

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

Department of the Treasury Internal Revenue Service

A For the 2001 calendar year, or tax year beginning 2001, and ending

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

C Name of organization NATIONAL FOUNDATION FOR TEACHING ENTREPRENEURSHIP. Number and street (or P O box if mail is not delivered to street address) Room/suite 120 WALL STREET, 29TH FLOOR. City or town, state or country, and ZIP + 4 NEW YORK, NY 10005

D Employer identification number 13-3408731. E Telephone number (212) 232-3333 EXT 306. F Accounting method: Cash, Accrual, Other (specify)

SEE STMT 17 Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? Yes X No. H(b) If "Yes," enter number of affiliates. H(c) Are all affiliates included? Yes X No. H(d) Is this a separate return filed by an organization covered by a group ruling? Yes X No. I Enter 4-digit GEN. M Check if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

G Web site WWW.NFTE.COM

J Organization type (check only one) X 501(c)(3) (insert no) 4947(a)(1) or 527

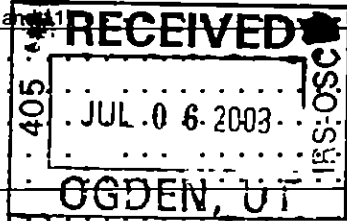
K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS but if the organization received a Form 990 Package in the mail it should file a return without financial data. Some states require a complete return

L Gross receipts Add lines 6b 8b 9b and 10b to line 12 6,897,480.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

SCANNED 01/14/03 Revenue

Table with 21 rows and columns for Revenue, Expenses, and Net Assets. Includes sub-rows for contributions, program revenue, membership, interest, dividends, rents, investment income, sales of assets, special events, and inventory. Total revenue is 5,899,692 and total expenses is 5,755,722.



For Paperwork Reduction Act Notice, see the separate instructions

**Part II Statement of Functional Expenses**

All organizations must complete column (A) Columns (B) (C) and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See Specific Instructions on page 21)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc	25 281,954.	196,868.	42,543.	42,543.
26 Other salaries and wages	26 2,056,679.	1,699,865.	194,806.	162,008.
27 Pension plan contributions	27 23,058.	18,677.	2,306.	2,075.
28 Other employee benefits	28 205,438.	166,405.	20,544.	18,489.
29 Payroll taxes	29 274,900.	222,669.	27,490.	24,741.
30 Professional fundraising fees	30			
31 Accounting fees	31 3,000.	1,000.	1,000.	1,000.
32 Legal fees	32 52,995.	2,639.	50,356.	
33 Supplies	33			
34 Telephone	34			
35 Postage and shipping	35			
36 Occupancy	36 283,605.	212,531.	19,548.	51,526.
37 Equipment rental and maintenance	37			
38 Printing and publications	38 175,287.	85,482.	43.	89,762.
39 Travel	39 758,959.	709,427.	9,989.	39,543.
40 Conferences, conventions, and meetings	40			
41 Interest	41			
42 Depreciation depletion etc (attach schedule)	42 114,285.	87,314.	15,843.	11,128.
43 Other expenses not covered above (itemize) STMT 2	43a 1,525,562.	1,188,510.	214,238.	122,814.
b	43b			
c	43c			
d	43d			
e	43e			
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44 5,755,722.	4,591,387.	598,706.	565,629.

Joint Costs Check  if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_, (ii) the amount allocated to Program services \$ \_\_\_\_\_,  
 (iii) the amount allocated to Management and general \$ \_\_\_\_\_, and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments (See Specific Instructions on page 24)**

What is the organization's primary exempt purpose? STMT 3	Program Service Expenses (Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts, but optional for others)
a TO TEACH ENTREPRENEURSHIP TO LOW-INCOME YOUNG PEOPLE, SO THEY CAN BECOME ECONOMICALLY PRODUCTIVE MEMBERS OF SOCIETY BY IMPROVING THEIR ACADEMIC, BUSINESS, TECHNOLOGICAL (Grants and allocations \$ _____)	
b AND LIFE SKILLS. THE ORGANIZATION'S STRATEGY FOR ACHIEVING THIS MISSION IS TO: PARTNER WITH SCHOOLS, UNIVERSITIES AND COMMUNITY-BASED ORGANIZATIONS; CREATE INNOVATIVE, (Grants and allocations \$ _____)	
c EXPERIENTIAL CURRICULA; TRAIN AND SUPPORT TEACHERS AND YOUTH WORKERS; AND PROVIDE SUPPORTIVE ALUMNI SERVICES. (Grants and allocations \$ _____)	4,591,387.
d (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	4,591,387.

