

Consolidated Financial Statements Together with  
Report of Independent Certified Public Accountants

**TEACH FOR ALL, INC. AND SUBSIDIARY**

As of and for the years ended September 30, 2017 and 2016

# TEACH FOR ALL, INC. AND SUBSIDIARY

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## **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, 2017 and 2016 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 TFALL as of September 30, 2017 and 2016, 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 15, 2018

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**  
**As of September 30, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 8,132,100	\$ 4,186,900
Prepaid expenses and other assets	564,734	400,963
Contributions receivable, net (Note 3)	13,878,936	25,159,040
Grants and contracts receivable, net of an allowance of \$141,327 and \$171,005 in 2017 and 2016, respectively	77,682	133,621
Advances to network partners	2,589,633	1,568,853
Other receivables	262,834	204,807
Fixed assets, net (Note 4)	<u>38,612</u>	<u>165,476</u>
Total assets	<u>\$ 25,544,531</u>	<u>\$ 31,819,660</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 2,019,221</u>	<u>\$ 1,854,704</u>
Commitments and contingencies (Note 9)		
<b>NET ASSETS</b>		
Unrestricted	3,685,650	2,771,136
Temporarily restricted (Note 6)	<u>19,839,660</u>	<u>27,193,820</u>
Total net assets	<u>23,525,310</u>	<u>29,964,956</u>
Total liabilities and net assets	<u>\$ 25,544,531</u>	<u>\$ 31,819,660</u>

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

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Consolidated Statement of Activities**  
**For the year ended September 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS/LOSSES AND OTHER SUPPORT</b>			
Contributions	\$ 12,249,681	\$ 7,775,196	\$ 20,024,877
Grants and contracts	419,588	-	419,588
Other income (loss)	112,799	-	112,799
Net assets released from restrictions (Note 6)	<u>15,129,356</u>	<u>(15,129,356)</u>	<u>-</u>
Revenues, gains and other support before contributed services	27,911,424	(7,354,160)	20,557,264
Contributed services (Note 7)	<u>2,698,382</u>	<u>-</u>	<u>2,698,382</u>
Total revenues, gains and other support	<u>30,609,806</u>	<u>(7,354,160)</u>	<u>23,255,646</u>
<b>EXPENSES</b>			
Program services:			
Early stage partner support	2,161,837	-	2,161,837
Network partner support	<u>21,262,098</u>	<u>-</u>	<u>21,262,098</u>
Total program services	<u>23,423,935</u>	<u>-</u>	<u>23,423,935</u>
Supporting services:			
Management and general	3,910,418	-	3,910,418
Fundraising	<u>2,360,939</u>	<u>-</u>	<u>2,360,939</u>
Total supporting services	<u>6,271,357</u>	<u>-</u>	<u>6,271,357</u>
Total expenses	<u>29,695,292</u>	<u>-</u>	<u>29,695,292</u>
Change in net assets	914,514	(7,354,160)	(6,439,646)
Net assets, beginning of year	<u>2,771,136</u>	<u>27,193,820</u>	<u>29,964,956</u>
Net assets, end of year	<u>\$ 3,685,650</u>	<u>\$ 19,839,660</u>	<u>\$ 23,525,310</u>

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

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Consolidated Statement of Activities**  
**For the year ended September 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS/LOSSES AND OTHER SUPPORT</b>			
Contributions	\$ 17,798,202	\$ 24,100,858	\$ 41,899,060
Grants and contracts	219,772	-	219,772
Other income (loss)	(88,654)	-	(88,654)
Net assets released from restrictions (Note 6)	<u>4,919,277</u>	<u>(4,919,277)</u>	<u>-</u>
Revenues, gains and other support before contributed services	22,848,597	19,181,581	42,030,178
Contributed services (Note 7)	<u>4,526,153</u>	<u>-</u>	<u>4,526,153</u>
Total revenues, gains and other support	<u>27,374,750</u>	<u>19,181,581</u>	<u>46,556,331</u>
<b>EXPENSES</b>			
Program services:			
Early stage partner support	2,520,918	-	2,520,918
Network partner support	<u>19,461,970</u>	<u>-</u>	<u>19,461,970</u>
Total program services	<u>21,982,888</u>	<u>-</u>	<u>21,982,888</u>
Supporting services:			
Management and general	5,097,685	-	5,097,685
Fundraising	<u>2,512,705</u>	<u>-</u>	<u>2,512,705</u>
Total supporting services	<u>7,610,390</u>	<u>-</u>	<u>7,610,390</u>
Total expenses	<u>29,593,278</u>	<u>-</u>	<u>29,593,278</u>
Change in net assets	(2,218,528)	19,181,581	16,963,053
Net assets, beginning of year	<u>4,989,664</u>	<u>8,012,239</u>	<u>13,001,903</u>
Net assets, end of year	<u>\$ 2,771,136</u>	<u>\$ 27,193,820</u>	<u>\$ 29,964,956</u>

