,729 and \$709,337 for the years ended September 30, 2019 and 2018, respectively.

Teach For All, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

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

Conditional Grant

In June 2016, TFALL awarded Enseña Por Mexico, a member of the Teach For All network, a grant of up to \$1,800,000, payable over the 30 month period ending November 30, 2018. Payments on the grant were subject to certain milestones and performance criteria being achieved, and as of September 30, 2019, the award was paid and recognized in full under the terms of the agreement.

NOTE 12 - SUBSEQUENT EVENTS

TFALL evaluated its September 30, 2019 consolidated financial statements for subsequent events through February 21, 2020, the date the consolidated financial statements were available to be issued. TFALL is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.