

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, 2018 and 2017

# TEACH FOR ALL, INC. AND SUBSIDIARY

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**Grant Thornton LLP**  
757 Third Avenue, 9th Floor  
New York, NY 10017  
T 212.599.0100  
F 212.370.4520  
[GrantThornton.com](http://GrantThornton.com)  
[linkd.in/GrantThorntonUS](https://linkd.in/GrantThorntonUS)  
[twitter.com/GrantThorntonUS](https://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, 2018 and 2017 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 consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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, 2018 and 2017, 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.

*Dent Thornton LLP*

New York, New York

February 14, 2019

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**  
**As of September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,635,099	\$ 8,132,100
Prepaid expenses and other assets	563,889	564,734
Contributions receivable, net (Note 3)	5,047,185	13,878,936
Grants and contracts receivable, net of an allowance of \$72,183 and \$141,327 in 2018 and 2017, respectively	32,843	77,682
Advances to network partners (Note 2)	4,253,760	2,589,633
Other receivables	205,412	262,834
Fixed assets, net (Note 5)	<u>21,285</u>	<u>38,612</u>
Total assets	<u>\$ 20,759,473</u>	<u>\$ 25,544,531</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,460,235	\$ 1,790,357
Deferred revenue (Note 2)	<u>2,392,352</u>	<u>228,864</u>
Total liabilities	<u>\$ 3,852,587</u>	<u>\$ 2,019,221</u>
Commitments and contingencies (Note 10)		
<b>NET ASSETS</b>		
Unrestricted	5,873,102	3,685,650
Temporarily restricted (Note 7)	<u>11,033,784</u>	<u>19,839,660</u>
Total net assets	<u>16,906,886</u>	<u>23,525,310</u>
Total liabilities and net assets	<u>\$ 20,759,473</u>	<u>\$ 25,544,531</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS/LOSSES AND OTHER SUPPORT</b>			
Contributions	\$ 15,274,240	\$ 6,326,513	\$ 21,600,753
Grants and contracts (Note 2)	690,581	-	690,581
Other income (loss)	270,212	-	270,212
Net assets released from restrictions (Note 7)	<u>15,132,389</u>	<u>(15,132,389)</u>	<u>-</u>
Revenues, gains and other support before contributed services	31,367,422	(8,805,876)	22,561,546
Contributed services (Note 8)	<u>4,002,477</u>	<u>-</u>	<u>4,002,477</u>
Total revenues, gains and other support	<u>35,369,899</u>	<u>(8,805,876)</u>	<u>26,564,023</u>
<b>EXPENSES</b>			
Program services:			
Early stage partner support	1,996,951	-	1,996,951
Network partner support	<u>24,391,874</u>	<u>-</u>	<u>24,391,874</u>
Total program services	<u>26,388,825</u>	<u>-</u>	<u>26,388,825</u>
Supporting services:			
Management and general	4,530,658	-	4,530,658
Fundraising	<u>2,262,964</u>	<u>-</u>	<u>2,262,964</u>
Total supporting services	<u>6,793,622</u>	<u>-</u>	<u>6,793,622</u>
Total expenses	<u>33,182,447</u>	<u>-</u>	<u>33,182,447</u>
Change in net assets	2,187,452	(8,805,876)	(6,618,424)
Net assets, beginning of year	<u>3,685,650</u>	<u>19,839,660</u>	<u>23,525,310</u>
Net assets, end of year	<u>\$ 5,873,102</u>	<u>\$ 11,033,784</u>	<u>\$ 16,906,886</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, 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 (Note 2)	419,588	-	419,588
Other income (loss)	112,799	-	112,799
Net assets released from restrictions (Note 7)	<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 8)	<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 Functional Expenses**  
**For the 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	1,609,609	10,933,928	12,543,537	2,948,705	1,957,017	4,905,722	17,449,259
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	387,342	9,523,958	9,911,300	1,483,151	305,947	1,789,098	11,700,398
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	\$ 1,996,951	\$ 24,391,874	\$ 26,388,825	\$ 4,530,658	\$ 2,262,964	\$ 6,793,622	\$ 33,182,447

