

# Network for Teaching Entrepreneurship and Related Organization

Combined Financial Statements and  
Supplementary Information  
Year Ended June 30, 2014

**Network for Teaching  
Entrepreneurship and Related  
Organization**

Combined Financial Statements and  
Supplementary Information  
Year Ended June 30, 2014

# Network for Teaching Entrepreneurship and Related Organization

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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 statement of financial position as of June 30, 2014, 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, 2014, 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 2013 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated January 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

BDO USA, LLP

November 18, 2014

# Network for Teaching Entrepreneurship and Related Organization

## Combined Statement of Financial Position (with comparative totals for 2013)

<i>June 30,</i>	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 764,830	\$ 1,158,444
Investments at fair value (Note 3)	6,470	9,562
Accounts receivable, net of allowances of \$31,994 for both years	189,064	110,520
Contributions receivable, net (Note 4)	6,170,650	6,150,362
Due from broker	-	62,763
Employee and teacher advances	99,471	107,534
Inventories	87,600	70,556
Prepaid expenses and other assets	302,492	317,436
Cash and investments held in perpetuity at fair value (Note 3)	9,719,840	8,670,834
Fixed assets, net (Note 5)	399,149	455,112
	<b>\$17,739,566</b>	<b>\$17,113,123</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,229,972	\$ 794,423
Accrued compensation and related liabilities	290,425	253,980
Deferred rent (Note 7)	413,642	386,714
Other liabilities (Note 6)	247,547	223,342
<b>Total Liabilities</b>	<b>2,181,586</b>	<b>1,658,459</b>
<b>Commitments and Contingencies (Notes 2, 7, 8, 9, 10 and 12)</b>		
<b>Net Assets (Deficit) (Notes 8, 9 and 12):</b>		
Unrestricted	(1,995,564)	(276,609)
Temporarily restricted	7,820,953	5,998,682
Permanently restricted	9,732,591	9,732,591
<b>Total Net Assets</b>	<b>15,557,980</b>	<b>15,454,664</b>
	<b>\$17,739,566</b>	<b>\$17,113,123</b>

*See accompanying notes to combined financial statements.*

# Network for Teaching Entrepreneurship and Related Organization

## Combined Statement of Activities (with comparative totals for 2013)

*Year ended June 30,*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2014	2013
<b>Support and Revenues:</b>					
Contributions	\$ 5,355,055	\$ 6,448,625	\$ -	\$11,803,680	\$10,051,116
License fees	122,500	-	-	122,500	54,500
Contract services	446,946	-	-	446,946	278,662
Training fees	117,450	-	-	117,450	111,032
Material sales	145,798	-	-	145,798	105,236
In-kind support	1,156,163	-	-	1,156,163	1,377,507
Teachers' in-kind contribution (Note 11)	2,853,699	-	-	2,853,699	2,425,519
Award gala income, net of direct benefit to donors of \$937,309 and \$971,260 in 2014 and 2013, respectively	1,080,854	-	-	1,080,854	2,598,508
Miscellaneous income	20,004	-	-	20,004	58,430
Royalty income	127,466	-	-	127,466	120,247
Net assets released from restrictions (Notes 8 and 9)	6,064,594	(6,064,594)	-	-	-
<b>Total Support and Revenues</b>	<b>17,490,529</b>	<b>384,031</b>	<b>-</b>	<b>17,874,560</b>	<b>17,180,757</b>
<b>Expenses:</b>					
Program services:					
Greater Washington	767,354	-	-	767,354	884,584
Baltimore	475,141	-	-	475,141	485,801
South Florida	997,223	-	-	997,223	932,364
Dallas	380,828	-	-	380,828	487,874
New York Metro	1,351,077	-	-	1,351,077	1,347,050
Los Angeles	946,923	-	-	946,923	675,726
New England	493,663	-	-	493,663	393,846
Bay Area	672,171	-	-	672,171	628,272
Philadelphia	555,013	-	-	555,013	523,132
Chicago	1,361,445	-	-	1,361,445	1,386,977
Fairchester	905,762	-	-	905,762	691,133
BizBuilders	246,822	-	-	246,822	396,000
Partners	499,451	-	-	499,451	371,683
National Programs	5,272,233	-	-	5,272,233	5,309,812
<b>Total Program Services</b>	<b>14,925,106</b>	<b>--</b>	<b>-</b>	<b>14,925,106</b>	<b>14,514,254</b>
Supporting services:					
Management and general	1,857,206	-	-	1,857,206	956,695
Fundraising	2,427,606	-	-	2,427,606	2,073,153
<b>Total Supporting Services</b>	<b>4,284,812</b>	<b>-</b>	<b>-</b>	<b>4,284,812</b>	<b>3,029,848</b>
<b>Total Expenses</b>	<b>19,209,918</b>	<b>-</b>	<b>-</b>	<b>19,209,918</b>	<b>17,544,102</b>
<b>Change in Net Assets Before Nonoperating Revenues</b>	<b>(1,719,389)</b>	<b>384,031</b>	<b>-</b>	<b>(1,335,358)</b>	<b>(363,345)</b>
<b>Nonoperating Revenues:</b>					
Net gains on investments (Note 3)	221	1,281,923	-	1,282,144	746,128
Interest and dividend income	213	156,317	-	156,530	162,107
<b>Change in Net Assets</b>	<b>(1,718,955)</b>	<b>1,822,271</b>	<b>-</b>	<b>103,316</b>	<b>544,890</b>
<b>Net Assets (Deficit), Beginning of Year</b>	<b>(276,609)</b>	<b>5,998,682</b>	<b>9,732,591</b>	<b>15,454,664</b>	<b>14,909,774</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$ (1,995,564)</b>	<b>\$ 7,820,953</b>	<b>\$9,732,591</b>	<b>\$15,557,980</b>	<b>\$15,454,664</b>

