

Knowles Science Teaching Foundation

Because we changed our fiscal year, the 2008 financial report only covers the five months ending May 31, 2008. Because it is not a full year, no additional information is provided.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION OF
JANET H. & C. HARRY KNOWLES FOUNDATION, INC.
FIVE MONTHS ENDED MAY 31, 2008**



PRESSMAN CIOCCA SMITH

THE VISION TO SEE TOMORROW. THE WISDOM TO GET YOU THERE.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

*To the Board of Trustees
Janet H. & C. Harry Knowles Foundation, Inc.
Moorestown, New Jersey*

We have audited the accompanying statement of financial condition of the Janet H. & C. Harry Knowles Foundation, Inc. (a nonprofit organization) as of May 31, 2008, and the related statements of activities and cash flows for the five months then ended. These financial statements are the responsibility of the Foundation's management. 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 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Janet H. & C. Harry Knowles Foundation, Inc. as of May 31, 2008, and the changes in its net assets and its cash flows for the five months then ended in conformity with accounting principles generally accepted in the United States of America.

Pressman Ciocca Smith LLP
January 14, 2009

Janet H. & C. Harry Knowles Foundation, Inc.**Statement of Financial Position**

May 31, 2008

ASSETS

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 3,883,488 |
| Investments | 74,331,710 |
| Prepaid federal excise tax | 228,985 |
| Prepaid expenses | 113,877 |
| Property and equipment, net of accumulated depreciation | 816,921 |
| Deposits | 220,480 |
| TOTAL ASSETS | \$ 79,595,461 |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|------------|
| Accounts payable and accrued expenses | \$ 115,501 |
|---------------------------------------|------------|

COMMITMENTS AND CONTINGENCIES**NET ASSETS**

| | |
|---|----------------------|
| Unrestricted net assets | 79,479,960 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 79,595,461 |

See accompanying notes.

Statement of Activities

Five Months Ended May 31, 2008

REVENUES

| | |
|--|-------------------------|
| Interest income | \$ 139,211 |
| Net realized gains on sales of investments | 118,398 |
| | <u>257,609</u> |
| EXPENSES AND LOSSES | |
| Program services | |
| Teaching fellows programs | 918,479 |
| Research programs | 260,620 |
| Conferences | 96,006 |
| Supporting services | |
| General and administrative | 154,858 |
| Taxes | 5,152 |
| | <u>1,435,115</u> |
| Net unrealized decline in value of investments | 2,180,374 |
| | <u>3,615,489</u> |
| | (DECREASE) IN |
| | UNRESTRICTED NET ASSETS |
| | (3,357,880) |
| UNRESTRICTED NET ASSETS AT | |
| BEGINNING OF PERIOD | <u>82,837,840</u> |
| | UNRESTRICTED NET ASSETS |
| | AT END OF PERIOD |
| | <u>\$ 79,479,960</u> |

See accompanying notes.

Janet H. & C. Harry Knowles Foundation, Inc.**Statement of Cash Flows**

Five Months Ended May 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---------------------------------|-----------------------------|
| Revenue collected | |
| Interest income | \$ 139,211 |
| Payments for expenses and taxes | |
| Expenses | (1,375,749) |
| Taxes | (160,000) |
| | |
| | NET CASH (USED IN) |
| | OPERATING ACTIVITIES |
| | (1,396,538) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-------------------------------------|--------------|
| Proceeds from sales of investments | 5,000,000 |
| Purchases of investments | (13,419,810) |
| Purchases of property and equipment | (21,266) |

NET CASH (USED IN)
INVESTING ACTIVITIES (8,441,076)

NET (DECREASE) IN CASH
AND CASH EQUIVALENTS (9,837,614)

CASH AND CASH EQUIVALENTS
AT BEGINNING OF PERIOD

13,721,102

CASH AND CASH EQUIVALENTS
AT END OF PERIOD

\$ 3,883,488

RECONCILIATION OF DECREASE IN NET ASSETS
TO NET CASH (USED IN) OPERATING ACTIVITIES

| | |
|---|----------------|
| Decrease in net assets | \$ (3,357,880) |
| Adjustments to reconcile decrease in net assets | |
| to net cash (used in) operating activities: | |
| Depreciation | 48,056 |
| Net realized (gains) on sales of investments | (118,398) |
| Net unrealized decline in value of investments | 2,180,374 |
| Net change in: | |
| Prepaid federal excise tax | (154,848) |
| Prepaid expenses | (85,825) |
| Accounts payable and accrued expenses | 91,983 |

NET CASH (USED IN)
OPERATING ACTIVITIES \$ (1,396,538)

See accompanying notes.