Network for Teaching Entrepreneurship and Related Organization

Combined Financial Statements and Supplementary Information
Year Ended June 30, 2013

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Combined Financial Statements and Supplementary Information

Year Ended June 30, 2013

Network for Teaching Entrepreneurship and Related Organization

Contents

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Independent Auditor's Report

To the Board of Directors
Network for Teaching Entrepreneurship
and Related Organization
New York, New York

We have audited the accompanying combined financial statements of Network for Teaching Entrepreneurship and Related Organization (the "Organization"), which comprise the combined statements of financial position as of June 30, 2013, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Network for Teaching Entrepreneurship and Related Organization as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Network for Teaching Entrepreneurship and Related Organization's 2012 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 4, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

BDO USA, LLP

January 9, 2014

Network for Teaching Entrepreneurship and Related Organization

Combined Statement of Financial Position
(with comparative totals for 2012)

June 30,	**2013**	2012
Assets		
Cash and cash equivalents	**$ 1,158,444**	$ 1,108,134
Investments at fair value (Note 3)	**9,562**	11,683
Accounts receivable, net of allowances of $31,994 in 2013 and 2012	**110,520**	437,473
Contributions receivable, net (Note 4)	**6,150,362**	6,143,360
Due from broker	**62,763**	-
Employee and teacher advances	**107,534**	55,485
Inventories	**70,556**	85,393
Prepaid expenses and other assets	**317,436**	245,714
Cash and investments held in perpetuity at fair value (Note 3)	**8,670,834**	8,016,388
Fixed assets, net (Note 5)	**455,112**	511,076
	$17,113,123	$16,614,706
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 794,423**	$ 592,445
Accrued compensation and related liabilities	**253,980**	569,562
Deferred rent (Note 7)	**386,714**	359,786
Other liabilities (Note 6)	**223,342**	183,139
Total Liabilities	**1,658,459**	1,704,932
Commitments and Contingencies (Notes 6, 7, 8, 9 and 10)		
Net Assets (Deficit) (Notes 8 and 9):		
Unrestricted	**(276,609)**	(263,422)
Temporarily restricted	**5,998,682**	5,692,236
Permanently restricted	**9,732,591**	9,480,960
Total Net Assets	**15,454,664**	14,909,774
	$17,113,123	$16,614,706

See accompanying notes to combined financial statements.

Network for Teaching Entrepreneurship and Related Organization

Combined Statement of Activities
(with comparative totals for 2012)

Year ended June 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
Support and Revenues:					
Contributions	$ 5,116,152	$ 4,683,333	$ 251,631	**$10,051,116**	$10,031,032
License fees	54,500	-	-	**54,500**	38,500
Contract services	278,662	-	-	**278,662**	740,130
Training fees	111,032	-	-	**111,032**	150,225
Material sales	105,236	-	-	**105,236**	240,585
In-kind support	1,377,507	-	-	**1,377,507**	242,399
Teachers' in-kind contribution (Note 11)	2,425,519	-	-	**2,425,519**	2,370,963
Award gala income, net of direct benefit to donors of $971,260 and $814,102 in 2013 and 2012, respectively	2,598,508	-	-	**2,598,508**	733,243
Miscellaneous income	58,430	-	-	**58,430**	30,609
Royalty income	120,247	-	-	**120,247**	101,420
Net assets released from restrictions (Notes 8 and 9)	5,283,782	(5,283,782)	-	**-**	-
Total Support and Revenues	17,529,575	(600,449)	251,631	**17,180,757**	14,679,106
Expenses:					
Program services:					
Greater Washington	884,584	-	-	**884,584**	750,734
Baltimore	485,801	-	-	**485,801**	718,381
South Florida	932,364	-	-	**932,364**	793,743
Dallas	487,874	-	-	**487,874**	542,953
New York Metro	1,347,050	-	-	**1,347,050**	1,378,440
Los Angeles	675,726	-	-	**675,726**	633,448
New England	393,846	-	-	**393,846**	446,702
Bay Area	628,272	-	-	**628,272**	639,952
Philadelphia	523,132	-	-	**523,132**	447,776
Chicago	1,386,977	-	-	**1,386,977**	1,209,857
Fairchester	691,133	-	-	**691,133**	644,539
BizBuilders	396,000	-	-	**396,000**	229,274
Partners	371,683	-	-	**371,683**	245,788
National Programs	5,309,812	-	-	**5,309,812**	3,584,280
Total Program Services	14,514,254	-	-	**14,514,254**	12,265,867
Supporting services:					
Management and general	956,695	-	-	**956,695**	996,186
Fundraising	2,073,153	-	-	**2,073,153**	1,412,638
Total Supporting Services	3,029,848	-	-	**3,029,848**	2,408,824
Total Expenses	17,544,102	-	-	**17,544,102**	14,674,691
Change in Net Assets Before Nonoperating Revenues	(14,527)	(600,449)	251,631	**(363,345)**	4,415
Nonoperating Revenues:					
Net gains on investments (Note 3)	636	745,492	-	**746,128**	52,727
Interest and dividend income	704	161,403	-	**162,107**	155,028
Change in Net Assets (Deficit)	(13,187)	306,446	251,631	**544,890**	212,170
Net Assets (Deficit), Beginning of Year	(263,422)	5,692,236	9,480,960	**14,909,774**	14,697,604
Net Assets (Deficit), End of Year	**$ (276,609)**	**$ 5,998,682**	**$9,732,591**	**$15,454,664**	$14,909,774

See accompanying notes to combined financial statements.

