

THREEFOLD EDUCATIONAL
FOUNDATION AND SCHOOL

Combined Financial Statements
June 30, 2019

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, 2019 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 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 \$7,977,594 as of June 30, 2019, and total support and revenue of \$6,216,880 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, 2019, 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.

Malesardi, Quackenbush, Swift & Co LLC

Englewood, New Jersey
February 27, 2020

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

	Foundation Operations	Fiber Craft Studio	Otto Specht School	Pfeiffer Center	Café	ESV	GMWS	Total
CURRENT ASSETS:								
Cash and equivalents	\$ 209,624	\$ 64,426	\$ 460,045	\$ 7,250	\$ 31,668	\$ 46,691	\$ 879,363	\$ 1,699,067
Investments	117,137	-	-	-	-	121,488	-	238,625
Accounts receivable, net	359,296	27,688	121,334	4,454	18,220	41,745	153,791	726,528
Pledges receivable	1,065	-	30,000	-	-	-	-	31,065
Prepaid expenses	90,843	7,570	6,251	3,069	7,161	4,952	124,379	244,225
Other receivables	23,656	-	-	-	-	-	150,000	173,656
Total Current Assets	801,621	99,684	617,630	14,773	57,049	214,876	1,307,533	3,113,166
PROPERTY AND EQUIPMENT, NET	4,096,755	-	199,549	-	3,771	14,077	6,252,058	10,566,210
INTANGIBLE ASSETS, NET	22,926	-	-	-	-	-	-	22,926
SECURITY DEPOSIT	-	-	-	-	-	-	100	100
RESTRICTED ENDOWMENT:								
Cash	-	-	-	-	-	-	110,222	110,222
Investments	-	-	-	-	-	-	307,681	307,681
Total Restricted Endowment	-	-	-	-	-	-	417,903	417,903
Total Assets	\$ 4,921,302	\$ 99,684	\$ 817,179	\$ 14,773	\$ 60,820	\$ 228,953	\$ 7,977,594	\$ 14,120,305

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2019

LIABILITIES AND NET ASSETS

	Foundation Operations	Fiber Craft Studio	Otto Specht School	Pfeiffer Center	Café	ESV	GMWS	Total
CURRENT LIABILITIES:								
Accounts payable and accrued expenses	\$ 114,901	\$ 4,605	\$ 129,229	\$ 11,936	\$ 108,646	\$ 59,224	\$ 60,519	\$ 489,060
Security deposits	150,048	-	-	-	-	-	1,870	151,918
Deferred income	83,664	90,697	46,569	20,677	2,282	14,780	278,579	537,248
Other payables	150,000	-	23,656	-	-	-	-	173,656
Line of credit	175,315	-	-	-	-	-	-	175,315
Current portion of mortgages and notes	3,384	-	-	-	-	3,000	35,206	41,590
Total Current Liabilities	677,312	95,302	199,454	32,613	110,928	77,004	376,174	1,568,787
LONG-TERM LIABILITIES:								
Mortgages and notes payable	169,967	-	-	-	-	-	233,498	403,465
Total Liabilities	847,279	95,302	199,454	32,613	110,928	77,004	609,672	1,972,252
NET ASSETS:								
Net assets without donor restrictions:								
Operating	4,003,537	4,382	209,929	(17,840)	(50,108)	132,349	6,156,190	10,438,439
Board designated	-	-	407,796	-	-	-	600,380	1,008,176
Total Net Assets Without Donor Restrictions	4,003,537	4,382	617,725	(17,840)	(50,108)	132,349	6,756,570	11,446,615
Net assets with donor restrictions	70,486	-	-	-	-	19,600	611,352	701,438
Total Net Assets	4,074,023	4,382	617,725	(17,840)	(50,108)	151,949	7,367,922	12,148,053
Total Liabilities and Net Assets	\$ 4,921,302	\$ 99,684	\$ 817,179	\$ 14,773	\$ 60,820	\$ 228,953	\$ 7,977,594	\$ 14,120,305

