

**THREEFOLD EDUCATIONAL
FOUNDATION AND SCHOOL**

**Combined Financial Statements
June 30, 2011**

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants

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REPORT OF INDEPENDENT AUDITORS

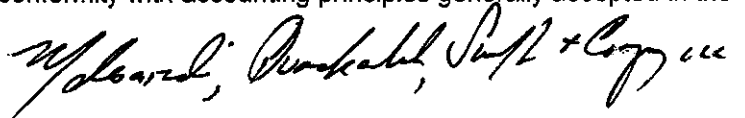
To the Board of Trustees of

Threefold Educational Foundation and School

We have audited the accompanying combined statement of financial position of Threefold Educational Foundation and School (a Not-for-Profit organization) as of June 30, 2011 and the related combined statements of activities, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. 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 (GMWS), which statements reflect total assets of \$8,575,882 as of June 30, 2011, and total support and revenues of \$5,216,317 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 GMWS, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our 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, 2011, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Englewood, New Jersey
April 2, 2012

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS				
	Foundation Operations	ESV	GMWS	Total
CURRENT ASSETS:				
Cash and equivalents	\$ 409,678	\$ 63,701	\$ 3,007,904	\$ 3,481,283
Marketable securities	209,218	195,749	1,074	406,041
Accounts receivable, net of allowance of \$95,146, \$30,000 and \$80,000, respectively	209,303	188,908	59,317	457,528
Unconditional promises to give	-	-	182,732	182,732
Prepaid expenses	58,267	650	27,470	86,387
Other receivables	-	-	12,539	12,539
	886,466	449,008	3,291,036	4,626,510
LONG-TERM UNCONDITIONAL PROMISES TO GIVE, net of allowance of \$98,441				
	-	-	165,915	165,915
PROPERTY PLANT AND EQUIPMENT, net of accumulated depreciation				
	3,322,013	29,704	5,113,931	8,465,648
SECURITY DEPOSIT				
	-	-	5,000	5,000
Total Assets	\$ 4,208,479	\$ 478,712	\$ 8,575,882	\$ 13,263,073
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 120,318	\$ 64,623	\$ 70,837	\$ 255,778
Construction retainage and payable	-	-	453,011	453,011
Security deposits	109,236	-	-	109,236
Deferred income	123,690	25,939	515,027	664,656
Current portion of mortgage	29,896	3,000	13,910	46,806
	383,140	93,562	1,052,785	1,529,487
LONG-TERM LIABILITIES:				
Mortgage payable	71,834	-	360,819	432,653
Total Liabilities	454,974	93,562	1,413,604	1,962,140
NET ASSETS:				
Unrestricted	3,683,870	373,150	4,867,224	8,924,244
Board designated	-	-	1,277,684	1,277,684
Temporarily restricted	-	-	1,007,630	1,007,630
Permanently restricted	69,635	12,000	9,740	91,375
	3,753,505	385,150	7,162,278	11,300,933
Total Net Assets	3,753,505	385,150	7,162,278	11,300,933
Total Liabilities and Net Assets	\$ 4,208,479	\$ 478,712	\$ 8,575,882	\$ 13,263,073

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Foundation Operations	ESV	GMWS	Total
CHANGES IN UNRESTRICTED NET ASSETS:				
Revenues:				
Tuition income, net of remissions	\$ 325,038	\$ 225,383	\$ 4,646,388	\$ 5,196,809
Rental income, net of remissions	1,113,696	3,349	18,335	1,135,380
Fee income, net of remissions	691,857	1,445	123,024	816,326
Fundraising income	-	-	17,427	17,427
Investment income	4,279	24,412	841	29,532
Other income	428	10,741	9,413	20,582
Total Revenues	2,135,298	265,330	4,815,428	7,216,056
Support:				
Gifts and grants	200,935	145,293	84,937	431,165
Total Unrestricted Revenues and Support	2,336,233	410,623	4,900,365	7,647,221
Expenditures:				
Program services	1,626,499	327,949	3,999,643	5,954,091
General and administrative	768,388	132,727	1,017,270	1,918,385
Fundraising	22,547	29,342	215,691	267,580
Total Expenditures	2,417,434	490,018	5,232,604	8,140,056
CHANGE IN UNRESTRICTED NET ASSETS	(81,201)	(79,395)	(332,239)	(492,835)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Gifts and grants	-	-	279,044	279,044
Investment income	-	-	36,885	36,885
Net assets released from restriction	-	(6,000)	(1,996,320)	(2,002,320)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	(6,000)	(1,680,391)	(1,686,391)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:				
Investment income	-	-	23	23
Net assets released from restriction	-	-	(3,500)	(3,500)
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	(3,477)	(3,477)
CHANGE IN NET ASSETS FROM OPERATIONS	(81,201)	(85,395)	(2,016,107)	(2,182,703)
NON-OPERATING ACTIVITIES:				
Net assets released from restriction	-	6,000	1,999,820	2,005,820
Asset impairment	(560,005)	-	-	(560,005)
CHANGE IN NET ASSETS	(641,206)	(79,395)	(16,287)	(736,888)
NET ASSETS, Beginning	4,394,711	464,545	7,178,565	12,037,821
NET ASSETS, Ending	\$ 3,753,505	\$ 385,150	\$ 7,162,278	\$ 11,300,933