**Part IV Balance Sheets (See Specific Instructions on page 24 )**

Note		Where required, attached schedules and amounts within the description column should be for end-of-year amounts only		(A) Beginning of year		(B) End of year	
Assets	45	Cash - non-interest-bearing . . . . .		81,008.	45	60,456.	
	46	Savings and temporary cash investments . . . . .		1,483,628.	46	1,492,679.	
	47a	Accounts receivable . . . . .	47a 323,433.				
	b	Less allowance for doubtful accounts . . . . .	47b 10,000.	118,325.	47c	313,433.	
	48a	Pledges receivable . . . . .	48a 2,487,696.				
	b	Less allowance for doubtful accounts . . . . .	48b 37,910.	2,795,483.	48c	2,449,786.	
	49	Grants receivable . . . . .			49		
	50	Receivables from officers, directors, trustees, and key employees (attach schedule) . . . . .			50		
	51a	Other notes and loans receivable (attach schedule) . . . . .	51a				
	b	Less allowance for doubtful accounts . . . . .	51b		51c		
	52	Inventories for sale or use . . . . .		206,070.	52	477,560.	
	53	Prepaid expenses and deferred charges . . . . .		81,778.	53	226,113.	
	54	Investments - securities (attach schedule) <b>STMT 4</b> <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		938,123.	54	782,869.	
	55a	Investments - land, buildings, and equipment basis . . . . .	55a				
	b	Less accumulated depreciation (attach schedule) . . . . .	55b		55c		
56	Investments - other (attach schedule) . . . . .			56			
57a	Land, buildings, and equipment basis . . . . .	57a 840,317.					
b	Less accumulated depreciation (attach schedule) <b>SEE STATEMENT 16</b> . . . . .	57b 556,726.	274,512.	57c	283,591.		
58	Other assets (describe <b>▶ STMT 5</b> ) . . . . .		79,769.	58	160,746.		
<b>59 Total assets (add lines 45 through 58) (must equal line 74)</b> . . . . .				<b>6,058,696.</b>	<b>59</b>	<b>6,247,233.</b>	
Liabilities	60	Accounts payable and accrued expenses . . . . .		402,674.	60	545,599.	
	61	Grants payable . . . . .			61		
	62	Deferred revenue . . . . .		260,600.	62	249,231.	
	63	Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .			63		
	64a	Tax-exempt bond liabilities (attach schedule) . . . . .			64a		
	b	Mortgages and other notes payable (attach schedule) . . . . .			64b		
	65	Other liabilities (describe <b>▶</b> ) . . . . .			65		
<b>66 Total liabilities (add lines 60 through 65)</b> . . . . .				<b>663,274.</b>	<b>66</b>	<b>794,830.</b>	
<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74</b>							
Net Assets or Fund Balances	67	Unrestricted . . . . .		1,452,547.	67	1,500,855.	
	68	Temporarily restricted . . . . .		2,125,774.	68	2,110,811.	
	69	Permanently restricted . . . . .		1,817,101.	69	1,840,737.	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74</b>						
	70	Capital stock, trust principal, or current funds . . . . .			70		
	71	Paid-in or capital surplus, or land, building, and equipment fund . . . . .			71		
	72	Retained earnings, endowment, accumulated income, or other funds . . . . .			72		
73	<b>Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19, and column (B) must equal line 21)</b> . . . . .		<b>5,395,422.</b>	<b>73</b>	<b>5,452,403.</b>		
<b>74 Total liabilities and net assets / fund balances (add lines 66 and 73)</b> . . . . .				<b>6,058,696.</b>	<b>74</b>	<b>6,247,233.</b>	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See Specific Instructions, page 26)

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a Total revenue, gains, and other support per audited financial statements ▶ a 6,697,878.

b Amounts included on line a but not on line 12, Form 990

(1) Net unrealized gains on investments . . \$ -86,989.

(2) Donated services and use of facilities \$ 301,472.

(3) Recoveries of prior year grants . . . \$

(4) Other (specify)

STMT 6 \$ 583,703.

Add amounts on lines (1) through (4) ▶ b 798,186.

c Line a minus line b . . . . ▶ c 5,899,692.

d Amounts included on line 12, Form 990 but not on line a

(1) Investment expenses not included on line 6b, Form 990 . . . \$

(2) Other (specify)

\$

Add amounts on lines (1) and (2) ▶ d

e Total revenue per line 12, Form 990 (line c plus line d) . . ▶ e 5,899,692.

a Total expenses and losses per audited financial statements . . . ▶ a 6,640,897.

b Amounts included on line a but not on line 17, Form 990

(1) Donated services and use of facilities \$ 301,472.

(2) Prior year adjustments reported on line 20, Form 990 . . \$

(3) Losses reported on line 20, Form 990 \$

(4) Other (specify)

STMT 7 \$ 583,703.

Add amounts on lines (1) through (4) . ▶ b 885,175.

c Line a minus line b . . . . ▶ c 5,755,722.

d Amounts included on line 17, Form 990 but not on line a

(1) Investment expenses not included on line 6b Form 990 \$

(2) Other (specify)

\$

Add amounts on lines (1) and (2) . . ▶ d

e Total expenses per line 17, Form 990 (line c plus line d) . . . . ▶ e 5,755,722.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see Specific Instructions on page 26)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
SEE STATEMENTS 8-10		281,954.	43,076.	NONE

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ▶  Yes  No

Part VI Other Information (See Specific Instructions on page 27)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
78b	b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		X
	b If "Yes," enter the name of the organization _____ and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditure See line 81 instructions	81a	NONE
81b	b Did the organization file Form 1120-POL for this year?	81b	N/A
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
	b If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	301,472.
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
84b	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85a	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	N/A
85c	c Dues, assessments, and similar amounts from members	85c	N/A
85d	d Section 162(e) lobbying and political expenditures	85d	N/A
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
85g	g Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g	N/A
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86a	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a	N/A
86b	b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87a	501(c)(12) orgs Enter a Gross income from members or shareholders	87a	N/A
87b	b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> NONE, section 4912 <input type="checkbox"/> NONE, section 4955 <input type="checkbox"/> NONE		
89b	b 501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes" attach a statement explaining each transaction	89b	X
	c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/> NONE		
	d Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/> NONE		
90a	List the states with which a copy of this return is filed <input type="checkbox"/> NY, <input type="checkbox"/> NJ, <input type="checkbox"/> MA, <input type="checkbox"/> IL, <input type="checkbox"/> KS, <input type="checkbox"/> MN, <input type="checkbox"/> DC, <input type="checkbox"/> CA, <input type="checkbox"/> PA, <input type="checkbox"/> CT		
90b	b Number of employees employed in the pay period that includes March 12, 2001 (See instructions)	90b	48
91	The books are in care of <input type="checkbox"/> THOMAS FLAHERTY Telephone no <input type="checkbox"/> 212-232-3333 Located at <input type="checkbox"/> 120 WALL STREET, 29TH FL, NY, NY ZIP + 4 <input type="checkbox"/> 10005		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> 92 <input type="checkbox"/> N/A		

**Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32)**

Note	Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
		(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93	Program service revenue					
a	<u>LICENSE FEES</u>					64,593.
b	<u>CONTRACT SERVICES</u>					280,717.
c						
d						
e						
f	Medicare/Medicaid payments . . . .					
g	Fees and contracts from government agencies					
94	Membership dues and assessments . . .					
95	Interest on savings and temporary cash investments . . .			14	49,289.	
96	Dividends and interest from securities . . .			14	1,086.	
97	Net rental income or (loss) from real estate					
a	debt-financed property . . . . .					
b	not debt-financed property . . . . .					
98	Net rental income or (loss) from personal property . . .					
99	Other investment income . . . . .					
100	Gain or (loss) from sales of assets other than inventory			18	-27,524.	
101	Net income or (loss) from special events . . .			01	653,814.	
102	Gross profit or (loss) from sales of inventory					-320,365.
103	Other revenue a					
b	<u>TRAINING FEES</u>					162,444.
c	<u>MISCELLANEOUS</u>					4,271.
d						
e						
104	Subtotal (add columns (B), (D), and (E)) . . .				676,665.	191,660.
105	Total (add line 104, columns (B), (D), and (E)) . . . . .					868,325.

Note Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 32)**

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
▼	STMT 11

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 33)**

(A) Name, address and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See Specific Instructions on page 33)**

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Note If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and believe it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has knowledge.

Signature of officer: *Thomas Flaherty*

Type or print name and title: *Thomas Flaherty*

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Paid Preparer's Use Only

Preparer's signature: *Laura Kelpinski*

Firm's name (or yours if self-employed) address, and ZIP + 4: **ERNST & YOUNG, LLP**  
**1211 AVENUE OF THE**  
**NEW YORK, NY**

**SCHEDULE A**  
(Form 990 or 990-EZ)

**AMENDED**

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information - (See separate instructions)**

OMB No 1545-0047

**2001**

Department of the Treasury  
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization **NATIONAL FOUNDATION FOR TEACHING**  
**ENTREPRENEURSHIP** Employer identification number  
**13-3408731**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions List each one If there are none, enter "None")

(a) Name and address of each employee paid more than \$50 000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<u>THOMAS FLAHERTY</u> 120 WALL STREET, 29TH FLR NEW YORK, NY 10005	DIR OF FINANCE 40 HRS/WK	81,802.	16,038.	NONE
<u>DAVID J. NELSON</u> 120 WALL STREET, 29TH FLR NEW YORK, NY 10005	COO 40 HRS/WK	80,590.	3,554.	NONE
<u>LESLIE PECHMAN-KOCH</u> 120 WALL STREET, 29TH FLR NEW YORK, NY 10005	DIR OF DEV 40 HRS/WK	77,149.	15,227.	NONE
<u>CHRIS J. MEENAN</u> 120 WALL STREET, 29TH FLR NEW YORK, NY 10005	DIV DIR - PITTS 40 HRS/WK	75,786.	3,446.	NONE
<u>JULIE S. KANTOR</u> 120 WALL STREET, 29TH FLR NEW YORK, NY 10005	DIV DIR - D C 40 HRS/WK	70,972.	11,744.	NONE
Total number of other employees paid over \$50 000	▶ 8			

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None")

(a) Name and address of each independent contractor paid more than \$50 000	(b) Type of service	(c) Compensation
<u>WESTGROUP COMMUNICATIONS</u> 18 JOHN STREET, NEW YORK, NY 10038	DESIGNERS	159,698.
<u>CAMY CALVE</u> 1 ROCKEFELLER PLAZA, NEW YORK, NY 10020	EVENT COORDINATOR	95,736.
<u>ZENTROPHY, INC.</u> P.O. BOX 31602, HARTFORD, CT 06150	COMPUTER TECHNICAL	56,831.
Total number of others receiving over \$50 000 for professional services	▶ NONE	

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2001

Part III Statements About Activities (See page 2 of the instructions)

Yes No

Table with 3 columns: Question, Yes, No. Rows include: 1. During the year, has the organization attempted to influence national state or local legislation... 2. During the year, has the organization either directly or indirectly, engaged in any of the following acts... 3. Does the organization make grants for scholarships, fellowships, student loans etc? 4. Do you have a section 403(b) annuity plan for your employees?

Note Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions)

The organization is not a private foundation because it is (Please check only ONE applicable box.)

- 5 [ ] A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
6 [ ] A school Section 170(b)(1)(A)(ii) (Also complete Part V)
7 [ ] A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
8 [ ] A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
9 [ ] A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state
10 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the Support Schedule in Part IV-A.)
11a [X] An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
11b [ ] A community trust Section 170(b)(1)(A)(v) (Also complete the Support Schedule in Part IV-A.)
12 [ ] An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the Support Schedule in Part IV-A.)
13 [ ] An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6) if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See page 5 of the instructions)

Table with 2 columns: (a) Name(s) of supported organization(s), (b) Line number from above

- 14 [ ] An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions)



Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting

Note You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Table with columns: Calendar year (or fiscal year beginning in), (a) 2000, (b) 1999, (c) 1998, (d) 1997, (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends; 19 Net income from unrelated business activities; 20 Tax revenues levied; 21 Value of services or facilities furnished; 22 Other income; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23; 26 Organizations described on lines 10 or 11; 27 Organizations described on line 12; 28 Unusual Grants.

Part V Private School Questionnaire (See page 7 of the instructions) (To be completed ONLY by schools that checked the box on line 6 in Part IV)

Table with 3 columns: Question ID, Question Text, and Yes/No columns. Rows include questions 29 through 35 regarding racial nondiscrimination policies, financial aid, and organizational compliance.

