Network for Teaching Entrepreneurship and Related Organization

Consolidated Financial Statements and Supplementary Information
Year Ended June 30, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Network for Teaching Entrepreneurship and Related Organization

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2023

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Network for Teaching Entrepreneurship and its Related Organization (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 26 to 28 is presented for purposes of additional analysis and are not required as part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 consolidated financial statements, and our report dated January 20, 2023 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

December 1, 2023

Network for Teaching Entrepreneurship and Related Organization

Consolidated Statement of Financial Position
(with comparative totals for 2022)

June 30,		2023		2022
Assets				
Cash and cash equivalents (Note 2)	$	**7,680,305**	$	9,153,034
Accounts receivable, net of allowances of $31,994 for 2023 and 2022, respectively (Note 2)		**328,546**		165,982
Contributions receivable, net (Notes 2 and 5)		**3,031,859**		2,096,249
Employee and teacher advances		**1,158**		2,017
Inventories (Note 2)		**21,781**		24,006
Prepaid expenses and other assets		**416,113**		309,768
Investments held in perpetuity (Notes 2, 4, and 14)		**12,822,605**		12,093,591
Operating lease right-of-use asset (Notes 2 and 9)		**947,342**		-
Fixed assets, net (Notes 2 and 6)		**27,292**		45,074
	$	**25,277,001**	$	23,889,721
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	**503,344**	$	788,728
Accrued compensation and related liabilities		**802,497**		688,058
Deferred rent (Note 9)		**-**		195,810
Other liabilities (Note 8)		**2,083**		25,000
Operating lease payable (Notes 2 and 9)		**1,074,042**		-
Total Liabilities		**2,381,966**		1,697,596
Commitments and Contingencies (Notes 3, 7, 8, 9, 10, 11, 12, and 14)				
Net Assets (Notes 2, 10, 11, and 14)				
Without donor restrictions		**6,026,680**		6,743,898
With donor restrictions		**16,868,355**		15,448,227
Total Net Assets		**22,895,035**		22,192,125
	$	**25,277,001**	$	23,889,721

See accompanying notes to consolidated financial statements.

Network for Teaching Entrepreneurship and Related Organization

Consolidated Statement of Activities
(with comparative totals for 2022)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Support and Revenues				
Contributions	$ 3,679,104	$ 4,223,500	**$ 7,902,604**	$ 9,720,673
License fees	176,980	-	**176,980**	68,800
Contract services	1,990,235	-	**1,990,235**	1,685,143
Retention tax overpayment refunds	1,064,370	-	**1,064,370**	-
Training fees	-	-	**-**	134,248
Material sales	15,270	-	**15,270**	14,427
Teachers' and other in-kind contributions (Notes 2 and 13)	5,381,000	-	**5,381,000**	4,672,019
Miscellaneous income	96,614	-	**96,614**	100,298
Royalty income	215,018	-	**215,018**	162,288
Net assets released from restrictions (Note 10)	4,127,000	(4,127,000)	**-**	-
Total Support and Revenues	16,745,591	96,500	**16,842,091**	16,557,896
Expenses				
Program services	14,372,153	-	**14,372,153**	12,584,984
Total Program Services	14,372,153	-	**14,372,153**	12,584,984
Supporting services:				
Management and general	1,461,407	22,316	**1,483,723**	1,658,059
Fundraising	1,687,531	-	**1,687,531**	1,183,265
Total Supporting Services	3,148,938	22,316	**3,171,254**	2,841,324
Total Expenses	17,521,091	22,316	**17,543,407**	15,426,308
Change in Net Assets, before non-operating revenues	(775,500)	74,184	**(701,316)**	1,131,588
Non-Operating Revenues				
Investment return (loss), net (Note 2)	58,282	1,345,944	**1,404,226**	(1,587,526)
PPP loan forgiveness	-	-	**-**	1,106,145
Change in Net Assets	(717,218)	1,420,128	**702,910**	650,207
Net Assets, beginning of year	6,743,898	15,448,227	**22,192,125**	21,541,918
Net Assets, end of year	$ 6,026,680	$ 16,868,355	**$ 22,895,035**	$ 22,192,125

See accompanying notes to consolidated financial statements.

