

THREEFOLD EDUCATIONAL  
FOUNDATION AND SCHOOL

Combined Financial Statements  
June 30, 2014



**MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of

Threefold Educational Foundation and School

**Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Threefold Educational Foundation and School (a Not-for-Profit organization), which are comprised of the combined statement of financial position as of June 30, 2014 and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

**Management's Responsibility for the Combined Financial Statements**

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

**Auditors' Responsibility**

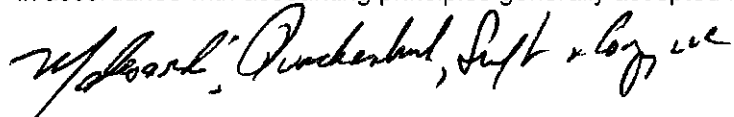
Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Green Meadow Waldorf School, a local affiliate, which statements reflect total assets of \$8,568,743 as of June 30, 2014, and total support and revenue of \$6,663,010 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Green Meadow Waldorf School, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Threefold Educational Foundation and School as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



Englewood, New Jersey  
March 12, 2015

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2014

|                                  | Program<br>Services | Management<br>and General | Fundraising       | Total               |
|----------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries and benefits            | \$ 4,737,351        | \$ 917,862                | \$ 72,388         | \$ 5,727,601        |
| Accounting                       | -                   | 28,048                    | -                 | 28,048              |
| Legal                            | -                   | 525,156                   | -                 | 525,156             |
| Supplies                         | 167,258             | 15,170                    | 1,007             | 183,435             |
| Telephone                        | 4,657               | 22,481                    | 1,701             | 28,839              |
| Postage                          | 10,233              | 7,285                     | 2,367             | 19,885              |
| Rent                             | 66,066              | 89,204                    | -                 | 155,270             |
| Equipment rental and maintenance | 193,833             | 98,975                    | 7,421             | 300,229             |
| Printing                         | 5,232               | 9,426                     | 2,735             | 17,393              |
| Travel                           | 60,106              | 5,947                     | -                 | 66,053              |
| Conferences and meetings         | 24,346              | 5,268                     | 507               | 30,121              |
| Interest                         | 26,340              | 3,256                     | -                 | 29,596              |
| Dues and subscriptions           | 41,346              | 1,467                     | -                 | 42,813              |
| Honoraria                        | 68,849              | 94,956                    | -                 | 163,805             |
| Athletics                        | 54,376              | -                         | -                 | 54,376              |
| Parent education                 | 21,057              | 809                       | -                 | 21,866              |
| Professional development         | 39,318              | 11,000                    | 1,123             | 51,441              |
| Program expenses                 | 236,636             | 30,292                    | -                 | 266,928             |
| Riding club                      | 11,539              | -                         | -                 | 11,539              |
| Books and school supplies        | 687                 | -                         | -                 | 687                 |
| Advertising                      | 102,053             | 32,400                    | 2,614             | 137,067             |
| Website expenses                 | -                   | 3,658                     | -                 | 3,658               |
| Technology expense               | -                   | 42,799                    | 4,405             | 47,204              |
| Class expense                    | 44,483              | -                         | -                 | 44,483              |
| School                           | 58,386              | -                         | -                 | 58,386              |
| Insurance                        | 97,570              | 73,029                    | 1,974             | 172,573             |
| Field trips                      | 40,160              | -                         | -                 | 40,160              |
| Vehicle expense                  | -                   | 10,116                    | -                 | 10,116              |
| Bad debt                         | 9,999               | 112,798                   | -                 | 122,797             |
| Miscellaneous                    | 13,987              | 55,881                    | 2,264             | 72,132              |
| Sewer tax                        | 19,827              | 48,102                    | 327               | 68,256              |
| Music fund and tour expenses     | 63,378              | -                         | -                 | 63,378              |
| Student expenses                 | 93,399              | -                         | -                 | 93,399              |
| Gifts                            | -                   | 156,880                   | 15,726            | 172,606             |
| Bank fees                        | 2,289               | 20,354                    | -                 | 22,643              |
| Contractor's fees                | 11,255              | 121,051                   | -                 | 132,306             |
| Utilities                        | 90,605              | 53,796                    | 6,356             | 150,757             |
| Professional fees                | 118                 | 40,026                    | 80                | 40,224              |
| Consultants                      | 51,456              | 10,922                    | -                 | 62,378              |
| Materials                        | 39,475              | 51,400                    | -                 | 90,875              |
| Rent discounts                   | 2,850               | -                         | -                 | 2,850               |
| Depreciation                     | 322,599             | 126,144                   | 3,432             | 452,175             |
| <b>Total</b>                     | <b>\$ 6,833,119</b> | <b>\$ 2,825,958</b>       | <b>\$ 126,427</b> | <b>\$ 9,785,504</b> |

The accompanying notes are an integral  
part of these financial statements.

