

THREEFOLD EDUCATIONAL
FOUNDATION AND SCHOOL

Combined Financial Statements
June 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of

Threefold Educational Foundation and School

We have audited the accompanying combined financial statements of Threefold Educational Foundation and School (a Not-for-Profit organization), which are comprised of the combined statement of financial position as of June 30, 2013 and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

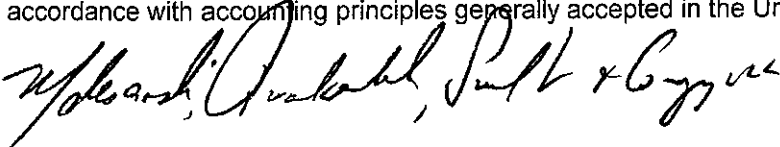
Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Green Meadow Waldorf School, a local affiliate, which statements reflect total assets of \$8,624,225 as of June 30, 2013, and total support and revenues of \$6,102,700 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Green Meadow Waldorf School, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 combined financial statements.

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

Opinion

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Threefold Educational Foundation and School as of June 30, 2013, and the changes 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.



Englewood, New Jersey
May 8, 2014

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS				
	Foundation Operations	ESV	GMWS	Total
CURRENT ASSETS:				
Cash and equivalents	\$ 540,220	\$ 40,157	\$ 1,648,603	\$ 2,228,980
Marketable securities	213,866	135,047	-	348,913
Accounts receivable, net of allowance of \$95,146, \$153,640 and \$20,000, respectively	220,540	55,332	149,971	425,843
Unconditional promises to give, net	-	-	31,650	31,650
Prepaid expenses	55,569	4,729	38,496	98,794
Other receivables	16,208	-	8,000	24,208
Total Current Assets	1,046,403	235,265	1,876,720	3,158,388
PROPERTY, PLANT, AND EQUIPMENT, net of accumulated depreciation	3,315,923	25,798	6,744,505	10,086,226
SECURITY DEPOSIT	-	-	3,000	3,000
Total Assets	\$ 4,362,326	\$ 261,063	\$ 8,624,225	\$ 13,247,614
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 126,545	\$ 2,795	\$ 77,191	\$ 206,531
Security deposits	122,243	-	-	122,243
Deferred income	176,562	886	828,205	1,005,653
Current portion of notes and mortgage	-	3,000	108,392	111,392
Total Current Liabilities	425,350	6,681	1,013,788	1,445,819
LONG-TERM LIABILITIES:				
Notes and mortgage payable	-	-	459,875	459,875
Total Liabilities	425,350	6,681	1,473,663	1,905,694
NET ASSETS:				
Unrestricted:				
Operating	3,856,710	170,842	6,113,707	10,141,259
Board designated	-	-	967,440	967,440
Total Unrestricted	3,856,710	170,842	7,081,147	11,108,699
Temporarily restricted	10,631	71,540	59,070	141,241
Permanently restricted	69,635	12,000	10,345	91,980
Total Net Assets	3,936,976	254,382	7,150,562	11,341,920
Total Liabilities and Net Assets	\$ 4,362,326	\$ 261,063	\$ 8,624,225	\$ 13,247,614

