Consolidated Financial Statements and
Supplementary Schedules Together with
Report of Independent Certified Public Accountants

TEACH FOR AMERICA

As of and for the eight-month period ended May 31, 2013

TEACH FOR AMERICA

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Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated financial statements of Teach For America, Inc. ("TFA") and its subsidiary, Leadership for Educational Equity ("LEE") (collectively, "Teach For America"), which comprise the consolidated statement of financial position as of May 31, 2013, and the related consolidated statements of activities and cash flows for the eight-month period then ended, and the related notes to the consolidated financial statements.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teach For America, Inc. and its subsidiary, Leadership for Educational Equity as of May 31, 2013, and the consolidated changes in their net assets and their cash flows for the eight-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Teach For America as of and for the eight-month period ended May 31, 2013, as a whole. The accompanying supplementary information included on pages 22 through 24, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Fiscal year change

Effective October 1, 2012, Teach For America, Inc. changed its fiscal year-end from September 30th to May 31st. Accordingly, the accompanying consolidated financial statements encompass the activities for the eight-month period from October 1, 2012 to May 31, 2013.

Grant Thornton LLP

New York, New York
December 5, 2013

TEACH FOR AMERICA
Consolidated Statement of Financial Position
As of May 31, 2013

ASSETS	
Cash and cash equivalents	$ 26,479,425
Government grants and contracts receivable	36,146,984
Fee for service receivable	389,400
Prepaid expenses and other assets (Note 7)	10,114,814
Contributions receivable, net (Note 3)	67,378,241
Loans receivable from corps members, net (Note 4)	6,808,575
Investments, at fair value (Note 5)	282,592,229
Fixed assets, net (Note 6)	40,542,422
Total assets	$ 470,452,090
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	$ 24,398,225
Deferred revenue	5,056,091
Deferred rent payable and other liabilities (Note 10)	2,484,478
Total liabilities	31,938,794
Commitments and contingencies (Notes 8, 9, 10 and 15)	
NET ASSETS	
Unrestricted (Note 12)	240,395,017
Temporarily restricted (Notes 11 and 12)	81,454,313
Permanently restricted (Note 12)	116,663,966
Total net assets	438,513,296
Total liabilities and net assets	$ 470,452,090

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

TEACH FOR AMERICA
Consolidated Statement of Activities
For the eight-month period ended May 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions (Note 15)	$ 17,777,931	$ 121,917,592	$ 10,002,093	$ 149,697,616
Government grants and contracts	43,165,773	-	-	43,165,773
Fee for service	83,750	-	-	83,750
Special events, net of cost of direct benefits to donors of $856,643	1,202,289	-	-	1,202,289
Interest and dividend income (Note 5)	1,203,523	499,766	-	1,703,289
Net appreciation in fair value of investments (Note 5)	2,975,883	8,931,755	-	11,907,638
Contributed goods and services (Note 13)	287,277	-	-	287,277
Licensing fees and other revenue	2,389,798	-	-	2,389,798
Change in donor intent	-	(2,500,000)	2,500,000	-
Net assets released from restrictions (Note 11)	151,114,969	(151,114,969)	-	-
Total revenues, gains and other support	220,201,193	(22,265,856)	12,502,093	210,437,430
EXPENSES				
Program services:				
Teacher recruitment and selection	33,546,651	-	-	33,546,651
Pre-service institute	16,864,443	-	-	16,864,443
Placement, professional development, and other	74,110,830	-	-	74,110,830
Alumni affairs	19,406,802	-	-	19,406,802
Total program services	143,928,726	-	-	143,928,726
Supporting services:				
Management and general	26,295,745	-	-	26,295,745
Fundraising	20,848,321	-	-	20,848,321
Total supporting services	47,144,066	-	-	47,144,066
Total expenses	191,072,792	-	-	191,072,792
Change in net assets	29,128,401	(22,265,856)	12,502,093	19,364,638
Net assets, beginning of period	211,266,616	103,720,169	104,161,873	419,148,658
Net assets, end of period	$ 240,395,017	$ 81,454,313	$ 116,663,966	$ 438,513,296

