

TEACHING MATTERS, INC.

**Financial Statements
for Years Ended
August 31, 2019
and
August 31, 2018**

Independent Auditor's Report

To the Board of Directors
Teaching Matters, Inc.

We have audited the accompanying financial statements of Teaching Matters, Inc. which comprise the statement of financial position as of August 31, 2019 and August 31, 2018 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.

Auditor's 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. Those standards require that we plan and perform the audits 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 auditor's 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 Teaching Matters, Inc. as of August 31, 2019 and August 31, 2018 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

December 4, 2019

TEACHING MATTERS, INC.

Statement of Financial Position

Assets

	August 31	
	2019	2018
Assets		
Cash and cash equivalents		
Operating	\$ 3,610,262	\$ 2,679,300
Board designated	1,000,000	1,000,000
Investments at fair value	5,621,435	5,512,015
Accounts receivable, net	257,141	343,437
Contributions receivable	2,077,490	2,531,961
Prepaid expenses	74,874	122,501
Furniture, equipment and leasehold improvements, net	359	14,194
Total assets	\$12,641,561	\$12,203,408

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 205,019	\$ 141,548
Deferred revenue and deposits	17,500	31,000
Total liabilities	222,519	172,548

Net assets

Without donor restrictions	7,852,593	8,017,860
With donor restrictions	4,566,449	4,013,000
Total net assets	12,419,042	12,030,860
Total liabilities and net assets	\$12,641,561	\$12,203,408

See notes to financial statements.

TEACHING MATTERS, INC.

Statement of Activities

	Year Ended August 31				
	2019		2018		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
	Total	Total	Total	Total	
Public support and revenue					
Grants and contributions	\$ 815,164	\$ 1,908,528	\$ 2,723,692	\$ 3,908,000	\$ 5,134,944
Net assets released from restrictions	1,355,079	(1,355,079)	-	(1,685,159)	-
Total public support	<u>2,170,243</u>	<u>553,449</u>	<u>2,723,692</u>	<u>2,222,841</u>	<u>5,134,944</u>
Program service fees	3,732,013	-	3,732,013	4,201,393	4,201,393
Realized and unrealized gains (losses) on investments	(4,013)	-	(4,013)	-	239,884
Investment return, net	142,956	-	142,956	87,366	87,366
Total revenue	<u>3,870,956</u>	<u>-</u>	<u>3,870,956</u>	<u>4,528,643</u>	<u>4,528,643</u>
Total public support and revenue	<u>6,041,199</u>	<u>553,449</u>	<u>6,594,648</u>	<u>7,440,746</u>	<u>9,663,587</u>
Expenses					
Program services	4,920,130	-	4,920,130	4,777,144	4,777,144
Management and general	799,899	-	799,899	917,684	917,684
Fundraising	486,437	-	486,437	415,043	415,043
Total expenses	<u>6,206,466</u>	<u>-</u>	<u>6,206,466</u>	<u>6,109,871</u>	<u>6,109,871</u>
Increase (decrease) in net assets	(165,267)	553,449	388,182	2,222,841	3,553,716
Net assets, beginning of year	8,017,860	4,013,000	12,030,860	1,790,159	8,477,144
Net assets, end of year	\$ 7,852,593	\$ 4,566,449	\$ 12,419,042	\$ 8,017,860	\$ 12,030,860

See notes to financial statements.

TEACHING MATTERS, INC.

**Statement of Functional Expenses
Year Ended August 31, 2019
(with Summarized Comparative Totals for the Year Ended August 31, 2018)**

	2019			2018
	Program Services	Management and General	Fund- Raising	Total
Salaries and related	\$3,946,536	\$ 477,271	\$ 282,702	\$4,824,852
Professional fees	324,417	241,518	59,800	431,094
Computer software	123,662	6,219	5,745	140,968
Meetings, conferences and travel	112,371	8,000	14,710	166,917
Occupancy	59,945	7,136	4,282	71,266
Dues, fees and subscriptions	103,557	2,178	1,307	41,945
Office supplies	40,596	5,754	15,335	52,575
Postage and messengers	45,195	996	996	35,816
Printing and stationery	4,583	2,139	3,673	11,236
Telephone	19,034	2,266	1,360	8,802
Temporary help, recruiting, and training	39,049	-	-	24,477
Marketing and promotion	51,691	5,000	92,125	158,228
Bad debt	-	-	-	54,000
Other	49,494	27,587	4,402	73,860
	<u>4,920,130</u>	<u>786,064</u>	<u>486,437</u>	<u>6,192,631</u>
Total expenses before depreciation and amortization	-	13,835	-	13,835
Depreciation and amortization	\$4,920,130	\$ 799,899	\$ 486,437	\$6,206,466
Total expenses		\$ 799,899	\$ 486,437	\$6,109,871

Total expenses before depreciation and amortization

Depreciation and amortization

Total expenses

See notes to financial statements.

