




KnowledgeWorks Foundation

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2023 and 2022



KnowledgeWorks Foundation

June 30, 2023 and 2022

Contents

Independent Auditor’s Report.....	1	
 Consolidated Financial Statements		
Statements of Financial Position	4	
Statements of Activities.....	5	
Statements of Functional Expenses	6	
Statements of Cash Flows	8	
Notes to Consolidated Financial Statements	9	
 Supplementary Information		
Consolidating Statements of Financial Position Information.....	27	
Consolidating Statements of Activities Information	29	
Schedule of Expenditures of Federal Awards	31	
Notes to the Schedule of Expenditures of Federal Awards	32	
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> - Independent Auditor’s Report.....		33
 Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance - Independent Auditor’s Report.....		35
 Schedule of Findings and Questioned Costs.....	38	
 Summary Schedule of Prior Audit Findings	40	

Independent Auditor's Report

Board of Directors
KnowledgeWorks Foundation
Cincinnati, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of KnowledgeWorks Foundation and its subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of KnowledgeWorks Foundation and its subsidiaries as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our 2023 audit also was conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

FORVIS,LLP

Cincinnati, Ohio
October 27, 2023

KnowledgeWorks Foundation
Consolidated Statements of Financial Position
June 30, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,099,222	\$ 6,668,007
Accounts receivable	225,498	240,665
Interest receivable:		
Investments	94,070	91,173
Student loans	-	878,491
Grants receivable	920,253	1,907,812
Investments, at fair value	109,471,607	108,794,242
Restricted cash and cash equivalents	-	1,287,033
Student loans receivable, net	-	17,364,094
Other assets	335,118	251,885
Right-of-use assets - operating leases	1,120,766	1,240,471
Property and equipment, net	183,940	231,332
	<u>\$ 119,450,474</u>	<u>\$ 138,955,205</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 1,274,870	\$ 1,732,302
Operating lease liabilities	1,077,579	1,172,581
Interest payable	-	27,985
Student loan program residual	-	7,718,073
Deferred revenue	3,623,365	1,351,149
Bonds payable, net	-	10,748,897
Total liabilities	<u>5,975,814</u>	<u>22,750,987</u>

Net Assets

Without donor restrictions	109,897,121	110,137,621
With donor restrictions	3,577,539	6,066,597
Total net assets	<u>113,474,660</u>	<u>116,204,218</u>
	<u>\$ 119,450,474</u>	<u>\$ 138,955,205</u>

KnowledgeWorks Foundation

Consolidated Statements of Activities

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains (Losses) and Other Support						
Income from investments, net	\$ 2,631,359	\$ 27,539	\$ 2,658,898	\$ 3,930,359	\$ 5,665	\$ 3,936,024
Interest and fees on student loans receivable, net	627,348	-	627,348	319,917	-	319,917
Other revenue	-	-	-	847,561	-	847,561
Grant revenue	1,178,151	2,921,599	4,099,750	116,430	1,044,224	1,160,654
Contract service revenue	2,324,198	-	2,324,198	1,827,483	-	1,827,483
Unrealized and realized gains (losses) on investment securities, net	5,915,920	-	5,915,920	(14,446,210)	-	(14,446,210)
Loss on sale of student loans receivable	(686,463)	-	(686,463)	-	-	-
Net assets released from restrictions	5,438,196	(5,438,196)	-	2,588,574	(2,588,574)	-
Total revenues, gains (losses) and other support	<u>17,428,709</u>	<u>(2,489,058)</u>	<u>14,939,651</u>	<u>(4,815,886)</u>	<u>(1,538,685)</u>	<u>(6,354,571)</u>
Cost of Debt						
Interest expense	352,152	-	352,152	169,366	-	169,366
Amortization	257,477	-	257,477	78,908	-	78,908
Total cost of debt	<u>609,629</u>	<u>-</u>	<u>609,629</u>	<u>248,274</u>	<u>-</u>	<u>248,274</u>
Net Revenue, Gains (Losses) and Other Support After Cost of Debt						
	<u>16,819,080</u>	<u>(2,489,058)</u>	<u>14,330,022</u>	<u>(5,064,160)</u>	<u>(1,538,685)</u>	<u>(6,602,845)</u>
Provision for Student Loan Loss						
	<u>(17,870)</u>	<u>-</u>	<u>(17,870)</u>	<u>(20,753)</u>	<u>-</u>	<u>(20,753)</u>
Unrealized (Loss) Gain on Liability for Student Loan Program Residual						
	<u>(155,047)</u>	<u>-</u>	<u>(155,047)</u>	<u>586,561</u>	<u>-</u>	<u>586,561</u>
Program and Supporting Expenses						
Operating programs	11,594,471	-	11,594,471	7,022,768	-	7,022,768
Student loan programs	137,163	-	137,163	170,135	-	170,135
Other programs	1,330,167	-	1,330,167	1,269,125	-	1,269,125
Total program expenses	<u>13,061,801</u>	<u>-</u>	<u>13,061,801</u>	<u>8,462,028</u>	<u>-</u>	<u>8,462,028</u>
General and administrative	3,824,862	-	3,824,862	3,232,199	-	3,232,199
Total program and supporting expenses	<u>16,886,663</u>	<u>-</u>	<u>16,886,663</u>	<u>11,694,227</u>	<u>-</u>	<u>11,694,227</u>
Change in Net Assets						
	<u>(240,500)</u>	<u>(2,489,058)</u>	<u>(2,729,558)</u>	<u>(16,192,579)</u>	<u>(1,538,685)</u>	<u>(17,731,264)</u>
Net Assets, Beginning of Year						
	<u>110,137,621</u>	<u>6,066,597</u>	<u>116,204,218</u>	<u>126,330,200</u>	<u>7,605,282</u>	<u>133,935,482</u>
Net Assets, End of Year						
	<u>\$ 109,897,121</u>	<u>\$ 3,577,539</u>	<u>\$ 113,474,660</u>	<u>\$ 110,137,621</u>	<u>\$ 6,066,597</u>	<u>\$ 116,204,218</u>