Network for Teaching Entrepreneurship and Related Organization

Consolidated Statement of Functional Expenses
(with comparative totals for 2022)

Year ended June 30,

		Supporting Services			Total	
	Program Services	Management and General	Fundraising	Total Supporting Services	**2023**	2022
Salaries and wages	$ 4,828,810	$ 588,508	$ 820,305	$ 1,408,813	**$ 6,237,623**	$ 5,962,031
Payroll taxes and fringe benefits	898,361	109,487	152,611	262,098	**1,160,459**	1,155,527
Total Salaries and Benefits	5,727,171	697,995	972,916	1,670,911	**7,398,082**	7,117,558
Students - expenses	1,100,224	-	-	-	**1,100,224**	499,991
Teachers - expenses	156,140	-	-	-	**156,140**	132,838
Occupancy	359,542	191,642	50,366	242,008	**601,550**	615,524
Telephone, copier, and postage	38,397	4,680	6,523	11,203	**49,600**	80,568
Travel and entertainment	296,199	15,432	62,037	77,469	**373,668**	150,955
Marketing expense	37,436	4,224	1,816	6,040	**43,476**	8,350
Consulting and professional fees	554,610	435,717	358,543	794,260	**1,348,870**	1,084,123
Conference and events expenses	61,771	7,056	134,668	141,724	**203,495**	232,642
Equipment, furniture, and fixtures	46,089	9,016	-	9,016	**55,105**	64,820
IT hosting and maintenance	154,513	21,814	19,314	41,128	**195,641**	236,411
Office supplies	9,560	5,383	7,475	12,858	**22,418**	25,037
Publications and subscriptions	226,942	6,012	4,976	10,988	**237,930**	210,802
Insurance	125,589	15,699	15,699	31,398	**156,987**	177,253
Interest and fees	7,728	26,354	107	26,461	**34,189**	34,753
Bad debt	-	-	40,607	40,607	**40,607**	26,988
Cost of materials	10,110	-	-	-	**10,110**	10,215
Miscellaneous expenses	79,132	24,918	12,484	37,402	**116,534**	27,680
Total Expenses, before in-kind expenses and teacher services and depreciation and amortization expense	8,991,153	1,465,942	1,687,531	3,153,473	**12,144,626**	10,736,508
In-Kind Expenses and Teacher Services (Notes 2 and 13)	5,381,000	-	-	-	**5,381,000**	4,672,019
Depreciation and Amortization Expense	-	17,781	-	17,781	**17,781**	17,781
Total Expenses	$ 14,372,153	$ 1,483,723	$ 1,687,531	$ 3,171,254	**$ 17, 543,407**	$ 15,426,308

See accompanying notes to consolidated financial statements.

Network for Teaching Entrepreneurship and Related Organization

Consolidated Statement of Cash Flows
(with comparative totals for 2022)

Year ended June 30,		**2023**		2022
Cash Flows from Operating Activities				
Change in net assets	$	**702,910**	$	650,207
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		**17,781**		17,781
Change in present value of contributions receivable		**-**		(1,730)
Net unrealized losses (gains) on investments		**(974,793)**		2,439,194
Net realized gains on investments		**(124,374)**		(685,594)
Donated securities		**(38,305)**		(12,457)
Provision for bad debt		**(40,607)**		(26,988)
Non-cash operating lease expenses		**565,041**		-
PPP loan forgiveness		**-**		(1,106,145)
Decrease (increase) in:				
Accounts receivable		**(162,564)**		(79,027)
Contributions receivable		**(895,003)**		(458,265)
Employee and teacher advances		**859**		12,371
Inventory		**2,225**		2,678
Prepaid expenses and other assets		**(106,345)**		46,867
Increase (decrease) in:				
Accounts payable and accrued expenses		**(285,384)**		253,545
Accrued compensation and related liabilities		**114,439**		167,786
Deferred rent		**(160,587)**		(69,109)
Principal reduction in operating lease liabilities		**(600,264)**		
Other liabilities		**(22,917)**		(25,000)
Net Cash Provided by (Used in) Operating Activities		**(2,007,888)**		1,126,114
Cash Flows from Investing Activities				
Purchases of investments		**(599,906)**		(1,152,126)
Proceeds from sales of investments		**1,135,065**		1,768,195
Net Cash Provided by (Used in) Investing Activities		**535,159**		616,069
Net Increase (Decrease) in Cash and Cash Equivalents		**(1,472,729)**		1,742,183
Cash and Cash Equivalents, beginning of year		**9,153,034**		7,410,851
Cash and Cash Equivalents, end of year	$	**7,680,305**	$	9,153,034
Supplemental Disclosures of Cash Flow Information				
Cash paid during the year for interest	$	**35,223**	$	-
Acquisition of right-of-use assets		**1,443,273**		-

See accompanying notes to consolidated financial statements.

