

TEACH FOR AMERICA, INC.

FINANCIAL STATEMENTS

(Including Single Audit)

May 31, 2020 and 2019

TEACH FOR AMERICA
New York, New York

FINANCIAL STATEMENTS
(Including Single Audit
May 31, 2020 and 2019)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Teach For America, Inc. ("TFA" or the "Organization"), which comprise the statement of financial position as of May 31, 2020 and 2019, and the related statement of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teach For America, Inc. as of May 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization has adopted Accounting Standards Updates 2018-08 – Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made and 2016-18, Statement of Cash Flows (Topic 230); Restricted Cash for the year ended May 31, 2020. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2020, on our consideration of TFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TFA's internal control over financial reporting and compliance.



Crowe LLP

New York, New York
November 18, 2020

TEACH FOR AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
May 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 31,414,129	\$ 21,365,351
Restricted cash (Note 2)	2,012,334	2,012,334
Grants and contracts receivable	8,119,862	4,920,541
Fee for service receivable, net (Note 2)	494,847	556,741
Prepaid expenses and other assets	8,957,908	8,448,451
Contributions receivable, net (Note 4)	41,956,484	40,276,005
Loans receivable from corps members, net (Note 5)	3,068,200	4,308,646
Investments, at fair value (Note 3)	341,685,064	360,017,105
Fixed assets, net (Note 6)	<u>18,438,950</u>	<u>18,244,136</u>
 Total assets	 <u>\$ 456,147,778</u>	 <u>\$ 460,149,310</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 35,588,493	\$ 37,310,952
Deferred rent payable (Note 12)	10,816,569	10,681,156
Deferred revenue (Note 2)	3,124,316	11,729,399
Other liabilities	<u>320,904</u>	<u>307,102</u>
Total liabilities	<u>49,850,282</u>	<u>60,028,609</u>
 Commitment and Contingencies (Notes 7 and 12)		
 Net Assets		
Without Donor Restriction (Note 9)	169,139,129	172,430,100
With Donor Restriction (Note 8 and 9)	<u>237,158,367</u>	<u>227,690,601</u>
Total net assets	<u>406,297,496</u>	<u>400,120,701</u>
 Total liabilities and net assets	 <u>\$ 456,147,778</u>	 <u>\$ 460,149,310</u>

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF ACTIVITIES
For the year ended May 31, 2020, with comparative totals for 2019

	Without Donor Restriction	With Donor Restriction	2020 Total	2019 Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions (Note 2 and 4)	\$ 148,541,474	\$ 36,972,288	\$ 185,513,762	\$ 170,379,521
Grants and contracts (Note 2)	47,679,896	-	47,679,896	107,191,860
Fee for service	23,072,372	-	23,072,372	23,435,580
Special events (Note 2)	9,259,025	953,770	10,212,795	17,465,608
Interest and dividend income (Note 3)	3,373,561	3,711,041	7,084,602	6,602,081
Net appreciation (depreciation) in fair value of investments (Note 2 and 3)	10,358,511	10,856,077	21,214,588	(2,942,283)
Other revenue	3,412,352	2,975	3,415,327	3,589,855
Reclassification of assets (Note 9)	10,653,853	(10,653,853)	-	-
Net assets released from restrictions (Note 8)	32,374,532	(32,374,532)	-	-
Total revenues, gains and other support	<u>288,725,576</u>	<u>9,467,766</u>	<u>298,193,342</u>	<u>325,722,222</u>
OPERATING EXPENSES				
Program services				
Corps member recruitment, selection and placement	54,639,363	-	54,639,363	57,461,519
Pre-service institute	34,209,522	-	34,209,522	36,359,692
Corps member professional development				
and other	97,414,494	-	97,414,494	93,275,139
Alumni affairs	31,178,024	-	31,178,024	31,868,635
Total program services	<u>217,441,403</u>	<u>-</u>	<u>217,441,403</u>	<u>218,964,985</u>
Supporting services				
Management and general	44,655,787	-	44,655,787	42,367,354
Fundraising	29,919,357	-	29,919,357	30,993,312
Total supporting services	<u>74,575,144</u>	<u>-</u>	<u>74,575,144</u>	<u>73,360,666</u>
Total operating expenses	<u>292,016,547</u>	<u>-</u>	<u>292,016,547</u>	<u>292,325,651</u>
Change in net assets	<u>(3,290,971)</u>	<u>9,467,766</u>	<u>6,176,795</u>	<u>33,396,571</u>
Net assets, beginning of year	<u>172,430,100</u>	<u>227,690,601</u>	<u>400,120,701</u>	<u>366,724,130</u>
Net assets, end of year	<u>\$ 169,139,129</u>	<u>\$ 237,158,367</u>	<u>\$ 406,297,496</u>	<u>\$ 400,120,701</u>

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF ACTIVITIES
For the year ended May 31, 2019