KnowledgeWorks Foundation

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services			Total Program Services	General and Administrative	Total
	Operating Programs	Student Loan Programs	Other Programs			
Salaries and benefits	\$ 5,051,548	\$ -	\$ 1,071,601	\$ 6,123,149	\$ 2,629,803	\$ 8,752,952
Grants made to other entities	2,610,986	-	25,800	2,636,786	-	2,636,786
Professional fees	1,990,212	-	23,245	2,013,457	382,415	2,395,872
Legal expense	-	-	-	-	93,289	93,289
Communications	79,734	-	-	79,734	127,734	207,468
Accounting and auditing fees	2,265	-	-	2,265	127,484	129,749
Travel	783,018	-	35,274	818,292	56,154	874,446
Meetings, conferences and convenings	446,611	-	22,931	469,542	20,476	490,018
Office administration	56,686	-	31,569	88,255	37,905	126,160
Lease expense	109,728	-	23,276	133,004	57,123	190,127
Telephone	56,789	-	11,172	67,961	20,801	88,762
Insurance	57,775	-	19,041	76,816	32,992	109,808
Technology support	36,212	-	11,767	47,979	20,387	68,366
Internet and network	244,003	-	38,455	282,458	59,162	341,620
Equipment leasing	10,299	-	3,394	13,693	5,881	19,574
Office supplies	6,130	-	1,402	7,532	17,558	25,090
Postage and delivery	6,605	-	558	7,163	912	8,075
Printing and copying	14,276	-	48	14,324	1,366	15,690
Depreciation	-	-	-	-	84,696	84,696
Training and developmental materials	25,879	-	4,694	30,573	12,734	43,307
Recruiting	805	-	-	805	210	1,015
Subscriptions	2,287	-	3,641	5,928	6,352	12,280
Dues and memberships	1,259	-	1,946	3,205	6,448	9,653
Other	1,364	-	353	1,717	22,980	24,697
Loan servicing fees	-	59,432	-	59,432	-	59,432
Trustee and administrative fees	-	77,731	-	77,731	-	77,731
Total expenses included in the statement of activities	<u>\$ 11,594,471</u>	<u>\$ 137,163</u>	<u>\$ 1,330,167</u>	<u>\$ 13,061,801</u>	<u>\$ 3,824,862</u>	<u>\$ 16,886,663</u>

KnowledgeWorks Foundation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			Total Program Services	General and Administrative	Total
	Operating Programs	Student Loan Programs	Other Programs			
Salaries and benefits	\$ 3,682,984	\$ -	\$ 1,060,135	\$ 4,743,119	\$ 1,927,854	\$ 6,670,973
Grants made to other entities	1,131,679	-	34,630	1,166,309	-	1,166,309
Professional fees	1,194,829	-	21,934	1,216,763	617,887	1,834,650
Legal expense	-	-	-	-	98,261	98,261
Communications	109,550	-	-	109,550	64,872	174,422
Accounting and auditing fees	3,236	-	-	3,236	128,521	131,757
Travel	246,903	-	15,655	262,558	19,659	282,217
Meetings, conferences and convenings	59,544	-	3,133	62,677	5,405	68,082
Office administration	71,973	-	20,718	92,691	37,673	130,364
Lease Expense	104,682	-	30,132	134,814	54,796	189,610
Telephone	43,133	-	11,691	54,824	19,656	74,480
Insurance	59,960	-	17,259	77,219	31,386	108,605
Technology support	33,084	-	9,466	42,550	17,612	60,162
Internet and network	226,235	-	28,393	254,628	48,307	302,935
Equipment leasing	10,480	-	3,017	13,497	5,486	18,983
Office supplies	10,473	-	2,226	12,699	18,205	30,904
Postage and delivery	9,939	-	-	9,939	1,215	11,154
Printing and copying	11,004	-	-	11,004	299	11,303
Depreciation	-	-	-	-	79,831	79,831
Training and developmental materials	5,452	-	3,303	8,755	27,152	35,907
Recruiting	3,037	-	-	3,037	5,869	8,906
Subscriptions	2,179	-	5,341	7,520	6,449	13,969
Dues and memberships	714	-	2,092	2,806	7,087	9,893
Other	1,698	-	-	1,698	8,717	10,415
Loan servicing fees	-	79,346	-	79,346	-	79,346
Trustee and administrative fees	-	90,789	-	90,789	-	90,789
Total expenses included in the statement of activities	<u>\$ 7,022,768</u>	<u>\$ 170,135</u>	<u>\$ 1,269,125</u>	<u>\$ 8,462,028</u>	<u>\$ 3,232,199</u>	<u>\$ 11,694,227</u>

KnowledgeWorks Foundation

Consolidated Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ (2,729,558)	\$ (17,731,264)
Items not requiring (providing) cash		
Depreciation and amortization	402,365	252,963
Loss on disposal of property and equipment	665	4,082
Unrealized and realized (gains) losses on investment securities, net	(5,915,920)	14,446,210
Unrealized loss (gain) on liability for student loan program residual	155,047	(586,561)
Noncash operating lease expense	119,705	95,192
Provision for student loan loss	17,870	20,753
Loss on sale of student loans receivable	686,463	-
Changes in assets and liabilities		
Accounts receivable	15,167	61,361
Grants receivable	987,559	1,492,225
Interest receivable	875,594	(40,403)
Other assets	(83,233)	(46,145)
Interest payable	(27,985)	11,773
Deferred revenue	2,272,216	945,106
Accounts payable and accrued expenses	(457,432)	(1,019,836)
Operating lease liabilities	(95,002)	(65,679)
Student loan program residual	(7,873,120)	-
Net cash used in operating activities	(11,649,599)	(2,160,223)
Cash Flows From Investing Activities		
Receipt of principal repayments on the student loans	4,282,355	3,871,496
Proceeds from sale of student loans	12,317,214	-
Purchases of property and equipment	(37,969)	(54,100)
Purchases of investments	(34,797,743)	(27,535,766)
Proceeds from maturities and sales of investments	40,036,298	31,264,867
Net cash provided by investing activities	21,800,155	7,546,497
Cash Flows From Financing Activity - principal repayments on bonds payable		
	(11,006,374)	(3,373,083)
(Decrease) Increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents		
	(855,818)	2,013,191
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning of Year		
	7,955,040	5,941,849
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Year		
	\$ 7,099,222	\$ 7,955,040
Supplemental Disclosures of Cash Flows Information		
Interest paid	\$ 324,167	\$ 181,139