*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			Total
	Early Stage Partner Support	Network Partner Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	
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	<u>1,764,427</u>	<u>10,491,493</u>	<u>12,255,920</u>	<u>2,491,849</u>	<u>2,073,652</u>	<u>4,565,501</u>	<u>16,821,421</u>
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	<u>397,410</u>	<u>8,143,077</u>	<u>8,540,487</u>	<u>1,181,863</u>	<u>287,287</u>	<u>1,469,150</u>	<u>10,009,637</u>
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	<u>\$ 2,161,837</u>	<u>\$ 21,262,098</u>	<u>\$ 23,423,935</u>	<u>\$ 3,910,418</u>	<u>\$ 2,360,939</u>	<u>\$ 6,271,357</u>	<u>\$ 29,695,292</u>

*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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (6,618,424)	\$ (6,439,646)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,879	156,764
Change in discount of contributions receivable	(151,809)	867
Change in allowance for doubtful accounts - contributions receivable	(226,435)	(40,026)
Change in allowance for doubtful accounts - grants and contracts receivable	(69,144)	(29,678)
Bad debt expense	9,434	9,088
Changes in operating assets and liabilities:		
Prepaid expense and other assets	845	(163,771)
Contributions receivable	9,209,995	11,319,263
Grants and contracts receivables	113,983	85,617
Advances to network partners	(1,664,127)	(1,020,780)
Other receivables	47,988	(67,115)
Accounts payable and accrued expenses	(330,122)	86,255
Deferred revenue	<u>2,163,488</u>	<u>78,262</u>
Net cash provided by operating activities	<u>2,506,551</u>	<u>3,975,100</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(3,552)</u>	<u>(29,900)</u>
Net cash provided used in investment activities	<u>(3,552)</u>	<u>(29,900)</u>
Net increase in cash and cash equivalents	2,502,999	3,945,200
Cash and cash equivalents, beginning of year	<u>8,132,100</u>	<u>4,186,900</u>
Cash and cash equivalents, end of year	<u>\$ 10,635,099</u>	<u>\$ 8,132,100</u>

*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, 2018 and 2017

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#### 1. ORGANIZATION AND NATURE OF OPERATIONS

Teach For All, Inc. is a not-for-profit entity 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 2018 and 2017 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, the 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, 2018 and 2017, TFALL did not have any permanently restricted net assets.

# TEACH FOR ALL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### September 30, 2018 and 2017

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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, if any, and other assets, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or prevailing 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.

#### **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 expenses.

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**

### **September 30, 2018 and 2017**

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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 2015, TFALL received a \$9 million conditional contribution. Under the terms of this agreement, TFALL met those conditions ratably and, accordingly, received and recognized contribution revenue of \$3 million in each of its fiscal years ended September 30, 2016, 2017, and 2018, respectively.

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 \$3.1 million in each of its fiscal years ended September 30, 2017 and 2018, respectively. As of September 30, 2018, the remaining \$250,000 was conditional and, accordingly, has not been reflected in the accompanying consolidated financial statements.

During fiscal 2018, TFALL received four conditional contributions totaling approximately \$16 million. Under the terms of these agreements, TFALL received initial payments totaling approximately \$2.8 million, however, conditions totaling only \$500,000 were met and recognized as contribution revenue in the accompanying consolidated statements of activities, with the remaining \$2.3 million included as part of deferred revenue in the accompanying statements of financial position. The remaining \$15.5 million under the agreements is contingent upon the donors' approval and, accordingly, has not been reflected in the accompanying consolidated financial statements.

#### **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 8).

#### **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.

Deferred revenue for the years ended September 30, 2018 and 2017 consisted of advance payments related to one conditional contribution received during fiscal 2018 and various exchange transaction agreements received during fiscal 2017 and fiscal 2018. The unused advances reflected in the accompanying consolidated statements of financial position as of September 30, 2018 and 2017 totaled \$2,392,352 and \$228,864, respectively.

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
**September 30, 2018 and 2017**

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**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 which 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, 2018 and 2017, TFALL had advances outstanding to the following network partners:

	<u>2018</u>	<u>2017</u>
Teach for Armenia	\$ 75,052	\$ 250,000
Teach for India	293,872	246,150
Teach for All Mexico	719,000	500,000
Teach for Bangladesh	180,672	235,504
Teach For Uganda	312,500	-
Teach For Nigeria	280,000	-
Teach For Afghanistan	277,000	-
Teach For Vietnam	270,000	-
Sarvodaya Shramadana Nepal	210,000	-
Teach For Ghana	200,000	-
Other network partners	<u>1,435,664</u>	<u>1,357,979</u>
Total	<u>\$ 4,253,760</u>	<u>\$ 2,589,633</u>

**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 10). 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

**TEACH FOR ALL, INC. AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
**September 30, 2018 and 2017**

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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 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 assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities 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.

