

Janet H. and C. Harry Knowles Foundation

Annual Report

June 1, 2009 – May 31, 2010



January 2011

The Janet H. and C. Harry Knowles Foundation was established in 1999 with the broad mission to increase the number of high quality high school science and mathematics teachers in the United States. In 2000 I was hired as the first Executive Director. One early decision was to use the name Knowles Science Teaching Foundation or KSTF in less formal circumstances. After a year of discussing and designing, in 2001 it was agreed that KSTF would realize its mission by infusing the science and mathematics education system with individuals of exceptional ability and promise. In 2002 KSTF awarded the first Teaching Fellowships and we began to ask ourselves, what would count as success.

During the fiscal year ending May 31, 2010, there were a number of indicators that KSTF is becoming increasingly successful. Let me share a few. Eighty-seven percent of the KSTF Teaching Fellows who have begun teaching remain in the classroom. Because KSTF Teaching Fellows can be found in 34 states, it is difficult to use state



assessment data to indicate student achievement. However, individual KSTF Teaching Fellows report that a greater percentage of the students they teach passed state tests than other teachers' students or students in previous years. Two KSTF Teaching Fellows and one Alumna coached student teams to first place in state and/or national competitions in robotics, engineering and science.



More exciting are the innovative approaches to teaching that Teaching Fellows report. These range from designing assignments using the iPod to creating tasks that must be completed while riding the city bus to or from school. Other instructional innovations include converting cooking oil from the school cafeteria to biodiesel fuel and generating sufficient electricity through a bicycle generator to take the school off the grid.

KSTF Teaching Fellows are leaders influencing other teachers by serving as department heads and by presenting at national and regional meetings of teachers such as the National Science Teachers Association or the Georgia Council of Teachers of Mathematics. They organize groups such as the Three-minute Observation Club or a school-based Professional Learning Community to study teaching.



It is increasingly clear that those who complete the KSTF Teaching Fellowship Program are leaders in science and mathematics education who perceive teaching as a complex and intellectually satisfying task that can provide the challenge and fulfillment of a life-long career.

Meanwhile, the university faculty members who have been awarded Research Fellowships continue their work to better understand issues of preparation, professional development and retention of high



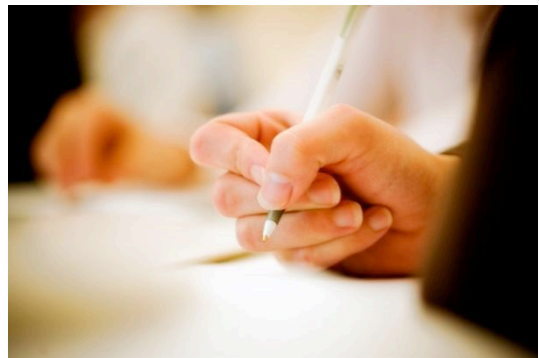
school science and mathematics teachers. During the fiscal year considered here they published 40 articles in referred journals and nine book chapters.

KSTF also has gathered a staff of outstanding program officers and administrative support personnel. As an operating foundation, a KSTF program officer does not oversee grants but rather works closely with the teachers who are fellows, supporting and challenging them to be increasingly more

attentive to the success of students. The administrative staff is equally committed to the mission of KSTF.

As KSTF moves into the 2010-2011 fiscal year, we are in the process of formalizing an Alumni Program. We also are shifting the focus of the Research Program so we are better able to answer questions about what we learned so that KSTF can share the principles that are making us successful.

Everyone associated with KSTF is grateful to Harry and Janet Knowles for their generosity and vision. We are also grateful to the Board of Trustees and to the many consultants who work with us throughout the year. In addition to looking at the financial information on the following pages, please make time to visit the KSTF website www.kstf.org to learn more about the exceptional teachers who are KSTF Fellows and the program that has been designed to move them to be life-long learners and leaders in education.



A handwritten signature in cursive script that reads "Angelo Collins".

Angelo Collins, PhD
Executive Director

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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 statements of financial position of the Janet H. & C. Harry Knowles Foundation, Inc. (a nonprofit organization) as of May 31, 2010 and 2009, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Pressman Ciocca Smith LLP
September 1, 2010

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

May 31, 2010 and 2009

ASSETS	2010	2009
Cash and cash equivalents	\$ 5,886,311	\$ 1,273,411
Investments	55,436,158	54,429,978
Unconditional promises to give	10,739,869	-
Prepaid federal excise tax	39,663	114,237
Prepaid expenses	121,353	101,556
Property and equipment, net of accumulated depreciation	881,086	897,639
Deposits	6,895	45,605
TOTAL ASSETS	\$ 73,111,335	\$ 56,862,426
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 129,014	\$ 96,653
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted net assets	72,982,321	56,765,773
TOTAL LIABILITIES AND NET ASSETS	\$ 73,111,335	\$ 56,862,426

See accompanying notes.

Janet H. & C. Harry Knowles Foundation, Inc.**Statements of Activities**

Years Ended May 31, 2010 and 2009

REVENUES	2010	2009
Contributions	\$ 14,249,869	\$ -
Interest income	3,165	30,546
Net unrealized appreciation on value of investments	9,099,783	-
	<u>23,352,817</u>	<u>30,546</u>
EXPENSES AND LOSSES		
Program services		
Teaching fellows programs	3,592,507	3,241,049
Research programs	948,782	965,136
Conferences	-	28,979
Supporting services		
General and administrative	370,362	405,807
Taxes	(274)	611
	<u>4,911,377</u>	<u>4,641,582</u>
Net realized losses on sales of investments	2,224,892	1,460,779
Net unrealized decline in value of investments	-	16,642,371
	<u>7,136,269</u>	<u>22,744,732</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	16,216,548	(22,714,186)
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	56,765,773	79,479,959
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ 72,982,321	\$ 56,765,773

See accompanying notes.

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

Years Ended May 31, 2010 and 2009

CASH FLOWS FROM OPERATING ACTIVITIES	2010	2009
Revenue collected		
Contributions	\$ 1,010,000	\$ -
Interest income	3,165	30,546
Payments for expenses and taxes		
Expenses	(4,418,238)	(4,096,936)
Grants	(337,601)	(416,710)
Taxes	74,848	114,137
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NET CASH (USED IN) OPERATING ACTIVITIES	(3,667,826)	(4,368,963)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	11,336,313	9,000,000
Purchases of investments	(2,967,602)	(7,201,418)
Purchases of property and equipment	(87,985)	(39,696)
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NET CASH PROVIDED BY INVESTING ACTIVITIES	8,280,726	1,758,886
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,612,900	(2,610,077)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,273,411	3,883,488
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CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,886,311	\$ 1,273,411
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH (USED IN) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$16,216,548	\$ (22,714,186)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities:		
Depreciation	138,111	133,852
Contributed investments	(2,500,000)	-
Net realized losses on sales of investments	2,224,892	1,460,779
Net unrealized (appreciation) decline in value of investments	(9,099,783)	16,642,371
Net change in:		
Unconditional promises to give	(10,739,869)	-
Prepaid federal excise tax	74,574	114,748
Prepaid expenses	(19,797)	12,321
Deposits	5,137	-
Accounts payable and accrued expenses	32,361	(18,848)
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NET CASH (USED IN) OPERATING ACTIVITIES	\$ (3,667,826)	\$ (4,368,963)

See accompanying notes.