CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TEACH FOR AMERICA, INC.**

September 30, 2010 and 2009

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Audit • Tax • Advisory
Grant Thornton LLP
666 Third Avenue, 13th Floor
New York, NY 10017-4011
T 212.599.0100
F 212.370.4520
www.GrantThornton.com

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
**Teach for America, Inc.:**

We have audited the accompanying consolidated statements of financial position of Teach for America, Inc., and Teach for All, Inc., (collectively, "TFA") as of September 30, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of TFA's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our 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 Teach for All, Inc., as of September 30, 2010 and 2009, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of TFA as of and for the years ended September 30, 2010 and 2009, taken as a whole. The supplementary information for the year ended September 30, 2010, included on pages 26 through 30, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Grant Thornton LLP

New York, New York
March 8, 2011

Teach for America, Inc. and Teach for All, Inc.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2010 and 2009

| ASSETS | **2010** | 2009 |
|---|---|---|
| Cash and cash equivalents | **$ 22,495,354** | $ 17,490,715 |
| Government grants and contracts receivable | **30,163,605** | 24,408,543 |
| Fee for service receivable | **13,841,838** | 10,716,265 |
| Prepaid expenses and other assets | **4,932,258** | 1,204,478 |
| Contributions receivable, net (Note C) | **147,206,862** | 167,831,000 |
| Other receivables (Note F) | **120,721** | 48,585 |
| Loans receivable from corps members, net of allowance of $557,709 and $381,485 in 2010 and 2009, respectively | **7,307,445** | 6,324,931 |
| Investments, at fair value (Note D) | **91,697,407** | 57,789,507 |
| Fixed assets, net (Note E) | **30,121,319** | 26,403,736 |
| Total assets | **$ 347,886,809** | $ 312,217,760 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | **$ 20,350,747** | $ 10,719,459 |
| Education awards due to corps members (Note G) | **1,465,935** | 1,551,610 |
| Line of credit (Note H) | **14,000,000** | 30,000,000 |
| Deferred rent payable and other liabilities (Note I) | **2,954,945** | 2,582,256 |
| Total liabilities | **38,771,627** | 44,853,325 |
| Commitments (Note I) | | |
| Net assets: | | |
| Unrestricted (Note K) | **126,549,011** | 85,646,966 |
| Temporarily restricted (Note J) | **103,404,318** | 112,555,626 |
| Permanently restricted (Note K) | **79,161,853** | 69,161,843 |
| Total net assets | **309,115,182** | 267,364,435 |
| Total liabilities and net assets | **$ 347,886,809** | $ 312,217,760 |

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

Teach for America, Inc. and Teach for All, Inc.

## CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended September 30, 2010
(with comparative totals for 2009)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | **2010 Total** | 2009 Total |
|---|---|---|---|---|---|
| Revenues, gains and other support: | | | | | |
| Contributions | $ 10,855,987 | $ 132,319,327 | $ 10,000,010 | **$ 153,175,324** | $ 222,686,295 |
| Government grants and contracts | 45,995,710 | - | - | **45,995,710** | 33,927,832 |
| Fee for service | 18,232,410 | - | - | **18,232,410** | 16,167,915 |
| Special events, net of direct expenses of $689,439 and $429,861 respectively | 3,767,251 | - | - | **3,767,251** | 1,134,170 |
| Contributed goods and services (Note L) | 1,978,144 | - | - | **1,978,144** | 2,910,085 |
| Interest and dividend income, net (Note D) | 157,929 | 29,769 | - | **187,698** | 460,150 |
| Net appreciation in fair value of investments (Note D) | 72,154 | 1,896,054 | - | **1,968,208** | 1,058,831 |
| Licensing fees and other revenue | 1,829,122 | - | - | **1,829,122** | 322,601 |
| Net assets released from restrictions (Note J) | 143,396,458 | (143,396,458) | - | **-** | - |
| Total revenues, gains and other support | 226,285,165 | (9,151,308) | 10,000,010 | **227,133,867** | 278,667,879 |
| Expenses: | | | | | |
| Program services: | | | | | |
| Teacher recruitment and selection | 25,202,393 | - | - | **25,202,393** | 23,946,224 |
| Pre-service institute | 29,164,662 | - | - | **29,164,662** | 26,642,976 |
| Placement, professional development, education awards, and other | 83,405,337 | - | - | **83,405,337** | 69,922,137 |
| Alumni affairs | 13,512,240 | - | - | **13,512,240** | 10,011,057 |
| Total program services | 151,284,632 | - | - | **151,284,632** | 130,522,394 |
| Supporting services: | | | | | |
| Management and general | 17,509,606 | - | - | **17,509,606** | 17,496,833 |
| Fundraising | 16,588,882 | - | - | **16,588,882** | 13,920,837 |
| Total supporting services | 34,098,488 | - | - | **34,098,488** | 31,417,670 |
| Total expenses | 185,383,120 | - | - | **185,383,120** | 161,940,064 |
| Changes in net assets | 40,902,045 | (9,151,308) | 10,000,010 | **41,750,747** | 116,727,815 |
| Net assets, beginning of year | 85,646,966 | 112,555,626 | 69,161,843 | **267,364,435** | 150,636,620 |
| Net assets, end of year | $ 126,549,011 | $ 103,404,318 | $ 79,161,853 | **$ 309,115,182** | $ 267,364,435 |

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

Teach for America, Inc. and Teach for All, Inc.

