2007 Annual Report

TEACHFORAMERICA

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Dear Friends and Supporters,

On September 30, 2007, we completed the second year of our five-year growth plan. As we reflect upon where we are today, we are excited by evidence of the increasing social impact of our ever-expanding network of corps members and alumni.

Recent research affirms the immediate impact our corps members have in communities across the country. Researchers with the Urban Institute's CALDER project found that since 2000, the influx of teachers in New York City with strong academic backgrounds, recruited through Teach For America and NYC Teaching Fellows, contributed to student achievement gains that were most substantial in the city's highest-poverty schools. In Louisiana, a multi-year study of teacher preparation programs found that teachers who participate in the Louisiana Practitioner Teacher Project—the majority of whom are Teach For America corps members—are having a significant impact on student achievement in mathematics. (The sample sizes were not sufficient to gauge impact in reading.) The study reported that "new teachers prepared by the program are more effective than experienced teachers (as well as other new teachers) in increasing student achievement."

We are also encouraged by increasing evidence of the effect our alumni are having in communities across the country, from Newark to New Orleans to Oakland. In Washington, D.C., Public Schools Chancellor Michelle Rhee (Baltimore Corps '92) leads a senior team of kindred spirits, many of whom are Teach For America alumni, including Deputy Chancellor Kaya Henderson (New York City Corps '92) and Jason Kamras (Metro D.C. Corps '96), the city's first-ever National Teacher of the Year. Abigail Smith (Eastern North Carolina Corps '92) serves as a mayoral policy adviser for education. Sekou Biddle (New York City Corps '93) is one of five elected D.C. state school board members. More than 10 percent of the city's schools are now run by Teach For America alumni. Because of their Teach For America experience, these reform-minded leaders understand that educational inequity is a problem we can solve, and collectively they are leading dramatic changes in one of our nation's most beleaguered school systems.

Fueled by evidence that Teach For America can be a fundamental force for change, we are working to dramatically increase our immediate and long-term impact by relentlessly pursuing our four organizational priorities—growing to scale while increasing the diversity of our corps, maximizing our impact on student achievement, fostering the leadership of our alumni as a force for change, and building an enduring American institution. This report details the progress we made over the past year in each of these areas. As we continue to work to correct the educational inequities that we believe to be our nation's greatest injustice, we are deeply grateful for our supporters—your help has been essential to our success and continued development. We simply would not be where we are today without your steadfast belief in our mission and work.

Walter Isaacson

Walter Isaacson
Chair, National Board of Directors

Wendy Kopp

Wendy Kopp
CEO & Founder

priorities:

- ☑ Grow in Scale and Diversity
- ☑ Maximize Our Impact on Student Achievement
- ☑ Foster Alumni Leadership
- ☑ Build an Enduring American Institution

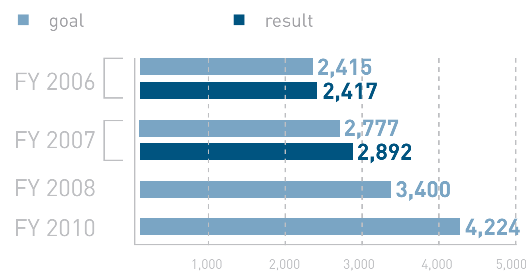
priorities:

☑ **Grow in Scale and Diversity**

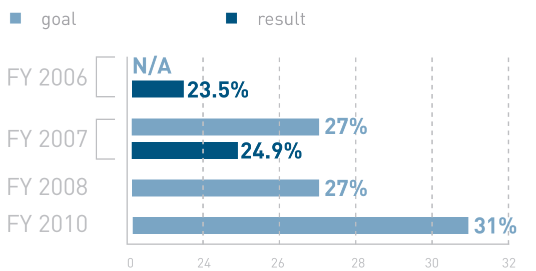
Given the enormity of the problem we are addressing and its disproportionate impact on students of color in low-income communities, we must grow to scale while increasing the racial and socioeconomic diversity of our corps. We know that every additional recruit is another corps member with the potential to have a life-changing impact on children growing up today and another alumna/us poised to become a lifelong leader for fundamental change. Moreover, we believe that when many of our nation's future leaders have the insight and conviction that comes from having taught successfully in low-income communities, there will be a "tipping point" in our national priorities and prevailing ideology. While we need the energy of every individual who commits to our cause, we know that additional value comes with corps members, alumni, and staff members who share the racial and socioeconomic backgrounds of the students we serve.

In working toward our scale goals, we ended the fiscal year slightly ahead of pace. We also made progress in increasing corps diversity and the retention of our first-year corps members, and we opened our 26th site, in Denver.

# of incoming corps members who begin teaching

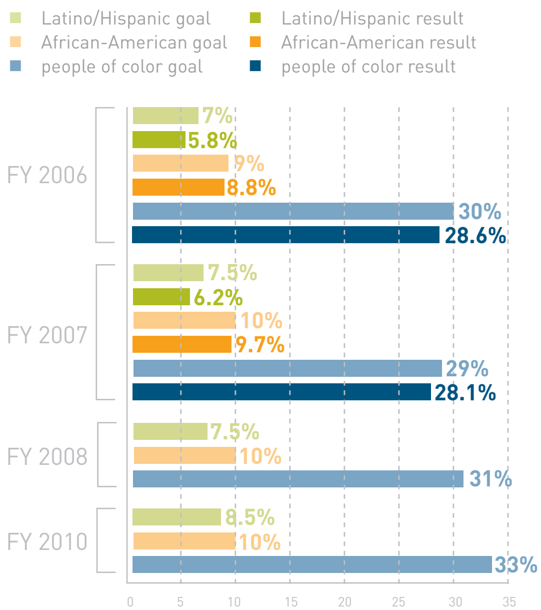


% of incoming corps members who have received Pell Grants*



*Teach For America uses the receipt of Pell Grants as a measure of socioeconomic diversity in the corps.

% of incoming corps members who are people of color, and specifically African-American or Latino/Hispanic



Incoming Corps Size and Diversity

Nearly 2,900 corps members began teaching in 2007, surpassing our incoming corps goal by more than 4 percent and resulting in an overall corps of 5,000. This year's incoming corps members represent some of the nation's most promising future leaders – 95 percent held positions of leadership as undergraduates, and they had an average SAT score of 1321 and an average GPA of 3.6.

Growth in the number of African-American (31.5 percent) and Latino/Hispanic (28.6 percent) corps members outpaced overall corps growth of 19.7 percent. Similarly, the number of corps members who received Pell Grants, a common indicator of low socioeconomic status, grew by 26.6 percent. Nonetheless, given our ambitious targets, we fell short of our diversity goals. While disappointed by our overall diversity results, we are encouraged by the progress we did make and believe that our efforts this year, along with some program refinements and strategic investments, put us on a strong trajectory for meeting our 2010 goals.

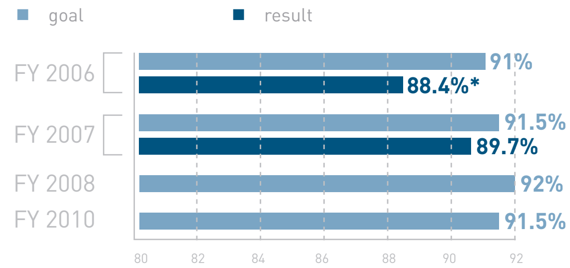
Retention

While we did not reach our target rate for completion of the corps commitment, we did see an increase in the percentage of corps members returning for a second year, up to 89.7 percent, which is higher than the estimated average for new teachers in low-income communities (83 percent) and the national average for all new teachers (86 percent). The increase in our first-year retention results is due largely to coordinated regional efforts to reduce summer attrition by staying in closer contact with corps members during the summer after their first year of teaching.

