TEACH FOR AMERICA, INC.

FINANCIAL STATEMENTS

(Including Single Audit)
May 31, 2023 and 2022

TEACH FOR AMERICA
New York, New York

FINANCIAL STATEMENTS
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CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Teach For America, Inc. ("TFA"), which comprise the statements of financial position as of May 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TFA as of May 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TFA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, TFA adopted Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842) for the year ended May 31, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TFA's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TFA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer, as required by the State of Louisiana, and 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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the TFA's 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 the TFA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

New York, New York
November 17, 2023

TEACH FOR AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
May 31, 2023 and 2022

	2023	2022
ASSETS		
Cash	$ 42,804,493	$ 21,570,587
Restricted cash (Note 2)	-	2,018,567
Grants and contracts receivable	5,836,786	4,152,158
Fee for service receivable, net (Note 2)	702,449	819,599
Prepaid expenses and other assets	10,311,493	8,083,881
Contributions receivable, net (Note 4)	30,087,766	29,559,351
Loans receivable from corps members, net (Note 2)	699,632	203,026
Investments, at fair value (Note 3)	374,564,644	418,309,013
Right-of-use assets (Note 2)	48,670,352	-
Fixed assets, net (Note 5)	13,506,967	13,945,031
Total assets	$ 527,184,582	$ 498,661,213
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 40,622,250	$ 35,957,389
Deferred rent payable	-	9,006,609
Deferred revenue (Note 2)	6,344,069	4,683,729
Lease liabilities (Note 11)	56,581,971	-
Total liabilities	103,548,290	49,647,727
Commitment and Contingencies (Notes 6 and 11)		
Net Assets		
Without Donor Restriction	157,410,430	188,152,872
With Donor Restriction (Notes 7 and 8)	266,225,862	260,860,614
Total net assets	423,636,292	449,013,486
Total liabilities and net assets	$ 527,184,582	$ 498,661,213

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF ACTIVITIES
For the year ended May 31, 2023, with comparative totals for 2022

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	$ 147,604,880	$ 40,248,327	$ 187,853,207	$ 138,357,696
Grants and contracts	55,822,661	-	55,822,661	45,177,971
Fee for service	15,275,927	-	15,275,927	19,232,875
Special events, including related contributions (Note 2)	5,855,268	4,104,466	9,959,734	11,444,721
Interest and dividend income (Note 3)	3,294,688	3,925,022	7,219,710	7,237,098
Net depreciation in fair value of investments (Note 3)	(2,273,651)	(784,168)	(3,057,819)	(31,445,272)
Other revenue	3,522,223	2,014	3,524,237	6,961,816
Reclassification of assets (Note 8)	11,000,062	(11,000,062)	-	-
Net assets released from restrictions (Note 7)	31,130,351	(31,130,351)	-	-
Total revenues, gains and other support	271,232,409	5,365,248	276,597,657	196,966,905
OPERATING EXPENSES				
Program services				
Corps Members	133,972,215	-	133,972,215	168,000,067
Alumni	46,511,263	-	46,511,263	31,229,121
Systems Change	23,914,892	-	23,914,892	-
Ignite Fellowship	5,537,374	-	5,537,374	2,017,613
Restructuring expenses (Note 2)	6,857,019	-	6,857,019	-
Total program services	216,792,763	-	216,792,763	201,246,801
Supporting services				
Management and general	44,553,451	-	44,553,451	43,928,175
Fundraising	37,332,407	-	37,332,407	28,914,820
Restructuring expenses (Note 2)	3,296,230	-	3,296,230	-
Total supporting services	85,182,088	-	85,182,088	72,842,995
Total operating expenses	301,974,851	-	301,974,851	274,089,796
Change in net assets	(30,742,442)	5,365,248	(25,377,194)	(77,122,891)
Net assets, beginning of year	188,152,872	260,860,614	449,013,486	526,136,377
Net assets, end of year	$ 157,410,430	$ 266,225,862	$ 423,636,292	$ 449,013,486

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF ACTIVITIES
For the year ended May 31, 2022

	Without Donor Restriction	With Donor Restriction	2022 Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 112,834,511	$ 25,523,185	$ 138,357,696
Grants and contracts	45,177,971	-	45,177,971
Fee for service	19,232,875	-	19,232,875
Special events, including related contributions (Note 2)	11,019,721	425,000	11,444,721
Interest and dividend income (Note 3)	3,296,581	3,940,517	7,237,098
Net depreciation in fair value of investments (Note 3)	(14,377,735)	(17,067,537)	(31,445,272)
Other revenue	6,049,029	912,787	6,961,816
Reclassification of assets (Note 8)	9,951,089	(9,951,089)	-
Net assets released from restrictions (Note 7)	40,434,648	(40,434,648)	-
Total revenues, gains and other support	233,618,691	(36,651,786)	196,966,905
OPERATING EXPENSES			
Program services			
Corps Members	168,000,067	-	168,000,067
Alumni	31,229,121	-	31,229,121
Ignite Fellowship	2,017,613	-	2,017,613
Total program services	201,246,801	-	201,246,801
Supporting services			
Management and general	43,928,175	-	43,928,175
Fundraising	28,914,820	-	28,914,820
Total supporting services	72,842,995	-	72,842,995
Total operating expenses	274,089,796	-	274,089,796
Change in net assets	(40,471,105)	(36,651,786)	(77,122,891)
Net assets, beginning of year	228,623,977	297,512,400	526,136,377
Net assets, end of year	$ 188,152,872	$ 260,860,614	$ 449,013,486