1. Nature of Organization

The Network for Teaching Entrepreneurship and Related Organization (the Organization) provides entrepreneurship education to young people from low-income communities. The Organization publishes curriculum, trains 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

Principles of Consolidation

The consolidated 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.

General

The consolidated financial statements have been prepared on an accrual basis and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations. In the consolidated 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.

Consolidated 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 the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a consolidated statement of activities.

The classes of net assets are defined as follows:

With Donor Restrictions - This class consists of 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 donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities. 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 are classified as net assets with donor restrictions - perpetual in nature.

Without Donor Restrictions - This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

Investment return, net, is reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions or the New York Prudent Management of Institutional Funds Act (NYPMIFA) (see Note 14). Expirations of with donor restriction net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

Measure of Operations

The Organization includes in its measure of operations:

- All revenues and expenses that are an integral part of its programs and supporting activities.
- Net assets released from restrictions to support operating expenditures.

The Organization excludes from its measure of operations:

- Investment (loss) return, net of expenses.
- Paycheck Protection Program (PPP) loan forgiveness.

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 for long-term purposes, to be cash equivalents.

Contributions Receivable

The fair value of all contributions, including unconditional promises to give, is recognized as revenue at the time that the donor's unconditional promise is received.

Conditional promises are recorded when the donor-imposed conditions are substantially met.

Fixed Assets

Fixed assets are recorded at cost. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Organization's policy is to capitalize expenditures in excess of $5,000, which represent new purchases, or extend the life of existing fixed assets. The current estimated useful lives are as follows:

Asset Category	Years
Furniture, fixtures, and equipment	5–10
Curriculum design and internal use of software	3
Leasehold improvements	Lesser of lease term or 15 years

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes.

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, 2023, there have been no such losses.

Revenue Recognition

The Organization reports gifts of cash and other assets as with donor restriction 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—with donor restriction net assets are reclassified to without donor restriction net assets and reported in the consolidated statement of activities 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 with donor restriction net assets.

Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts received are recorded as refundable advances.

The Organization reports gifts of land, buildings, and equipment as without donor restrictions 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 with donor restriction. 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 has contracts with government and third parties for the performance of various services, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Government and other grants contracts are evaluated for contributions that are conditional. 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. License fees, material sales, and royalty income are recognized when earned.

In-Kind Contributions

Amounts are reported in the consolidated 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 would typically be purchased if not provided by donation. All donated services were utilized by the Organization’s programs services. There were no donor-imposed restrictions associated with the donated services. Refer to Note 13 for further details of the contributed services values recorded for fiscal year 2023.

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 consolidated financial statements as a required specialized skill provided, which would have to be purchased if it were not paid for by others.

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.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and other disclosures in the consolidated financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization was incorporated in the state of New York and is exempt from federal and state income taxes under Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for income taxes in the accompanying consolidated 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 (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the IRC.

Accounting for Uncertainty in Income Taxes

The Organization follows the provisions of U.S. GAAP, which state that an organization must recognize the tax liability associated with tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded 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 IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, prior-year information is not presented by net asset class. With respect to the consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the prior-year consolidated financial statements from which the summarized information was derived.

Concentration of Credit Risk

Financial instruments that 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 Federal Deposit Insurance Corporation insurance limits. The Organization has not experienced any losses on cash and cash equivalents.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited using specific identification and allocation percentages based on management's calculations. Direct expenses are assigned to the various programs and supporting services based upon actual costs incurred. Certain categories of expenses are attributable to one or more program or supporting functions of the Organization. Those expenses are allocated based upon various allocation factors, including square footage occupied and time and effort.

Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. U.S. GAAP 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. U.S. GAAP 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 U.S. GAAP, as follows:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2 - Valuations are based on (i) quoted prices—those investments, or similar investments, in active markets; (ii) quoted prices—those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments or similar investments that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; (ii) the investments cannot be independently valued; or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The asset's 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 return, net, is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses, less direct external investment expenses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Risks and Uncertainties - Investments

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 consolidated financial statements.