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the year ended September 30, 2009

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Revenues, gains and other support: | | | | |
| Contributions | $ 7,700,697 | $ 154,985,588 | $ 60,000,010 | $ 222,686,295 |
| Government grants and contracts | 33,927,832 | - | - | 33,927,832 |
| Fee for service | 16,167,915 | - | - | 16,167,915 |
| Special events, net of direct expenses of $429,861 | 1,134,170 | - | - | 1,134,170 |
| Contributed goods and services (Note L) | 2,910,085 | - | - | 2,910,085 |
| Interest and dividend income, net (Note D) | 341,983 | 118,167 | - | 460,150 |
| Net appreciation in fair value of investments (Note D) | 115,694 | 943,137 | - | 1,058,831 |
| Other | 322,601 | - | - | 322,601 |
| Net assets released from restrictions (Note J) | 120,190,117 | (120,190,117) | - | - |
| Total revenues, gains and other support | 182,811,094 | 35,856,775 | 60,000,010 | 278,667,879 |
| Expenses: | | | | |
| Program services: | | | | |
| Teacher recruitment and selection | 23,946,224 | - | - | 23,946,224 |
| Pre-service institute | 26,642,976 | - | - | 26,642,976 |
| Placement, professional development, education awards, and other | 69,922,137 | - | - | 69,922,137 |
| Alumni affairs | 10,011,057 | - | - | 10,011,057 |
| Total program services | 130,522,394 | - | - | 130,522,394 |
| Supporting services: | | | | |
| Management and general | 16,231,207 | 1,265,626 | - | 17,496,833 |
| Fundraising | 13,920,837 | - | - | 13,920,837 |
| Total supporting services | 30,152,044 | 1,265,626 | - | 31,417,670 |
| Total expenses | 160,674,438 | 1,265,626 | - | 161,940,064 |
| Changes in net assets | 22,136,656 | 34,591,149 | 60,000,010 | 116,727,815 |
| Net assets, beginning of year | 63,510,310 | 77,964,477 | 9,161,833 | 150,636,620 |
| Net assets, end of year | $ 85,646,966 | $ 112,555,626 | $ 69,161,843 | $ 267,364,435 |

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

Teach for America, Inc. and Teach for All, Inc.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended September 30, 2010 and 2009

| | **2010** | 2009 |
|---|---|---|
| Cash flows from operating activities: | | |
| Increase in net assets | **$ 41,750,747** | $ 116,727,815 |
| Adjustment to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | **10,427,482** | 7,939,033 |
| Appreciation in fair value of investments | **(1,968,208)** | (1,058,831) |
| Contributed fixed assets | **-** | (1,647,509) |
| Change in present value of contribution receivable | **(1,162,298)** | 344,133 |
| Contributed investment securities | **(5,598,444)** | (2,552,024) |
| Permanently restricted contributions | **(10,000,010)** | (20,000,010) |
| Loss on disposal of fixed assets | **51,544** | 15,328 |
| Proceeds from sale of fixed assets | **64,221** | - |
| Change in allowance for doubtful accounts | **(665,816)** | 849,688 |
| Changes in operating assets and liabilities: | | |
| Increase in government grants and contracts receivable | **(5,755,062)** | (6,802,813) |
| Increase in fee for service receivable | **(3,125,573)** | (3,135,890) |
| (Increase) decrease in prepaid expense and other assets | **(3,727,780)** | 286,764 |
| Decrease (increase) in contributions receivable | **22,628,476** | (82,044,162) |
| (Increase) decrease in other receivables | **(72,136)** | 21,934 |
| Increase (decrease) in accounts payable and accrued expenses | **9,631,288** | (915,614) |
| Decrease in education awards due to corps members | **(85,675)** | (112,625) |
| Increase in deferred rent payable and other liabilities | **372,689** | 1,221,693 |
| Net cash provided by operating activities | **52,765,445** | 9,136,910 |
| Cash flows from investing activities: | | |
| Loans to corps members | **(5,107,259)** | (4,553,337) |
| Repayments of loans from corps members | **3,948,521** | 3,573,441 |
| Proceeds from the sale of investments | **35,699,426** | 13,048,620 |
| Purchase of investments | **(62,040,674)** | (30,254,240) |
| Purchase of fixed assets | **(14,260,830)** | (11,919,757) |
| Net cash used in investing activities | **(41,760,816)** | (30,105,273) |
| Cash flows from financing activities: | | |
| (Payments) proceeds from line of credit, net | **(16,000,000)** | 10,000,000 |
| Permanently restricted contributions | **10,000,010** | 20,000,010 |
| Net cash (used in) provided by financing activities | **(5,999,990)** | 30,000,010 |
| Net increase in cash and cash equivalents | **5,004,639** | 9,031,647 |
| Cash and cash equivalents, beginning of year | **17,490,715** | 8,459,068 |
| Cash and cash equivalents, end of year | **$ 22,495,354** | $ 17,490,715 |
| Supplemental disclosure: | | |
| Cash paid for interest | **$ 303,780** | $ 395,365 |

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

## NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Teach for America, Inc., ("Teach for America") is a not-for-profit corporation incorporated in the State of Connecticut on October 6, 1989. Teach for All, Inc., ("Teach for All") is a not-for-profit corporation incorporated in the State of New York on February 29, 2008.

Teach for America 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. Teach for America 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. Teach for America also coordinates an alumni affairs department to keep corps members connected to each other and to its mission.

Teach for All is a global network of national organizations working to expand educational opportunity in their countries through enlisting their nations' most promising future leaders in the effort. These organizations recruit leaders of all academic disciplines to commit two years to teach in high-need areas and to work throughout their lives, both within and outside of education, to address the root causes of educational need. Teach for All seeks to increase and accelerate the impact of these organizations by providing direct services and fostering a powerful network among its partners and their participants with the goal of maximizing their impact on sale, student achievement and alumni leadership, and organizational strength.

Teach for America and Teach for All are separate legal entities that share similar board members and officers. Both are exempt from corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

## NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

The accompanying consolidated financial statements include the accounts of Teach for America and Teach for All (collectively, "TFA") 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.

**NOTE B (continued)**

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of TFA and changes therein are classified and 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 and cash reserves, in the event TFA experiences a cash shortfall. At September 30, 2010 and 2009, the total amount of board-designated net assets authorized to function as endowments were $37,203,778 and $26,648,777, respectively, (Note K).

*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 TFA, pursuant to those stipulations, (Note J).

*Permanently restricted* - Include net assets subject to donor-imposed stipulations that require endowment funds to be maintained in perpetuity, (Note K). The income derived from permanently restricted net assets is available for general or specific 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.

2. *Fair Value Measurements*

During fiscal 2008, TFA implemented a standard 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 an asset or liability as of the measurement date.

**NOTE B (continued)**

Assets and liabilities measured and reported at fair value 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 statements of financial position or in the near term, which is generally considered to be within 90 days.

