

THREEFOLD EDUCATIONAL
FOUNDATION AND SCHOOL

Combined Financial Statements
June 30, 2012

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

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REPORT OF INDEPENDENT AUDITORS

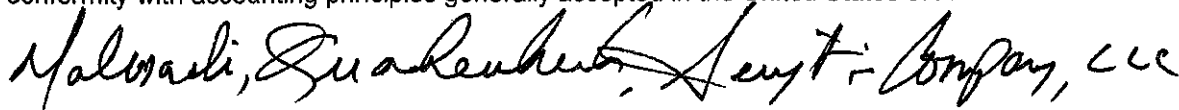
To the Board of Trustees of

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, 2012 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 \$8,756,779 as of June 30, 2012, and total support and revenues of \$5,542,120 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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, 2012, 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
February 28, 2013

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS

	Foundation Operations	ESV	GMWS	Total
CURRENT ASSETS:				
Cash and equivalents	\$ 463,685	\$ 53,202	\$ 1,712,770	\$ 2,229,657
Marketable securities	212,508	163,620	-	376,128
Accounts receivable, net of allowance of \$95,146, \$91,640 and \$60,000, respectively	226,965	127,213	160,059	514,237
Unconditional promises to give	-	-	83,123	83,123
Prepaid expenses	48,623	4,735	39,915	93,273
Other receivables	-	-	15,549	15,549
Total Current Assets	<u>951,781</u>	<u>348,770</u>	<u>2,011,416</u>	<u>3,311,967</u>
LONG-TERM UNCONDITIONAL PROMISES TO GIVE, net of allowance of \$67,616	<u>-</u>	<u>-</u>	<u>35,421</u>	<u>35,421</u>
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation	<u>3,367,769</u>	<u>27,751</u>	<u>6,701,942</u>	<u>10,097,462</u>
SECURITY DEPOSIT	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Total Assets	<u>\$ 4,319,550</u>	<u>\$ 376,521</u>	<u>\$ 8,756,779</u>	<u>\$ 13,452,850</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 170,925	\$ 2,163	\$ 142,942	\$ 316,030
Security deposits	118,343	-	-	118,343
Deferred income	205,636	784	672,971	879,391
Current portion of notes and mortgage	-	3,000	103,097	106,097
Total Current Liabilities	<u>494,904</u>	<u>5,947</u>	<u>919,010</u>	<u>1,419,861</u>
LONG-TERM LIABILITIES:				
Notes and mortgage payable	-	-	635,126	635,126
Total Liabilities	<u>494,904</u>	<u>5,947</u>	<u>1,554,136</u>	<u>2,054,987</u>
NET ASSETS:				
Unrestricted	3,755,011	283,414	6,226,978	10,265,403
Board designated	-	-	906,500	906,500
Temporarily restricted	-	75,160	59,070	134,230
Permanently restricted	69,635	12,000	10,095	91,730
Total Net Assets	<u>3,824,646</u>	<u>370,574</u>	<u>7,202,643</u>	<u>11,397,863</u>
Total Liabilities and Net Assets	<u>\$ 4,319,550</u>	<u>\$ 376,521</u>	<u>\$ 8,756,779</u>	<u>\$ 13,452,850</u>