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

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses**  
**For the year ended September 30, 2017**

	Program Services			Supporting Services			
	Early Stage Partner Support	Network Partner Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel expenses:							
Salaries	\$ 1,361,304	\$ 8,351,067	\$ 9,712,371	\$ 1,984,752	\$ 1,638,431	\$ 3,623,183	\$ 13,335,554
Payroll taxes and related expenses	403,123	2,140,426	2,543,549	507,097	435,221	942,318	3,485,867
Total personnel expenses	1,764,427	10,491,493	12,255,920	2,491,849	2,073,652	4,565,501	16,821,421
Non-personnel expenses:							
Grants	-	4,095,310	4,095,310	-	-	-	4,095,310
Travel	117,164	990,749	1,107,913	155,900	93,023	248,923	1,356,836
Conferences, workshops and meetings	52,105	1,204,814	1,256,919	45,576	4,320	49,896	1,306,815
Professional services	58,743	830,573	889,316	461,182	28,001	489,183	1,378,499
Information technology	43,443	258,760	302,203	201,252	37,797	239,049	541,252
Occupancy, office expense and other costs	125,955	762,871	888,826	317,953	124,146	442,099	1,330,925
Total non-personnel expenses	397,410	8,143,077	8,540,487	1,181,863	287,287	1,469,150	10,009,637
Total expenses before non-cash items	2,161,837	18,634,570	20,796,407	3,673,712	2,360,939	6,034,651	26,831,058
Bad debt expense	-	-	-	9,088	-	9,088	9,088
Depreciation	-	-	-	156,764	-	156,764	156,764
Contributed services	-	2,627,528	2,627,528	70,854	-	70,854	2,698,382
Total expenses	\$ 2,161,837	\$ 21,262,098	\$ 23,423,935	\$ 3,910,418	\$ 2,360,939	\$ 6,271,357	\$ 29,695,292

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



**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses**  
**For the year ended September 30, 2016**

	Program Services			Supporting Services			
	Early Stage Partner Support	Network Partner Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel expenses:							
Salaries	\$ 1,706,465	\$ 7,662,862	\$ 9,369,327	\$ 2,192,822	\$ 1,616,181	\$ 3,809,003	\$ 13,178,330
Payroll taxes and related expenses	440,422	2,119,115	2,559,537	581,235	445,492	1,026,727	3,586,264
Total personnel expenses	2,146,887	9,781,977	11,928,864	2,774,057	2,061,673	4,835,730	16,764,594
Non-personnel expenses:							
Grants	-	1,358,659	1,358,659	-	-	-	1,358,659
Travel	157,728	1,165,030	1,322,758	164,158	116,385	280,543	1,603,301
Conferences, workshops and meetings	57,671	1,214,799	1,272,470	66,295	5,925	72,220	1,344,690
Professional services	65,839	676,314	742,153	634,100	14,396	648,496	1,390,649
Information technology	35,535	320,340	355,875	234,946	-	234,946	590,821
Occupancy, office expense and other costs	57,258	520,209	577,467	412,256	314,326	726,582	1,304,049
Total non-personnel expenses	374,031	5,255,351	5,629,382	1,511,755	451,032	1,962,787	7,592,169
Total expenses before non-cash items	2,520,918	15,037,328	17,558,246	4,285,812	2,512,705	6,798,517	24,356,763
Bad debt expense	-	-	-	480,467	-	480,467	480,467
Depreciation	-	-	-	229,895	-	229,895	229,895
Contributed services	-	4,424,642	4,424,642	101,511	-	101,511	4,526,153
Total expenses	\$ 2,520,918	\$ 19,461,970	\$ 21,982,888	\$ 5,097,685	\$ 2,512,705	\$ 7,610,390	\$ 29,593,278