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

TEACH FOR AMERICA
Consolidated Statement of Cash Flows
For the eight-month period ended May 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 19,364,638
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	14,873,350
Appreciation in fair value of investments	(12,235,679)
Change in present value of contribution receivable	12,038
Contributed investment securities	(27,396,851)
Permanently restricted contributions	(10,002,093)
Change in allowance for doubtful accounts	2,101,624
Changes in operating assets and liabilities:	
Decrease in government grants and contracts receivable	316,447
Decrease in fee for service receivable	19,152,959
Increase in prepaid expense and other assets	(4,208,559)
Decrease in contributions receivable	54,243,234
Increase in accounts payable and accrued expenses	1,699,389
Increase in deferred revenue	1,588,471
Increase in deferred rent payable and other liabilities	113,245
Net cash provided by operating activities	59,622,213
CASH FLOWS FROM INVESTING ACTIVITIES	
Loans to corps members	(521,714)
Repayments of loans from corps members	4,146,222
Proceeds from the sale of investments	108,466,083
Purchase of investments	(190,625,039)
Purchase of fixed assets	(11,731,697)
Net cash used in investing activities	(90,266,145)
CASH FLOWS FROM FINANCING ACTIVITIES	
Permanently restricted contributions	10,002,093
Payments on capital lease obligation	(129,773)
Net cash provided by financing activities	9,872,320
Net decrease in cash and cash equivalents	(20,771,612)
Cash and cash equivalents, beginning of period	47,251,037
Cash and cash equivalents, end of period	$ 26,479,425
Supplemental disclosure:	
Cash paid for interest	$ 105,135

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

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. Leadership for Educational Equity ("LEE") is a not-for-profit corporation incorporated in the State of New York on October 23, 2006.

TFA is dedicated to building a national corps of outstanding recent college graduates of all academic majors who commit two years to teach in under-resourced urban and rural public schools and who become lifelong leaders in pursuit of expanding educational opportunity. TFA recruits and selects recent college graduates who meet high standards, trains them in an intensive summer program, places them in urban and rural school districts, and coordinates a support network for them during the two years they commit to teach. TFA also works to keep alumni connected to each other and to its mission.

LEE's mission is to enable TFA's corps members and alumni to realize high impact careers in public leadership by: (1) educating its members about the policy, advocacy and political landscape in their region and in the nation so they are inspired and ready to participate politically and civically; (2) equipping its members with the skills, resources, and experiences to successfully pursue public leadership positions; (3) helping its members become highly effective change agents for educational equity once in positions of leadership; and (4) fostering a thriving LEE community in which members support one another in pursuing public leadership and actively engage around political and civic matters.

TFA follows the concept of a fiscal year which normally consists of 52 weeks, except for every four years when the fiscal year consists of 53 weeks. In 2010, TFA's Board of Directors approved a change in TFA's fiscal year end from September 30th to May 31st, effective for the 2013 fiscal period (the transition period) from October 1, 2012 through May 31, 2013. The accompanying consolidated statement of financial position, statement of activities, statement of cash flows, as well as related notes of TFA are, therefore, presented as of and for the eight-month transition period ended May 31, 2013.

At May 31, 2013, TFA and LEE were separate legal entities that share similar board members and officers. Both are exempt from corporate federal and state income tax. TFA is exempt under Section 501(c)(3) of the Internal Revenue Code (the "Code") and similar state provisions, while LEE is exempt under Section 501(c)(4) of the Code and similar state provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of TFA as of and for the eight-month period ended May 31, 2013 and LEE as of and for the year ended December 31, 2012 (collectively, "Teach For America") and have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as applicable to not-for-profit organizations. All significant intercompany transactions have been eliminated in consolidation.

Teach For America's system of accounts are maintained in accordance with the principles of net assets accounting wherein resources from various sources are classified for accounting and financial reporting purposes into net asset classes based on specified activities and objectives. Net assets are therefore classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of Teach For America and changes therein are reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. These amounts include Board-designated resources for use as long-term investment to provide an ongoing stream of investment income for selected activities such as expansion and program services, as well as cash reserves, in the event Teach For America should experience a cash shortfall. As of May 31, 2013, the total amount of Board-designated unrestricted net assets authorized to function as endowments were $147,832,153 (Note 12).

Temporarily restricted - Include net assets subject to donor-imposed stipulations that expire with the passage of time or can be fulfilled by the actions of Teach For America, pursuant to those stipulations (Note 11). In addition, earnings on certain donor-restricted endowments are classified as temporarily restricted until appropriated for expenditure by the Board of Directors (Note 12).

Permanently restricted - Include net assets subject to donor-imposed stipulations that require resources to be maintained as funds of a permanent duration (Note 12). The income derived from permanently restricted net assets is available for general or specific operating purposes, as stipulated by the respective donors.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less. Amounts which are neither designated for long-term purposes nor covered under any investment management arrangements are presented as cash and cash equivalents in the accompanying consolidated statement of financial position. Cash and cash equivalents that are part of designated reserves and managed by external investment managers as part of Teach For America's long-term investment strategy are included in investments.

Loans Receivable

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.