Level 3: Pricing inputs are unobservable and include situations where there is little, if any, market activity for those assets or liabilities. Fair value measurement for these financial instruments require 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.

In 2010, TFA adopted new guidance related to fair value measurements and disclosure of investments in certain entities that do not have a quoted market price but that calculate NAV per share or its equivalent. As a practical expedient, the guidance permits, but does not require TFA to measure fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. As a result of applying the practical expedient, the fair value of certain of TFA's investments in alternative investments was determined based on the reported NAV beginning with the September 30, 2010 valuation. The adoption of this guidance did not have a material impact on the fair value of applicable investments; however, the use of the practical expedient required additional disclosures, (Note D).

3. *Functional Allocation of Expenses*

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

**NOTE B (continued)**

*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 (approximately 46,000 in 2010 and 35,000 in 2009), and conducting day-long interview sessions in multiple sites across the country. TFA had approximately 4,500 and 4,100 new corps members, who began their fall teaching assignments in 2010 and 2009, respectively.

*Pre-Service Institute*
For incoming corps members, TFA conducts intensive summer training institutes held on various university campuses. In 2010, institutes were held at eight campuses: University of Houston, Temple University, Loyola Marymount University, St. John's University, Georgia Institute of Technology, Arizona State University, Illinois Institute of Technology and Delta State University. 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, and Mississippi Delta Public Schools, corps members teach students who are enrolled in Houston, Los Angeles, Philadelphia, Atlanta, New York, Phoenix, Chicago and Mississippi Delta public summer school programs.

*Placement, Professional Development, Education Awards, and Other*
TFA places corps members in various urban and rural regions of 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. In 2010 and 2009, TFA placed corps members in 39 and 35 regions, respectively.

*Alumni Affairs*
TFA has an alumni base of former corps members all over the world. These individuals present a powerful opportunity to continue to impact the education community through management and government positions. In recognition of the importance of its alumni base, TFA has increased its budget for alumni affairs.

**NOTE B (continued)**

4. *Cash and Cash Equivalents*

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less, which are not under investment management for long-term purposes.

5. *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated statements 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 TFA.

Because TFA's 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 settlements resulting from sale or exchange of such investments and such differences could be material.

6. *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 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.

7. *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 service is provided (i.e., school district places a corps member).

**NOTE B (continued)**

8. *Loans Receivable*

Loans receivable are recorded at their net realizable values, based upon an estimated allowance for doubtful accounts and, are generally due over a period 1 to 2 years.

9. *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.

10. *Allowances for Doubtful Accounts*

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

11. *Fixed Assets*

Computer equipment and software and 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.

12. *Income Taxes*

TFA adopted new guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the 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 standard also provides guidance on measurement, classification, interest and penalties, and disclosure. This standard had no material impact on the accompanying consolidated financial statements. The tax years ended 2007, 2008, and 2009 are still open to audit for both federal and state purposes. TFA has processes presently in place to ensure the maintenance of its tax-exempt status; identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and identify and evaluate other matters that may be considered tax positions.

**NOTE B (continued)**

13. *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. At certain times, TFA's bank balances may 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 with several investment managers in a variety of asset classes. TFA regularly evaluates its depository arrangements and investments, including performance thereof.

14. *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 allowances for doubtful accounts; fair value measurement of investments that have no ready market; and estimated useful lives of capital assets. Actual results could differ from those estimates.

**NOTE C - CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable at September 30, 2010 and 2009 were scheduled to be collected as follows:

| | **2010** | 2009 |
|---|---|---|
| Less than one year | **$ 87,637,959** | $ 93,050,489 |
| One to five years | **62,367,862** | 79,583,808 |
| | **150,005,821** | 172,634,297 |
| Less: discount to present value ranging from 3.125% to 4.590% | **(1,298,901)** | (2,461,199) |
| | **147,706,920** | 170,173,098 |
| Less: allowance for doubtful accounts | **(1,500,058)** | (2,342,098) |
| | **$ 147,206,862** | $ 167,831,000 |

TFA 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).

## NOTE D - INVESTMENTS, AT FAIR VALUE

At September 30, 2010 and 2009, TFA's investments consisted of the following:

| | **2010** | 2009 |
|---|---|---|
| Money market funds | **$ 58,589,684** | $ 40,695,475 |
| Corporate bonds | - | 786,296 |
| Common stocks | **4,335,287** | 4,431,485 |
| Government bonds | - | 2,516,835 |
| International bonds | - | 77,580 |
| Limited partnerships | **28,772,436** | 9,281,836 |
| | **$ 91,697,407** | $ 57,789,507 |

The following table summarizes investments by level, within the fair value hierarchy as of September 30, 2010:

| | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| Money market funds | $58,589,684 | $ - | $ - | **$ 58,589,684** |
| Corporate bonds | - | - | - | **-** |
| Common stocks | 4,335,287 | - | - | **4,335,287** |
| Government bonds | - | - | - | **-** |
| International bonds | - | - | - | **-** |
| Limited partnerships | - | - | 28,772,436 | **28,772,436** |
| Total | $ 62,924,971 | $ - | $ 28,772,436 | **$ 91,697,407** |

The following table summarizes the changes in fair values associated with Level 3 assets as of September 30, 2010:

| | Limited Partnerships |
|---|---|
| Balance as of October 1, 2009 | $ 9,281,836 |
| Purchases | 18,000,000 |
| Total gains | 1,490,600 |
| Balance as of September 30, 2010 | $ 28,772,436 |

**NOTE D (continued)**

The following table summarizes investments by level, within the fair value hierarchy as of September 30, 2009:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Money market funds | $ 40,695,475 | $ - | $ - | $ 40,965,475 |
| Corporate bonds | 786,296 | - | - | 786,296 |
| Common stocks | 4,431,485 | - | - | 4,431,485 |
| Government bonds | 2,516,835 | - | - | 2,516,835 |
| International bonds | 77,580 | - | - | 77,580 |
| Limited partnerships | - | - | 9,281,836 | 9,281,836 |
| Total | $ 48,507,671 | $ - | $ 9,281,836 | $ 57,789,507 |