*See accompanying notes to combined financial statements.*

# Network for Teaching Entrepreneurship and Related Organization

## Combined Statement of Functional Expenses (with comparative totals for 2013)

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	2014	2013
Salaries and wages	\$ 160,240	\$ 141,767	\$ 219,640	\$ 87,181	\$ 321,701	\$ 179,249	\$ 126,165	\$ 98,080	\$ 165,708	\$ 348,274	\$ 199,014	\$ 86,235	\$ 108,184	\$ 1,845,732	\$ 4,087,170	\$ 1,204,237	\$ 1,824,179	\$ 3,028,416	\$ 7,115,586	\$ 5,954,110
Payroll taxes and fringe benefits	75,266	37,843	95,245	36,178	94,713	54,429	46,176	51,842	39,858	116,604	68,425	16,518	21,307	163,925	918,329	375,466	136,531	511,997	1,430,326	1,258,364
<b>Total Salaries and Benefits</b>	<b>235,506</b>	<b>179,610</b>	<b>314,885</b>	<b>123,359</b>	<b>416,414</b>	<b>233,678</b>	<b>172,341</b>	<b>149,922</b>	<b>205,566</b>	<b>464,878</b>	<b>267,439</b>	<b>102,753</b>	<b>129,491</b>	<b>2,009,657</b>	<b>5,005,499</b>	<b>1,579,703</b>	<b>1,960,710</b>	<b>3,540,413</b>	<b>8,545,912</b>	<b>7,212,474</b>
Students - expenses	39,892	33,607	53,806	26,820	189,161	98,020	17,254	60,929	24,833	90,431	42,394	32,448	184,714	640,668	1,534,977	-	-	-	1,534,977	1,681,835
Teachers - expenses	41,622	30,923	56,743	19,799	33,766	22,753	14,005	20,917	22,789	45,086	22,133	7,946	42,966	67,995	449,443	-	-	-	449,443	398,229
Occupancy	46,571	1,560	23,800	9,503	68,084	18,632	41	19,700	1,259	41,860	19,384	16,419	14,538	235,563	516,914	214,987	56,273	271,260	788,174	747,363
Telephone and postage	27,410	3,209	10,439	2,534	51,438	6,378	3,918	8,715	11,024	45,890	3,505	232	13,027	49,450	237,169	149,030	28,896	177,926	415,095	386,429
Travel and entertainment	15,443	16,060	18,242	3,987	18,963	28,912	10,701	16,679	14,423	33,990	8,438	29,036	29,580	185,414	429,868	104,768	88,061	192,829	622,697	667,530
Marketing expense	9,574	577	956	-	5,237	3,174	256	4,757	2,695	2,527	410	-	1,203	66,102	97,468	18,627	15,578	34,205	131,673	163,212
Consulting and professional fees	42,861	34,653	32,125	300	54,697	39,049	9,927	25,050	4,550	11,800	4,210	23,331	6,600	671,334	960,487	327,403	253,977	581,380	1,541,867	1,337,243
Partner operation expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000	-	-	-	10,000	15,000
Non-gala expenses	2,050	707	5,253	1,512	5,785	1,104	-	6,120	-	-	1,250	3,180	-	6,706	33,667	720	11,335	12,055	45,722	43,105
Equipment furniture and fixtures	5,081	141	3,378	2,126	1,729	8,021	1,860	-	-	3,330	-	-	-	4,506	30,172	56,549	-	56,549	86,721	90,552