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, 2012

	Foundation Operations	ESV	GMWS	Total
CHANGES IN UNRESTRICTED NET ASSETS:				
Revenues:				
Tuition income	\$ 388,072	\$ 297,499	\$ 6,107,744	\$ 6,793,315
Less scholarships, remissions, and sibling discounts	35,244	60,323	1,022,120	1,117,687
Net tuition income	352,828	237,176	5,085,624	5,675,628
Rental income, net of remissions	1,193,658	3,063	47,149	1,243,870
Fee income, net of remissions	748,221	1,600	198,549	948,370
Fundraising income	-	-	100,206	100,206
Investment income	2,908	9,587	1,788	14,283
Other income	100	14,144	(8,056)	6,188
Total Revenues	2,297,715	265,570	5,425,260	7,988,545
Support:				
Gifts and grants	189,662	63,102	111,140	363,904
Total Unrestricted Revenues and Support	2,487,377	328,672	5,536,400	8,352,449
Expenditures:				
Program services	1,537,026	341,197	4,310,593	6,188,816
General and administrative	841,196	140,342	1,028,820	2,010,358
Fundraising	38,014	29,961	162,342	230,317
Total Expenditures	2,416,236	511,500	5,501,755	8,429,491
CHANGE IN UNRESTRICTED NET ASSETS	71,141	(182,828)	34,645	(77,042)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Gifts and grants	-	173,320	5,000	178,320
Investment income	-	-	390	390
Net assets released from restriction	-	(98,160)	(953,951)	(1,052,111)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	75,160	(948,561)	(873,401)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:				
Gifts and grants	-	-	355	355
CHANGE IN NET ASSETS FROM OPERATIONS	71,141	(107,668)	(913,561)	(950,088)
NON-OPERATING ACTIVITIES:				
Net assets released from restriction	-	98,160	953,951	1,052,111
Realized and unrealized loss on investment	-	(5,068)	(25)	(5,093)
TOTAL NON-OPERATING ACTIVITIES	-	93,092	953,926	1,047,018
CHANGE IN NET ASSETS	71,141	(14,576)	40,365	96,930
NET ASSETS, Beginning	3,753,505	385,150	7,162,278	11,300,933
NET ASSETS, Ending	\$ 3,824,646	\$ 370,574	\$ 7,202,643	\$ 11,397,863

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, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 4,284,105	\$ 900,999	\$ 168,905	\$ 5,354,009
Accounting	-	40,319	-	40,319
Legal	-	26,038	-	26,038
Supplies	168,507	11,595	2,877	182,979
Telephone	6,843	18,410	2,424	27,677
Postage	5,057	6,559	3,845	15,461
Rent	71,646	28,861	-	100,507
Equipment rental and maintenance	238,902	98,360	7,968	345,230
Printing	6,963	12,070	708	19,741
Travel	36,505	3,500	-	40,005
Conferences and meetings	22,145	2,603	1,050	25,798
Interest	-	28,033	-	28,033
Dues and subscriptions	29,369	2,446	606	32,421
Honoraria	62,488	32,549	-	95,037
Athletics	56,257	-	-	56,257
Parent education	12,841	1,167	-	14,008
Professional development	5,150	990	8,837	14,977
Program expenses	223,857	11,351	-	235,208
Riding club	11,679	-	-	11,679
Books and school supplies	109	-	-	109
Advertising	80,365	14,440	3,084	97,889
Website expenses	-	2,084	-	2,084
Technology expense	-	44,544	2,420	46,964
Class expense	31,628	-	-	31,628
School	47,578	-	-	47,578
Insurance	82,583	71,331	1,648	155,562
Field trips	36,024	-	-	36,024
Vehicle expense	-	12,528	-	12,528
Bad debt	98,724	-	-	98,724
In-kind expense	5,400	-	-	5,400
Miscellaneous	11,100	52,066	4,094	67,260
Sales tax	1,519	789	-	2,308
Sewer tax	13,390	43,675	227	57,292
Music fund and tour expenses	33,798	-	-	33,798
Driver education	10,660	-	-	10,660
Student expenses	31,212	-	-	31,212
Gifts	-	105,963	13,289	119,252
Bank fees	2,069	20,501	-	22,570
Contractor's fees	12,910	131,165	-	144,075
Utilities	81,514	44,021	5,308	130,843
Professional fees	5,169	65,302	-	70,471
Consultants	43,460	1,708	-	45,168
Materials	28,889	56,310	-	85,199
Rent discounts	3,844	-	-	3,844
Depreciation	284,557	118,081	3,027	405,665
Total	\$ 6,188,816	\$ 2,010,358	\$ 230,317	\$ 8,429,491