The following table summarizes the changes in fair values associated with Level 3 assets as of September 30, 2009:

| | Limited Partnerships |
|---|---|
| Balance as of October 1, 2008 | $ - |
| Purchases, net | 8,000,000 |
| Total gains, net | 1,281,836 |
| Balance as of September 30, 2009 | $ 9,281,836 |

At September 30, 2010 and 2009, TFA's investment returns consisted of the following:

| | **2010** | 2009 |
|---|---|---|
| Interest and dividend income | **$ 315,127** | $ 496,224 |
| Investment fees | **(127,429)** | (36,074) |
| Interest and dividends, net | **187,698** | 460,150 |
| Net gain in fair value of investments | **1,968,208** | 1,058,831 |
| | **$ 2,155,906** | $ 1,518,981 |

## NOTE D (continued)

TFA uses the Net Asset Value (NAV) 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. The following table lists investments by major NAV category:

| Type | Strategy | NAV in Funds | # of Funds | Remaining Life | $ Amount of Unfunded Commitments | Timing to Drawdown Commitments | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|---|---|---|
| **Limited partnerships** | Invests in hedge funds, private equity and pooled accounts seeking long-term diversified growth | $28,772,436 | 2 | N/A | No such commitments | N/A | Quarterly and Annually | Lock up periods of up to 2 years |

## NOTE E - FIXED ASSETS, NET

Fixed assets at September 30, 2010 and 2009 consisted of the following:

| | **2010** | 2009 |
|---|---|---|
| Computer equipment and software | **$ 36,069,766** | $ 24,973,046 |
| Furniture, fixtures and office equipment | **4,273,451** | 3,828,293 |
| Leasehold improvements | **12,711,614** | 11,627,250 |
| | **53,054,831** | 40,428,589 |
| Less: accumulated depreciation and amortization | **(24,048,522)** | (14,092,638) |
| | **29,006,309** | 26,335,951 |
| Construction-in-progress | **1,115,010** | 67,785 |
| | **$ 30,121,319** | $ 26,403,736 |

Depreciation and amortization expense was $10,427,482 and $7,939,033 for the years ended September 30, 2010 and 2009, respectively.

## NOTE F - RELATED PARTY TRANSACTIONS

During 2009, certain legal services were provided by the law firm of an attorney who served on an uncompensated basis as the secretary of TFA. The attorney did not serve on the Board of Directors. There were no legal fees paid to this firm in fiscal 2010 and there was approximately $17,000 paid in fiscal 2009. No amounts were payable to this firm at September 30, 2010 and 2009.

During 2008, TFA entered into a Resource Sharing and Expense Reimbursement Agreement with Leadership for Educational Equity ("LEE"), a related party created for TFA corps members and alumni who are interested in public policy in attaining educational equity. 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. LEE does not qualify as an entity that would be required to be consolidated under, "Not-for-Profit Entities". As of September 30, 2010 and 2009, amounts owed to TFA from this related party totaled approximately $30,100 and $46,500, respectively, which are included within other receivables in the consolidated statements of financial position.

## NOTE G - EDUCATION AWARDS DUE TO CORPS MEMBERS

In 2004, TFA established the Teach for America Education Awards (the "awards") for eligible corps members who successfully completed the 2005-2006 school year. The awards were intended to mirror the awards previously provided by the Corporation for National Service. To date, approximately 1,800 corps members were granted awards in varying amounts up to $4,725 that can be applied to pay student loans or educational expenses. At September 30, 2010 and 2009, approximately $1,466,000 and $1,552,000, respectively, still remained to be disbursed. The awards are payable until July 2011, at which point these awards will expire.

## NOTE H - LINE OF CREDIT

On August 12, 2010, TFA amended its line of credit agreement with Wachovia Bank originally dated August 10, 2009, to change the maturity date to July 1, 2011. This credit facility bears interest at the LIBOR market index rate plus 1.50% per annum for 2010 and 2009 (1.747% at September 30, 2010 and 2009) and requires adherence to the following financial covenants:

- Maintain at all times liquid assets and current contributions receivables having an aggregate value of not less than $33 million;
- Maintain a ratio of total liabilities to unrestricted net assets not to exceed one to one; and
- Pay down the outstanding balance in its entirety for 30 consecutive days annually.

At September 30, 2010 and 2009, Teach for America had $14,000,000 and $30,000,000, respectively, drawn down its line of credit and was in compliance with the above covenants.

## NOTE I - COMMITMENTS

*Operating Leases*

TFA has entered into a noncancelable lease agreement for office space for its national headquarters, expiring in January 2019. Additionally, TFA has 36 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 noncancelable leases, follow:

| Year ending September 30: | Office Space | Equipment |
|---|---|---|
| 2011 | $ 6,307,800 | $ 424,122 |
| 2012 | 5,555,795 | 332,783 |
| 2013 | 4,807,591 | 173,183 |
| 2014 | 3,763,154 | 77,815 |
| 2015 and thereafter | 6,658,809 | 36,456 |
| Total | $ 27,093,149 | $ 1,044,359 |

Total rent expense approximated $6,900,000 and $5,831,000 for the years ended September 30, 2010 and 2009, respectively.

## NOTE I (continued)

*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 consolidated statements of financial position of approximately $2 million and $2.3 million at September 30, 2010 and 2009, respectively.

*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 consolidated financial position, changes in net assets or cash flows.

## NOTE J - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes at September 30, 2010 and 2009:

| | **2010** | 2009 |
|---|---|---|
| For use in future periods for: | | |
| Expansion | **$ 32,053,334** | $ 50,150,705 |
| Teacher recruitment and selection, placement, professional development, education awards and other | **71,350,984** | 62,404,921 |
| | **$ 103,404,318** | $ 112,555,626 |

Net assets released from restrictions by incurring expenses satisfying purpose or time restrictions during the years ended September 30, 2010 and 2009, follow:

| | **2010** | 2009 |
|---|---|---|
| Expansion | **$ 26,633,581** | $ 21,623,334 |
| Teacher recruitment and selection, placement, professional development, education awards and other | **116,762,877** | 98,566,783 |
| | **$ 143,396,458** | $ 120,190,117 |

## NOTE K - ENDOWMENT NET ASSETS

TFA's endowment consists of several individual funds established for different purposes. Its 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 institutional funds of Teach for America 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 Teach for America 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 written instrument, the Board of Directors of Teach for America interprets UPMIFA as allowing the expenditure of only that amount which is prudent for the uses, benefits, purposes and duration for which the endowment is established, taking into account the following factors:

1. The duration and preservation of the endowment fund.
2. The purposes of Teach for America 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 Teach for America.
7. The investment policies of Teach for America.