New Sites and Regional Expansion

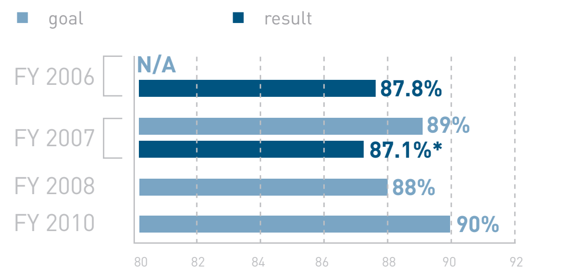
In summer 2007, 58 corps members were placed in Denver, our 26th site. For the 2008-09 school year, we have committed to opening three new sites, in Indianapolis, Jacksonville, and Kansas City. Moreover, several of our existing regions are planning to increase their corps size next year. Most notably, given the incredible demand for our corps members and alumni post-Katrina, we have launched an aggressive three-year campaign in Greater New Orleans to grow from a corps of 125 in 2007 to 500 by 2010.

retention of first-year corps members into second year



*We have updated the 2006 result to reflect the actual school start dates for every corps member versus our historical practice of using September 1st as the national start date.

% completion of the corps



*2007 goal was set excluding Greater New Orleans due to impact of Katrina, so 2007 actual excludes Greater New Orleans too; 2007 actual including Greater New Orleans is 86.5%.

priorities:

☑ **Maximize Our Impact on Student Achievement**

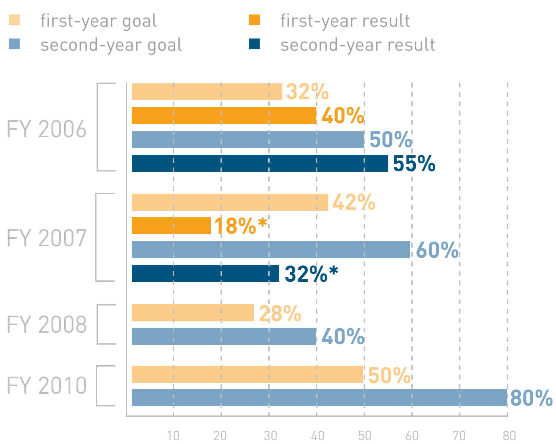
Maximizing corps members' impact on student achievement is the linchpin in our theory of change. Successful corps members have immediate impact on their students' academic and life prospects, moving them forward more than would typically be expected; gain the conviction and insights necessary to become lifelong leaders and influencers in the fight for educational equality; and change the prevailing ideology by demonstrating what is possible and inspiring others to believe that we can close the achievement gap.

This year we undertook significant efforts to improve academic outcomes for students in corps member classrooms, including substantial recalibration of our student assessment system and enhancements across our program that will continue to strengthen our approach to corps member selection, training, and support.

Measuring Student Achievement

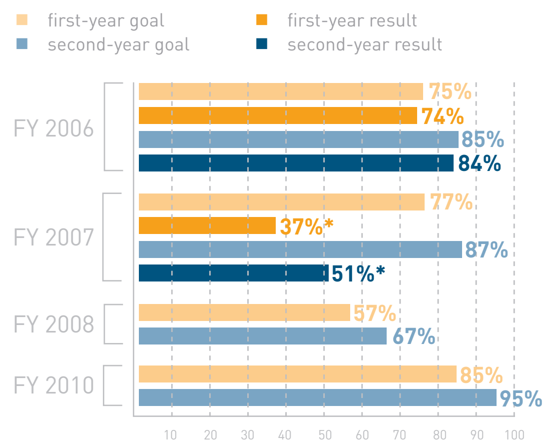
In an effort to increase both the rigor and the consistency of our metrics, we recalibrated and overhauled our achievement measurement system midway through the year. As a result, our significant gains results appear lower than anticipated, though we are confident that our corps members are in fact increasing in effectiveness. It is important to note that through this process, we raised the level of rigor of our assessments and required more comprehensive evidence of student progress, yet we used the same terms (significant, solid, limited, or undetermined gains) to categorize corps member impact. We also changed the rules for our

% of first-year corps members and % of second-year corps members who effect significant gains



*This percentage reflects recalibration of our internal achievement measurement system.

% of first-year corps members and % of second-year corps members who effect solid or significant gains



*This percentage reflects recalibration of our internal achievement measurement system.

corps members in the middle of the school year. Thus, many corps members who were on track to make significant gains based on the plans they developed under the rules and standards at the beginning of the year ended the year undetermined or in a lower category than they would have otherwise.

While this recalibration process has been difficult, we gained valuable insights that informed an enhanced approach to measurement. This approach fulfills two complementary objectives:

- All corps members set meaningful goals for their students that are linked to valid assessments so that they adjust their practice as necessary to drive positive achievement.
- We measure more of our corps members' impact in a more standardized, objective way so that we can evaluate our own progress over time and across grades, subjects, and regions, and adjust our collective practice accordingly.

Measuring student achievement reliably is absolutely essential in our context. It not only represents our ultimate goal—closing the achievement gap for students in low-income communities—but it also is the foundation for a goal-oriented approach to teaching and is essential to our ability to operate as a results-driven, continuously learning organization. We are optimistic that the systems we are implementing and piloting will provide us with more valid and valuable data to continue to drive greater impact in corps member classrooms.

Other Program Improvements

Beyond improving our measurement approach, we continued to enhance our program design and execution in order to advance corps members' pedagogical development and, in turn, increase their ability to move their students forward academically.

» Selection: Our ability to make better selection decisions has improved this year, aided by new selection research, improved predictive models that link applicants' competency scores to their likelihood of making significant gains with their students, and better execution.

» Teaching As Leadership: FY2007 marked the first full year during which staff used the Teaching As Leadership (TAL) rubric and the Teaching As Leadership Online Navigator (TALON)—an annotated and illustrated online version of the rubric—to guide corps members' development as teachers. With more than $2 million in support over the next two years from the Michael & Susan Dell Foundation, we will incorporate learnings from this year to enhance our TAL tools and resources to better support corps members and alumni, while creating a textbook and online resources for other teachers, school districts, and teacher education organizations.

» Teacher preparation: We made significant advances in establishing a system for measuring growth in student achievement in summer school and improving our training for summer institute staff.

» Content-specific training: Last summer, we piloted a weeklong, content-specific training seminar, sponsored by Medtronic, for incoming math and science corps members. We are refining this seminar and designing new content-specific supports for humanities corps members.

» Corps member orientation and induction: We upgraded the national support and regional execution of our regional orientations and inductions to better acclimate corps members to their regional contexts and communities.

» Program director ratio reduction: We ran a pilot of a reduced program director "caseload" in Los Angeles and New York City. Data from the pilot indicated that the reduced ratio of corps members to program directors led to increases in student achievement, corps member satisfaction, and retention. The lower ratio created the opportunity for program directors to explore new ways of working; they achieved better results once they learned how to use their time to greater effect. Based on the results of this pilot, we reduced the ratio in all regions at the end of the fiscal year.

» Program staff recruitment, training, and support: We invested heavily in our staff training, support, and management programs, and poured significant energy into recruiting a larger group of new program directors and managing directors of program.

External Evaluations of Our Impact

In addition to ongoing internal evaluations of our impact, a growing body of external research shows that corps members have a positive impact on their students' achievement.