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, 2013

	Foundation Operations	ESV	GMWS	Total
CHANGES IN UNRESTRICTED NET ASSETS:				
Revenues:				
Tuition income	\$ 515,236	\$ 275,879	\$ 6,572,741	\$ 7,363,856
Less: scholarships, remissions, and sibling discounts	108,650	36,257	1,138,596	1,283,503
Net tuition income	406,586	239,622	5,434,145	6,080,353
Rental income, net of remissions	1,076,793	4,460	74,875	1,156,128
Fee income, net of remissions	853,381	1,040	339,485	1,193,906
Fundraising income	-	-	77,518	77,518
Investment income	3,021	6,876	1,544	11,441
Other income	590	1,361	5,366	7,317
Total Revenues	2,340,371	253,359	5,932,933	8,526,663
Support:				
Gifts and grants	331,952	57,835	169,031	558,818
Total Unrestricted Revenues and Support	2,672,323	311,194	6,101,964	9,085,481
Expenditures:				
Program services	1,466,541	430,770	4,790,516	6,687,827
General and administrative	1,032,776	62,939	1,199,364	2,295,079
Fundraising	75,676	7,279	164,901	247,856
Total Expenditures	2,574,993	500,988	6,154,781	9,230,762
CHANGE IN UNRESTRICTED NET ASSETS	97,330	(189,794)	(52,817)	(145,281)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Gifts and grants	15,000	65,000	-	80,000
Net assets released from restriction	(4,369)	(68,620)	-	(72,989)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	10,631	(3,620)	-	7,011
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:				
Gifts and grants	-	-	250	250
CHANGE IN NET ASSETS FROM OPERATIONS	107,961	(193,414)	(52,567)	(138,020)
NON-OPERATING ACTIVITIES:				
Net assets released from restriction	4,369	68,620	-	72,989
Realized and unrealized gain on investment	-	8,602	486	9,088
TOTAL NON-OPERATING ACTIVITIES	4,369	77,222	486	82,077
CHANGE IN NET ASSETS	112,330	(116,192)	(52,081)	(55,943)
NET ASSETS, Beginning	3,824,646	370,574	7,202,643	11,397,863
NET ASSETS, Ending	\$ 3,936,976	\$ 254,382	\$ 7,150,562	\$ 11,341,920

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 4,666,621	\$ 923,247	\$ 156,485	\$ 5,746,353
Accounting	-	31,840	-	31,840
Legal	-	7,775	-	7,775
Supplies	153,668	15,163	1,491	170,322
Telephone	4,923	21,225	1,787	27,935
Postage	4,404	5,674	3,452	13,530
Rent	61,726	25,245	-	86,971
Equipment rental and maintenance	229,978	116,016	8,217	354,211
Printing	3,863	8,925	2,495	15,283
Travel	44,130	11,437	-	55,567
Conferences and meetings	56,525	5,195	543	62,263
Interest	16,508	20,516	-	37,024
Dues and subscriptions	36,323	2,074	606	39,003
Honoraria	93,913	35,051	-	128,964
Athletics	52,841	-	-	52,841
Parent education	17,622	1,167	-	18,789
Professional development	22,184	967	962	24,113
Program expenses	130,940	59,143	39,857.00	229,940
Riding club	9,560	-	-	9,560
Books and school supplies	181	-	-	181
Advertising	110,455	23,891	3,769	138,115
Website expenses	-	1,295	-	1,295
Technology expense	-	32,683	2,420	35,103
Class expense	30,604	-	-	30,604
School	63,018	-	-	63,018
Insurance	77,175	67,412	1,517	146,104
Field trips	51,940	-	-	51,940
Vehicle expense	-	19,584	-	19,584
Bad debt	68,790	125,096	-	193,886
Miscellaneous	13,986	61,204	1,483	76,673
Special events	6,832	-	-	6,832
Sewer tax	16,909	48,415	298	65,622
Music fund and tour expenses	38,785	-	-	38,785
Student expenses	104,469	-	-	104,469
Gifts	-	195,113	13,406	208,519
Bank fees	2,476	20,042	-	22,518
Contractor's fees	31,051	143,758	-	174,809
Utilities	83,452	49,258	5,890	138,600
Professional fees	85	31,660	-	31,745
Consultants	35,477	14,635	-	50,112
Materials	46,288	48,572	-	94,860
Rent discounts	1,425	-	-	1,425
Depreciation	298,700	121,801	3,178	423,679
Total	\$ 6,687,827	\$ 2,295,079	\$ 247,856	\$ 9,230,762