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

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 4,270,308	\$ 736,762	\$ 126,518	\$ 5,133,588
Accounting	-	16,629	-	16,629
Legal	-	7,691	-	7,691
Supplies	161,913	11,629	26,643	200,185
Telephone	8,670	19,702	2,604	30,976
Postage	5,942	8,015	4,539	18,496
Rent	79,702	17,531	-	97,233
Equipment rental and maintenance	225,679	79,598	7,595	312,872
Printing	5,483	12,909	5,904	24,296
Travel	22,893	6,587	-	29,480
Conferences and meetings	19,467	1,986	503	21,956
Interest	-	36,284	-	36,284
Dues and subscriptions	24,590	3,970	574	29,134
Honoraria	81,232	29,508	-	110,740
Athletics	55,268	-	-	55,268
Scholarships	60,174	-	-	60,174
Parent education	2,064	559	-	2,623
Professional development	9,048	-	8,718	17,766
Program expenses	128,981	54,959	13,829	197,769
Riding club	16,035	-	-	16,035
Books and school supplies	516	-	-	516
Advertising	106,953	18,634	2,855	128,442
Website expenses	-	13,227	-	13,227
School	43,098	-	-	43,098
Insurance	74,886	61,904	1,405	138,195
Field trips	28,854	-	-	28,854
Bad debt	62,299	93,571	-	155,870
Miscellaneous	12,881	66,920	5,361	85,162
Special events	22,652	-	-	22,652
Sales tax	1,458	-	-	1,458
Sewer tax	13,229	42,616	237	56,082
Music fund and tour expenses	32,527	-	-	32,527
Gifts	-	127,085	24,468	151,553
Bank fees	1,589	14,844	-	16,433
Contractor's fees	21,119	127,422	-	148,541
Utilities	91,354	62,715	1,337	155,406
Professional fees	46,615	66,385	31,020	144,020
Consultants	33,882	1,912	-	35,794
Materials	24,183	60,885	-	85,068
Rent discounts	4,125	-	-	4,125
Depreciation	154,422	115,946	3,470	273,838
Total	\$ 5,954,091	\$ 1,918,385	\$ 267,580	\$ 8,140,056

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

	Foundation Operations	ESV	GMWS	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ (641,206)	\$ (79,395)	\$ (16,287)	\$ (736,888)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	98,158	2,172	173,508	273,838
Realized and unrealized gain on investments	-	(15,126)	(19,994)	(35,120)
Changes in operating assets and liabilities:				
Accounts receivable	(46,191)	42,670	57,877	54,356
Prepaid expenses	(13,641)	84	9,684	(3,873)
Accounts payable and accrued expenses	9,068	47,423	8,364	64,855
Construction retainage and payable	-	-	453,011	453,011
Security deposits	9,595	-	(5,000)	4,595
Deferred income	40,298	19,568	166,754	226,620
Asset impairment	560,005	-	-	560,005
Decrease in unconditional promises to give	-	-	154,255	154,255
Amortization of discount-unconditional promises to give	-	-	(15,240)	(15,240)
	16,086	17,396	966,932	1,000,414
CASH FLOWS FROM INVESTING ACTIVITIES:				
Sale of property, plant and equipment	-	-	310,500	310,500
Purchases of fixed assets	(127,542)	-	(2,286,303)	(2,413,845)
Acquisition of Holder House and Pfeiffer Center	(20,000)	-	-	(20,000)
Net investment activity	(1,405)	15,748	1,398,695	1,413,038
	(148,947)	15,748	(577,108)	(710,307)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments of long term debt	(129,201)	-	(12,986)	(142,187)
NET CHANGE IN CASH	(262,062)	33,144	376,838	147,920
CASH AND EQUIVALENTS, Beginning	671,740	30,557	2,631,066	3,333,363
CASH AND EQUIVALENTS, Ending	\$ 409,678	\$ 63,701	\$ 3,007,904	\$ 3,481,283
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	\$ 8,851	\$ -	\$ 27,433	\$ 36,284

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

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - ORGANIZATION:

Threefold Educational Foundation and School ("The Organization") is the umbrella organization for Green Meadow Waldorf School (GMWS), Eurythmy Spring Valley (ESV), Creative Speech Spring Valley, Pond, Fiber Craft Studio, Otto Specht School, Holder House and Pfeiffer Center. The Foundation provides support services for the above named institutions and other educational and cultural activities based on anthroposophy and the work of Rudolf Steiner. Foundation operations allocate the costs of some rents and administrative support to these Organizations. 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. Threefold Educational Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

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 and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

All financial transactions have been recorded and reported as either 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 Threefold Educational Foundation and School, and include those expendable resources which have been designated for special use by the School 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 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.

