

THREEFOLD EDUCATIONAL  
FOUNDATION AND SCHOOL

Combined Financial Statements  
June 30, 2016



MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants  
155 North Dean Street, Suite 5  
Englewood, New Jersey 07631

201-567-4100  
FAX 201-567-3461

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, 2016 and the related combined statements of activities 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 combined 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 \$8,387,304 as of June 30, 2016, and total support and revenue of \$6,690,050 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.

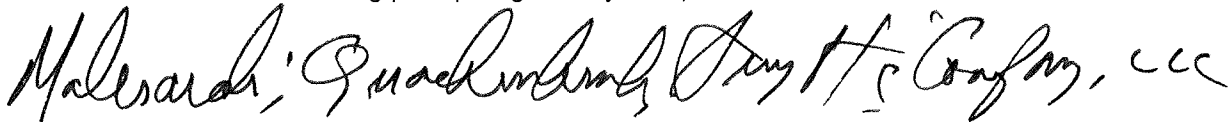
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

## 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, 2016, 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  
January 12, 2017

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

	Foundation Operations	ESV	GMWS	Total
<b>CURRENT ASSETS:</b>				
Cash and equivalents	\$ 459,522	\$ 44,084	\$ 1,527,892	\$ 2,031,498
Investments	215,423	111,182	-	326,605
Accounts receivable, net	289,486	38,185	267,072	594,743
Pledges receivable	28,666	-	-	28,666
Prepaid expenses	53,376	4,735	6,109	64,220
Other receivables	2,297	-	4,015	6,312
	<u>1,048,770</u>	<u>198,186</u>	<u>1,805,088</u>	<u>3,052,044</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>3,732,933</u>	<u>19,938</u>	<u>6,582,116</u>	<u>10,334,987</u>
<b>SECURITY DEPOSIT</b>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<b>Total Assets</b>	<u>\$ 4,781,703</u>	<u>\$ 218,124</u>	<u>\$ 8,387,304</u>	<u>\$ 13,387,131</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 140,323	\$ 17,238	\$ 152,935	\$ 310,496
Security deposits	138,632	-	700	139,332
Deferred income	149,480	12,850	673,715	836,045
Current portion of note and mortgage	-	3,000	20,503	23,503
	<u>428,435</u>	<u>33,088</u>	<u>847,853</u>	<u>1,309,376</u>
<b>LONG-TERM LIABILITIES:</b>				
Note and mortgage payable	-	-	267,934	267,934
	<u>428,435</u>	<u>33,088</u>	<u>1,115,787</u>	<u>1,577,310</u>
<b>NET ASSETS:</b>				
Unrestricted:				
Operating	4,190,980	173,036	6,133,697	10,497,713
Board designated	92,288	-	1,078,381	1,170,669
	<u>4,283,268</u>	<u>173,036</u>	<u>7,212,078</u>	<u>11,668,382</u>
Temporarily restricted	-	-	49,094	49,094
Permanently restricted	70,000	12,000	10,345	92,345
	<u>4,353,268</u>	<u>185,036</u>	<u>7,271,517</u>	<u>11,809,821</u>
<b>Total Net Assets</b>	<u>4,353,268</u>	<u>185,036</u>	<u>7,271,517</u>	<u>11,809,821</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,781,703</u>	<u>\$ 218,124</u>	<u>\$ 8,387,304</u>	<u>\$ 13,387,131</u>