The Narrowing Gap in New York City Teacher Qualifications and Its Implications for Student Achievement in High-Poverty Schools

The Urban Institute/CALDER Research Center

Researchers with the Urban Institute's CALDER project found that since 2000, the influx of teachers in New York City with strong academic backgrounds recruited through Teach For America and NYC Teaching Fellows significantly narrowed the "qualifications gap" between high-poverty and low-poverty schools, and contributed to student achievement gains that were most substantial in the city's highest-poverty schools.

Louisiana Value-Added Teacher Preparation Assessment Study

Louisiana Practitioner Teacher Project

In Louisiana, a multi-year study of teacher preparation programs found that teachers who participate in the Louisiana Practitioner Teacher Project—most of whom are Teach For America corps members—are having a powerful impact on student achievement in mathematics. (The sample sizes were not sufficient to gauge impact in reading.) The study recognized the LPTP program as one with evidence that "new teachers prepared by the program are more effective than experienced teachers (as well as other new teachers) in increasing student achievement"—a rating that far surpasses what the authors define as reasonable expectations for programs preparing new teachers.

Teach For America National Principal Survey

Policy Studies Associates

Principals who manage our corps members overwhelmingly express a high level of satisfaction, reporting that corps members are well prepared and have a significant and positive impact on their schools and on student achievement:

- Nearly all principals (95 percent) rate Teach For America corps members as equally effective as, if not more effective than, other beginning teachers in terms of overall performance and impact on student achievement.

- Nearly two-thirds of principals (61 percent) regard Teach For America corps members as more effective compared with other beginning teachers in their schools with respect to their impact on student achievement.

This research shows that new teachers prepared through Teach For America can be, in their first and second years, as effective as—if not more effective than—experienced teachers, in terms of impacting student achievement.

priorities:

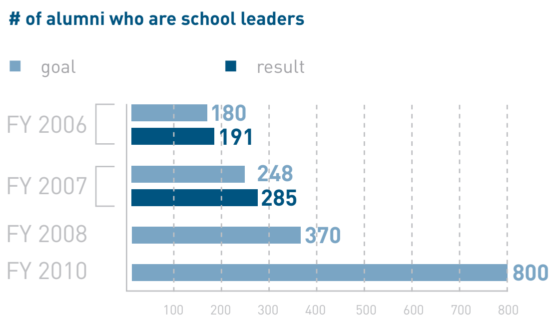
Foster Alumni Leadership

In addition to investing in maximizing the efficacy of our corps members, effecting real, lasting change will require broader reforms that build the capacity of schools and school systems and address the whole host of socioeconomic challenges confronting children and their families in low-income communities. Although we believe that our alumni can generate change by assuming influential positions in all sectors, we have set goals around three particular areas: school leadership, political leadership, and social entrepreneurship. In these fields, we believe that we can foster and accelerate the leadership of our alumni in order to catalyze education reform efforts.

In FY2007, we exceeded our school leadership goals, laid important groundwork in the area of political leadership, and prepared for the launch of a social entrepreneurship initiative.

School and School System Leadership

With 285 alumni serving as school leaders, we surpassed our goal of 248 by 15 percent. Alumni—including D.C. Public Schools Chancellor Michelle Rhee (Baltimore Corps '92); Cami Anderson (Los Angeles Corps '93), superintendent of District 79 Alternative Schools and Programs in New York City; and Brian Osborne (New York City Corps '91), superintendent of New Jersey's 6,000-student South Orange/Maplewood School System—are serving as school leaders



in 31 states, Washington, D.C., and several international territories. More than 120 of our alumni are serving as leaders in traditional public schools, more than 130 are serving as leaders in charter schools, and nearly 30 percent of those serving as school leaders are people of color. The vast majority (89 percent) of our alumni leaders are serving in current or planned corps member regions.

In order to increase the number of alumni who pursue school leadership, we are partnering with school districts, universities, charter school management organizations, and other organizations to create streamlined paths to the principalship. We are also working to raise alumni awareness and interest in pursuing these paths. As of September 30, 2007, we have five national school leadership partners—Building Excellent Schools, Edison Schools, KIPP, Lighthouse Academies, and New Leaders for New Schools; and four graduate school partners—Arizona State University, Columbia University Teachers College, Harvard University, and the University of North Carolina at Chapel Hill. We entered two innovative partnerships with districts and graduate schools—Chicago Public Schools/Harvard University and Newark Public Schools/Rutgers University—and formed new regional school district partnerships with Long Beach (Los Angeles) and Gwinnett County (outside of Atlanta). We also have four national partnerships to support existing alumni school leaders' professional development and networking.

Political Leadership

At the end of the fiscal year, six alumni served as elected officials, including two recent winners—Sekou Biddle (New York City Corps '93), of the D.C. State Board of Education and Drew Smith (Bay Area Corps '99), of the North Plainfield (New Jersey) School Board.

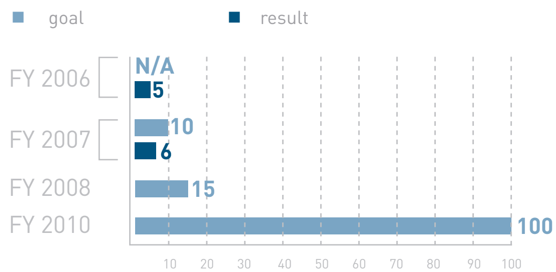
At 35 years old, Sekou Biddle captured more than 30 percent of the 12,883 votes cast in the D.C. board's five-way race.

Although we fell short of our FY2007 goal for the number of alumni elected officials, we laid the groundwork for a more robust pipeline to political leadership going forward. We now have a solid foundation from which to build and execute, including a strong base of political working groups in six regions, new training partnerships with several national organizations, a targeted policy and advocacy leadership effort, and a subscriber base of 3,000 alumni for our political leadership e-mail newsletter. Additionally, we are partnering with Leadership for Educational Equity (LEE), a 501(c)4 affiliate dedicated to supporting the political and civic leadership goals of alumni and corps members.

Social Entrepreneurship

We began planning for a new initiative to support alumni in pioneering social ventures with the potential for broad impact. The problem of educational inequity demands innovative solutions that target its systemic causes. The corps experience gives alumni firsthand insights about the challenges of closing the achievement gap and propels a number of them to launch ventures that fill the gaps left by existing systems. The social entrepreneurship initiative seeks to inspire alumni to participate in this field and connect them to the skills and resources necessary for success. We will define success around the number of ventures created by alumni that are recognized by leading fellowship programs for social entrepreneurs, reach financial and organizational stability, and demonstrate clear potential to have measurable impact. By 2010 we aim to have 12 new alumni actively engaged as social entrepreneurs.