**3. CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable at September 30, 2018 and 2017, were scheduled to be collected as follows:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 4,311,860	\$ 11,129,855
One to five years	<u>808,000</u>	<u>3,200,000</u>
	5,119,860	14,329,855
Less: discount to present value ranging from 2.59% to 2.81%	<u>(21,476)</u>	<u>(173,285)</u>
	5,098,384	14,156,570
Less: allowance for doubtful accounts	<u>(51,199)</u>	<u>(277,634)</u>
Contributions receivable, net	<u>\$ 5,047,185</u>	<u>\$ 13,878,936</u>

**4. LINE OF CREDIT**

As of September 30, 2018 and 2017, 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, 2018 and 2017, respectively.

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Drawdowns are subject to interest at a rate of 2.5% through July 31, 2019, the expiration date of the line of credit.

**5. FIXED ASSETS, NET**

Fixed assets, net, at September 30, 2018 and 2017, consisted of the following:

	<u>2018</u>	<u>2017</u>
Computer equipment and software	\$ 721,778	\$ 751,668
Less: accumulated depreciation	<u>(700,493)</u>	<u>(713,056)</u>
Fixed assets, net	<u>\$ 21,285</u>	<u>\$ 38,612</u>

Depreciation expense totaled \$20,879 and \$156,764 for the years ended September 30, 2018 and 2017, respectively.

**6. 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 \$566,000 and \$435,000 during the years ended September 30, 2018 and 2017, 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 \$213,000 and \$107,000 during the years ended September 30, 2018 and 2017, 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 \$127,000 and \$139,000 during the years ended September 30, 2018 and 2017, respectively.



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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 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 Armenia - grants totaling approximately \$1,070,000 and \$944,000 during the years ended September 30, 2018 and 2017, respectively.

Teach For Nigeria - grants totaling approximately \$332,000 and \$26,000 during the years ended September 30, 2018 and 2017, respectively.

Teach For China and Teach For India were related parties of TFALL during the year ended September 30, 2017. They ceased to be related parties prior to the beginning of fiscal 2018, when TFALL's Chief Executive Officer ceased to be a board member of Teach For China and Teach For India. During the year ended September 30, 2017, TFALL provided certain technical advice to each of these parties and awarded grants totaling approximately \$799,000 to Teach For China and approximately \$91,000 to Teach For India, respectively.

**7. TEMPORARILY RESTRICTED NET ASSETS**

At September 30, 2018 and 2017, temporarily restricted net assets were comprised of the following:

	<u>2018</u>	<u>2017</u>
Time restricted	\$ 1,979,378	\$ 8,135,549
Expansion	1,493,189	2,601,813
Regional support	<u>7,561,217</u>	<u>9,102,298</u>
	<u>\$ 11,033,784</u>	<u>\$ 19,839,660</u>

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.

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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, 2018 and 2017, as follows:

	<u>2018</u>	<u>2017</u>
Time restricted	\$ 7,556,606	\$ 9,106,012
Expansion	2,298,631	1,614,321
Regional support	<u>5,277,152</u>	<u>4,409,023</u>
	<u>\$ 15,132,389</u>	<u>\$ 15,129,356</u>

**8. CONTRIBUTED SERVICES**

Contributed services for the years ended September 30, 2018 and 2017, consisted of professional services rendered by a 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, 2018 and 2017 totaled \$4,002,477 and \$2,698,382, respectively.

**9. 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 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 \$709,337 and \$547,354 for the years ended September 30, 2018 and 2017, respectively.

**10. 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

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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, 2018, \$1,200,000 had been recognized under the terms of the agreement; the remaining balance of the grant of up to \$600,000 is due to be paid to Enseña Por Mexico in fiscal 2019.

**11. SUBSEQUENT EVENTS**

TFALL evaluated its September 30, 2018 consolidated financial statements for subsequent events through February 14, 2019, 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.