

THREEFOLD EDUCATIONAL
FOUNDATION AND SCHOOL

Combined Financial Statements
June 30, 2015

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants
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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, 2015 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 \$8,482,829 as of June 30, 2015, and total support and revenue of \$6,925,380 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.

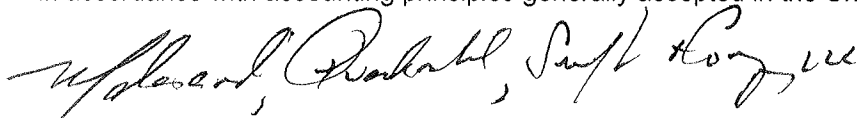
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015, 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.

A handwritten signature in cursive script, appearing to read "Malesardi, Quackenbush, Swift & Company, LLC".

Englewood, New Jersey
March 30, 2016

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

	Foundation Operations	ESV	GMWS	Total
CURRENT ASSETS:				
Cash and equivalents	\$ 632,012	\$ 75,493	\$ 1,481,053	\$ 2,188,558
Marketable securities	214,782	146,029	-	360,811
Accounts receivable, net	266,481	34,299	193,834	494,614
Pledges receivable	17,603	-	-	17,603
Prepaid expenses	36,533	4,735	27,825	69,093
Other receivables	-	-	3,760	3,760
	<u>1,167,411</u>	<u>260,556</u>	<u>1,706,472</u>	<u>3,134,439</u>
PROPERTY AND EQUIPMENT, net	<u>3,768,816</u>	<u>21,892</u>	<u>6,776,257</u>	<u>10,566,965</u>
SECURITY DEPOSIT	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
Total Assets	<u>\$ 4,936,227</u>	<u>\$ 282,448</u>	<u>\$ 8,482,829</u>	<u>\$ 13,701,504</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 85,361	\$ 52,215	\$ 48,181	\$ 185,757
Security deposits	145,995	-	700	146,695
Deferred income	248,585	250	823,237	1,072,072
Current portion of notes and mortgage	-	3,000	16,619	19,619
	<u>479,941</u>	<u>55,465</u>	<u>888,737</u>	<u>1,424,143</u>
LONG-TERM LIABILITIES:				
Notes and mortgage payable	<u>-</u>	<u>-</u>	<u>290,070</u>	<u>290,070</u>
Total Liabilities	<u>479,941</u>	<u>55,465</u>	<u>1,178,807</u>	<u>1,714,213</u>
NET ASSETS:				
Unrestricted:				
Operating	4,386,651	214,983	6,236,513	10,838,147
Board designated	-	-	1,008,070	1,008,070
	<u>4,386,651</u>	<u>214,983</u>	<u>7,244,583</u>	<u>11,846,217</u>
Temporarily restricted	-	-	49,094	49,094
Permanently restricted	69,635	12,000	10,345	91,980
	<u>69,635</u>	<u>12,000</u>	<u>10,345</u>	<u>91,980</u>
Total Net Assets	<u>4,456,286</u>	<u>226,983</u>	<u>7,304,022</u>	<u>11,987,291</u>
Total Liabilities and Net Assets	<u>\$ 4,936,227</u>	<u>\$ 282,448</u>	<u>\$ 8,482,829</u>	<u>\$ 13,701,504</u>

