

**TNTP, Inc.**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

September 30, 2020 and 2019

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## **Independent Auditors' Report**

**Board of Directors**  
**TNTP, Inc.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of TNTP, Inc. ("TNTP"), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TNTP, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Report on Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of TNTP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TNTP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TNTP's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

December 8, 2020

**TNTP, Inc.**

## Statements of Financial Position

	September 30	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,180,938	\$ 2,589,439
Program service receivables, net	6,364,251	7,473,798
Grant receivables	2,740,266	7,316,611
Prepaid expenses and other assets	686,574	519,961
Investments	2,811,232	6,095,557
Property, software and equipment, net	2,088,737	3,013,935
	<u>\$ 35,871,998</u>	<u>\$ 27,009,301</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 2,752,600	\$ 3,426,268
Deferred revenue	87,854	256,379
Loan payable	7,489,507	-
Total Liabilities	<u>10,329,961</u>	<u>3,682,647</u>
Net Assets		
Without Donor Restrictions		
Undesignated	12,505,452	10,641,924
Board designated	6,745,000	6,745,000
Total Without Donor Restrictions	19,250,452	17,386,924
With donor restrictions	6,291,585	5,939,730
Total Net Assets	<u>25,542,037</u>	<u>23,326,654</u>
	<u>\$ 35,871,998</u>	<u>\$ 27,009,301</u>

See notes to financial statements

**TNTP, Inc.**

Statements of Activities

	Year Ended September 30, 2020			Year Ended September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND PUBLIC SUPPORT</b>						
Program service revenue	\$ 27,580,366	\$ -	\$ 27,580,366	\$ 29,649,855	\$ -	\$ 29,649,855
Federal government grants	10,999,241	-	10,999,241	14,814,620	-	14,814,620
Grants from foundations, net of refunded amounts of \$240,656 and \$110,768	3,450,000	12,136,061	15,586,061	900,000	10,640,546	11,540,546
Investment income	81,112	-	81,112	237,629	-	237,629
In-kind contributions	2,280,231	-	2,280,231	2,426,887	-	2,426,887
Other income	432,675	-	432,675	16,645	-	16,645
Net assets released from restrictions	11,784,206	(11,784,206)	-	14,147,796	(14,147,796)	-
Total Revenue and Public Support	56,607,831	351,855	56,959,686	62,193,432	(3,507,250)	58,686,182
<b>EXPENSES</b>						
Program Services						
Client services	43,991,550	-	43,991,550	48,760,171	-	48,760,171
Internal programs	1,536,582	-	1,536,582	2,207,988	-	2,207,988
Total Program Services	45,528,132	-	45,528,132	50,968,159	-	50,968,159
Management and general	8,387,323	-	8,387,323	11,422,400	-	11,422,400
Development	828,848	-	828,848	770,322	-	770,322
Total Expenses	54,744,303	-	54,744,303	63,160,881	-	63,160,881
Change in Net Assets	1,863,528	351,855	2,215,383	(967,449)	(3,507,250)	(4,474,699)
<b>NET ASSETS</b>						
Beginning of year	17,386,924	5,939,730	23,326,654	18,354,373	9,446,980	27,801,353
End of year	\$ 19,250,452	\$ 6,291,585	\$ 25,542,037	\$ 17,386,924	\$ 5,939,730	\$ 23,326,654

See notes to financial statements

**TNTP, Inc.**

Statement of Functional Expenses  
Year Ended September 30, 2020

	Program Services			Management and General	Development	Total Expenses
	Client Services	Internal Programs	Total			
Salaries	\$ 28,236,339	\$ 1,133,549	\$ 29,369,888	\$ 4,995,749	\$ 591,247	\$ 34,956,884
Payroll taxes	1,991,891	83,500	2,075,391	398,224	44,843	2,518,458
Employee benefits	4,399,208	170,643	4,569,851	1,055,720	90,958	5,716,529
Fees for services	3,047,925	42,543	3,090,468	689,628	20,689	3,800,785
Advertising expenses	387,191	202	387,393	52,158	-	439,551
Office expenses	795,547	28,645	824,192	172,714	18,566	1,015,472
Information technology	571,753	14,618	586,371	192,125	13,247	791,743
Occupancy	220,646	8,482	229,128	52,923	5,408	287,459
Conferences, meetings and travel	1,740,997	20,415	1,761,412	123,087	28,849	1,913,348
Depreciation	788,215	19,730	807,945	105,153	12,100	925,198
Other expenses	1,811,838	14,255	1,826,093	549,842	2,941	2,378,876
<b>Total Expenses</b>	<b><u>\$ 43,991,550</u></b>	<b><u>\$ 1,536,582</u></b>	<b><u>\$ 45,528,132</u></b>	<b><u>\$ 8,387,323</u></b>	<b><u>\$ 828,848</u></b>	<b><u>\$ 54,744,303</u></b>