# of alumni who hold elected office



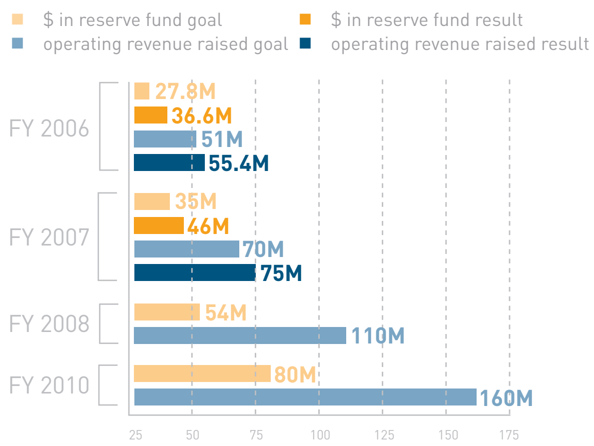
priorities:

Build an Enduring American Institution

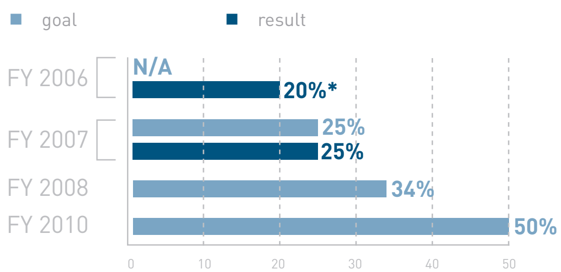
As we pursued ambitious programmatic goals, we undertook extensive efforts to build the long-term strength and sustainability of the organization. We exceeded our revenue and alumni engagement goals, and we continued to build the capacity of our support functions across the board.

Financial Sustainability

We exceeded our national fundraising goal of $70 million, raising $75 million in annual operating revenue which represents a 30 percent compound annual growth since 2000. With a $1 million commitment, Goldman Sachs became our fourth National Corporate Partner, joining Amgen, Lehman Brothers, and our National Founding Corporate Partner, Wachovia, in showing extraordinary support for our work. We continued to significantly grow and diversify our base of support with more than 70 percent of the funding raised by individuals, corporations, and foundations in the regions where we place corps members.

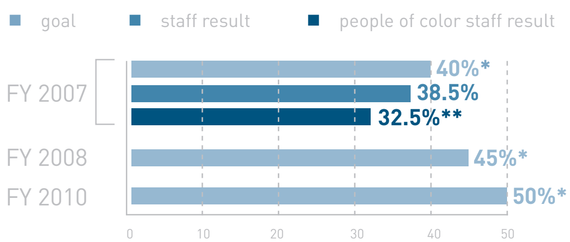


% of alumni who donate time or money



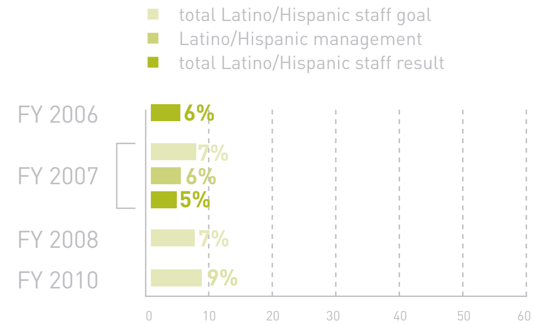
* estimate

% of staff who on average respond 'very strongly' on organizational strength measure

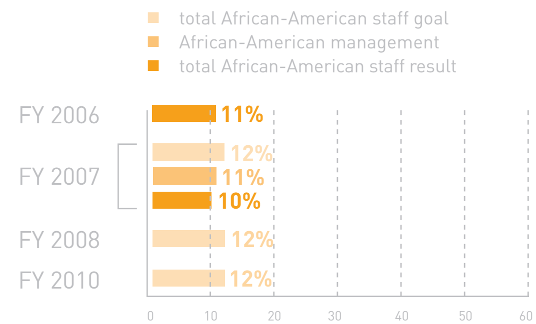


* with no gaps by race/ethnicity ** 25.5% African-American staff and 39.5% for Latino/Hispanic staff

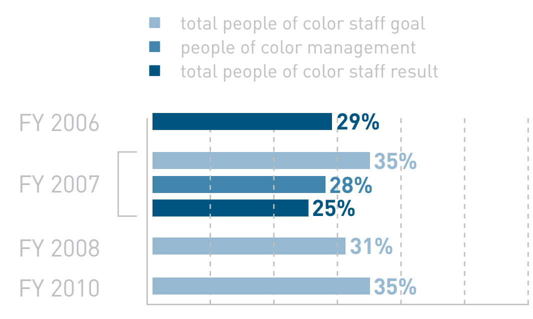
% of staff members who are Latino/Hispanic



% of staff members who are African-American



% of staff members who are people of color



Alumni Engagement

We reached our goal of 25 percent of alumni donating time or money to Teach For America, increasing the percentage even with a larger alumni base than in previous years. Key activities included launching a major second-year corps member gift campaign by leveraging a challenge grant from national board member and alumnus Richard Pechter, creating several national volunteer programs, and building new systems for tracking progress and registering and managing volunteers.

Diversity

Reaching our staff diversity goals was more challenging than anticipated. We had aimed to reach our FY2010 diversity goals by FY2007, yet with substantial staff growth of 40 percent this year, we fell short of our goals. Thus, we have created a senior-level role to lead the further evolution of our diversity strategy and to serve as a partner in its execution across all operating areas.

Organizational Strength Measure

FY2007 was our first year driving toward a goal around organizational and managerial effectiveness, a common measure used by many top companies to evaluate organizational strength, and we ended up short of our goal with a gap along racial lines. We believe new management training, along with additional supports through our diversity initiative, will improve our results next year.

Organizational Leadership and Capacity

We increased the depth and strength of our management and leadership team. Matt Kramer, chief program officer, assumed the position of president, and in this capacity manages the senior team and operating committee. Wendy Kopp continues in her role as the chief executive officer, charting our strategic course, engaging and cultivating allies for our mission, and working with the board to track and maximize Teach For America's progress. In addition, to generate talent from within the organization as we grow, we developed with the Monitor Group a leadership development system to assist staff members and managers with career planning and professional development. We are also making significant investments in upgrading our finance and human assets systems to ensure that we have the necessary operational sophistication as we grow to scale.

Marketing

We built the capacity of our marketing team to provide strategic marketing support tailored to help each major operating and programmatic area meet its goals. We added an insights team to expand our data-driven approach to marketing; we created a digital marketing team to stay on the cutting edge of Internet-based support for our marketing campaigns; and we began to engage an external agency to help us take brand management and advertising to a higher level.

As we reach the midpoint in our five-year growth plan, we have never felt a greater sense of urgency to address the problem we believe is our nation's greatest injustice. Fourth graders growing up in low-income communities are already three grade levels behind their peers in high-income communities. About half of them won't graduate from high school, and those who do will perform, on average, at the level of eighth graders in high-income communities. Only 1 in 10 will graduate from college. These disparities severely limit the life prospects of the 13 million children growing up in poverty today. And yet they are solvable. Each day, in classrooms across the country, we see evidence that when children facing the extra challenges of poverty are given the opportunities they deserve, they excel.

One day, all children in this nation will have the opportunity to attain an excellent education.

OUR FUNDERS

Teach For America would like to thank our generous private and public supporters throughout the nation—individuals; organizations; foundations; corporations; local businesses; and district, state, and federal partners—who have contributed to our organization in fiscal year 2007. We also would like to acknowledge our valued alumni, who not only have remained dedicated to the pursuit of educational equity throughout their careers, but also have contributed financially to strengthen our organization.

Our Expansion Funders support our ambitious growth by making leadership investments in our 2010 Expansion Fund.