IT hosting and maintenance	15,225	-	-	-	12,009	20	99	177	-	105	-	-	-	49,245	76,880	104,637	-	104,637	181,517	169,214
Office supplies	7,178	3,458	3,047	4,269	4,873	4,721	1,149	1,092	2,442	7,476	2,034	91	296	26,351	68,477	22,681	1,356	24,037	92,514	100,158
Graphics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,651
Publications and subscriptions	450	1,404	1,591	235	30	1,169	200	424	453	407	57	-	19	59,347	65,786	49,304	4,539	53,843	119,629	83,926
Interest and fees	711	123	729	1,095	15	129	249	521	139	1,143	383	-	120	43,076	48,433	138,841	2,811	141,652	190,085	189,801
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,054	-	20,054	20,054	33,373
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,800	-	74,800	74,800	69,075
Professional development	1,000	15	50	-	380	887	15	475	78	375	90	-	-	6,432	9,797	4,115	90	4,205	14,002	11,757
Conference and events	2,448	125	13,440	4,788	10,756	2,693	(10)	15,012	2,594	14,807	625	68	-	10,058	77,404	16,520	3,804	20,324	97,728	84,784
Miscellaneous other expenses	1,062	296	2,279	95	210	1,412	301	291	524	2,610	2,558	160	177	4,132	16,107	32,489	176	32,665	48,772	55,332
Cost of materials	4,210	-	5,955	-	35	4,914	5,128	-	2,333	9,195	-	-	10,107	90,833	132,710	-	-	-	132,710	136,069
<b>Total Expenses Before Organizational Overhead, In-Kind Expenses and Teacher Services and Depreciation and Amortization Expense</b>	<b>498,294</b>	<b>306,468</b>	<b>546,718</b>	<b>200,422</b>	<b>873,582</b>	<b>475,666</b>	<b>237,434</b>	<b>330,781</b>	<b>295,702</b>	<b>775,910</b>	<b>374,910</b>	<b>215,664</b>	<b>432,838</b>	<b>4,236,869</b>	<b>9,801,258</b>	<b>2,915,228</b>	<b>2,427,606</b>	<b>5,342,834</b>	<b>15,144,092</b>	<b>13,685,112</b>
Organizational overhead	124,010	66,886	112,309	36,977	180,122	98,072	55,078	75,887	69,252	154,411	79,855	31,158	66,613	-	1,150,630	(1,150,630)	-	(1,150,630)	-	-
In-kind expenses and teacher services	145,050	101,787	338,196	143,429	297,373	373,185	201,151	265,503	190,059	431,124	450,997	-	-	1,035,364	3,973,218	36,644	-	36,644	4,009,862	3,803,026
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,964	-	55,964	55,964	55,964
<b>Total Expenses</b>	<b>\$767,354</b>	<b>\$475,141</b>	<b>\$997,223</b>	<b>\$380,828</b>	<b>\$1,351,077</b>	<b>\$946,923</b>	<b>\$493,663</b>	<b>\$672,171</b>	<b>\$555,013</b>	<b>\$1,361,445</b>	<b>\$905,762</b>	<b>\$246,822</b>	<b>\$499,451</b>	<b>\$5,272,233</b>	<b>\$14,925,106</b>	<b>\$1,857,206</b>	<b>\$2,427,606</b>	<b>\$ 4,284,812</b>	<b>\$19,209,918</b>	<b>\$17,544,102</b>

