

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

AUDITED FINANCIAL STATEMENTS

As of and for the year ended June 30, 2021
(with memorandum totals as of and for the year ended June 30, 2020)

THREEFOLD EDUCATION FOUNDATION AND SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Threefold Educational Foundation and School

We have audited the accompanying financial statements of Threefold Educational Foundation and School (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's 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 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, the financial statements referred to above present fairly, in all material respects, the financial position of Threefold Educational Foundation and School as of June 30, 2021, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of asset, liabilities and net assets and schedule of revenues and expenses as of and for the year ended June 30, 2021 are presented for purposes of additional analysis and are

not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Threefold Educational Foundation and School's June 30, 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Hudson, New York
March 4, 2022

**THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
STATEMENT OF FINANCIAL POSITION**

June 30, 2021

(with memorandum totals as of June 30, 2020)

	2021	2020 (memorandum only)
ASSETS		
Cash and cash equivalents	\$ 2,710,965	\$ 1,778,809
Accounts receivable, less allowance of \$281,096	666,437	1,011,556
Prepaid expenses	23,103	112,278
Investments	1,488,579	1,204,990
Security deposit	-	100
Property and equipment, net	10,274,473	10,450,062
Total assets	<u>\$ 15,163,557</u>	<u>\$ 14,557,795</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 216,849	\$ 364,181
Security deposits	95,955	83,477
Deferred revenue	522,715	232,899
Line of credit	150,000	-
Loans payable	1,383,846	1,630,505
Total liabilities	<u>2,369,365</u>	<u>2,311,062</u>
NET ASSETS		
Without donor restrictions:		
Board designated	528,937	754,237
Undesignated	11,449,650	10,929,234
Total without donor restrictions	<u>11,978,587</u>	<u>11,683,471</u>
With donor restrictions	815,605	563,262
Total net assets	<u>12,794,192</u>	<u>12,246,733</u>
Total liabilities and net assets	<u>\$ 15,163,557</u>	<u>\$ 14,557,795</u>

See notes to financial statements.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
STATEMENT OF ACTIVITIES
For the year ended June 30, 2021
(with memorandum totals for the year ended June 30, 2020)

	2021			2020 (memorandum only)
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING ACTIVITIES				
REVENUE AND SUPPORT				
Tuition income, net of scholarships, remissions, and discounts	\$ 5,388,959	\$ -	\$ 5,388,959	\$ 5,557,888
Rental income, net of remissions	1,160,631	-	1,160,631	1,317,056
Fee income, net of remissions	845,654	-	845,654	918,289
Contributions and grants	891,861	78,178	970,039	915,909
Fundraising income	12,888	-	12,888	129,414
School lunch income	29,583	-	29,583	10,000
Other income	86,603	-	86,603	82,326
Net assets released from restrictions	13,342	(13,342)	-	-
Total revenue and support	<u>8,429,521</u>	<u>64,836</u>	<u>8,494,357</u>	<u>8,930,882</u>
EXPENSES				
Program services	6,350,919	-	6,350,919	6,408,408
Management and general	2,371,029	-	2,371,029	2,213,989
Fundraising	584,208	-	584,208	474,369
Total expenses	<u>9,306,156</u>	<u>-</u>	<u>9,306,156</u>	<u>9,096,766</u>
Change in net assets from operating activities	<u>(876,635)</u>	<u>64,836</u>	<u>(811,799)</u>	<u>(165,884)</u>
NON-OPERATING ACTIVITIES				
Forgiveness of paycheck protection program (PPP) loan	1,201,982	-	1,201,982	-
(Loss) gain on sale of assets	(786)	-	(786)	350,576
Endowment contributions	-	55,048	55,048	-
Investment return, net	9,612	132,459	142,071	21,658
Interest expense	(39,057)	-	(39,057)	(26,715)
Change in net assets from non-operating activities	<u>1,171,751</u>	<u>187,507</u>	<u>1,359,258</u>	<u>345,519</u>
CHANGE IN NET ASSETS	295,116	252,343	547,459	179,635
NET ASSETS, Beginning of year	<u>11,683,471</u>	<u>563,262</u>	<u>12,246,733</u>	<u>12,067,098</u>
NET ASSETS, End of year	<u>\$ 11,978,587</u>	<u>\$ 815,605</u>	<u>\$ 12,794,192</u>	<u>\$ 12,246,733</u>