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

Cash and Equivalents

The Organization uses the indirect method of presenting the statement of cash flows. Investments with a term to maturity of thirty days or less at the time of acquisition are considered to be cash equivalents.

Investments

Investments, comprised of equity and debt securities, are reported at their fair market values in the statement of financial position. Realized and unrealized gains and losses are included in the 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. During the year ended June 30, 2011, receivables were deemed uncollectible and therefore were written off as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Tuition receivable	\$ 1,807	\$ -	\$ 93,571	\$ 95,378
Leminscate note (see Note 14)	23,787	20,000	-	43,787
RSF Mexican loan	-	16,005	-	16,005
Rent receivable	<u>700</u>	<u>-</u>	<u>-</u>	<u>700</u>
	<u>\$ 26,294</u>	<u>\$ 36,005</u>	<u>\$ 93,571</u>	<u>\$ 155,870</u>

Property, Plant and Equipment

Property, plant 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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
 NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2011

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

Estimates

The preparation of 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 combined to file into the combined format.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT:

The categories of property, plant and equipment at June 30, 2011 were as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Land	\$ 300,098	\$ -	\$ 112,404	\$ 412,502
Buildings and Improvements	4,595,308	97,676	3,413,251	8,106,235
Furniture and Equipment	87,994	4,099	553,992	646,085
Capitalized cost- building in progress	<u>-</u>	<u>-</u>	<u>3,215,705</u>	<u>3,215,705</u>
	4,983,400	101,775	7,295,352	12,380,527
Less: accumulated depreciation	<u>1,661,387</u>	<u>72,071</u>	<u>2,181,421</u>	<u>3,914,879</u>
	<u>\$ 3,322,013</u>	<u>\$ 29,704</u>	<u>\$ 5,113,931</u>	<u>\$ 8,465,648</u>

Depreciation expense at June 30, 2011 was \$273,838.

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 is \$534,500 and is being depreciated over 27.5 years.

NOTE 4 - MORTGAGE AND NOTE PAYABLE:

In connection with improvements to its property, Threefold Educational Foundation is obligated on a note payable to Rudolf Steiner Foundation, Inc. The note of \$300,000 is collateralized by property located at 285 Hungry Hollow Road in Chestnut Ridge, New York. Commencing February 15, 2006, and continuing up to and including May 31, 2015, principal and interest accrued on this note shall be payable on the fifteenth day of each month. Currently, installments of \$2,756.38 calculated at a 5% interest rate are payable each month. A final installment is due and payable in full on May 31, 2015 consisting of all remaining principal and interest accrued.

Fiber Craft Studio is obligated on a note without interest to Gloria Kemp in the amount of \$15,000. The remaining installment of \$5,000 is to be made on August 1, 2011.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - MORTGAGE AND NOTE PAYABLE (CONTINUED):

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

GMWS is obligated on a note payable collateralized by the property located at 24 Joyce Drive in Chestnut Ridge, New York. Monthly installments include principal, fee amortization, and interest calculated at 7.09% and is due up to and including October 1, 2016. Principal balance due at June 30, 2011 is \$374,729.

Maturities of the mortgage in the next five years and thereafter are as follows:

2012	\$ 13,910
2013	14,945
2014	16,055
2015	17,250
2016	18,532
2017 and thereafter	<u>294,037</u>
	<u>\$ 374,729</u>

NOTE 5 - PENSION PLAN:

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

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

Contributions for the year ended June 30, 2011 were \$263,852.

NOTE 6 - HOLDER HOUSE PROJECT AND PFEIFFER CENTER:

Threefold Educational Foundation and School had entered into a joint venture with Sunbridge College, Inc., (Sunbridge) Chestnut Ridge, New York for the construction and operation of a 40 room student housing building named Holder House on property owned by Threefold in Chestnut Ridge. Holder House was opened during the fall of 1991 and rooms were offered for rent to students at the college and the Eurythmy School. Threefold also had a joint venture with Sunbridge for Pfeiffer Center. On July 1, 2010, Threefold purchased Sunbridge's interest in Holder House and Pfeiffer Center for \$20,000. There was no lapse in operations during the transfer of ownership.

NOTE 7 - IMPAIRMENT:

At July 1, 2010, the Organization determined that the carrying amount of its investment in Holder House and Pfeiffer Center (See Note 6) exceeded their fair value. Accordingly, the Organization concluded that a goodwill impairment loss was probable and recorded an estimated loss of \$560,005 for the year ended June 30, 2011.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
 NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2011

NOTE 8 - ENDOWMENT FUNDS:

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

As of June 30, 2011, the Board of Trustees had designated \$1,277,684 of unrestricted net assets as general endowment funds to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Board of Trustees of the Organization has interpreted the New York State Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. 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 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, and (7) the Organization's investment policies.