See notes to financial statements

**TNTP, Inc.**

Statement of Functional Expenses  
Year Ended September 30, 2019

	Program Services			Management and General	Development	Total Expenses
	Client Services	Internal Programs	Total			
Salaries	\$ 29,569,344	\$ 1,255,025	\$ 30,824,369	\$ 6,525,235	\$ 558,464	\$ 37,908,068
Payroll taxes	2,106,934	81,780	2,188,714	510,473	44,313	2,743,500
Employee benefits	5,043,481	252,094	5,295,575	953,900	83,175	6,332,650
Fees for services	3,458,010	187,927	3,645,937	1,661,438	12,777	5,320,152
Advertising expenses	292,474	41,253	333,727	44,259	-	377,986
Office expenses	982,456	77,518	1,059,974	196,687	16,235	1,272,896
Information technology	272,240	12,160	284,400	375,195	7,813	667,408
Occupancy	252,348	10,957	263,305	53,416	3,504	320,225
Conferences, meetings and travel	4,694,012	263,249	4,957,261	546,956	32,027	5,536,244
Depreciation	633,567	10,984	644,551	156,385	4,805	805,741
Other expenses	1,455,305	15,041	1,470,346	344,012	7,209	1,821,567
Loss on disposal	-	-	-	54,444	-	54,444
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total Expenses	<u>\$ 48,760,171</u>	<u>\$ 2,207,988</u>	<u>\$ 50,968,159</u>	<u>\$ 11,422,400</u>	<u>\$ 770,322</u>	<u>\$ 63,160,881</u>

See notes to financial statements

**TNTP, Inc.**

Statements of Cash Flows

	Year Ended September 30	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,215,383	\$ (4,474,699)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	925,198	805,741
Bad debt expense	205,287	94,120
Unrealized loss (gain) on investments	44,479	(2,689)
Loss on disposal of property and equipment	-	54,444
Net change in operating assets and liabilities		
Program service receivables	904,260	(767,863)
Grant receivables	4,576,345	1,577,449
Prepaid expenses and other assets	(166,613)	(23,980)
Accounts payable and accrued expenses	(673,668)	(3,768,606)
Deferred revenue	(168,525)	(139,297)
Net Cash from Operating Activities	7,862,146	(6,645,380)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, software and equipment	-	(1,948,181)
Matured certificates of deposit	1,500,000	1,500,000
Proceeds from sale of investments	4,901,000	14,197,532
Purchases of investments	(3,161,154)	(9,454,070)
Net Cash from Investing Activities	3,239,846	4,295,281
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	7,489,507	-
Change in Cash and Cash Equivalents	18,591,499	(2,350,099)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	2,589,439	4,939,538
End of year	\$ 21,180,938	\$ 2,589,439

See notes to financial statements

## TNTP, Inc.

Notes to the Financial Statements  
September 30, 2020 and 2019

### 1. Organization and Nature of Activities

TNTP, Inc. (“TNTP”), a Delaware not-for-profit corporation, believes our nation’s public schools can offer all children an excellent education. A national non-profit founded by teachers, TNTP helps school systems end educational inequality and achieve their goals for students. TNTP works at every level of the public education system to attract and train talented teachers and school leaders, ensure rigorous and engaging classrooms, and create environments that prioritize great teaching and accelerate student learning.

TNTP has been determined to be a non-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the United States Internal Revenue Code.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Change in Accounting Principle***

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”).

ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange or as contribution (nonreciprocal) transactions. Exchange transactions are reciprocal transfers in which each party receives and sacrifices approximately commensurate value. In a contribution transaction, the resource provider often receives value indirectly by providing a societal benefit, although the benefit is not considered to be commensurate value.

ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. TNTP adopted ASU 2018-08 on a prospective basis and has determined there to be no material impact on the financial statements.