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, 2019

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

	Foundation Operations	Fiber Craft Studio	Otto Specht School	Pfeiffer Center	Café	ESV	GMWS	Total
Revenue:								
Tuition income	\$ 6,000	\$ 85,280	\$ 1,422,655	\$ 46,124	\$ -	\$ 235,706	\$ 7,201,233	\$ 8,996,998
Less: scholarships, remissions, and sibling discounts	1,125	11,893	216,439	9,464	-	33,596	2,018,380	2,290,897
Net tuition income	4,875	73,387	1,206,216	36,660	-	202,110	5,182,853	6,706,101
Rental income, net of remissions	1,318,624	800	1,100	-	-	3,828	95,899	1,420,251
Fee income, net of remissions	314,190	32,395	6,855	110,424	442,207	1,561	291,168	1,198,800
Fundraising income	-	8,816	19,207	2,421	-	-	89,560	120,004
Investment return	831	8	2,871	8	7	6,654	15,026	25,405
Other income	2,877	-	1,236	255	-	7,158	24,503	36,029
Net assets released from restriction	-	-	-	-	-	2,500	157,645	160,145
Total Revenue	1,641,397	115,406	1,237,485	149,768	442,214	223,811	5,856,654	9,666,735
Support:								
Gifts and grants	25,617	16,132	150,732	115,304	5,905	157,041	117,345	588,076
Total Unrestricted Revenue and Support	1,667,014	131,538	1,388,217	265,072	448,119	380,852	5,973,999	10,254,811
Expenditures:								
Program services	673,779	157,674	1,051,560	288,319	443,398	229,678	4,337,138	7,181,546
Management and general	981,729	10,778	97,128	43,331	53,661	163,272	1,371,350	2,721,249
Fundraising	32,850	-	39,894	-	-	21,959	214,877	309,580
Total Expenditures	1,688,358	168,452	1,188,582	331,650	497,059	414,909	5,923,365	10,212,375
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(21,344)	(36,914)	199,635	(66,578)	(48,940)	(34,057)	50,634	42,436
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:								
Gifts and grants	-	-	-	-	-	10,100	368,219	378,319
Investment return	-	-	-	-	-	-	23,106	23,106
Net assets released from restriction	-	-	-	-	-	(2,500)	(157,645)	(160,145)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	-	7,600	233,680	241,280
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(21,344)	(36,914)	199,635	(66,578)	(48,940)	(26,457)	284,314	283,716
NON-OPERATING ACTIVITIES:								
Realized and unrealized gain on investments	-	-	-	-	-	543	9,201	9,744
CHANGE IN NET ASSETS	(21,344)	(36,914)	199,635	(66,578)	(48,940)	(25,914)	293,515	293,460
NET ASSETS, Beginning of Year	4,095,367	41,296	418,090	48,738	(1,168)	177,863	7,074,407	11,854,593
NET ASSETS, End of Year	\$ 4,074,023	\$ 4,382	\$ 617,725	\$ (17,840)	\$ (50,108)	\$ 151,949	\$ 7,367,922	\$ 12,148,053

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 4,970,719	\$ 1,051,631	\$ 268,951	\$ 6,291,301
Accounting	-	21,206	-	21,206
Legal	-	57,370	-	57,370
Supplies	187,410	59,262	1,141	247,813
Telephone	4,316	21,477	1,917	27,710
Postage	5,947	5,430	348	11,725
Rent	85,772	88,592	-	174,364
Repair and maintenance	183,882	26,850	3,934	214,666
Equipment rental and maintenance	19,600	28,151	3,385	51,136
Printing	4,108	7,385	1,915	13,408
Travel	38,627	1,025	-	39,652
Conferences and meetings	15,664	4,658	1,078	21,400
Interest	9,124	12,989	-	22,113
Dues and subscriptions	34,259	2,499	-	36,758
Honoraria	117,463	-	-	117,463
Athletics	51,195	-	-	51,195
Parent education	10,007	127	-	10,134
Professional development	19,391	19,139	-	38,530
Program expenses	319,037	42,772	-	361,809
Riding club	9,044	-	-	9,044
Advertising	138,269	21,972	6,913	167,154
Website expenses	-	480	-	480
Technology expense	-	39,978	-	39,978
Class expense	60,961	-	-	60,961
School	37,198	-	-	37,198
Insurance	99,154	132,897	2,227	234,278
Field trips	2,708	-	-	2,708
Vehicle expense	-	17,492	-	17,492
Bad debt	7,330	325,780	-	333,110
Miscellaneous	19,649	15,636	245	35,530
Water, sewer, and real estate tax	15,100	53,242	338	68,680
Music fund and tour expenses	42,517	-	-	42,517
Student expenses	129,197	-	-	129,197
Gifts	-	160,172	12,699	172,871
Bank fees	-	33,829	-	33,829
Contractor's fees	397	178,573	-	178,970
Utilities	53,282	92,559	1,196	147,037
Professional fees	33,190	46,945	-	80,135
Consultants	52,519	-	-	52,519
Materials	94,932	-	-	94,932
Depreciation and amortization	309,578	151,131	3,293	464,002
Total	<u>\$ 7,181,546</u>	<u>\$ 2,721,249</u>	<u>\$ 309,580</u>	<u>\$ 10,212,375</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 CASH FLOWS
For the Year Ended June 30, 2019