Applicability of the New York Prudent Management of Institutional Funds Act

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), made significant changes to the rules governing how New York not-for-profit organizations may manage, invest, and spend their endowment funds. The 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.

Nonretirement Postemployment Benefits

The Organization provides certain postemployment benefits to eligible former or inactive employees and their dependents during the period subsequent to employment but prior to retirement and accrues for the related cost over the service lives of the employees. These benefits include certain healthcare coverage and severance benefits.

Accounts Receivable, Net

Accounts receivable represent government contract and third-party revenues that have been billed but not collected as of the date of the accompanying consolidated financial statements. The Organization provides an allowance for doubtful accounts based upon prior-year experience and management's assessment of the collectability of specific accounts. The allowance for doubtful accounts was $31,994 for the year ended June 30, 2023.

Recently Adopted Accounting Pronouncements

Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Accounting for Leases*, which applies a right-of-use model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. The amendments are effective for fiscal years beginning after December 15, 2021. The Organization adopted the guidance on July 1, 2022 using the transition method provided by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, the Organization applied the new requirements to only those leases that existed as of July 1, 2022, rather than at the earliest summarized comparative period presented in the consolidated financial statements. Prior periods will be presented under the existing lease guidance. Upon transition, the Organization applied the package of practical expedients permitted under the ASC 842 transition guidance. As a result, the Organization did not reassess (1) whether expired or existing contracts contain leases under the new definition of a lease, including whether an existing or expired contract contains an embedded lease; (2) lease classification for expired or existing leases; or (3) any initial direct costs of existing leases. Additionally, the Organization did not elect the hindsight practical expedient to determine the applicable term for leases within the Organization lease population. See Note 9 for additional information.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit-losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking “expected-loss” model that generally will result in earlier recognition of credit losses than under today’s incurred-loss model. ASU 2016-03 is effective for annual periods beginning after December 15, 2022. The Organization is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.

3. Liquidity and Availability of Resources

The Organization’s financial assets available for use within one year of the consolidated statement of financial position date for general expenditure are as follows:

June 30, 2023		
Cash and cash equivalents	$	7,680,305
Accounts receivable, net of allowance		328,546
Contributions receivable, net		3,031,859
Total Financial Assets Available to Management for General Expenditures		11,040,710
Less:		
Amounts unavailable to management for general expenditures within one year:		
Contributions receivable, non-current portion		(1,337,500)
Total Financial Assets Available to Management for General Expenditures Within One Year	$	9,703,210

Liquidity Management

The Organization expects approximately $2.2 million of amounts restricted with purpose restrictions to be released within one year. In relation to with donor restriction net assets, management has the ability to adjust expenditures based on cash available; therefore, these amounts are not included in the table above as a reduction to total financial assets available to management for general expenditures within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization also has a committed line of credit in the amount of $1,700,000 , which was undrawn at June 30, 2023.

4. Fair Value Measurements

The Organization's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP. 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 is as follows. There were no changes in valuation methodologies as of June 30, 2023.

Money-Market Fund - The money-market fund is valued based on the net asset value (NAV) of the shares held by the Organization, which is actively traded on national securities exchanges. NAV is based upon the fair value of the money-market fund's underlying investments. The money-market fund is valued at the last unadjusted quoted NAV of shares held on a daily basis and is 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's NAV is the value of a single share, which is actively traded on national securities exchanges. The mutual funds are valued at the last unadjusted quoted NAV of shares held on a daily basis and are classified as Level 1.

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 sets forth, by level within the fair value hierarchy, the Organization's financial assets at fair value:

June 30, 2023

	Level 1	Total
Money-market fund	$ 1,398,323	$ 1,398,323
Mutual funds	11,424,282	11,424,282
Total	$ 12,822,605	$ 12,822,605

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, 2023. In addition, there were no transfers between levels during the year ended June 30, 2023.

5. Contributions Receivable, Net

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 consist of the following:

June 30, 2023

Amounts due in:	
One year or less	$ 1,724,007
Between two to five years	1,337,500
Thereafter	-
	3,061,507
Less: discount to present value	(29,648)
	$ 3,031,859

At June 30, 2023, there are no conditional pledges outstanding.