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

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Consolidated Statements of Cash Flows**  
For the years ended September 30, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (6,439,646)	\$ 16,963,053
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	156,764	229,895
Change in discount of contributions receivable	867	128,412
Change in allowance for doubtful accounts - contributions receivable	(40,026)	84,631
Change in allowance for doubtful accounts - grants and contracts receivable	(29,678)	(1,163)
Bad debt expense	9,088	480,467
Changes in operating assets and liabilities:		
Prepaid expense and other assets	(163,771)	(8,295)
Contributions receivable	11,319,263	(18,359,706)
Grants and contracts receivables	85,617	143,695
Advances to network partners	(1,020,780)	(1,524,853)
Other receivables	(67,115)	(41,811)
Accounts payable and accrued expenses	<u>164,517</u>	<u>297,601</u>
Net cash provided by (used in) operating activities	<u>3,975,100</u>	<u>(1,608,074)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(29,900)</u>	<u>(29,563)</u>
Net increase (decrease) in cash and cash equivalents	3,945,200	(1,637,637)
Cash and cash equivalents, beginning of year	<u>4,186,900</u>	<u>5,824,537</u>
Cash and cash equivalents, end of year	<u>\$ 8,132,100</u>	<u>\$ 4,186,900</u>

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

# TEACH FOR ALL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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### 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 45 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, which had remained dormant until August 2016. Accordingly, the fiscal year 2017 and 2016 financial operations of Teach For All Inc. and Teach For All Network have been consolidated for financial reporting purposes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The accompanying consolidated financial statements of Teach For All, Inc. and Teach For All Network, hereinafter collectively referred to as "TFALL," 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 organizations. All significant intercompany transactions have been eliminated in consolidation.

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

*Unrestricted* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted* - 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 6).

*Permanently restricted* - Net assets subject to donor-imposed stipulations that require resources to be maintained as funds of a permanent duration. The income derived from permanently restricted net assets may be available for general or specific purposes, as stipulated by the respective donors. As of September 30, 2017 and 2016, TFALL did not have any permanently restricted net assets.

# TEACH FOR ALL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (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.

### **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 expense.

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.

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.

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
**For the years ended September 30, 2017 and 2016**

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**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 year 2015, TFALL received a \$9 million conditional contribution. Under the terms of that agreement, the initial payment of \$3 million was received during fiscal year 2016, with an additional \$3 million received during fiscal year 2017, which were recognized in those respective years within contributions revenue in the accompanying consolidated statements of activities. The remaining \$3 million under the agreement is contingent upon the donor's approval and accordingly, has not been reflected as a contribution receivable as of September 30, 2017 in the accompanying consolidated statements of financial position.

During fiscal year 2017, TFALL received three conditional contributions totaling approximately \$6.4 million. Under the terms of these agreements, initial payments totaling approximately \$3.1 million were received during fiscal year 2017 and were recognized within contributions revenue in the accompanying consolidated statements of activities. The remaining \$3.3 million was contingent upon the donors' approval at September 30, 2017 and accordingly, has not been reflected as contributions receivable 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 7).

**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.

**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.

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
For the years ended September 30, 2017 and 2016

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**Advances to Network Partners**

Advances to Network Partners represent sub-grant advances which are recognized by TFALL as grant expenditures in future years as the respective network partners meet all of the applicable sub-grant requirements (Note 5). At September 30, 2017 and 2016, TFALL had advances outstanding to the following network partners:

	<u>2017</u>	<u>2016</u>
Teach for Armenia	\$ 250,000	\$ -
Teach for India	246,150	-
Teach for All Mexico	500,000	600,000
Teach for Bangladesh	235,504	271,008
Other network partners	<u>1,357,979</u>	<u>697,845</u>
Total	<u>\$ 2,589,633</u>	<u>\$ 1,568,853</u>

**Grants Payable**

Grant awards 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 9). Rescinded grants, if any, are recorded as a reduction to grant expense.

**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 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 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. TFALL maintains its cash 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.

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
For the years ended September 30, 2017 and 2016

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**Use of Estimates**

The preparation of the consolidated 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.

**Reclassifications**

Certain reclassifications have been made to the 2016 consolidated financial statements to conform to the current year's presentation. Such reclassifications did not change total assets, liabilities, net assets, revenues, expenses or changes in net assets as reflected in the 2016 consolidated financial statements.