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions)  
 (To be completed **ONLY** by an eligible organization that filed Form 5768) **NOT APPLICABLE**

Check  a if the organization belongs to an affiliated group  
 Check  b if you checked "a" and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred )			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . . .	<b>36</b>	
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .	<b>37</b>	
<b>38</b>	Total lobbying expenditures (add lines 36 and 37) . . . . .	<b>38</b>	
<b>39</b>	Other exempt purpose expenditures . . . . .	<b>39</b>	
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39) . . . . .	<b>40</b>	
<b>41</b>	Lobbying nontaxable amount Enter the amount from the following table - If the amount on line 40 is -                      The lobbying nontaxable amount is - Not over \$500 000 . . . . . 20% of the amount on line 40 . . . . . Over \$500,000 but not over \$1,000 000                      \$100 000 plus 15% of the excess over \$500,000 Over \$1 000 000 but not over \$1 500 000                      \$175 000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17 000 000                      \$225,000 plus 5% of the excess over \$1 500 000 Over \$17 000 000 . . . . . \$1 000 000 . . . . .	<b>41</b>	
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41) . . . . .	<b>42</b>	
<b>43</b>	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36 . . . . .	<b>43</b>	
<b>44</b>	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38 . . . . .	<b>44</b>	

**Caution** If there is an amount on either line 43 or line 44, you must file Form 4720

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below  
 See the instructions for lines 45 through 50 on page 11 of the instructions )

Calendar year (or fiscal year beginning in) ▶	<b>Lobbying Expenditures During 4-Year Averaging Period</b>				
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
<b>45</b> Lobbying nontaxable amount . . . . .					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots nontaxable amount . . . . .					
<b>49</b> Grassroots ceiling amount (150% of line 48(e)) . . . . .					
<b>50</b> Grassroots lobbying expenditures . . . . .					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**  
 (For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions )

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
<b>a</b> Volunteers . . . . .		X	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h) . . . . .		X	
<b>c</b> Media advertisements . . . . .		X	
<b>d</b> Mailings to members, legislators, or the public . . . . .		X	
<b>e</b> Publications, or published or broadcast statements . . . . .		X	
<b>f</b> Grants to other organizations for lobbying purposes . . . . .		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .		X	
<b>i</b> Total lobbying expenditures (add lines c through h) . . . . .			NONE

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

Table with columns: Question, Yes, No. Rows include: a Transfers from the reporting organization to a noncharitable exempt organization of (i) Cash, (ii) Other assets; b Other transactions (i) Sales or exchanges of assets, (ii) Purchases of assets, (iii) Rental of facilities, (iv) Reimbursement arrangements, (v) Loans or loan guarantees, (vi) Performance of services; c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.

d If the answer to any of the above is "Yes" complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions and sharing arrangements. Row 1 contains 'N/A'.

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [ ] Yes [X] No

b If "Yes," complete the following schedule

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains 'N/A'.

AMENDED

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES

=====

DESCRIPTION	AMOUNT
-----	-----
NET UNREALIZED LOSS ON INVESTMENTS	86,989.
	-----
TOTAL	86,989.
	=====

AMENDED

FORM 990, PART II - OTHER EXPENSES

=====

DESCRIPTION -----	TOTAL -----	PROGRAM SERVICES -----	MANAGEMENT AND GENERAL -----	FUNDRAISING -----
OTHER PROFESSIONAL FEES	287,269.	92,291.	163,165.	31,813.
OFFICE EXPENSES	285,351.	229,162.	16,111.	40,078.
INSURANCE	46,156.	25,530.	12,116.	8,510.
TRAINING	25,183.	25,183.		
BAD DEBT EXPENSE	12,910.	3,000.	9,910.	
DIRECT PROGRAM EXPENSES	628,417.	628,417.		
CURRICULUM DEVELOPMENT	34,016.	34,016.		
OTHER EXPENSES	206,260.	150,911.	12,936.	42,413.
TOTALS	1,525,562.	1,188,510.	214,238.	122,814.
	=====	=====	=====	=====

AMENDED

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

=====

TO TEACH ENTREPRENEURIAL AND BUSINESS SKILLS TO HANDICAPPED AND  
DISADVANTAGED YOUNG PEOPLE.

FORM 990, PART IV - INVESTMENTS - SECURITIES

=====

DESCRIPTION -----	ENDING BOOK VALUE -----
COMMON STOCKS	29,601.
EQUITY MUTUAL FUNDS	753,268.
	-----
TOTALS	782,869.
	=====



AMENDED

FORM 990, PART IV - OTHER ASSETS  
=====

DESCRIPTION -----	ENDING BOOK VALUE -----
EMPLOYEE ADVANCES	114,096.
EMPLOYEE LOANS	9,960.
SECURITY DEPOSITS	36,690.
	-----
TOTALS	160,746.
	=====

FORM 990, PART IV-A - OTHER REVENUE ON BOOKS BUT NOT ON RETURN

=====

DESCRIPTION

AMOUNT

-----

-----

COSTS OF GOODS SOLD

583,703.

-----

TOTAL

583,703.