Teach for America 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 Teach for America in a manner consistent with the standard of prudence prescribed by UPMIFA.

## NOTE K (continued)

Prior to October 1, 2007, the date that UPMIFA became effective in Connecticut, the Board of Directors of Teach for America interpreted the predecessor statute as requiring the preservation of the "historic dollar value" of the original gift as of the date of gift for donor-restricted endowment funds in the absence of explicit donor stipulations to the contrary. As a result of such interpretation, Teach for America previously classified as permanently restricted net assets the original value of donor-restricted endowment funds, the original value of subsequent gifts to donor-restricted endowment funds and the value of accumulations, if any, to such funds made in accordance with the direction of the applicable gift instrument at the time the relevant accumulation was added to the fund.

*Spending Policy*

For the years ended September 30, 2010 and 2009, the Board of Directors of Teach for America determined that there would be no distributions from its endowments.

In all subsequent years, beginning in fiscal 2011, spending will be 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 (i.e., for fiscal 2011, which begins on October 1, 2010, this would be the 12 months ending April 1, 2010).

- 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 perpetuity or for a specified term to support future operations.

## NOTE K (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 must be held in perpetuity 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, Teach for America 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). Teach for America 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 September 30, 2010, follow:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | **Total** |
|---|---|---|---|---|
| Board-designated endowment funds | $ 37,203,779 | $ - | $ - | **$ 37,203,779** |
| Donor-restricted endowment funds | - | 5,331,775 | 49,161,853 | **54,493,628** |
| Total | $ 37,203,779 | $ 5,331,775 | $ 49,161,853 | **$ 91,697,407** |

## NOTE K (continued)

Changes in endowment net assets for the fiscal year ended September 30, 2010:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | **Total** |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 26,648,777 | $ 1,978,887 | $ 29,161,843 | **$ 57,789,507** |
| Investment return: | | | | |
| Investment income | 157,929 | 29,769 | - | **187,698** |
| Net appreciation (realized and unrealized) | 72,154 | 1,896,054 | - | **1,968,208** |
| Total investment return | 230,083 | 1,925,823 | - | **2,155,906** |
| Contributions | 10,324,919 | - | 20,000,010 | **30,324,929** |
| Other | - | 1,427,065 | - | **1,427,065** |
| Endowment net assets, end of year | $ 37,203,779 | $ 5,331,775 | $ 49,161,853 | **$ 91,697,407** |

Permanently restricted net assets at September 30, 2010:

| | **2010** | 2009 |
|---|---|---|
| The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA | **$ 49,161,853** | $ 29,161,843 |

Endowment net asset composition, excluding pledges receivable, as of September 30, 2009, follow:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | **Total** |
|---|---|---|---|---|
| Board-designated endowment funds | $ 26,648,777 | $ - | $ - | **$ 26,648,777** |
| Donor-restricted endowment funds | - | 1,978,887 | 29,161,843 | **31,140,730** |
| Total | $ 26,648,777 | $ 1,978,887 | $ 29,161,843 | **$ 57,789,507** |

## NOTE K (continued)

Changes in endowment net assets for the fiscal year ended September 30, 2009:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | **Total** |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 27,811,200 | $ - | $ 9,161,833 | **$ 36,973,033** |
| Investment return: | | | | |
| Investment income | 296,530 | 118,167 | - | **414,697** |
| Net appreciation (realized and unrealized) | 103,495 | 943,137 | - | **1,046,632** |
| Total investment return | 400,025 | 1,061,304 | - | **1,461,329** |
| Contributions | - | - | 20,000,010 | **20,000,010** |
| Other | (1,562,448) | 917,583 | - | **(644,865)** |
| Endowment net assets, end of year | $ 26,648,777 | $ 1,978,887 | $ 29,161,843 | **$ 57,789,507** |

Permanently restricted net assets at September 30, 2009:

| | **2009** | 2008 |
|---|---|---|
| The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA | **$ 29,161,843** | $ 9,161,833 |

Permanently restricted net assets of $49,161,853 and $29,161,843 at September 30, 2010 and 2009, respectively, provided investment returns to support general operating purposes, as per donor intent.

## NOTE L - CONTRIBUTED GOODS AND SERVICES

Contributed goods and services for the years ended September 30, 2010 and 2009, consisted of the following:

| | **2010** | 2009 |
|---|---|---|
| Computers and equipment | **$ 169,636** | $ 1,647,509 |
| Professional fees | **1,087,528** | - |
| Legal | **347,007** | 626,168 |
| Software | **279,000** | 309,000 |
| Facilities | **20,931** | 133,555 |
| Supplies | **4,341** | 131,778 |
| Event services | **51,201** | 51,534 |
| Other | **18,500** | 10,541 |
| | **$ 1,978,144** | $ 2,910,085 |

## NOTE M - RETIREMENT PLAN

TFA 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 with employer matching contributions equal to 100% of the employee's contributions up to 5% of their gross earned salary in each fiscal year. Participants are fully vested after six months of employment, increasing to 12 months, effective October 1, 2008. Withdrawal cannot be made without penalty until the age of 59½. TFA matching contributions totaled approximately $2,533,000 and $2,205,000 for the years ended September 30, 2010 and 2009, respectively.

## NOTE N - SUBSEQUENT EVENTS

TFA evaluated its September 30, 2010 consolidated financial statements for subsequent events through March 8, 2011, the date the consolidated financial statements were available to be issued. Other than the disclosure below, TFA is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

On October 1, 2010, TFA amended its line of credit agreement with Wachovia Bank originally dated August 15, 2008, to increase the revolving line of credit to $46 million. This credit facility bears interest at the LIBOR Market Index Rate plus 1.00% per annum and requires adherence to the following financial covenants:

- Maintain at all times liquid assets and current contributions receivables having an aggregate value of not less than $58 million.
- Maintain a ratio of total liabilities to unrestricted net assets not to exceed one to one.
- Pay down the outstanding balance in its entirety for 30 consecutive days annually.