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016

	Foundation Operations	ESV	GMWS	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>				
Revenue:				
Tuition income	\$ 852,682	\$ 309,209	\$ 7,220,155	\$ 8,382,046
Less: scholarships, remissions, and sibling discounts	125,977	31,500	1,350,279	1,507,756
Net tuition income	726,705	277,709	5,869,876	6,874,290
Rental income, net of remissions	1,066,474	4,141	82,118	1,152,733
Fee income, net of remissions	628,756	1,613	329,098	959,467
Fundraising income	-	-	102,822	102,822
Investment income	4,738	6,311	633	11,682
Other income	3,268	4,508	12,271	20,047
<b>Total Revenue</b>	<b>2,429,941</b>	<b>294,282</b>	<b>6,396,818</b>	<b>9,121,041</b>
Support:				
Gifts and grants	275,175	153,735	293,432	722,342
<b>Total Unrestricted Revenue and Support</b>	<b>2,705,116</b>	<b>448,017</b>	<b>6,690,250</b>	<b>9,843,383</b>
Expenditures:				
Program services	1,766,542	287,308	5,129,163	7,183,013
General and administrative	970,822	163,674	1,363,235	2,497,731
Fundraising	70,770	30,314	230,157	331,241
<b>Total Expenditures</b>	<b>2,808,134</b>	<b>481,296</b>	<b>6,722,555</b>	<b>10,011,985</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>(103,018)</b>	<b>(33,279)</b>	<b>(32,305)</b>	<b>(168,602)</b>
NON-OPERATING ACTIVITIES:				
Realized and unrealized loss on investment	-	(8,668)	(200)	(8,868)
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>-</b>	<b>(8,668)</b>	<b>(200)</b>	<b>(8,868)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(103,018)</b>	<b>(41,947)</b>	<b>(32,505)</b>	<b>(177,470)</b>
<b>NET ASSETS, Beginning of Year</b>	<b>4,456,286</b>	<b>226,983</b>	<b>7,304,022</b>	<b>11,987,291</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 4,353,268</b>	<b>\$ 185,036</b>	<b>\$ 7,271,517</b>	<b>\$ 11,809,821</b>

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2016

	Foundation Operations	ESV	GMWS	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ (103,018)	\$ (41,947)	\$ (32,505)	\$ (177,470)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	116,271	1,954	325,303	443,528
Realized and unrealized loss on investments	-	8,668	-	8,668
Change in accounts receivable	(23,005)	(3,886)	(73,493)	(100,384)
Change in pledges receivable	(11,063)	-	-	(11,063)
Change in prepaid expenses	(16,843)	-	21,716	4,873
Change in other receivables	(2,297)	-	-	(2,297)
Change in accounts payable and accrued expenses	54,962	(34,977)	104,754	124,739
Change in security deposits	(7,363)	-	-	(7,363)
Change in deferred income	(99,105)	12,600	(149,522)	(236,027)
	(91,461)	(57,588)	196,253	47,204
Net Cash Provided by (Used in) Operating Activities				
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed assets	(80,388)	-	(131,162)	(211,550)
Purchases of investments	(641)	(4,605)	-	(5,246)
Proceeds on sales of investments	-	30,784	-	30,784
	(81,029)	26,179	(131,162)	(186,012)
Net Cash Provided by (Used in) Investing Activities				
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments of long term debt	-	-	(18,252)	(18,252)
	-	-	(18,252)	(18,252)
NET CHANGE IN CASH AND EQUIVALENTS	(172,490)	(31,409)	46,839	(157,060)
CASH AND EQUIVALENTS, Beginning of Year	632,012	75,493	1,481,053	2,188,558
CASH AND EQUIVALENTS, End of Year	\$ 459,522	\$ 44,084	\$ 1,527,892	\$ 2,031,498
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for:				
Interest	\$ -	\$ -	\$ 18,981	\$ 18,981

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2016

NOTE 1 - ORGANIZATION:

Threefold Educational Foundation and School (the "Organization") is the umbrella Organization for Green Meadow Waldorf School ("GMWS"), Eurythmy Spring Valley ("ESV"), 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. The Organization allocates 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.

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, 2016

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 three months 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. The allowance is based on historical experience and management's evaluation of outstanding accounts receivable at the combined statement of financial position date.