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	2019 <u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions (Note 2 and 4)	\$ 132,051,479	\$ 38,328,042	\$ 170,379,521
Grants and contracts (Note 2)	107,191,860	-	107,191,860
Fee for service	23,435,580	-	23,435,580
Special events (Note 2)	17,273,758	191,850	17,465,608
Interest and dividend income (Note 3)	2,123,714	4,478,367	6,602,081
Net depreciation in fair value of investments (Note 2 and 3)	1,198,188	(4,140,471)	(2,942,283)
Other revenue	3,589,855	-	3,589,855
Reclassification of assets (Note 9)	55,796,332	(55,796,332)	-
Net assets released from restrictions (Note 8)	19,543,139	(19,543,139)	-
Total revenues, gains and other support	<u>362,203,905</u>	<u>(36,481,683)</u>	<u>325,722,222</u>
OPERATING EXPENSES			
Program services			
Corps member recruitment, selection and placement	57,461,519	-	57,461,519
Pre-service institute	36,359,692	-	36,359,692
Corps member professional development and other	93,275,139	-	93,275,139
Alumni affairs	31,868,635	-	31,868,635
Total program services	<u>218,964,985</u>	<u>-</u>	<u>218,964,985</u>
Supporting services			
Management and general	42,367,354	-	42,367,354
Fundraising	30,993,312	-	30,993,312
Total supporting services	<u>73,360,666</u>	<u>-</u>	<u>73,360,666</u>
Total operating expenses	<u>292,325,651</u>	<u>-</u>	<u>292,325,651</u>
Change in net assets	<u>69,878,254</u>	<u>(36,481,683)</u>	<u>33,396,571</u>
Net assets, beginning of year	<u>102,551,846</u>	<u>264,172,284</u>	<u>366,724,130</u>
Net assets, end of year	<u>\$ 172,430,100</u>	<u>\$ 227,690,601</u>	<u>\$ 400,120,701</u>

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended May 31, 2020

	Program Services					Supporting Services			
	Corps Member Recruitment, Selection & Placement	Pre-Service Institute	Corps Member Professional Development & Other	Alumni Affairs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Expenses:									
Personnel expenses	\$ 37,170,548	\$ 19,714,012	\$ 69,457,277	\$ 18,123,684	\$ 144,465,521	\$ 29,401,151	\$ 24,498,554	\$ 53,899,705	\$ 198,365,226
Professional services	1,624,838	875,716	3,867,590	1,522,782	7,890,926	4,172,472	1,428,511	5,600,983	13,491,909
Travel, meetings and subsistence	3,268,301	10,882,468	5,116,215	2,361,247	21,628,231	1,125,788	1,063,040	2,188,828	23,817,059
Corps member support	4,137,043	483,373	2,095,744	1,883,826	8,599,986	14,669	59,081	73,750	8,673,736
Postage and delivery	82,629	20,640	123,887	125,071	352,227	50,326	41,682	92,008	444,235
Telecommunications	310,717	61,210	1,124,778	71,298	1,568,003	232,749	73,640	306,389	1,874,392
Equipment and supplies	1,140,706	926,790	1,904,779	406,831	4,379,106	3,395,922	319,041	3,714,963	8,094,069
Special events	-	-	-	-	-	-	640,172	640,172	640,172
Subscriptions and dues	178,624	95,189	203,876	95,531	573,220	357,158	144,705	501,863	1,075,083
Grants	2,362	2,348	152,660	4,946,527	5,103,897	1,172	3,497	4,669	5,108,566
Printing, advertising and media	2,905,012	166,963	271,550	492,545	3,836,070	186,440	446,942	633,382	4,469,452
Occupancy	2,438,121	685,531	10,878,475	779,638	14,781,765	2,579,999	768,612	3,348,611	18,130,376
Bad debt expense	577,728	1,758	-	-	579,486	144,974	-	144,974	724,460
Other	46,462	120,042	283,382	117,011	566,897	39,521	55,912	95,433	662,330
Interest, insurance, and fees	96,630	54,423	288,200	41,884	481,137	574,819	223,287	798,106	1,279,243
Depreciation and amortization	659,642	119,059	1,646,081	210,149	2,634,931	2,378,627	152,681	2,531,308	5,166,239
Total	\$ 54,639,363	\$ 34,209,522	\$ 97,414,494	\$ 31,178,024	\$ 217,441,403	\$ 44,655,787	\$ 29,919,357	\$ 74,575,144	\$ 292,016,547

