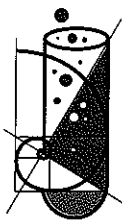




KSTF 2011 Annual Report





KSTF

Knowles Science Teaching Foundation

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January 2012

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. Thanks to the generosity of our Founders, the Knowles Science Teaching Foundation, or KSTF, is in sound financial condition as can be seen in the financial statements that follow. KSTF is poised to continue to produce outstanding high school science and mathematics teachers.

In the early years, the Founding Executive Director, Dr. Angelo Collins, guided the Foundation in establishing what is now its signature program, the Teaching Fellowship. Each year a group of approximately 36 individuals are chosen through a rigorous, national selection process to be Knowles Teaching Fellows. Three cohorts of about 12 Fellows are identified, one cohort each in physical sciences, mathematics, and biology. Starting each June, new cohorts of Fellows are supported for up to five years including funding for advanced study toward obtaining a teaching license as well as rich and substantive professional development which complements their teacher preparation work and which continues as they enter high school teaching as licensed classroom teachers.

There are a number of indicators that the work of KSTF, infusing high schools with talented novice teachers of high ability and promise, is becoming increasingly successful. First, our retention rate (2001-11) is over 90% -- those who begin the fellowship program remain in the classroom as talented, dedicated instructors. Second, Fellows are "leading from the classroom"--initiating reflective studies of teaching and learning while sharing their growing expertise with colleagues through a variety of in-service education programs. In one case, a Fellow is helping all of the teachers in her building learn how the process of *Lesson Study* can be adapted to all subjects to improve teaching and student learning. Another Fellow will receive the 2011 Outstanding New Biology Teacher Award from a national biology professional association. Other current Fellows or alums are taking on leadership roles as department chairs or coordinators and serving on various curriculum committees in their districts. Many Fellows have taken on teaching assignments in courses previously not available in their schools such as Advanced Placement Physics. Still others are mentoring student groups such as those exploring robotics and nanotechnology.

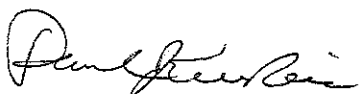
It is increasingly clear that those who complete the KSTF Teaching Fellowship Program are becoming leaders in secondary science and mathematics education. These professionals understand that teaching is complex and intellectually satisfying and can provide challenge and fulfillment as a long term career. The Teaching Fellowship Program, now in its second decade, is supported by two other programs: Research and Evaluation and a newly emerging Alumni program. All three are intertwined with each program informing the work of the other.

Dr. Jodie Galosy, Director for Research and Evaluation, joined KSTF in late 2010. An experienced classroom teacher, she directed a federally-funded research study of beginning mathematics and science teachers as part of her post-doctoral work. Jodie is guiding KSTF Research and Evaluation through a transition from primarily an external fellowship program for early scholars to a robust internal research and evaluation division that supports the Teaching Fellowship and alumni programs through formative feedback and targeted research studies by KSTF staff, Teaching Fellows, and alumni. In summer 2010, the KSTF research group launched an initiative with eight Teaching Fellows and two alumni to develop research studies of their teaching practice and learn how to facilitate teacher research groups. KSTF Research and Evaluation also strengthened the organization's research and evaluation capacity by building and maintaining KSTF databases, offering monthly research seminars and training in research methods, providing research tools, and reviewing and then sharing literature relevant to the KSTF mission. In addition, the Research and Evaluation Program leads and supports dissemination of evaluation and research studies in written publications, conferences, and digital forums.

This year KSTF selected an inaugural Director for Alumni Programs, Dr. Dina Portnoy. Dina has been visiting groups of alumni across the country, listening to their ideas about how KSTF can continue to support their work while simultaneously considering her own experiences leading Philadelphia area efforts with the National Writing Program. The latter is known nationally as one of the best professional development programs for experienced teachers. Our Fellows want to remain connected with their peers and mutually support each other as they refine their teaching expertise, and engage in and share classroom-based research. They seek additional ways to 'lead from the classroom' in their local communities, taking the message of excellence in science and mathematics to their regions and to the nation. In analyzing how a program can effectively support alumni after their teaching fellowship, Dina is collaborating with directors of the other programs to strengthen the transitional fifth year of the Teaching Fellowship Program.

Last summer, our Founding Executive Director resigned to pursue other interests. Dr. Collins was the intellectual center of the Foundation as it carefully established a significant initial presence in the science and mathematics teacher development community, especially through the two programs she initiated: Teaching Fellowships and Research and Evaluation. The Board of Trustees has established a search committee and retained Isaacson, Miller, a nationally recognized firm, to assist in our search for a new Executive Director whom we hope to have on board no later than Fall 2012. We encourage you to nominate candidates. Please consult the KSTF website for up-to-date announcements and information.

Sincerely,



Paul J. Kuerbis
Acting Co-Executive Director and
KSTF Trustee



William L. Rulon-Miller
Acting Co-Executive Director and
KSTF Trustee



Independent Auditors' Report

Board of Trustees
Janet H. & C. Harry Knowles Foundation, Inc.