Pledges Receivable

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

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

Major additions and improvements are capitalized, and routine expenditures for repairs and maintenance are charged to expense as incurred.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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

Income Taxes

The Organization is a Not-for-Profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax.

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.

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, 2013, 2014, 2015 and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - INVESTMENTS:

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

<u>Description</u>	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Money market funds	\$ 215,423	\$ 79,728	\$ -	\$ 295,151
Mutual funds	<u>-</u>	<u>31,454</u>	<u>-</u>	<u>31,454</u>
Total	<u>\$ 215,423</u>	<u>\$ 111,182</u>	<u>\$ -</u>	<u>\$ 326,605</u>

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices: (Level 1)</u>
Money market funds	\$ 295,151	\$ 295,151
Mutual funds	<u>31,454</u>	<u>31,454</u>
Total	<u>\$ 326,605</u>	<u>\$ 326,605</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, 2016

NOTE 3 - INVESTMENTS (CONTINUED):

Investment return is summarized as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Interest and dividends	\$ 4,738	\$ 6,311	\$ 633	\$ 11,682
Realized and unrealized loss on investment	<u>-</u>	<u>(8,668)</u>	<u>(200)</u>	<u>(8,868)</u>
Total Investment Return	<u>\$ 4,738</u>	<u>\$ (2,357)</u>	<u>\$ 433</u>	<u>\$ 2,814</u>

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Land	\$ 300,098	\$ -	\$ 112,404	\$ 412,502
Buildings and improvements	5,509,642	97,676	9,441,129	15,048,447
Furniture and equipment	<u>124,443</u>	<u>4,099</u>	<u>587,397</u>	<u>715,939</u>
Total Property and Equipment	5,934,183	101,775	10,140,930	16,176,888
Less: accumulated depreciation	<u>2,201,250</u>	<u>81,837</u>	<u>3,558,814</u>	<u>5,841,901</u>
Net Property and Equipment	<u>\$ 3,732,933</u>	<u>\$ 19,938</u>	<u>\$ 6,582,116</u>	<u>\$10,334,987</u>

Depreciation expense for the year ended June 30, 2016 was \$443,528.

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 5 - MORTGAGE AND NOTE 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 loan will be refinanced in October 2016 at 4.38% over 10 years. The outstanding mortgage due as of June 30, 2016 was \$288,437.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

NOTE 5 - MORTGAGE AND NOTE PAYABLE (CONTINUED):

Future principal maturities on the mortgage are as follows:

2017	\$	20,503
2018		23,940
2019		25,010
2020		26,128
2021		27,296
Thereafter		<u>165,560</u>
Total	\$	<u>288,437</u>

NOTE 6 - ENDOWMENT FUNDS:

The Organization's endowment consists of approximately seven 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, 2016, the Board of Trustees had designated \$1,170,669 of unrestricted net assets as general endowment funds to support the Organization's operations. 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.

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 NYPMIFA. In accordance with NYPMIFA, 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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2016

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

*Investment Return Objectives, Risk Parameters and Strategies.* The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the organization must hold in perpetuity or for a donor-specified purpose. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

*Spending Policy.* The Organization has a policy of appropriating for distribution each year the interest and dividends earned on these funds for donor purposes.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor restricted	\$ -	\$ 297	\$ 92,345	\$ 92,642
Board designated	<u>1,170,669</u>	<u>-</u>	<u>-</u>	<u>1,170,669</u>
 Total Funds	 <u>\$ 1,170,669</u>	 <u>\$ 297</u>	 <u>\$ 92,345</u>	 <u>\$ 1,263,311</u>

Changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, Beginning of year	\$ 1,055,250	\$ -	\$ 91,980	\$ 1,147,230
Investment income	419	-	-	419
Net appreciation	115,000	297	-	115,297
Reclassifications	<u>-</u>	<u>-</u>	<u>365</u>	<u>365</u>
 Endowment net assets, End of year	 <u>\$ 1,170,669</u>	 <u>\$ 297</u>	 <u>\$ 92,345</u>	 <u>\$ 1,263,311</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2016