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended May 31, 2023

	Program Services					Supporting Services			
	Corps Members	Alumni	Systems Change	Ignite Fellowship	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Expenses:									
Personnel expenses	$ 90,537,285	$ 26,832,923	$ 19,202,489	$ 2,773,744	$ 139,346,441	$ 32,350,616	$ 30,505,044	$ 62,855,660	$ 202,202,101
Restructuring expenses (Note 2)	3,391,295	43,799	2,048,222	1,373,703	$ 6,857,019	2,268,169	1,028,061	$ 3,296,230	$ 10,153,249
Corps member support	17,135,922	5,401,828	336,666	2,304,141	25,178,557	28,469	64,174	92,643	25,271,200
Professional services	6,198,067	3,046,365	2,541,674	111 634	11,897,740	4,280,150	1,440,156	5,720,306	17,618,046
Occupancy	6,779,916	2,241,603	523,533	84,539	9,629,591	1,393,802	2,045,185	3,438,987	13,068,578
Travel, meetings and subsistence	3,699,467	2,634,942	637,783	113,684	7,085,876	547,115	592,945	1,140,060	8,225,936
Equipment and supplies	3,499,936	830,342	294,519	68,284	4,693,081	2,774,321	705,340	3,479,661	8,172,742
Grants	2,047,006	4,353,605	1,869	109	6,402,589	14,752	2,013	16,765	6,419,354
Depreciation and amortization	1,343,617	256,345	68,026	6,834	1,674,822	2,257,662	194,343	2,452,005	4,126,827
Telecommunications	508,055	256,345	96,881	14,007	875,288	126,921	157,729	284,650	1,159,938
Interest, insurance, fees and other	575,205	43,756	660	965	620,586	364,614	165,755	530,369	1,150,955
Printing, advertising and media	601,386	208,004	53,574	9,036	872,000	28,224	187,565	215,789	1,087,789
Subscriptions and dues	409,051	174,865	53,659	35,013	672,588	220,293	184,391	404,684	1,077,272
Special events	42,219	8,728	685	-	51,632	1,210	963,690	964,900	1,016,532
Other	331,325	188,758	95,634	14 392	630,109	38,083	98,264	136,347	766,456
Bad debt expense	167,472	69	-	-	167,541	103,028	103	103,131	270,672
Postage and delivery	96,286	32,785	7,240	992	137,303	24,191	25,710	49,901	187,204
Total	$ 137,363,510	$ 46,555,062	$ 25,963,114	$ 6,911,077	$ 216,792,763	$ 46,821,620	$ 38,360,468	$ 85,182,088	$ 301,974,851

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended May 31, 2022

	Program Services				Supporting Services			
	Corps Members	Alumni	Ignite Fellowship	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Expenses:								
Personnel expenses	$ 116,928,555	$ 18,354,558	$ 693,321	$ 135,976,434	$ 29,007,985	$ 23,601,394	$ 52,609,379	$ 188,585,813
Professional services	11,691,645	3,084,616	246,392	15,022,653	4,821,446	1,696,448	6,517,894	21,540,547
Corps member support	14,577,827	2,935,830	1,041,420	18,555,077	27,548	99,865	127,413	18,682,490
Occupancy	11,339,156	659,383	-	11,998,539	2,218,932	898,765	3,117,697	15,116,236
Equipment and supplies	3,416,932	430,123	2,167	3,849,222	3,690,502	457,860	4,148,362	7,997,584
Depreciation and amortization	2,010,133	51,964	-	2,062,097	2,695,146	59,720	2,754,866	4,816,963
Travel, meetings and subsistence	3,154,549	892,440	20,445	4,067,434	224,421	462,048	686,469	4,753,903
Grants	36,700	4,203,000	-	4,239,700	-	-	-	4,239,700
Printing, advertising and media	1,675,372	133,182	696	1,809,250	52,904	185,455	238,359	2,047,609
Telecommunications	1,110,883	55,085	3,024	1,168,992	171,847	80,014	251,861	1,420,853
Subscriptions and dues	577,159	140,560	4,591	722,310	314,604	177,104	491,708	1,214,018
Interest, insurance, and fees	420,653	47,079	-	467,732	503,267	187,128	690,395	1,158,127
Other	727,095	195,327	4,629	927,051	115,188	82,488	197,676	1,124,727
Special events	24,293	-	-	24,293	-	901,680	901,680	925,973
Postage and delivery	172,819	46,002	928	219,749	40,486	25,078	65,564	285,313
Bad debt expense	136,296	(28)	-	136,268	43,899	(227)	43,672	179,940
Total	$ 168,000,067	$ 31,229,121	$ 2,017,613	$ 201,246,801	$ 43,928,175	$ 28,914,820	$ 72,842,995	$ 274,089,796

See accompanying notes to financial statements.