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Operations and Basis of Presentation

Nature of Operations

KnowledgeWorks Foundation (the “Foundation”) engages in the development and implementation of innovative tools, training and assistance to school leaders, teachers and community stakeholders to ensure that all students are prepared for college, career and civic life (Program Operations). Historically, the Foundation has also engaged in certain student loan activities. During 2013, the Foundation began an initiative to wind down its student loan operations. As of June 30, 2022, the only remaining student loan activities related to the KW2010 Program, and during 2023, the Foundation sold the remaining loans, officially ending the program. See Notes 4 and 7 for further discussion.

Basis of Presentation

The consolidated financial statements include the accounts of the Foundation and all entities that are controlled by the Foundation and in which the Foundation has an economic interest. These entities include (1) the Foundation, which conducts the Program Operation activities; (2) KWI, which manages the Foundation’s investment portfolio; and (3) KWSL, LLC, which has historically engaged in student loan activities. All intercompany transactions and balances have been eliminated in consolidation.

Program and supporting expenses are classified in four categories in the consolidated statements of activities and the consolidated statements of functional expenses, including operating programs, student loan programs, other programs and general and administrative. Operating programs include work with school districts, educators, policymakers and communities to explore the future of learning, to create policies that promote systems transformation and to deliver innovative personalized learning opportunities for students through competency-based education. Other programs include strategy, thought leadership and grant-making activities.

Note 2: Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

KnowledgeWorks Foundation

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in checking and money market accounts held at financial institutions. At June 30, 2023, the Foundation's cash accounts exceeded federally insured limits by approximately \$3,165,000, however, the Foundation has not experienced any losses in such accounts.

Investments and Investment Return

Investments primarily consisting of equity securities and mutual funds are carried at current fair values based upon quoted market prices. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities in the period in which the securities are sold. Unrealized gains and losses resulting from changes in fair values are recognized in the consolidated statements of activities. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. Income from investments is reported net of related expenses of approximately \$251,000 and \$268,000 for the years ended June 30, 2023 and 2022, respectively. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent demand deposits and money market funds bearing interest at a variable rate. Such amounts are primarily restricted to paying debt obligations and student loan program expenses.

Accounts Receivable

Accounts receivable consists of fee for contract service revenues receivable. Accounts receivable are stated at the amount of consideration from customers of which the Foundation has an unconditional right to receive. Management believes all receivables are collectible. Management bases this assessment on specific analysis of outstanding balances at year-end, historical collection information and existing economic conditions.

Student Loans Receivable

Student loans are reported in the consolidated statements of financial position at their unpaid principal balances plus unamortized loan acquisition premiums and discounts. Costs related to loan acquisition premiums and discounts are deferred and recognized over the life of the loan as an adjustment to yield using the effective yield method.

Student loan income is recognized on the accrual basis, including adjustments for the amortization of costs of loan origination and purchases.

KnowledgeWorks Foundation

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Property and Equipment

Property and equipment acquisitions over \$1,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset, which range from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Deferred Revenue

Deferred revenue consists of consideration received for contract services that have not yet been earned. The majority of contracts have terms ranging from one to four years beyond the planning and start-up period, and revenue is recognized as performance obligations are satisfied.

Student Loan Program Residual

The student loan program residual is recorded at fair value in the accompanying consolidated statements of financial position (see Note 7). Unrealized changes in the fair value of the student loan program residual liability are recorded as unrealized gains or losses in the accompanying consolidated statements of activities for the years ended June 30, 2023 and 2022.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grant restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions are subject to donor (or certain grantor) restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When donor restrictions are met or the restrictions expire, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. Restrictions generally permit the use of some or all of the income earned on the invested assets for specific purposes.

KnowledgeWorks Foundation

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Revenue Recognition

The Foundation recognizes revenue from unconditional grants when such grants are awarded by the donor. Conditional grants depend on the Foundation overcoming a grantor-imposed barrier to be entitled to the funds and are recognized as the Foundation meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. As of June 30, 2023 and 2022, the Foundation had received conditional promises to give of approximately \$2,894,000 and \$4,072,000, respectively, that were not yet recognized in the consolidated financial statements.

Contract service revenue is recognized as the Foundation satisfies its performance obligations under the contract. Revenue is reported at the amount that reflects the consideration to which the Foundation expects to be entitled to in exchange for providing services.

Grant-Making Activities

Conditional promises to give are recorded as contributions made in the period they become unconditional. As of June 30, 2023, the Foundation had made future conditional promises to give of approximately \$526,000 to ten nonprofit organizations over the next fiscal year.

Functional Allocation of Expenses

Costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among benefited programs and supporting services based on time and effort of Foundation personnel.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Note 3: Liquidity and Availability of Resources

Financial assets available for general expenditures without donor or other restrictions limiting their use within one year of June 30 are comprised of the following:

	2023	2022
Financial assets available to meet general expenditures over the next twelve months		
Cash and cash equivalents	\$ 5,010,231	\$ 5,909,835
Accounts receivable	225,498	240,665
Grants receivable	920,253	1,657,812
Investments, not restricted by donors, available to meet general expenditures over the next twelve months as approved by the Board of Directors	8,679,000	7,950,000
Total financial assets available to meet general expenditures over the next twelve months	\$ 14,834,982	\$ 15,758,312

The Foundation actively monitors its liquidity and structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. General expenditures include operating expenses and other internally funded costs. The Foundation's Board of Directors formally approves amounts to be made available for spending in the next twelve months from net assets without donor restrictions.

Additionally, certain financial assets held at June 30, 2022, including student loans receivable, restricted cash and cash equivalents and interest receivable associated with student loans, were held in trust for the benefit of bondholders (see Note 7). Therefore, these amounts were excluded from the financial assets available to meet general expenditures over the next twelve months.