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

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

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Operating reserve	\$ 86,288	\$ -	\$ 673,037	\$ 759,325
Site development reserve	-	-	73,000	73,000
Scholarship fund reserve	-	-	131,308	131,308
Benefit reserve	-	-	87,000	87,000
Medical reserve	-	-	80,000	80,000
Remedial fund	-	-	25,000	25,000
Vehicle reserve	5,000	-	9,036	14,036
Endowment	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total	<u>\$ 92,288</u>	<u>\$ -</u>	<u>\$ 1,078,381</u>	<u>\$ 1,170,669</u>

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

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

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Scholarship	\$ -	\$ -	\$ 18,094	\$ 18,094
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>\$ -</u>	<u>\$ -</u>	<u>\$ 49,094</u>	<u>\$ 49,094</u>

NOTE 8 - 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 Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Endowment	<u>\$ 70,000</u>	<u>\$ 12,000</u>	<u>\$ 10,345</u>	<u>\$ 92,345</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

NOTE 9 - 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 and worked 1,000 hours per year.
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, 2016 were \$295,187.

NOTE 10 - 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 11 - CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances, at times, may exceed federally insured limits. Cash held at TD Waterhouse for GMWS is not insured.

NOTE 12 - 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 13 - 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 14 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 12, 2017, the date the combined financial statements were available to be issued. No events other than noted above have occurred subsequent to the combined statement of financial position date and through the date the financial statements were available to be issued that would require adjustment to or disclosure in the accompanying combined financial statements.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 4,905,981	\$ 1,126,125	\$ 262,204	\$ 6,294,310
Accounting	-	20,343	-	20,343
Legal	-	47,030	-	47,030
Supplies	124,462	40,869	2,118	167,449
Telephone	4,829	20,119	1,710	26,658
Postage	4,794	5,648	989	11,431
Rent	39,899	90,659	-	130,558
Equipment rental and maintenance	224,133	85,262	8,187	317,582
Printing	2,938	13,664	2,962	19,564
Travel	31,319	20,453	-	51,772
Conferences and meetings	9,716	11,873	930	22,519
Interest	16,893	2,087	-	18,980
Dues and subscriptions	44,738	1,317	-	46,055
Honoraria	112,299	-	-	112,299
Athletics	50,222	-	-	50,222
Parent education	11,263	50	-	11,313
Professional development	92,272	40,134	-	132,406
Program expenses	190,783	128,566	-	319,349
Riding club	11,760	-	-	11,760
Advertising	123,336	24,219	14,342	161,897
Website expenses	-	2,062	-	2,062
Technology expense	-	30,863	1,227	32,090
Class expense	69,339	-	-	69,339
School	65,865	-	-	65,865
Insurance	85,714	124,718	1,926	212,358
Field trips	37,656	-	-	37,656
Vehicle expense	-	15,730	-	15,730
Bad debt	7,639	110,474	-	118,113
Miscellaneous	18,955	43,302	896	63,153
Special events	6,270	-	-	6,270
Sewer tax	17,253	58,229	386	75,868
Music fund and tour expenses	41,210	-	-	41,210
Student expenses	116,878	-	-	116,878
Gifts	101,060	23,094	14,432	138,586
Bank fees	29	20,537	-	20,566
Contractor's fees	2,255	129,649	-	131,904
Utilities	64,757	77,592	5,646	147,995
Professional fees	5,883	31,075	10,032	46,990
Consultants	152,115	3,568	-	155,683
Materials	81,181	15,463	-	96,644
Depreciation	307,317	132,957	3,254	443,528
<b>Total</b>	<b><u>\$ 7,183,013</u></b>	<b><u>\$ 2,497,731</u></b>	<b><u>\$ 331,241</u></b>	<b><u>\$ 10,011,985</u></b>

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