	Foundation Operations	Fiber Craft Studio	Otto Specht School	Pfeiffer Center	Café	ESV	GMWS	Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Change in net assets	\$ (21,344)	\$ (36,914)	\$ 199,635	\$ (66,578)	\$ (48,940)	\$ (25,914)	\$ 293,515	\$ 293,460
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation and amortization	123,015	-	7,966	-	1,729	1,954	329,338	464,002
Realized and unrealized gain on investments	-	-	-	-	-	(543)	-	(543)
Change in accounts receivable	(175,095)	6,013	(83,943)	1,969	(11,001)	(6,902)	(80,668)	(349,627)
Change in pledges receivable	(1,065)	-	(30,000)	-	-	-	-	(31,065)
Change in prepaid expenses	18,082	(3,610)	5,405	1,106	(5,316)	(217)	8,333	23,783
Change in other receivables	12,011	-	-	7,000	-	-	-	19,011
Change in accounts payable and accrued expenses	(86,433)	(1,349)	116,728	2,477	62,404	6,891	(7,639)	93,079
Change in security deposits	12,521	-	(111,739)	(2,400)	591	6,110	-	12,521
Change in deferred income	18,776	58,197	(8,000)	-	-	-	(254,896)	(285,361)
Change in other payables	150,000	-	-	-	-	-	-	142,000
Net Cash Provided by (Used in) Operating Activities	50,468	22,337	96,052	(56,426)	(533)	(18,621)	287,983	381,260
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchases of property and equipment	(594,662)	-	(137,615)	-	-	-	(277,502)	(1,009,779)
Purchase of intangible asset	(23,315)	-	-	-	-	-	-	(23,315)
Sale of investments	-	-	-	29,102	-	-	-	29,102
Purchases of investments	(675)	-	-	-	-	(2,750)	(126,769)	(130,194)
Net Cash Provided by (Used in) Investing Activities	(618,652)	-	(137,615)	29,102	-	(2,750)	(404,271)	(1,134,186)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Proceeds from line of credit	175,315	-	-	-	-	-	-	175,315
Payments of long term debt	(1,649)	-	-	-	-	-	(27,895)	(29,544)
Proceeds from long-term debt	175,000	-	-	-	-	-	54,750	229,750
Net Cash Provided by Financing Activities	348,666	-	-	-	-	-	26,855	375,521
NET CHANGE IN CASH AND EQUIVALENTS	(219,518)	22,337	(41,563)	(27,324)	(533)	(21,371)	(89,433)	(377,405)
CASH AND EQUIVALENTS, Beginning of Year	429,142	42,089	501,608	34,574	32,201	68,062	988,796	2,076,472
CASH AND EQUIVALENTS, End of Year	\$ 209,624	\$ 64,426	\$ 460,045	\$ 7,250	\$ 31,668	\$ 46,691	\$ 879,363	\$ 1,699,067
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:								
Cash paid for:								
Interest	\$ 11,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,252	\$ 22,114
Non cash disclosure:								
In-kind donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,655	\$ 3,655

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2019

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, Pfeiffer Center and Threefold Café.

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:

Combined Financial Statements

The combined financial statements include the accounts of Threefold Educational Foundation and School and the organizations under the umbrella stated in Note 1, collectively the "Organization." All significant intercompany accounts and transactions have been eliminated.