=====

FORM 990, PART IV-B - OTHER EXPENSES ON BOOKS BUT NOT ON RETURN

=====

DESCRIPTION	AMOUNT
-----	-----
COST OF GOODS SOLD	583,703.
	-----
TOTAL	583,703.
	=====

## FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
STEVE MARIOTTI 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	PRESIDENT 40 HRS/WK	138,477.	15,305.	NONE
MICHAEL CASLIN, III 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	CEO/EXEC DIRECTOR 40 HRS/WK	143,477.	27,771.	NONE
ALBERT ABNEY 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
BART BREIGHNER 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
JAY W. CHRISTOPHER 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
JOHN B. FULLERTON 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
VERNE HARNISH 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
TOM HARTOCOLLIS 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	BOARD CHAIRMAN 1 HR/WK	NONE	NONE	NONE

FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
JAMES HOLDEN 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
EDUARDO CENTOLA 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
MICHELE COURTON BROWN 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
BERNARD GOLDBIRSH 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
LANDIN HILLIARD, III 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
DIANA DAVIS SPENCER 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	SECRETARY / TRES. 1 HR/WK	NONE	NONE	NONE
DR. STEPHEN SPINELLI, JR. 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
LOIDA LEWIS 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE

FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
-----	-----	-----	-----	-----
JAMES LYLE 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
ARTHUR SAMBURG 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
KENNETH STARR 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
PETER WALKER 120 WALL STREET, 29TH FLOOR NEW YORK, NY 10005	TRUSTEE 1 HR/WK	NONE	NONE	NONE
	GRAND TOTALS	----- 281,954. =====	----- 43,076. =====	----- NONE =====

AMENDED

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES

=====

LINE NO. ---	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES -----
--------------------	---

93A	LICENSE FEES ARE REVENUES GENERATED FROM THE USE OF THE FOUNDATION'S MATERIALS AND PROGRAMS BY OTHER FIRMS.
93B	CONTRACT SERVICE INCOME IS EARNED BY INSTRUCTORS CONDUCTING SEMINARS AND TEACHING CLASSES.
102	SALES OF EDUCATIONAL MATERIALS USED IN TEACHING PROGRAMS.
103B	TUITION RECEIVED FOR TRAINING TEACHERS.
103C	MISCELLANEOUS INCOME USED TO FURTHER THE ORGANIZATION'S EXEMPT PURPOSES.

AMENDED

SCHEDULE A, PART IV-A - OTHER INCOME

=====

DESCRIPTION	2000
-----	----
TRAINING FEES	192,338.
MISCELLANEOUS	40,619.
	-----
TOTALS	232,957.
	=====



**AMENDED**

**NATIONAL FOUNDATION FOR TEACHING ENTREPRENEURSHIP**

**EIN: 13-3408731**

**FYE: DECEMBER 31, 2001**

**FORM 990 LINE 8 COLUMN (A): GAIN OR LOSS ON SALE OF SECURITIES**

<u>DESCRIPTION</u>	<u>PROCEEDS</u>	<u>COST BASIS</u>	<u>GAIN/(LOSS)</u>
THE VANGUARD GROUP	113	0	113
SALE OF MARKETABLE SECURITIES	<u>216,262</u>	<u>243,899</u>	<u>(27,637)</u>
	<u>216,375</u>	<u>243,899</u>	<u>(27,524)</u>

**AMENDED**

**NATIONAL FOUNDATION FOR TEACHING ENTREPRENEURSHIP  
EIN: 13-3408731  
FYE: DECEMBER 31, 2001**

**FORM 990 LINE 9: SPECIAL EVENTS**

<u>DESCRIPTION</u>	<u>GROSS RECEIPTS</u>	<u>EXCLUDED CONTRIBUTIONS</u>	<u>GROSS REVENUE</u>	<u>DIRECT EXPENSES</u>	<u>NET INCOME</u>
ANNUAL GALA	1,178,202	354,202	824,000	170,186	653,814

**AMENDED**

**NATIONAL FOUNDATION FOR TEACHING ENTREPRENEURSHIP  
EIN: 13-3408731  
FYE: DECEMBER 31, 2001**

**FORM 990 LINE 10: GROSS PROFIT/(LOSS) FROM SALES OF INVENTORY**

<u>DESCRIPTION</u>	<u>GROSS SALES</u>	<u>COST OF GOODS SOLD</u>	<u>GAIN/(LOSS)</u>
INVENTORY SALES	<u>263,338</u>	<u>583,703</u>	<u>(320,365)</u>
	<u>263,338</u>	<u>583,703</u>	<u>(320,365)</u>

**AMENDED**

NATIONAL FOUNDATION FOR TEACHING ENTREPRENEURSHIP

EIN 13-3408731

FYE DECEMBER 31, 2001

FORM 990 PART II, LINE 42 & PART IV, LINE 57b

<b>FIXED ASSETS</b>	<b>COST 12/31/00</b>	<b>ADDITIONS/ (DISPOSALS)</b>	<b>COST 12/31/01</b>
COMPUTER/OFFICE EQUIPMENT	\$ 754,809	\$ 85,508	\$ 840,317
	\$ 754,809	\$ 85,508	\$ 840,317

<b>ACCUMULATED DEPRECIATION</b>	<b>BALANCE 12/31/00</b>	<b>DEPRECIATION EXPENSE</b>	<b>ADDITIONS/ (DISPOSALS)</b>	<b>BALANCE 12/31/01</b>	<b>NET COST 12/31/01</b>
COMPUTER/OFFICE EQUIPMENT	\$ 480,297	\$ 114,285	\$ (37,856)	\$ 556,726	\$ 283,591
	\$ 480,297	\$ 114,285	\$ (37,856)	\$ 556,726	\$ 283,591

National Foundation for Teaching Entrepreneurship  
EIN 13-3408731  
December 31, 2001

Amended Form 990

This return for the year ended December 31, 2001 has been amended by the taxpayer to correct differences in the classification of income, expense and balance sheet items to reconcile to the audited financial statements. The audited financial statements were unavailable at the time of the original filing.

FINANCIAL STATEMENTS

The National Foundation for Teaching Entrepreneurship  
to Handicapped and Disadvantaged Youths, Inc

Year ended December 31, 2001

with summarized financial information for 2000

The National Foundation for  
Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc.