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2023

Leasehold improvements	$ 275,392
Computer equipment	791,844
Furniture and fixtures	548,139
Curriculum design and internal-use software	1,199,940
	2,815,315
Less: accumulated depreciation and amortization	(2,788,023)
	$ 27,292

For the year ended June 30, 2023, depreciation and amortization expense was $17,781.

7. Retirement 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 IRS 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 $118,558 in matching contributions for the year ended June 30, 2023.

8. Other Liabilities

The Organization signed an agreement with one former senior executive, which includes payments in future years. As of June 30, 2023, $2,083 remained payable under this agreement. This amount is reflected as other liabilities in the consolidated statement of financial position as of June 30, 2023.

9. Leases and Other Commitments

As detailed in Note 2, the Organization adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective July 1, 2022. The Organization leases certain property under an operating lease. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), the Organization records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Organization leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities, unless the variable lease payments depend on an index or rate or are, in substance, fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities, unless the Organization is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Organization has elected to use the risk-free rate at the date of adoption. The Organization has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 842. As such, the Organization accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and lease liabilities. The Organization has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and lease liabilities in the consolidated statement of financial position. The Organization has elected the practical expedients, which includes not reassessing whether any expired or existing contracts contain leases, not reassessing the lease classification for any expired or existing leases, and an entity not reassessing initial direct costs for any leases.

The following table summarizes information related to the lease assets and liabilities:

Year ended June 30, 2023		
Operating lease cost	$	565,041
Operating cash flows used to pay operating leases		600,264

Other information about lease amounts recognized in the consolidated financial statements is as follows:

Year ended June 30, 2023	
Remaining lease term	22 months
Discount rate	2.55%

Year ended June 30, 2023		
Right-of-use assets and liabilities:		
Operating lease right-of-use assets	$	947,342
Operating lease liabilities		1,074,042

For operating leases, right-of-use assets and lease liabilities are recorded in operating lease payable in the accompanying consolidated statement of financial position.

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying consolidated statement of financial position at June 30, 2023:

Year ending June 30,		
2024	$	600,264
2025		500,220
Total Minimum Lease Payments		1,100,484
Less: imputed interest		(26,442)
Total Operating Lease Liabilities	$	1,074,042

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 initial letter of credit is automatically extended annually on March 31, but not beyond May 30, 2025, unless either party gives a 60 days' written notice for expiration.

10. With Donor Restriction Net Assets - Purpose-Restricted

With donor restriction net assets are available for the following purposes:

June 30, 2023		
Program office delivery	$	1,323,500
Multiple programs and operations		4,812,264
	$	6,135,764

With donor restriction net assets were released from restrictions in fulfillment of the following purposes or due to the expiration of time restrictions:

Year ended June 30, 2023		
Program office delivery	$	247,500
Partner programs		75,000
Multiple programs and operations		3,804,500
Released from Restrictions	$	4,127,000

11. With Donor Restriction Net Assets - Held in Perpetuity

With donor restriction net assets – perpetual in nature 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:

June 30, 2023		
Regional programs	$	42,059
Teacher training and development		2,277,966
Deferred compensation		511,108
Volunteers		150,000
Alumni services		912,665
Multiple programs and operations		6,838,793
	$	10,732,591

12. Line of Credit

The Organization has a $1,700,000 secured working capital line of credit with a bank, which is available through February 14, 2024 and is subject to annual renewal. The interest rate is subject to change, from time to time, based on changes in an independent index, which is the rate of interest published in *The Wall Street Journal* as the U.S. Prime Rate (prime rate). The prime rate at June 30, 2023 is 8.25%. The loan is collateralized by a perfected security interest in the Organization's inventory, chattel paper, accounts receivable, equipment, and general intangibles. At June 30, 2023, there was no outstanding line of credit balance.

13. Teachers' and Other In-Kind Contribution

During the fiscal year, the value of teacher's in-kind contributions to the Organization consisted of the following:

Year ended June 30, 2023		
Program services - teacher services - estimated value of teacher services	$	5,378,836
Program services - other support services		2,164
Total	$	5,381,000

The teacher's in-kind contributions represents 108,010 classroom hours that the Organization taught by volunteer teachers. The classroom hours were determined based on volunteer teacher's hours reported to the Organization by each volunteer teacher. The values of teacher's in-kind contributions are based on their average salary in the respective city that they reside in and were selected on a city-by-city basis from information available on the U.S. Department of Labor - Bureau of Labor Statistics website.