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

Net assets, revenues, gains, and losses are classified based on the existence of or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets - Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the "Board") and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets - With Donor Restrictions

Net assets with donor restrictions 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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

In the absence of donor restriction, contributions and bequests are considered to be available for unrestricted use. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is received.

The Organization records donor restricted contributions whose restrictions are met in the same reporting period as well as any investment gains on those contributions as support without donor restriction.

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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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

Property and Equipment

Property and equipment are stated at cost or fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Major additions and improvements over \$5,000 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.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Functional Expense Allocation

Directly identifiable expenses are charged to programs or management and general depending on the reason the expenses were incurred. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support of the Organization's mission.

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, 2016, 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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

New Accounting Pronouncement

During the period ended June 30, 2019, the Organization implemented the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 ("ASU 2016-14"). ASU 2016-14 amends the current reporting model for non-profit Organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements.

The changes after adoption of ASU 2016-14 have the following effect on net assets at June 30, 2018:

Net Assets:	As Originally Presented	After Adoption of ASU
Unrestricted net assets	\$11,394,589	\$ -
Temporarily restricted net assets	51,426	-
Permanently restricted net assets	408,578	-
Net assets without donor restrictions	-	11,394,589
Net assets with donor restrictions	-	<u>460,004</u>
Total Net Assets	<u>\$11,854,593</u>	<u>\$11,854,593</u>

NOTE 3 - INVESTMENTS:

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

Description	Foundation Operations	ESV	GMWS	Total
Money market funds	\$ 117,137	\$ 81,396	\$ -	\$ 198,533
Mutual funds	-	17,821	-	17,821
Stocks	-	22,271	307,681	329,952
Total	<u>\$ 117,137</u>	<u>\$ 121,488</u>	<u>\$ 307,681</u>	<u>\$ 546,306</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 3 - INVESTMENTS (CONTINUED):

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices: (Level 1)</u>
Money market funds	\$ 198,533	\$ 198,533
Mutual funds	17,821	17,821
Stocks	<u>329,952</u>	<u>329,952</u>
Total	<u>\$ 546,306</u>	<u>\$ 546,306</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>Pfeiffer Center</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Interest and dividends	\$ 831	\$ 8	\$ 6,654	\$ 38,132	\$ 45,625
Realized and unrealized gain on investment	<u>-</u>	<u>-</u>	<u>543</u>	<u>9,201</u>	<u>9,744</u>
Total Investment Return	<u>\$ 831</u>	<u>\$ 8</u>	<u>\$ 7,197</u>	<u>\$ 47,333</u>	<u>\$ 55,369</u>

NOTE 4 - PLEDGES RECEIVABLE:

Pledges receivable consisted of pledges due from individuals. For the year ended June 30, 2019, there was no allowance for doubtful accounts because management believed all pledges to be fully collectible.

The Organization's pledges receivable consists of conditional promises to give as follows:

	<u>Foundation Operations</u>	<u>Otto Specht School</u>	<u>Total</u>
Receivable in less than one year	\$ 1,065	\$ 10,000	\$ 11,065
Receivable in one to five years	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total	<u>\$ 1,065</u>	<u>\$ 30,000</u>	<u>\$ 31,065</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>Foundation Operations</u>	<u>Otto Specht School</u>	<u>Cafe</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Land	\$ 300,098	\$ -	\$ -	\$ -	\$ 112,404	\$ 412,502
Buildings and improvements	6,218,534	-	-	97,676	9,780,656	16,096,866
Leasehold improvements	-	79,656	-	-	-	79,656
Furniture and equipment	135,520	-	8,642	4,099	646,434	794,695
Construction in progress	-	137,615	-	-	-	137,615
Total Property and Equipment	6,654,152	217,271	8,642	101,775	10,539,494	17,521,334
Less: accumulated depreciation	<u>2,557,397</u>	<u>17,722</u>	<u>4,871</u>	<u>87,698</u>	<u>4,287,436</u>	<u>6,955,124</u>
Property and Equipment, net	<u>\$4,096,755</u>	<u>\$ 199,549</u>	<u>\$ 3,771</u>	<u>\$ 14,077</u>	<u>\$6,252,058</u>	<u>\$10,566,210</u>

Depreciation expense for the year ended June 30, 2019 was \$463,613.