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended May 31, 2019

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

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENTS OF CASH FLOWS
For the years ended May 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 6,176,795	\$ 33,396,571
Adjustment to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	5,166,239	5,404,605
Bad debt expense	724,460	754,616
Change in allowances for doubtful contributions, fee for service and loans receivable	(168,564)	(228,615)
Net (appreciation) depreciation in fair value of investments	(21,214,588)	2,942,283
Losses on disposal of fixed assets	149,449	174,955
Donated equipment	-	(8,548)
Contributed investment securities	(10,093,094)	(10,988,310)
Change in present value discount of contributions receivable	(82,873)	274,749
Changes in operating assets and liabilities:		
Increase in contributions receivable	(1,542,606)	(8,576,176)
Increase in grants and contracts receivable	(3,199,320)	(596,813)
Decrease (increase) in fee for service receivable	34,298	(136,592)
Increase in prepaid expense and other assets	(515,030)	(1,918,118)
Decrease in accounts payable and accrued expenses	(1,722,460)	(2,789,614)
Increase in deferred rent payable	135,413	519,423
Decrease in deferred revenue	(8,605,083)	(7,441,236)
Increase (decrease) in other liabilities	8,722	(279,495)
Net cash (used in) provided by operating activities	<u>(34,748,243)</u>	<u>10,503,685</u>
Cash flows from investing activities		
Proceeds from the sale of investments	56,744,325	41,452,696
Purchase of investments	(7,104,602)	(57,462,082)
Purchase of fixed assets	(5,490,155)	(4,898,521)
Loans to corps members	(2,704,098)	(4,795,158)
Repayments of loans from corps members	3,366,816	3,421,569
Net cash provided by (used in) investing activities	<u>44,812,286</u>	<u>(22,281,496)</u>
Cash flows from financing activities		
Payments on capital lease obligation	(15,266)	(5,767)
Net cash used in financing activities	<u>(15,266)</u>	<u>(5,767)</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	10,048,777	(11,783,578)
Cash and cash equivalents and restricted cash, beginning of year	<u>23,377,685</u>	<u>35,161,263</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 33,426,463</u>	<u>\$ 23,377,685</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 357,302</u>	<u>\$ 323,743</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Capital lease obligations	<u>\$ 20,346</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Without donor restrictions net assets - are not subject to donor-imposed stipulations. These amounts include Board-designated resources for use as long-term investment to provide an ongoing stream of investment income for selected activities such as expansion and program services, as well as cash reserves, in the event TFA should experience a cash shortfall. As of May 31, 2020 and 2019, the total amount of Board-designated net assets without donor restrictions authorized to function as endowments were approximately \$78,070,000 and \$62,045,000, respectively (Note 9).

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of TFA to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Management determined that there were no impairments as of May 31, 2020 and 2019.

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

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

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowances for Doubtful Accounts: Allowances for doubtful accounts are netted against corresponding receivables based upon management's judgment of their respective realizability, including consideration of such factors as prior collection history and type of receivable. Receivables are only written off when deemed fully uncollectible to the allowance for doubtful accounts. Payments, if any, subsequently received on previously written off balances are recognized as reductions of current year bad debt expense. There were no recoveries of previously reserved receivable balances in 2020 or 2019.

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

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on such assets are recognized based on the excess of the respective asset's carrying amount over its fair value. There were no impairments in 2020 or 2019.

Revenue Recognition:

Deferred Revenue

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

Contributions

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

Grants and Contracts

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

Fee for Service Revenue

TFA has contractual agreements with various school districts across the United States of America to recruit, select, train, and place corps members to teach within such school districts. TFA recognizes revenue related to these contractual agreements as earned, that is, when the school district places a corps member, typically at the start of the school year each fall. At both May 31, 2020 and 2019, fee for service receivables were presented net of an allowance of \$10,000.

Special Events Revenue: Revenue related to special events are recognized upon occurrence of the respective event.

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expenses: TFA expenses advertising costs as they are incurred. Advertising expenses amounted to approximately \$4,469,000 and \$6,997,000 for the years ended May 31, 2020 and 2019, respectively.

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

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

Pre-Service Institute - TFA conducts intensive summer training institutes led by its staff and in conjunction with local public school districts as part of teacher preparation for incoming corps members. In Summer 2019, approximately 3,200 corps members were trained at one of our four institute sites run by the national organization: Atlanta (GA), Houston (TX), Philadelphia (PA), and Tulsa (OK) or at one of our 15 training sites run by regions: Bay Area, Chicago - Northwest Indiana, Dallas - Fort Worth, Delta (rural region collective), Detroit, Eastern North Carolina, Las Vegas Valley, Los Angeles (regional collective), Massachusetts, Memphis, Miami (regional collective), Milwaukee, Nashville, New York, and Phoenix.

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Recently Adopted Accounting Pronouncements: In June 2018, the FASB issued (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. TFA applied the amendments in this ASU for the year ended May 31, 2020 using a modified prospective method of application. For the year ended May 31, 2020, there were presentation changes to revenue, as a result of the modified prospective presentation application of ASU 2018-08 for contributions and grants. In previous years, certain contributions were classified as conditional grants based upon the need to provide progress reports. However, upon adoption of ASU 2018-08 it was noted that these grants are now considered unconditional and are presented as contributions within the accompanying statement of activities. Additionally, deferred revenue of approximately \$7,600,000 related to prior year grants was released into revenue in the current year as these amounts pertain to grants received in advance that are no longer considered conditional.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The standard requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities are also required to reconcile the total to amounts on the balance sheet and disclose the nature of the restrictions. TFA has implemented this ASU for the year ended May 31, 2020.

New Accounting Pronouncements Not Yet Effective: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. TFA will implement this guidance for the year ended May 31, 2021.

In February 2016, the FASB issued ASU 2016-02, "Leases." This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability.