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC  
Certified Public Accountants

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2014

|                                                                                                          | Foundation<br>Operations | ESV              | GMWS                | Total               |
|----------------------------------------------------------------------------------------------------------|--------------------------|------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                             |                          |                  |                     |                     |
| Change in net assets                                                                                     | \$ 116,979               | \$ (8,071)       | \$ (118,304)        | \$ (9,396)          |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |                          |                  |                     |                     |
| Depreciation                                                                                             | 107,031                  | 1,953            | 343,191             | 452,175             |
| Realized and unrealized gain on investments                                                              | -                        | (6,780)          | -                   | (6,780)             |
| Changes in operating assets and liabilities:                                                             |                          |                  |                     |                     |
| Accounts receivable                                                                                      | (1,702)                  | 2,366            | (23,169)            | (22,505)            |
| Prepaid expenses                                                                                         | 18,434                   | (6)              | 23,319              | 41,747              |
| Accounts payable and accrued expenses                                                                    | 49,891                   | (807)            | 12,131              | 61,215              |
| Security deposits                                                                                        | 12,553                   | -                | 700                 | 13,253              |
| Deferred income                                                                                          | 166,366                  | (2,301)          | 147,504             | 311,569             |
| Decrease in unconditional promises to give                                                               | -                        | -                | 38,679              | 38,679              |
| Amortization of discount-unconditional promises to give                                                  | -                        | -                | (7,029)             | (7,029)             |
|                                                                                                          | <u>469,552</u>           | <u>(13,646)</u>  | <u>417,022</u>      | <u>872,928</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                             |                          |                  |                     |                     |
| Purchases of fixed assets                                                                                | (153,582)                | -                | (445,194)           | (598,776)           |
| Net investment activity                                                                                  | (549)                    | (1,609)          | -                   | (2,158)             |
|                                                                                                          | <u>(154,131)</u>         | <u>(1,609)</u>   | <u>(445,194)</u>    | <u>(600,934)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                                             |                          |                  |                     |                     |
| Payments of long term debt                                                                               | -                        | -                | (97,513)            | (97,513)            |
|                                                                                                          | <u>315,421</u>           | <u>(15,255)</u>  | <u>(125,685)</u>    | <u>174,481</u>      |
| <b>NET CHANGE IN CASH AND EQUIVALENTS</b>                                                                |                          |                  |                     |                     |
| CASH AND EQUIVALENTS, Beginning of Year                                                                  | 540,220                  | 40,157           | 1,648,603           | 2,228,980           |
| CASH AND EQUIVALENTS, End of Year                                                                        | <u>\$ 855,641</u>        | <u>\$ 24,902</u> | <u>\$ 1,522,918</u> | <u>\$ 2,403,461</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                                                 |                          |                  |                     |                     |
| Cash paid for:                                                                                           |                          |                  |                     |                     |
| Interest                                                                                                 | \$ -                     | \$ -             | \$ 29,596           | \$ 29,596           |

The accompanying notes are an integral  
part of these financial statements.

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC  
Certified Public Accountants

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2014

NOTE 1 - ORGANIZATION:

Threefold Educational Foundation and School (the "Organization") is the umbrella Organization for Green Meadow Waldorf School ("GMWS"), Eurythmy Spring Valley ("ESV"), Creative Speech Spring Valley, Pond, Fiber Craft Studio, Otto Specht School, Holder House, and Pfeiffer Center.

The Organization provides support services for the above named institutions and other educational and cultural activities based on anthroposophy and the work of Rudolf Steiner. Organization operations allocate the costs of some rents and administrative support to these institutions. The forgiveness of these costs is included in revenue shown as net of remissions. GMWS provides academic programs with a reliance on the Rudolf Steiner philosophy to children from preschool through twelfth grade. ESV provides professional training in Eurythmy, a performance art which has applications in medical and occupational therapies and in education. The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

All financial transactions have been recorded and reported as unrestricted, temporarily restricted, or permanently restricted net assets:

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the objectives of the Organization, and include those expendable resources which have been designated for special use by the Organization or the Board of Trustees.