Network for Teaching Entrepreneurship and Related Organization

Combined Statement of Functional Expenses
(with comparative totals for 2012)

Year ended June 30,

	Program Services															Supporting Services			Total	
	Greater Washington	Baltimore	South Florida	Dallas	New York Metro	Los Angeles	New England	Bay Area	Philadelphia	Chicago	Fairchester	BizBuilders	Partners	National Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2013**	2012
Salaries and wages	$204,472	$147,022	$202,424	$ 92,897	$ 269,734	$161,159	$ 98,369	$149,783	$136,819	$ 368,285	$180,502	$ 57,783	$ 72,238	$1,310,784	$ 3,452,271	$ 763,966	$1,737,873	$ 2,501,839	**$ 5,954,110**	$ 5,205,342
Payroll taxes and fringe benefits	67,753	36,297	90,767	32,270	81,860	52,743	36,424	63,168	30,246	124,568	49,154	13,897	13,267	199,872	892,286	243,431	122,647	366,078	**1,258,364**	1,117,311
Total Salaries and Benefits	272,225	183,319	293,191	125,167	351,594	213,902	134,793	212,951	167,065	492,853	229,656	71,680	85,505	1,510,656	4,344,557	1,007,397	1,860,520	2,867,917	**7,212,474**	6,322,653
Students - expenses	38,658	36,683	50,346	30,331	149,390	85,667	10,556	35,395	25,914	162,861	43,067	187,432	135,303	690,232	1,681,835	-	-	-	**1,681,835**	1,007,934
Teachers - expenses	21,022	39,642	45,432	26,007	20,257	17,263	11,424	22,120	9,783	70,057	20,521	18,212	13,533	62,956	398,229	-	-	-	**398,229**	520,965
Occupancy	47,171	378	29,166	10,670	68,745	14,864	-	20,767	2,055	32,462	19,860	11,078	14,160	212,570	483,946	207,808	55,609	263,417	**747,363**	767,946
Telephone and postage	17,547	6,709	9,740	2,690	42,720	7,934	3,462	15,501	8,254	38,539	3,496	812	18,948	77,305	253,657	101,837	30,935	132,772	**386,429**	367,879
Travel and entertainment	32,080	16,853	19,740	9,767	27,840	20,703	9,987	14,954	20,104	32,860	8,234	22,287	18,662	280,149	534,220	94,869	38,441	133,310	**667,530**	539,976
Marketing expense	20,753	555	471	585	522	6,081	65	5,089	1,405	885	-	-	-	109,289	145,700	11,262	6,250	17,512	**163,212**	135,007
Consulting and professional fees	142,914	11,165	8,305	9,350	102,637	47,160	28,800	40,900	12,772	18,000	-	610	6,003	665,479	1,094,095	200,332	42,816	243,148	**1,337,243**	1,105,786
Partner operation expenses	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-	15,000	-	-	-	**15,000**	-
Non-gala expenses	1,417	507	-	-	8,169	-	-	10,223	3,317	2,221	3,725	-	114	6,699	36,392	6,302	411	6,713	**43,105**	83,058
Equipment furniture and fixtures	4,609	410	1,457	-	9,225	94	2,473	54	7,442	10,282	234	-	-	3,339	39,619	42,072	8,861	50,933	**90,552**	53,423
IT hosting and maintenance	-	-	-	-	12,598	20	-	346	192	-	-	50	-	60,036	73,242	75,176	20,796	95,972	**169,214**	119,085
Office supplies	9,452	2,808	6,660	2,961	6,468	5,415	1,130	1,316	5,308	10,795	948	124	273	36,802	90,460	8,490	1,208	9,698	**100,158**	130,004
Graphics	-	-	-	-	-	-	-	-	-	-	-	8,651	-	-	8,651	-	-	-	**8,651**	16,784
Publications and subscriptions	90	1,409	1,045	861	65	1,100	99	5	1,580	479	794	-	-	58,429	65,956	16,035	1,935	17,970	**83,926**	107,416
Interest and fees	365	125	139	231	348	1,212	258	768	447	1,931	539	(77)	15	67,277	73,578	116,208	15	116,223	**189,801**	116,872
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,373	-	33,373	**33,373**	35,278
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	9,883	9,883	59,192	-	59,192	**69,075**	56,188
Professional development	65	5,759	-	-	-	1,241	14	275	18	133	62	-	-	2,050	9,617	1,875	265	2,140	**11,757**	13,018
Conference and events	331	3,338	8,364	719	7,873	11,001	2,974	389	325	12,035	125	434	4,136	8,689	60,733	20,685	3,366	24,051	**84,784**	47,646
Miscellaneous other expenses	1,566	173	4,661	1,360	1,127	1,587	65	395	1,887	673	1,373	22,233	-	12,298	49,398	4,206	1,728	5,934	**55,332**	57,154
Cost of materials	125	-	509	-	2,402	926	189	966	2,397	7,379	-	400	8,567	106,544	130,404	5,665	-	5,665	**136,069**	196,267
Total Expenses Before Organizational Overhead, In-Kind Expenses and Teacher Services and Depreciation and Amortization Expense	610,390	309,833	479,226	220,699	811,980	436,170	206,289	382,414	270,265	894,445	332,634	343,926	320,219	3,980,682	9,599,172	2,012,784	2,073,156	4,085,940	**13,685,112**	11,800,339
Organizational overhead	147,078	64,539	95,423	44,046	144,963	90,807	41,247	72,189	62,697	183,408	63,762	52,074	51,464	-	1,113,697	(1,113,694)	(3)	(1,113,697)	**-**	-
In-kind expenses and teacher services	127,116	111,429	357,715	223,129	390,107	148,749	146,310	173,669	190,170	309,124	294,737	-	-	1,329,130	3,801,385	1,641	-	1,641	**3,803,026**	2,613,362
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,964	-	55,964	**55,964**	260,990
Total Expenses	**$884,584**	**$485,801**	**$932,364**	**$487,874**	**$1,347,050**	**$675,726**	**$393,846**	**$628,272**	**$523,132**	**$1,386,977**	**$691,133**	**$396,000**	**$371,683**	**$5,309,812**	**$14,514,254**	**$ 956,695**	**$2,073,153**	**$ 3,029,848**	**$17,544,102**	$14,674,691