On October 7, 2010, Teach for All was re-incorporated as a separate not-for-profit corporation under New York corporate law. Henceforth, the financial statements of Teach for All will no longer be consolidated within Teach for America, Inc.

# SUPPLEMENTARY INFORMATION

Teach for America, Inc. and Teach for All, Inc.

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of September 30, 2010

| ASSETS | Teach for America, Inc. | Teach for All, Inc. | Eliminations | **Total** |
|---|---|---|---|---|
| Cash and cash equivalents | $ 19,381,808 | $ 3,113,546 | $ - | **$ 22,495,354** |
| Government grants receivable | 30,163,605 | - | - | **30,163,605** |
| Fee for service receivable | 13,841,838 | - | - | **13,841,838** |
| Prepaid expenses and other assets | 4,883,411 | 48,847 | - | **4,932,258** |
| Contributions receivable, net | 140,369,761 | 6,837,101 | - | **147,206,862** |
| Other receivables | 248,961 | - | (128,240) | **120,721** |
| Loans receivable from corps members, net | 7,307,445 | - | - | **7,307,445** |
| Investments, at fair value | 91,697,407 | - | - | **91,697,407** |
| Fixed assets | 30,068,230 | 53,089 | - | **30,121,319** |
| Total assets | $ 337,962,466 | $ 10,052,583 | $ (128,240) | **$ 347,886,809** |
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | $ 19,698,146 | $ 652,601 | $ - | **$ 20,350,747** |
| Education awards due to corps members | 1,465,935 | - | - | **1,465,935** |
| Notes payable | 14,000,000 | - | - | **14,000,000** |
| Deferred rent and other liabilities | 2,954,945 | 128,240 | (128,240) | **2,954,945** |
| Total liabilities | 38,119,026 | 780,841 | (128,240) | **38,771,627** |
| Net assets: | | | | |
| Unrestricted | 124,125,955 | 2,423,056 | - | **126,549,011** |
| Temporarily restricted | 96,555,632 | 6,848,686 | - | **103,404,318** |
| Permanently restricted | 79,161,853 | - | - | **79,161,853** |
| Total net assets | 299,843,440 | 9,271,742 | - | **309,115,182** |
| Total liabilities and net assets | $ 337,962,466 | $ 10,052,583 | $ (128,240) | **$ 347,886,809** |

*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 and Teach for All, Inc.

## CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended September 30, 2010

| | Teach for America, Inc. | | | | Teach for All, Inc. | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | **Total** |
| Revenues, gains and other support | | | | | | | | | | | | |
| Contributions | $ 8,030,987 | $ 125,040,201 | $ 10,000,010 | $ 143,071,198 | $ 2,825,000 | $ 7,279,126 | $ - | $ 10,104,126 | $ 10,855,987 | $ 132,319,327 | $ 10,000,010 | **$ 153,175,324** |
| Government grants and contracts | 45,655,217 | - | - | 45,655,217 | 340,493 | - | - | 340,493 | 45,995,710 | - | - | **45,995,710** |
| Fee for service | 18,232,410 | - | - | 18,232,410 | - | - | - | - | 18,232,410 | - | - | **18,232,410** |
| Special events, net | 3,767,251 | - | - | 3,767,251 | - | - | - | - | 3,767,251 | - | - | **3,767,251** |
| Contributed goods and services | 963,947 | - | - | 963,947 | 1,014,197 | - | - | 1,014,197 | 1,978,144 | - | - | **1,978,144** |
| Interest and dividend income, net | 157,929 | 29,769 | - | 187,698 | - | - | - | - | 157,929 | 29,769 | - | **187,698** |
| Net appreciation in fair value of investments | 72,154 | 1,896,054 | - | 1,968,208 | - | - | - | - | 72,154 | 1,896,054 | - | **1,968,208** |
| Licensing fees and other revenue | 1,949,307 | - | - | 1,949,307 | (120,185) | - | - | (120,185) | 1,829,122 | - | - | **1,829,122** |
| Net assets released from restriction | 138,901,194 | (138,901,194) | - | - | 4,495,264 | (4,495,264) | - | - | 143,396,458 | (143,396,458) | - | **-** |
| Total revenue, gains and other support | 217,730,396 | (11,935,170) | 10,000,010 | 215,795,236 | 8,554,769 | 2,783,862 | - | 11,338,631 | 226,285,165 | (9,151,308) | 10,000,010 | **227,133,867** |
| Expenses | | | | | | | | | | | | |
| Program services: | | | | | | | | | | | | |
| Teacher recruitment and selection | 25,202,393 | - | - | 25,202,393 | - | - | - | - | 25,202,393 | - | - | **25,202,393** |
| Pre-service institute | 29,164,662 | - | - | 29,164,662 | - | - | - | - | 29,164,662 | - | - | **29,164,662** |
| Placement, professional development, education awards and other | 77,767,615 | - | - | 77,767,615 | 5,637,722 | - | - | 5,637,722 | 83,405,337 | - | - | **83,405,337** |
| Alumni affairs | 13,512,240 | - | - | 13,512,240 | - | - | - | - | 13,512,240 | - | - | **13,512,240** |
| Total program services | 145,646,910 | - | - | 145,646,910 | 5,637,722 | - | - | 5,637,722 | 151,284,632 | - | - | **151,284,632** |
| Supporting services: | | | | | | | | | | | | |
| Management and general | 15,677,273 | - | - | 15,677,273 | 1,832,333 | - | - | 1,832,333 | 17,509,606 | - | - | **17,509,606** |
| Fundraising | 16,084,535 | - | - | 16,084,535 | 504,347 | - | - | 504,347 | 16,588,882 | - | - | **16,588,882** |
| Total supporting services | 31,761,808 | - | - | 31,761,808 | 2,336,680 | - | - | 2,336,680 | 34,098,488 | - | - | **34,098,488** |
| Total expenses | 177,408,718 | - | - | 177,408,718 | 7,974,402 | - | - | 7,974,402 | 185,383,120 | - | - | **185,383,120** |
| Change in net assets | 40,321,678 | (11,935,170) | 10,000,010 | 38,386,518 | 580,367 | 2,783,862 | - | 3,364,229 | 40,902,045 | (9,151,308) | 10,000,010 | **41,750,747** |
| Net assets, beginning of year | 83,804,277 | 108,490,802 | 69,161,843 | 261,456,922 | 1,842,689 | 4,064,824 | - | 5,907,513 | 85,646,966 | 112,555,626 | 69,161,843 | **267,364,435** |
| Net assets, end of year | $ 124,125,955 | $ 96,555,632 | $ 79,161,853 | $ 299,843,440 | $ 2,423,056 | $ 6,848,686 | $ - | $ 9,271,742 | $ 126,549,011 | $ 103,404,318 | $ 79,161,853 | **$ 309,115,182** |

