NFTE Endowment Fund, Inc.

Financial Statements
Year Ended June 30, 2015

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Contents

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Independent Auditor's Report

To the Board of Directors
NFTE Endowment Fund, Inc.
New York, New York

We have audited the accompanying financial statements of NFTE Endowment Fund, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NFTE Endowment Fund, Inc. as of June 30, 2015, and the changes in its net assets and its 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 NFTE Endowment Fund, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

November 20, 2015

NFTE Endowment Fund, Inc.

Statement of Financial Position
(with comparative totals for 2014)

June 30,	**2015**	2014
Assets		
Contributions receivable, net (Notes 2 and 4)	**$ 750,000**	$ 750,000
Cash and investments held in perpetuity at fair value (Notes 2 and 3)	**9,541,168**	9,719,840
	$10,291,168	$10,469,840
Liabilities and Net Assets		
Liabilities:		
Due to affiliate (Note 7)	**$ 3,400**	$ 11,324
Commitments and Contingencies (Notes 2, 5, 6 and 7)		
Net Assets (Deficit) (Notes 5 and 6):		
Unrestricted	**(750,476)**	(750,476)
Temporarily restricted	**1,305,653**	1,476,401
Permanently restricted	**9,732,591**	9,732,591
Total Net Assets	**10,287,768**	10,458,516
	$10,291,168	$10,469,840

See accompanying notes to financial statements.

NFTE Endowment Fund, Inc.

Statement of Activities
(with comparative totals for 2014)

Year ended June 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2015 Total**	2014 Total
Revenue:					
Net gains on investments (Note 3)	$ -	$ 179,639	$ -	**$ 179,639**	$ 1,281,923
Interest and dividend income (Note 3)	-	115,040	-	**115,040**	156,317
Net assets released from restrictions (Note 5)	465,427	(465,427)	-	**-**	-
Total Revenue	465,427	(170,748)	-	**294,679**	1,438,240
Expenses:					
Program services:					
Contribution expense (Note 7)	421,317	-	-	**421,317**	402,972
Management and general:					
Professional fees	43,250	-	-	**43,250**	42,250
Miscellaneous expense	860	-	-	**860**	300
Total Expenses	465,427	-	-	**465,427**	445,522
Change in Net Assets	-	(170,748)	-	**(170,748)**	992,718
Net Assets (Deficit), Beginning of Year	(750,476)	1,476,401	9,732,591	**10,458,516**	9,465,798
Net Assets (Deficit), End of Year	**$(750,476)**	**$1,305,653**	**$9,732,591**	**$10,287,768**	$10,458,516

See accompanying notes to financial statements.

NFTE Endowment Fund, Inc.

Statement of Cash Flows
(with comparative totals for 2014)

Year ended June 30,	**2015**	2014
Cash Flows From Operating Activities:		
Change in net assets	**$ (170,748)**	$ 992,718
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net unrealized losses (gains) on investments	**423,398**	(985,313)
Net realized gains on investments	**(603,037)**	(296,610)
Decrease in due from broker	**-**	62,763
Decrease in due to affiliate	**(7,924)**	(6,475)
Net Cash Used In Operating Activities	**(358,311)**	(232,917)
Cash Flows From Investing Activities:		
Purchases of investments	**(4,279,391)**	(560,671)
Proceeds from sale of investments	**4,637,702**	793,588
Net Cash Provided By Investing Activities	**358,311**	232,917
Net Change in Cash and Cash Equivalents	**-**	-
Cash and Cash Equivalents, Beginning of Year	**-**	-
Cash and Cash Equivalents, End of Year	**$ -**	$ -

See accompanying notes to financial statements.

1. Nature of Organization

NFTE Endowment Fund, Inc. (the "Organization") is a not-for-profit corporation formed under the laws of the State of New York exclusively for the benefit of the Network for Teaching Entrepreneurship ("NFTE"). The assets of the Organization were transferred from NFTE effective July 1, 2008. The Organization will invest its assets and pay over to NFTE any or all of the income in accordance with its distribution policy and at the discretion of the Organization's Board of Directors. Payments by the Organization can only be made to NFTE or for NFTE's benefit.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) 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 statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a 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 the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). Also see Note 6.

These classes 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. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

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

(c) Cash and Cash Equivalents

The Organization considers money market accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(d) 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, are recognized in the period pledged or received.

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 risk free rate of borrowing.

(e) Investments at Fair Value

Accounting Standards Codification ("ASC") 820, "Fair Value Measurement", defines 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, realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

(f) Investment Impairment

The Organization's investments consist of money market funds, mutual funds and fund of hedge funds. At June 30, 2015, 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:

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

(ii) 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:

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

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

(g) 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 financial statements.

(h) 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 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.

(i) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(j) Income Taxes

The Organization is a tax-exempt type 2 supporting organization that is exempt from Federal, state and local income taxes under Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code (the "Code"), and therefore has made no provision for income taxes in the accompanying financial statements. In addition, 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 Code. There was no unrelated business income for the year ended June 30, 2015.

(k) *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 will not recognize 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, 2015, there were no interest or penalties recorded or included in the statement of activities. As of June 30, 2015, the years still subject to examination by a taxing authority are 2012 through 2014.

(l) *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. The Organization has not experienced any losses on cash and cash equivalents.

(m) *Net Asset Classification*

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 financial statements.