TEACH FOR AMERICA, INC.
STATEMENTS OF CASH FLOWS
For the years ended May 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (25,377,194)	$ (77,122,891)
Adjustment to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,126,827	4,816,963
Bad debt expense	270,672	179,942
Forgiveness of loans receivable from corps members	-	2,307,344
Change in allowances for doubtful contributions, fee for service and loans receivable	(236,053)	(439,472)
Net depreciation in fair value of investments	3,057,819	31,445,272
Loss on disposal of fixed assets	64,460	128,131
Contributed investment securities	(4,140,749)	(6,650,065)
Change in present value discount of contributions receivable	(123,742)	(218,780)
Changes in operating assets and liabilities:		
Contributions receivable	(589,516)	1,764,778
Grants and contracts receivable	(1,684,628)	(194,248)
Fee for service receivable	89,650	(231,550)
Prepaid expense and other assets	(2,239,506)	(1,507,578)
Accounts payable and accrued expenses	4,667,596	(5,532,084)
Operating right-of-use assets and lease liabilities, net	(1,094,990)	-
Deferred rent payable	-	(591,262)
Deferred revenue	1,660,340	1,403,608
Net cash used in operating activities	(21,549,014)	(50,441,892)
Cash flows from investing activities		
Proceeds from the sale of investments	52,043,542	26,639,890
Purchase of investments	(7,216,243)	(7,527,099)
Purchase of fixed assets	(3,753,223)	(2,286,007)
Loans to corps members	(1,072,362)	(2,011,119)
Repayments of loans from corps members	765,374	2,180,907
Net cash provided by investing activities	40,767,088	16,996,572
Cash flows from financing activities		
Standby letter of credit reserve against office space lease	-	3,227
Payments on finance lease	(2,735)	(7,332)
Net cash used in financing activities	(2,735)	(4,105)
Net increase in cash and cash equivalents and restricted cash	19,215,339	(33,449,425)
Cash and cash equivalents and restricted cash, beginning of year	23,589,154	57,038,579
Cash and cash equivalents and restricted cash, end of year	$ 42,804,493	$ 23,589,154
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 508,489	$ 192,401
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Finance lease obligations	$ -	$ 2,735
Forgiveness of loans receivable from corps members	-	2,307,344

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 needs. To address this, TFA's mission is to attract, 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; engaging the individual and collective impact of those in the TFA network throughout their lifetime; and growing the organization by learning new capabilities to enable a path for transformative change.

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 - 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 available 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, 2023 and 2022, the total amount of Board-designated net assets without donor restrictions authorized to function as endowments were approximately $108,119,000, and $124,942,000, respectively (Note 8).

With donor restrictions - include net assets subject to donor-imposed stipulations that expire with the passage of time or can be fulfilled by the actions of TFA, pursuant to those stipulations (Note 7). In addition, earnings on certain donor-restricted endowments are classified as with donor restrictions until appropriated for expenditure by the Board of Directors (Note 8). This category also includes gifts and pledges which are required by donor-imposed stipulations to be maintained in perpetuity (Note 8). The income derived from net assets with donor restrictions is available for general or specific operating purposes, as stipulated by the respective donors and TFA's spending policy (Note 8).

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments 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.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Restricted Cash: TFA is required to maintain a letter of credit agreement in connection to its national office lease. TFA's original letter required $2,012,334 to be maintained as a security deposit and earned $3,466 and $6,233 of interest on the restricted cash for the period ended May 31, 2023 and 2022, respectively. Under the terms of a new letter of credit agreement, TFA is no longer required to maintain the security deposit.

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, 2023 and 2022.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Loans Receivable, Net: Loans receivable from corps members are recorded at their net realizable values and are generally due to be paid back, free from interest, over a period of one to two years. As of May 31, 2023 and 2022, these loans represented approximately 0.13% and 0.04 % of total assets, respectively. The allowance for loans receivable was $244,230 and $433,848 as of May 31, 2023 and 2022, respectively.

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 2023 or 2022.

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 2023 or 2022.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and charter networks across the United States of America to recruit, select, train, and place corps members to teach within such schools. TFA recognizes revenue related to these contractual agreements as performance obligations are satisfied, that is, when the school district places a corps member, typically at the start of the school year each fall. Fee for service receivables were presented net of an allowance of $0 for the years ended May 31, 2023 and 2022.

Special Events Revenue: Revenue related to special events is recognized upon occurrence of the respective event. Included in special events revenue are related contributions of $9,684,000, and $11,140,000, and exchange transactions of $275,600 and $304,240 for the years ending May 31, 2023 and 2022, respectively.

Advertising Expenses: TFA expenses advertising costs as they are incurred. Advertising expenses amounted to approximately $1,100,000 and $2,050,000 for the years ended May 31, 2023 and 2022, respectively.

Leases: At the inception of an arrangement, TFA determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. TFA has no finance leases that are of a material nature as of May 31, 2023. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the balance sheet.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

Some leases include one or more options to extend the lease, with extension terms that can extend the lease term by one to five years. The exercise of lease extension options is at our sole discretion. The lease term includes options to extend or terminate the lease when it is reasonably certain that we will exercise that option. We generally conclude options to extend the lease are reasonably certain to be exercised when we conclude it is cost prohibitive to relocate operations or pursue alternative leased assets. Certain leases contain early termination penalties; however, as of May 31, 2023, it is not reasonably certain that TFA will exercise or become subject to such early termination penalties.