See accompanying notes to combined financial statements.

Network for Teaching Entrepreneurship and Related Organization

Combined Statement of Cash Flows
(with comparative totals for 2012)

Year ended June 30,	**2013**	2012
Cash Flows From Operating Activities:		
Change in net assets	**$ 544,890**	$ 212,170
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**55,964**	260,990
Change in present value of pledges receivable	**7,252**	16,205
Net unrealized gains on investments	**(599,149)**	(25,916)
Net realized gains on investments	**(146,979)**	(26,811)
Donated securities	**(25,030)**	(51,482)
Provision for bad debt	**33,373**	35,278
(Increase) decrease in:		
Accounts receivable	**326,953**	(316,978)
Contributions receivable	**(22,597)**	(526,538)
Due from broker	**(62,763)**	-
Employee and teacher advances	**(52,049)**	1,873
Inventory	**14,837**	30,935
Prepaid expenses and other assets	**(71,722)**	(23,518)
(Decrease) increase in:		
Accounts payable and accrued expenses	**201,978**	107,648
Accrued compensation and related liabilities	**(315,582)**	(38,049)
Deferred rent	**26,928**	26,931
Other liabilities	**40,203**	27,042
Net Cash Used In Operating Activities	**(43,493)**	(290,220)
Cash Flows From Investing Activities:		
Purchases of investments	**(2,893,767)**	(329,204)
Proceeds from sales of investments	**2,987,570**	641,335
Net Cash Provided By Investing Activities	**93,803**	312,131
Cash Flows From Financing Activities:		
Repayment of line of credit	**(650,000)**	(500,000)
Proceeds from line of credit	**650,000**	-
Net Cash Used In Financing Activities	**-**	(500,000)
Net Increase (Decrease) in Cash and Cash Equivalents	**50,310**	(478,089)
Cash and Cash Equivalents, Beginning of Year	**1,108,134**	1,586,223
Cash and Cash Equivalents, End of Year	**$ 1,158,444**	$1,108,134

See accompanying notes to combined financial statements.

1. Nature of Organization

Network for Teaching Entrepreneurship and Related Organization (the "Organization") provides entrepreneurship education to young people from low-income communities. The Organization publishes curriculum, trains public school teachers to teach the program, and works with those educators to facilitate experiential learning for youth, culminating in each student's creation of an original business plan. The Organization program is integrated into the school day, either as a stand-alone course or as modules in economics, math, or other relevant subjects.

2. Summary of Significant Accounting Policies

(a) Principles of Combination

The combined financial statements include the accounts of the Network for Teaching Entrepreneurship ("NFTE") and NFTE Endowment Fund, Inc., a related organization through common Board membership, common management and/or common ownership. All material intercompany transactions and balances have been eliminated.

(b) General

The combined financial statements have been prepared on an accrual basis and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit organizations. In the combined statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

(c) Financial Statement Presentation

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a combined statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a combined statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments should be reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions or New York Prudent Management of Institutional Funds Act ("NYPMIFA"). Also see Note 12.

The classes of net assets are defined as follows:

(i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

(ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

(iii) **Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(d) Cash and Cash Equivalents

The Organization considers all investments with a maturity of three months or less at the time of purchase, other than those held in the Organization's investment portfolio, to be cash equivalents.

(e) Contributions Receivable

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The fair value of all contributions, including unconditional promises to give, is recognized in the period pledged or received.

(f) Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

Furniture and equipment	5 to 10 years
Curriculum design and internal use of software	3 years
Leasehold improvements	Lesser of lease term or 15 years

(g) Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2013, there have been no such losses.

(h) Internal Use Software

The Organization accounts for its internal use software under Accounting Standards Codification ("ASC") 350-40, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", formerly Statement of Position No. 98-1. Accordingly, the Organization capitalizes costs of computer software developed or obtained for internal use that are specifically identifiable, have determinate lives and relate to probable future programmatic use. For the year ended June 30, 2013, the Organization did not incur any costs that needed to be capitalized.

(i) Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions. Unconditional promises to give with payments due in future periods are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization also has contracts with government and third parties for the performance of various services. The Organization recognizes revenue as expenses are incurred to a maximum of the grant award. The Organization records deferred revenue for receipts received in advance of the program performance.