Temporarily restricted net assets represent those amounts which are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the combined statement of activities as net assets released from restriction.

Permanently restricted net assets result from contributions from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity. This original principal is reported as a permanently restricted net asset, the income from which may be either temporarily restricted or unrestricted, depending on the donor's specifications.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

The Organization records donor restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Cash and Equivalents

For purposes of the combined statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of thirty days or less to be cash equivalents.

Investments

Investments, comprised of equity and debt securities, are reported at their fair market values in the combined statement of financial position. Realized and unrealized gains and losses are included in the combined statement of activities.

Fair Value Measurements

The Organization follows Financial Accounting Standards Board guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is calculated using the straight line method. Estimated lives of the categories are generally as follows:

|                            |          |
|----------------------------|----------|
| Buildings and improvements | 50 years |
| Furniture and equipment    | 10 years |

Estimates

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



THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Reclassification

The financial statements of GMWS have been audited by other auditors and a separate financial statement is available under separate cover. Certain accounts have been reclassified for comparative purposes to conform to the presentation in the combined financial statements.

Open Tax Years

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2011, 2012, 2013, and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

|                                   | <u>Foundation<br/>Operations</u> | <u>ESV</u>       | <u>GMWS</u>         | <u>Total</u>        |
|-----------------------------------|----------------------------------|------------------|---------------------|---------------------|
| Land                              | \$ 300,098                       | \$ -             | \$ 112,404          | \$ 412,502          |
| Buildings and improvements        | 4,931,303                        | 97,676           | 9,088,218           | 14,117,197          |
| Furniture and Equipment           | <u>104,443</u>                   | <u>4,099</u>     | <u>554,880</u>      | <u>663,422</u>      |
| Total Property and Equipment      | 5,335,844                        | 101,775          | 9,755,502           | 15,193,121          |
| Less: accumulated<br>depreciation | <u>1,973,370</u>                 | <u>77,930</u>    | <u>2,908,994</u>    | <u>4,960,294</u>    |
| Net Property and<br>Equipment     | <u>\$ 3,362,474</u>              | <u>\$ 23,845</u> | <u>\$ 6,846,508</u> | <u>\$10,232,827</u> |

Depreciation expense at June 30, 2014 was \$452,175.

Included in building and improvements for GMWS is a home purchased in September 2006 which is used as a rental property for faculty of the School. The purchase price of the house was \$534,500 and is being depreciated over 27.5 years.

NOTE 4 - MORTGAGE AND NOTES PAYABLE:

ESV has a note without interest, due on demand for \$3,000.

GMWS has a mortgage payable through October 1, 2016, which is collateralized by the property located at 24 Joyce Drive in Chestnut Ridge, New York. Monthly installments include principal, fee amortization, and interest calculated at 5.5%. The outstanding mortgage due as of June 30, 2014 was \$325,587.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

NOTE 4 - MORTGAGE AND NOTES PAYABLE (CONTINUED):

As of June 30, 2014, construction note payable for GMWS consisted of original note of \$500,000, due August 2016, with interest at 4.92%. Monthly installments include principal and interest. The outstanding note due as of June 30, 2014 was \$145,167.

Future principal maturities on the note and mortgage for the next three years are as follows:

|       |                   |
|-------|-------------------|
| 2015  | \$ 102,522        |
| 2016  | 78,162            |
| 2017  | <u>290,070</u>    |
| Total | <u>\$ 470,754</u> |

NOTE 5 - PENSION PLAN:

The Organization has a defined contribution (money purchase) plan which covers substantially all salaried employees. Contributions are applied to individual annuities issued to each participant by the Teachers Insurance and Annuity Association and/or College Retirement Equities Fund. Annual contributions are required of all participating employees according to the following schedule:

1. The employee has worked two years for the Organization or was a member of a previous pension plan.
2. Employer contributions for eligible employees are 4-10% of compensation.
3. Minimum of 2-5% employee contribution.

Contributions for the year ended June 30, 2014 were \$255,356.

NOTE 6 - ENDOWMENT FUNDS:

The Organization's endowment consists of approximately six individual funds established for a variety of purposes. Its endowment includes both donor restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

As of June 30, 2014, the Board of Trustees had designated \$767,440 of unrestricted net assets as general endowment funds to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as unrestricted net assets.