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for the fiscal year beginning June 1, 2022, with early adoption permitted. TFA is currently assessing the effect that adoption of the new standard will have on its financial statements, however the ASU is expected to have a significant impact on TFA.

Reclassifications: Certain 2019 amounts have been reclassified to conform to the 2020 presentation. Such reclassifications had no impact on total assets, liabilities, revenues, expenses, or changes in net assets as previously presented in the fiscal 2019 financial statements.

Coronavirus Implications: In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with various state and local ordinances, TFA has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its people. At this stage, the negative impact on our operations and financial results has not been significant. Management quickly moved our operations to become fully remote, including the summer training of our corps members and eliminating all travel. TFA experienced an impact in its overall contributions at year-end due to many special events either having to become virtual and/or cancelled but was able to renew its seasonal line of credit in March. The operations and business results of TFA could be materially affected in the future. TFA will continue to follow the various government policies and advice and, in parallel, will do the utmost to continue our operations in the best and safest way possible without jeopardizing the health of its people. In addition, significant estimates as disclosed in Note 2, such as fair values of investments and the allowance for doubtful accounts, may be materially impacted by national, state and local events designed to contain the coronavirus.

NOTE 3 - INVESTMENTS, AT FAIR VALUE

A summary of investments at May 31, 2020 and 2019, follows:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 1,931,312	\$ 53,353,852
Equities	310,661,126	279,220,509
Fixed income securities	<u>29,092,626</u>	<u>27,442,743</u>
	<u>\$ 341,685,064</u>	<u>\$ 360,017,105</u>

The investments noted above as equities and fixed income securities are classified as Level 1 investments within the fair value hierarchy as of May 31, 2020 and 2019.

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 3 - INVESTMENTS, AT FAIR VALUE (Continued)

For the years ended May 31, 2020 and 2019, TFA's investment returns consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 7,084,602	\$ 6,602,081
Appreciation (depreciation) in fair value of investments	21,349,247	(2,799,574)
Less: Investment fees	<u>(134,659)</u>	<u>(142,708)</u>
Total investment return	<u>\$ 28,299,190</u>	<u>\$ 3,659,798</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

A summary of contributions receivable at May 31, 2020 and 2019, follows:

	<u>2020</u>	<u>2019</u>
Due in:		
Less than one year	\$ 27,517,458	\$ 26,093,731
One to five years	<u>15,994,148</u>	<u>15,875,269</u>
	43,511,606	41,969,000
Less: Discount to present value ranging from 1.12% to 1.59% and 1.31% to 1.84% at May 31, 2020 and 2019, respectively	(455,122)	(537,995)
Allowance for doubtful accounts	<u>(1,100,000)</u>	<u>(1,155,000)</u>
Contributions receivable, net	<u>\$ 41,956,484</u>	<u>\$ 40,276,005</u>

During the years ended May 31, 2020 and 2019, approximately \$169,000 and \$241,000 of contributions receivable, respectively, were written off as uncollectible.

In cases where a donor has notified TFA of a conditional intent to give, the amounts have not been recorded in the accompanying financial statements. Such conditional gifts totaled approximately \$13,200,000 and \$9,500,000 for the years ended May 31, 2020 and 2019, respectively.

For the years ended May 31, 2020 and 2019, TFA received new contributions, mostly in cash, from members of its National Board of Directors totaling approximately \$16,100,000 and \$33,700,000, respectively, which represented 9% and 20% of total contributions, respectively. TFA received approximately \$1,000,000 and \$500,000 in payments against prior pledges from these related parties, for the years ended May 31, 2020 and 2019, respectively. For the year ended May 31, 2020, the decrease in National Board of Directors contributions was related to one former board member no longer being a related party but still contributing to TFA.

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TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 5 - LOANS RECEIVABLE FROM CORPS MEMBERS, NET

TFA makes uncollateralized loans to corps members based on financial need which are funded through TFA's loan programs. As of May 31, 2020 and 2019, these loans represented approximately 1.0% of total assets.

A summary of corps member loans at May 31, 2020 and 2019, follows:

	<u>2020</u>	<u>2019</u>
Corps Member Transition Loans	\$ 3,916,200	\$ 5,208,646
Less: Allowance for doubtful accounts	<u>(848,000)</u>	<u>(900,000)</u>
	<u>\$ 3,068,200</u>	<u>\$ 4,308,646</u>

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

<u>Year ending May 31,</u>	<u>One year Past Due</u>	<u>Two years Past Due</u>	<u>Over three years Past Due</u>	<u>Total Past Due</u>
2020	\$ 504,682	\$ 284,143	\$ 92,637	\$ 881,462
2019	\$ 563,578	\$ 430,956	\$ 63,597	\$ 1,058,131

Allowances for doubtful loans are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Loan balances are written off only when they are deemed to be uncollectible. There was approximately \$630,000 and \$495,000 written off during the years ended May 31, 2020 and 2019, respectively.