The Foundation's goal is generally to maintain financial assets without donor or other restrictions to meet 90 days of operating expenses (approximately \$4.5 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit in the amount of \$10,000,000, which it could draw upon (see Note 6).

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Note 4: Student Loans Receivable

Student loans receivable consisted primarily of loans made under the Federal Family Education Loan Program (FFELP) of the Higher Education Act and were carried at their unpaid principal balance, plus unamortized loan acquisition premiums and discounts. During the year ended June 30, 2023, the Foundation sold the remaining student loans. At June 30, 2022, the Foundation owned, held, and administered subsidized Federal Stafford loans, unsubsidized Federal Stafford loans, Federal PLUS loans, and Federal Consolidation Loans.

Whenever the statutory interest rates paid by borrowers on FFELP loans provide less than the prescribed rates of return, as defined by the Higher Education Act, the U.S. Department of Education pays a special allowance payment (SAP), which increases the lender's loan yield by markups over a base rate ranging from 1.74% to 3.50% per annum on loans first disbursed prior to October 1, 2008, and 1.19% to 2.24% on loans disbursed on or after October 1, 2008. Prior to April 1, 2012, the base rate was tied to the bond equivalent rates of the average three-month Financial Commercial Paper rates in effect for each of the days in a quarter. Effective on April 1, 2012, the Foundation made an irrevocable election under an amendment to the Higher Education Act to have the calculation of SAP to be based on the one-month LIBOR rate. For the quarter ended June 30, 2022, the one-month LIBOR rate in effect was 2.09%. In addition, the U.S. Department of Education generally pays the stated interest rate on subsidized Federal Stafford Loans while the borrower is in school, grace, or deferment. For loans first disbursed on or after April 1, 2006, whenever the statutory rate paid by borrowers on FFELP loans provide more than the prescribed rate of return, as defined by the Higher Education Act, the lender must repay to the U.S. Department of Education an amount sufficient to reduce the lender's yield to the prescribed rate of return. Net SAP income (expense) was approximately \$91,000 and \$(430,000) during the years ended June 30, 2023 and 2022, respectively, and is included in the consolidated statements of activities as a component of interest and fees on student loans receivable. Accrued SAP was approximately \$79,000 as of June 30, 2022, and is included in the consolidated statements of financial position as a component of accounts payable and accrued expenses. No amounts were accrued as of June 30, 2023.

Under the Federal Consolidation Loan Program, eligible borrowers are permitted to consolidate many types of eligible federally guaranteed student loans into a single loan that is federally insured. The lender of Federal Consolidation Loans is required to pay the U.S. Department of Education a monthly fee generally equal to 0.0875% (1.05% per annum) of the monthly ending balance of the sum of the principal and accrued interest of Federal Consolidation Loans held. This fee was approximately \$122,000 and \$190,000 during 2023 and 2022, respectively, and is included in the consolidated statements of activities as a reduction of interest and fees on student loans receivable.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

A summary of the student loan receivable portfolio by program as of June 30, 2023 and 2022, is as follows (amounts in thousands):

	2023	2022
Stafford	\$ -	\$ 913
PLUS	-	198
Consolidation	-	15,446
GradPLUS	-	60
Net unamortized loan premium	-	747
Total student loans receivable	\$ -	\$ 17,364

The following table provides information regarding the loan status and aging of the student loan receivable portfolio as well as the amount of unguaranteed loans as of June 30, 2022 (amounts in thousands):

	2022	%	Unguaranteed Amount
Loans in-school/grace/deferment	\$ 876	5%	\$ 23
Loans in forbearance	921	6%	25
Loans in repayment and percentage of each status			
Loans current	12,951	78%	345
Loans delinquent 31-60 days	588	3%	16
Loans delinquent 61-90 days	95	1%	3
Loans delinquent greater than 90 days	1,186	7%	32
Total loans in repayment	14,820	89%	396
Total loans	16,617	100%	\$ 444
Unamortized loan premium	747		
Student loans receivable	\$ 17,364		
Percentage of loans in repayment		89%	
Delinquencies as a percentage of loans in repayment		13%	
Loans in forbearance as a percentage of loans in repayment and forbearance		6%	

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Under FFELP, the principal and accrued interest on student loans are guaranteed against default by the borrower. Loans originated prior to October 1, 1993 are 100% guaranteed. Loans originated between October 1, 1993 and June 30, 2006 are 98% guaranteed. Loans made subsequent to June 30, 2006 are 97% guaranteed. As of June 30, 2022, 67% of the FFELP loans were 97% guaranteed and 33% were 98% guaranteed. FFELP loans are 100% guaranteed against the death, disability, or bankruptcy of the borrower regardless of the date of origination of the loan, provided that the Foundation has not already started the claims process in which case the guarantee rates revert to those described above. The loans are guaranteed by certain guarantee agencies, which have reinsurance contracts with the U.S. Department of Education. At June 30, 2022, the majority of FFELP student loans were guaranteed by Great Lakes Higher Education Guaranty Corporation and American Student Assistance.

As of June 30, 2022, the Foundation had direct servicing agreements with one loan servicing agent, Nelnet Servicing, LLC (“Nelnet”). The Foundation and its servicing agent must comply with certain provisions of the Higher Education Act of 1965 and its regulations and the various guarantee agency regulations to ensure that the guarantees on the student loans remain in effect. Management believed that the Foundation and its servicing agent were in compliance with the applicable regulations at June 30, 2022.

Based upon the performance and aging of the student loan portfolio, the ability of the loan servicing agents and guarantee agencies to meet their contractual obligations, the terms of the servicing guarantee, and reinsurance agreements of such loans and other pertinent factors, management continually evaluated the need for reserves for uncollectible loans and, as adjustments became necessary, they were recorded in the periods in which they became known.

Management believed its probable losses with respect to these guaranteed loans would not be material to the consolidated financial statements, therefore, no allowance was deemed necessary at June 30, 2022.