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

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Foundation Operations	ESV	GMWS	Total
CHANGES IN UNRESTRICTED NET ASSETS:				
Revenue:				
Tuition income	\$ 808,541	\$ 279,529	\$ 7,414,079	\$ 8,502,149
Less: scholarships, remissions, and sibling discounts	148,482	36,680	1,344,274	1,529,436
Net tuition income	660,059	242,849	6,069,805	6,972,713
Rental income, net of remissions	1,071,932	4,427	87,705	1,164,064
Fee income, net of remissions	1,124,766	1,300	390,087	1,516,153
Fundraising income	-	-	87,162	87,162
Investment income	2,550	6,154	796	9,500
Other income	280	5,053	44,528	49,861
Total Revenue	2,859,587	259,783	6,680,083	9,799,453
Support:				
Gifts and grants	488,315	138,194	245,205	871,714
Total Unrestricted Revenue and Support	3,347,902	397,977	6,925,288	10,671,167
Expenditures:				
Program services	1,796,269	356,545	5,203,689	7,356,503
General and administrative	1,084,315	54,278	1,280,463	2,419,056
Fundraising	64,987	7,957	169,464	242,408
Total Expenditures	2,945,571	418,780	6,653,616	10,017,967
CHANGE IN UNRESTRICTED NET ASSETS	402,331	(20,803)	271,672	653,200
TEMPORARILY RESTRICTED NET ASSETS:				
Net assets released from restriction	(45,514)	-	-	(45,514)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(45,514)	-	-	(45,514)
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	356,817	(20,803)	271,672	607,686
NON-OPERATING ACTIVITIES:				
Net assets released from restriction	45,514	-	-	45,514
Realized and unrealized gain on investment	-	1,475	92	1,567
TOTAL NON-OPERATING ACTIVITIES	45,514	1,475	92	47,081
CHANGE IN NET ASSETS	402,331	(19,328)	271,764	654,767
NET ASSETS, Beginning of Year	4,053,955	246,311	7,032,258	11,332,524
NET ASSETS, End of Year	\$ 4,456,286	\$ 226,983	\$ 7,304,022	\$ 11,987,291

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, 2015

	Foundation Operations	ESV	GMWS	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 402,331	\$ (19,328)	\$ 271,764	\$ 654,767
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	111,611	1,953	324,516	438,080
Realized and unrealized gain on investments	-	(1,475)	-	(1,475)
Change in accounts receivable	(35,743)	18,667	(16,454)	(33,530)
Change in pledge receivable	(17,603)	-	-	(17,603)
Change in prepaid expenses	602	-	(12,648)	(12,046)
Change in other receivables	7,712	-	-	7,712
Change in accounts payable and accrued expenses	(91,075)	50,227	(41,141)	(81,989)
Change in security deposits	11,199	-	2,900	14,099
Change in deferred income	(94,343)	1,665	(152,472)	(245,150)
	294,691	51,709	376,465	722,865
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed assets	(517,953)	-	(254,265)	(772,218)
Purchases of investments	(367)	(1,118)	-	(1,485)
	(518,320)	(1,118)	(254,265)	(773,703)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments of long term debt	-	-	(164,065)	(164,065)
NET CHANGE IN CASH AND EQUIVALENTS	(223,629)	50,591	(41,865)	(214,903)
CASH AND EQUIVALENTS, Beginning of Year	855,641	24,902	1,522,918	2,403,461
CASH AND EQUIVALENTS, End of Year	\$ 632,012	\$ 75,493	\$ 1,481,053	\$ 2,188,558
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for:				
Interest	\$ 34	\$ -	\$ 23,912	\$ 23,946

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2015

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, 2015

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

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.

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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015

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

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, 2012, 2013, 2014, and 2015 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 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	5,429,256	97,676	9,335,690	14,862,622
Furniture and equipment	<u>124,442</u>	<u>4,099</u>	<u>561,673</u>	<u>690,214</u>
Total Property and Equipment	5,853,796	101,775	10,009,767	15,965,338
Less: accumulated depreciation	<u>2,084,980</u>	<u>79,883</u>	<u>3,233,510</u>	<u>5,398,373</u>
Net Property and Equipment	<u>\$ 3,768,816</u>	<u>\$ 21,892</u>	<u>\$ 6,776,257</u>	<u>\$10,566,965</u>

Depreciation expense for the year ended June 30, 2015 was \$438,080.

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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

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, 2015 was \$306,689.

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

2016	\$ 16,619
2017	<u>290,070</u>
Total	<u>\$ 306,689</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.
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, 2015 were \$281,116.