14. Endowment Fund

NFTE Endowment Fund, Inc. 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 with donor restriction net assets - held in perpetuity (see Note 11).

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 with donor restriction - perpetual in nature and includes the following:

- The original value of gifts donated to the endowment.
- The original value of subsequent gifts to the endowment.
- Accumulation of the endowment made in accordance with the direction of applicable donor instructions.

The remaining portion of the Endowment Fund that is not classified as with donor restriction - perpetual in nature is classified as with donor restriction - purpose-restricted 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 the 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.
- The investment policies of NFTE Endowment Fund, Inc.
- Other resources of NFTE Endowment Fund, Inc.

The following table provides a reconciliation of the change in NFTE Endowment Fund, Inc.'s Endowment Fund net assets:

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ -	$ 12,067,227	$ 12,067,227
Investment gain, net	-	1,345,944	1,345,944
Appropriation of endowment assets for expenditure	-	(657,316)	(657,316)
Endowment Net Assets, end of year	$ -	$ 12,755,855	$ 12,755,855

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. Of the $12,755,855, $10,732,591 is included in net assets with donor restrictions – held in perpetuity, with the remaining amount of $2,023,264 included in net assets with donor restrictions – purpose-restricted.

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.
- Morningstar Large-Cap Value Index for the Sound Shore Fund.
- Barclays Capital U.S. Aggregate Index for BlackRock Total Return.
- Dow Credit Suisse Long/Short Equity Edge Fund Index for the Fund of Hedge Funds.
- Barclays five-to-ten-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. may appropriate for distribution each year 5% of its invested assets based upon their rolling average value over the prior 12 quarters, which is in line with their targeted rate of return. 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.

For fiscal year 2023, the Board of Directors of NFTE Endowment Fund, Inc. approved for appropriation $635,000, which is included in net assets released from restrictions in the consolidated statement of activities.

15. Subsequent Events

Management has performed subsequent events procedures through December 1, 2023, which is the date that the consolidated financial statements were available to be issued. There were no subsequent events identified that would require an adjustment to the consolidated financial statements or disclosure as a result of these procedures.

Supplementary Information

Network for Teaching Entrepreneurship and Related Organization

Consolidating Schedule of Financial Position
(with comparative totals for 2022)

June 30,

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total 2023	Total 2022
Assets					
Cash and cash equivalents	$ 7,680,305	$ -	$ -	**$ 7,680,305**	$ 9,153,034
Accounts receivable, net	328,546	-	-	**328,546**	165,982
Contributions receivable, net	3,098,609	-	(66,750)	**3,031,859**	2,096,249
Employee and teacher advances	1,158	-	-	**1,158**	2,017
Inventories	21,781	-	-	**21,781**	24,006
Prepaid expenses and other assets	416,113	-	-	**416,113**	309,768
Investments held in perpetuity	-	12,822,605	-	**12,822,605**	12,093,591
Operating lease right-of-use assets	947,342	-	-	**947,342**	-
Fixed assets, net	27,292	-	-	**27,292**	45,074
	$ 12,521,146	$ 12,822,605	$ (66,750)	**$ 25,277,001**	$ 23,889,721
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	$ 503,344	$ 66,750	$ (66,750)	**$ 503,344**	$ 788,728
Accrued compensation and related liabilities	802,497	-	-	**802,497**	688,058
Deferred rent	-	-	-	**-**	195,810
Other liabilities	2,083	-	-	**2,083**	25,000
Operating lease payable	1,074,042	-	-	**1,074,042**	-
Total Liabilities	2,381,966	66,750	(66,750)	**2,381,966**	1,697,596
Commitments and Contingencies					
Net Assets					
Without donor restrictions	6,026,680	-	-	6,026,680	6,743,898
With donor restrictions	4,112,500	12,755,855	-	**16,868,355**	15,448,227
Total Net Assets	10,139,180	12,755,855	-	**22,895,035**	22,192,125
	$ 12,521,146	$ 12,822,605	$ (66,750)	**$ 25,277,001**	$ 23,889,721

Network for Teaching Entrepreneurship and Related Organization

Consolidating Schedule of Activities
(with comparative totals for 2022)