Nonperformance-related default covenants, cross-default provisions, subjective default provisions and material adverse change clauses contained in material lease agreements, if any, are also evaluated to determine whether those clauses affect lease classification. Real estate leases comprise the majority of our leasing activities. We account for the lease and non-lease components of these leases as a single lease component.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. For FY23, TFA's major programs have been updated to reflect new strategic directions centered around lines of impact in pursuit of our mission. Below is a description of these programs:

Corps Members - TFA recruits, selects, trains and develop exceptional, diverse, equity-oriented leaders to teach the nation's most underserved students. The organization hosts on and off campus recruitment events, networks and cultivates relationships with prospects and communities in order to recruit exceptional leaders. The organization then processes applications and conducts interviews to select corps members, placing them in various urban and rural regions throughout the United States. Corps members are supported financially, and engage in intensive virtual, hybrid, and in-person training where they have the opportunity to understand their role and work, build community with one another, learn practical skills, and apply their learning in preparation for their first day of school. Corps members are then supported throughout a two-year classroom experience with additional coaching and instructional supports as well as leadership and/or educator professional development.

Alumni - TFA has an alumni base of former corps members all over the world. This network is instrumental in driving real change and impact in education. TFA engages in activities that support and encourage alumni to continue work in education and across sectors by connecting them with various career and partnership opportunities, as well as resources, programs, and events. 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.

Systems Change – TFA recognizes that significant progress in education can only be achieved with extraordinary actions and partnerships within the communities in which we work. Creating system change is about researching new opportunities - working alongside a coalition of alumni, students, and community leaders and partners to identify patterns and strategies that can lead to system impact and achieve our goals. Investing in work that allows learning of new capabilities and experimentation with innovative practices to bring forth a reinvention of the existing school models. This is a new program for TFA in FY23.

Ignite Fellowship – Ignite fellows are a national tutoring corps designed to accelerate learning and foster belonging with students, leveraging research-based best practices for high-impact tutoring. Ignite builds on Teach For America's over 30 years of experience recruiting, developing, and supporting talent and partnering with communities across the country to help students overcome the systemic barriers to an excellent education. The Ignite Fellowship brings exceptional, equity-minded leaders into classrooms virtually to add immediate value for students, while creating shifts towards the future of equitable learning.

Restructuring expenses: During the year ended May 31, 2023 TFA incurred one-time severance and related expenses of approximately $10,150,000 in connection with a TFA-wide strategic reorganization which is included on the statements of activities as restructuring expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: TFA follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority.

The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

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

Concentration of Credit Risk: Financial instruments which potentially subject TFA to concentrations of credit risk consist primarily of cash and cash equivalents and investment securities. TFA maintains its cash and cash equivalents with creditworthy, high-quality financial institutions. TFA's bank balances typically exceed federally insured limits. However, TFA has not experienced, nor does it anticipate, any losses with respect to such bank balances. TFA's investment portfolio is diversified in a variety of asset classes.

TFA regularly evaluates its depository arrangements and investment strategies, including performance thereof. TFA believes that its credit risks are not significant to the accompanying financial statements.

Recently Adopted Accounting Pronouncements:

Effective June 1, 2022, TFA adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, Leases ("Topic 842"), using the modified retrospective transition method, Financial results reported in periods prior to fiscal year 2023 are unchanged. Topic 842 requires lessees to recognize a lease liability and a right-of-use (ROU) asset on the balance sheet for most operating leases, except for those leases with an original term of 12 months or less. Accounting for finance leases is substantially unchanged. TFA also elected the package of transition practical expedients, which among other things, does not require reassessment of lease classification.

The adoption of the New Lease Standard had a significant impact on TFA's statement of financial position due to the recognition of approximately $63,700,000 of lease liabilities with corresponding right-of-use assets of $55,400,000 for operating leases as of June 1, 2022. Adoption of this standard did not have a material impact on TFA's results of operations or cash flows.

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. TFA adopted the standard for the year ending May 31, 2023. There were not material impacts to the financial statements and related disclosures as a result of adopting this standard.

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.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. The reclassifications have no effect on changes in net assets.

NOTE 3 - INVESTMENTS, AT FAIR VALUE

A summary of investments at May 31, 2023 and 2022, follows:

	2023	2022
Money market funds	$ 881,981	$ 3,253,792
Equities	353,917,361	390,232,855
Fixed income securities	19,765,302	24,822,366
	$ 374,564,644	$ 418,309,013

The investments noted above as money market funds, equities, and fixed income securities are classified as Level 1 investments within the fair value hierarchy as of May 31, 2023 and 2022.

For the years ended May 31, 2023 and 2022, TFA's investment returns consisted of the following:

	2023	2022
Interest and dividends	$ 7,219,710	$ 7,237,098
Appreciation (depreciation) in fair value of investments	(2,922,297)	(31,269,006)
Less: Investment fees	(135,522)	(176,266)
Total investment return	$ 4,161,891	$ (24,208,174)

(Continued)

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

A summary of contributions receivable at May 31, 2023 and 2022, follows:

	2023	2022
Due in:		
Less than one year	$ 19,023,635	$ 22,817,934
One to five years	11,845,735	7,584,122
	30,869,370	30,402,056
Less: Discount to present value ranging from 1.99% to 2.04% and 1.32% to 1.71% at May 31, 2023 and 2022, respectively	(231,604)	(107,862)
Allowance for doubtful accounts	(550,000)	(734,843)
Contributions receivable, net	$ 30,087,766	$ 29,559,351

During the years ended May 31, 2023 and 2022, approximately $416,000 and $175,000 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 represent promises to give that contain one or more barriers that must be overcome and a right of return to the contributor, and totaled approximately $19,800,000 and $15,300,000 for the years ended May 31, 2023 and 2022, respectively.