*See accompanying notes to combined financial statements.*



# Network for Teaching Entrepreneurship and Related Organization

## Combined Statement of Cash Flows (with comparative totals for 2013)

<i>Year ended June 30,</i>	2014	2013
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 103,316	\$ 544,890
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	55,964	55,964
Change in present value of pledges receivable	28,005	7,252
Net unrealized gains on investments	(986,160)	(599,149)
Net realized gains on investments	(295,984)	(146,979)
Donated securities	(201,131)	(25,030)
Provision for bad debt	20,054	33,373
(Increase) decrease in:		
Accounts receivable	(98,598)	326,953
Contributions receivable	(48,294)	(22,597)
Due from broker	62,763	(62,763)
Employee and teacher advances	8,063	(52,049)
Inventory	(17,044)	14,837
Prepaid expenses and other assets	14,944	(71,722)
Increase (decrease) in:		
Accounts payable and accrued expenses	435,549	201,978
Accrued compensation and related liabilities	36,445	(315,582)
Deferred rent	26,928	26,928
Other liabilities	24,205	40,203
<b>Net Cash Used In Operating Activities</b>	<b>(830,975)</b>	<b>(43,493)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(560,670)	(2,893,767)
Proceeds from sales of investments	998,031	2,987,570
<b>Net Cash Provided By Investing Activities</b>	<b>437,361</b>	<b>93,803</b>
<b>Cash Flows From Financing Activities:</b>		
Repayment of line of credit	(1,550,000)	(650,000)
Proceeds from line of credit	1,550,000	650,000
<b>Net Cash Used In Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(393,614)</b>	<b>50,310</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,158,444</b>	<b>1,108,134</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 764,830</b>	<b>\$ 1,158,444</b>

*See accompanying notes to combined financial statements.*

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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### 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's 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.

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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### *(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:

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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

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### *(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, 2014, 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, 2014, 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.

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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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.

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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### *(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 the 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 2014.

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(o).

### *(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 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, 2014, there were no interest or penalties recorded or included in the statement of activities. As of June 30, 2014, the years still subject to examination by a taxing authority are 2011 through 2013.

### *(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.

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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### *(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, 2014, 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.

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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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.

### 3. Investments and Fair Value Measurements

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

*June 30, 2014*

	Fair Value	Cost
Money market funds	\$ 451,066	\$ 451,066
Mutual funds	9,226,288	6,392,072
Equities	6,470	6,470
Fund of hedge funds	42,486	38,176
	<b>\$9,726,310</b>	<b>\$6,887,784</b>

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# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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Net investment income consisted of the following:

*Year ended June 30, 2014*

Interest and dividend income	\$ 156,530
Net realized gains on investments	295,984
Net unrealized gains on investments	986,160
	<hr/>
	\$1,438,674

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. There were no changes in valuation methodology as of June 30, 2014.

### *Money Market Funds*

Money market deposit accounts are valued at cost plus interest, which approximates fair value, and are classified as Level 1.

### *Equities*

These investments are priced 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.



# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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, 2014. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment.

	Total at June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Money market funds	\$ 451,066	\$ 451,066	\$-	\$ -
Equities	6,470	6,470	-	-
Mutual funds:				
Large cap blend equity funds	6,363,136	6,363,136	-	-
Intermediate term bond funds	2,863,152	2,863,152	-	-
Total mutual funds	9,226,288	9,226,288	-	-
Fund of hedge funds	42,486	-	-	42,486
Total	\$9,726,310	\$9,683,824	\$-	\$42,486

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, 2014:

	Fund of Hedge Funds
Beginning balance at July 1, 2013	\$43,276
Total unrealized gains relating to instruments still held at end of reporting period	4,310
Sales	(5,100)
Ending balance at June 30, 2014	\$42,486

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, 2014. In addition, there were no transfers between levels during the year ended June 30, 2014.

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, 2014. The following table for June 30, 2014, 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	\$42,486	None	None	Redemptions are made based on the value of assets are liquidated, less expenses incurred	None

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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### 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 a discount rate of 0.75%.