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, 2012

	Foundation Operations	ESV	GMWS	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 71,141	\$ (14,576)	\$ 40,365	\$ 96,930
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	100,992	1,953	302,720	405,665
Realized and unrealized loss on investments	-	5,068	25	5,093
Changes in operating assets and liabilities:				
Accounts receivable	(17,661)	61,695	(104,826)	(60,792)
Prepaid expenses	9,644	(4,085)	(11,371)	(5,812)
Accounts payable and accrued expenses	50,606	(62,460)	72,105	60,251
Security deposits	9,107	-	(3,000)	6,107
Deferred income	81,946	(25,155)	157,944	214,735
Decrease in unconditional promises to give	-	-	237,132	237,132
Amortization of discount-unconditional promises to give	-	-	(7,029)	(7,029)
	305,775	(37,560)	684,065	952,280
Net Cash Provided by (Used in) Operating Activities				
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed assets	(146,748)	-	(1,890,731)	(2,037,479)
Net investment activity	(3,290)	27,061	1,050	24,821
	(150,038)	27,061	(1,889,681)	(2,012,658)
Net Cash Provided by (Used in) Investing Activities				
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments of long term debt	(101,730)	-	(136,507)	(238,237)
Proceeds from long-term debt	-	-	500,000	500,000
	(101,730)	-	363,493	261,763
Net Cash Provided by (Used in) Financing Activities				
NET CHANGE IN CASH	54,007	(10,499)	(842,123)	(798,615)
CASH AND EQUIVALENTS, Beginning	409,678	63,701	2,554,893	3,028,272
CASH AND EQUIVALENTS, Ending	\$ 463,685	\$ 53,202	\$ 1,712,770	\$ 2,229,657
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	\$ 4,384	\$ -	\$ 23,649	\$ 28,033

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, 2012

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, 2012

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.

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

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 conform to the combined format.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
 NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2012

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT:

The categories of property, plant and equipment at June 30, 2012 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	4,742,056	97,676	8,465,733	13,305,465
Furniture and Equipment	<u>87,994</u>	<u>4,099</u>	<u>607,946</u>	<u>700,039</u>
	5,130,148	101,775	9,186,083	14,418,006
Less: accumulated depreciation	<u>1,762,379</u>	<u>74,024</u>	<u>2,484,141</u>	<u>4,320,544</u>
	<u>\$ 3,367,769</u>	<u>\$ 27,751</u>	<u>\$ 6,701,942</u>	<u>\$10,097,462</u>

Depreciation expense at June 30, 2012 was \$405,665.

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. The note was paid in full in April 2012.

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

GMWS is obligated on a mortgage 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 5.5% and is due up to and including October 1, 2016. Principal balance due at June 30, 2012 is \$358,975.

Construction note payable at June 30, 2012 consists of original note of \$500,000, due August 2016 with interest at 4.92%. Monthly installments include principal and interest.

Maturities of the note and mortgage in the next four years are as follows:

2013	\$ 103,097
2014	108,392
2015	113,956
2016	<u>412,778</u>
	<u>\$ 738,223</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

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, 2012 were \$270,528.

NOTE 6 - 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, 2012, the Board of Trustees had designated \$906,500 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 the Management of Institutional Funds Act (SPMIFA). In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

Endowment net asset composition by Type of Fund as of June 30, 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Board-designated endowment funds	\$ 906,500	\$ -	\$ -	\$ 906,500
Donor-restricted endowment funds	<u>-</u>	<u>-</u>	<u>91,730</u>	<u>91,730</u>
Total funds	<u>\$ 906,500</u>	<u>\$ -</u>	<u>\$ 91,730</u>	<u>\$ 998,230</u>

Composition of and changes in endowment net assets for the year ended June 30, 2012 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	\$ 1,276,077	\$ -	\$ 91,375	\$ 1,367,452
Contributions	-	-	355	355
Investment income	880	-	-	880
Net appreciation (depreciation)	1,607	-	-	1,607
Amounts appropriated for expenditure	<u>(372,064)</u>	<u>-</u>	<u>-</u>	<u>(372,064)</u>
Endowment net assets, end of year	<u>\$ 906,500</u>	<u>\$ -</u>	<u>\$ 91,730</u>	<u>\$ 998,230</u>