For the years ended May 31, 2023 and 2022, TFA received new contributions, mostly in cash, from members of its National Board of Directors totaling approximately $9,292,000 and $24,691,000, respectively, which represented 4.95% and 13.8% of total contributions, respectively.

NOTE 5 - FIXED ASSETS, NET

A summary of fixed assets follows:

	2023	2022
Building	$ 536,252	$ 536,252
Vehicles	61,204	78,257
Computer equipment and software	31,743,443	30,027,990
Furniture, fixtures and office equipment	5,903,841	6,738,722
Leasehold improvements	15,786,646	18,880,403
Subtotal	54,031,386	56,261,624
Less: accumulated depreciation	(40,524,419)	(42,316,593)
Fixed assets, net	$ 13,506,967	$ 13,945,031

Depreciation and amortization expense related to fixed assets totaled approximately $4,127,000 and $4,817,000 for the years ended May 31, 2023 and 2022, respectively.

(Continued)

NOTE 5 - FIXED ASSETS, NET (Continued)

During the years ended May 31, 2023 and 2022, TFA disposed of approximately $5,878,000 and $2,273,000 of fixed assets that resulted in losses of approximately $64,500 and $128,000, respectively. The majority of these disposals represented fixed assets that were fully depreciated.

NOTE 6 - LINE OF CREDIT

TFA has a $35,000,000 line of credit agreement with Bank of America with interest at market index BSBY 1M plus 0.8% as of May 31, 2023, secured by investments held in a collateral account. The line of credit agreement expires March 26, 2024. The effective interest rate was 5.91% at May 31, 2023. TFA drew down on its line of credit during both 2023 and 2022; however, at both May 31, 2023 and 2022, there were no amounts outstanding. As of May 31, 2023 TFA reported compliance with its covenants.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to expenditure for specified purpose:		
Cumulative endowment earnings	$ 96,976,950	$ 104,836,158
Teacher recruitment and selection, placement, professional development, expansion, and other	21,195,856	16,563,368
Time restrictions on contributions	30,541,182	21,949,214
	148,713,988	143,348,740
Donor restricted endowment fund held in perpetuity	117,511,874	117,511,874
Total net assets with donor restrictions	$ 266,225,862	$ 260,860,614

Net assets released from restrictions consisted of the following:

	2023	2022
Expiration of time restrictions on contributions	$ 16,681,302	$ 18,809,440
Teacher recruitment and selection, placement, professional development, expansion, and other	14,449,049	21,625,208
	$ 31,130,351	$ 40,434,648

NOTE 8 - ENDOWMENT NET ASSETS

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

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

Management considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 108,118,783	$ -	$ 108,118,783
Donor-restricted endowment funds	-	214,488,824	214,488,824
Total	$ 108,118,783	$ 214,488,824	$ 322,607,607

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 124,941,950	$ -	$ 124,941,950
Donor-restricted endowment funds	-	222,348,032	222,348,032
Total	$ 124,941,950	$ 222,348,032	$ 347,289,982

(Continued)

NOTE 8 - ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets during the years ended May 31, 2023 and 2022, consisted of the following:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 124,941,950	$ 222,348,032	$ 347,289,982
Contribution	-	-	
Investment return:			
Investment income, net of fees	2,317,058	3,925,022	6,242,080
Net (depreciation) appreciation (realized and unrealized)	(1,369,820)	(784,168)	(2,153,988)
Total investment return, net of fees	947,238	3,140,854	4,088,092
Reclassification of assets	11,000,062	(11,000,062)	-
Distribution	(28,770,462)	-	(28,770,462)
Endowment net assets, end of year	$ 108,118,788	$ 214,488,824	$ 322,607,612

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 124,859,622	$ 245,176,141	$ 370,035,763
Contribution	-	250,000	250,000
Investment return:			
Investment income, net of fees	2,216,214	3,940,517	6,156,731
Net (depreciation) appreciation (realized and unrealized)	(9,740,116)	(17,067,537)	(26,807,653)
Total investment return, net of fees	(7,523,902)	(13,127,020)	(20,650,922)
Reclassification of assets	9,951,089	(9,951,089)	-
Distribution	(2,344,859)	-	(2,344,859)
Endowment net assets, end of year	$ 124,941,950	$ 222,348,032	$ 347,289,982

At May 31, 2023 and 2022, investments related to donor-restricted endowments had provided cumulative investment returns totaling approximately $194,970,000 and $191,830,000, 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, 2023 and 2022.

NOTE 8 - ENDOWMENT NET ASSETS (Continued)

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

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

Spending Policy: For the years ended May 31, 2023 and 2022, there were approximately $28,770,000 and $2,345,000 distributions from TFA's endowments, respectively. The distribution of $28,770,000 for the year ended May 31, 2023 related to cumulative spend amount from two donor endowments that were used for operations per the donor intent, and allowed spending of quasi-endowment earnings calculated in accordance with TFA's spending policy. In addition, as required by TFA's treasury policy, TFA transfers the cumulative spending reserves on the endowment to a separate quasi endowment account. For the years ended May 31, 2023 and 2022, the Board approved a transfer of cumulative spending reserves on the endowment to a separate quasi endowment account in the amount of approximately $11,000,000 and $9,951,000, 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.