The Organization's contributions receivable at June 30, 2014 consist of:

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Amounts due in:	
One year or less	\$2,988,998
Between two to five years	1,570,000
Thereafter	1,699,600
	<hr/> 6,258,598
Less: Discount to present value	(87,948)
	<hr/> \$6,170,650

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### 5. Fixed Assets, Net

Fixed assets, net consist of the following:

*June 30, 2014*

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Leasehold improvements	\$ 275,392
Computer equipment	791,844
Equipment and fixtures	548,139
Curriculum design and internal use software	1,199,939
	<hr/> 2,815,314
Less: Accumulated depreciation and amortization	(2,416,165)
	<hr/> \$ 399,149

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For the year ended June 30, 2014, 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 \$123,146 in matching contributions for the year ended June 30, 2014.

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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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 did not make any contributions to the 457(b) and the 457(f) plans during the fiscal year ended June 30, 2014. The market value of the participants' account balance was \$247,547 as of June 30, 2014 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, 2014 are as follows:

<i>Year ending June 30,</i>	
2015	\$ 527,059
2016	551,820
2017	503,080
2018	503,080
2019	503,080
Thereafter	3,144,241
	<hr/>
	\$5,732,360

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 \$667,000 for the year ended June 30, 2014. Included in in-kind expense is approximately \$37,000 of donated rent for the year ended June 30, 2014.

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, 2014 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, 2014, temporarily restricted net assets are available for the following purposes:

<i>June 30, 2014</i>	
Program office delivery	\$1,646,643
Teacher training - NFTE U	51,514
Alumni services	15,000
Partner programs	316,000
General operations	5,791,796
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	\$7,820,953

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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Temporarily restricted net assets were released from restrictions during the year ended June 30, 2014 in fulfillment of the following purposes or due to the expiration of time restrictions:

### *Year ended June 30, 2014*

Program office delivery	\$2,597,775
Teacher training - NFTE U	339,361
Alumni services	17,500
Partner programs	243,290
General operations	2,866,668
	<hr/>
	\$6,064,594

## 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, 2014:

### *June 30, 2014*

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
	<hr/>
	\$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, 2014. 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, 2014, 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, 2014 totaled \$2,853,699. This represents 1,639 classes which the Organization taught which, at the minimum required 40 hours, totals 65,560 classroom hours. The average teacher salary was selected on a city-by-city basis from the respective departments of education.

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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### 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, 2014, all assets included in NFTE Endowment Fund, Inc.'s Endowment Fund are as follows:

Money market funds	\$ 451,066
Mutual funds	9,226,288
Fund of hedge funds	42,486
<b>Total</b>	<b>\$9,719,840</b>

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# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets (deficit), beginning of year	\$(750,476)	\$ 483,683	\$9,732,591	\$ 9,465,798
Investment income	-	156,317	-	156,317
Net appreciation	-	1,281,923	-	1,281,923
Appropriation of endowment assets for expenditure	445,522	(445,522)	-	-
Other changes	(445,522)	-	-	(445,522)
Endowment net assets (deficit), end of year	\$(750,476)	\$1,476,401	\$9,732,591	\$10,458,516

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 for the Vanguard 500 Index Fund Investor;
- S&P 500 Index for the Davis New York Venture Fund;
- S&P 500 Index for the Sound Shore Fund;
- Barclays Capital US Aggregate Index for PIMCO;
- Dow Credit Suisse Long/Short Equity Edge Fund Index 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).

# Network for Teaching Entrepreneurship and Related Organization

## Notes to Combined Financial Statements

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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 2014, the Board of Directors of NFTE Endowment Fund, Inc. approved for appropriation \$402,972 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 November 18, 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

