

TNTP, Inc.

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

September 30, 2021 and 2020

TNTP, Inc.

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Uniform Guidance Schedules
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TABLE OF CONTENTS	Page
Independent Auditors' Report	
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16
UNIFORM GUIDANCE REPORTS AND SCHEDULES	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	
Schedule of Findings and Questioned Costs	23

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, 2021 and 2020, 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, 2021 and 2020, 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 January 11, 2022 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

January 11, 2022

TNTP, Inc.

Statements of Financial Position

	September 30	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 28,152,106	\$ 21,180,938
Program service receivables, net	16,262,660	6,364,251
Grant receivables	9,678,632	2,740,266
Prepaid expenses and other assets	780,638	686,574
Investments	1,684,720	2,811,232
Property, software and equipment, net	<u>1,458,649</u>	<u>2,088,737</u>
	<u>\$ 58,017,405</u>	<u>\$ 35,871,998</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,113,464	\$ 2,752,600
Deferred revenue	3,863,229	87,854
Loan payable	<u>7,489,507</u>	<u>7,489,507</u>
Total Liabilities	<u>19,466,200</u>	<u>10,329,961</u>
Net Assets		
Without Donor Restrictions		
Undesignated	15,196,185	12,505,452
Board designated	<u>6,745,000</u>	<u>6,745,000</u>
Total Without Donor Restrictions	21,941,185	19,250,452
With donor restrictions	<u>16,610,020</u>	<u>6,291,585</u>
Total Net Assets	<u>38,551,205</u>	<u>25,542,037</u>
	<u>\$ 58,017,405</u>	<u>\$ 35,871,998</u>

See notes to financial statements

TNTP, Inc.

Statements of Activities

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT						
Program service revenue	\$ 44,447,570	\$ -	\$ 44,447,570	\$ 27,580,366	\$ -	\$ 27,580,366
Federal government grants	8,461,402	-	8,461,402	10,999,241	-	10,999,241
Grants from foundations, net of refunded amounts of \$41,544 and \$240,656	4,449,000	26,746,437	31,195,437	3,450,000	12,136,061	15,586,061
Investment income	8,599	-	8,599	81,112	-	81,112
In-kind contributions	2,724,499	-	2,724,499	2,280,231	-	2,280,231
Other income	176,478	-	176,478	432,675	-	432,675
Net assets released from restrictions	16,428,002	(16,428,002)	-	11,784,206	(11,784,206)	-
Total Revenue and Public Support	<u>76,695,550</u>	<u>10,318,435</u>	<u>87,013,985</u>	<u>56,607,831</u>	<u>351,855</u>	<u>56,959,686</u>
EXPENSES						
Program Services						
Client services	60,094,296	-	60,094,296	43,991,550	-	43,991,550
Internal programs	3,671,117	-	3,671,117	1,536,582	-	1,536,582
Total Program Services	63,765,413	-	63,765,413	45,528,132	-	45,528,132
Management and general	9,431,671	-	9,431,671	8,387,323	-	8,387,323
Development	807,733	-	807,733	828,848	-	828,848
Total Expenses	<u>74,004,817</u>	<u>-</u>	<u>74,004,817</u>	<u>54,744,303</u>	<u>-</u>	<u>54,744,303</u>
Change in Net Assets	2,690,733	10,318,435	13,009,168	1,863,528	351,855	2,215,383
NET ASSETS						
Beginning of year	<u>19,250,452</u>	<u>6,291,585</u>	<u>25,542,037</u>	<u>17,386,924</u>	<u>5,939,730</u>	<u>23,326,654</u>
End of year	<u>\$ 21,941,185</u>	<u>\$ 16,610,020</u>	<u>\$ 38,551,205</u>	<u>\$ 19,250,452</u>	<u>\$ 6,291,585</u>	<u>\$ 25,542,037</u>

See notes to financial statements

TNTP, Inc.