NOTE 6 - INTANGIBLE ASSETS:

Intangible assets consisted of the following:

	<u>Foundation Operations</u>
Closing costs	\$ 23,315
Less: accumulated amortization	<u>389</u>
Intangible Assets, net	<u>\$ 22,926</u>

Amortization expense for the year ended June 30, 2019 was \$389.

NOTE 7 - MORTGAGES AND NOTES PAYABLE:

ESV had 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 was refinanced in October 2016 at 4.38% over 10 years. The outstanding mortgage due as of June 30, 2019 was \$217,604.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 7 - MORTGAGES AND NOTES PAYABLE (CONTINUED):

During 2019, GMWS took out a loan payable for a vehicle. The loan began on April 3, 2019 and is for a five year period. Monthly installments include principal and interest calculated at 6.25%. The outstanding loan due as of June 30, 2019 was \$51,100.

The Organization has a mortgage payable with M&T Bank through December 21, 2043. The mortgage is collateralized by property located at 8 Capricorn Lane in Chestnut Ridge, New York. Monthly installments include principal and interest calculated at 5.5%. The outstanding mortgage due as of June 30, 2019 was \$173,351.

Future principal maturities on the mortgages are as follows:

2020	\$ 41,590
2021	40,599
2022	42,688
2023	45,907
2024	44,208
Thereafter	<u>230,063</u>
Total	<u>\$ 445,055</u>

NOTE 8 - RELATED PARTY TRANSACTIONS:

During the year ended June 30, 2017, the Otto Specht School obtained a loan from the Foundation Operations in the amount of \$39,656. The loan is interest free and is due on demand. The balance as of June 30, 2019 was \$23,656.

On December 17, 2018, the Organization obtained a loan from GMWS in the amount of \$150,000. The loan was for a six month period and interest is calculated at 3% per annum. The loan was extended for another six months, per the loan agreement. The balance as of June 30, 2019 was \$150,000.

The above loans are classified as other receivables and other payables in the combined statement of financial position.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purpose or period:

Howard Mehrtens Scholarship Fund	\$ 18,094
Miscellaneous Fund	1,000
Educational Support Fund	30,700
NoVo Grant	143,655
Traveling	2,500
Pedagogical scholarship	<u>5,100</u>
Total	<u>201,049</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

Endowments:

Subject to appropriation and expenditure when a specified event occurs:

Foundation Operations	486
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Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:

Shadrach Woods Endowment	10,445
The Green Meadow Waldorf School Endowment	407,458
Foundation Operations Endowment	70,000
ESV Endowment	12,000

Total	499,903
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Total Endowments	500,389
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Total Net Assets with Donor Restrictions	\$ 701,438
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Net assets released from donor restrictions, by incurring expenses satisfying the restricted purposes are as follows:

Educational Support Fund	\$ 1,300
NoVo Grant	156,345
Traveling	2,500

Total	\$ 160,145
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The various purposes of the above donor restricted amounts are as follows:

Howard Mehrtens Scholarship Fund

The intention of this fund is to provide scholarship assistance to GMWS students, with a preference being given to poor and/or minority students.

Miscellaneous Fund

Donor restricted fund of \$1,000 for the Open Saturday Program.

Educational Support Fund

The Education Support Fund has been established to address the needs of students requiring additional support. It shall be used to augment existing operational monies to enhance the program through additional staffing, consultants, specialists and training in the field of remedial and special education. It may also be used for medical consultations.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

NoVo Grant

The NoVo grant may be used for a) recruitment of new families, particularly underrepresented families of diverse backgrounds, b) retention of current families with financial need, and c) tuition remission for faculty and staff with children attending the school.

Traveling

Funds designated by donors to be used by the Eurythmy Spring Valley Ensemble for travel expenses.

Pedagogical Scholarships

Funds designated by donors to be granted as pedagogical scholarships to students.

Shadrach Woods Endowment

An endowment fund established in memory of the late Shadrach Woods, who was an alumnus of GMWS. This restricted fund is set up for scholarships.

The Green Meadow Waldorf School Endowment

An endowment fund established for three purposes a) a general endowment fund, initiatives related to math and sciences, arts and athletics b) the humanities and c) a scholarship fund.