(n) *Comparative Financial Information*

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

(o) *Relevant Accounting Development*

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU 2015-07 was issued to address diversity in practice related to how certain investments measured at net asset value with redemption dates in the future (including periodic redemption dates) are categorized within the fair value hierarchy. The amendments eliminate the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. As such, certain fair value levelling disclosures are no longer required; although information must be disclosed so that users can reconcile amounts reported in the fair value hierarchy to the statement of financial position. The amendments are effective retrospectively for annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Organization's management is currently evaluating the effect that the adoption of the provisions of ASU 2015-07 will have on the Organization's financial statements.

3. Investments and Fair Value Measurements

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

June 30, 2015

	Cost	Fair Value
Money market funds	$1,194,794	$1,194,794
Mutual funds	5,892,750	8,295,874
Fund of hedge funds	38,160	50,500
	$7,125,704	$9,541,168

Net investment income consisted of the following:

Year ended June 30, 2015

Interest and dividend income	$ 115,040
Realized gain on investments	603,037
Unrealized loss on investments	(423,398)
	$ 294,679

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.

There were no changes in the valuation methodology as of June 30, 2015. A description of the valuation techniques applied to the Organization's major categories of assets and liabilities measured at fair value is as follows:

Money Market Funds

Money market deposit accounts are valued at cost plus interest, which approximates fair value, 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 table presents the level within the fair value hierarchy at which the Organization's financial assets are measured on a recurring basis at June 30, 2015. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment.

June 30, 2015

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market funds	$1,194,794	$1,194,794	$-	$ -
Mutual funds:				
Large cap blend equity funds	6,133,034	6,133,034	-	-
Intermediate-term bond funds	2,162,840	2,162,840	-	-
Total mutual funds	8,295,874	8,295,874	-	-
Fund of hedge funds	50,500	-	-	50,500
Total	$9,541,168	$9,490,668	$-	$50,500

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, 2015.

	Fund of Hedge Funds
Beginning balance at July 1, 2014	$42,486
Total unrealized gains relating to instruments still held at end of reporting period	12,340
Sales	(4,326)
Ending balance at June 30, 2015	$50,500

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, 2015. In addition, there were no transfers between levels during the year ended June 30, 2015.

In accordance with ASU 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, 2015. The following table for June 30, 2015 sets forth a summary of the Organization's investments with a reported NAV:

	Fair Value Estimated Using NAV Per Share at June 30, 2015				
Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
SIRE SPV, LLC	$50,500	None	None	Redemptions are made based on the value of assets that are liquidated, less expenses incurred.	None

4. Contributions Receivable

The Organization's contributions receivable at June 30, 2015 consisted of a single pledge for $750,000 which approximates net present value. The pledge was fully collected subsequent to June 30, 2015.

5. Permanently and Temporarily 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, 2015.

June 30, 2015	
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

At June 30, 2015, temporarily restricted net assets available for general operations were $1,305,653. Temporarily restricted net assets released from restrictions during the year ended June 30, 2015 in fulfillment of this purpose were $465,427.

6. Endowment Fund

The Organization maintains a donor-restricted endowment fund (the "Endowment Fund") consisting of various individual funds that have been established for various purposes and have been classified as permanently restricted net assets.

The Board of Directors of the Organization 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 Organization 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 donor-restricted 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 the Organization in a manner consistent with the donors intent. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted 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 the Organization; and
- the investment policies of the Organization.

For the year ended June 30, 2015, all assets included in the Organization's Endowment Fund are as follows:

Money market funds	$1,194,794
Mutual funds	8,295,874
Fund of hedge funds	50,500
Total	$9,541,168

The following table provides a reconciliation of the change in the Organization's endowment net assets for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets (deficit), beginning of year	$(750,476)	$1,476,401	$9,732,591	$10,458,516
Investment income	-	115,040	-	115,040
Net appreciation	-	179,639	-	179,639
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	465,427	(465,427)	-	-
Other changes	(465,427)	-	-	(465,427)
Endowment net assets (deficit), end of year	$(750,476)	$1,305,653	$9,732,591	$10,287,768

The Organization 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 the Organization's mission in perpetuity. The minimum targeted rate of return on the Organization'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, the investment performance of the Organization's portfolio will be measured relative to the following benchmarks:

- S&P 500 Index 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 BlackRock Total Return;
- Dow Credit Suisse Long/short Equity Hedge Fund Index for the fund of hedge funds; and
- Barclays 5 - 10 year US Credit Index for the Vanguard Intermediate Term Investment Grade Fund.

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization 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.

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

The Organization 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, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually.

In 2015, the Board of Directors approved for appropriation $421,317 and agreed to release additional net assets to pay the Organization's administrative expenses.

7. Transactions With Affiliate

The Organization engages in related party transactions with NFTE. NFTE provides administrative services for the Organization. NFTE is a related party to the Organization through common management and certain common members of the Board of Directors. The Organization has agreed that distributions be made available to NFTE. The distribution is based on 5 percent of the investment assets based upon the rolling average value over the prior twelve quarters. For the year ended June 30, 2015, distributions in the amount of $421,317 were made to NFTE.

NFTE provides administrative services to the Organization under a management agreement with a fixed annual charge of $25,000. At June 30, 2015, the due to affiliate of $3,400 and professional fees of $18,250 represent administrative charges and other costs charged by NFTE to the Organization.

8. Subsequent Events

The Organization's management has performed subsequent events procedures through November 20, 2015, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements and disclosures as stated herein.