Financial Statements

Year ended December 31, 2001  
with summarized financial information for 2000

Contents

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## Report of Independent Auditors

To the Board of Directors  
The National Foundation for Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc

We have audited the accompanying statement of financial position of The National Foundation for Teaching Entrepreneurship to Handicapped and Disadvantaged Youths, Inc (the "Foundation") as of December 31, 2001, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2000 financial statements and, in our report dated June 29, 2001, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The National Foundation for Teaching Entrepreneurship to Handicapped and Disadvantaged Youths, Inc at December 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Ernst & Young LLP*

October 25, 2002



The National Foundation for  
Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc.

Statements of Financial Position

	December 31	
	2001	2000
<b>Assets (Note 6)</b>		
Cash and cash equivalents (Note 9)	\$ 983,941	\$ 1,382,734
Marketable securities (Note 4)	29,601	27,155
Accounts receivable, net	313,433	118,325
Contributions receivable, net (Note 3)	2,449,786	2,795,483
Employee advances	114,096	36,446
Inventory	477,560	206,070
Prepaid expenses and other assets	272,763	125,101
Investments held in perpetuity (Note 4)	1,322,462	1,092,870
Property and equipment, net (Note 5)	283,591	274,512
Total assets	\$ 6,247,233	\$ 6,058,696
<b>Liabilities and net assets</b>		
Accounts payable and accrued expenses	\$ 545,599	\$ 402,674
Deferred rent (Note 8)	249,231	260,600
Total liabilities	794,830	663,274
Commitments (Note 8)		
Net assets		
Unrestricted	1,500,855	1,452,547
Temporarily restricted (Notes 2 and 12)	2,110,811	2,125,774
Permanently restricted (Notes 2 and 13)	1,840,737	1,817,101
Total net assets	5,452,403	5,395,422
Total liabilities and net assets	\$ 6,247,233	\$ 6,058,696

See accompanying notes

The National Foundation for  
Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc.

Statement of Activities

Year ended December 31, 2001  
with summarized financial information for 2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Year ended December 31	
				2001	2000
<b>Support and revenue</b>					
Contributions (Note 11)	\$2,694,751	\$ 1,589,415	\$ 23,636	\$4,307,802	\$6,517,931
License fees	64,593	-	-	64,593	39,322
Government grants	369,363	-	-	369,363	-
Contract services	280,717	-	-	280,717	405,821
Training fees	162,444	-	-	162,444	192,338
Material sales	263,338	-	-	263,338	235,147
Awards Gala income		\$1,178,202			
Less direct benefit to donors		(170,186)			
	1,008,016	-	-	1,008,016	580,169
Investment (loss) income (Note 4)	(64,138)	-	-	(64,138)	119,443
Contributed services	301,472	-	-	301,472	222,860
Other income	4,271	-	-	4,271	40,619
Net assets released from restrictions (Note 12)	1,604,378	(1,604,378)	-	-	-
Total support and revenue	6,689,205	(14,963)	23,636	6,697,878	8,353,650
<b>Expenses</b>					
Program	5,413,000	-	-	5,413,000	4,787,336
Management and general	603,777	-	-	603,777	511,223
Fund-raising	624,120	-	-	624,120	715,185
Total expenses	6,640,897	-	-	6,640,897	6,013,744
Change in net assets	48,308	(14,963)	23,636	56,981	2,339,906
Net assets, beginning of year	1,452,547	2,125,774	1,817,101	5,395,422	3,055,516
Net assets, end of year	\$1,500,855	\$ 2,110,811	\$ 1,840,737	\$5,452,403	\$5,395,422

See accompanying notes

The National Foundation for  
Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc

Statements of Cash Flows

	Year ended December 31	
	2001	2000
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 56,981	\$ 2,339,906
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	114,285	76,074
Amortization of discount on contributions receivable	(63,208)	(13,608)
Net realized and unrealized loss (gain) on investments	114,513	(58,738)
Contributions restricted for investment in endowment	(23,636)	(1,073,237)
Donated securities	(134,868)	(173,619)
Deferred rent	(11,369)	(7,753)
Bad debt expense	12,910	62,040
(Increase) decrease in		
Accounts, contributions and other receivables	(87,793)	(1,248,227)
Inventory	(271,490)	(63,152)
Prepaid expenses and other assets	(185,518)	(5,831)
Increase in		
Accounts payable and accrued expenses	142,925	149,241
Net cash used in operating activities	(336,268)	(16,904)
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(472,800)	(286,445)
Purchases of investments	(41,067)	(40,000)
Proceeds from sales of investments	216,676	30,933
Net cash used in investing activities	(297,191)	(295,512)
<b>Cash flows from financing activities</b>		
Contributions restricted for investment in endowment	234,666	215,992
Net cash provided by financing activities	234,666	215,992
Net decrease in cash and cash equivalents	(398,793)	(96,424)
Cash and cash equivalents, beginning of year	1,382,734	1,479,158
Cash and cash equivalents, end of year	\$ 983,941	\$ 1,382,734
<b>Non-cash financing activities</b>		
Permanently restricted contributions included in contributions receivable	\$ -	\$ 734,602

*See accompanying notes*

The National Foundation for  
Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc.