TEACHING MATTERS, INC.

Statement of Functional Expenses
Year Ended August 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and related	\$3,956,378	\$ 530,734	\$ 337,740	\$4,824,852
Professional fees	202,135	226,559	2,400	431,094
Computer software	138,689	1,393	886	140,968
Meetings, conferences and travel	153,031	10,073	3,813	166,917
Occupancy	56,194	10,275	4,797	71,266
Dues, fees and subscriptions	38,024	2,396	1,525	41,945
Office supplies	24,676	20,331	7,568	52,575
Postage and messengers	25,080	7,287	3,449	35,816
Printing and stationery	69	8,375	2,792	11,236
Telephone	6,958	1,250	594	8,802
Temporary help, recruiting, and training	24,477	-	-	24,477
Marketing and promotion	102,486	10,394	45,348	158,228
Bad debt	-	54,000	-	54,000
Other	<u>48,947</u>	<u>20,782</u>	<u>4,131</u>	<u>73,860</u>
Total expenses before depreciation and amortization	4,777,144	903,849	415,043	6,096,036
Depreciation and amortization	-	<u>13,835</u>	-	<u>13,835</u>
Total expenses	<u>\$4,777,144</u>	<u>\$ 917,684</u>	<u>\$ 415,043</u>	<u>\$6,109,871</u>

Total expenses before depreciation

and amortization

Depreciation and amortization

Total expenses

See notes to financial statements.

TEACHING MATTERS, INC.

Statement of Cash Flows

	Year Ended	
	August 31	
	<u>2019</u>	<u>2018</u>
Cash from operating activities		
Increase in net assets	\$ 388,182	\$3,553,716
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	13,835	13,835
Donated stock	-	(68,850)
Proceeds from the sale of donated stock	-	68,850
Realized and unrealized (gains) losses on investments	4,013	(239,884)
(Increase) decrease in assets		
Accounts receivable, net	86,296	270,989
Contributions receivable	454,471	(744,801)
Prepaid expenses	47,627	(97,376)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	63,471	13,758
Deferred revenue and deposits	<u>(13,500)</u>	<u>(143,250)</u>
Net cash provided by operating activities	<u>1,044,395</u>	<u>2,626,987</u>
Cash flows from investing activities		
Proceeds from the sale of investments	156,728	7,923,460
Purchase of investments	<u>(270,161)</u>	<u>(8,416,218)</u>
Net cash (used in) investing activities	<u>(113,433)</u>	<u>(492,758)</u>
Increase in cash and cash equivalents	930,962	2,134,229
Cash and cash equivalents, beginning of year	<u>3,679,300</u>	<u>1,545,071</u>
Cash and cash equivalents, end of year	<u>\$4,610,262</u>	<u>\$3,679,300</u>
Consists of:		
Cash and cash equivalents – operating	\$3,610,262	\$2,679,300
Cash and cash equivalents – board designated	<u>1,000,000</u>	<u>1,000,000</u>
Total cash and cash equivalents	<u>\$4,610,262</u>	<u>\$3,679,300</u>

See notes to financial statements.

TEACHING MATTERS, INC.**Notes to Financial Statements
August 31, 2019 and August 31, 2018****Note 1 – Nature of organization and programs**

Teaching Matters, Inc. is an educational not-for-profit organization, operating in New York City since May 1994. Teaching Matters, Inc.'s mission is to develop and retain great teachers and measurably increase their ability to give students in urban public schools an excellent education.

Teaching Matters, Inc. programs are committed to our mission of developing and retaining great teachers, and measurably increasing their ability to give students -- no matter their zip code -- an excellent education. Our school-based professional learning services effectively transform how educators work together at urban public schools, helping the most effective teachers develop the skills they need to lead their peers and drive school-wide improvement. Through our targeted coaching support, our content experts work side-by-side with teachers, teacher leaders and school leaders to move the needle on student success by significantly increasing teacher effectiveness. In our national service model, available to districts and states, we provide competency-based virtual coaching support to teachers mastering the critical skills of teacher leadership. Successful mastery of these skills results in the award of micro-credentials. For more than 20 years Teaching Matters, Inc. has been working with the New York City public schools and other urban school districts. In our work, we apply research-based and data-driven methods to develop and retain great teachers. We are committed to fostering collaboration, cultivating teacher leaders and using evidence to improve student performance.