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

	<u>2012</u>
Operating Fund	\$ 541,156
Site Development Reserve	143,000
Scholarship Fund Reserve	131,308
Benefit Reserve	57,000
Remedial Fund	25,000
Vehicle Reserve	<u>9,036</u>
Total	<u>\$ 906,500</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS:

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

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Endowment	\$ 69,635	\$ 12,000	\$ 10,095	\$ 91,730

NOTE 8 - 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	\$ -	\$ 3,000	\$ 18,094	\$ 21,094
B.A. and satellite programs	-	60,000	-	60,000
Student loan fund	-	11,160	-	11,160
Conferences	-	1,000	-	1,000
Building	-	-	3,223	3,223
Athletics	-	-	7,753	7,753
Science lab equipment	-	-	5,000	5,000
Program	-	-	25,000	25,000
	<u>\$ -</u>	<u>\$ 75,160</u>	<u>\$ 59,070</u>	<u>\$ 134,230</u>

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for June 30, 2012 and are as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Scholarship	\$ -	\$ 85,000	\$ -	\$ 85,000
Capital Campaign	-	-	953,951	953,951
Student loan fund	-	11,160	-	11,160
Conferences	-	2,000	-	2,000
	<u>\$ -</u>	<u>\$ 98,160</u>	<u>\$ 953,951</u>	<u>\$ 1,052,111</u>

NOTE 10 - 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. Cash held at TD Waterhouse for GMWS is not insured.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

NOTE 11 - INVESTMENTS:

Fair values of assets measured on a recurring basis at June 30, 2012 are as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Certificates of deposit and money market funds	\$ 212,508	\$ 87,505	\$ -	\$ 300,013
Mutual funds	<u>-</u>	<u>76,115</u>	<u>-</u>	<u>76,115</u>
	<u>\$ 212,508</u>	<u>\$ 163,620</u>	<u>\$ -</u>	<u>\$ 376,128</u>

	<u>Fair Value</u>	<u>Quoted Prices: (Level 1)</u>
Certificates of deposit and money market funds	\$ 300,013	\$ 300,013
Mutual funds	<u>76,115</u>	<u>76,115</u>
	<u>\$ 376,128</u>	<u>\$ 376,128</u>

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

Investment return consisted of:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Interest and dividends	\$ 2,908	\$ 9,587	\$ 2,178	\$ 14,673
Realized and unrealized loss on investment	<u>-</u>	<u>(5,068)</u>	<u>(25)</u>	<u>(5,093)</u>
	<u>\$ 2,908</u>	<u>\$ 4,519</u>	<u>\$ 2,153</u>	<u>\$ 9,580</u>

NOTE 12 - NOTE RECEIVABLE:

Threefold Educational Foundation and School has advanced funds to Lemniscate Arts Inc. to pay expenses and loan guarantees that have been provided to fund the making of the Music Visible Tour for ESV. The principal amount of \$248,426 will be paid in monthly installments as funds become available to Lemniscate Arts Inc. Management believes most of the loan receivable is uncollectible. A reserve for uncollectible loan payments has been recorded in the amount of \$186,786. This receivable balance is included in accounts receivable on the statement of financial position.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE 13 - PLEDGES RECEIVABLE:

Unconditional promises to give consist of the following at June 30, 2012:

Unrestricted promises to give, net of allowance for Uncollectible pledges of \$67,616	\$ 125,573
Less: Unamortized discount	<u>(7,029)</u>
	<u>\$ 118,544</u>
Amounts due in:	
Less than one year	\$ 83,123
One to five years	<u>35,421</u>
	<u>\$ 118,544</u>

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%.

NOTE 14 - 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 15 - CONTINGENCIES:

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

NOTE 16 - 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 17 - LETTER OF CREDIT:

GMWS has a \$52,000 stand by letter of credit with M&T Bank to cover a security deposit with the Village of Chestnut Ridge that will be released when the building project certificate of occupancy is obtained.

NOTE 18 - COMMITMENT:

GMWS has an annual website upgrade and subscription commitment from 2012 to 2016 in the amount of \$12,000 per year.

NOTE 19 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 28, 2013, 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.