November 18, 2014



# Network for Teaching Entrepreneurship and Related Organization

## Combining Statement of Financial Position (with comparative totals for 2013)

June 30,

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total	
				2014	2013
<b>Assets</b>					
Cash and cash equivalents	\$ 764,830	\$ -	\$ -	\$ 764,830	\$ 1,158,444
Investments at fair value	6,470	-	-	6,470	9,562
Accounts receivable, net	189,064	-	-	189,064	110,520
Contributions receivable, net	5,420,650	750,000	-	6,170,650	6,150,362
Due from broker	-	-	-	-	62,763
Due from affiliate	11,324	-	(11,324)	-	-
Employee and teacher advances	99,471	-	-	99,471	107,534
Inventory	87,600	-	-	87,600	70,556
Prepaid expenses and other assets	302,492	-	-	302,492	317,436
Cash and investments held in perpetuity at fair value	-	9,719,840	-	9,719,840	8,670,834
Fixed assets, net	399,149	-	-	399,149	455,112
	<b>\$ 7,281,050</b>	<b>\$10,469,840</b>	<b>\$(11,324)</b>	<b>\$17,739,566</b>	<b>\$17,113,123</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 1,229,972	\$ -	\$ -	\$ 1,229,972	\$ 794,423
Accrued compensation and related liabilities	290,425	-	-	290,425	253,980
Due to affiliate	-	11,324	(11,324)	-	-
Deferred rent	413,642	-	-	413,642	386,714
Other liabilities	247,547	-	-	247,547	223,342
<b>Total Liabilities</b>	<b>2,181,586</b>	<b>11,324</b>	<b>(11,324)</b>	<b>2,181,586</b>	<b>1,658,459</b>
<b>Commitments and Contingencies</b>					
<b>Net Assets (Deficit):</b>					
Unrestricted	(1,245,088)	(750,476)	-	(1,995,564)	(276,609)
Temporarily restricted	6,344,552	1,476,401	-	7,820,953	5,998,682
Permanently restricted	-	9,732,591	-	9,732,591	9,732,591
<b>Total Net Assets</b>	<b>5,099,464</b>	<b>10,458,516</b>	<b>-</b>	<b>15,557,980</b>	<b>15,454,664</b>
	<b>\$ 7,281,050</b>	<b>\$10,469,840</b>	<b>\$(11,324)</b>	<b>\$17,739,566</b>	<b>\$17,113,123</b>

# Network for Teaching Entrepreneurship and Related Organization

## Combining Statement of Activities (with comparative totals for 2013)

*Year ended June 30,*

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total	
				2014	2013
<b>Support and Revenues:</b>					
Contributions	\$11,803,680	\$ -	\$ -	\$11,803,680	\$10,051,116
Contributions from endowment	402,972	-	(402,972)	-	-
License fees	122,500	-	-	122,500	54,500
Contract services	446,946	-	-	446,946	278,662
Training fees	117,450	-	-	117,450	111,032
Material sales	145,798	-	-	145,798	105,236
In-kind support	1,156,163	-	-	1,156,163	1,377,507
Teachers in-kind contribution	2,853,699	-	-	2,853,699	2,425,519
Award gala income, net of direct benefit to donors of \$937,309 and \$971,260, respectively	1,080,854	-	-	1,080,854	2,598,508
Miscellaneous income	44,004	-	(24,000)	20,004	58,430
Royalty income	127,466	-	-	127,466	120,247
<b>Total Support and Revenues</b>	<b>18,301,532</b>	<b>-</b>	<b>(426,972)</b>	<b>17,874,560</b>	<b>17,180,757</b>
<b>Expenses:</b>					
Program services:					
Greater Washington	767,354	-	-	767,354	884,584
Baltimore	475,141	-	-	475,141	485,801
South Florida	997,223	-	-	997,223	932,364
Dallas	380,828	-	-	380,828	487,874
New York Metro	1,351,077	-	-	1,351,077	1,347,050
Los Angeles	946,923	-	-	946,923	675,726
New England	493,663	-	-	493,663	393,846
Bay Area	672,171	-	-	672,171	628,272
Philadelphia	555,013	-	-	555,013	523,132
Chicago	1,361,445	-	-	1,361,445	1,386,977
Fairchester	905,762	-	-	905,762	691,133
BizBuilders	246,822	-	-	246,822	396,000
Partners	499,451	-	-	499,451	371,683
National Programs	5,272,233	-	-	5,272,233	5,309,812
Contribution expense	-	402,972	(402,972)	-	-
<b>Total Program Services</b>	<b>14,925,106</b>	<b>402,972</b>	<b>(402,972)</b>	<b>14,925,106</b>	<b>14,514,254</b>