Allowances for Doubtful Accounts

Allowances for doubtful accounts are netted against corresponding receivables based upon management's judgment regarding realizability, including the consideration of such factors as prior collection history and type of receivable. Receivables are only written-off when deemed fully uncollectible. Payments, if any, subsequently received on previously reserved balances are applied to the corresponding allowance for doubtful accounts.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the accompanying consolidated statement of financial position and reported based on quoted market prices. Reported fair values for alternative investments are estimated by the respective external investment manager if ascertainable market values are not readily available. Such valuations involve assumptions and methods that are reviewed and accepted by Teach For America.

Because Teach For America's limited partnership investment funds and other alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been reported had a ready market for such investments existed. Due to inherent risks and potential subjectivity of investment valuations, the amounts reported in the accompanying consolidated financial statements can vary substantially from settlement amounts resulting from the sale or exchange of such investments and, such differences could be material.

Fair Value Measurements

Teach For America follows guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of Teach For America's investments as of the measurement date.

Investments measured and reported at fair value in the consolidated statement of financial position are classified and disclosed in one of the following categories:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments categorized as Level 1 include listed equities held in the entity's name and exclude listed equities and other securities held indirectly through commingled funds.

Level 2: Pricing inputs including broker quotes other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the consolidated statement of financial position or in the near term, which is considered to be within 90 days.

Level 3: Pricing inputs are unobservable and include financial instruments where there is little, if any, market activity for those assets or liabilities. Fair value measurement for these financial instruments requires significant management judgment or estimation. Investments that are categorized as Level 3 generally include privately held investments and partnership interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Fixed Assets

Computer equipment and software as well as furniture, fixtures, and office equipment with a unit cost in excess of $2,500 are recorded at cost and depreciated on a straight-line basis over an estimated useful life ranging from three to five years. Leasehold improvements with a unit cost in excess of $2,500 are recorded at cost and amortized on a straight-line basis over the lesser of the economic useful life of the respective asset or the remaining lease term.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged based upon donor restriction, if any. Contributions to be received after one year are discounted to present value using a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Contributions of assets other than cash, including goods and services, are recorded at their estimated fair value at the date of contribution.

Government Grants and Contracts

Revenue from government grants and contracts is recognized as earned, that is, as related costs are incurred or services rendered under such agreements (Note 10).

Fee for Service Revenue

TFA has contractual agreements with various school districts across the United States of America to recruit, select, train, and place corps members to teach within their school districts. TFA recognizes revenue related to these contractual agreements as earned, that is, when the school district places a corps member, typically at the start of the school year each fall.

Special Events Revenue

Revenue and expenses related to special events are recognized upon occurrence of the respective event and are presented net of the cost of direct benefits. The associated market value of such services provided to donors amounted to $496,718 for the eight-month period ended May 31, 2013.

Functional Allocation of Expenses

The costs of providing Teach For America's programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The following is a description of Teach For America's programs:

Teacher Recruitment and Selection
TFA recruits and selects a teaching corps of outstanding college graduates to teach the nation's most underserved students. The recruitment and selection process consists of scheduling and attending on- and off-campus recruiting events, processing applications, and conducting day-long interview sessions in multiple sites across the country.

Pre-Service Institute
For incoming corps members prior to beginning service each fall, TFA conducts intensive summer training institutes held on various university campuses. Institutes are typically held at nine campuses: University of Houston, Temple University, Loyola Marymount University, St. John's University, Georgia Institute of Technology, Arizona State University, Illinois Institute of Technology, Delta State University and University of Tulsa.

As part of TFA's ongoing relationship with the: Houston Independent School District; Los Angeles Unified School District; the School District of Philadelphia; Atlanta Public Schools; the New York City Department of Education; Phoenix Public Schools; Chicago Public Schools; Mississippi Delta Public Schools and Tulsa Public Schools, corps members teach students who are enrolled in Houston, Los Angeles, Philadelphia, Atlanta, New York City, Phoenix, Chicago, Mississippi Delta and Tulsa public summer school programs.

Placement, Professional Development, and Other
TFA places corps members in various urban and rural regions throughout the United States. In each region, TFA has regional offices, which are responsible for placing corps members in schools, monitoring progress throughout their two-year commitment, providing opportunities for ongoing professional development, and helping corps members to feel part of a national corps.

Alumni Affairs
Teach For America has an alumni base of former corps members all over the world. These individuals present a powerful opportunity to continue to expand educational opportunity.

Income Taxes

Teach For America follows guidance issued by the Financial Accounting Standards Board (FASB) 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. These Standards provide that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The Standards also provide guidance on measurement, classification, interest and penalties. Adoption of these Standards had no material impact on the accompanying consolidated financial statements. The respective tax fiscal years ended 2010 through 2013 are still open and subject to audit for both federal and state purposes. Teach For America has processes currently in place to ensure the maintenance of its tax-exempt status; identify and report unrelated business income; determine its filing and tax obligations in jurisdictions for which it has nexus; and identify and evaluate other matters that may be considered tax positions.