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, 2013

	Foundation Operations	ESV	GMWS	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 112,330	\$ (116,192)	\$ (52,081)	\$ (55,943)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	103,960	1,953	317,766	423,679
Realized and unrealized gain on investments	-	(8,602)	(486)	(9,088)
Changes in operating assets and liabilities:				
Accounts receivable	(9,783)	71,881	17,637	79,735
Prepaid expenses	(6,946)	6	1,419	(5,521)
Accounts payable and accrued expenses	(44,380)	632	(65,751)	(109,499)
Security deposits	3,900	-	5,000	8,900
Deferred income	(29,074)	102	155,234	126,262
Decrease in unconditional promises to give	-	-	93,923	93,923
Amortization of discount-unconditional promises to give	-	-	(7,029)	(7,029)
Net Cash Provided by (Used in) Operating Activities	130,007	(50,220)	465,632	545,419
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed assets	(52,114)	-	(360,329)	(412,443)
Net investment activity	(1,358)	37,175	486	36,303
Net Cash Provided by (Used in) Investing Activities	(53,472)	37,175	(359,843)	(376,140)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments of long term debt	-	-	(169,956)	(169,956)
NET CHANGE IN CASH AND EQUIVALENTS	76,535	(13,045)	(64,167)	(677)
CASH AND EQUIVALENTS, Beginning	463,685	53,202	1,712,770	2,229,657
CASH AND EQUIVALENTS, Ending	\$ 540,220	\$ 40,157	\$ 1,648,603	\$ 2,228,980
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	\$ -	\$ -	\$ 37,024	\$ 37,024

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, 2013

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 Organization provides support services for the above named institutions and other educational and cultural activities based on anthroposophy and the work of Rudolf Steiner. Organization operations allocate the costs of some rents and administrative support to these institutions. The forgiveness of these costs is included in revenue shown as net of remissions. GMWS provides academic programs with a reliance on the Rudolf Steiner philosophy to children from preschool through twelfth grade. ESV provides professional training in Eurythmy, a performance art which has applications in medical and occupational therapies and in education. 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 combined financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

All financial transactions have been recorded and reported as 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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

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

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.

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

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 conform to the combined format.

Open Tax Years

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2010, 2011, 2012, and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT:

The categories of property, plant, and equipment at June 30, 2013 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	4,777,721	97,676	8,693,924	13,569,321
Furniture and Equipment	104,443	4,099	488,056	596,598
Capitalized cost Building in progress	<u>-</u>	<u>-</u>	<u>39,110</u>	<u>39,110</u>
	5,182,262	101,775	9,333,494	14,617,531
Less: accumulated depreciation	<u>1,866,339</u>	<u>75,977</u>	<u>2,588,989</u>	<u>4,531,305</u>
	<u>\$ 3,315,923</u>	<u>\$ 25,798</u>	<u>\$ 6,744,505</u>	<u>\$10,086,226</u>

Depreciation expense at June 30, 2013 was \$423,679.

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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE 4 - MORTGAGE AND NOTE PAYABLE:

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, 2013 was \$341,989.

Construction note payable for GMWS at June 30, 2013 consists of original note of \$500,000, due August 2016 with interest at 4.92%. Monthly installments include principal and interest. Principal balance due at June 30, 2013 was \$226,278.

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

2014	\$ 111,392
2015	113,956
2016	<u>345,919</u>
	<u>\$ 571,267</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, 2013 were \$273,388.

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, 2013, the Board of Trustees had designated \$967,440 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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

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.

Endowment net asset composition by Type of Fund as of June 30, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Board designated endowment funds	\$ 967,440	\$ -	\$ -	\$ 967,440
Donor restricted endowment funds	<u>-</u>	<u>-</u>	<u>91,980</u>	<u>91,980</u>
Total Funds	<u>\$ 967,440</u>	<u>\$ -</u>	<u>\$ 91,980</u>	<u>\$ 1,059,420</u>

Composition of and changes in endowment net assets for the year ended June 30, 2013 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	\$ 906,500	\$ -	\$ 91,730	\$ 998,230
Contributions	-	-	250	250
Net appreciation (depreciation)	130,940	-	-	130,940
Amounts appropriated for expenditure	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>
Endowment net assets, end of year	<u>\$ 967,440</u>	<u>\$ -</u>	<u>\$ 91,980</u>	<u>\$ 1,059,420</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 6 - ENDOWMENT FUNDS (CONTINUED):