Note 5: Property and Equipment

Property and equipment as of June 30, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 234,798	\$ 234,798
Computer hardware and software	143,128	133,070
Equipment	232,519	225,102
Leasehold improvements	4,770	4,770
Total property and equipment	<u>615,215</u>	<u>597,740</u>
Less accumulated depreciation and amortization	<u>(431,275)</u>	<u>(366,408)</u>
Property and equipment, net	<u>\$ 183,940</u>	<u>\$ 231,332</u>

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Note 6: Line of Credit

During the year ended June 30, 2023, the Foundation entered into a \$10,000,000 margin line of credit with a bank that is terminable by either party at any time, subject to the terms of the note. No amounts were borrowed against this line at June 30, 2023. The line is collateralized by the Foundation’s investments held by the bank. Interest is payable monthly and varies with the Secured Overnight Financing Rate (SOFR) plus 1.2%.

Note 7: Bonds Payable

Debt obligations as of June 30, 2023 and 2022 are summarized as follows (in thousands):

	2023	2022
LIBOR floating rate taxable bonds originally maturing in fiscal	\$ -	\$ 10,854
Less deferred financing costs, net of accumulated amortization of \$698 at June 30, 2022	-	(105)
	\$ -	\$ 10,749

All bonds summarized in the table above were issued pursuant to master indentures of trust (the “Indentures”). The Indentures require that a trustee receives the cash flows from the related student loan portfolios and holds those cash flows in trust for the benefit of the bondholders. In addition to these cash flows, the assets pledged to the trustee as collateral for the repayment of the bonds consisted of restricted cash and investments. All such assets are included in the accompanying consolidated financial statements as of June 30, 2022. As outlined in the Indentures, the bonds were collateralized by the student loans, the interest income thereon, and restricted cash and cash equivalents. The bondholders have no recourse to any assets of the Foundation that are outside of the Indentures.

On September 16, 2010, the Foundation issued \$83,622,000 of student loan backed bonds maturing February 25, 2042 in a program known as the KW2010 Program. These bonds (the LIBOR floating rate taxable bonds) bore interest at a variable rate equal to the three-month LIBOR plus 0.95% per annum. Interest on the bonds was payable on the 25th of each February, May, August and November. The interest rate of the bonds was 3.56% at June 30, 2022.

On September 30, 2013, the Foundation sold its rights to cash flows from the trust, including rights to both the administration fee and to the residuals, to a third party for \$3 million. As a result of the transaction, the Foundation retained its roles as beneficial owner of the loans and as legal obligor of the related debt, but effectively had no rights or responsibilities with regard to the future cash flows from either the loans or the related debt. Under this agreement, the Foundation was required to surrender any residual net asset balance that arose from the operation of the KW2010 Program once the provisions of the related indenture had been satisfied. This agreement was recorded as a derivative liability and is included as the Student Loan Program Residual in the accompanying consolidated statement of financial position as of June 30, 2022 of approximately \$7.7 million.

KnowledgeWorks Foundation

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

To the extent that the principal balance on the student loan portfolio financed by the variable rate bonds was collected at a more rapid rate than debt service requirements, the Foundation's practice was to pay down the debt more rapidly. During fiscal year 2022, the Foundation made principal payments, net of interest capitalized on student loans, totaling approximately \$3.4 million.

In May 2023, the Foundation sold the remaining student loans, which totaled approximately \$12,317,000 at the time of sale, to the same third party that held the rights to cash flows from the trust. The purchase price of the loans was equal to 100% of the principal balance of the loans plus interest accrued thereon of approximately \$739,000. The proceeds from the sale were used to pay off the remainder of the bonds. As a result of this transaction, the student loan program residual decreased to \$0 as of June 30, 2023, and the Foundation effectively ended the KW2010 Program. The Foundation recorded a loss on sale of student loans receivable of approximately \$686,000, which consisted of the unamortized premium at the time of sale. The remaining net assets of KW2010 totaling \$7,873,120 were transferred to the Foundation during the year ended June 30, 2023.

The Foundation was subject to certain restrictive covenants under the Indentures. Among other requirements, the Foundation was required to do all things necessary to perfect its security interest and rights under the guarantee agreements with the guarantee agencies with respect to purchased student loans. As of June 30, 2022, management was not aware of any violations of these requirements. The debt obligations were collateralized by certain of the Foundation's assets, primarily comprised of student loans receivable of \$17.4 million and of restricted cash and cash equivalents of approximately \$1,287,000 at June 30, 2022.

Note 8: Employee Benefit Plans

The Foundation maintains a 401(k) plan (the "Plan"). The Plan is available to eligible employees, as defined. Employer contributions to the Plan include non-discretionary contributions of 3%, matching contributions of 50% of employee pre-tax deferrals up to a maximum of 4% and discretionary profit-sharing contributions as determined by the Board of Directors. The Foundation's profit-sharing and 401(k) expense for the years ended June 30, 2023 and 2022, approximated \$334,000 and \$250,000, respectively, and is included in the accompanying consolidated statements of functional expenses in salaries and benefits.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Note 9: Net Assets With Donor Restrictions

Periodically, the Foundation receives contributions and grants that contain donor-imposed restrictions on the use of the contributed funds. As of June 30, net assets with donor restrictions are restricted for the following programs (in thousands):

	<u>2023</u>	<u>2022</u>
KW in Schools	\$ 1,031	\$ 3,487
Policy & Strategic Foresight	1,723	590
Impact & Improvement	<u>823</u>	<u>1,990</u>
	<u>\$ 3,577</u>	<u>\$ 6,067</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows (in thousands):

	<u>2023</u>	<u>2022</u>
KW in Schools	\$ 2,456	\$ 701
Policy & Strategic Foresight	1,807	1,105
Impact & Improvement	<u>1,175</u>	<u>783</u>
	<u>\$ 5,438</u>	<u>\$ 2,589</u>

Note 10: Leases

Accounting Policies

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation used the readily determinable implicit rate for its building lease, which is 8%. Lease expense is generally recognized on a straight-line basis over the lease term.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Nature of Leases

The Foundation has an operating lease for office space that expires in 2031. This lease contains a renewal option for a five-year period and requires the Foundation to pay all executory costs (property taxes, maintenance and insurance). Lease payments have an escalating fee schedule, which range from a 2 to 3 percent increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Foundation has no material related-party leases. The Foundation's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

Total lease cost for the years ended June 30, 2023 and 2022 was \$190,127 and \$189,610, respectively. The remaining lease term at June 30, 2023 and 2022 is approximately 7.8 years and 8.8 years, respectively.