#### ***Net Asset Presentation***

TNTP reports information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

## TNTP, Inc.

Notes to the Financial Statements  
September 30, 2020 and 2019

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Revenue Recognition***

Revenue is recognized as services are performed or expenditures are incurred under TNTP's contracts with its clients and funders. Proceeds from proprietary software revenue are applied against the carrying amount of the software. No profit shall be recognized until aggregate net proceeds from the sale of proprietary software and amortization have reduced the carrying amount of the software to zero. Subsequent proceeds will be recognized in revenue as earned.

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as grant receivables and are recorded at their net realizable value. Unconditional promises to give that are due in subsequent years are discounted to the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. The discount is amortized into contribution income over the discount period.

#### ***Cash and Cash Equivalents***

TNTP considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

#### ***Allowance for Doubtful Accounts***

TNTP provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. TNTP's estimate is based on historical collection experience and a review of the current status of receivables. It is reasonably possible that TNTP's estimate of the allowance for doubtful accounts will change. Program service receivables are presented net of an allowance for doubtful accounts of \$151,731 and \$67,286 at September 30, 2020 and 2019.

#### ***Fair Value of Financial Instruments***

TNTP follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Investment Valuation and Income Recognition***

Investments include certificates of deposit, with a maturity date greater than three months from the date of purchase, which are valued at cost plus accrued interest. Other investments are valued at fair value. Investment income in the statements of activities consists of interest and unrealized and realized gains and losses.

## TNTP, Inc.

Notes to the Financial Statements  
September 30, 2020 and 2019

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Property, Software and Equipment***

Software and equipment are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years. TNTP's policy is to capitalize all purchases of \$5,000 or greater at the time of purchase.

#### ***Deferred Revenue***

Deposits received for program services not yet provided are recorded as deferred revenue and recognized as program service revenue in the period to which they pertain.

#### ***In-Kind Contributions***

TNTP recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation.

#### ***Advertising Costs***

Advertising costs are expensed as incurred.

#### ***Functional Allocation of Expenses***

The financial statements report categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Program expenses include client services and internal programs. Supporting services include general and administrative and development. Expenses have been charged to programs and supporting services based on direct allocation where identified. Expenses reported by functional categories include allocations of shared organizational costs for operations and depreciation expense. TNTP allocates depreciation based on which program is benefiting from the capital expenditure. All other shared organizational costs are allocated to the program and supporting functions based on total time and effort.

#### ***Accounting for Uncertainty in Income Taxes***

TNTP recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that TNTP had no uncertain tax positions that would require financial statement recognition and/or disclosure. TNTP is no longer subject to examinations by the applicable taxing jurisdictions for years prior to September 30, 2017.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 8, 2020.

## TNTP, Inc.

### Notes to the Financial Statements September 30, 2020 and 2019

#### 3. Grant Receivables

At September 30, 2020 and 2019, TNTP's grant receivables consisted of \$2,740,266 and \$7,316,611. These amounts are expected to be received within one year. As of September 30, 2020 and 2019, management considers all amounts to be fully collectible and accordingly, no allowance for doubtful accounts has been provided.

#### 4. Concentration of Credit Risk

Financial instruments that potentially subject TNTP to concentrations of credit risk consist primarily of cash and cash equivalents, receivables and investments. TNTP maintains its cash in bank deposit accounts which generally exceed federally insured limits. TNTP has not experienced any losses in such accounts. TNTP does not have a material concentration of credit risk with respect to program service receivables, due to generally short payment terms and the dispersion of its customers throughout the United States. At September 30, 2020, TNTP had grant receivables from foundations of approximately \$655,000 from three grantors and at September 30, 2019, TNTP had grant receivables from foundations of approximately \$2,400,000 from one grantor. This amount represented approximately 74% and 48% of total outstanding foundation grant receivables as of September 30, 2020 and 2019.

#### 5. Investments

The following are major categories of investments at September 30, grouped by fair value hierarchy:

	2020	
	Level 2	Total
Corporate bonds	<u>\$ 2,811,232</u>	<u>\$ 2,811,232</u>
	2019	
	Level 2	Total
Corporate bonds	<u>\$ 4,573,042</u>	<u>\$ 4,573,042</u>
Certificate of deposits, at cost plus accrued interest		<u>1,522,515</u>
		<u>\$ 6,095,557</u>

Investment income consisted of the following for the years ended September 30:

	2020	2019
Interest	\$ 125,591	\$ 234,940
Unrealized (loss) gain	(44,479)	2,689
	<u>\$ 81,112</u>	<u>\$ 237,629</u>

## TNTP, Inc.

### Notes to the Financial Statements September 30, 2020 and 2019

#### 6. Property, Software and Equipment

At September 30, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Computer equipment and software	\$ 10,681,530	\$ 10,681,530
Office furniture and equipment	<u>53,930</u>	<u>53,930</u>
	10,735,460	10,735,460
Accumulated depreciation	<u>(8,646,723)</u>	<u>(7,721,525)</u>
	<u>\$ 2,088,737</u>	<u>\$ 3,013,935</u>

#### 7. Net Assets

##### ***Board Designated Net Assets***

At September 30, 2020 and 2019, board designated net assets consisted of a Contingency Reserve Fund in the amount of \$6,745,000.