Statement of Functional Expenses
Year Ended September 30, 2021

	Program Services			Management and General	Development	Total Expenses
	Client Services	Internal Programs	Total			
Salaries	\$ 37,267,749	\$ 2,576,626	\$ 39,844,375	\$ 6,132,797	\$ 614,562	\$ 46,591,734
Payroll taxes	2,675,012	191,994	2,867,006	452,194	45,586	3,364,786
Employee benefits	5,137,776	347,549	5,485,325	828,360	83,582	6,397,267
Fees for services	5,077,969	322,013	5,399,982	903,046	15,975	6,319,003
Advertising expenses	460,612	379	460,991	74,137	700	535,828
Office expenses	1,213,138	62,465	1,275,603	150,516	15,021	1,441,140
Information technology	840,442	48,633	889,075	183,472	17,667	1,090,214
Occupancy	41,263	1,828	43,091	3,790	454	47,335
Conferences, meetings and travel	778,405	36,704	815,109	53,858	2,491	871,458
Depreciation	504,868	33,372	538,240	82,145	9,703	630,088
Other expenses	6,097,062	49,554	6,146,616	567,356	1,992	6,715,964
Total Expenses	<u>\$ 60,094,296</u>	<u>\$ 3,671,117</u>	<u>\$ 63,765,413</u>	<u>\$ 9,431,671</u>	<u>\$ 807,733</u>	<u>\$ 74,004,817</u>

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
Total Expenses	<u>\$ 43,991,550</u>	<u>\$ 1,536,582</u>	<u>\$ 45,528,132</u>	<u>\$ 8,387,323</u>	<u>\$ 828,848</u>	<u>\$ 54,744,303</u>

See notes to financial statements

TNTP, Inc.

Statements of Cash Flows

	Year Ended	
	September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,009,168	\$ 2,215,383
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	630,088	925,198
Bad debt expense	215,054	205,287
Unrealized loss on investments	51,512	44,479
Net change in operating assets and liabilities		
Program service receivables	(10,113,463)	904,260
Grant receivables	(6,938,366)	4,576,345
Prepaid expenses and other assets	(94,064)	(166,613)
Accounts payable and accrued expenses	5,360,864	(673,668)
Deferred revenue	3,775,375	(168,525)
Net Cash from Operating Activities	5,896,168	7,862,146
 CASH FLOWS FROM INVESTING ACTIVITIES		
Matured certificates of deposit	-	1,500,000
Proceeds from sale of investments	1,075,000	4,901,000
Purchases of investments	-	(3,161,154)
Net Cash from Investing Activities	1,075,000	3,239,846
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	-	7,489,507
Change in Cash and Cash Equivalents	6,971,168	18,591,499
 CASH AND CASH EQUIVALENTS		
Beginning of year	21,180,938	2,589,439
End of year	\$ 28,152,106	\$ 21,180,938

See notes to financial statements

TNTP, Inc.

Notes to the Financial Statements
September 30, 2021 and 2020

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.

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.

Change in Accounting Principle and Revenue Recognition

As of September 1, 2020, TNTP adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The new framework had no impact on previously reported revenues and was applied on a modified retrospective basis.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. The guidance also requires new or expanded disclosure related to judgements made by entities when following this framework.

TNTP, Inc.

Notes to the Financial Statements
September 30, 2021 and 2020

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

Change in Accounting Principle and Revenue Recognition (continued)

As shown on the statements of activities, TNTP's main operating revenue is derived from their program fees. TNTP has reviewed its various contracts and concluded that there could be four different types of contracts that each have two to three different performance obligations which are satisfied over time as each performance obligation is fulfilled. Previously TNTP's revenue recognition and invoicing were scheduled to match their projected expenses. TNTP will recognize revenue when the organization provides one of the identified services to a customer and fulfills the performance obligation. This in turn will result in an asset transfer from TNTP to the customer. The assets that TNTP's customers receive via the fulfillment of the performance obligations enhances the value of the prior assets it has received.