(Continued)

NOTE 9 - EDUCATION AWARDS DUE TO CORPS MEMBERS

TFA granted education awards (the "awards") for eligible corps members who successfully completed the 2021-2022 and prior school years. The awards were intended to mirror the awards provided by the Corporation of National and Community Service when certain corps members could not access the funds. For both years ended May 31, 2023 and 2022, 65 corps members in their 1st and 2nd school years were granted $6,495 that could be applied to pay student loans or educational expenses.

For both years ended May 31, 2023 and 2022, approximately $1,305,000 and $1,310,000 remained to be disbursed, and is included in accounts payable and accrued expenses in the accompanying statements of financial position. The awards are valid for approximately 8 years post completion of the corps members' service and are payable through May 31, 2031, at which time these awards expire.

NOTE 10 - 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 twelve months of employment. Withdrawal cannot be made without penalty until the age of 59½. TFA matching contributions totaled approximately $6,002,000 and $5,512,000 for the years ended May 31, 2023 and 2022, 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, 2023 and 2022, employer contributions to this plan were approximately $13,600, and $14,254, respectively.

NOTE 11 – LEASES

As described in Note 2, TFA leases certain real estate properties. TFA has entered into approximately 40 operating lease agreements for its National and regional offices, expiring at various dates through January 2032.

A summary of amounts reported within the statement of financial position is as follows:

	May 31, 2023
Assets	
Operating lease ROU assets	$ 48,670,352
Total lease assets	$ 48,670,352
Liabilities	
Current operating	$ 7,503,865
Non-current operating	49,078,106
Total lease liabilities	$ 56,581,971

(Continued)

NOTE 11 – LEASES (Continued)

Weighted-average remaining lease term (years)	
Operating leases	7.97
Weighted-average discount rate	
Operating leases	2.9%

TFA's lease agreements do not provide an implicit rate, as such TFA elected to use the risk-free rate based on the information available at the adoption date in determining the present value of lease payments.

Fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. ROU assets are periodically evaluated for impairment. The components of lease cost were as follows for the year ended May 31, 2023:

Operating lease cost	$ 10,683,158
Short-term lease cost	392,407
Variable lease cost	1,772,936
Sublease income	(3,046,175)
Total lease cost	$ 9,802,326

Cash paid for operating leases was $9,539,236 for the year ending May 31, 2023. During the year, TFA obtained ROU assets valued at $828,989 in exchange for new operating lease liabilities.

Maturities of lease liabilities were as follows as of May 31, 2023:

Year ending May 31,	Operating
2024	$ 9,088,089
2025	8,099,085
2026	7,660,546
2027	6,834,416
2028	6,651,799
Thereafter	25,499,522
Total lease payments	63,833,457
Less: Imputed interest	7,251,486
Present value of lease liabilities	56,581,971
Less: Current lease liabilities	7,503,865
Long-term lease liabilities	$ 49,078,106

NOTE 11 – LEASES (Continued)

A summary of future minimum lease payments under all non-cancelable operating leases as of May 31, 2022, follows:

Year ending May 31,	Office Space	Equipment
2023	$ 11,416,922	$ 373
2024	8,560,518	-
2025	7,598,089	-
2026	7,529,797	-
2027	6,782,639	-
2028	6,651,799	-
Thereafter	25,495,698	-
Total	$ 74,035,462	$ 373

Total rent expense approximated $14,200,000 for the year ended May 31, 2022.

In addition to the above, TFA entered into 17 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 $2,115,000, $1,304,000, $1,405,000, $,1,405,000, and $1,405,000 for the next five years, respectively and $5,900,000 thereafter through January 2033. Rental income totaled approximately $3,046,000 and $3,570,000 for the years ended May 31, 2023 and 2022, respectively, and is included within other revenue in the accompanying statements of activities.

(Continued)

NOTE 12 - 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, 2023 and 2022 comprise of:

	2023	2022
Financial assets at year-end:		
Cash	$ 42,804,493	$ 21,570,587
Restricted cash	-	2,018,567
Grants and contracts receivable	5,836,786	4,152,158
Fee for service receivable, net	702,449	819,599
Contributions receivable, net	30,087,766	29,559,351
Loans receivable from corp members, net	699,632	203,026
Investments	374,564,644	418,309,013
Total financial assets	454,695,770	476,632,301
Less amounts not available for general expenditure within one year:		
Restricted cash	-	(2,018,567)
Contributions receivable, net due greater than one year	(11,064,131)	(6,741,417)
Loans receivable from corp members, due greater than one year	(176,151)	(87,257)
Donor restricted endowment funds net of estimated draw within one year	(202,952,489)	(211,555,032)
Board-Designated endowment funds	(108,118,783)	(125,146,501)
Donor restricted funds net of estimated draw within one year	(18,749,161)	(9,696,175)
Financial assets not available to be used within one year	$ (341,060,715)	$ (355,244,949)
Financial assets available to meet general expenditures within one year	$ 113,635,055	$ 121,387,352

TFA's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amount available for general use. Donor-restricted endowment funds are not available for general expenditure. TFA's donor endowment of approximately $214,489,000 is subject to an annual spending rate as described in Note 8.