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

	<u>2013</u>
Operating Fund	\$ 672,096
Site Development Reserve	73,000
Scholarship Fund Reserve	131,308
Benefit Reserve	57,000
Remedial Fund	25,000
Vehicle Reserve	<u>9,036</u>
Total	<u>\$ 967,440</u>

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS:

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

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Endowment	\$ 69,635	\$ 12,000	\$ 10,345	<u>\$ 91,980</u>

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	\$ -	\$ -	\$ 18,094	\$ 18,094
Mystery drama	10,631	-	-	10,631
Operating grants 2014	-	65,000	-	65,000
Student loan fund	-	6,540	-	6,540
Building	-	-	3,223	3,223
Athletics	-	-	7,753	7,753
Science lab equipment	-	-	5,000	5,000
Program	-	-	25,000	25,000
	<u>\$ 10,631</u>	<u>\$ 71,540</u>	<u>\$ 59,070</u>	<u>\$ 141,241</u>

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

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, 2013 and are as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Scholarship	\$ -	\$ 3,000	\$ -	\$ 3,000
Mystery drama	4,369	-	-	4,369
B.A. and satellite programs	-	60,000	-	60,000
Student loan fund	-	4,620	-	4,620
Conferences	-	1,000	-	1,000
	<u>\$ 4,369</u>	<u>\$ 68,620</u>	<u>\$ -</u>	<u>\$ 72,989</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.

NOTE 11 - INVESTMENTS:

Fair values of assets measured on a recurring basis at June 30, 2013 are as follows:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Certificates of deposit and money market funds	\$ 213,866	\$ 79,086	\$ -	\$ 292,952
Mutual funds	-	55,961	-	55,961
	<u>\$ 213,866</u>	<u>\$ 135,047</u>	<u>\$ -</u>	<u>\$ 348,913</u>

	<u>Fair Value</u>	<u>Quoted Prices: (Level 1)</u>
Certificates of deposit and money market funds	\$ 292,952	\$ 292,952
Mutual funds	55,961	55,961
	<u>\$ 348,913</u>	<u>\$ 348,913</u>

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

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE 11 - INVESTMENTS (CONTINUED):

Investment return consisted of:

	<u>Foundation Operations</u>	<u>ESV</u>	<u>GMWS</u>	<u>Total</u>
Interest and dividends	\$ 3,021	\$ 6,876	\$ 1,544	\$ 11,441
Realized and unrealized gain on investment	<u>-</u>	<u>8,602</u>	<u>486</u>	<u>9,088</u>
	<u>\$ 3,021</u>	<u>\$ 15,478</u>	<u>\$ 2,030</u>	<u>\$ 20,529</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 for the full amount. This receivable balance is included in accounts receivable on the statement of financial position.

NOTE 13 - PLEDGES RECEIVABLE:

Unconditional promises to give consist of the following at June 30, 2013:

Unrestricted promises to give, net of allowance for Uncollectible pledges of \$0	\$ 41,650
Less: unamortized discount	<u>(10,000)</u>
	<u>\$ 31,650</u>
Amounts due in:	
Less than one year	\$ 31,650
One to five years	<u>-</u>
	<u>\$ 31,650</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.

THREEFOLD EDUCATIONAL FOUNDATION AND SCHOOL

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

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:

The Organization has a line of credit with TD Bank, N.A. with an available credit line up to \$200,000. The line of credit was unused for the year. The interest rate is 4.25%. GMWS also has a line of credit with M&T Bank with an available credit line up to \$250,000. The line of credit was unused for the year. The interest rate is prime plus 1%.

NOTE 17 - COMMITMENT:

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

NOTE 18 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 8, 2014, the date the combined financial statements were issued. No events other than noted above have occurred subsequent to the combined statement of financial position date and through the date of issuance that would require adjustment to or disclosure in the accompanying combined financial statements.