The transaction price is determined by TNTP and each obligation is assigned a percentage of the total contract value. In some cases, where TNTP receives advance payments and performance obligations span beyond the fiscal year, amounts are properly recorded in deferred revenue on the statements of financial position. The new guidance requires TNTP to not recognize revenue until it is probable of collection. Based on TNTP's strong collection experience, TNTP has concluded that all revenue recognized is probable of collection.

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 \$167,525 and \$151,731 at September 30, 2021 and 2020.

TNTP, Inc.

Notes to the Financial Statements
September 30, 2021 and 2020

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

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 are carried at fair value. Interest and dividend income, as well as realized gains or losses and unrealized appreciation or depreciation in investment value, are recognized in the statement of activities.

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.

TNTP, Inc.

Notes to the Financial Statements
September 30, 2021 and 2020

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

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributable 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, 2018.

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 January 11, 2022.

3. Grant Receivables

At September 30, 2021 and 2020, TNTP's grant receivables consisted of \$9,678,632 and \$2,740,266. These amounts are expected to be received within one year. As of September 30, 2021 and 2020, management considers all amounts to be fully collectible and accordingly, no allowance for doubtful accounts has been provided.

4. Fiscal Sponsor

During 2021, TNTP acted as a fiscal sponsor and custodian for funds for two non-profit organizations. Both organizations have missions aligned with TNTP's charitable mission in that both organizations seek to further the effectiveness of educational organizations that serve marginalized students. During the year ended September 30, 2021, \$992,400 in funds were received, \$1,340,000 total income was recorded and \$274,656 in expenses were incurred related to the two fiscal sponsorships.

TNTP, Inc.

Notes to the Financial Statements
September 30, 2021 and 2020

5. 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, 2021, TNTP had grant receivables of approximately \$5,740,000 from two grantors and at September 30, 2020, TNTP had grant receivables of approximately \$655,000 from three grantors. These amounts represented approximately 81% and 74% of total outstanding grant receivables as of September 30, 2021 and 2020.

6. Investments

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

	2021	
	Level 2	Total
Corporate bonds	<u>\$ 1,684,720</u>	<u>\$ 1,684,720</u>

	2020	
	Level 2	Total
Corporate bonds	<u>\$ 2,811,232</u>	<u>\$ 2,811,232</u>

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

	2021	2020
Interest	\$ 60,111	\$ 125,591
Unrealized loss	<u>(51,512)</u>	<u>(44,479)</u>
	<u>\$ 8,599</u>	<u>\$ 81,112</u>

TNTP, Inc.

Notes to the Financial Statements September 30, 2021 and 2020

7. Property, Software and Equipment

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

	<u>2021</u>	<u>2020</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>(9,276,811)</u>	<u>(8,646,723)</u>
	<u>\$ 1,458,649</u>	<u>\$ 2,088,737</u>

8. Net Assets

Board Designated Net Assets

At September 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Time restricted	\$ -	\$ 20,834
Purpose restricted	<u>16,610,020</u>	<u>6,270,751</u>
	<u>\$ 16,610,020</u>	<u>\$ 6,291,585</u>

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

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 20,834	\$ 249,998
Purpose restricted	<u>16,407,168</u>	<u>11,534,208</u>
	<u>\$ 16,428,002</u>	<u>\$ 11,784,206</u>

TNTP, Inc.

Notes to the Financial Statements September 30, 2021 and 2020

9. 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 in the amount of \$6,062,371 at September 30, 2021 have not been recognized in these financial statements.

TNTP has also been awarded \$6,083,823 in contracts and grants which have not been received or expended in fiscal year 2021. 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.

10. Economic Dependence

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

11. 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 \$47,335 and \$286,068 in 2021 and 2020. As of September 30, 2021, TNTP has no future lease commitments.