Training fees are recorded as revenue when training services are provided.

(j) In-Kind Contributions

Amounts are reported in the combined financial statements for voluntary donations of services if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation.

Typically, the Organization's programs are taught by teachers and youth workers who are paid directly by their institutions. These individuals are an integral part of delivering the Organization's programs to its targeted students. The Organization, therefore, includes an average portion of those salaries (based on the hours delivering the Organization experience) in the combined financial statements as a required specialized skill provided, which would have to be purchased if it was not paid for by others.

(k) Inventories

Inventories consist of educational materials used in programs and also sold to third parties. Inventories are stated at the lower of cost or market. Cost is determined by the weighted average cost method.

(l) Prepublication Costs

Prepublication costs, principally outside preparation costs, are amortized primarily from the year of publication over their estimated useful lives of three years, using the straight-line method.

(m) Use of Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other disclosures in the combined financial statements. Accordingly, actual results could differ from those estimates.

(n) Income Taxes

The Organization is exempt from Federal and state income taxes under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code and, therefore, has made no provision for income taxes in accompanying combined financial statements. In addition, NFTE Endowment Fund, Inc. is a type 2 supporting organization and the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2013.

In addition, the Organization has not taken an uncertain tax position that would require provision of a liability under ASC 740-10, "Accounting for Uncertainty in Income Taxes". See Note 2(n).

(o) Accounting for Uncertainty in Income Taxes

Under ASC 740-10, "Accounting for Uncertainty in Income Taxes", an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended June 30, 2013, there were no interest or penalties recorded or included in the statement of activities. As of June 30, 2013, the years still subject to examination by a taxing authority are 2009 through 2011.

(p) Comparative Financial Information

The combined financial statements include certain prior year summarized comparative information. With respect to combined statement of activities, prior year information is not presented by net asset class. With respect to the combined statement of functional expenses, the prior year expenses by expense classification are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the prior year financial statements from which the summarized information was derived.

(q) Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Organization has cash deposits at financial institutions, which exceed the FDIC insurance limits.

(r) Allocation of Joint Costs

The costs of joint activities that are identifiable with a particular program are charged to that program. The joint costs are allocated between fundraising and the appropriate program or management and general function.

(s) Investments at Fair Value

Financial instruments are carried at fair value. ASC 820, "Fair Value Measurement", defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. ASC 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by ASC 820 as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investment income is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

(t) Investment Impairment

The Organization's investments primarily consist of money market funds, mutual funds and fund of hedge funds. At June 30, 2013, the Organization has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching the Organization's conclusion that the unrealized loss for equity securities is not other-than-temporary consisted of:

(a) the ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value, and

(b) determining that the changes in market value were reasonable in relation to overall fluctuations in market conditions.

The Organization considered the following evidence in reaching the conclusion that the unrealized loss on fixed income instruments was not other-than-temporary:

(a) whether or not it intended to sell its investments before the full recovery of cost basis, and

(b) whether or not it will be required to sell its investments before the full recovery of cost basis.

(u) Risks and Uncertainties

The Organization's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Organization's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

(v) Net Asset Classifications

On September 17, 2010, New York State enacted NYPMIFA. This law, which is a modified version of The Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), makes significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The new law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. This law should provide some relief to organizations that have found themselves with underwater endowments. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes and certain trusts. The adoption of this law did not have a material effect on the Organization's combined financial statements.

3. Investments and Fair Value Measurements

The Organization's cost and fair value of investments are as follows:

June 30, 2013

	Fair Value	Cost
Money market funds	$ 434,286	$ 434,286
Mutual funds	8,193,272	6,340,058
Equities	9,562	9,562
Fund of hedge funds	43,276	43,276
	$8,680,396	$6,827,182

Net investment income consisted of the following:

Year ended June 30, 2013	
Interest and dividend income	$162,107
Net realized gains on investments	146,979
Net unrealized gains on investments	599,148
	$908,234

The Organization's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of the Organization's policies regarding this hierarchy.

A description of the valuation techniques applied to the Organization's major categories of assets measured at fair value are as follows:

Equities

These investments are priced by the Organization's investment manager using nationally recognized pricing services based on observable market data and are classified as Level 1.

Mutual Funds

The Organization has investments in mutual funds. For these investments, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. These mutual funds are invested primarily in investment-grade bonds, and large and mid-capitalization equity securities. Each mutual fund net asset value ("NAV") is the value of a single share which is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 1.

Fund of Hedge Funds

The Organization invests with a fund of hedge funds manager. For this investment, the Organization has access to the manager but not to the individual positions of the manager. A significant amount of the fund of hedge funds' investments consists of illiquid assets. The fair value of these investments is determined by the manager using either an in-house valuation team or a third-party administrative service. These assets are classified as Level 3 in the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the level within the fair value hierarchy at which the Organization's financial assets are measured on a recurring basis at June 30, 2013. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment.