Future minimum lease payments and reconciliation to the consolidated statements of financial position at June 30, 2023, are as follows:

2024	\$ 186,000
2025	177,000
2026	181,000
2027	185,000
2028	187,000
Thereafter	<u>537,000</u>
Total future undiscounted lease payments	1,453,000
Less interest	<u>(375,421)</u>
Lease liabilities	<u><u>\$ 1,077,579</u></u>

Note 11: Revenue From Contracts With Customers

Contract Service Revenue

The Foundation receives fees for service provided to high schools, school districts and communities by providing technical assistance needed to implement new instructional approaches to learning and improve student achievement and opportunity. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. During the years ended June 30, 2023 and 2022, substantially all contract service revenue recognized by the Foundation was for contract services that transfer to the customer over time.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Contract Balances

The following table provides information about the Foundation’s receivables and deferred revenue from contracts with customers:

	2023	2022
Receivables, beginning of year	\$ 240,665	\$ 186,899
Receivables, end of year	223,583	240,665
Deferred revenue, beginning of year	\$ 1,351,149	\$ 406,043
Deferred revenue, end of year	3,623,365	1,351,149

Note 12: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

	Fair Value Measurements Using				
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV ^(A)
June 30, 2023					
Assets					
Investments					
U.S. Equities					
Large cap core stock fund	\$ 28,714,736	\$ 28,714,736	\$ -	\$ -	\$ -
Large cap growth stock fund	4,036,283	4,036,283	-	-	-
Mid cap core stock fund	1,921,878	1,921,878	-	-	-
Small cap value stock fund	1,045,919	1,045,919	-	-	-
International Equities					
Developed country funds	13,625,436	13,625,436	-	-	-
Emerging market fund	5,354,876	5,354,876	-	-	-
Global equity	873,883	873,883	-	-	-
Fixed income securities - strategic income fund	21,444,475	21,444,475	-	-	-
Real assets - commodities, real estate and real return fund	9,640,751	9,640,751	-	-	-
Hedge funds and private equity					
Diversified strategy	10,927,637	-	-	-	10,927,637
Distressed debt hedge fund	335,113	-	-	-	335,113
Private equity funds	11,550,620	-	-	-	11,550,620
Total investments	<u>\$ 109,471,607</u>	<u>\$ 86,658,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,813,370</u>
Liabilities					
Student loan program residual	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

	Fair Value Measurements Using				
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV ^(A)
June 30, 2022					
Assets					
Investments					
U.S. Equities					
Large cap core stock fund	\$ 18,275,529	\$ 18,275,529	\$ -	\$ -	\$ -
Large cap growth stock fund	4,807,992	4,807,992	-	-	-
Large cap value stock fund	4,210,219	4,210,219	-	-	-
Mid cap core stock fund	966,926	966,926	-	-	-
Small cap value stock fund	1,121,514	1,121,514	-	-	-
International Equities					
Developed country funds	18,267,603	18,267,603	-	-	-
Emerging market fund	8,715,303	8,715,303	-	-	-
Global equity	746,790	746,790	-	-	-
Fixed income securities - strategic income fund	16,506,145	16,506,145	-	-	-
Real assets - commodities, real estate and real return fund	10,638,193	10,638,193	-	-	-
Hedge funds and private equity					
Diversified strategy	15,288,349	-	-	-	15,288,349
Distressed debt hedge fund	398,965	-	-	-	398,965
Private equity funds	8,850,714	-	-	-	8,850,714
	<u>\$ 108,794,242</u>	<u>\$ 84,256,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,538,028</u>
Liabilities					
Student loan program residual	<u>\$ 7,718,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,718,073</u>	<u>\$ -</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2023.

Common Stocks and Mutual Funds—The Foundation’s investments in common stocks and mutual funds are commonly traded in active markets. The fair values of these investments are based on quoted market prices. These investments are classified as Level 1.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Private Investment Funds—The Foundation invests in a variety of private investment funds, including hedge funds and private equity funds. The value of the Foundation’s investments in private investment funds is based upon the per unit value of the fund as reported to the Foundation by the fund manager. Values are also compared to purchases and sales as reported by the fund managers. In accordance with FASB ASU 820, these investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. The fair value of alternative investments that have been estimated using the net asset value per share as a practical expedient consist of the following:

	June 30, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds (A)	\$ 11,262,750	\$ -	Quarterly	65-70 days
Private equity (B)	<u>11,550,620</u>	<u>10,952,423</u>	N/A	N/A
	<u><u>\$ 22,813,370</u></u>	<u><u>\$ 10,952,423</u></u>		

	June 30, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds (A)	\$ 15,687,314	\$ -	Quarterly	65-70 days
Private equity (B)	<u>8,850,714</u>	<u>7,973,608</u>	N/A	N/A
	<u><u>\$ 24,538,028</u></u>	<u><u>\$ 7,973,608</u></u>		

- (A) This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Management of the funds has the ability to shift investments among differing investment strategies.
- (B) This category includes investments in private equity funds that invest primarily in corporate finance investments, as well as venture capital investments. There are no redemption features.

Student Loan Program Residual—The fair value of the student loan program residual liability was based on a discounted present value computation. The computation reflected the contractual terms of the KW2010 Program student loans and the related debt and indenture. Significant inputs to this computation consisted primarily of the discount rate used to compute the net present value of the residual equity. This discount rate was not observable. The residual liability is classified as Level 3.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at June 30, 2022:

	Fair Value at June 30, 2022	Valuation Technique	Unobservable Inputs	Range
Student Loan Residual	\$ 7,718,073	Present value	Constant prepayment rate	9.00%
			Discount rate	1.95%

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Grant Revenue

Approximately 94 and 89 percent of all grant revenue was received from five and three donors in 2023 and 2022, respectively.