Statement of Functional Expenses

Year ended December 31, 2001  
with summarized financial information for 2000

	Program	Management and General	Fund- raising	Direct Benefit to Donor Costs	Year ended December 31	
					2001	2000
Salaries and employee benefits <i>(Note 7)</i>	\$2,304,483	\$287,689	\$249,857	\$ -	\$ 2,842,029	\$2,209,857
Professional fees	123,430	219,592	32,813	-	375,835	336,406
Office expenses	234,715	16,111	40,078	-	290,904	277,171
Occupancy <i>(Note 8)</i>	230,031	19,548	51,526	-	301,105	307,152
Printing and promotion	115,482	43	89,762	-	205,287	393,201
Travel, meals and entertainment	709,427	9,989	55,401	170,186	945,003	778,060
Insurance	25,530	12,116	8,510	-	46,156	63,974
Training	25,183	-	-	-	25,183	54,387
Depreciation and amortization	87,314	15,843	11,128	-	114,285	76,074
Curriculum development	34,016	-	-	-	34,016	128,052
Direct program expenses	785,775	-	-	-	785,775	787,089
Cost of materials	583,703	-	-	-	583,703	343,767
Bad debt expense	3,000	9,910	-	-	12,910	62,040
Other	150,911	12,936	85,045	-	248,892	284,166
Total expenses	<u>5,413,000</u>	<u>603,777</u>	<u>624,120</u>	<u>170,186</u>	<u>6,811,083</u>	<u>6,101,396</u>
Less direct benefit to donors	-	-	-	(170,186)	(170,186)	(87,652)
Total expenses reported by function on the statement of activities	<u>\$5,413,000</u>	<u>\$603,777</u>	<u>\$624,120</u>	<u>\$ -</u>	<u>\$ 6,640,897</u>	<u>\$6,013,744</u>

*See accompanying notes*

The National Foundation for  
Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc.

Notes to Financial Statements

December 31, 2001

**1. Organization, Basis of Presentation and Summary of  
Significant Accounting Policies**

**Organization and Nature of Operations**

The National Foundation for Teaching Entrepreneurship to Handicapped and Disadvantaged Youths, Inc (the "Foundation") commenced operations in February 1988. The Foundation's goal is to teach entrepreneurial skills to disadvantaged young people. The seminars are conducted by the Foundation or in association with academic or corporate organizations in various cities throughout the world.

**Fund Accounting and Net Asset Classifications**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the Foundation's accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset groups that are in accordance with specific activities and objectives. In the financial statements, funds that have similar characteristics have been combined into three net asset categories: unrestricted, temporarily restricted and permanently restricted.

- *Unrestricted net assets* are not restricted by donors or the donor-imposed restrictions have expired. Unrestricted net assets include expendable resources over which the Foundation's Board of Directors has discretionary control and are used to carry out the Foundation's operations in accordance with its bylaws.
- *Temporarily restricted net assets* contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation.
- *Permanently restricted net assets* contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

The National Foundation for  
Teaching Entrepreneurship to  
Handicapped and Disadvantaged Youths, Inc.

Notes to Financial Statements (continued)

**1. Organization, Basis of Presentation and Summary of  
Significant Accounting Policies (continued)**

**Marketable Securities and Other Investments**

Marketable securities and other investments consisting primarily of money market funds, mutual funds and equity securities are maintained with custodians and are recorded at fair value as quoted in active markets. Investment income is allocated between unrestricted, temporarily restricted and permanently restricted net assets, based on donor restrictions or the absence thereof.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments purchased with a maturity of three months or less, other than those held in the Foundation's investment portfolio, to be cash equivalents.

**Inventory**

Inventory consists of educational materials used in Foundation programs. These materials are also sold to third parties. Inventory is stated at the lower of cost or market. Cost is determined by the weighted average cost method.

The National Foundation for  
Teaching Entrepreneurship to  
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Notes to Financial Statements (continued)

**1. Organization, Basis of Presentation and Summary of  
Significant Accounting Policies (continued)**

**Property and Equipment**

Property, equipment and leasehold improvements are stated at cost, if purchased or, if donated, at fair value at the date of the gift. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the related lease or the estimated useful lives of the assets, whichever is shorter.

Depreciation is provided for over the estimated useful lives from five to ten years for furniture and equipment, three years for computer equipment and software, and fifteen years for leasehold improvements on the straight-line basis.

**Revenue Recognition**

The Foundation records as revenue the following types of contributions, when they are received unconditionally, at their fair value: cash, promises to give, certain contributed services and gifts of long-lived and other assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. It is the Foundation's policy to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net asset class.

The Foundation's contracts with government agencies and third parties are classified as unrestricted net asset activities. The revenue is recognized as earned when services are provided.

The National Foundation for  
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Notes to Financial Statements (continued)

**1. Organization, Basis of Presentation and Summary of  
Significant Accounting Policies (continued)**

**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. The Company periodically evaluates the remaining useful lives and recoverability of such costs. Net prepublication costs, included in prepaid expenses and other assets in the accompanying statements of financial position were approximately \$161,000 at December 31, 2001. There were no such costs at December 31, 2000.

**Functional Allocation of Expenses**

The Foundation allocates certain expenses incurred by the National office to program and fundraising efforts based on time spent by employees.

**Contributed Services**

The Foundation receives certain contributed services that meet criteria under accounting principles generally accepted in the United States for recognition as contributions. Such services (pro bono legal and consulting services and donated rent (see Note 8)) are recorded in the financial statements at fair value (approximately \$301,000 and \$223,000 in 2001 and 2000, respectively).

**Summarized Financial Information for 2000**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2000, from which the summarized information was derived. Certain 2000 amounts have been reclassified to conform to the current year presentation.



The National Foundation for  
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Notes to Financial Statements (continued)

**2. Restricted Net Assets**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during 2001. Temporarily restricted net assets are primarily available for general or specific expenditures for the program's activities (see Note 12).

Permanently restricted net assets are restricted for the endowment fund. A portion of its income may be used for program activities.

**3. Contributions Receivable**

Unconditional promises, net of the discount to present value (at a discount rate of 6%), are included in the financial statements as contributions receivable and revenue of the appropriate net asset category.