12. Line of Credit

TNTP has a line of credit agreement with Merrill Lynch for \$3,000,000, with an expiration date of October 31, 2022. Borrowings on this line of credit bear interest at the Bloomberg Short Term Bank Yield Index ("BSBY") Daily Floating Rate plus 1.9% 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, 2021 and 2020.

TNTP, Inc.

Notes to the Financial Statements September 30, 2021 and 2020

13. 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 SBA has stated it will review the needs certification on all loans over \$2,000,000. After the review, the SBA may determine that TNTP did not meet the need criteria to apply for the PPP Loan. In such a circumstance, TNTP may be forced to return part or all of the PPP Loan proceeds plus pay the accrued and unpaid interest. TNTP believes it was eligible to receive the PPP Loan proceeds.

As of September 30, 2021 and 2020, the PPP loan is recognized as debt on the statement of financial position. TNTP will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from the Small Business Administration ("SBA") in accordance with Accounting Standards Codification ("ASC") 470, Debt. The PPP Loan was subsequently forgiven in full by the SBA on December 19, 2021.

14. 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 \$1,088,000 and \$1,080,000 in 2021 and 2020.

15. In-Kind Contributions

TNTP received pro-bono advertising space valued at \$294,544 and \$150,579 in 2021 and 2020. TNTP additionally received pro-bono contracted services valued at \$2,429,955 and \$2,129,652 in 2021 and 2020, representing part of the match on TNTP's federal awards.

TNTP, Inc.

Notes to the Financial Statements
September 30, 2021 and 2020

16. 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>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 28,152,106	\$ 21,180,938
Program service receivables, net	16,262,660	6,364,251
Grant receivables, net	9,678,632	2,740,266
Investments	<u>1,684,720</u>	<u>2,811,232</u>
Total financial assets	<u>55,778,118</u>	<u>33,096,687</u>
Less contractual or donor imposed restricted amounts:		
Board designated funds	6,745,000	6,745,000
Donor restricted funds - time and purpose	<u>16,610,020</u>	<u>6,291,585</u>
	<u>23,355,020</u>	<u>13,036,585</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 32,423,098</u>	<u>\$ 20,060,102</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.

17. Risks and Uncertainties

While the COVID-19 pandemic continues to have an ongoing effect on the global economy, TNTP has implemented measures to be fully operational, delivering on its educational mission. The future extent of the impact of the pandemic on TNTP's programming, operational and financial performance is uncertain and will depend on the continued future developments of the outbreak and external restrictions imposed. At the time of the issuance of these financial statements, minimal negative impacts on TNTP's financial position have been experienced as the pandemic continues.

* * * * *

TNTP, Inc.

Uniform Guidance Reports and Schedules

September 30, 2021

TNTP, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021**

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)	84.411B	N/A	\$ -	\$ 2,229,783
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367D	N/A	-	903,555
Supporting Effective Educator Development Program	84.423A	N/A	-	<u>3,261,670</u>
<i>Total Department of Education Direct Programs</i>			-	6,395,008
Pass-through Texas Education Agency				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	1-133850158	-	548,692
Pass-through Nevada Department of Education				
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367D	21-709-94700	-	71,188
Pass-through Xavier University of Louisiana				
Supporting Effective Educator Development Program	84.423A	17-234468-OOE	-	91,642
Pass-through Providence Public Schools				
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374A	Not Available	-	<u>1,354,872</u>
<i>Total Department of Education</i>			-	<u>8,461,402</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 8,461,402</u>

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, 2021

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, 2021. 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. Pass-through entity identifying numbers are presented where available.

3. Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule based on the amount disbursed or received. TNTP received no nonmonetary assistance for the year ended September 30, 2021.

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, 2021 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 January 11, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

January 11, 2022

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, 2021. 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, 2021.

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

January 11, 2022

TNTP, Inc.

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

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>
84.374A	Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)
84.411B	Education, Innovation and Research (formerly Investing In Innovation (I3) Fund)

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, 2021.

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.