Contract Service Revenue

Approximately 72 and 64 percent of all contract service revenue was received from three customers in 2023 and 2022.

General Litigation

In the normal course of business, the Foundation may become involved in legal proceedings. The Foundation accrues a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued.

Litigation

The Foundation is a defendant in a lawsuit that asserts the Foundation received redemption payments made by the plaintiff under unjust enrichment, money had and received, mistaken payment, unfair preference under the British Virgin Islands (BVI) Insolvency Act, and undervalue transaction under the BVI Insolvency Act. The plaintiff has claimed actual damages of approximately \$2,248,000. As of June 30, 2023, the Foundation cannot reasonably predict the ultimate resolution or estimate the losses, if any, that will result from the litigation. Events could occur that would change this estimate materially in the near term.

KnowledgeWorks Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Economic Uncertainties

Economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Foundation. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 14: Subsequent Events

The Foundation has evaluated subsequent events through October 27, 2023, the date the consolidated financial statements were available to be issued, to determine if either recognition or disclosure of significant events or transactions is required.

Supplementary Information

KnowledgeWorks Foundation
Consolidating Statement of Financial Position Information
June 30, 2023

Assets

	Student Loan Program			Knowledge Works Foundation	Knowledge Works Consolidated
	KW2010	Eliminations	Total		
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 7,099,222	\$ 7,099,222
Accounts receivable	-	-	-	225,498	225,498
Interest receivable:					
Investments	-	-	-	94,070	94,070
Grants receivable	-	-	-	920,253	920,253
Investments, at fair value	-	-	-	109,471,607	109,471,607
Other assets	-	-	-	335,118	335,118
Right-of-use assets - operating leases	-	-	-	1,120,766	1,120,766
Property and equipment, net	-	-	-	183,940	183,940
	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,940</u>	<u>183,940</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,450,474</u>	<u>\$ 119,450,474</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,274,870	\$ 1,274,870
Operating lease liabilities	-	-	-	1,077,579	1,077,579
Deferred revenue	-	-	-	3,623,365	3,623,365
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,975,814</u>	<u>5,975,814</u>

Net Assets

Without donor restrictions	-	-	-	109,897,121	109,897,121
With donor restrictions	-	-	-	3,577,539	3,577,539
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,474,660</u>	<u>113,474,660</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,450,474</u>	<u>\$ 119,450,474</u>

KnowledgeWorks Foundation
Consolidating Statement of Financial Position Information
June 30, 2022

Assets

	Student Loan Program			Knowledge Works Foundation	Knowledge Works Consolidated
	KW2010	Eliminations	Total		
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 6,668,007	\$ 6,668,007
Accounts receivable	-	-	-	240,665	240,665
Interest receivable:					
Investments	-	-	-	91,173	91,173
Student loans	878,491	-	878,491	-	878,491
Grants receivable	-	-	-	1,907,812	1,907,812
Investments, at fair value	-	-	-	108,794,242	108,794,242
Restricted cash and cash equivalents	1,287,033	-	1,287,033	-	1,287,033
Student loans receivable, net	16,252,078	1,112,016	17,364,094	-	17,364,094
Other assets	-	-	-	251,885	251,885
Right-of-use assets - operating leases	-	-	-	1,240,471	1,240,471
Property and equipment, net	-	-	-	231,332	231,332
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 18,417,602</u>	<u>\$ 1,112,016</u>	<u>\$ 19,529,618</u>	<u>\$ 119,425,587</u>	<u>\$ 138,955,205</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 101,673	\$ -	\$ 101,673	\$ 1,630,629	\$ 1,732,302
Operating lease liabilities	-	-	-	1,172,581	1,172,581
Interest payable	27,985	-	27,985	-	27,985
Student loan program residual	-	-	-	7,718,073	7,718,073
Deferred revenue	-	-	-	1,351,149	1,351,149
Bonds payable, net	10,748,897	-	10,748,897	-	10,748,897
Total liabilities	<u>10,878,555</u>	<u>-</u>	<u>10,878,555</u>	<u>11,872,432</u>	<u>22,750,987</u>

Net Assets

Without donor restrictions	7,539,047	1,112,016	8,651,063	101,486,558	110,137,621
With donor restrictions	-	-	-	6,066,597	6,066,597
Total net assets	<u>7,539,047</u>	<u>1,112,016</u>	<u>8,651,063</u>	<u>107,553,155</u>	<u>116,204,218</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 18,417,602</u>	<u>\$ 1,112,016</u>	<u>\$ 19,529,618</u>	<u>\$ 119,425,587</u>	<u>\$ 138,955,205</u>