Note 2 – Summary of significant accounting policies**Recent accounting pronouncement****Not-for-Profit Financial Statement Presentation**

During fiscal 2019, Teaching Matters, Inc. adopted Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, and expenses by functional and natural classification.

Financial reporting

Teaching Matters, Inc. maintains two classes of net assets, as follows:

Net assets without donor restrictions

Net assets without donor restrictions are not subject to donor-imposed stipulations and may be expendable for any purpose in performing the primary objectives of Teaching Matters, Inc. The Board in agreement with management has set aside a reserve of \$1,000,000 for fiscal 2019 and fiscal 2018 (Board-Designated) to be utilized to fund short-term and medium-term programmatic expansion and other identified strategic initiatives.

TEACHING MATTERS, INC.

**Notes to Financial Statements (continued)
August 31, 2019 and August 31, 2018**

Note 2 – Summary of significant accounting policies (continued)

Financial reporting (continued)

Net assets with donor restrictions

Temporary donor restrictions

Net assets with temporary donor restrictions consist of expendable grants and contributions that relate to future periods. When the time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. During 2019 and 2018, the assets released from restrictions were used to fund the program described in note 1 to the financial statements.

Net assets with temporary donor restrictions activity for the years ended August 31, 2019 and August 31, 2018 are as follows:

	2019			
	Balance at August 31, 2018	Support	Net Assets Released from Restrictions	Balance at August 31, 2019
Time/purpose restricted	\$4,013,000	\$1,908,528	\$(1,355,079)	\$4,566,449
	2018			
	Balance at August 31, 2017	Support	Net Assets Released from Restrictions	Balance at August 31, 2018
Time/purpose restricted	\$1,790,159	\$3,908,000	\$(1,685,159)	\$4,013,000

Grants and contributions

Teaching Matters, Inc. reports contributions that are unrestricted as unrestricted public support. Grants and contributions that are received with donor stipulations that limit the use of the donated assets are recorded as temporarily restricted support. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose for restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restricted and reported in the statement of activities as net assets released from restrictions.

Cash equivalents

Teaching Matters, Inc. considers cash equivalents to be highly liquid investments with original maturities of 90 days or less.

TEACHING MATTERS, INC.**Notes to Financial Statements (continued)
August 31, 2019 and August 31, 2018****Note 2 – Summary of significant accounting policies (continued)****Investments**

Investments are measured at fair value in the statement of financial position. Investment return (including gains and losses on investments, interest and dividends net of investment fees) is included in the statement of activities.

Fair value measurements

Accounting principles generally accepted in The United States of America establish a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels. Level 1 inputs are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are defined as observable inputs other than Level 1 prices, such as quoted prices of similar assets, quoted prices in markets with insufficient volume or infrequent transactions (less active markets). Level 3 inputs are unobservable inputs that are significant in the measurement of fair value.

Allowance for doubtful accounts

As of August 31, 2019 and August 31, 2018, Teaching Matters, Inc. has an allowance for doubtful accounts of \$50,000 for any potentially uncollectible accounts receivable. There is no allowance for contributions receivable. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Furniture, equipment and leasehold improvements

Expenditures for furniture, equipment and leasehold improvements over a nominal amount are capitalized and recorded at cost. Depreciation and amortization are computed by the straight-line method over the estimated lives of the assets ranging from three to seven years.

Program service fees

Teaching Matters, Inc. reports fees generated from schools as program revenue when services are rendered and the terms of the contracts are met.

Functional allocation of expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses attributable to more than one functional expense are allocated based on time and effort.

TEACHING MATTERS, INC.

Notes to Financial Statements (continued)
August 31, 2019 and August 31, 2018

Note 2 – Summary of significant accounting policies (continued)

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 amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

Teaching Matters, Inc.'s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, accounts receivable and contributions receivable. Teaching Matters, Inc. places its cash and cash equivalents with what it believes to be quality financial institutions. Teaching Matters, Inc. has not experienced any losses in such bank accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to changes in interest rates, market volatility, liquidity and credit risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at August 31, 2019. Teaching Matters, Inc. monitors the collectibility of its receivables on an on going basis. As a result, Teaching Matters, Inc.'s management believes concentrations of credit risk are limited.