	Total at June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 434,286	$ 434,286	$-	$ -
Equities	9,562	9,562	-	-
Mutual funds:				
Large cap blend equity funds	5,078,098	5,078,098	-	-
Intermediate term bond funds	3,115,174	3,115,174	-	-
Total mutual funds	8,193,272	8,193,272	-	-
Fund of hedge funds	43,276	-	-	43,276
Total	$8,680,396	$8,637,120	$-	$43,276

The table listed below provides a reconciliation of the beginning and ending net balances for assets measured at fair value and classified as Level 3 in the fair value hierarchy for the year ended June 30, 2013:

	Fund of Hedge Funds
Beginning balance at July 1, 2012	$ 1,240,080
Total realized gains	57,765
Total unrealized gains relating to instruments still held at end of reporting period	294
Purchases	43,570
Sales	(1,298,433)
Ending balance at June 30, 2013	$ 43,276

The Organization had no financial assets or financial liabilities that were measured at fair value on a non-recurring basis during the year ended June 30, 2013. In addition, there were no transfers between levels during the year ended June 30, 2013.

In accordance with Accounting Standards Update ("ASU") No. 2009-12, the Organization expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the NAV per share or its equivalent for which the fair value is not readily determinable, as of June 30, 2013. The following table for June 30, 2013, sets forth a summary of the Organization's investments with a reported NAV:

Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
SIRE SPV, LLC	$43,276	None	None	Redemptions are made based on the value of assets are liquidated, less expenses incurred	None

4. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using discount rates ranging between 0.34%-1.02%.

The Organization's contributions receivable at June 30, 2013 consist of:

Amounts due in:	
One year or less	$3,061,866
Between two to five years	1,904,850
Thereafter	1,299,600
	6,266,316
Less: Discount to present value	(115,954)
	$6,150,362

5. Fixed Assets, Net

Fixed assets, net consist of the following:

June 30, 2013	
Leasehold improvements	$ 275,392
Computer equipment	791,844
Equipment and fixtures	548,139
Curriculum design and internal use software	1,199,939
	2,815,314
Less: Accumulated depreciation and amortization	(2,360,202)
	$ 455,112

For the years ended June 30, 2013, depreciation and amortization expense was $55,964.

6. Pension Plan

The Organization has a 403(b) defined contribution plan (the "Plan") which is offered to all employees of the Organization. Employees are permitted to make voluntary contributions to the Plan based on a percentage of their annual compensation but not more than permitted under Internal Revenue Service regulations. The Organization makes discretionary matching contributions of 50% of employee voluntary contributions, not to exceed 3% of the employee's base compensation. The Organization expensed $135,289 in matching contributions for the year ended June 30, 2013.

The Organization also has 457(b) and 457(f) plans which are offered to key management of the Organization. These are non-qualified deferred compensation plans. The Organization made discretionary matching contributions of $31,000 to the 457(b) plan and $-0- to the 457(f) plan for the year ended June 30, 2013. The market value of the participants' account balance was $223,342 as of June 30, 2013 and is included in other assets and other liabilities.

7. Leases

The Organization leases office space under various leases expiring at various dates through June 30, 2025.

Future minimum annual lease payments at June 30, 2013 are as follows:

Year ending June 30,	
2014	$ 599,454
2015	527,059
2016	551,820
2017	503,080
2018	503,080
Thereafter	3,647,321
	$6,331,814

The Organization entered into a 15-year lease agreement in November 2009 which included 8 months of free rent. For financial statement purposes, base rent is amortized on a straight-line basis over the term of the lease at an average monthly amount of $40,356. The amortized free rent is equivalent to approximately $323,000 over the life of the lease.

Rent expense was approximately $627,000 for the year ended June 30, 2013. Included in in-kind expense is approximately $20,000 of donated rent for the year ended June 30, 2013.

The Organization has a letter of credit with a financial institution in the amount of $228,672 to cover the security deposit on the lease space for the New York City office. The letter of credit expired on March 31, 2013 and will be automatically extended annually, however not beyond May 30, 2025, unless either party gives a 60-day written notice for expiration.

8. Temporarily Restricted Net Assets

At June 30, 2013, temporarily restricted net assets are available for the following purposes:

June 30, 2013	
Program office delivery	$1,406,783
Teacher training – NFTE U	37,500
Alumni	5,000
Partner programs	59,490
General operations	4,489,909
	$5,998,682

Temporarily restricted net assets were released from restrictions during the year ended June 30, 2013 in fulfillment of the following purposes or due to the expiration of time restrictions:

Year ended June 30, 2013	
Program office delivery	$2,189,790
Teacher training – NFTE U	11,250
Alumni services	196,421
Partner programs	204,233
General operations	2,682,088
	$5,283,782

9. Permanently Restricted Net Assets

Permanently restricted net assets represent donor-restricted contributions to be held in perpetuity. Those contributions plus the pro rata share of the change in portfolio valuation are expendable for the following purposes at June 30, 2013:

June 30, 2013	
Regional programs	$ 42,059
Teacher education	1,075,151
Deferred compensation	511,108
Volunteers	150,000
NFTE University	202,815
Alumni services	912,665
General operations	6,838,793
	$9,732,591

10. Line of Credit

The Organization has a $1,000,000 secured working capital line of credit with a bank which is available through December 14, 2013. The interest rate is subject to change from time to time based on changes in an index which is the LIBOR rate. The loan is collateralized by a perfected security interest in the Organization's inventory, chattel paper, accounts, equipment, and general intangibles. At June 30, 2013, there was no outstanding line of credit amount.

