

**JANET H. & C. HARRY KNOWLES FOUNDATION, INC.
D/B/A KNOWLES TEACHER INITIATIVE**

Statements of Cash Flows

	<u>Year Ended May 31</u>	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,636,459	\$ (1,335,414)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	176,303	177,428
Deferred federal excise tax	62,977	4,683
Change in present value discount	(89,700)	(111,906)
Net realized gains on sales of investments	(197,349)	(3,106,859)
Net unrealized appreciation in fair value of investments	(3,106,293)	(1,169,052)
Net change in:		
Accrued interest and dividends	(1,342)	5,529
Other receivable	5,680	19,934
Prepaid expenses	97,916	(74,807)
Unconditional promises to give	50,000	47,693
Other assets	-	2,122
Accounts payable and accrued expenses	(157,315)	119,637
Net cash used in operating activities	<u>(1,522,664)</u>	<u>(5,421,012)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	12,283,160	27,829,376
Purchase of investments	(10,217,750)	(22,160,791)
Purchase of property and equipment	(96,465)	(43,956)
Net cash provided by investing activities	<u>1,968,945</u>	<u>5,624,629</u>
Cash flows from financing activities:		
Payments on note payable	-	(607,241)
Proceeds from loan	5,000,000	-
Payments on line-of-credit, net	(4,500,000)	(750,000)
Net cash provided by (used in) financing activities	<u>500,000</u>	<u>(1,357,241)</u>
Net increase (decrease) in cash and cash equivalents	<u>946,281</u>	<u>(1,153,624)</u>
Cash and cash equivalents at beginning of year	<u>1,423,821</u>	<u>2,577,445</u>
Cash and cash equivalents at end of year	<u>\$ 2,370,102</u>	<u>\$ 1,423,821</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 130,948</u>	<u>\$ 116,364</u>

See notes to financial statements