The Contingency Reserve Fund was established to ensure long-term financial stability of TNTP and better position it to respond to varying economic conditions, ensuring it could continue to carry out its mission.

##### ***Net Assets with Donor Restrictions***

Net assets with donor restrictions as of September 30, are available for the following:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 20,834	\$ 20,834
Purpose restricted	<u>6,270,751</u>	<u>5,918,896</u>
	<u>\$ 6,291,585</u>	<u>\$ 5,939,730</u>

Amounts released from restrictions during the years ended September 30, are as follows:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 249,998	\$ 2,770,835
Purpose restricted	<u>11,534,208</u>	<u>11,376,961</u>
	<u>\$ 11,784,206</u>	<u>\$ 14,147,796</u>

## **TNTP, Inc.**

### Notes to the Financial Statements September 30, 2020 and 2019

#### **8. Contracts and Grants**

TNTP has entered into multi-year performance based grants with several foundations. Due to stipulations in these grants linking future support to achievement of performance benchmarks, promises of support for future years of \$3,968,117 at September 30, 2020 and have not been recognized in these financial statements.

TNTP has also been awarded \$8,621,951 in contracts and grants which have not been received or expended in fiscal year 2020. These awards, which represent commitments of government agencies to provide funds on a cost-reimbursement basis for TNTP's programs, will not be reflected in the financial statements until reimbursable activities have been conducted in accordance with the provisions of the contracts and grants.

#### **9. Economic Dependence**

TNTP receives its funding from school districts, the Federal government and foundations. TNTP is economically dependent on the continuation of such funding.

#### **10. Commitments and Contingencies**

TNTP is involved in various legal proceedings incurred in the normal course of operations. Management believes TNTP has defenses for all such claims and is vigorously defending the actions. It is the opinion of management that the probable resolution of such proceedings will not materially affect the financial position, results of operations or cash flows of TNTP.

The reimbursements to TNTP from various school districts are subject to audit. Management believes that liabilities, if any, that may result from such audits will not be material in relation to the financial statements as a whole.

TNTP has a month to month lease for its central office space at WeWork. Rent expense was \$286,068 and \$314,347 in 2020 and 2019. As of September 30, 2020, TNTP has no future lease commitments.

#### **11. Line of Credit**

TNTP has a line of credit agreement with Merrill Lynch for \$3,000,000, with an expiration date of March 31, 2021. Borrowings on this line of credit bear interest at the London Interbank Offered Rate ("LIBOR") plus 3.5% and is collateralized by the business assets of TNTP. The original agreement was amended on August 25, 2017 to include a liquidity clause where as TNTP will be required to remain on a consolidated basis minimum unrestricted, unencumbered liquid assets of not less than \$3,000,000 as of the end of each fiscal year. There were no outstanding borrowings on the line of credit as of September 30, 2020 and 2019.

## **TNTP, Inc.**

### Notes to the Financial Statements September 30, 2020 and 2019

#### **12. Loan Payable**

On May 4, 2020, TNTP received loan proceeds in the amount of \$7,489,507 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP Loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. TNTP believes it has used the entire PPP Loan amount for qualifying expenses. TNTP intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. TNTP believes that most, if not all, of the PPP Loan will meet the requirements for debt forgiveness. To the extent that all or part of the PPP Loan is not forgiven, TNTP will be required to pay interest on the PPP Loan through the date principal is repaid in full or maturity date.

#### **13. Retirement Plan**

TNTP has a 403(b) defined contribution retirement plan for all eligible employees. TNTP matches half of an employee's contribution, with a cap on the match at 7% of an employee's annual salary. Plan expense approximated \$1,080,000 and \$1,486,000 in 2020 and 2019.