$10 Million
The Broad Foundation
Michael & Susan Dell Foundation
Doris and Donald Fisher Fund
Rainwater Charitable Funds

$5 Million
Sue and Steve Mandel
Marsha and James McCormick
Toni Rembe and Arthur Rock
Robertson Foundation

$1 Million-$3 Million
Tina Goldberg and Jide Zeitlin
Joan and Joel Smilow
Joyce and Larry Stupski

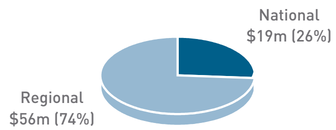
$500,000
Sue Lehmann

National Corporate Partners

AMGEN
Goldman Sachs
The Lehman Brothers Foundation
Wachovia

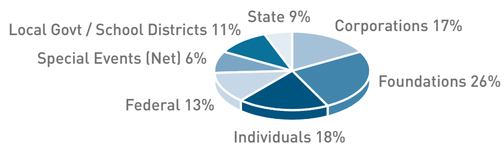
2007 Operating Campaign Contributions

The majority of Teach For America's contributions come from private philanthropic support in the communities where our corps members work. National contributions include both private philanthropic support and federal grants.



2007 Operating Campaign Contribution Sources

Teach For America relies on a diversified funding base.



Teach For America is deeply grateful to the following individuals and families across the country who made leadership commitments of $100,000 or more to support our work in fiscal year 2007.

$1,000,000 and up

Sue and Steve Mandel	Greenwich, CT
Marsha and James McCormick	New Rochelle, NY
Toni Rembe and Arthur Rock	San Francisco, CA
Joan and Joel Smilow	Westport, CT
Robert Steel	Greenwich, CT

$500,000-$999,999

Arnold Family Foundation	Houston, TX
The Lenfest Foundation	West Conshohocken, PA
Joyce and Larry Stupski	Mill Valley, CA
Sandi and John W. Thompson	Woodside, CA

$250,000-$499,999

The Hyde Family Foundations	Memphis, TN
Helen and Sam Zell	Chicago, IL

$100,000-$249,999

Anonymous (5)	
Lisa and Joseph Amato	New York, NY
Elona and Dmitry Balyasny	Chicago, IL
Courtney Benoist and Jason Fish	San Francisco, CA
Maxine Clark and Bob Fox	St. Louis, MO
Susan and Thomas Dunn	Upper Montclair, NJ
Alison and John Ferring	St. Clair, MO
Mary and Paul Finnegan	Evanston, IL
Nancy Garvey and Stanley O'Neal	New York, NY
Susan and Charles Harris, III	Darien, CT
The Hoglund Foundation	Dallas, TX
JFM Foundation	Denver, CO
Lindy and Mike Keiser	Chicago, IL
The Kinder Foundation	Houston, TX
Frances and Elliot Lehman	Wilmette, IL
Sue Lehmann	New York, NY
Kate and Robert Niehaus	Rye, NY
Park National Bank	Oak Park, IL
Richard Pechter	New York, NY
Catherine B. Reynolds Foundation	McLean, VA
James H. Simons	New York, NY
Smart Family Foundation	Wilton, CT
C.D. Spangler Foundation	Charlotte, NC
Stevens-Leinweber Construction, Inc.	Phoenix, AZ
Lisa and Gregory Wendt	San Francisco, CA
Abby and Jon Winkelried	Short Hills, NJ

Teach For America is deeply grateful to the following donors who supported our national operations during fiscal year 2007.

$1,000,000 and up

100 Women in Hedge Funds Association, Inc.
Amgen Foundation
Corporation for National and Community Service – AmeriCorps
The Lehman Brothers Foundation
The Starr Foundation
Robert Steel
U.S. Department of Education
The Wachovia Championship

$500,000-$999,999

Carnegie Corporation of New York
The Medtronic Foundation

$250,000-$499,999

FedEx Corporation
MSST Foundation
The Prudential Foundation
The Wachovia Foundation

$100,000-$249,999

The Capital Group Companies, Inc.
The Annie E. Casey Foundation
Michael & Susan Dell Foundation
Susan and Thomas Dunn
GE Foundation
Google.org
The Hearst Foundation
JPMorganChase Foundation
John S. and James L. Knight Foundation
Noyce Foundation
The Picower Foundation
Sandi and John W. Thompson

$50,000-$99,999

The Coca-Cola Foundation
Elizabeth Bixby Janeway Foundation
GOOD Magazine
Kathi and Stephen Mahle
Richard Pechter

$25,000-$49,999

The Lynde and Harry Bradley Foundation, Inc.
JPMorganChase and Co.
Angela and David Kenny
Petersmeyer Family Foundation
Skirball Foundation

$5,000-$24,999

Lee A. Ault, III
Barnes & Noble College Booksellers, Inc.
Bain Capital Children's Charity
Brown Family Foundation
Jane and Charles Cahn
Mr. and Mrs. Roberto Canizares
Discovery Communications
Emerald Foundation
ERE Media, Inc.
David Gergen
Rita and Peter Heydon - The Mosaic Foundation
Kenneth F. Mountcastle
Anne Mulcahy
Oaktree Capital Management, L.P.
Francie and John Pepper
Phi Sigma Pi National Honor Fraternity
The Renaissance Foundation
RFI Foundation
The Haley Sperling Memorial Fund
Sullivan & Cromwell LLP
The Timberland Company
Myron E. Ullman, III
David Wichs

$1,000-$4,999

Anonymous (3)
ABC, Inc.
Carolyn and Robert Albright
Katherine Armstrong
Erik Bolinder
Jonathan L. Brandt
Mr. and Mrs. Marshall Butler
Gordon Chan
Arlene L. Chow
Mr. and Mrs. William L. Cobb, Jr.
Abigail and Egon Durban
Mr. and Mrs. Joel B. Finard
Jon S. Findlay
Deborah and Robert Hartigan
Heitman LLC
Robert, Lynn and Alexandra Johnston
Dannielle Kennedy
Nannerl and Robert Keohane
Susan and Arthur Kern
Thomas K. Kreilick
Parris and Susan Lampropoulos
Brian Lee
Cheryl and Michael Lomax
Brian Marston
Anthony W. Marx
Jay McGonigle
David and Katherine Moore Family Foundation
Irene and Stephen Morimoto
The Morrison & Foerster Foundation
Kathleen J. Murray and William A. Plapinger
Martin Neumeier
Robert Olsen
Mark B. Pennell
Elizabeth and Felix Rohatyn
Natalie Rollhaus
Elizabeth and Rick Rosenblum
Bernard J. Sanders
Lynn Savarese
Marjorie Shapiro
Aaron Siegel
Justin Steinberg
The Honorable Lawrence H. Summers
Bill Wallace
Lois and Roirdan Wecker
Joseph R. Weinstein
Myra and Van Zandt Williams, Jr.
World Golf Tour, Inc.

Teach For America is grateful for the support from all our donors, regardless of gift amount. Due to space considerations, however, we are only able to list national donors who gave $1,000 or more in fiscal year 2007 in this report. If you have a question or concern regarding how you are listed in this report, please contact Rhiannon O'Leary at rhiannon.oleary@teachforamerica.org.

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

September 30, 2007 and 2006

Accountants and Business Advisors

Grant Thornton

Report of Independent Certified Public Accountants

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

We have audited the accompanying statement of financial position of Teach for America, Inc. ("TFA") as of September 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of TFA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of TFA as of and for the year ended September 30, 2006, were audited by other auditors, whose report dated February 21, 2007, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as 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 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teach for America, Inc. as of September 30, 2007, and the changes in its assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As referred to above, the financial statements of TFA as of and for the year ended September 30, 2006, were audited by other auditors. As described in Note K to the 2007 financial statements, the 2006 financial statements have been restated. We audited the adjustments described in Note K to the 2007 financial statements that were applied to restate the 2006 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2006 financial statements of TFA other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2006 financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole as of and for the year ended September 30, 2007. The accompanying supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2007 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2007 basic financial statements taken as a whole. We audited the adjustments described in Note K to the 2007 basic financial statements, which also affect the supplementary schedule, and which were applied to restate the 2006 supplementary information contained on the schedule. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2006 supplementary schedule of TFA other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2006 supplementary schedule. We did not audit the supplementary schedule as of and for the year ended September 30, 2006, which was audited by other auditors, as referred to above, whose report dated February 21, 2007, expressed an unqualified opinion on the supplementary schedule in relation to the 2006 basic financial statements taken as whole and, accordingly, we do not express an opinion on such supplementary information.