NOTE 12 - LIQUIDITY AND AVAILABILITY (Continued)

Although TFA does not plan to spend from its board-designated endowment of approximately $108,550,000 (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 13 - 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 17, 2023, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Agency Head Name: Elisa Villanueva Beard, Chief Executive Officer

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

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

	Pass-Through Entity/ Identifying Number	Assistance Listing Number	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
Corporation for National and Community Service:				
Pass-through awards				
The State of Alabama				
2021-2022 Formula Award	20FXHAL0010001	94.006	$ 6,217	$ -
2022-2023 Formula Award	20FXHAL0010001	94.006	38,923	-
The State of Arizona				
2021-2022 Award	AC-VSG-21-090121-00	94.006	35,561	-
2022-2023 Award	AC-FFX-21-090121-02Y2	94.006	74,928	-
The State of Connecticut				
2021-2022 Award	19FXHCT0020002	94.006	4,811	-
The State of Delaware				
2021-2022 Fixed Award	35-12-40-2022-AC03	94.006	10,547	-
The State of District of Columbia				
2021-2022 Award	19FXHDC002	94.006	4,278	-
2022-2023 Award	22FXBDC001	94.006	45,410	-
The State of Florida				
2022-2023 Award	21AFHFL0010017	94.006	134,262	-
The State of Georgia				
2021-2022 Award	18FXHGA0010001	94.006	10,211	-
2022-2023 Award	18FXHGA0010001	94.006	69,742	-
The State of Hawaii				
2021-2022 Award	19FXHHI0020002	94.006	10,260	-
2022-2023 Award	19FXHHI0020002	94.006	99,702	-
The State of Idaho				
2021-2022 Award	20ESHID0010002	94.006	3,663	-
2022-2023 Award	20ESHID0010002	94.006	27,966	-
The State of Illinois				
2021-2022 Award	2807-31086	94.006	-	-
2022-2023 Award	21ESCIL001	94.006	100	-
The State of Kentucky				
2021-2022 Award	19FXHKY0010005	94.006	6,246	-
2022-2023 Award	20ESHKY001	94.006	19,147	-
The State of Louisiana				
2021-2022 Award	20ESHLA0020001	94.006	11,204	-
2022-2023 Award	20ESHLA00200001	94.006	75,031	-
The State of Maryland				
2021-2022 Award	19FXHMD0020002	94.006	17,578	-
2022-2023 Award	19FXHMD0020002	94.006	106,787	-
The State of Massachusetts				
2021-2022 Award	19FXHMA0020004	94.006	19,012	-
2022-2023 Award	19FXHMA0020004	94.006	130,372	-
The Michigan Department of Health and Human Services				
2021-2022 Award	20FXHMI0020001	94.006	2,990	-
2022-2023 Award	20FXHMI0020001	94.006	4,025	-
The State of Missouri				
2022-2023 Award	20FXHMO0010002	94.006	35,867	-
The State of New Jersey				
2021-2022 Award	18FXHNJ0020001	94.006	5,997	-
2022-2023 Award	18FXHNJ0020001	94.006	47,407	-

(Continued)

	Pass-Through Entity/ Identifying Number	Assistance Listing Number	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
The State of New Mexico				
2021-2022 Award	20ESHNM0010001	94.006	$ 1,617	$ -
The State of Ohio				
2021-2022 Award	19FXHOH0020001	94.006	5,985	-
2022-2023 Award	22FXC-1502-23-OC111	94.006	52,090	-
The State of Oklahoma				
2021-2022 Award	19FXHOK0010002	94.006	12,605	-
2022-2023 Award	19FXHOK0010002	94.006	52,262	-
The State of Pennsylvania				
2021-2022 Award	19AFHPA0010001	94.006	3,221	-
2022-2023 Award	19AFHPA0010001	94.006	57,000	-
The State of Rhode Island				
2021-2022 Fixed Award	18FXHRI0010001	94.006	6,625	-
2022-2023 Fixed Award	18FXHRI0010001	94.006	52,504	-
The State of South Carolina				
2021-2022 Fixed Award	20ESHSC0010001	94.006	4,620	-
2022-2023 Fixed Award	20ESHSC0010001	94.006	27,112	-
The State of Tennessee				
2022-2023 Award	22FXHTN002	94.006	103,547	-
2022-2023 Award	19FXHTN0020005	94.006	121,940	-
The State of Texas				
2021-2022 Award	18FXHTX0010003	94.006	49,494	-
2022-2023 Award	19AFHTX0010029	94.006	73,501	-
2022-2023 Award	21FXGTX0010006	94.006	376,853	-
The State of Wisconsin				
2021-2022 Award	20FXHWI0020001	94.006	1,657	-
Total Corporation for National and Community Service			2,060,877	-

(Continued)