# Network for Teaching Entrepreneurship and Related Organization

## Combining Statement of Activities (with comparative totals for 2013)

Year ended June 30,

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total	
				2014	2013
<b>Expenses (Continued):</b>					
Supporting services:					
Management and general	\$ 1,838,656	\$ 42,550	\$ (24,000)	\$ 1,857,206	\$ 956,695
Fundraising	2,427,606	-	-	2,427,606	2,073,153
<b>Total Supporting Services</b>	<b>4,266,262</b>	<b>42,550</b>	<b>(24,000)</b>	<b>4,284,812</b>	<b>3,029,848</b>
<b>Total Expenses</b>	<b>19,191,368</b>	<b>445,522</b>	<b>(426,972)</b>	<b>19,209,918</b>	<b>17,544,102</b>
<b>Change in Net Assets Before Nonoperating Revenues</b>	<b>(889,836)</b>	<b>(445,522)</b>	<b>-</b>	<b>(1,335,358)</b>	<b>(363,345)</b>
<b>Nonoperating Revenues:</b>					
Net gains on investments	221	1,281,923	-	1,282,144	746,128
Interest and dividend income	213	156,317	-	156,530	162,107
<b>Change in Net Assets</b>	<b>(889,402)</b>	<b>992,718</b>	<b>-</b>	<b>103,316</b>	<b>544,890</b>
<b>Net Assets, Beginning of Year</b>	<b>5,988,866</b>	<b>9,465,798</b>	<b>-</b>	<b>15,454,664</b>	<b>14,909,774</b>
<b>Net Assets, End of Year</b>	<b>\$ 5,099,464</b>	<b>\$10,458,516</b>	<b>\$ -</b>	<b>\$15,557,980</b>	<b>\$15,454,664</b>

## Network for Teaching Entrepreneurship and Related Organization

### Schedule of Organization Revenue and Expenses

Year ended June 30, 2014

	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
<b>Operating Revenue:</b>																	
Contributions	\$ 947,670	\$ 196,165	\$ 839,035	\$ 148,244	\$1,008,557	\$ 774,200	\$348,405	\$602,232	\$204,210	\$ 809,966	\$ 516,329	\$ 205,310	\$ 529,325	\$4,665,678	\$ 8,355	\$ -	\$11,803,681
Contributions from Endowment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	426,972	-	426,972
License fees	-	-	-	-	-	-	-	-	-	-	-	-	122,500	-	-	-	122,500
Contract services	10,000	48,510	83,850	-	78,288	8,019	6,928	-	15,940	76,650	-	-	-	-	-	-	328,185
Government contract	-	-	-	-	88,762	-	-	-	-	-	29,999	-	-	-	-	-	118,761
Training fees	4,000	-	1,500	-	28,000	23,000	21,200	5,000	10,000	24,750	-	-	-	-	-	-	117,450
Material sales	11,500	-	8,575	-	120	5,850	8,458	-	6,140	25,245	-	-	28,974	50,936	-	-	145,798
Internal sales	-	-	-	-	-	-	-	-	-	-	-	-	-	133,724	-	-	133,724
Internal transfer	30,370	60	2,369	1,550	8,540	14,044	13,500	3,485	4,225	11,000	2,075	-	-	-	(91,218)	-	-
EverFi-third party pass through	-	-	-	-	-	-	-	-	-	-	-	-	-	-	266,295	-	266,295
In-kind support	10,774	5,120	-	-	13,200	-	37,335	835	4,420	12,675	-	-	-	1,071,804	-	-	1,156,163
Teachers' in-kind contribution	134,480	96,667	338,196	143,429	284,173	373,185	163,816	264,668	185,639	418,449	450,997	-	-	-	-	-	2,853,699
Investment income	(791)	-	-	-	-	-	-	396	(30)	-	13	-	-	(214)	1,060	1,438,240	1,438,674
Award gala income	408,833	23,685	94,744	-	234,434	81,953	42,453	-	206,230	445,048	98,590	-	-	382,193	-	-	2,018,163
Gala expenses	(197,655)	(3,576)	(58,221)	-	(117,620)	(28,618)	(10,880)	-	(87,144)	(108,360)	(49,522)	-	-	(271,385)	(4,328)	-	(937,309)
Miscellaneous income	-	-	-	1,011	-	100	-	-	-	-	-	-	180	-	9,303	-	10,594
Royalty income	-	-	-	-	-	-	-	-	-	-	-	-	-	127,466	-	-	127,466
<b>Total Operating Revenue*</b>	<b>1,359,181</b>	<b>366,631</b>	<b>1,310,048</b>	<b>294,234</b>	<b>1,626,454</b>	<b>1,251,733</b>	<b>631,215</b>	<b>876,616</b>	<b>549,630</b>	<b>1,715,423</b>	<b>1,048,481</b>	<b>205,310</b>	<b>680,979</b>	<b>6,160,202</b>	<b>616,439</b>	<b>1,438,240</b>	<b>20,130,816</b>
<b>Expenses:</b>																	
Expenses without overhead	813,177	545,619	1,028,701	389,946	1,386,267	1,003,393	557,037	771,415	564,600	1,391,919	933,841	238,226	445,409	5,555,225	3,957,203	18,550	19,600,528
Administrative overhead/internal transfer	124,010	66,886	112,309	36,978	180,123	98,073	55,077	79,387	69,252	154,411	79,855	31,158	70,613	83,718	(1,241,850)	426,972	426,972
<b>Total Expenses*</b>	<b>937,187</b>	<b>612,505</b>	<b>1,141,010</b>	<b>426,924</b>	<b>1,566,390</b>	<b>1,101,466</b>	<b>612,114</b>	<b>850,802</b>	<b>633,852</b>	<b>1,546,330</b>	<b>1,013,696</b>	<b>269,384</b>	<b>516,022</b>	<b>5,638,943</b>	<b>2,715,353</b>	<b>445,522</b>	<b>20,027,500</b>
<b>Change in Net Assets (Deficit)</b>	<b>\$ 421,994</b>	<b>\$(245,874)</b>	<b>\$ 169,038</b>	<b>\$(132,690)</b>	<b>\$ 60,064</b>	<b>\$ 150,267</b>	<b>\$ 19,101</b>	<b>\$ 25,814</b>	<b>\$(84,222)</b>	<b>\$ 169,093</b>	<b>\$ 34,785</b>	<b>\$(64,074)</b>	<b>\$164,957</b>	<b>\$ 521,259</b>	<b>\$(2,098,914)</b>	<b>\$ 992,718</b>	<b>\$ 103,316</b>