11. Teachers' In-Kind Contribution

The Organization's valuation of teachers' in-kind contribution for the year ended June 30, 2013 totaled $2,425,519. This represents 1,582 classes which the Organization taught which, at the minimum required 40 hours, totals 63,400 classroom hours. The average teacher salary was selected on a city-by-city basis from the respective departments of education.

12. Endowment Fund

NFTE Endowment Fund, Inc., a related organization to NFTE, is a separate legal entity and is governed by a separate Board of Directors and maintains a donor-restricted endowment fund (the "Endowment Fund") consisting of various funds that have been established for various purposes and have been classified as permanently restricted net assets (see Note 9).

The Board of Directors of NFTE Endowment Fund, Inc. has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Endowment Fund is classified as permanently restricted net assets and includes the following:

- the original value of gifts donated to the permanent endowment;
- the original value of subsequent gifts to the permanent endowment; and
- accumulation of the permanent endowment made in accordance with the direction of applicable donor instructions.

The remaining portion of the Endowment Fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by NFTE Endowment Fund, Inc. in a manner consistent with the donor's intent. In accordance with NYPMIFA, NFTE Endowment Fund, Inc. considers the following factors in making a determination to appropriate or accumulate Endowment Fund:

- the duration and preservation of the fund;
- the purposes of NFTE Endowment Fund, Inc. and the Endowment Fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of NFTE Endowment Fund, Inc.; and
- the investment policies of NFTE Endowment Fund, Inc.

For the year ended June 30, 2013, all assets included in NFTE Endowment Fund, Inc.'s Endowment Fund are as follows:

Money market funds	$ 434,286
Mutual funds	8,193,272
Fund of hedge funds	43,276
Total	$8,670,834

The following table provides a reconciliation of the change in NFTE Endowment Fund, Inc.'s Endowment Fund net assets for the year ended June 30, 2013.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets (deficit), beginning of year	$(750,476)	$ -	$9,480,960	$8,730,484
Investment income	-	161,403	-	161,403
Net appreciation	-	745,492	-	745,492
Contributions	-	11,125	251,631	262,756
Appropriation of endowment assets for expenditure	434,337	(434,337)	-	-
Other changes	(434,337)	-	-	(434,337)
Endowment net assets (deficit), end of year	$(750,476)	$ 483,683	$9,732,591	$9,465,798

NFTE Endowment Fund, Inc. has adopted investment and spending policies for endowment assets that attempt to provide sufficient income to meet various program and operational expenses, and to extend the pursuit of NFTE Endowment Fund, Inc.'s mission in perpetuity. The minimum targeted rate of return on NFTE Endowment Fund, Inc.'s investment assets is 5 percent plus the average rate of U.S. inflation over the previous three calendar years.

Under this policy, as approved by the Board of Directors of NFTE Endowment Fund, Inc., the investment performance of NFTE Endowment Fund, Inc.'s portfolio will be measured relative to the following benchmarks:

- S&P 500 Index for the Davis New York Venture Fund;
- Morningstar Large Cap Value for the Sound Shore Fund;
- Barclays Capital US Aggregate Index for PIMCO;
- S&P 500 with Dividends for the Fund of Hedge Funds; and
- Barclays 5 - 10 year U.S. Credit Index for the Vanguard Intermediate Term Investment Grade Fund.

To satisfy its long-term rate-of-return objectives, NFTE Endowment Fund, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). NFTE Endowment Fund, Inc. targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NFTE Endowment Fund, Inc.'s asset allocation also includes alternative equity investments. Within the alternative equity investment categories, NFTE Endowment Fund, Inc. is mindful of each investment manager's strategies and the liquidity of each manager's investment portfolio (see Note 3).

NFTE Endowment Fund, Inc. may appropriate for distribution each year 5 percent of its invested assets based upon their rolling average value over the prior twelve quarters. In establishing this policy, NFTE Endowment Fund, Inc. considered the long-term expected return on its endowment. Accordingly, over the long term, NFTE Endowment Fund, Inc. expects the current spending policy to allow its endowment to grow annually.

In 2013, the Board of Directors of NFTE Endowment Fund, Inc. approved for appropriation $392,428 and agreed to release additional net assets to pay NFTE Endowment Fund, Inc.'s administrative expenses.

13. Subsequent Events

The Organization's management has performed subsequent events procedures through January 9, 2014, which is the date the combined financial statements were available to be issued, and there were no subsequent events requiring adjustment to the combined financial statements or disclosures as stated herein.

Independent Auditor's Report on Supplementary Information

Our audit of the combined financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

BDO USA, LLP

New York, New York

January 9, 2014

Network for Teaching Entrepreneurship and Related Organization

Combining Statement of Financial Position
(with comparative totals for 2012)