NOTE 6 - FIXED ASSETS, NET

A summary of fixed assets follows:

	<u>2020</u>	<u>2019</u>
Building	\$ 536,252	\$ 536,252
Vehicles	81,867	81,867
Computer equipment and software	34,909,602	40,326,291
Furniture, fixtures and office equipment	8,140,149	8,391,885
Leasehold improvements	<u>19,247,883</u>	<u>17,604,398</u>
Subtotal	62,915,753	66,940,692
Less: accumulated depreciation	<u>(44,476,803)</u>	<u>(48,696,557)</u>
Fixed assets, net	<u>\$ 18,438,950</u>	<u>\$ 18,244,136</u>

Depreciation and amortization expense related to fixed assets totaled approximately \$5,166,000 and \$5,405,000 for the years ended May 31, 2020 and 2019, respectively.

During the years ended May 31, 2020 and 2019, TFA disposed of approximately \$9,500,000 and \$13,300,000 of fixed assets that resulted in losses of approximately \$150,000 and \$175,000, respectively. The majority of these disposals represented fixed assets that were fully depreciated.

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TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 7 - LINE OF CREDIT

TFA had a \$35,000,000 line of credit agreement with Wells Fargo with interest at market index LIBOR or minimum base of 1.25% at May 31, 2020 and at LIBOR market index at May 31, 2019 plus 1.00% and secured by all cash and cash equivalents and pledged receivables. The line of credit agreement expires March 31, 2021. The effective interest rate was 2.25% and 3.43% at May 31, 2020 and 2019, respectively. TFA drew down on its line of credit during both 2020 and 2019; however, at both May 31, 2020 and 2019, there were no amounts outstanding. As of May 31, 2020 TFA reported compliance with its covenants.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or time periods, as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Cumulative endowment earnings	\$ 63,489,009	\$ 59,575,744
Teacher recruitment and selection, placement, professional development, expansion, and other	23,876,220	13,284,727
Time restrictions on contributions	<u>32,531,264</u>	<u>37,668,256</u>
	119,896,493	110,528,727
 Donor restricted endowment fund held in perpetuity	 <u>117,261,874</u>	 <u>117,161,874</u>
 Total net assets with donor restrictions	 <u><u>\$ 237,158,367</u></u>	 <u><u>\$ 227,690,601</u></u>

Net assets released from restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions on contributions	\$ 21,684,765	\$ 13,517,686
Teacher recruitment and selection, placement, professional development, expansion, and other	<u>10,689,767</u>	<u>6,025,453</u>
	<u><u>\$ 32,374,532</u></u>	<u><u>\$ 19,543,139</u></u>

NOTE 9 - ENDOWMENT NET ASSETS

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

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 9 - ENDOWMENT NET ASSETS (Continued)

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

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

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 78,069,683	\$ -	\$ 78,069,683
Donor-restricted endowment funds	-	180,750,882	180,750,882
Total	<u>\$ 78,069,683</u>	<u>\$ 180,750,882</u>	<u>\$ 258,820,565</u>

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

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 9 - ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets during the years ended May 31, 2020 and 2019, consisted of the following:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 62,045,298	\$ 176,737,619	\$ 238,782,917
Contribution	-	100,000	100,000
Investment return:			
Investment income, net of fees	1,586,512	3,711,041	5,297,553
Net appreciation (realized and unrealized)	4,435,557	10,856,077	15,291,634
Total investment return, net of fees	6,022,069	14,567,118	20,589,187
Reclassification of assets	10,653,853	(10,653,853)	-
Distribution	(651,537)	(2)	(651,539)
Endowment net assets, end of year	<u>\$ 78,069,683</u>	<u>\$ 180,750,882</u>	<u>\$ 258,820,565</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,473,128	\$ 232,196,054	\$ 236,669,182
Investment return:			
Investment income, net of fees	671,805	4,478,367	5,150,173
Net (depreciation) appreciation (realized and unrealized)	1,104,032	(4,140,470)	(3,036,438)
Total investment return, net of fees	1,775,838	337,897	2,113,735
Reclassification of assets	55,796,332	(55,796,332)	-
Endowment net assets, end of year	<u>\$ 62,045,298</u>	<u>\$ 176,737,619</u>	<u>\$ 238,782,917</u>

At May 31, 2020 and 2019, investments related to donor-restricted endowments had provided cumulative investment returns totaling approximately \$129,939,000 and \$115,372,000, respectively, to support general operating purposes, as per donor intent. See Spending Policy below for information on reclassification.

Funds with Deficiencies: From time to time, the fair value of the investment assets related to individual donor-restricted endowment funds may fall below the level that the donor requires TFA to retain as a fund of permanent duration. There were no deficiencies at May 31, 2020 and 2019.

