

**JANET H. & C. HARRY KNOWLES FOUNDATION, INC.  
D/B/A KNOWLES SCIENCE TEACHING FOUNDATION, INC.**

**Statements of Cash Flows**

	<b>Year Ended May 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (7,463,515)	\$ (1,377,836)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	204,827	188,213
Deferred federal excise tax	(24,907)	39,618
Change in present value discount	(137,002)	(159,217)
Net realized losses (gains) on sales of investments	309,164	(154,046)
Net unrealized depreciation (appreciation) in fair value of investments	2,490,736	(3,961,844)
Transfer of net assets from acquisition of The Knowles Science and Mathematics Institute	-	(101,463)
Net change in:		
Accrued interest and dividends	(1,800)	4,298
Other receivable	184	4,036
Prepaid expenses	204,455	(232,924)
Unconditional promises to give	1,337,999	247,895
Other assets	749	9,559
Accounts payable and accrued expenses	(109,374)	205,631
<b>Net cash used in operating activities</b>	<b>(3,188,484)</b>	<b>(5,288,080)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	10,952,601	10,777,794
Purchase of investments	(7,647,669)	(7,642,585)
Purchase of property and equipment	(994)	(59,477)
<b>Net cash provided by investing activities</b>	<b>3,303,938</b>	<b>3,075,732</b>
<b>Cash flows from financing activities:</b>		
Payments on mortgage note	(34,345)	(16,005)
Proceeds from line-of-credit, net	1,750,000	1,450,000
<b>Net cash provided by financing activities</b>	<b>1,715,655</b>	<b>1,433,995</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,831,109</b>	<b>(778,353)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>746,336</b>	<b>1,524,689</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,577,445</b>	<b>\$ 746,336</b>
<b>Supplemental disclosure of noncash operating and financing activities:</b>		
Transfer of building and land from KSMI acquisition	\$ -	\$ 752,544
Transfer of mortgage note from KSMI acquisition	-	641,586