Foundation Operations Endowment

An endowment fund that was established so the income generated from the fund can be used for facility expenses at the Organization.

ESV Endowment

An endowment fund established so that the income generated from the fund can support the operations of ESV.

NOTE 10 - ENDOWMENT FUNDS:

Board Designated Endowment

As of June 30, 2019, the Board of Trustees had designated \$1,008,176 of net assets without donor restrictions 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 net assets without donor restrictions.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 10 - ENDOWMENT FUNDS (CONTINUED):

Donor Designated Endowment

The Organization's endowment consists of approximately four 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.

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 net assets with donor restrictions (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 net assets with donor restrictions is classified as net assets with donor restrictions 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.

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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 10 - ENDOWMENT FUNDS (CONTINUED):

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Funds</u>
Board designated funds	\$ 1,008,176	\$ -	\$ 1,008,176
Donor restricted funds:			
Original donor restricted gift amount required to be maintained in perpetuity	-	499,903	499,903
Accumulated investment earnings	<u>-</u>	<u>486</u>	<u>486</u>
Total Endowment funds	<u>\$ 1,008,176</u>	<u>\$ 500,389</u>	<u>\$ 1,508,565</u>

Changes in endowment net assets as of June 30, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Funds</u>
Endowment net assets, Beginning of year	\$ 992,502	\$ 408,910	\$ 1,401,412
Endowment investment return, net:			
Interest and dividends	2,847	23,260	26,107
Contributions	50,983	68,219	119,202
Appropriation of endowment	<u>(38,156)</u>	<u>-</u>	<u>(38,156)</u>
Endowment net assets, End of year	<u>\$ 1,008,176</u>	<u>\$ 500,389</u>	<u>\$ 1,508,565</u>

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

	<u>Otto Specht School</u>	<u>GMWS</u>	<u>Total</u>
Operating reserve	\$ 112,946	\$ 357,036	\$ 469,982
Site development reserve	-	73,000	73,000
Scholarship fund reserve	-	131,308	131,308
Benefit reserve	-	30,000	30,000
Vehicle reserve	5,000	9,036	14,036
Endowment	1,000	-	1,000
Capital Campaign – buildings	<u>288,850</u>	<u>-</u>	<u>288,850</u>
Total	<u>\$ 407,796</u>	<u>\$ 600,380</u>	<u>\$ 1,008,176</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 11 - 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 2-5% of compensation.
3. Minimum of 2-5% employee contribution.

Contributions for the year ended June 30, 2019 were \$155,413.

NOTE 12 - 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 13 - 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.

NOTE 14 - LINE OF CREDIT:

The Organization has a line of credit with M&T Bank. with an available credit line up to \$500,000. The interest rate is 6.25%. As of June 30, 2019, \$175,315 was drawn upon the line of credit.

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

GMWS has several equipment leases that come due over the next few years.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 16 - LIQUIDITY AND AVAILABILITY:

The following reflects the Organization's financial assets as of December 31, 2019 that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

Cash and equivalents	\$ 1,809,289
Investments	546,306
Accounts receivable	726,528
Pledges receivable	<u>11,065</u>

Total financial assets at year-end	<u>3,093,188</u>
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Less those unavailable for general expenditures
within one year due to:

Restricted by Board for operating reserve	(469,982)
Restricted by Board for site development	(73,000)
Restricted by Board for scholarship fund reserve	(131,308)
Restricted by Board for benefit reserve	(30,000)
Restricted by Board for vehicle reserve	(14,036)
Restricted by Board for endowment	(1,000)
Restricted by Board for capital campaign-buildings	(288,850)
Restricted by donors with time or purpose restrictions	(81,150)
Restricted by donors in perpetuity	<u>(701,438)</u>

Total unavailable for general use	<u>(1,790,764)</u>
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Total financial assets available to management for general expenditure within one year	<u>\$ 1,302,424</u>
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Liquidity Management

The Entity maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 17 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 27, 2020, the date the combined financial statements were available to be issued. No events have occurred subsequent to the combined statement of financial position date and through the date the combined financial statements were available to be issued that would require adjustment to or disclosure in the accompanying combined financial statements.