*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, Inc.

**CONSOLIDATED SCHEDULE OF UNRESTRICTED FUNCTIONAL EXPENSES**

For the year ended September 30, 2010, with comparative totals for 2009

| | Program Services | | | | | Supporting Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Teacher recruitment and selection | Pre service institute | Placement, professional development, education awards and other | Alumni Affairs | Total Program Services | Management and General | Fundraising | Total Supporting Services | **2010 Total** | 2009 Total |
| Expenses: | | | | | | | | | | |
| Salaries | $ 12,475,079 | $ 10,871,447 | $ 45,467,639 | $ 7,974,543 | $ 76,788,708 | $ 8,293,495 | $ 10,722,274 | $ 19,015,769 | **$ 95,804,477** | $ 81,659,782 |
| Payroll taxes and related expenses | 2,407,059 | 1,580,009 | 8,873,541 | 1,434,153 | 14,294,762 | 1,720,992 | 1,977,996 | 3,698,988 | **17,993,750** | 15,209,843 |
| Grant expense | - | - | 590,978 | - | 590,978 | - | - | - | **590,978** | 505,564 |
| Other travel and subsistence | 2,104,644 | 5,027,760 | 6,091,205 | 700,707 | 13,924,316 | 757,921 | 1,082,420 | 1,840,341 | **15,764,657** | 12,398,411 |
| Occupancy costs | 1,155,794 | 1,072,542 | 5,408,962 | 449,173 | 8,086,471 | 671,984 | 374,277 | 1,046,261 | **9,132,732** | 7,925,448 |
| Student lodging and meals | - | 7,135,064 | 5,397 | - | 7,140,461 | - | - | - | **7,140,461** | 7,168,680 |
| Professional and educational | 781,262 | 355,059 | 3,421,615 | 669,612 | 5,227,548 | 1,791,371 | 367,359 | 2,158,730 | **7,386,278** | 7,877,204 |
| Office supplies and equipment | 611,264 | 1,205,808 | 2,756,015 | 721,243 | 5,294,330 | 884,029 | 201,629 | 1,085,658 | **6,379,988** | 4,969,208 |
| Insurance | 50,996 | 32,997 | 120,257 | 59,705 | 263,955 | 52,522 | 17,999 | 70,521 | **334,476** | 285,437 |
| Conference and meetings | 134,080 | 95,279 | 487,132 | 96,207 | 812,698 | 196,286 | 56,216 | 252,502 | **1,065,200** | 558,435 |
| Postage and shipping | 84,081 | 53,793 | 265,620 | 34,684 | 438,178 | 25,587 | 43,045 | 68,632 | **506,810** | 620,292 |
| Telephone | 312,852 | 186,838 | 1,617,546 | 222,913 | 2,340,149 | 161,712 | 88,464 | 250,176 | **2,590,325** | 2,538,556 |
| Printing and advertising | 238,928 | 394,436 | 579,661 | 258,219 | 1,471,244 | 69,911 | 274,772 | 344,683 | **1,815,927** | 2,248,132 |
| Corps member financial aid and support | 2,662,470 | 32,790 | 3,250,267 | 205,955 | 6,151,482 | 2,175 | 102,823 | 104,998 | **6,256,480** | 6,078,786 |
| Depreciation and amortization | 2,158,589 | 925,110 | 3,914,624 | 616,740 | 7,615,063 | 1,680,607 | 1,131,814 | 2,812,421 | **10,427,484** | 7,939,033 |
| Loss on fixed assets | 8,247 | 3,608 | 19,071 | 13,402 | 44,328 | 5,670 | 1,546 | 7,216 | **51,544** | 15,328 |
| Other regional costs and miscellaneous | 12,099 | 123,029 | 443,399 | 42,837 | 621,364 | 19,224 | 16,367 | 35,591 | **656,955** | 415,258 |
| Bad debt expense | - | - | - | - | - | 825,155 | - | 825,155 | **825,155** | 1,547,939 |
| Interest expense | 1,111 | 475 | 2,955 | 1,768 | 6,309 | 296,571 | 228 | 296,799 | **303,108** | 373,505 |
| Fees and other expenses | 3,838 | 68,618 | 89,453 | 10,379 | 172,288 | 54,394 | 129,653 | 184,047 | **356,335** | 339,597 |
| Total | $ 25,202,393 | $ 29,164,662 | $ 83,405,337 | $ 13,512,240 | $ 151,284,632 | $ 17,509,606 | $ 16,588,882 | $ 34,098,488 | **$ 185,383,120** | $ 160,674,438 |

*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, Inc.