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, 2015, the Board of Trustees had designated \$1,008,070 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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

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 Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor restricted	\$ -	\$ -	\$ 91,980	\$ 91,980
Board designated	<u>1,008,070</u>	<u>-</u>	<u>-</u>	<u>1,008,070</u>
Total Funds	<u>\$ 1,008,070</u>	<u>\$ -</u>	<u>\$ 91,980</u>	<u>\$ 1,100,050</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	\$ 767,440	\$ -	\$ 91,980	\$ 859,420
Contributions	240,000	-	-	240,000
Investment income	<u>630</u>	<u>-</u>	<u>-</u>	<u>630</u>
Endowment net assets, End of year	<u>\$ 1,008,070</u>	<u>\$ -</u>	<u>\$ 91,980</u>	<u>\$ 1,100,050</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

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

Operating Reserve	\$ 672,726
Site Development Reserve	73,000
Scholarship Fund Reserve	131,308
Benefit Reserve	57,000
Medical Reserve	40,000
Remedial Fund	25,000
Vehicle Reserve	<u>9,036</u>
 Total	 <u>\$ 1,008,070</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 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 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 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 Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Auditorium	<u>\$ 45,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,514</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

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 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 11 - 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	\$ 214,782	\$ 78,773	\$ -	\$ 293,555
Mutual funds	<u>-</u>	<u>67,256</u>	<u>-</u>	<u>67,256</u>
Total	<u>\$ 214,782</u>	<u>\$ 146,029</u>	<u>\$ -</u>	<u>\$ 360,811</u>

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices: (Level 1)</u>
Money market funds	\$ 293,555	\$ 293,555
Mutual funds	<u>67,256</u>	<u>67,256</u>
Total	<u>\$ 360,811</u>	<u>\$ 360,811</u>

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

Investment return is summarized as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Interest and dividends	\$ 2,550	\$ 6,154	\$ 796	\$ 9,500
Realized and unrealized gain on investment	<u>-</u>	<u>1,475</u>	<u>92</u>	<u>1,567</u>
Total Investment Return	<u>\$ 2,550</u>	<u>\$ 7,629</u>	<u>\$ 888</u>	<u>\$ 11,067</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

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 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 30, 2016, 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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 5,127,624	\$ 982,527	\$ 179,731	\$ 6,289,882
Accounting	-	26,484	-	26,484
Legal	-	21,998	-	21,998
Supplies	202,203	16,885	1,110	220,198
Telephone	4,449	18,126	1,589	24,164
Postage	10,599	4,324	4,049	18,972
Rent	64,634	95,391	-	160,025
Equipment rental and maintenance	203,096	92,950	7,428	303,474
Printing	4,346	10,269	3,932	18,547
Travel	81,493	3,124	-	84,617
Conferences and meetings	43,820	9,247	408	53,475
Interest	21,283	2,663	-	23,946
Dues and subscriptions	54,647	769	-	55,416
Honoraria	67,198	60,174	-	127,372
Athletics	44,180	-	-	44,180
Parent education	5,710	345	-	6,055
Professional development	61,767	23,598	400	85,765
Program expenses	239,798	129,935	-	369,733
Riding club	11,336	-	-	11,336
Books and school supplies	293	-	-	293
Advertising	111,013	25,031	3,884	139,928
Website expenses	-	1,088	-	1,088
Technology expense	-	56,286	1,480	57,766
Class expense	41,507	-	-	41,507
School	48,953	-	-	48,953
Insurance	90,880	90,455	1,778	183,113
Field trips	38,407	-	-	38,407
Vehicle expense	-	11,635	-	11,635
Bad debt	554	77,585	-	78,139
Miscellaneous	24,306	50,257	250	74,813
Sewer tax	19,812	53,411	322	73,545
Music fund and tour expenses	56,406	-	-	56,406
Student expenses	182,243	-	-	182,243
Gifts	-	118,585	18,637	137,222
Bank fees	2,449	19,903	-	22,352
Contractor's fees	16,775	138,666	-	155,441
Utilities	95,755	62,870	6,337	164,962
Professional fees	1,573	37,353	7,827	46,753
Consultants	47,391	4,075	-	51,466
Materials	24,832	43,384	-	68,216
Depreciation	305,171	129,663	3,246	438,080
Total	\$ 7,356,503	\$ 2,419,056	\$ 242,408	\$ 10,017,967

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