See notes to financial statements.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021
(with memorandum totals for the year ended June 30, 2020)

	Program								Management and General	Fundraising	Total	2020 (memorandum only)
	Foundations Operations	Fiber Craft Studio	Otto Specht School	Pfeiffer Center	Café	ESV	GMWS	Total Program				
Salaries and wages	\$ 464,802	\$ 59,554	\$ 687,196	\$ 212,071	\$ 161,607	\$ 147,931	\$ 1,874,157	\$ 3,607,318	\$ 1,051,894	\$ 411,932	\$ 5,071,144	\$ 4,724,397
Payroll taxes	28,858	3,858	50,746	6,417	12,047	11,047	133,149	246,122	87,709	28,106	361,937	345,570
Pension plan contributions	17,270	1,272	6,620	3,298	3,663	3,862	53,379	89,364	31,844	10,204	131,412	149,503
Employee benefits	103,896	306	36,178	6,398	18,783	1,599	247,029	414,189	147,600	47,298	609,087	619,423
Professional fees - legal	-	-	-	-	-	-	-	-	27,930	-	27,930	62,631
Professional fees - accounting	-	-	-	-	-	-	-	-	102,608	-	102,608	74,928
Professional fees - other	3,151	7,674	126,981	3,655	-	16,198	12,214	169,873	68,765	-	238,638	217,688
Advertising and promotion	-	-	-	-	-	-	-	-	103,373	10,883	114,256	192,715
Office	39,013	6,884	9,675	6,057	6,647	6,983	30,911	106,170	35,391	12,310	153,871	169,382
IT	9,044	-	3,488	694	694	-	47,256	61,176	21,800	6,985	89,961	98,763
Occupancy	214,629	5,942	48,263	14,406	4,422	13,897	234,422	535,981	358,775	19,490	914,246	844,895
Travel	385	697	-	-	-	3,688	50	4,820	-	-	4,820	44,229
Depreciation	95,716	-	6,332	-	1,625	1,368	233,245	338,286	140,147	4,832	483,265	483,953
Insurance	46,830	1,318	6,406	4,201	-	6,818	76,415	141,988	113,591	2,580	258,159	259,758
Dues and subscriptions	2,993	(45)	7,143	998	611	-	22,246	33,946	3,394	377	37,717	25,232
Professional development	2,127	-	885	-	-	259	15,225	18,496	1,830	-	20,326	35,536
Supplies	175	3,280	4,629	37,167	7,167	722	98,328	151,468	65,208	22,681	239,357	214,278
Student	-	7,668	17,482	1,740	-	25,454	119,434	171,778	-	-	171,778	252,861
Activities	-	-	-	-	-	-	40,924	40,924	-	-	40,924	22,361
Meals and entertainment	404	-	381	1,168	-	-	-	1,953	567	3,780	6,300	28,021
Miscellaneous	7,765	91	2,086	940	204	935	12,065	24,086	8,603	2,750	35,439	9,991
Cost of goods sold	-	-	-	-	87,374	-	-	87,374	-	-	87,374	73,781
Bad debt	-	-	74,807	-	10,000	-	20,800	105,607	-	-	105,607	146,870
Subtotal	1,037,058	98,499	1,089,298	299,210	314,844	240,761	3,271,249	6,350,919	2,371,029	584,208	9,306,156	9,096,766
Interest	2,332	-	-	-	-	-	-	2,332	36,725	-	39,057	26,715
Total expenses	\$ 1,039,390	\$ 98,499	\$ 1,089,298	\$ 299,210	\$ 314,844	\$ 240,761	\$ 3,271,249	\$ 6,353,251	\$ 2,407,754	\$ 584,208	\$ 9,345,213	\$ 9,123,481

See notes to financial statements.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021
(with memorandum totals for the year ended June 30, 2020)