Concentration of Credit Risk

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

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates include the determination of the net realizable value of contributions receivable; valuation assumptions of investments that have no ready market; and the assessed recoverability of capital assets through depreciation. Actual results could differ from those estimates.

3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable at May 31, 2013, were scheduled to be collected as follows:

Less than one year	$ 30,613,525
One to five years	40,152,377
	70,765,902
Less: Discount to present value ranging from 0.14% to 1.27%	(156,780)
Allowance for doubtful accounts	(3,230,881)
Contributions receivable, net	$ 67,378,241

Teach For America has also been notified of certain intentions to give. However, these amounts have not been recorded in the accompanying consolidated financial statements due to their conditional nature (e.g. challenge grants). Such conditional gifts totaled approximately $6.7 million at May 31, 2013.

For the eight-month period ended May 31, 2013, TFA received new contributions from members of its national Board of Directors totaling $26.1 million, which represented 17% of total contributions for the period and received $3.6 million in payments against prior pledges from these related parties.

At May 31, 2013, TFA’s contributions receivable included $5.4 million due from its national Board, which was partially offset by an allowance for doubtful accounts of $2.6 million, in addition to $1.2 million in direct write-offs for the eight-month period then ended. The charge related to these write-offs and reserves is included in Management and General in the accompanying consolidated statement of activities and, therefore, adversely impacted the ratio of program services to total expenses for the eight-month period ended May 31, 2013. However, this event is not representative of a shift in direction in the allocation of organizational resources away from program services, but rather the result of a non-recurring event.

4. LOANS RECEIVABLE FROM CORPS MEMBERS, NET

TFA makes uncollateralized loans to corps members based on financial need. Corps member loans are funded through TFA’s loan programs. As of May 31, 2013, loans represented 1.6% of total assets.

As of May 31, 2013, corps member loans consisted of the following:

Corps Member Transition Loans	$ 7,424,403
Corps Member Placement Loans	79,299
Less: Allowance for doubtful accounts	(695,127)
	$ 6,808,575

As of May 31, 2013, the following amounts were past due under the Corps Member Loan Program:

One year past due	Two years past due	Over three years past due	Total past due
$ 688,696	$ 308,115	$ 178,890	$ 1,175,701

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Loan balances are written off only when they are deemed to be uncollectible. There were no such write-offs in the current period.

5. INVESTMENTS, AT FAIR VALUE

As of May 31, 2013, TFA's investments consisted of the following:

Money market funds	$ 42,564,807
Equities	99,772,585
Fixed income securities	40,878,896
Limited partnership investment funds	99,375,941
	$ 282,592,229

The following table summarizes investments by level, within the fair value hierarchy as of May 31, 2013:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 42,564,807	$ -	$ -	$ 42,564,807
Equities	99,772,585	-	-	99,772,585
Fixed income securities	40,878,896	-	-	40,878,896
Limited partnership investment funds/trusts	-	-	99,375,941	99,375,941
Total	$ 183,216,288	$ -	$ 99,375,941	$ 282,592,229

The following table summarizes the changes in fair values associated with Level 3 assets for the eight-month period ended May 31, 2013:

	Limited partnership investment funds/trusts
Balance as of September 30, 2012	$ 92,459,405
Purchases	125,404
Sales	(327,442)
Unrealized gains	7,118,574
Balance as of May 31, 2013	$ 99,375,941

For the eight-month period ended May 31, 2013, TFA's investment returns consisted of the following:

	Total
Interest and dividend income	$ 1,703,289
Appreciation in fair value of investments	12,235,679
Investment fees	(328,041)
Net appreciation in fair value of investments	11,907,638
Total investment return	$ 13,610,927

TFA uses the Net Asset Value (NAV) per share to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their investees financial statements consistent with the measurement principles of an investments company or have the attributes of an investments company. Per the accounting standard governing NAV as a practical expedient, the following table lists investments in other companies by major NAV category for the eight-month period ended May 31, 2013:

Type	Strategy	NAV in Funds	# of Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions
Limited partnership investment funds/trust	Invests in hedge funds, private equity and pooled accounts seeking long-tern diversified growth	$ 99,375,941	3	N/A	No such commitments	N/A	Quarterly and Annually	Lock up periods of up to 2 years

6. FIXED ASSETS, NET

Fixed assets at May 31, 2013, consisted of the following:

Computer equipment and software	$ 85,788,214
Furniture, fixtures and office equipment	7,982,130
Leasehold improvements	17,977,379
	111,747,723
Less: accumulated depreciation and amortization	(71,262,647)
	40,485,076
Construction-in-progress	57,346
Fixed assets, net	$ 40,542,422

Depreciation and amortization expense related to fixed assets was $14,873,350 for the eight-month period ended May 31, 2013.