\* 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)

	2005	2006	2007**	2008**	2009**	2010**	2011**	2012**	2013**	2014**
Total assets	\$14,074	\$17,544	\$16,688	\$20,273	\$15,883	\$15,273	\$16,779	\$16,615	\$17,112	\$17,740
Total liabilities	1,202	1,543	1,206	1,444	926	1,729	2,081	1,705	1,658	2,182
Temporarily restricted revenue	4,911	4,567	4,060	8,063	5,236	3,759	5,520	4,188	4,683	6,449
Temporarily restricted net assets released	(2,292)	(3,119)	(4,597)	(6,617)	(5,804)	(5,738)	(4,436)	(4,536)	(5,284)	(5,619)
Total revenues	13,076	13,700	13,026	19,147	12,223	13,336	13,758	14,679	17,180	17,875
Total expenses	7,719	10,571	13,545	15,800	16,094	14,751	13,673	14,675	17,544	19,210
<b>Operating Surplus (Deficit)</b>	<b>\$ 1,968</b>	<b>\$ 1,657</b>	<b>\$ (1,183)</b>	<b>\$ 3,457</b>	<b>\$ (3,032)</b>	<b>\$ (1,998)</b>	<b>\$ 84</b>	<b>\$ 4</b>	<b>\$ (364)</b>	<b>\$ (1,335)</b>
Nonoperating surplus (deficit)	3,389	1,472	664	(110)	(839)	583	1,070	208	908	1,438
<b>Net Surplus (Deficit)</b>	<b>\$ 5,357</b>	<b>\$ 3,129</b>	<b>\$ (519)</b>	<b>\$ 3,347</b>	<b>\$ (3,871)</b>	<b>\$ (1,415)</b>	<b>\$ 1,154</b>	<b>\$ 212</b>	<b>\$ 544</b>	<b>\$ 103</b>

\*\* Includes Teacher in-kind started in 2007 (\$999K), 2008 (\$1,459K), 2009 (\$1,387K), 2010 (\$1,501), 2011 \$(1,972), 2012 \$(2,371) 2013 \$(2,426), and 2014 \$(2,854).