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

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 9 - ENDOWMENT NET ASSETS (Continued)

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

Spending Policy: For the years ended May 31, 2020 and 2019, there were approximately \$652,000 and \$0 distributions from TFA's endowments, respectively. The distribution of \$652,000 for the year ended May 31, 2020 related to cumulative spend amount from two donor endowments that were used for operations per the donor intent. In addition, with the Board of Directors approval, TFA will transfer the cumulative spending reserves on the endowment to a separate quasi endowment account. For the years ended May 31, 2020 and 2019, the Board approved a transfer of cumulative spending reserves on the endowment to a separate quasi endowment account in the amount of approximately \$10,654,000 and \$60,269,000, which included \$55,796,000 net of cumulative spending reserves (reclassification of assets) from donor endowment plus \$4,473,000 of a board-designated funds noted in prior years, respectively. Upon authorization from the Board of Directors, spending will be determined based upon the sum of:

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

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

NOTE 10 - EDUCATION AWARDS DUE TO CORPS MEMBERS

TFA granted education awards (the "awards") for eligible corps members who successfully completed the 2018-2019 and prior school years. The awards were intended to mirror the awards provided by the Corporation of National and Community Service. For both years ended May 31, 2020 and 2019, approximately 90 corps members in their 1st and 2nd school years were granted varying amounts up to \$6,095 and \$5,920 that could be applied to pay student loans or educational expenses. For both years ended May 31, 2020 and 2019, approximately \$4,800,000 has been awarded and remained to be disbursed, and which was included in accounts payable and accrued expenses in the accompanying statements of financial position. The awards are valid for approximately 7 years post completion of the corps members' service and are payable through July 1, 2026, at which time these awards expire. The 2012-2013 school year educational awards will be the first to expire in fiscal year 2021.

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TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 11 - RETIREMENT PLAN

TFA offers full and part-time staff members who worked at least 20 hours a week or are expected to work 1,000 hours in the first year of employment the opportunity to participate in a 403(b) retirement program. This is a defined contribution plan (the "Plan") with employer matching contributions equal to 100% of the employee's contributions up to 5% of their gross earned salary in each fiscal year. Participants are fully vested after six months of employment, increasing to 12 months, effective October 1, 2008. Withdrawal cannot be made without penalty until the age of 59½. TFA matching contributions totaled approximately \$5,400,000 and \$5,500,000 for the years ended May 31, 2020 and 2019, respectively.

TFA also offers an Executive 457(b) Retirement Plan, which is a non-qualified 457(b) Retirement Plan for select key managerial and highly compensated employees. Only discretionary employer contributions are allowed under the Plan. For the years ended May 31, 2020 and 2019, employer contributions to this plan were approximately \$17,100 and \$12,800, respectively.

NOTE 12 - COMMITMENT AND CONTINGENCIES

Operating Leases: TFA has entered into approximately 80 lease agreements for its National and regional offices, expiring at various dates through January 2032. TFA also has various lease agreements for office equipment at its national and regional offices, expiring at various dates through March 2023.

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

<u>Year ending May 31,</u>	<u>Office Space</u>	<u>Equipment</u>
2021	\$ 14,889,126	\$ 179,314
2022	13,648,162	99,731
2023	11,917,896	4,058
2024	9,419,739	-
2025	7,849,742	-
Thereafter	46,124,821	-
Total	<u>\$ 103,849,487</u>	<u>\$ 283,102</u>

Total rent expense approximated \$15,100,000 and \$14,800,000 for the years ended May 31, 2020 and 2019, respectively.

In addition to the above, TFA entered into 48 sublease agreements for facilities it no longer needed. Each of these leases require payment of base rent plus additional rent for insurance, common area maintenance, and other costs, and are expected to expire at various dates through January 2032. Future lease income under these agreements will be approximately \$3,565,000, \$3,140,000, \$2,216,000, \$1,286,000, and \$1,286,000, for the next five years, respectively, and \$8,200,000 thereafter through January 2032. Rental income totaled approximately \$2,600,000 and \$2,700,000 for the years ended May 31, 2020 and 2019, respectively, and is included within other revenue in the accompanying statements of activities.

Deferred Rent Payable: Certain operating leases contain escalation clauses and rent abatements that are being recognized over the terms of the respective leases. The deferred rent balances totaled approximately \$10,800,000 and \$10,700,000 at May 31, 2020 and 2019, respectively.

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 12 - COMMITMENT AND CONTINGENCIES (Continued)

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

NOTE 13 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions, limiting their use, within one year of the statement of financial position as of May 31, 2020 and 2019 comprise of:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 31,414,129	\$ 21,365,351
Restricted cash	2,012,334	2,012,334
Grants and contracts receivable	8,119,862	4,920,541
Fee for service receivable, net	494,847	556,741
Contributions receivable, net	41,956,484	40,276,005
Loans receivable from corp members, net	3,068,200	4,308,646
Investments	<u>341,685,064</u>	<u>360,017,105</u>
Total financial assets	<u>\$ 428,750,919</u>	<u>\$ 433,456,723</u>
Less amounts not available for general expenditure within one year:		
Restricted cash	\$ (2,012,334)	\$ (2,012,334)
Contributions receivable, net due greater than one year	(14,439,026)	(14,182,274)
Loans receivable from corp members, due greater than one year	(881,462)	(1,058,131)
Donor restricted endowment funds net of estimated draw within one year	(170,134,529)	(166,081,548)
Board-designated endowment funds	(78,069,683)	(62,045,298)
Donor restricted funds net of estimated draw within one year	<u>(21,000,418)</u>	<u>(21,084,727)</u>
Financial assets not available to be used within one year	<u>\$ (286,537,451)</u>	<u>\$ (266,464,312)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 142,213,468</u>	<u>\$ 166,992,411</u>

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

(Continued)

TEACH FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 13 - LIQUIDITY AND AVAILABILITY (Continued)

TFA's donor endowment of approximately \$180,751,000 is subject to an annual spending rate as described in Note 9:

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

Although TFA does not plan to spend from its board-designated endowment of approximately \$78,070,000 (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of TFA's liquidity management, TFA invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To address anticipated needs aligned to our treasury strategy and/or unanticipated liquidity needs, TFA has a committed line of credit in the amount of \$35,000,000 which it could draw upon.