Teach For America has entered into various capital leases for office fixtures and equipment. These leases extend through fiscal year 2018 and have total remaining cash payments due, inclusive of interest, of $1,261,593. The net book value of such leased fixtures and equipment was $686,982 at May 31, 2013, and is included in the table above. Additionally, amounts due under these capital leases of $649,783 is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

7. RELATED PARTY TRANSACTIONS

During 2008, TFA entered into a Resource Sharing and Expense Reimbursement Agreement with LEE, a related party consolidated with TFA. The agreement states that LEE shall pay TFA for all direct expenses incurred by TFA on LEE's behalf and that LEE shall pay a pro-rata share of TFA's overhead expenses. In addition, LEE agrees to operate and conduct its use of the resources described in the agreement in a manner so as not to interfere with the accomplishment of TFA's tax-exempt purposes and not to jeopardize TFA's compliance with federal and state laws. As of May 31, 2013, amounts owed to TFA from this related party totaled approximately $1.1 million and which were eliminated in consolidation.

TFA also has a Resource Sharing and Expense Reimbursement Agreement with Teach For All, a related party, not controlled by TFA, created to expand educational opportunity in other countries. This agreement also states that Teach For All shall pay TFA for all direct expenses incurred by TFA on Teach For All's behalf and that Teach For All shall pay a pro-rata share of TFA's overhead expenses. As of May 31, 2013, amounts owed to TFA from this related party totaled approximately $105,000, and are included within prepaid expense and other assets in the accompanying consolidated statement of financial position.

8. EDUCATION AWARDS DUE TO CORPS MEMBERS

In 2013, TFA granted education awards (the "awards") for eligible corps members who successfully completed the 2012-2013 school year. The awards were intended to mirror the awards previously provided by the Corporation for National Service. Approximately 966 corps members were granted awards in varying amounts up to $5,550 that could be applied to pay student loans or educational expenses. For the eight-month period ended May 31, 2013, approximately $2.7 million was awarded and remained to be disbursed. The awards are payable until July 1, 2020, at which time these awards expire.

9. LINE OF CREDIT

On November 19, 2012, TFA amended its line of credit agreement with Wells Fargo Bank originally dated August 10, 2009, which expired on July 2, 2012. This credit facility bears interest at the LIBOR market index rate plus 0.70% per annum for 2013 and requires adherence to the following financial covenants:

- Maintain at all times unrestricted specified assets having an aggregate value of not less than $50 million;
- Maintain at all times an expendable financial resources to total operating expenses ratio of at least 80%; and
- Pay down the outstanding balance of any advances over 30 consecutive days.

At May 31, 2013, TFA had not drawn down on its line of credit and was in compliance with the above stated covenants.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

TFA has entered into a non-cancelable lease agreement for office space for its national headquarters, expiring in January 2019. Additionally, TFA has 45 lease agreements for office space for its regional offices, expiring at various times. TFA also has various lease agreements for office equipment at its regional offices and New York office, expiring on various dates.

Future minimum lease payments under all non-cancelable operating leases are as follows:

Fiscal year ending May 31:	Office Space	Equipment
2014	$ 9,039,642	$ 482,984
2015	6,474,079	399,626
2016	4,795,427	264,094
2017	3,117,856	99,267
2018 and thereafter	2,570,662	15,621
Total	$ 25,997,666	$ 1,261,592

Total rent expense approximated $6.2 million for the eight-month period ended May 31, 2013.

Deferred Rent Payable

Certain operating leases contain escalation clauses for base rentals. Accordingly, TFA has recorded the straight-line effects of such escalations and recognized a deferred rent liability within deferred rent payable and other liabilities in the accompanying consolidated statement of financial position of approximately $1.3 million as of May 31, 2013.

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 Teach For America's consolidated financial position, changes in net assets or cash flows.

TFA receives and expends resources in connection with its administration of federal and other governmental grants and contracts. The terms of these agreements generally allow granting agencies the right to audit costs incurred thereunder and, potentially disallow a portion thereof and/or adjust funding on a prospective basis. During fiscal 2012, approximately $924,000 was established as a potential reserve for disallowances, which continued to be included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position. In the opinion of management, audit adjustments, if any, are not expected to have a significant effect on the accompanying consolidated financial statements.