Grant Thornton LLP

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March 3, 2008
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Statements of Financial Position

As of September 30, 2007 and 2006

Assets	**2007**	2006, As Restated
Cash and cash equivalents	**$ 3,152,812**	$ 2,023,835
Government grants receivable	**4,510,997**	6,323,743
Fee for service receivable	**6,231,325**	4,675,025
Prepaid expenses and other assets	**994,904**	498,870
Contributions receivable, net (Note C)	**64,061,917**	61,214,726
Other receivables	**128,958**	30,054
Loans receivable from corps members, net of allowance of $419,302 and $440,277 in 2007 and 2006, respectively	**3,746,723**	4,037,229
Investments, at fair value (Note D)	**30,680,279**	28,239,708
Fixed assets, net (Note E)	**8,839,230**	5,038,056
Total assets	**$ 122,347,145**	$ 112,081,246

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	**$ 6,396,978**	$ 4,641,746
Education awards due to corps members (Note G)	**1,788,852**	2,006,199
Deferred rent payable and other liabilities (Note H)	**1,018,211**	661,663
Total liabilities	**9,204,041**	7,309,608
Commitments (Note H)		
Net assets:		
Unrestricted	**45,559,207**	39,321,474
Temporarily restricted (Note I)	**63,422,064**	61,288,331
Permanently restricted	**4,161,833**	4,161,833
Total net assets	**113,143,104**	104,771,638
Total liabilities and net assets	**$ 122,347,145**	$ 112,081,246

The accompanying notes are an integral part of these statements.

Statements of Activities

For the years ended September 30, 2007 and 2006

	2007	2006, As Restated
Changes in unrestricted net assets:		
Revenue, gains and other support:		
Contributions	**$ 5,392,646**	$ 29,714,481
Special events revenue, net of direct benefit to donors of $526,856 and $464,780 in 2007 and 2006, respectively	**2,790,474**	3,602,352
Government grant revenue	**17,062,078**	10,832,508
Fee for service revenue	**9,319,218**	8,748,463
Contributed goods and services (Note J)	**1,245,905**	357,109
Interest and dividend income, net (Note D)	**1,443,213**	1,117,768
Net appreciation in fair value of investments (Note D)	**1,108,861**	407,554
Other revenue	**111,371**	62,545
Net assets released from restrictions (Note I)	**52,350,625**	10,759,648
Total operating revenue, gains, and other support	**90,824,391**	65,602,428
Expenses:		
Program services:		
Teacher recruitment and selection	**18,477,937**	12,361,392
Pre-Service Institute	**16,454,026**	10,897,259
Placement, professional development, education awards, and other	**30,959,351**	21,325,697
Alumni	**3,843,327**	2,045,307
Total program services	**69,734,641**	46,629,655
Supporting services:		
Management and general	**8,152,635**	4,273,638
Fundraising	**6,699,383**	5,518,769
Total supporting services	**14,852,018**	9,792,407
Total expenses	**84,586,659**	56,422,062
Increase in unrestricted net assets	**6,237,732**	9,180,366
Changes in temporarily restricted net assets:		
Contributions	**54,484,359**	50,304,708
Net assets released from restrictions (Note I)	**(52,350,625)**	(10,759,648)
Increase in temporarily restricted net assets	**2,133,734**	39,545,060
Changes in permanently restricted net assets	**—**	—
Increase in net assets	**8,371,466**	48,725,426
Net assets, beginning of year, as previously reported	**104,771,638**	58,904,976
Adjustment to opening net assets (Note K)	**—**	(2,858,764)
Net assets, end of year	**$ 113,143,104**	$ 104,771,638

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

For the years ended September 30, 2007 and 2006

	2007	2006, As Restated
Cash flows from operating activities:		
Increase in net assets	**$ 8,371,466**	$ 45,866,662
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,718,754**	783,970
Appreciation in fair value of investments	**(1,108,861)**	(407,554)
Contributed investment securities	**(4,039,525)**	(3,338,352)
Loss on disposal of fixed assets	**29,560**	—
Bad debt expense	**264,153**	44,857
Changes in operating assets and liabilities:		
Decrease (increase) in government grants receivable	**1,812,746**	(1,404,361)
Increase in fee for service receivable	**(1,581,100)**	(2,992,025)
(Increase) decrease in prepaid expense and other assets	**(496,034)**	586,287
Increase in contributions receivable	**(3,000,638)**	(36,062,431)
Increase in other receivable	**(98,904)**	(25,075)
Increase in accounts payable and accrued expenses	**1,755,232**	919,980
Decrease in education awards due to corps members	**(217,347)**	(457,501)
Increase in deferred rent payable	**356,548**	435,814
Net cash provided by operating activities	**3,766,050**	3,932,271
Cash flows from investing activities:		
Loans to corps members	**(2,624,628)**	(2,982,228)
Repayments of loans from corps members	**2,829,229**	2,298,900
Proceeds from the sale of investments	**15,827,252**	6,995,521
Purchase of investments	**(13,119,437)**	(7,968,697)
Purchase of fixed assets	**(5,549,489)**	(3,442,899)
Net cash used in investing activities	**(2,637,073)**	(5,099,403)
Net increase (decrease) in cash and cash equivalents	**1,128,977**	(1,167,132)
Cash and cash equivalents, beginning of year	**2,023,835**	3,190,967
Cash and cash equivalents, end of year	**$ 3,152,812**	$ 2,023,835

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

September 30, 2007 and 2006

NOTE A — Nature of Operations

Teach for America, Inc. ("TFA") was incorporated in the State of Connecticut on October 6, 1989 as a not-for-profit corporation 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 is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

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

NOTE B — Summary of Significant Accounting Policies

1. Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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. The amounts include board-designated resources, as follows:

Board-designated for reserve purposes – The amount the board of directors has approved for use as long-term investment to provide an ongoing stream of investment income for selected activities such as expansion and program services and as a cash reserve, in the event TFA experiences a cash shortfall. The primary source of funds comes from the expansion plan campaign to double the size of TFA's teaching corps. For the years ended September 30, 2007 and 2006, the board designated $3,487,800 and $17,199,933, respectively, for reserve purposes. As of September 30, 2007, the total amount of board-designated net assets for reserve purposes was $39,148,083.

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.

Permanently restricted – Include net assets subject to donor-imposed stipulations that require the corpus to be maintained in perpetuity. The income derived from permanently restricted net assets is available for general or specific purposes as stipulated by the donor.

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. Functional Allocation of Expenses

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

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 recruitment events, processing applications (approximately 18,000 in 2007 and 19,000 in

2006), and conducting daylong interview sessions in multiple sites across the country. TFA had approximately 2,900 and more than 2,400 new corps members began their fall teaching assignments in 2007 and 2006, respectively.