The Board of Trustees of the Organization has interpreted the New York State Prudent Management of Institutional Funds Act ("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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Management of Institutional Funds Act ("SPMIFA"). In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, (7) alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization, and (8) the Organization's investment policies.

Endowment net assets composition by type of fund is as follows:

|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total<br/>Endowment<br/>Net Assets</u> |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------------------------------|
| Board designated endowment funds | \$ 767,440          | \$ -                              | \$ -                              | \$ 767,440                                |
| Donor restricted endowment funds | <u>-</u>            | <u>-</u>                          | <u>91,980</u>                     | <u>91,980</u>                             |
| Total Funds                      | <u>\$ 767,440</u>   | <u>\$ -</u>                       | <u>\$ 91,980</u>                  | <u>\$ 859,420</u>                         |

Composition of and changes in endowment net assets are as follows:

|                                         | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total<br/>Endowment<br/>Net Assets</u> |
|-----------------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------------------------------|
| Endowment net assets, Beginning of Year | \$ 967,440          | \$ -                              | \$ 91,980                         | \$ 1,059,420                              |
| Amounts appropriated for expenditure    | <u>(200,000)</u>    | <u>-</u>                          | <u>-</u>                          | <u>(200,000)</u>                          |
| Endowment net assets, End of Year       | <u>\$ 767,440</u>   | <u>\$ -</u>                       | <u>\$ 91,980</u>                  | <u>\$ 859,420</u>                         |

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

Net assets were designated by the Board for the following purposes:

|                          |                   |
|--------------------------|-------------------|
| Operating Reserve        | \$ 472,096        |
| Site Development Reserve | 73,000            |
| Scholarship Fund Reserve | 131,308           |
| Benefit Reserve          | 57,000            |
| Remedial Fund            | 25,000            |
| Vehicle Reserve          | <u>9,036</u>      |
| Total                    | <u>\$ 767,440</u> |

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are restricted to investment and reinvestment in perpetuity, the income from which is expendable to support the following:

|           | <u>Foundation<br/>Operations</u> | <u>ESV</u>       | <u>GMWS</u>      | <u>Total</u>     |
|-----------|----------------------------------|------------------|------------------|------------------|
| Endowment | <u>\$ 69,635</u>                 | <u>\$ 12,000</u> | <u>\$ 10,345</u> | <u>\$ 91,980</u> |

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for use in the following:

|                       | <u>Foundation<br/>Operations</u> | <u>ESV</u>  | <u>GMWS</u>      | <u>Total</u>     |
|-----------------------|----------------------------------|-------------|------------------|------------------|
| Scholarship           | \$ -                             | \$ -        | \$ 18,094        | \$ 18,094        |
| Auditorium            | 45,514                           | -           | -                | 45,514           |
| Open Saturdays        | -                                | -           | 1,000            | 1,000            |
| Science lab equipment | -                                | -           | 5,000            | 5,000            |
| Remedial Fund         | <u>-</u>                         | <u>-</u>    | <u>25,000</u>    | <u>25,000</u>    |
| Total                 | <u>\$ 45,514</u>                 | <u>\$ -</u> | <u>\$ 49,094</u> | <u>\$ 94,608</u> |

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors are as follows:

|                             | <u>Foundation<br/>Operations</u> | <u>ESV</u>        | <u>GMWS</u>       | <u>Total</u>      |
|-----------------------------|----------------------------------|-------------------|-------------------|-------------------|
| Mystery drama               | \$ 93,631                        | \$ -              | \$ -              | \$ 93,631         |
| Auditorium                  | 49,486                           | -                 | -                 | 49,486            |
| B.A. and satellite programs | -                                | 65,000            | -                 | 65,000            |
| Student loan fund           | -                                | 6,540             | -                 | 6,540             |
| Building                    | -                                | -                 | 3,223             | 3,223             |
| Athletics                   | -                                | -                 | 7,753             | 7,753             |
|                             | <u>          </u>                | <u>          </u> | <u>          </u> | <u>          </u> |
| Total                       | <u>\$ 143,117</u>                | <u>\$ 71,540</u>  | <u>\$ 10,976</u>  | <u>\$ 225,633</u> |

NOTE 10 - CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of cash and trades receivable. The Organization places its cash with high credit quality institutions. At times such amounts may be in excess of the FDIC insurance limits of \$250,000. Cash held at TD Waterhouse for GMWS is not insured.