TEACH FOR AMERICA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2023

	Pass-Through Entity/ Identifying Number	Assistance Listing Number	Expenditures of Federal Awards	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Direct Awards:				
Supporting Effective Educators Development (SEED)	U423A190075	84.423A	$ 137,338	$ 137,338
Supporting Effective Educators Development (SEED)	S423A200011	84.423A	6,053,059	470,455
Total Supporting Effective Educators Development (SEED)			6,190,397	607,793
COVID-19 - Education Stabilization Fund:				
Governor's Emergency Education Relief (GEER) Fund	S425C200014	84.425C	4,490,490	203,150
Governor's Emergency Education Relief (GEER) Fund	S425C200027	84.425C	1,943,400	-
American Rescue Plan and Elementary and Secondary School Emergency Relief	MJDWLXZ7JJ15	84.425U	488,281	-
American Rescue Plan and Elementary and Secondary School Emergency Relief	S425U210018	84.425U	568,623	-
American Rescue Plan and Elementary and Secondary School Emergency Relief	S425U210024	84.425U	1,480,402	-
American Rescue Plan and Elementary and Secondary School Emergency Relief	ASUB00001335	84.425U	304,565	-
Total COVID-19 - Education Stabilization Fund			9,275,761	203,150
Education Innovation and Research (EIR)	U411C170167	84.411C	709,359	146,890
Promise Neighborhoods	U215N170054	84.215N	57,629	-
Promise Neighborhoods	U215N170054	84.215N	78,877	-
Total Promise Neighborhoods			136,506	-
D.C. SOAR	S370C210001	84.370C	346,366	-
Congressionally Funded Community Projects	S215K220125	84.215K	243,409	-
Total U.S. Department of Education			16,901,798	957,833
U.S. Department of Labor				
WIA/WIOA Youth Activities		17.259	28,866	-
Total U.S. Department of Labor			28,866	-
National Science Foundation				
CS10K: Prioritizing & Expanding Access to Computer	1837394	47.070	64,365	-
			64,365	-
Appalachian Regional Commission				
Appalachian Area Development	KY-20161-20	23.002	247,251	-
			247,251	-
Total expenditures of federal awards			$ 19,303,157	$ 957,833

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

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, 2023 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 Teach For America ("TFA") , which comprise the statement of financial position as of May 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.

Crowe LLP

Crowe LLP

New York, New York
November 17, 2023

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

Opinion on Each Major Federal Program

We have audited Teach for America's ("TFA") compliance with the types of compliance requirements identified as subject to audit 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, 2023. TFA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, TFA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TFA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of TFA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to TFA's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TFA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TFA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding TFA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of TFA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 TFA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Crowe LLP

New York, New York
November 17, 2023

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:

AL Numbers	Name of Federal Program or Cluster
94.006	AmeriCorps State and National
84.425	COVID – 19 Education Stabilization Fund

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.

TEACH FOR AMERICA, INC.

LOUISIANA STATEWIDE AGREED-UPON PROCEDURES REPORT

May 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Edison De La Cruz
Teach For America, Inc.
New York, New York
and
Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below on, which were agreed to by Teach For America (the "Organization") and the Louisiana Legislative Auditor ("LLA") on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period ended May 31, 2023. The Organization's management is responsible for those C/C areas identified in the SAUPs.

Teach For America, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period May 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and the associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:[1]

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

   iii. ***Disbursements***, including processing, reviewing, and approving.

[1] For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***[2], including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

For the procedures performed above, there were no exceptions noted.

2) Board or Finance Committee[3]

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

[2] The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.
[3] These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds[4], and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds[5] if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.[6]

For the procedures performed above, there were no exceptions noted.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts[7] (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

For the procedures performed above, there were no exceptions noted.

4) Collections (excluding electronic funds transfers)[8]

A. Obtain a listing of deposit sites[9] for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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[4]Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act

[5] R.S. 24:513 (A)(1)(b)(iv) defines public funds.

[6] No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings

[7] Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

[8] The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

[9] A deposit site is a physical location where a deposit is prepared and reconciled.

B. For each deposit site selected, obtain a listing of collection locations[10] and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

i. Employees responsible for cash collections do not share cash drawers/registers;

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.[11]

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. Observe that the deposit was made within one business day of receipt[12] at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

For the procedures performed above, there were no exceptions noted.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

[10] A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

[11] The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

[12] As required by Louisiana Revised Statute 39:1212.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

   ii. At least two employees are involved in processing and approving payments to vendors;

   iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

   [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

For the procedures performed above, there were no exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards[13]. Obtain management's representation that the listing is complete.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

[13] Including cards used by school staff for either school operations or student activity fund operations.

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)[14]. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

For the procedures performed above, there were no exceptions noted.

7) Travel and Travel-Related Expense Reimbursements[15] (excluding card transactions)

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For the procedures performed above, there were no exceptions noted.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

[14] For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

[15] Non-travel reimbursements are not required to be inspected under this category.

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law[16] (e.g., solicited quotes or bids, advertised), if required by law;

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

For the procedures performed above, there were no exceptions noted.

9) Payroll and Personnel

A. Obtain a listing of employees and officials[17] employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials[18] documented their daily attendance and leave (e.g., vacation, sick, compensatory);

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

For the procedures performed above, there were no exceptions noted.

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[16] If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

[17] "Officials" would include those elected, as well as board members who are appointed.

[18] Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

10) *Ethics*[19]

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

   ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

For the procedures performed above, there were no exceptions noted.

11) Debt Service[20]

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

For the procedures performed above, there were no exceptions noted.

12) Fraud Notice[21]

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

For the procedures performed above, there were no exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

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[19] The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.
[20] This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.
[21] Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.lla.la.gov/hotline

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the above procedures and discussed the results with management.

14) Prevention of Sexual Harassment[22]

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

For the procedures performed above, there were no exceptions noted.

We were engaged by Teach For America, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Teach For America, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

[22] While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Crowe LLP

Crowe LLP

New York, New York
November 17, 2023