Subsequent events

Teaching Matters, Inc. has evaluated events and transactions for potential recognition or disclosure through December 4, 2019, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

Teaching Matters, Inc. working capital and cash flows have seasonal variations during the fiscal year attributable to the timing when donors make contributions and other revenue items.

As of August 31, 2019, Teaching Matters, Inc. financial assets that are available for general use within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 4,610,262
Investments, at fair value	5,621,435
Contributions receivable – current portion	1,651,613
Accounts receivable, net	<u>257,141</u>
Total	<u>\$ 12,140,451</u>

TEACHING MATTERS, INC.

Notes to Financial Statements (continued)
August 31, 2019 and August 31, 2018**Note 4 – Contributions receivable**

As of August 31, 2019, contributions receivable are due to be collected as follows:

Due in fiscal 2020	\$ 1,651,613
Due in fiscal 2021	<u>425,877</u>
Total	<u>\$ 2,077,490</u>

Notes 5 – Investments

The following is a summary of investments:

	<u>August 31, 2019</u>		<u>August 31, 2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ -	\$ -	\$ 81	\$ 81
Mutual funds	5,362,866	5,621,435	5,354,092	5,354,092
Alternative Investment	<u>-</u>	<u>-</u>	<u>156,583</u>	<u>157,842</u>
Total	<u>\$5,362,866</u>	<u>\$5,621,435</u>	<u>\$5,510,756</u>	<u>\$5,512,015</u>

Each major class of assets measured at fair value on a recurring basis as of August 31, 2019 and August 31, 2018 are as follows:

<u>Description</u>	<u>2019</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	<u>\$5,621,435</u>	<u>\$5,621,435</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Description</u>	<u>2018</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$ 81	\$ 81	\$ -	\$ -
Mutual funds	5,354,092	5,354,092	-	-
Alternative investment	<u>157,842</u>	<u>-</u>	<u>-</u>	<u>157,842</u>
Total	<u>\$5,512,015</u>	<u>\$5,354,173</u>	<u>\$ -</u>	<u>\$ 157,842</u>

TEACHING MATTERS, INC.

Notes to Financial Statements (continued)
August 31, 2019 and August 31, 2018

Notes 5 – Investments (continued)

The following is a summary of changes in the fair value of Teaching Matters, Inc.’s Level 3 investment for the fiscal years ended:

	<u>August 31</u>	
	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 157,842	\$ 154,369
Proceeds from sale	(156,728)	-
(Loss) gain on investment	<u>(1,114)</u>	<u>3,473</u>
Ending balance	<u>\$ -</u>	<u>\$ 157,842</u>

Note 6 – Furniture, equipment and leasehold improvements

The following is a summary of furniture, equipment and leasehold improvements as of August 31, 2019 and August 31, 2018:

	<u>August 31</u>	
	<u>2019</u>	<u>2018</u>
Furniture, equipment and leasehold improvements	\$ 611,328	\$ 611,328
Less: accumulated depreciation and amortization	<u>610,969</u>	<u>597,134</u>
Net property and equipment	<u>\$ 359</u>	<u>\$ 14,194</u>

Note 7 – Retirement plan

Teaching Matters, Inc. maintains a defined contribution retirement plan and a tax-deferred annuity plan (the “Plan”) covering all eligible employees. All eligible employees may begin participation in the Plan on the first of the month following employment at Teaching Matters, Inc. Eligible employees may defer a portion of their earnings in accordance with the Internal Revenue Code, with a corresponding matching contribution by Teaching Matters, Inc. not to exceed 6% of their regular salary. Teaching Matters, Inc. begins matching contributions after one year of service.

Employees can make additional voluntary tax deferred contributions to the Plan through further salary reductions. Contributions are invested in the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Total retirement benefit costs for the year ended August 31, 2019 and August 31, 2018 were \$100,929 and \$95,613, respectively.

TEACHING MATTERS, INC.

Notes to Financial Statements (continued)
August 31, 2019 and August 31, 2018

Note 8 – Commitment

On March 11, 2015, Teaching Matters, Inc. (tenant) entered into a lease of its premises expiring November 30, 2020. The lease was amended during June 2016 for the purpose of reducing the size of the office premises. The rent is based on the amount equal to the tenant's proportionate share of landlord's carrying, maintenance, operating and depreciation charge, and the amount of scheduled contributions to the landlord's capital improvement fund, as outlined in the lease. The monthly base rent for 2019 and 2018 was \$5,839 and \$5,739, respectively.