	2021	2020 (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 547,459	\$ 179,635
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	483,265	483,953
Realized and unrealized gain on investments	120,932	2,399
Loss (gain) on disposal of property and equipment	786	(350,576)
Restricted contributions for endowment	(55,048)	-
Forgiveness of PPP loan	(1,201,982)	-
Changes in assets/liabilities:		
Accounts receivable	345,119	(285,028)
Pledges receivable	-	31,065
Prepaid expenses	89,175	131,947
Accounts payable and accrued expenses	(147,332)	(185,239)
Security deposits	12,578	(68,441)
Deferred revenue	289,816	(304,349)
Total adjustments	(62,691)	(544,269)
Net cash provided by (used for) operating activities	484,768	(364,634)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(308,462)	(381,747)
Proceeds from sale of property and equipment	-	364,517
Purchases of investments	(732,766)	(949,890)
Proceeds from sale of investments	328,245	399,029
Net cash used for investing activities	(712,983)	(568,091)
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted contributions for endowment	55,048	-
Proceeds (payments) on line of credit, net	150,000	(175,315)
Proceeds from notes payable	1,004,545	1,253,890
Payments on loans payable	(49,222)	(66,108)
Net cash provided by financing activities	1,160,371	1,012,467
NET INCREASE IN CASH AND CASH EQUIVALENTS	932,156	79,742
CASH AND CASH EQUIVALENTS, Beginning of year	1,778,809	1,699,067
CASH AND CASH EQUIVALENTS, End of year	\$ 2,710,965	\$ 1,778,809
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	\$ 39,057	\$ 26,715
Non-cash activities:		
In-kind donations	\$ 1,475	\$ 15,201

See notes to financial statements.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – NATURE OF ORGANIZATION AND OPERATIONS

Threefold Educational Foundation and School (the “Organization” or “Foundation”) is the umbrella Organization for Green Meadow Waldorf School (“GMWS”), Eurythmy Spring Valley (“ESV”), Fiber Craft Studio, Otto Specht School (“OSS”), Pfeiffer Center, and Threefold Café.

The Organization’s Foundation Operations provides support services for the above-named divisions and other educational and cultural activities based on Anthroposophy and the work of Rudolf Steiner. The Foundation Operations division allocates the costs of some rents and administrative support to these divisions for the purpose of managing each division. The forgiveness of these costs is included in revenue shown as net of remissions and is eliminated in these financial statements. GMWS and OSS provide academic programs with a reliance on the Rudolf Steiner Philosophy to children from preschool through the twelfth grade, including students with learning challenges (OSS). ESV provides professional training in Eurythmy, a performance art which has applications in medical and occupational therapies and in education. The Pfeiffer Center and Fiber Craft Studio offer adult education in agriculture and textile arts, respectively. Threefold Café provides food service and hospitality to all affiliated programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Under this method of accounting, revenue is recognized when earned and when the amounts and timing of the revenue can be reasonably estimated. Expenses are recognized when they are incurred.

Financial Statement Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

Under the provisions of ASC 958, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Amounts

The amounts shown for June 30, 2020 in the accompanying statements present summarized totals and only are included to provide a basis of comparison with June 30, 2021. Accordingly, the June 30, 2020 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Contributions

Unconditional contributions are recognized when pledged and recorded as support with or without restriction, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been reflected in the financial statements for donated services because the criteria for recognition under (FASB) Accounting Standards Codification (ASC) 958-605 have not been satisfied. The Organization pays for services requiring specific expertise.

The accounting standards update issued by FASB “Not-for-Profit Entities: Classification of the Sale of Donated Financial Assets in the Statement of Cash Flows” requires not-for-profit entities to classify cash receipts without restriction from the sale of donated financial assets that were nearly immediately converted into cash as cash inflows from operating activities. Cash receipts in which the donor restricts the use of contributed resources to long-term purposes should be classified as cash flows from financing activities.

During the year ended June 30, 2021, the Organization received \$1,475 of in-kind donations that has been reflected in the financial statements.

Use of Estimates

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

Income Taxes

Threefold Educational Foundation and School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Internal Revenue Service has determined that the Organization is a qualified charitable organization to which contributions are eligible for deduction by individual donors as described under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Organization's returns are currently under examination.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash in banks, money market accounts, and highly liquid investments with maturities of three months or less at the time of acquisition. Cash and cash equivalents representing investment funds are included in investments.

Investments

In accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for Profit Organizations", investments in debt and equity securities are reported at fair value on the statement of financial position with the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized gains (depreciation) on those investments, presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees.

The Organization accounts for its investments at market value on a trade date basis. The value of publicly traded common stocks and mutual funds is based upon quoted market prices. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Nonmarketable securities include alternative investments such as a private foundation (Rudolf Steiner Foundation) which is recorded at cost in the absence of readily determinable public market values. The fair value of cost method investments is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investments. Management has determined it is not practical to estimate the fair value of this investment. In accordance with FASB ASC 958-325 "Investments – Other", investments without readily determinable fair values are recorded at cost when purchased or estimated fair value, if contributed. In subsequent periods, these investments are to be recorded at the lower of cost or market value.