Pre-Service Institute

For incoming corps members, TFA conducts intensive summer training institutes held on university campuses. In 2007, institutes were held at six campuses: University of Houston, Temple University, California State University - Long Beach, St. John's University, Georgia Institute of Technology and Arizona 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 and Phoenix Public Schools, corps members teach students who are enrolled in Houston's, Los Angeles', Philadelphia's, Atlanta's, New York's and Phoenix's 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 their progress throughout the two-year commitment, providing opportunities for ongoing professional development, and helping corps members to feel part of a national corps. In 2007 and 2006, TFA placed corps members in 27 and 25 regions, respectively.

Alumni

TFA has an alumni base of former corps members all over the country. These individuals present a powerful opportunity to continue to impact the education community through management and government positions. In recognition of the importance of the Alumni base, TFA has increased the funds spent to work with this group. In 2007 and 2006, alumni-related expenses were $3,843,327 and $2,405,307, respectively.

3. 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.

4. Investments

Investments are carried at fair value based upon published market prices.

5. Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged based on the donor restriction. Contributions to be received after one year are discounted using a risk-free 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.

6. Special Event Revenue

Special event revenue consists of proceeds from fundraising events in various states including benefit dinners, golf tournaments and the Chicago Arête Honors. Direct costs of special events, including donor benefits, are presented as a direct reduction of special events revenues on the accompanying statements of activities.

7. Fee for Service Revenue

TFA has contractual agreements with various school districts across the United States to recruit, select, train, and place corps members to work in their school districts. TFA recognizes the revenue related to these contractual agreements when the service is provided (i.e., school district places a corps member).

8. Fixed Assets

Computer equipment and software and furniture, fixtures, and office equipment are recorded at cost and depreciated on a straight-line basis over an estimated useful life ranging from three to five years. Leasehold improvements are amortized over their economic life or term of the lease, whichever is shorter.

9. 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 and investment securities with creditworthy, high-quality financial institutions. At certain times, TFA's cash account balances may exceed federally insured limits. However, TFA has not experienced, nor does it anticipate, any losses with respect to such bank accounts.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include the determination of allowances for doubtful accounts; provision for year-end accruals; and estimated useful lives of capital assets. Actual results could differ from those estimates.

NOTE C — Contributions Receivable

Contributions receivable at September 30, 2007 and 2006 were scheduled to be collected as follows:

	2007	2006
Less than one year	**$ 40,365,793**	$ 30,444,110
One to five years	**25,314,901**	33,430,171
	65,680,694	63,874,281
Less discount to present value ranging from 3.125% to 4.590%	**(1,618,777)**	(2,659,555)
	$ 64,061,917	$ 61,214,726

During fiscal 2007, TFA raised approximately $6 million in commitments toward its expansion campaign, expected to be collected through 2010, of which approximately $5 million remained outstanding and is included in contributions receivable. At September 30, 2007, approximately $29 million was receivable on expansion commitments raised prior to FY 2007. The purpose of the expansion campaign is to double the size of the teaching corps, which was 1,689 corps members during fiscal 2000 and has increased to 4,313 corps members at September 30, 2007. TFA has increased its infrastructure to recruit and train this larger group. In addition, in FY 2007, TFA raised approximately $17 million in multiyear commitments for the purpose of building an even more diverse, sustainable funding base in order to meet general programmatic goals and to build an enduring American institution. At September 30, 2007, approximately $27 million was due on general multiyear commitments.

NOTE D — Investments

At September 30, 2007 and 2006, TFA's investments consisted of the following:

	Fair Value	
	2007	2006
Money market funds	**$ 13,513,884**	$ 11,715,218
Common stocks	**5,523,308**	5,417,234
Government bonds	**11,643,087**	11,107,256
	$ 30,680,279	$ 28,239,708

At September 30, 2007 and 2006, TFA's investments income consisted of the following:

	2007	2006
Interest and dividend income	**$ 1,482,483**	$ 1,153,478
Net appreciation in fair value of investments	**1,108,861**	407,554
Investment fees	**(39,270)**	(35,710)
	$ 2,552,074	$ 1,525,322

NOTE E — Fixed Assets

Fixed assets at September 30, 2007 and 2006, consisted of the following:

	2007	2006
Computer equipment and software	**$ 6,647,905**	$ 4,101,719
Furniture, fixtures, and office equipment	**1,380,044**	713,281
Leasehold improvements	**5,061,513**	2,709,080
Construction-in-progress	**1,007,690**	1,053,143
	14,097,152	8,577,223
Less accumulated depreciation and amortization	**(5,257,922)**	(3,539,167)
	$ 8,839,230	$ 5,038,056

NOTE F — Related Party Transactions

Certain legal services are provided by the law firm of an attorney who serves on an uncompensated basis as the secretary of TFA. The attorney does not serve on the board of directors. Legal fees paid to this firm were approximately $19,000 and

$32,000 for fiscal 2007 and 2006, respectively. No amounts were payable to the firm at September 30, 2007 and 2006.

NOTE G — Education Awards Due To Corps Members

In 2004, TFA provided Teach for America Education Awards (the "awards") to eligible corps members who successfully completed the 2004-2005 school year. The awards were intended to mirror the awards previously provided by the Corporation for National Service. 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. As of September 30, 2007, $1,788,852 still remained to be disbursed. The awards are payable until July 2011, at which point the awards will expire.

NOTE H — 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 29 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:

	Office space	Equipment
Year ending September 30:		
2008	$ 3,410,724	$ 301,414
2009	3,895,492	228,934
2010	4,013,769	149,209
2011	3,791,568	91,055
2012 and thereafter	13,803,693	19,348
Total	$ 28,915,246	$ 789,960

Total rent expense approximated $2,112,000 and $1,560,000 for the years ended September 30, 2007 and 2006, respectively. In fiscal 2008, TFA entered into two noncancelable sublease agreements totaling $70,793, for space it does not currently need.

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 of approximately $1 million and $662,000 at September 30, 2007 and 2006, respectively.

NOTE I — Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes at September 30, 2007 and 2006:

	2007	2006
For use in future periods for:		
Expansion	**$ 33,015,495**	$ 36,913,844
Teacher recruitment and selection, placement, professional development, education awards, and other	**30,406,569**	24,374,487
	$ 63,422,064	$ 61,288,331

Temporarily restricted net assets released from restrictions by incurring expenses satisfying purpose or time restrictions during the years ended September 30, 2007 and 2006, follow:

	2007	2006
Expansion	**$ 10,386,212**	$ 1,997,982
Teacher recruitment and selection, placement, professional development, education awards, and other	**41,964,413**	8,761,666
	$ 52,350,625	$ 10,759,648

NOTE J — Contributed Goods And Services

Contributed goods and services for the years ended September 30, 2007 and 2006, consisted of the following:

	2007	2006
Legal	**$ 943,942**	$ —
Facilities	**203,114**	134,800
Stipends and support	**92,674**	203,790
Office supplies	**—**	4,275
Other	**6,175**	14,244
	$ 1,245,905	$ 357,109

NOTE K - Restatement

During 2007, TFA determined that contributions revenue and related receivable balances as previously reported included amounts resulting from exchange transactions pertaining to governmental grants and contracts. Accordingly, such amounts have been reclassified to their respective category. In addition, errors were discovered relating to the classification of certain permanently restricted net assets and special events activities. The following adjustments were recorded to correct these errors:

As of September 30, 2005	As Previously Reported	Adjustments	As Restated
Unrestricted net assets	$ 31,142,511	$ (1,001,402)	$ 30,141,109
Temporarily restricted net assets	24,164,654	(2,421,384)	21,743,270
Permanently restricted net assets	3,597,811	564,022	4,161,833
Total	$ 58,904,976	$ (2,858,764)	$ 56,046,212
As of and for the year ended September 30, 2006			
Statement of financial position			
Contribution receivable	$ 66,075,752	$ (4,861,026)	$ 61,214,726
Fee for service receivable	—	4,675,025	4,675,025
Other receivable	54,878	(24,824)	30,054
Deferred rent payable and other liabilities	—	661,663	661,663
Unrestricted net assets	35,060,218	4,261,256	39,321,474
Temporarily restricted net assets	66,986,097	(5,697,766)	61,288,331
Permanently restricted net assets	3,597,811	564,022	4,161,833
Statement of activities			
Unrestricted contribution revenue	29,721,591	(7,110)	29,714,481
Unrestricted fee for service revenue	—	8,748,463	8,748,463
Unrestricted government grant revenue	—	10,832,508	10,832,508
Unrestricted net assets released from restriction	24,866,419	(14,106,771)	10,759,648
Rent expense	1,356,000	204,433	1,560,433
Temporarily restricted contribution revenue	59,077,738	(8,773,030)	50,304,708
Temporarily restricted government grant revenue	8,610,124	(8,610,124)	—
Temporarily restricted net assets released from restriction	(24,866,419)	14,106,771	(10,759,648)

continued →

Note K (continued)

Contractual Services Revenue Recognition

In prior years, TFA recognized contractual services revenue within its temporarily restricted contributions revenue balances on its statement of activities, with a like amount reflected through its releases from restrictions. Accordingly, TFA reclassified $8,699,738 of temporarily restricted contribution revenue to unrestricted fee for service revenue in fiscal 2006. TFA also reclassified $3,875,263 in net assets released from restrictions.

Governmental Grants and Contracts Revenue Recognition

In prior years, TFA recognized revenue resulting from governmental grants and contracts as temporarily restricted support ("Federal grants"), with the portion representing amounts expended during the year reflected as net assets released from restrictions. Accordingly, TFA reclassified $8,610,124 from temporarily restricted federal grants revenue to unrestricted governmental grants and contracts revenue. TFA also reclassified $8,010,124 in net assets released from restrictions.

State Grant Revenue Recognition

In fiscal 2005, TFA recognized approximately $2.9 million in revenue related to a state grant which was recorded as temporarily restricted support. Management subsequently discovered that only approximately $682,000 was related to fiscal 2005, with the remaining balance intended to support fiscal 2006 operations, which should have been recorded as deferred revenue as of September 30, 2005, rather than a component of temporarily restricted net assets. Accordingly, TFA adjusted the 2006 beginning of year net assets and recognized unrestricted state grant revenue during fiscal 2006 of $2,221,384. TFA also reclassified $2,221,384 in net assets released from restrictions.

Straight-Lining of Leases

TFA has approximately 30 operating lease agreements with escalation clauses that require recognition on a straight-line basis. In prior years, TFA had not performed this calculation on any of its operating leases and, accordingly, TFA adjusted its 2006 beginning of year net assets and recognized deferred rent payable in the amount of $437,380 and recognized an additional $204,433 in rent expense and deferred rent payable during fiscal 2006.

Permanently Restricted Contributions

TFA identified several prior year contributions whereby the donor-imposed restrictions were not properly recorded. Specifically, certain permanently restricted contributions were previously recorded as unrestricted. Accordingly, TFA adjusted its 2006 beginning of year net assets, which resulted in a reclassification of $564,022 between unrestricted and permanently restricted net assets.

Contribution Payments

During 2005 and 2006, TFA received payments against prior year pledges (contributions receivable) that were erroneously recorded as revenue. In effect, these errors resulted in a duplication of contributions revenue. Accordingly, TFA adjusted its 2006 beginning of year net assets as well as its fiscal 2006 contribution revenue and related receivables balance by $200,000 and $125,000, respectively.

Special Events Classification

During fiscal 2006, TFA erroneously recorded special events revenue (net of expenses) as temporarily restricted revenue instead of unrestricted revenue as indicated by solicitation and acknowledgment materials. Accordingly, TFA reclassified $198,290 of special events revenue recognized in fiscal 2006 from temporarily restricted to unrestricted contributions revenue. ■

Schedule of Functional Expenses

For the year ended September 30, 2007, with comparative totals for 2006

	Program Services					Supporting Services				
	Teacher Recruitment and Selection	Pre-Service Institute	Placement, PD, Education Awards and Other	Alumni	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2007 Total**	2006 total, As Restated
Salaries	$ 9,128,663	$ 6,514,891	$ 16,155,445	$ 2,418,465	$ 34,217,464	$ 3,471,804	$ 4,265,740	$ 7,737,544	**$ 41,955,008**	$ 28,644,878
Payroll taxes and related expenses	1,768,696	923,436	3,206,402	474,143	6,372,677	714,836	903,467	1,618,303	**7,990,981**	5,292,321
Other travel and subsistence	2,177,379	2,544,075	2,692,578	238,899	7,652,931	508,631	439,019	947,650	**8,600,582**	5,327,916
Occupancy costs	566,524	265,138	1,905,749	26,360	2,763,771	462,154	130,390	592,544	**3,356,314**	2,837,796
Student lodging and meals	628	4,653,503	19,095	78	4,673,304	437	169	606	**4,673,910**	4,366,117
Professional and educational consulting fees	946,821	314,202	1,153,179	221,152	2,635,354	2,174,055	185,196	2,359,251	**4,994,605**	1,499,862
Office supplies and equipment	323,615	655,541	907,842	46,277	1,933,275	234,663	77,599	312,262	**2,245,536**	1,507,493
Insurance	67,051	6,386	15,964	—	89,401	62,261	7,982	70,243	**159,645**	43,207
Conferences and meetings	126,604	24,292	70,997	14,082	235,975	51,309	13,683	64,992	**300,968**	215,061
Postage and shipping	142,675	31,234	209,770	63,368	447,047	37,684	15,776	53,460	**500,507**	651,860
Telephone	349,081	120,355	565,120	53,589	1,088,145	163,251	51,254	214,505	**1,302,649**	1,075,884
Printing and advertising	787,321	163,087	1,016,591	123,234	2,090,233	70,399	144,820	215,219	**2,305,451**	1,234,409
Corps member financial aid and support	1,572,757	46,048	2,279,041	50,017	3,947,863	—	4,610	4,610	**3,952,472**	2,691,799
Depreciation and amortization	413,321	145,437	711,115	108,417	1,378,290	147,336	193,128	340,464	**1,718,754**	783,970
Loss on fixed assets	—	—	—	—	—	29,560	—	29,560	**29,560**	—
Other regional costs and miscellaneous	19,352	43,752	46,270	3,359	112,733	10,439	26,688	37,127	**149,860**	94,231
Bad debt expense	85,905	—	—	—	85,905	—	178,248	178,248	**264,153**	44,858
Fees and other expenses	1,544	2,649	4,193	1,887	10,273	13,816	61,614	75,430	**85,703**	110,402
Total	$ 18,477,937	$ 16,454,026	$ 30,959,351	$ 3,843,327	$ 69,734,641	$ 8,152,635	$ 6,699,383	$ 14,852,018	**84,586,659**	56,422,063
Special events expenses									**526,856**	464,780
Total									**$85,113,515**	$ 56,886,844

The accompanying report of independent certified public accountants and notes are an integral part of this schedule.

Teach For America's mission is to build the movement to eliminate educational inequity by enlisting our nation's most promising future leaders in the effort. We do this by building a corps of outstanding recent college graduates of all academic majors who commit two years to teach in urban and rural public schools and become lifelong leaders in ensuring educational excellence for all children.

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