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes as of May 31, 2013:

For use in future periods for:	
Expansion	$ 4,534,314
Teacher recruitment and selection, placement, professional development, and other	76,919,999
	$ 81,454,313

Net assets released from restrictions by incurring expenses satisfying purpose or time restrictions during the eight-month period ended May 31, 2013, were as follows:

For use in future periods:	
Expansion	$ 12,650,183
Teacher recruitment and selection, placement, professional development, education awards and other	138,464,786
	$ 151,114,969

12. ENDOWMENT NET ASSETS

TFA's endowment consists of several individual funds established for different purposes. Such endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by US GAAP, 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.

Interpretation of Relevant Law

Effective October 1, 2007, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted by the State of Connecticut applies to all donor-restricted endowment funds of TFA unless the donor has specifically directed otherwise. Under UPMIFA, an "endowment fund" is defined as a fund that, under the terms of the gift instrument, is not fully expendable on a current basis. The Board of Directors of TFA has interpreted UPMIFA as requiring the preservation of so much of such a donor-restricted endowment fund as is directed by the donor in the gift instrument. Where the donor's intent is not clearly articulated in the gift instrument, the Board of Directors of TFA interprets UPMIFA as allowing the expenditure of only that amount which is prudent for the uses, benefits, purposes and duration for which the endowment was established, taking into account the following factors:

1. The duration and original donor restricted preservation of the endowment 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.
7. The investment policies of TFA.

TFA classifies as permanently restricted net assets the amount of the assets in a donor-restricted "endowment fund" that may not be expended according to the factors described above. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by TFA in a manner consistent with the standard of prudence prescribed by UPMIFA.

Spending Policy

For the eight-month period ended May 31, 2013, the Board of Directors of TFA determined that there would be no distributions from its donor-restricted endowments.

In subsequent years, and 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 36 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 36 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.

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 must be held in funds of a permanent duration or for a donor-specified period(s), 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.

Endowment net asset composition, excluding pledges receivable, as of May 31, 2013, follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 59,585,944	$ -	$ -	$ 59,585,944
Donor-restricted endowment funds	-	23,098,202	116,663,966	139,762,168
Total	$ 59,585,944	$ 23,098,202	$ 116,663,966	$ 199,348,112

Changes in endowment net assets for the eight-month period ended May 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2012	$ 57,972,187	$ 13,666,683	$ 89,161,873	$ 160,800,743
Investment return:				
Investment income	471,960	499,766	-	971,726
Net appreciation (realized and unrealized)	1,141,797	8,931,753	-	10,073,550
Total investment return, net of fees	1,613,757	9,431,519	-	11,045,276
Contributions, including collections of prior year pledges and change in donor intent	-	-	27,502,093	27,502,093
Endowment net assets, May 31, 2013	$ 59,585,944	$ 23,098,202	$ 116,663,966	$ 199,348,112

For the eight-month period ended May 31, 2013, permanently restricted additions presented above included $15 million of payments on prior year pledges and a change in donor intent of $2.5 million.

During the period ended May 31, 2013, TFA received $5 million in endowment contributions that have not been invested as of May 31, 2013.

At May 31, 2013, investments related to donor-restricted endowments of $116,663,966 provided investment returns to support general operating purposes, as per donor intent, none of which were appropriated by the Board of Directors for expenditure in the current period.

13. CONTRIBUTED GOODS AND SERVICES

Contributed goods and services for the eight-month period ended May 31, 2013, consisted of the following:

Legal	$ 214,254
Event services	29,087
Shipping services	23,880
Facilities	14,599
Printing and advertising	5,457
Total	$ 287,277

14. RETIREMENT PLAN

Teach For America offers full and part-time staff members who work at least 20 hours a week the opportunity to participate in a 403(b) retirement program. This is a defined contribution plan (the "Plan") with employer matching contributions equal to 100% of the employee's contributions up to 5% of their gross earned salary in each fiscal year. Participants are fully vested after six months of employment, increasing to 12 months, effective October 1, 2008. Withdrawal cannot be made without penalty until the age of 59½. Teach For America matching contributions totaled approximately $2.8 million for the eight-month period ended May 31, 2013. The Plan also changed its year-end to May 31st to conform with TFA's year-end.

Teach For America 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 eight-month period ended May 31, 2013, employer contributions to this Plan were approximately $6,600.

15. SUBSEQUENT EVENTS

Teach For America evaluated its May 31, 2013 consolidated financial statements for subsequent events through December 5, 2013, the date the consolidated financial statements were available to be issued. Other than the following, Teach For America is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

On August 9, 2013, Beyond Z, Inc. ("Beyond Z"), a related party organization, was incorporated in the state of Delaware. Beyond Z's mission is to build leadership potential in young people from low-income, underrepresented backgrounds in the United States. TFA will enter into a Resource Sharing and Expense Reimbursement Agreement with Beyond Z, whereby Beyond Z will reimburse TFA for direct and indirect costs incurred on Beyond Z's behalf. In addition, Beyond Z agrees to operate and conduct its use of resources as described in the agreement in a manner so as not to interfere with the accomplishment of

TFA's tax-exempt purpose or jeopardize TFA's compliance with federal and state laws. Further, Beyond Z qualifies as an entity that is required to be consolidated under FASB guidance, and will be consolidated in future period financial statements. Beyond Z will partner with Teach For America to provide direct-to-student leadership development programming and, if successful, is expected to become an independent organization within the next several years.