If it is determined that the investment's fair value is below cost the Organization must evaluate whether the investment has been impaired. If it is determined that an other than temporary impairment loss has occurred, the carrying value of the investment should be written down to the estimated fair value. Once the investment is written down, the new value becomes the new cost basis and is not to be written back up for subsequent increases in estimated fair value.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

FASB ASC 820-10 “Fair Value Measurements” defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute. See Note 3 for disclosures required by FASB ASC 820-10.

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2, or Level 3. Level 1 fair value is based on quoted prices in active markets for identical assets/liabilities. Level 2 fair value is based on significant other observable inputs. Level 3 fair value is based on significant unobservable inputs.

Property, Equipment, and Depreciation

Property and equipment are stated at cost, or if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their useful lives. Major additions and improvements over \$5,000 are capitalized, and routine expenditures for repairs and maintenance are charged to expense as incurred.

Revenue Recognition

Tuition and fees revenue is earned over the academic year as services are provided. Sales of merchandise are recorded at the point of sale and collection is probable. Deferred income and other deferred amounts consist of deferred tuition, deferred program deposits and other unearned revenue items. Deferred tuition represents payments received during the year ended June 30, 2021 for the Fall 2021 through Spring 2022 school year. Amounts will be recognized as tuition revenues over the school year pro rata when earned. Program deposits are payments received for programs, which will take place at a future date. Amounts will be recognized as revenue when the programs take place.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of risk consist principally of cash and cash equivalents, accounts receivable and investments. Cash is maintained at Federal Deposit Insurance Corporation (FDIC) insured financial institutions. The Organization has not experienced any losses on its cash. As of June 30, 2021, the Organization’s cash balances at two financial institutions exceeded FDIC insurance limits by approximately \$2,031,000. The Organization does not believe it is exposed to any significant credit risk on cash and cash equivalents. Based on management’s review of the strength of the financial institutions, management believes the risk of loss on its cash balances are minimal.

The Organization extends credit to its students on an annual basis. Collateral is not required. Management bills the student two months prior to the opening of each school year. Generally, if tuition for the preceding school term has not been fully paid, the student is denied matriculation. Annually, management reviews uncollectible receivables on an individual basis in its ongoing review of its allowance for doubtful accounts. Management considers factors such as payment history, financial background of parents, family challenges, and expected future ability to pay in determining the specific allowance.

The Organization reviews all outstanding pledges as of the end of the fiscal year for collectability. Reserves are established when management has determined that collection is not probable taking into account payment history and conversations with the donors.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit and Market Risk (Continued)

Receivables are written off by management after all collection efforts are exhausted and future attendance is unlikely. Management believes based on this process that the allowance is adequate to cover future losses.

Investments are exposed to various risks. Due to the level of risk associated with these securities and the level of uncertainty related to the changes in their value, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and statement of activities as of and for the year ended June 30, 2021.

Endowments

In July 2006, the Uniform Law Commission (ULC) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), the model act, in which most states and the District of Columbia have based their primary laws governing the investment and management of donor-restricted endowment funds by not-for-profit organizations. New York State adopted its version of UPMIFA in September 2010. FASB ASC 958-205 “Endowments of Not-for-Profit Organizations” provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. This standard also improved disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

Advertising Costs

Advertising costs are generally expensed as incurred. Advertising and promotion expense was \$114,256 for the year ended June 30, 2021.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting activities benefited. Such allocations are determined by management on an equitable basis.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. As a result, several of the Organization’s programs experienced lost revenues in the prior fiscal year. Most programs rebounded from financial losses during the 2020-21 fiscal year as pandemic-related restrictions were lifted and as COVID-19 vaccines became available. Several programs saw increases in participation by pivoting to alternative learning formats (outdoor, online). Several programs have not fully recovered, but no programs have been eliminated as a result of the pandemic.

The most significant pandemic risk the Organization is facing relates to the possibility of a Federal or State vaccine mandate. Like many Waldorf communities, Threefold’s has some vaccine hesitancy. The Organization is actively working on financial and operational contingencies, identifying the number of students that are likely to move away or to opt to home-school if the State or Federal government mandates vaccination.

**THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties (Continued)

In April 2020, the Organization received a loan in the amount of \$1,201,982 from its bank through the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”). The loan has allowed the Organization to retain the majority of their workforce. In June 2021, the loan, including principal and interest was forgiven and considered repaid in full. The forgiven loan is included on the statement of activities as “forgiveness of paycheck protection program (PPP) loan.”

In February 2021, the Organization received a second PPP loan in the amount of \$1,004,545. This balance has been included as a liability on the statement of financial position as of June 30, 2021. Subsequent to the year ended June 30, 2021, the Organization applied for loan forgiveness and expects this loan to be fully forgiven.

According to the rules of the SBA, the Organization is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization’s judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

The COVID-19 pandemic remains a challenge operationally and financially, and could have an adverse material effect on the Organization’s activities, results of operations, financial condition and cash flow into the next fiscal year and beyond.

Subsequent Events

Subsequent events have been evaluated through March 4, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Investments are comprised of the following as of June 30, 2021:

	Cost	Unrealized Gain	Fair Value	Fair Value Level
Cash and cash equivalents	\$ 380,812	\$ -	\$ 380,812	N/A
Mutual funds	235,264	6,860	242,124	Level 1
Equities	662,940	82,380	745,320	Level 1
Rudolf Steiner Foundation	120,323	-	120,323	N/A - Cost
	<u>\$ 1,399,339</u>	<u>\$ 89,240</u>	<u>\$ 1,488,579</u>	

**THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of June 30, 2021:

		<u>Useful Lives</u>
Land	\$ 412,502	N/A
Building and improvements	16,295,845	39 Years
Furniture and equipment	1,021,065	5 to 7 Years
Vehicles	199,759	5 to 7 Years
Construction in process	235,840	N/A
Total property and equipment	<u>18,165,011</u>	
Accumulated depreciation	<u>(7,890,538)</u>	
Property and equipment, net	<u>\$ 10,274,473</u>	

Depreciation expense was \$483,265 for the year ended June 30, 2021. Construction-in-process of \$235,840 related to costs incurred for the construction of a future building.

NOTE 5 – LOANS PAYABLE

Loans payable as of June 30, 2021 consisted of the following:

	<u>Principal Amount</u>
Mortgage payable consists of original mortgage of \$428,000. The loan was refinanced in October 2016 at 4.38% over 10 years. Monthly installments of \$2,874 include principal, interest, and fee amortization. Collateral: 24 Joyce Drive, Chestnut Ridge, New York	\$ 165,799
Mortgage payable to M&T Bank of \$175,000, payable in monthly installments of \$1,084, including principal and interest at a rate of 5.510% through December 2028. Collateral: 8 Capricorn Lane, Chestnut Ridge, New York	165,928
Vehicle loan payable to Ally Financial of \$54,750, payable in monthly installments of \$1,065, including principal and interest at a rate of 6.25% through April 2024. Collateral: Vehicle related to the note	29,200
Vehicle loan payable to Ally Financial of \$51,750. Monthly installments of \$1,065, including principal and interest at a rate of 6.59% through September 2024. Collateral: Vehicle related to the note	33,637
Interest free note. Due on demand	3,000
Paycheck Protection Program loan in the amount of \$1,004,545. Note is payable in installments of principal and interest at a fixed rate of 1% per year beginning after the sixteen-month deferral period, unless the Organization applies for forgiveness within ten months of receiving the loan proceeds. During that sixteen-month deferral period, interest will accrue. The loan and interest is subject to forgiveness. Any portion of the loan not forgiven will be due February 2026.	1,004,545
Unamortized debt issuance costs	<u>(18,263)</u>
Total	<u>\$ 1,383,846</u>

**THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

NOTE 5 – LOANS PAYABLE (Continued)

As of June 30, 2021, the aggregate minimum annual maturities of loans payable are as follows:

2022	\$	55,581
2023		317,184
2024		328,008
2025		317,636
2026		224,895
Thereafter		158,805
Unamortized debt issuance costs		(18,263)
Total	\$	<u>1,383,846</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist for the following purposes as of June 30, 2021:

Subject to expenditure for specified purpose:

Howard Mehrtens Scholarship	\$	18,094
Capital campaign		78,178
Educational Support		30,700
Traveling		2,500
		<u>129,472</u>

Subject to spending policy and appropriation:

Investment in perpetuity		686,133
	\$	<u>815,605</u>

Releases from Donor Restricted Net Assets for the year ended June 30, 2021, are as follows:

Subject to spending policy and appropriation:

Investment in perpetuity	\$	<u>13,342</u>
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THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS—ENDOWMENT FUNDS

The Organization's endowment consists of three individual funds held with an institutional investment company. The endowment includes donor-restricted endowment funds which 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 ("NYSPMIFA") 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 net assets with donor restrictions (a) the original value of gifts donated to permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. With the adoption of NYSPMIFA during 2010, investment return (dividends and interest, realized and unrealized appreciation or depreciation) net of related investment management fees on the endowment fund investments are classified as net assets with donor restrictions. If the Board of Trustees decides that operating cash flows are sufficient to cover the annual scholarships and tuition assistance, earnings are generally reinvested. Periodically, the Board of Trustees will appropriate a portion of the accumulated earnings for expenditure based on the Organization's spending policy. To the extent the fair value of endowment assets is lower than the original corpus (historic dollar amount) of the gifts permanently restricted, the Organization does not spend annual investment return. The Organization reinvests realized earnings until the realized earnings accumulate to a reasonable amount above the original historic dollar amount. To the extent endowments are "underwater", net assets without donor restrictions are adjusted for such unrealized and realized investment return annually.

Return Objectives and Risk Parameters

The Organization's Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to supplement annual third-party contributions and maintain the purchasing power of the endowment assets. Under this policy, as approved by the investment committee, the endowment assets are invested in a manner that is intended to produce results that compare to the price and yield results of the S&P 500 while assuming a moderate level of investment risk. The Organization expects its endowment fund, over time, to provide an average rate of return sufficient to cover the Organization's spending plan over the long-term.

Strategies Employed for Achieving Objectives

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). The Organization targets a diversified asset allocation that provides a mixture of equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of reinvesting dividends and interest income earned on an annual basis as long as unrestricted donations received for support and the School's operating cash flows are sufficient to cover annual financial aid awarded. Earnings are also reinvested to the extent investments are below their historic dollar amounts. The Organization's investment committee reviews the fair market value of endowment investments plus reinvested unspent income in relationship to the funds historic dollar amount to further ensure investment growth. In establishing this policy, the Organization considers the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS – ENDOWMENT FUNDS (Continued)

For the Green Meadow Waldorf School Endowment Fund, the Organization has a policy for distribution each year of 5% or less as determined by the Advisory Board.

Endowment composition by type of fund as of June 30, 2021 is:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	\$ -	\$ 527,917	\$ 527,917
Accumulated investment gains	-	158,216	158,216
Total donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 686,133</u>	<u>\$ 686,133</u>

Change in endowment net assets for the year ended June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2020	\$ -	\$ 511,968	\$ 511,968
Investment returns, net	-	132,459	132,459
Contributions	-	55,048	55,048
Amounts appropriated for expenditure	-	(13,342)	(13,342)
Ending balance, June 30, 2021	<u>\$ -</u>	<u>\$ 686,133</u>	<u>\$ 686,133</u>

Endowment funds are included in “investments” on the statement of financial position within the following divisions:

Green Meadow	\$ 603,072
Foundation Operations	70,561
ESV	12,500
	<u>\$ 686,133</u>

NOTE 8 – BOARD DESIGNATED NET ASSETS

Otto Specht School has board designated net assets as of June 30, 2021, consisting of \$141,901 designated for use in connection with the ongoing capital campaign and construction project, as well as for vehicles.

GMWS has board designated net assets as of June 30, 2021, consisting of \$30,000 designated for employee sabbaticals; and \$357,036 in operating reserves.

NOTE 9 – PENSION PLAN

The majority of the Organization’s employees are participants in a defined contribution plan sponsored by the Organization. Total expenses incurred by the Organization in connection with the plan amounted to \$131,412 for the year ended June 30, 2021.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 – LINES OF CREDIT

The Organization has two lines of credit with M&T Bank. One line of credit has credit available up to \$500,000 at a rate of 4.0% as of June 30, 2021. A second line of credit, utilized solely by GMWS, has credit available up to \$250,000 at a rate of 4.25% as of June 30, 2021. As of June 30, 2021, \$150,000 was outstanding on the lines of credit.