NOTE 14 - SUBSEQUENT EVENTS

TFA has evaluated subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position through November 18, 2020, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TEACH FOR AMERICA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2020

	CFDA Number	Pass-Through Entity/ Identifying Number	Award Period	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
Corporation for National and Community Service:					
Direct Awards:					
AmeriCorps National Direct					
2018-2019 Fixed Award	94.006	16EDHNY002	9/1/18-8/31/19	\$ 140,524	\$ -
2018-2019 Surge Funding	94.009	19TAHNY007	1/29/19-6/30/19	183	-
Total AmeriCorps Direct Awards				140,707	-
Pass-through awards:					
The State of Alabama					
2018-2019 Formula Award	94.006	17ESHAL0010001	9/1/18-8/31/19	5,687	-
2019-2020 Formula Award	94.006	17ESHAL0010001	9/1/19-8/31/20	56,664	-
The State of Arkansas					
2018-2019 Award	94.006	17FXHAR0020001	9/1/18-8/31/19	4,918	-
The State of Connecticut					
2018-2019 Award	94.006	16ESHCT001	9/1/18-8/31/19	5,464	-
2019-2020 Award	94.006	19DHE1264AA	9/1/19-8/31/20	82,116	-
The State of Delaware					
2018-2019 Award	94.006	16ESHDE0010001	9/1/18-8/31/19	2,108	-
2019-2020 Award	94.006	19FXHDE0020001	9/1/19-8/31/20	23,200	-
The State of District of Columbia					
2018-2019 Award	94.006	16ESHDC0010002	9/1/18-8/31/19	9,126	-
2019-2020 Award	94.006	16ESHDC0010002	9/1/19-8/31/20	60,183	-
The State of Florida					
2019-2020 Award (Jacksonville)	94.006	15AFHFL0010032	8/1/19-7/31/20	51,941	-
2019-2020 Award (Miami-Dade)	94.006	15AFHFL0010025	8/1/19-7/31/20	156,802	-
2019-2020 Award (Orlando)	94.006	18AFHFL0010010	8/1/19-7/31/20	29,400	-
The State of Georgia					
2018-2019 Fixed Award Competitive	94.006	17ESHGA0010001	9/1/18-8/31/19	5,702	-
2019-2020 Fixed Award Competitive	94.006	17ESHGA0010001	9/1/19-8/31/20	54,526	-
The State of Hawaii					
2018-2019 Award	94.006	16ACHHI0010002	9/1/18-8/31/19	10,102	-
2019-2020 Award	94.006	19FXHHI0020002	9/1/19-8/31/20	118,000	-
The State of Kentucky					
2018-2019 Award	94.006	17ESHKY001	8/1/18-7/31/19	4,743	-
2019-2020 Award	94.006	17ESHKY001	8/1/19-7/31/20	23,000	-
2018-2019 Surge Funding	94.009	19TAHKY002	1/1/19-6/30/19	89	-
The State of Louisiana					
2018-2019 Award Competitive	94.006	17ESHLA0010001	7/1/18-11/30/19	23,298	-
2019-2020 Award Competitive	94.006	17ESHLA0010001	7/1/19-11/30/20	207,579	-
The Michigan Department of Health and Human Services					
2018-2019 Award	94.006	MACF18-82364	9/1/18-8/31/19	11,772	-
2019-2020 Award	94.006	E20193609-00	9/1/19-8/31/20	41,719	-
The State of Missouri					
2018-2019 Award	94.006	17AFHMO0010005	9/1/18-8/31/19	1,428	-
2019-2020 Award	94.006	17AFHMO0010005	9/1/19-8/31/20	138,095	-
The State of Maryland					
2018-2019 Award	94.006	15ACHMD0010005	8/15/18-8/14/19	20,089	-
2019-2020 Award	94.006	15ACHMD0010005	8/15/19-8/14/20	158,646	-
The State of New Mexico					
2018-2019 Award	94.006	17ESHNM0020001	9/1/18-8/31/19	4,800	-
2019-2020 Award	94.006	17ESHNM0020001	9/1/19-8/31/20	53,000	-
2019-2020 Service Learning Award	94.009	19TAHNM001	7/1/19-12/31/21	20,000	-
The State of Ohio					
2018-2019 Award	94.006	16ESH-1502-19-OC111	9/1/18-6/30/19	7,601	-
2019-2020 Award	94.006	19FXH-1502-20-OC111	9/1/19-6/30/20	120,968	-
The State of Oklahoma					
2018-2019 Fixed Award	94.006	17ESHOK0010001	9/1/18-6/30/19	39,324	-
2019-2020 Fixed Award	94.006	17ESHOK0010001	9/1/18-6/30/19	167,660	-
2018-2019 Surge Funding	94.009	19TAHOK002	1/1/19-6/30/19	15	-
The State of Pennsylvania					
2018-2019 Award	94.006	16AFHPA0010005	8/15/18-8/14/19	1,439	-
2019-2020 Award	94.006	19AFHPA0010001	8/15/19-8/14/20	93,000	-