NOTE 11 - INVESTMENTS:

Assets measured at fair value on a recurring basis are as follows:

| <u>Description</u>                                | <u>Foundation<br/>Operations</u> | <u>ESV</u>        | <u>GMWS</u>       | <u>Total</u>      |
|---------------------------------------------------|----------------------------------|-------------------|-------------------|-------------------|
| Certificates of deposit<br>and money market funds | \$ 214,415                       | \$ 78,673         | \$ -              | \$ 293,088        |
| Mutual funds                                      | <u>          </u>                | <u>64,763</u>     | <u>          </u> | <u>64,763</u>     |
| Total                                             | <u>\$ 214,415</u>                | <u>\$ 143,436</u> | <u>\$ -</u>       | <u>\$ 357,851</u> |

| <u>Description</u>                                | <u>Fair<br/>Value</u> | <u>Quoted<br/>Prices:<br/>(Level 1)</u> |
|---------------------------------------------------|-----------------------|-----------------------------------------|
| Certificates of deposit<br>and money market funds | \$ 293,088            | \$ 293,088                              |
| Mutual funds                                      | <u>64,763</u>         | <u>64,763</u>                           |
| Total                                             | <u>\$ 357,851</u>     | <u>\$ 357,851</u>                       |

Fair values for investments are determined by references to quoted market prices and other relevant information generated by market transactions.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

NOTE 11 - INVESTMENTS (CONTINUED):

Investment return consisted of:

|                                               | <u>Foundation<br/>Operations</u> | <u>ESV</u>       | <u>GMWS</u>     | <u>Total</u>     |
|-----------------------------------------------|----------------------------------|------------------|-----------------|------------------|
| Interest and dividends                        | \$ 1,679                         | \$ 5,794         | \$ 793          | \$ 8,266         |
| Realized and unrealized<br>gain on investment | <u>-</u>                         | <u>6,780</u>     | <u>256</u>      | <u>7,036</u>     |
| Total                                         | <u>\$ 1,679</u>                  | <u>\$ 12,574</u> | <u>\$ 1,049</u> | <u>\$ 15,302</u> |

NOTE 12 - NOTE RECEIVABLE:

Threefold Educational Foundation and School has advanced funds to Lemniscate Arts Inc. to pay expenses and loan guarantees that have been provided to fund the making of the Music Visible Tour for ESV. The principal amount of \$248,426 will be paid in monthly installments as funds become available to Lemniscate Arts Inc. Management believes most of the loan receivable is uncollectible. A reserve for uncollectible loan payments has been recorded for the full amount. This receivable balance is included in accounts receivable on the combined statement of financial position.

NOTE 13 - DONATED SERVICES:

GMWS receives a significant amount of donated services from unpaid volunteers who assist in fund raising and special projects. No amounts have been recognized in the combined statement of activities because the nature of these volunteer services does not meet the recognition criteria.

NOTE 14 - LINE OF CREDIT:

The Organization has a line of credit with TD Bank, N.A. with an available credit line up to \$200,000. The line of credit was unused for the year. The interest rate is 4.25%. GMWS also has a line of credit with M&T Bank with an available credit line up to \$250,000. The line of credit was unused for the year. The interest rate is prime plus 3.5%.

NOTE 15 - COMMITMENT:

GMWS has an annual website upgrade and subscription commitment from 2012 to 2016 in the amount of \$12,000 per year.

GMWS has a lease for an offsite Kindergarten class which commenced in September 2013 and has a yearly renewal. The monthly rent is \$5,000.

NOTE 16 - PROFESSIONAL SERVICE COSTS:

During the year ended June 30, 2014, an investigation into sexual misconduct by a former GMWS teacher in the 1980's was initiated by the Board. All costs incurred in the fiscal year have been recorded. GMWS expects there will be very minor, if any, additional expenses incurred.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

NOTE 17 - SUBSEQUENT EVENTS:

In August 2014, legal action was brought against GMWS as a result of the investigation mentioned in Note 16. GMWS does not believe that there will be financial exposure in excess of insurance coverage.

Subsequent events have been evaluated through March 12, 2015, the date the combined financial statements were issued. No events other than noted above have occurred subsequent to the combined statement of financial position date and through the date of issuance that would require adjustment to or disclosure in the accompanying combined financial statements.