NOTE 11 – LEASES

GMWS has a lease for one off-site Kindergarten class which has an annual renewal. The monthly rent under this lease is \$2,500.

NOTE 12 – LEASE INCOME

Minimum future rental income commitments as of June 30, 2021, for fiscal year ending June 30, 2022 is approximately \$1,044,700.

NOTE 13 – LIQUIDITY

The Organization's financial assets available within one year of June 30, 2021 for general expenditure are as follows:

Current financial assets at year-end:

Cash and cash equivalents	\$ 2,710,965
Investments	1,488,579
Accounts receivable, net	<u>666,437</u>

Total financial assets at year-end	<u>4,865,981</u>
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Less those unavailable for general expenditures within one year due to:

Accounts receivable due in greater than one year	(10,000)
Restricted by donors with time or purpose restrictions	(129,472)
Restricted by donors in perpetuity	<u>(686,133)</u>

Total unavailable for general use	<u>(825,605)</u>
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Total financial assets available to management for general expenditures within one year:	<u>\$ 4,040,376</u>
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As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition to the financial assets shown above, the Organization also has two lines of credit with available balances that it can draw upon for financing purposes should the need arise. See Note 10 for a description of these lines of credit and the amount of unused funds on each available line of credit as of June 30, 2021.

SUPPLEMENTAL INFORMATION

**THREEMOLD EDUCATIONAL FOUNDATION AND SCHOOL
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2021**

	Foundation Operations	Fiber Craft Studio	Otto Specht School	Pfeiffer Center	Café	ESV	GMWS	Eliminations	Total
ASSETS									
Cash and cash equivalents	\$ 413,896	\$ 108,856	\$ 536,728	\$ 47,181	\$ 34,525	\$ 104,231	\$ 1,465,548	\$ -	\$ 2,710,965
Accounts receivable, net	369,263	13,566	406,224	28,184	15,507	35,150	140,540	(341,997)	666,437
Due from Threefold divisions	7,656	-	-	-	-	-	-	(7,656)	-
Prepaid expenses	5,170	320	320	2,920	-	4,735	9,638	-	23,103
Investments	117,742	-	-	-	-	105,180	1,265,657	-	1,488,579
Property and equipment, net	3,937,911	-	286,163	-	14,330	10,170	6,025,899	-	10,274,473
Total assets	\$ 4,851,638	\$ 122,742	\$ 1,229,435	\$ 78,285	\$ 64,362	\$ 259,466	\$ 8,907,282	\$ (349,653)	\$ 15,163,557
LIABILITIES AND NET ASSETS									
LIABILITIES									
Accounts payable and accrued expenses	\$ 57,989	\$ 7,334	\$ 88,426	\$ 19,300	\$ 184,165	\$ 59,876	\$ 141,756	\$ (341,997)	\$ 216,849
Security deposits	94,085	-	-	-	-	-	1,870	-	95,955
Deferred revenue	116,993	44,128	-	37,878	-	5,133	318,583	-	522,715
Line of credit	-	-	150,000	-	-	-	-	-	150,000
Due to Threefold divisions	-	-	7,656	-	-	-	-	(7,656)	-
Loans payable	293,206	26,692	99,384	21,553	58,234	43,070	841,707	-	1,383,846
Total liabilities	562,273	78,154	345,466	78,731	242,399	108,079	1,303,916	(349,653)	2,369,365
NET ASSETS									
Without donor restrictions:									
Board designated	-	-	141,901	-	-	-	387,036	-	528,937
Undesignated	4,218,804	44,588	663,890	(446)	(178,037)	136,387	6,564,464	-	11,449,650
Total without donor restrictions	4,218,804	44,588	805,791	(446)	(178,037)	136,387	6,951,500	-	11,978,587
With donor restrictions	70,561	-	78,178	-	-	15,000	651,866	-	815,605
Total net assets	4,289,365	44,588	883,969	(446)	(178,037)	151,387	7,603,366	-	12,794,192
Total liabilities and net assets	\$ 4,851,638	\$ 122,742	\$ 1,229,435	\$ 78,285	\$ 64,362	\$ 259,466	\$ 8,907,282	\$ (349,653)	\$ 15,163,557