The Foundation's contributions receivable consist of unconditional promises as follows:

	<b>December 31</b>	
	<b>2001</b>	<b>2000</b>
In one year or less	<b>\$1,848,826</b>	\$1,628,504
Between one and five years	<b>700,700</b>	1,300,000
	<b>2,549,526</b>	2,928,504
Less: Discount to present value	<b>61,830</b>	105,021
Reserve for uncollectible amounts	<b>37,910</b>	28,000
	<b>\$2,449,786</b>	\$2,795,483

In addition, the Foundation has received a conditional promise to give of \$600,000 at December 31, 2001 that has not been reflected in the accompanying financial statements because the conditions on which it depends have not been substantially met.

The National Foundation for  
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Notes to Financial Statements (continued)

**4. Investments**

Investments at fair value consisted of the following

	December 31	
	2001	2000
Cash and cash equivalents	\$ 569,194	\$ 181,902
Common stocks	29,601	133,388
Equity mutual funds	753,268	804,735
	<b>\$1,352,063</b>	<b>\$1,120,025</b>

For the year ended December 31, 2001, investment loss consisted of the following

Interest and dividend income	\$ 50,375
Loss on sale of investments	(27,524)
Unrealized loss on investments	(86,989)
	<b>\$ (64,138)</b>

**5. Property and Equipment**

Property and equipment consist of:

	December 31	
	2001	2000
Leasehold improvements	\$ 157,711	\$ 119,618
Computer equipment	257,414	220,321
Equipment and fixtures	425,192	414,870
	<b>840,317</b>	<b>754,809</b>
Less accumulated depreciation and amortization	556,726	480,297
	<b>\$ 283,591</b>	<b>\$ 274,512</b>

The National Foundation for  
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Notes to Financial Statements (continued)

**6. Line of Credit**

The Foundation has available a bank line of credit of \$1,000,000 at December 31, 2001 (\$250,000 at December 31, 2000) Borrowings under the line of credit bear interest based on the bank's prime rate and are secured by substantially all of the assets of the Foundation The bank may amend the terms of this agreement at any time There were no amounts outstanding under the line of credit at December 31, 2001 and 2000

**7. Defined Contribution Plan**

The Foundation has a 403(b) plan (the "Plan"), which is offered to all employees of the Foundation 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 Foundation made discretionary matching contributions of 50% of employee voluntary contributions, not to exceed 3% of the employees' base compensation The Foundation expensed \$23,057 and \$17,224 in matching contributions for the years ended December 31, 2001 and 2000, respectively

**8. Leases**

The Foundation leases office space under various leases expiring at various dates through March 30, 2010

Future minimum annual lease payments at December 31, 2001 are as follows

Years ending December 31	
2002	\$ 173,971
2003	163,243
2004	153,343
2005	171,276
2006	177,253
Thereafter	576,071
Total	<u>\$ 1,415,157</u>

The National Foundation for  
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Notes to Financial Statements (continued)

**8. Leases (continued)**

For financial statement purposes, base rent is expensed on the straight-line basis over the term of the lease. The statements of financial position includes deferred rent of \$249,231 at December 31, 2001 and \$260,600 at December 31, 2000.

Rent expense was \$280,150 and \$259,312 for the years ended December 31, 2001 and 2000, respectively. Included in rent expense is \$17,500 and \$7,200 of donated rent for the years ended December 31, 2001 and 2000, respectively.

**9. Concentration of Credit Risk**

The Foundation maintains accounts with several banks in the New York metropolitan area and the geographic locations of branch offices. The excess of cash deposits in banks over amounts that would be covered by Federal insurance was \$1,236,509 and \$1,263,749 at December 31, 2001 and 2000, respectively.

**10. Tax Status**

The Foundation qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is not subject to Federal income tax under Section 501(a) of the Code. In addition, the Foundation is a publicly supported organization as provided under Section 509(a)(1) of the Code. The Foundation is also exempt from state and city income taxes where jurisdictions permit.

**11. Significant Contributor**

The Foundation received one contribution in 2001 that represents approximately 12% of total contributions.

The National Foundation for  
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Notes to Financial Statements (continued)

**12. Temporarily Restricted Net Assets**

At December 31, 2001 and 2000, temporarily restricted net assets are available for the following purposes

	<u>2001</u>	<u>2000</u>
Curriculum development	\$ 42,340	\$ 56,076
Center for Youth Entrepreneurship	-	75,000
Systems	40,467	40,467
Time restriction	378,420	515,520
Teacher training	538,679	472,568
Growth plan	767,290	838,040
Teen mother program	30,000	-
Biztech	250,000	-
BizCenter	62,500	-
Other	1,115	128,103
	<u>\$ 2,110,811</u>	<u>\$ 2,125,774</u>

Temporarily restricted net assets were released from restrictions in 2001 and 2000 in fulfillment of the following purposes or due to time restrictions

	<u>2001</u>	<u>2000</u>
Curriculum development	\$ 13,736	\$258,354
Center for Youth Entrepreneurship	75,000	70,755
Systems	-	3,823
Time restriction	464,900	25,000
Growth plan	570,750	-
Teacher training	351,889	150,000
Other	128,103	119,979
	<u>\$ 1,604,378</u>	<u>\$627,911</u>

The National Foundation for  
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Notes to Financial Statements (continued)

**13. Permanently Restricted Net Assets**

Income from permanently restricted net assets is available for the following at December 31

	<u>2002</u>	<u>2001</u>
Regional programs	\$ 29,476	\$ 16,840
Deferred compensation	504,016	504,016
NFTE University	200,000	200,000
Alumni services	900,000	900,000
General operations	207,245	196,245
	<u>\$1,840,737</u>	<u>\$1,817,101</u>