**3. CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable at September 30, 2017 and 2016, were scheduled to be collected as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 11,129,855	\$ 14,839,249
One to five years	<u>3,200,000</u>	<u>10,809,869</u>
	14,329,855	25,649,118
Less: discount to present value ranging from 0.83% to 1.65%	<u>(173,285)</u>	<u>(172,418)</u>
	14,156,570	25,476,700
Less: allowance for doubtful accounts	<u>(277,634)</u>	<u>(317,660)</u>
Contributions receivable, net	<u>\$ 13,878,936</u>	<u>\$ 25,159,040</u>

**4. FIXED ASSETS, NET**

Fixed assets, net, at September 30, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Computer equipment and software	\$ 751,668	\$ 721,768
Less: accumulated depreciation	<u>(713,056)</u>	<u>(556,292)</u>
Fixed assets, net	<u>\$ 38,612</u>	<u>\$ 165,476</u>

Depreciation expense totaled \$156,764 and \$229,895 for the years ended September 30, 2017 and 2016, respectively.

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
**For the years ended September 30, 2017 and 2016**

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**5. 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 \$435,000 and \$564,000 during the years ended September 30, 2017 and 2016, 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 the Chair of Teach First’s Board are members of Teach For All, Inc.’s Board of Directors. This agreement commenced in 2016; it stated 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 \$107,000 and \$110,000 during the years ended September 30, 2017 and 2016, 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 \$139,000 and \$112,000 during the years ended September 30, 2017 and 2016, respectively.

Teach For China, Teach For India, Teach For Nigeria, and Teach For Armenia are related parties and members of the Teach For All network. TFALL’s Chief Executive Officer is a board member of Teach For China, Teach For India, and Teach For Armenia. 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 India - grants totaling approximately \$799,000 and \$269,000 during the years ended September 30, 2017 and 2016, respectively.

Teach For China - grants totaling approximately \$91,000 and \$60,000 during the years ended September 30, 2017 and 2016, respectively.

Teach For Armenia - a grant totaling approximately \$944,000 during the year ended September 30, 2017.

Teach For Nigeria - a grant totaling approximately \$26,000 during the year ended September 30, 2017.



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**6. TEMPORARILY RESTRICTED NET ASSETS**

At September 30, 2017 and 2016, temporarily restricted net assets were comprised of the following:

	<u>2017</u>	<u>2016</u>
Time restricted	\$ 8,135,549	\$ 15,886,890
Expansion	2,601,813	1,934,908
Network and Early Stage Partner Support	<u>9,102,298</u>	<u>9,372,022</u>
	<u>\$ 19,839,660</u>	<u>\$ 27,193,820</u>

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, 2017 and 2016, as follows:

	<u>2017</u>	<u>2016</u>
Time restricted	\$ 9,106,012	\$ 2,152,196
Expansion	1,614,321	858,332
Network and Early Stage Partner Support	<u>4,409,023</u>	<u>1,908,749</u>
	<u>\$ 15,129,356</u>	<u>\$ 4,919,277</u>

**7. CONTRIBUTED SERVICES**

Contributed services for the years ended September 30, 2017 and 2016, consisted of professional services rendered by two consulting companies and two law firms. These services included expertise in international trademarks, legal affairs, and program consulting in the areas of impact measurement, organizational design, technology, and staff engagement. The fair value of donated services reflected in the accompanying consolidated statements of activities for the years ended September 30, 2017 and 2016 totaled \$2,698,382 and \$4,526,153, respectively.

**8. 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 for eligible US staff and a group pension plan is offered for UK 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

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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 \$547,354 and \$493,311 for the years ended September 30, 2017 and 2016, respectively.

**9. 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 thirty month period ending November 30, 2018. Payments on the grant are subject to certain milestones and performance criteria being achieved. As of September 30, 2017, \$700,000 had been recognized under the terms of the agreement; the remaining balance of the grant of up to \$1,100,000 is due to be paid to, and reported as expensed by, Enseña Por Mexico in fiscal years 2018 and 2019.

**10. SUBSEQUENT EVENTS**

TFALL evaluated its September 30, 2017 consolidated financial statements for subsequent events through February 15, 2018, the date the 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.