Year ended June 30,

	Network for Teaching Entrepreneurship	NFTE Endowment Fund, Inc.	Eliminations	Total 2023	Total 2022
Support and Revenues					
Contributions	$ 7,902,604	$ -	$ -	**$ 7,902,604**	$ 9,720,673
Contributions from endowment	635,000	-	(635,000)	**-**	-
License fees	176,980	-	-	**176,980**	68,800
Contract services	1,990,235	-	-	**1,990,235**	1,685,143
Retention tax overpayment refunds	1,064,370	-	-	**1,064,370**	
Training fees	-	-	-	**-**	134,248
Material sales	15,270	-	-	**15,270**	14,427
Teachers' and other in-kind contribution	5,381,000	-	-	**5,381,000**	4,672,019
Miscellaneous income	96,614	-	-	**96,614**	100,298
Royalty income	215,018	-	-	**215,018**	162,288
Total Support and Revenues	17,477,091	-	(635,000)	**16,842,091**	16,557,896
Expenses					
Program services	14,372,153	-	-	**14,372,153**	12,584,984
Contribution expense	-	635,000	(635,000)	**-**	-
Total Program Services and Contribution Expense	14,372,153	635,000	(635,000)	**14,372,153**	12,584,984
Supporting services:					
Management and general	1,461,407	22,316	-	**1,483,723**	1,658,059
Fundraising	1,687,531	-		**1,687,531**	1,183,265
Total Supporting Services	3,148,938	22,316	-	**3,171,254**	2,841,324
Total Expenses	17,521,091	657,316	(635,000)	**17,543,407**	15,426,308
Change in Net Assets, before non-operating revenues	(44,000)	(657,316)	-	**(701,316)**	1,131,588
Non-Operating Revenues					
Investment return (loss), net (Note 2)	58,282	1,345,944	-	**1,404,226**	(1,587,526)
PPP loan forgiveness	-	-	-	**-**	1,106,145
Change in Net Assets	14,282	688,628	-	**702,910**	650,207
Net Assets, beginning of year	10,124,898	12,067,227	-	**22,192,125**	21,541,918
Net Assets, end of year	$ 10,139,180	$ 12,755,855	$ -	**$ 22,895,035**	$ 22,192,125

Network for Teaching Entrepreneurship and Related Organization

Schedule of Fiscal Year Trend Analysis
(in thousands)

	2013**	2014**	2015**	2016**	2017**	2018**	2019**	2020**	2021**	2022**	**2023****
Assets and Liabilities											
Total assets	$ 17,112	$ 17,740	$ 17,904	$ 25,258	$ 29,975	$ 24,807	$ 19,742	$ 19,624	$ 24,018	$ 23,890	**$ 25,277**
Total liabilities	1,658	2,182	2,476	2,122	1,813	1,500	1,611	2,923	2,477	1,698	**2,382**
With Donor Restrictions											
Revenue - purpose-restricted	$ 4,683	$ 6,449	$ 7,023	$ 14,277	$ 13,706	$ 5,514	$ 4,260	$ 4,892	$ 3,439	$ 4,949	**$ 4,224**
Assets - purpose-restricted released	(5,284)	(5,619)	(7,293)	(6,369)	(8,774)	(11,287)	(11,446)	(10,659)	(5,616)	(4,430)	**(4,127)**
Revenue and Expense											
Total revenues	$ 17,180	$ 17,875	$ 17,820	$ 24,887	$ 21,806	$ 13,698	$ 13,347	$ 15,631	$ 14,798	$ 16,558	**$ 16,842**
Total expenses	17,544	19,210	18,245	17,321	18,298	19,439	19,195	17,157	14,587	15,426	**17,543**
Surplus (Deficit)											
Operating	$ (364)	$ (1,335)	$ (425)	$ 7,566	$ 3,508	$ (5,741)	$ (5,848)	$ (1,526)	$ 211	$ 1,132	**$ (701)**
Non-operating	908	1,438	296	141	1,519	885	673	95	4,630	(482)	**1,404**
Net Surplus (Deficit)	$ 544	$ 103	$ (129)	$ 7,707	$ 5,027	$ (4,856)	$ (5,175)	$ (1,431)	$ 4,841	$ 650	**$ 703**

** Includes teachers' in-kind contributions in 2013 ($2,426), 2014 ($2,854), 2015 ($3,069), 2016 ($3,294), 2017 ($3,381), 2018 ($4,162), 2019 ($4,748), 2020 ($4,813), 2021 ($4,395), 2022 ($4,672), and 2023 ($5,379).