**SCHEDULE OF UNRESTRICTED FUNCTIONAL EXPENSES**

For the year ended September 30, 2010, with comparative totals for 2009

| | Program Services | | | | | Supporting Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Teacher recruitment and selection | Pre service institute | Placement, professional development, education awards and other | Alumni Affairs | Total Program Services | Management and General | Fundraising | Total Supporting Services | **2010 Total** | 2009 Total |
| Expenses: | | | | | | | | | | |
| Salaries | $ 12,475,079 | $ 10,871,447 | $ 42,845,063 | $ 7,974,543 | $ 74,166,132 | $ 7,590,518 | $ 10,359,429 | $ 17,949,947 | **$ 92,116,079** | $ 79,364,698 |
| Payroll taxes and related expenses | 2,407,059 | 1,580,009 | 8,190,643 | 1,434,153 | 13,611,864 | 1,541,125 | 1,912,418 | 3,453,543 | **17,065,407** | 14,635,836 |
| Grant expense | - | - | - | - | - | - | - | - | **-** | - |
| Other travel and subsistence | 2,104,644 | 5,027,760 | 5,526,067 | 700,707 | 13,359,178 | 690,884 | 1,038,406 | 1,729,290 | **15,088,468** | 12,111,219 |
| Occupancy costs | 1,155,794 | 1,072,542 | 5,366,192 | 449,173 | 8,043,701 | 666,934 | 372,415 | 1,039,349 | **9,083,050** | 7,850,760 |
| Student lodging and meals | - | 7,135,064 | 5,397 | - | 7,140,461 | - | - | - | **7,140,461** | 7,168,680 |
| Professional and educational | 781,262 | 355,059 | 2,567,258 | 669,612 | 4,373,191 | 1,519,397 | 360,783 | 1,880,180 | **6,253,371** | 7,107,477 |
| Office supplies and equipment | 611,264 | 1,205,808 | 2,705,990 | 721,243 | 5,244,305 | 722,431 | 194,500 | 916,931 | **6,161,236** | 4,955,116 |
| Insurance | 50,996 | 32,997 | 120,257 | 59,705 | 263,955 | 52,522 | 17,999 | 70,521 | **334,476** | 285,437 |
| Conference and meetings | 134,080 | 95,279 | 305,741 | 96,207 | 631,307 | 145,405 | 52,650 | 198,055 | **829,362** | 528,054 |
| Postage and shipping | 84,081 | 53,793 | 262,440 | 34,684 | 434,998 | 23,272 | 41,501 | 64,773 | **499,771** | 614,732 |
| Telephone | 312,852 | 186,838 | 1,588,794 | 222,913 | 2,311,397 | 151,166 | 80,843 | 232,009 | **2,543,406** | 2,499,123 |
| Printing and advertising | 238,928 | 394,436 | 579,391 | 258,219 | 1,470,974 | 68,014 | 273,939 | 341,953 | **1,812,927** | 2,248,132 |
| Corps member financial aid and support | 2,662,470 | 32,790 | 3,250,267 | 205,955 | 6,151,482 | 2,175 | 102,823 | 104,998 | **6,256,480** | 6,078,786 |
| Depreciation and amortization | 2,158,589 | 925,110 | 3,906,019 | 616,740 | 7,606,458 | 1,679,142 | 1,130,690 | 2,809,832 | **10,416,290** | 7,939,033 |
| Loss on fixed assets | 8,247 | 3,608 | 19,071 | 13,402 | 44,328 | 5,670 | 1,546 | 7,216 | **51,544** | 15,328 |
| Other regional costs and miscellaneous | 12,099 | 123,029 | 443,399 | 42,837 | 621,364 | 19,224 | 16,367 | 35,591 | **656,955** | 415,258 |
| Bad debt expense | - | - | - | - | - | 466,372 | - | 466,372 | **466,372** | 1,509,239 |
| Interest expense | 1,111 | 475 | 2,955 | 1,768 | 6,309 | 296,571 | 228 | 296,799 | **303,108** | 373,505 |
| Fees and other expenses | 3,838 | 68,618 | 82,671 | 10,379 | 165,506 | 36,451 | 127,998 | 164,449 | **329,955** | 307,495 |
| Total | $ 25,202,393 | $ 29,164,662 | $ 77,767,615 | $ 13,512,240 | $ 145,646,910 | $ 15,677,273 | $ 16,084,535 | $ 31,761,808 | **$ 177,408,718** | $ 156,007,908 |

*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 All, Inc.

## SCHEDULE OF UNRESTRICTED FUNCTIONAL EXPENSES

For the year ended September 30, 2010, with comparative totals for 2009

| | | Supporting Services | | | | |
|---|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total Supporting Services | **2010 Total** | 2009 Total |
| Expenses: | | | | | | |
| Salaries | $ 2,622,576 | $ 702,977 | $ 362,845 | $ 1,065,822 | **$ 3,688,398** | $ 2,295,084 |
| Payroll taxes and related expenses | 682,898 | 179,867 | 65,578 | 245,445 | **928,343** | 574,007 |
| Grant expense | 590,978 | - | - | - | **590,978** | 505,564 |
| Other travel and subsistence | 565,138 | 67,036 | 44,014 | 111,050 | **676,188** | 287,192 |
| Occupancy costs | 42,770 | 5,050 | 1,862 | 6,912 | **49,682** | 74,688 |
| Student lodging and meals | - | - | - | - | **-** | - |
| Professional and educational | 854,357 | 271,974 | 6,576 | 278,550 | **1,132,907** | 769,727 |
| Office supplies and equipment | 50,025 | 161,598 | 7,129 | 168,727 | **218,752** | 14,092 |
| Insurance | - | - | - | - | **-** | - |
| Conference and meetings | 181,391 | 50,881 | 3,566 | 54,447 | **235,838** | 30,381 |
| Postage and shipping | 3,180 | 2,315 | 1,544 | 3,859 | **7,039** | 5,560 |
| Telephone | 28,752 | 10,546 | 7,621 | 18,167 | **46,919** | 39,433 |
| Printing and advertising | 270 | 1,897 | 833 | 2,730 | **3,000** | - |
| Corps member financial aid and support | - | - | - | - | **-** | - |
| Depreciation and amortization | 8,605 | 1,465 | 1,124 | 2,589 | **11,194** | - |
| Loss on fixed assets | - | - | - | - | **-** | - |
| Other regional costs and miscellaneous | - | - | - | - | **-** | - |
| Bad debt expense | - | 358,783 | - | 358,783 | **358,783** | 38,700 |
| Interest expense | - | - | - | - | **-** | - |
| Fees and other expenses | 6,782 | 17,944 | 1,655 | 19,599 | **26,381** | 32,102 |
| Total | $ 5,637,722 | $ 1,832,333 | $ 504,347 | $ 2,336,680 | **$ 7,974,402** | $ 4,666,530 |

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