THREIFOLD EDUCATIONAL FOUNDATION AND SCHOOL
SCHEDULE OF REVENUES AND EXPENSES
For the year ended June 30, 2021

	<u>Foundation Operations</u>	<u>Fiber Craft Studio</u>	<u>Otto Specht School</u>	<u>Pfeiffer Center</u>	<u>Café</u>	<u>ESV</u>	<u>GMWS</u>	<u>Eliminations</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS									
REVENUE AND SUPPORT									
Tuition income, net of scholarships, remissions, and discounts	\$ 6,000	\$ 56,749	\$ 1,280,716	\$ 42,675	\$ -	\$ 124,513	\$ 3,878,306	\$ -	\$ 5,388,959
Rental income, net of remissions	1,166,431	300	-	-	-	-	50,660	(56,760)	1,160,631
Fee income, net of remissions	93,936	29,490	110,335	234,251	254,913	51,678	87,631	(16,580)	845,654
Contributions and grants	31,282	40,067	187,501	168,714	13,000	181,496	434,095	(86,116)	970,039
Fundraising income	-	12,888	-	-	-	-	-	-	12,888
(Loss) gain on sale of property	(1,063)	-	-	-	-	-	277	-	(786)
Administrative fee income	283,987	-	-	-	-	-	-	(283,987)	-
Administrative fee forgiven	-	2,332	-	-	-	-	-	(2,332)	-
School lunch income	-	-	-	-	73,661	-	-	(44,078)	29,583
Other income	14,214	-	284	-	115	877	71,113	-	86,603
Forgiveness of PPP loan	188,816	18,256	162,901	35,327	56,640	54,912	685,130	-	1,201,982
Investment return, net	2,161	-	1,049	-	30	7,179	(807)	-	9,612
Net assets released from restrictions	3,342	-	-	-	-	-	10,000	-	13,342
Total revenue and support from operating activities	<u>1,789,106</u>	<u>160,082</u>	<u>1,742,786</u>	<u>480,967</u>	<u>398,359</u>	<u>420,655</u>	<u>5,216,405</u>	<u>(489,853)</u>	<u>9,718,507</u>
EXPENSES									
Program services	1,175,266	98,499	1,089,298	299,210	314,844	240,761	3,319,682	(186,641)	6,350,919
Management and general	524,464	35,886	356,012	121,803	82,737	95,058	1,458,281	(303,212)	2,371,029
Fundraising	90,684	8,850	94,227	41,341	24,289	20,428	304,389	-	584,208
Total expenses	<u>1,790,414</u>	<u>143,235</u>	<u>1,539,537</u>	<u>462,354</u>	<u>421,870</u>	<u>356,247</u>	<u>5,082,352</u>	<u>(489,853)</u>	<u>9,306,156</u>
Change in net assets without donor restrictions	<u>(1,308)</u>	<u>16,847</u>	<u>203,249</u>	<u>18,613</u>	<u>(23,511)</u>	<u>64,408</u>	<u>134,053</u>	<u>-</u>	<u>412,351</u>
NET ASSETS WITH DONOR RESTRICTIONS									
Investment return, net	-	-	-	-	-	-	132,459	-	132,459
Endowment contributions	-	-	-	-	-	500	54,548	-	55,048
Interest expense	(25,371)	-	(1,923)	-	-	135	(11,898)	-	(39,057)
Net assets released from restrictions	(3,342)	-	-	-	-	-	(10,000)	-	(13,342)
Change in net assets with donor restrictions	<u>(28,713)</u>	<u>-</u>	<u>(1,923)</u>	<u>-</u>	<u>-</u>	<u>635</u>	<u>165,109</u>	<u>-</u>	<u>135,108</u>
TOTAL CHANGE IN NET ASSETS	<u>(30,021)</u>	<u>16,847</u>	<u>201,326</u>	<u>18,613</u>	<u>(23,511)</u>	<u>65,043</u>	<u>299,162</u>	<u>-</u>	<u>547,459</u>
NET ASSETS, Beginning of year	<u>4,319,386</u>	<u>27,741</u>	<u>682,643</u>	<u>(19,059)</u>	<u>(154,526)</u>	<u>86,344</u>	<u>7,304,204</u>	<u>-</u>	<u>12,246,733</u>
NET ASSETS, End of year	<u>\$ 4,289,365</u>	<u>\$ 44,588</u>	<u>\$ 883,969</u>	<u>\$ (446)</u>	<u>\$ (178,037)</u>	<u>\$ 151,387</u>	<u>\$ 7,603,366</u>	<u>\$ -</u>	<u>\$ 12,794,192</u>