Subsequent to May 31, 2013, TFA signed two separate letters of intent to lease office space in both Washington D.C. and New York City, with respective lease commencement dates occurring during fiscal year 2014. While formal lease terms continue to be negotiated as of the date the consolidated financial statements were available to be issued, the future minimum lease payments based on current terms included in the letters of intent, follow:

Fiscal year ending May 31:	
2014	$ -
2015	1,375,020
2016	5,473,506
2017	5,507,402
2018 and thereafter	116,125,514
Total	$ 128,481,442

SUPPLEMENTARY INFORMATION

TEACH FOR AMERICA
Consolidating Schedule of Financial Position
As of May 31, 2013

ASSETS	Teach For America, Inc.	Leadership for Educational Equity	Eliminations	Total
Cash and cash equivalents	$ 25,592,248	$ 887,177	$ -	$ 26,479,425
Government grants and contracts receivable	36,146,984	-	-	36,146,984
Fee for service receivable	389,400	-	-	389,400
Prepaid expenses and other assets	11,161,312	15,308	(1,061,806)	10,114,814
Contributions receivable, net	67,250,544	127,697	-	67,378,241
Loans receivable from corps members, net	6,808,575	-	-	6,808,575
Investments, at fair value	282,592,229	-	-	282,592,229
Fixed assets	40,524,092	18,330	-	40,542,422
Total assets	$ 470,465,384	$ 1,048,512	$ (1,061,806)	$ 470,452,090
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	$ 24,110,982	$ 287,243	$ -	$ 24,398,225
Deferred rent and other liabilities	2,835,359	710,925	(1,061,806)	2,484,478
Deferred revenue	5,056,091	-	-	5,056,091
Total liabilities	32,002,432	998,168	(1,061,806)	31,938,794
NET ASSETS				
Unrestricted	240,395,017	-	-	240,395,017
Temporarily restricted	81,403,969	50,344	-	81,454,313
Permanently restricted	116,663,966	-	-	116,663,966
Total net assets	438,462,952	50,344	-	438,513,296
Total liabilities and net assets	$ 470,465,384	$ 1,048,512	$ (1,061,806)	$ 470,452,090

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

TEACH FOR AMERICA
Consolidating Schedule of Activities
For the eight-month period ended May 31, 2013