June 30,

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total 2013	Total 2012
Assets					
Cash and cash equivalents	$1,158,444	$ -	$ -	**$ 1,158,444**	$ 1,108,134
Investments at fair value	9,562	-	-	**9,562**	11,683
Accounts receivable, net	110,520	-	-	**110,520**	437,473
Contributions receivable, net	5,400,362	750,000	-	**6,150,362**	6,143,360
Due from broker	-	62,763	-	**62,763**	-
Due from affiliate	17,799	-	(17,799)	**-**	-
Employee and teacher advances	107,534	-	-	**107,534**	55,485
Inventory	70,556	-	-	**70,556**	85,393
Prepaid expenses and other assets	317,436	-	-	**317,436**	245,714
Cash and investments held in perpetuity at fair value	-	8,670,834	-	**8,670,834**	8,016,388
Fixed assets, net	455,112	-	-	**455,112**	511,076
	$7,647,325	**$9,483,597**	**$(17,799)**	**$17,113,123**	$16,614,706
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 794,423	$ -	$ -	**$ 794,423**	$ 592,445
Accrued compensation and related liabilities	253,980	-	-	**253,980**	569,562
Due to affiliate	-	17,799	(17,799)	**-**	-
Deferred rent	386,714	-	-	**386,714**	359,786
Other liabilities	223,342	-	-	**223,342**	183,139
Total Liabilities	1,658,459	17,799	(17,799)	**1,658,459**	1,704,932
Commitments and Contingencies					
Net Assets (Deficit):					
Unrestricted	473,867	(750,476)	-	**(276,609)**	(263,422)
Temporarily restricted	5,514,999	483,683	-	**5,998,682**	5,692,236
Permanently restricted	-	9,732,591	-	**9,732,591**	9,480,960
Total Net Assets	5,988,866	9,465,798	-	**15,454,664**	14,909,774
	$7,647,325	**$9,483,597**	**$(17,799)**	**$17,113,123**	$16,614,706

Network for Teaching Entrepreneurship and Related Organization

Combining Statement of Activities
(with comparative totals for 2012)

Year ended June 30,

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total 2013	Total 2012
Support and Revenues:					
Contributions	$ 9,788,360	$ 262,756	$ -	**$10,051,116**	$10,031,032
Contributions from endowment	392,428	-	(392,428)	**-**	-
License fees	54,500	-	-	**54,500**	38,500
Contract services	278,662	-	-	**278,662**	740,130
Training fees	111,032	-	-	**111,032**	150,225
Material sales	105,236	-	-	**105,236**	240,585
In-kind support	1,377,507	-	-	**1,377,507**	242,399
Teachers in-kind contribution (Note 11)	2,425,519	-	-	**2,425,519**	2,370,963
Award gala income, net of direct benefit to donors of $971,260 and $814,102, respectively	2,598,508	-	-	**2,598,508**	733,243
Miscellaneous income	82,430	-	(24,000)	**58,430**	30,609
Royalty income	120,247	-	-	**120,247**	101,420
Total Support and Revenues	17,334,429	262,756	(416,428)	**17,180,757**	14,679,106
Expenses:					
Program services:					
Greater Washington	884,584	-	-	**884,584**	750,734
Baltimore	485,801	-	-	**485,801**	718,381
South Florida	932,364	-	-	**932,364**	793,743
Dallas	487,874	-	-	**487,874**	542,953
New York Metro	1,347,050	-	-	**1,347,050**	1,378,440
Los Angeles	675,726	-	-	**675,726**	633,448
New England	393,846	-	-	**393,846**	446,702
Bay Area	628,272	-	-	**628,272**	639,952
Philadelphia	523,132	-	-	**523,132**	447,776
Chicago	1,386,977	-	-	**1,386,977**	1,209,857
Fairchester	691,133	-	-	**691,133**	644,539
BizBuilders	396,000	-	-	**396,000**	229,274
Partners	371,683	-	-	**371,683**	245,788
National Programs	5,309,812	-	-	**5,309,812**	3,584,280
Contribution expense	-	392,428	(392,428)	**-**	-
Total Program Services	14,514,254	392,428	(392,428)	**14,514,254**	12,265,867

Network for Teaching Entrepreneurship and Related Organization

Combining Statement of Activities
(with comparative totals for 2012)

Year ended June 30,

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total 2013	Total 2012
Expenses (Continued):					
Supporting services:					
Management and general	$ 938,786	$ 41,909	$ (24,000)	**$ 956,695**	$ 996,186
Fundraising	2,073,153	-	-	**2,073,153**	1,412,638
Total Supporting Services	3,011,939	41,909	(24,000)	**3,029,848**	2,408,824
Total Expenses	17,526,193	434,337	(416,428)	**17,544,102**	14,674,691
Change in Net Assets Before Nonoperating Revenues	(191,764)	(171,581)	-	**(363,345)**	4,415
Nonoperating Revenues:					
Net gains on investments	636	745,492	-	**746,128**	52,727
Interest and dividend income	704	161,403	-	**162,107**	155,028
Change in Net Assets (Deficit)	(190,424)	735,314	-	**544,890**	212,170
Net Assets, Beginning of Year	6,179,290	8,730,484	-	**14,909,774**	14,697,604
Net Assets, End of Year	**$ 5,988,866**	**$9,465,798**	**$ -**	**$15,454,664**	$14,909,774