We have audited the accompanying statement of financial position of the Janet H. & C. Harry Knowles Foundation, Inc. (a nonprofit organization) (the "Foundation") as of May 31, 2011, and the related statements of activities and cash flows for the year 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. The financial statements of the Janet H. & C. Harry Knowles Foundation, Inc. as of May 31, 2010, were audited by Pressman Ciocca Smith LLP, who merged with ParenteBeard LLC as of December 1, 2010, and whose report dated September 1, 2010, expressed an unqualified opinion on those statements.

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, 2011, 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.

ParenteBeard LLC

Huntingdon Valley, Pennsylvania
September 15, 2011

Janet H. & C. Harry Knowles Foundation, Inc.

Statement of Financial Position

May 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Assets		
Cash and cash equivalents	\$ 3,253,785	\$ 5,886,311
Investments	62,560,386	55,436,158
Unconditional promises to give	10,705,153	10,739,869
Prepaid and refundable federal excise tax	4,639	39,663
Prepaid expenses	157,791	121,353
Advance to affiliate	93,842	-
Property and equipment, net of accumulated depreciation	839,997	881,086
Deposits	15,144	6,895
Total assets	<u>\$ 77,630,737</u>	<u>\$ 73,111,335</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 215,042	\$ 129,014
Deferred federal excise tax liability	50,335	-
Total liabilities	<u>265,377</u>	<u>129,014</u>
Net Assets		
Unrestricted net assets	<u>77,365,360</u>	<u>72,982,321</u>
Total liabilities and net assets	<u>\$ 77,630,737</u>	<u>\$ 73,111,335</u>

See notes to financial statements

Janet H. & C. Harry Knowles Foundation, Inc.

Statement of Activities

Years Ended May 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Contributions	\$ 1,104,686	\$ 14,249,869
Interest income	2,392	3,165
Net unrealized appreciation in fair value of investments	<u>9,951,836</u>	<u>9,099,783</u>
Total revenue	<u>11,058,914</u>	<u>23,352,817</u>
Expenses and Losses		
Program services:		
Teaching fellows programs	3,885,789	3,592,267
Research programs	929,856	948,718
Supporting services:		
General and administrative	594,498	370,666
Federal excise tax	<u>50,359</u>	<u>(274)</u>
	5,460,502	4,911,377
Net realized losses on sales of investments	<u>1,215,373</u>	<u>2,224,892</u>
Total expenses and losses	<u>6,675,875</u>	<u>7,136,269</u>
Increase in unrestricted net assets	4,383,039	16,216,548
Unrestricted Net Assets, Beginning	<u>72,982,321</u>	<u>56,765,773</u>
Unrestricted Net Assets, Ending	<u>\$ 77,365,360</u>	<u>\$ 72,982,321</u>

See notes to financial statements

Janet H. & C. Harry Knowles Foundation, Inc.

Statement of Cash Flows

Years Ended May 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Revenue collected:		
Contributions	\$ 428,500	\$ 1,010,000
Interest income	2,392	3,165
Payments for expenses and taxes:		
Expenses	(4,937,079)	(4,418,238)
Grants	(287,125)	(337,601)
Federal excise tax	35,000	74,848
Net cash used in operating activities	<u>(4,758,312)</u>	<u>(3,667,826)</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	5,936,323	11,336,313
Purchases of investments	(3,613,186)	(2,967,602)
Purchases of property and equipment	(103,509)	(87,985)
Advance to affiliate	<u>(93,842)</u>	<u>-</u>
Net cash provided by investing activities	<u>2,125,786</u>	<u>8,280,726</u>
Net (decrease) increase in cash and cash equivalents	(2,632,526)	4,612,900
Cash and Cash Equivalents, Beginning	<u>5,886,311</u>	<u>1,273,411</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,253,785</u>	<u>\$ 5,886,311</u>
Reconciliation of Increase in Unrestricted Net Assets to Net Cash Used In Operating Activities		
Increase in unrestricted net assets	\$ 4,383,039	\$ 16,216,548
Adjustments to reconcile increase in unrestricted net assets to net cash used in operating activities:		
Depreciation	144,598	138,111
Deferred federal excise tax	50,335	-
Contributed investments	(710,902)	(2,500,000)
Change in present value discount	(392,284)	-
Net realized losses on sales of investments	1,215,373	2,224,892
Net unrealized appreciation in fair value of investments	(9,951,836)	(9,099,783)
Net change in:		
Unconditional promises to give	427,000	(10,739,869)
Prepaid and refundable federal excise tax	35,024	74,574
Prepaid expenses	(36,438)	(19,797)
Deposits	(8,249)	5,137
Accounts payable and accrued expenses	<u>86,028</u>	<u>32,361</u>
Net cash used in operating activities	<u>\$ (4,758,312)</u>	<u>\$ (3,667,826)</u>

See notes to financial statements