Endowment net asset composition by Type of Fund as of June 30, 2011 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Board-designated endowment funds	\$ 1,277,684	\$ -	\$ -	\$ 1,277,684
Donor-restricted endowment funds	<u>(1,607)</u>	<u>-</u>	<u>91,375</u>	<u>89,768</u>
Total funds	<u>\$ 1,276,077</u>	<u>\$ -</u>	<u>\$ 91,375</u>	<u>\$ 1,367,452</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 8 - ENDOWMENT FUNDS (CONTINUED):

Composition of and changes in endowment net assets for the year ended June 30, 2011 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 1,821,886	\$ -	\$ 94,852	\$ 1,916,738
Investment income	83	-	23	106
Net appreciation (depreciation)	-	-	-	-
Amounts appropriated for expenditure	<u>(545,892)</u>	<u>-</u>	<u>(3,500)</u>	<u>(549,392)</u>
Endowment net assets, end of year	<u>\$ 1,276,077</u>	<u>\$ -</u>	<u>\$ 91,375</u>	<u>\$ 1,367,452</u>

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

	<u>2011</u>
Operating Fund	\$ 592,000
Capital Campaign	250,391
Site Development Reserve	213,000
Scholarship Fund Reserve	131,273
Benefit Reserve	57,000
Remedial Fund	25,000
Vehicle Reserve	<u>9,020</u>
Total	<u>\$ 1,277,684</u>

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS:

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

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Endowment	\$ 69,635	\$ 12,000	\$ 9,740	\$ 91,375
Scholarship	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,635</u>	<u>\$ 12,000</u>	<u>\$ 9,740</u>	<u>\$ 91,375</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for use as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Scholarship	\$ -	\$ -	\$ 18,094	\$ 18,094
Building	-	-	3,220	3,220
Athletics	-	-	7,740	7,740
Capital Campaign	-	-	953,576	953,576
Program	-	-	25,000	25,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007,630</u>	<u>\$ 1,007,630</u>

NOTE 11 - 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 for June 30, 2011 and are as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Scholarship	\$ -	\$ 6,000	\$ -	\$ 6,000
Capital Campaign	-	-	1,996,320	1,996,320
Endowment	-	-	3,500	3,500
	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 1,999,820</u>	<u>\$ 2,005,820</u>

NOTE 12 - CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of cash and trade receivables. The Organization places its cash with high credit quality institutions. At times such amounts may be in excess of the FDIC insurance limits of \$250,000.

NOTE 13 - INVESTMENTS:

Fair value of assets measured on a recurring basis at June 30, 2011 are as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Certificates of deposit and money market funds	\$ 209,218	\$ 76,640	\$ -	\$ 285,858
Mutual funds	-	119,109	-	119,109
Stocks	-	-	1,074	1,074
	<u>\$ 209,218</u>	<u>\$ 195,749</u>	<u>\$ 1,074</u>	<u>\$ 406,041</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 13 - INVESTMENTS (CONTINUED):

	Fair Value	Quoted Prices: (Level 1)
Certificates of deposit and money market funds	\$ 285,858	\$ 285,858
Mutual funds	119,109	119,109
Stocks	1,074	1,074
	\$ 406,041	\$ 406,041

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

Investment return consisted of:

	Foundation Operations	ESV	GMWS	Total
Interest and dividends	\$ 4,279	\$ 9,286	\$ 17,755	\$ 30,564
Unrealized and realized gain/(loss)	-	15,126	19,994	35,876
	\$ 4,279	\$ 24,412	\$ 37,749	\$ 66,440

NOTE 14 - 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 collectible. A reserve for uncollectible loan payments has been recorded in the amount of \$125,146. This receivable balance is included in accounts receivable on the statement of financial position.

NOTE 15 - PLEDGES RECEIVABLE:

Unconditional promises to give consist of the following at June 30, 2011.

Unrestricted promises to give, net of allowance for Uncollectible pledges of \$98,441	\$ 364,227
Less: Unamortized discount	(15,580)
	\$ 348,647
Amounts due in:	
Less than one year	\$ 182,732
One to five years	165,915
	\$ 348,647

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.5%.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 16 - 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 statement of activities because the nature of these volunteer services does not meet the recognition criteria.

NOTE 17 - CONTINGENCIES:

GMWS has one pending lawsuit for a former employee. Management does not expect exposure to exceed insurance coverage.

NOTE 18 - LINE OF CREDIT:

GMWS 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 1%.

NOTE 19 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 2, 2012, the date the 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 financial statements.