Network for Teaching Entrepreneurship and Related Organization

Schedule of Organization Revenue and Expenses

Year ended June 30, 2013

	Greater Washington	Baltimore	South Florida	Dallas	New York Metro	Los Angeles	New England	Bay Area	Philadelphia	Chicago	Fairchester	BizBuilders	Partners	National programs	HQ	NFTE Endowment Fund, Inc.	Total
Operating Revenue:																	
Contributions	$ 785,873	$ 157,101	$ 501,154	$ 124,466	$ 874,459	$646,614	$253,126	$615,290	$406,986	$ 939,161	$394,063	$ -	$201,000	$3,888,827	$ 240	$ 262,756	**$10,051,116**
Contributions from Endowment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	392,428	-	**392,428**
License fees	-	-	-	-	-	-	-	-	-	-	-	-	54,500	-	-	-	**54,500**
Contract services	-	42,679	16,525	-	18,000	6,852	-	-	544	36,360	-	-	23,960	-	-	-	**144,920**
Government contract	-	-	-	-	80,000	-	-	-	-	-	53,742	-	-	-	-	-	**133,742**
Training fees	1,500	3,000	8,500	-	16,850	27,000	16,482	6,500	3,000	6,000	-	22,200	-	-	-	-	**111,032**
Material sales	340	-	1,838	-	5,834	1,980	540	2,866	3,310	13,051	-	1,398	23,361	50,718	-	-	**105,236**
Internal sales	-	-	-	-	-	-	-	-	-	-	-	-	-	214,735	-	-	**214,735**
Internal transfer	39,062	1,500	2,435	1,914	7,767	16,992	4,923	20,138	1,625	16,409	2,735	-	-	-	(115,500)	-	**-**
In-kind support	3,860	23,480	-	-	11,051	-	1,372	6,514	-	2,100	-	-	-	1,329,130	-	-	**1,377,507**
Teachers' in-kind contribution	124,897	87,949	357,715	223,129	379,056	148,749	144,938	167,155	190,170	307,024	294,737	-	-	-	-	-	**2,425,519**
Investment income	(10)	-	-	-	-	-	-	47	-	(155)	(223)	-	-	(477)	2,158	906,895	**908,235**
Award gala income	403,610	15,701	77,118	204	260,655	53,270	33,700	5,263	241,442	475,342	12,000	-	-	1,991,464	-	-	**3,569,769**
Gala expenses	(255,701)	-	(24,399)	-	-	(23,179)	(16,777)	-	(64,178)	(118,515)	(6)	-	-	(463,506)	(5,000)	-	**(971,261)**
Miscellaneous income	-	-	855	-	2,234	-	-	-	3,316	512	-	-	250	3,054	72,209	-	**82,430**
Royalty income	-	-	-	-	-	-	-	-	-	-	-	-	-	120,247	-	-	**120,247**
Total Operating Revenue*	1,103,431	331,410	941,741	349,713	1,655,906	878,278	438,304	823,773	786,215	1,677,289	757,048	23,598	303,071	7,134,192	346,535	1,169,651	**18,720,155**
Expenses:																	
Expenses without overhead	894,310	556,681	974,445	524,049	1,357,389	734,092	420,615	654,917	543,994	1,371,659	719,808	348,130	348,012	5,195,767	3,097,060	17,909	**17,758,837**
Administrative overhead/internal transfer	147,078	66,539	95,423	44,046	146,463	93,307	41,747	76,689	62,697	173,408	63,762	56,574	51,464	100,000	(1,219,197)	416,428	**416,428**
Total Expenses*	1,041,388	623,220	1,069,868	568,095	1,503,852	827,399	462,362	731,606	606,691	1,545,067	783,570	404,704	399,476	5,295,767	1,877,863	434,337	**18,175,265**
Change in Net Assets (Deficit)	**$ 62,043**	**$(291,810)**	**$(128,127)**	**$(218,382)**	**$ 152,054**	**$ 50,879**	**$ (24,058)**	**$92,167**	**$179,524**	**$ 132,222**	**$ (26,522)**	**$(381,106)**	**$ (96,405)**	**$1,838,425**	**$(1,531,328)**	**$ 735,314**	**$ 544,890**

* Revenue and expenses include internal sales totals which are not included on the statement of functional expenses.

Network for Teaching Entrepreneurship and Related Organization

Schedule of Fiscal Year Trend Analysis
(in thousands)

	2004	2005	2006	2007**	2008**	2009**	2010**	2011**	2012**	**2013****
Total assets	$ 8,100	$14,074	$17,544	$16,688	$20,273	$15,883	$15,273	$16,779	$16,615	**$17,112**
Total liabilities	585	1,202	1,543	1,206	1,444	926	1,729	2,081	1,705	**1,658**
Temporarily restricted revenue	1,335	4,911	4,567	4,060	8,063	5,236	3,759	5,520	4,188	**4,683**
Temporarily restricted net assets released	(1,947)	(2,292)	(3,119)	(4,597)	(6,617)	(5,804)	(5,738)	(4,436)	(4,536)	**(5,284)**
Total revenues	9,445	13,076	13,700	13,026	19,147	12,223	13,336	13,758	14,679	**17,180**
Total expenses	8,063	7,719	10,571	13,545	15,800	16,094	14,751	13,673	14,675	**17,544**
Operating Surplus (Deficit)	$ (461)	$ 1,968	$ 1,657	$ (1,183)	$ 3,457	$ (3,032)	$ (1,998)	$ 84	$ 4	**$ (364)**
Nonoperating surplus (deficit)	1,843	3,389	1,472	664	(110)	(839)	583	1,070	208	**908**
Net Surplus (Deficit)	$ 1,382	$ 5,357	$ 3,129	$ (519)	$ 3,347	$ (3,871)	$(1,415)	$ 1,154	$ 212	**$ 544**

** Includes Teacher in-kind started in 2007 ($999K), 2008 ($1,459K), 2009 ($1,387K), 2010 ($1,501), 2011 $(1,972), 2012 $(2,371) and 2013 $(2,426).