	Teach For America, Inc.				Leadership for Educational Equity				Eliminations		Consolidated			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT														
Contributions	$ 17,777,931	$ 119,907,112	$ 10,002,093	$ 147,687,136	$ -	$ 4,046,280	$ -	$ 4,046,280	$ -	$ (2,035,800)	17,777,931	121,917,592	$ 10,002,093	$ 149,697,616
Government grants and contracts	43,165,773	-	-	43,165,773	-	-	-	-	-	-	43,165,773	-	-	43,165,773
Fee for service	83,750	-	-	83,750	-	-	-	-	-	-	83,750	-	-	83,750
Special events less cost of direct donor expenses	1,202,289	-	-	1,202,289	-	-	-	-	-	-	1,202,289	-	-	1,202,289
Interest and dividend income	1,203,523	499,766	-	1,703,289	-	-	-	-	-	-	1,203,523	499,766	-	1,703,289
Net appreciation in fair value of investments	2,975,883	8,931,755	-	11,907,638	-	-	-	-	-	-	2,975,883	8,931,755	-	11,907,638
Contributed goods and services	287,277	-	-	287,277	-	-	-	-	-	-	287,277	-	-	287,277
Licensing fees and other revenue	2,389,798	-	-	2,389,798	-	-	-	-	-	-	2,389,798	-	-	2,389,798
Change in donor intent	-	(2,500,000)	2,500,000	-	-	-	-	-	-	-	-	(2,500,000)	2,500,000	-
Net assets released from restriction	151,714,216	(151,714,216)	-	-	4,046,280	(4,046,280)	-	-	(4,645,527)	4,645,527	151,114,969	(151,114,969)	-	-
Total revenue, gains and other support	220,800,440	(24,875,583)	12,502,093	208,426,950	4,046,280	-	-	4,046,280	(4,645,527)	2,609,727	220,201,193	(22,265,856)	12,502,093	210,437,430
EXPENSES														
Program services:														
Teacher recruitment and selection	33,546,651	-	-	33,546,651	-	-	-	-	-	-	33,546,651	-	-	33,546,651
Pre-service institute	16,864,443	-	-	16,864,443	-	-	-	-	-	-	16,864,443	-	-	16,864,443
Placement, professional development, and other	74,110,830	-	-	74,110,830	-	-	-	-	-	-	74,110,830	-	-	74,110,830
Alumni affairs	19,077,467	-	-	19,077,467	2,365,135	-	-	2,365,135	(2,035,800)	-	19,406,802	-	-	19,406,802
Total program services	143,599,391	-	-	143,599,391	2,365,135	-	-	2,365,135	(2,035,800)	-	143,928,726	-	-	143,928,726
Supporting services:														
Management and general	24,764,197	-	-	24,764,197	1,531,548	-	-	1,531,548	-	-	26,295,745	-	-	26,295,745
Fundraising	20,698,724	-	-	20,698,724	149,597	-	-	149,597	-	-	20,848,321	-	-	20,848,321
Total supporting services	45,462,921	-	-	45,462,921	1,681,145	-	-	1,681,145	-	-	47,144,066	-	-	47,144,066
Total expenses	189,062,312	-	-	189,062,312	4,046,280	-	-	4,046,280	(2,035,800)	-	191,072,792	-	-	191,072,792
Change in net assets	31,738,128	(24,875,583)	12,502,093	19,364,638	-	-	-	-	(2,609,727)	2,609,727	29,128,401	(22,265,856)	12,502,093	19,364,638
Net assets, beginning of period	208,656,889	106,279,552	104,161,873	419,098,314	-	50,344	-	50,344	2,609,727	(2,609,727)	211,266,616	103,720,169	104,161,873	419,148,658
Net assets, end of period	$ 240,395,017	$ 81,403,969	$ 116,663,966	$ 438,462,952	$ -	$ 50,344	$ -	$ 50,344	$ -	$ -	$ 240,395,017	$ 81,454,313	$ 116,663,966	$ 438,513,296

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

TEACH FOR AMERICA
Consolidated Schedule of Functional Expenses
For the eight-month period ended May 31, 2013

	Program services					Supporting services			
	Teacher recruitment and selection	Pre-service institute	Placement, professional development, and other	Alumni affairs	Total program services	Management and general	Fundraising	Total supporting services	Total
Expenses:									
Personnel expenses	$ 22,738,853	$ 10,094,046	$ 51,455,213	$ 10,658,553	$ 94,946,665	$ 9,815,555	$ 13,325,423	$ 23,140,978	$ 118,087,643
Professional services	767,041	737,596	1,950,368	802,589	4,257,594	2,633,680	2,867,792	5,501,472	9,759,066
Travel, meetings and subsistence	2,971,420	2,819,338	6,078,270	1,416,165	13,285,193	1,051,785	1,448,034	2,499,819	15,785,012
Institute food and lodging	-	43,599	-	-	43,599	-	-	-	43,599
Corps member support	1,171,313	129,438	1,861,483	554,641	3,716,875	751,433	285,577	1,037,010	4,753,885
Postage and delivery	51,865	59,352	157,207	67,817	336,241	30,125	63,783	93,908	430,149
Telecommunications	348,391	136,668	1,378,539	145,317	2,008,915	231,694	138,306	370,000	2,378,915
Equipment and supplies	899,793	323,894	2,649,610	498,170	4,371,467	1,103,370	454,961	1,558,331	5,929,798
Subscriptions and dues	19,585	100,405	112,689	40,059	272,738	38,853	55,806	94,659	367,397
Grants	-	-	-	2,732,166	2,732,166	-	-	-	2,732,166
Printing, advertising and media	230,727	223,155	171,344	238,462	863,688	40,443	269,515	309,958	1,173,646
Occupancy	1,175,895	539,076	5,017,818	449,829	7,182,618	681,215	522,976	1,204,191	8,386,809
Bad debt expense	149,857	-	65,692	-	215,549	5,097,249	-	5,097,249	5,312,798
Interest, insurance, and fees	58,108	11,441	65,547	13,789	148,885	409,937	154,226	564,163	713,048
Depreciation and amortization	2,926,017	1,577,954	3,020,263	1,752,794	9,277,028	4,371,351	1,224,971	5,596,322	14,873,350
Other	37,786	68,481	126,787	36,451	269,505	39,055	36,951	76,006	345,511
Total	$ 33,546,651	$ 16,864,443	$ 74,110,830	$ 19,406,802	$ 143,928,726	$ 26,295,745	$ 20,848,321	$ 47,144,066	$ 191,072,792

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.