#### **14. In-Kind Contributions**

TNTP received pro-bono advertising space valued at \$150,579 and \$14,397 in 2020 and 2019. TNTP additionally received pro-bono contracted services valued at \$2,129,652 in 2020, representing part of the match on TNTP's federal awards. In 2019, TNTP received pro-bono contracted services valued at \$2,412,490, of which \$883,086 represents pro-bono consulting services provided to TNTP to support the development of the FY2020-2025 strategic plan. Such services are reflected on the statements of activities.

## TNTP, Inc.

Notes to the Financial Statements  
September 30, 2020 and 2019

### 15. Availability and Liquidity of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 21,180,938	\$ 2,589,439
Program service receivables, net	6,364,251	7,473,798
Grant receivables, net	2,740,266	7,316,611
Investments	<u>2,811,232</u>	<u>6,095,557</u>
Total financial assets	<u>33,096,687</u>	<u>23,475,405</u>
Less contractual or donor imposed restricted amounts:		
Board designated funds	6,745,000	6,745,000
Donor restricted funds - time and purpose	<u>6,291,585</u>	<u>5,939,730</u>
	<u>13,036,585</u>	<u>12,684,730</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 20,060,102</u>	<u>\$ 10,790,675</u>

TNTP's working capital and cash flows are driven by the timing of receipts from TNTP's various revenue streams. Program service receivables are expected to be collected within sixty days. As part of TNTP's liquidity management strategy, an investment policy is in place to structure TNTP's financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, TNTP invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, TNTP has a \$3 million committed line of credit, which can be drawn to help manage unanticipated liquidity needs.

### 16. COVID – 19

As of March 11, 2020, TNTP ceased employee travel as a precautionary measure to limit opportunities for the spread of the COVID-19 virus. This may adversely affect the TNTP's financial position and operating results in 2021. If the outbreak continues and conditions worsen, TNTP may experience a disruption in operations as well as a decline in future program service revenue, federal government grants and grants from foundations. The outbreak may adversely affect TNTP on an interim basis and the amount of the impact cannot be reasonably estimated at this time.

**TNTP, Inc.**

Notes to the Financial Statements  
September 30, 2020 and 2019

**16. COVID – 19 (continued)**

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. The outbreak also affected the global financial markets and TNTP's investment portfolio experienced some volatility. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in 2021 cannot be reasonably estimated at this time.

\* \* \* \* \*

**TNTP, Inc.**

Uniform Guidance Reports and Schedules

September 30, 2020

**TNTP, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Education-Direct Programs				
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411C		\$ -	\$ 103,790
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411B		-	1,547,248
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367D		-	4,039,935
Supporting Effective Educator Development Program	84.423A		-	4,413,835
<i>Total Department of Education Direct Programs</i>			-	10,104,808
Pass-through Texas Education Agency				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	1-133850158	-	408,115
Pass-through Xavier University of Louisiana				
Supporting Effective Educator Development Program	84.423A	17-234468-OOE	-	417,106
Pass-through Florida State University				
Education Research, Development and Dissemination	84.305A	R02174	-	69,212
<i>Total Department of Education</i>			-	10,999,241
Total Expenditures of Federal Awards			\$ -	\$ 10,999,241

See independent auditors' report and notes to schedule of expenditures of federal awards

## TNTP, Inc.

### Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2020

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of TNTP, Inc. ("TNTP") under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of TNTP, it is not intended to and does not present the financial position, changes in net assets or cash flows of TNTP.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. Nonmonetary Assistance**

Nonmonetary assistance is reported in the Schedule based on the amount disbursed or received. For the year ended September 30, 2020, TNTP received no nonmonetary assistance.

#### **4. Indirect Cost Rate**

TNTP has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

**Independent Auditors' Report**

**Board of Directors  
TNTP, Inc.**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of TNTP, Inc. ("TNTP"), which comprise the statement of financial position as of September 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2020.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

December 8, 2020

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### **Independent Auditors' Report**

**Board of Directors**  
TNTP, Inc.

#### **Report on Compliance for Each Major Federal Program**

We have audited TNTP, Inc.'s ("TNTP") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TNTP's major federal programs for the year ended September 30, 2020. TNTP's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, TNTP, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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

*PKF O'Connor Davies, LLP*

December 8, 2020

**TNTP, Inc.**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.423A	Supporting Effective Educator Development Program
84.334S	Gaining Early Awareness and Readiness for Undergraduate Programs

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

Auditee qualified as low-risk auditee?  yes  no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended September 30, 2020.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV – Prior Year Findings

There were no prior year audit findings.