(Continued)

TEACH FOR AMERICA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2020

	CFDA Number	Pass-Through Entity/ Identifying Number	Award Period	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
The State of Rhode Island					
2018-2019 Fixed Award	94.006	17ESHR10020001	9/1/18-5/31/19	5,827	-
2019-2020 Fixed Award	94.006	17ESHR10020001	9/1/19-6/30/20	48,000	-
The State of South Carolina					
2018-2019 Fixed Award	94.006	17ESHSC0010001	8/1/18-7/31/19	8,567	-
2019-2020 Fixed Award	94.006	17ESHSC0010001	8/1/19-7/31/20	91,000	-
The State of South Dakota					
2018-2019 Award	94.006	17NDHSD001	9/1/18-8/31/19	10,013	-
2019-2020 Award	94.006	17NDHSD001	9/1/19-8/31/20	26,888	-
The State of Tennessee					
2018-2019 Award	94.006	16ESHTN001	8/1/18-12/31/19	12	-
2019-2020 Award	94.006	19ESHTN002	8/1/19-12/31/20	192,420	-
2019-2020 Award	94.006	16FXHTN002	8/1/19-12/31/20	126,668	-
The State of Texas					
2018-2019 Award	94.006	15FXHTX0010004	9/1/18-8/31/19	59,525	-
2019-2020 Award	94.006	18FXHTX0010003	9/1/19-8/31/20	514,437	-
2020 COVID Planning Award	94.006	16AFHTX0010036	4/6/20-8/31/20	27,297	-
The State of Wisconsin					
2018-2019 Fixed Award	94.006	17FXHW10020003	9/1/18-8/31/19	9,833	-
2019-2020 Fixed Award	94.006	17FXHW10020003	9/1/19-8/31/20	58,723	-
Total AmeriCorps Pass-through Awards				2,993,413	-
Total Corporation for National and Community Service				3,134,120	-
U.S. Department of Education					
Direct Awards:					
Supporting Effective Educators Development (SEED)	84.367D	U367D170011	7/3/17-9/30/20	958,476	953,476
Supporting Effective Educators Development (SEED)	84.367D	U423A170036	10/1/17-9/30/20	957,673	-
Supporting Effective Educators Development (SEED)	84.423A	U423A190075	10/1/18-9/30/22	8,020,879	423,477
Total Supporting Effective Educators Development				9,937,028	1,376,953
Education Innovation and Research (EIR)	84.411C	U411C170167	10/1/17-8/31/23	726,701	120,908
Scholarships for Opportunity and Results (SOAR)	84.370C	U370C170001	10/20/17-9/30/19	18,795	-
Pass-through Awards:					
Promise Neighborhoods	84.215N	U215N170054	1/1/18-12/31/19	67,362	-
Promise Neighborhoods	84.215N	U215N170054	1/1/20-12/31/20	46,825	-
Total U.S. Department of Education				10,796,711	1,497,861
Research and Development Cluster					
National Science Foundation					
CS10K: Prioritizing & Expanding Access to Computer Science Instruction in High-needs High Schools,"	47.070	1837394		146,136	50,230
Total Research and Development				146,136	50,230
				<u>\$ 14,076,967</u>	<u>\$ 1,548,091</u>
Subtotals by CFDA Number					
AmeriCorps	94.006			\$ 3,113,833	
Training and Technical Assistance	94.009			20,287	
Supporting Effective Educators Development (SEED)	84.367D			1,916,149	
Innovative Approaches to Literacy; Full-service Community Schools; and Promise Neighborhoods	84.215N			114,187	

TEACH FOR AMERICA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the activity of Teach for America ("TFA") for the year ended May 31, 2020 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TFA, it is not intended to and does not present the financial position, changes in net assets, functional expenses or cash flows of TFA.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. TFA has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of TFA, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TFA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

New York, New York
November 18, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Teach for America's ("TFA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TFA's major federal programs for the year ended May 31, 2020. TFA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of TFA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TFA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Programs

In our opinion, TFA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended May 31, 2020.

(Continued)

Report on Internal Control Over Compliance

Management of TFA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TFA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TFA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

New York, New York
November 18, 2020

TEACH FOR AMERICA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
May 31, 2020

Section I—Summary of Auditor's Results

Financial Statements:

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

94.006

AmeriCorps

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

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II—Financial Statement Findings

None noted.

Section III—Federal Award Findings and Questioned Costs

None noted.