As of August 31, 2019, future annual minimum lease payments under this lease are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2020	\$ 67,847
2021	<u>16,962</u>
Total	<u>\$ 84,809</u>

Teaching Matters, Inc. is currently negotiating terms for a new lease as of the date of this report the agreement has not been executed.

Note 9 – Tax status

Teaching Matters, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, Teaching Matters, Inc. has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation under the meaning of Section 509(a)(1) of the Code.

CONDON
O'MEARA
MCGINTY &
DONNELLY LLP

Certified Public Accountants

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New York, NY 10004-1405
Tel: (212) 661 - 7777
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December 4, 2019

Ms. Lynette Guastafarro
Executive Director
Teaching Matters Inc.
475 Riverside Drive, Suite 1270
New York, NY 10115

Dear Ms. Guastafarro:

In planning and performing our audit of the financial statements of Teaching Matters Inc. as of and for the year ended August 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Teaching Matters Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Teaching Matters Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Teaching Matters Inc.'s internal control.

A control deficiency 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 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 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 and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Although our consideration would not necessarily disclose all matters that concern the internal control, we submit, for your consideration, a certain comment and recommendation, which we believe is an opportunity for strengthening the internal control.

This communication is intended solely for the information and use of management of Teaching Matters Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Teaching Matters Inc.'s written response to the suggestion and comment on the following page has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on such responses.

We wish to express our appreciation for the cooperation and courtesies extended to our representatives during the audit. We would be pleased to discuss our comments with you further, should you so desire.

Very truly yours,

Condon O'Meara McGinty & Donnelly LLP

cc: Mr. Joseph C. Lewis, Treasurer
Ms. Jane Condliffe, Deputy Director
Ms. Jennifer Murtha, Chief Operating Officer
Ms. Christa Boggio, Controller

403(b) plan

There are no formal minutes maintained for actions taken by the Fiduciaries of Teaching Matters, Inc.'s 403(b) plan (the "Plan"). With the significant complexity of investment alternatives, and the complexity of the tax laws covering the qualifications of the Plan and fiduciary responsibilities, it is important that the Fiduciaries adequately document the due diligence they exercise over operations of the Plan, including selection of an investment policy and monitoring investment performance against the Plan's objectives.

The Fiduciaries should meet at least annually to review the investment returns, review the risk of investments, select investment managers, determine investment strategies, approve benefit payments, monitor test and qualification compliance, and approve Plan amendments.

We recommend that procedures be established for carrying out the above and document the establishment of those procedures in formal minutes. Procedures should include performance and documentation in the minutes of (a) an annual review of investment performance compared with market benchmarks for each related market sector; (b) a periodic review of the operations of the Plan as carried out by the Plan Administrator and monitor tax and qualification compliance, and approve Plan amendments, third-party administrator and investment and investment manager; and (c) review and approval of all benefit distributions.

Management's response:

Teaching Matters, Inc. is currently engaging a consultant firm to review and assess the Plan.

We will secure a third party administrator to manage the Plan on a going forward basis to ensure compliance with regulatory requirements and routinely review plan performance with a member of the board finance committee.

We also will document our retirement investment policy; and include it as part of our finance subcommittee meetings. Meeting Minutes will be taken and approved.

Report Processing Checklist

F/S

Client Teaching Matters, Inc

Year-end 8/31/19

Individual/ Department	Procedure	Initials	Date Procedure Completed	Notes
In-Charge Accountant	Draft report completed	KUG		
Senior Manager/ Manager	Draft report approved for typing			
Partner	Draft report approved for typing	JH	12/19	
Word Processing	Report typed	Mar	11/28/19	
Checking	Typed draft checked			
Senior Manager/ Manager	Typed draft read			
2nd Partner	Read typed draft	SL	1/30/20	
Go-System Back-up	Ensure saved to H: Drive			
Partner	Final review and sign opinion			
Reproduction	Final report issued	JV	1/30/20	
Word Processing	Cover letter and labels prepared			
Manager/Partner	Test check final reproduced report			
File Department	Copy of final report inserted in workpapers	S	1/30/20	

Corrections:	Word Processing	Checking	Reading
<u>RM</u>	11/19/19	MZ 11/8/19	ALL
<u>GL</u>	11/19/19	GA 11/19/19	2, 3, 4
<u>RM</u>	11/19/19	GA 11/19/19	6, 8, 10-13
<u>GL</u>	11/20/19	BD 11/19/19	5
<u>GL</u>	11/20/19	BA 11/19/19	2
<u>GA</u>	11/20/19	GA 11/19/19	11
<u>RM</u>	12/2/19	GA 11/19/19	11

Instructions for use of checklist:

1. As report is processed, individuals responsible for each processing procedure must initial and date each step to signify completion or approval.
2. Upon completion of all steps, checklist should be attached to the copy of the final typed report that is filed with the workpapers.

11/2 11/20 12/12/19
 GA 1 12/12/19 3-4

Delivery Instruction Sheet
(All information must be legible and spelled correctly.)

Report Title _____ Teaching Matters, Inc
(Exactly as it _____
is to Appear _____
on Cover) _____
Period Ended _____ For the Year Ended
August 31, 2019

<u>Copies</u>	<u>Name and Title</u>	<u>Address</u>
20 B/C	Christa Boggio, Controller	Teaching Matters, Inc
1 C/S		475 Riverside Dr, Suite 1270
1 LOOSE		New York, NY 10115
1 PDF		
1	Jim Hankowski, Partner	
1	Danielle Bacso, Manager <i>Emilio R.</i>	
1	Extra	
	Workpaper File	
	Office Copy	

Requested date for typed drafts _____ AM or PM

Date Report *Must be Sent to Client* _____ AM or PM

Note: If all copies of the *Financial Statements* are to be sent to a primary addressee, only put the address for that individual. For those other individuals who are to receive copies only enter their name, title and number of copies that they are to receive.

**Pending Matters to be Cleared
Before Release of Report**

	<u>Cleared By</u>	<u>Date</u>
A - Confirmation: (list) _____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
B - Other: (list) _____	_____	_____
_____	_____	_____
_____	_____	_____

Management Letter Processing Checklist

M/14

Client Teaching Matters, Inc.

Year-end 8/31/19

Individual/ Department	Procedure	Initials	Date Procedure Completed	Notes
In-Charge Accountant	Draft report completed	KUG		
Senior Manager/ Manager	Draft report approved for typing			
Partner	Draft report approved for typing	JIF	12-19	
Word Processing	Report typed	MAR	11/8/19	
Checking	Typed draft checked			
Senior Manager/ Manager	Typed draft read			
2nd Partner	Read typed draft	SL	1/30/20	
Partner	Final review and sign opinion			
Reproduction	Final report issued		1/30/20	
Word Processing	Cover letter and labels prepared			
Manager/Partner	Test check final reproduced report			
File Department	Copy of final report inserted in workpapers		1/30/20	

Corrections:	Word Processing	Checking	Reading
<u>GL</u>	11/20/19	E1 11/20	Page 1
<u>MAR</u>	12/16/19		
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Instructions for use of checklist:

1. As report is processed, individuals responsible for each processing procedure must initial and date each step to signify completion or approval.
2. Upon completion of all steps, checklist should be attached to the copy of the final typed report that is filed with the workpapers.

Delivery Instruction Sheet
(All information must be legible and spelled correctly.)

Report Title _____ Teaching Matters, Inc
(Exactly as it is to Appear on Cover) _____ **Management Letter**
Period Ended _____ For the Year Ended
 _____ August 31, 2019

<u>Copies</u>	<u>Name and Title</u>	<u>Address</u>
20 B/C	Ms. Christa Boggio, Controller	Teaching Matters, Inc
1 C/S		475 Riverside Drive, Suite 1270
1 LOOSE		New York, NY 10115
1 PDF		
1	Jim Hankowski, Partner	
1	Danielle Basso, Manager <i>Enrico R.</i>	
1	Extra	
1	Workpaper File	
1	Office Copy	

Requested date for typed drafts _____ AM or PM

Date Report *Must be Sent to Client* _____ AM or PM

Note: If all copies of the *Financial Statements* are to be sent to a primary addressee, only put the address for that individual. For those other individuals who are to receive copies only enter their name, title and number of copies that they are to receive.

**Pending Matters to be Cleared
Before Release of Report**

	<u>Cleared By</u>	<u>Date</u>
A - Confirmation: (list) _____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
B - Other: (list) _____	_____	_____
_____	_____	_____
_____	_____	_____