KnowledgeWorks Foundation

Consolidating Statement of Activities Information

Year Ended June 30, 2023

	Student Loan Program			KnowledgeWorks Foundation		Knowledge Works Consolidated
	Without Donor Restrictions			Without Donor	With Donor	
	KW2010	Eliminations	Total	Restrictions	Restrictions	
Revenues, Gains (Losses) and Other Support						
Income from investments, net	\$ 45,834	\$ -	\$ 45,834	\$ 2,585,525	\$ 27,539	\$ 2,658,898
Interest and fees on student loans receivable, net	845,084	(217,736)	627,348	-	-	627,348
Grant revenue	-	-	-	1,178,151	2,921,599	4,099,750
Contract service revenue	-	-	-	2,324,198	-	2,324,198
Unrealized and realized gain on investment securities, net	-	-	-	5,915,920	-	5,915,920
Loss on sale of student loans receivable	207,817	(894,280)	(686,463)	-	-	(686,463)
Net assets released from restrictions	-	-	-	5,438,196	(5,438,196)	-
Total revenues, gains (losses) and other support	<u>1,098,735</u>	<u>(1,112,016)</u>	<u>(13,281)</u>	<u>17,441,990</u>	<u>(2,489,058)</u>	<u>14,939,651</u>
Cost of Debt						
Interest expense	352,152	-	352,152	-	-	352,152
Amortization	257,477	-	257,477	-	-	257,477
Total cost of debt	<u>609,629</u>	<u>-</u>	<u>609,629</u>	<u>-</u>	<u>-</u>	<u>609,629</u>
Net Revenue, Gains (Losses) and Other Support After Cost of Debt	<u>489,106</u>	<u>(1,112,016)</u>	<u>(622,910)</u>	<u>17,441,990</u>	<u>(2,489,058)</u>	<u>14,330,022</u>
Provision for Student Loan Loss	<u>(17,870)</u>	<u>-</u>	<u>(17,870)</u>	<u>-</u>	<u>-</u>	<u>(17,870)</u>
Unrealized Loss on Liability for Student Loan Program Residual	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,047)</u>	<u>-</u>	<u>(155,047)</u>
Program and Supporting Expenses						
Operating programs	-	-	-	11,594,471	-	11,594,471
Student lending programs	137,163	-	137,163	-	-	137,163
Other programs	-	-	-	1,330,167	-	1,330,167
Total program expenses	<u>137,163</u>	<u>-</u>	<u>137,163</u>	<u>12,924,638</u>	<u>-</u>	<u>13,061,801</u>
General and administrative	-	-	-	3,824,862	-	3,824,862
Total program and supporting expenses	<u>137,163</u>	<u>-</u>	<u>137,163</u>	<u>16,749,500</u>	<u>-</u>	<u>16,886,663</u>
Transfer of Net Assets	<u>(7,873,120)</u>	<u>-</u>	<u>(7,873,120)</u>	<u>7,873,120</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(7,539,047)</u>	<u>(1,112,016)</u>	<u>(8,651,063)</u>	<u>8,410,563</u>	<u>(2,489,058)</u>	<u>(2,729,558)</u>
Net Assets, Beginning of Year	<u>7,539,047</u>	<u>1,112,016</u>	<u>8,651,063</u>	<u>101,486,558</u>	<u>6,066,597</u>	<u>116,204,218</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,897,121</u>	<u>\$ 3,577,539</u>	<u>\$ 113,474,660</u>

KnowledgeWorks Foundation

Consolidating Statement of Activities Information

Year Ended June 30, 2022

	Student Loan Program			KnowledgeWorks Foundation		Knowledge Works Consolidated
	Without Donor Restrictions			Without Donor	With Donor	
	KW2010	Eliminations	Total	Restrictions	Restrictions	
Revenues, Gains (Losses) and Other Support						
Income from investments, net	\$ 947	\$ -	\$ 947	\$ 3,929,412	\$ 5,665	\$ 3,936,024
Interest and fees on student loans receivable, net	659,516	(339,599)	319,917	-	-	319,917
Other revenue	-	-	-	847,561	-	847,561
Grant revenue	-	-	-	116,430	1,044,224	1,160,654
Contract service revenue	-	-	-	1,827,483	-	1,827,483
Unrealized and realized gains on investment securities, net	-	-	-	(14,446,210)	-	(14,446,210)
Net assets released from restrictions	-	-	-	2,588,574	(2,588,574)	-
Total revenues, gains (losses) and other support	<u>660,463</u>	<u>(339,599)</u>	<u>320,864</u>	<u>(5,136,750)</u>	<u>(1,538,685)</u>	<u>(6,354,571)</u>
Cost of Debt						
Interest expense	169,366	-	169,366	-	-	169,366
Amortization	78,908	-	78,908	-	-	78,908
Total cost of debt	<u>248,274</u>	<u>-</u>	<u>248,274</u>	<u>-</u>	<u>-</u>	<u>248,274</u>
Net Revenue, Gains (Losses) and Other Support After Cost of Debt						
	<u>412,189</u>	<u>(339,599)</u>	<u>72,590</u>	<u>(5,136,750)</u>	<u>(1,538,685)</u>	<u>(6,602,845)</u>
Provision for Student Loan Loss						
	<u>(20,753)</u>	<u>-</u>	<u>(20,753)</u>	<u>-</u>	<u>-</u>	<u>(20,753)</u>
Unrealized Gain on Liability for Student Loan Program Residual						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>586,561</u>	<u>-</u>	<u>586,561</u>
Program and Supporting Expenses						
Operating programs	-	-	-	7,022,768	-	7,022,768
Student lending programs	170,135	-	170,135	-	-	170,135
Other programs	-	-	-	1,269,125	-	1,269,125
Total program expenses	<u>170,135</u>	<u>-</u>	<u>170,135</u>	<u>8,291,893</u>	<u>-</u>	<u>8,462,028</u>
General and administrative	-	-	-	3,232,199	-	3,232,199
Total program and supporting expenses	<u>170,135</u>	<u>-</u>	<u>170,135</u>	<u>11,524,092</u>	<u>-</u>	<u>11,694,227</u>
Change in Net Assets	<u>221,301</u>	<u>(339,599)</u>	<u>(118,298)</u>	<u>(16,074,281)</u>	<u>(1,538,685)</u>	<u>(17,731,264)</u>
Net Assets, Beginning of Year	<u>7,317,746</u>	<u>1,451,615</u>	<u>8,769,361</u>	<u>117,560,839</u>	<u>7,605,282</u>	<u>133,935,482</u>
Net Assets, End of Year	<u>\$ 7,539,047</u>	<u>\$ 1,112,016</u>	<u>\$ 8,651,063</u>	<u>\$ 101,486,558</u>	<u>\$ 6,066,597</u>	<u>\$ 116,204,218</u>

KnowledgeWorks Foundation

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
COVID-19: American Rescue Plan - Elementary and Secondary School Relief (ARP-ESSER)				
<i>Pass Through from the Ohio Department of Education</i>				
Ohio Personalized Learning Network	84.425U	EDUFAR21	\$ -	\$ 1,178,345
Competitive Grants for State Assessments Program				
<i>Pass Through from the Kentucky Department of Education</i>				
Enhanced Assessment Instruments Grant Program	84.368A	5980001-22	-	5,653
Total Department of Education Federal Expenditures			<u>\$ -</u>	<u>\$ 1,183,998</u>

KnowledgeWorks Foundation
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Foundation under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Foundation has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
KnowledgeWorks Foundation
Cincinnati, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of KnowledgeWorks Foundation and its subsidiaries (the "Foundation"), which comprise the Foundation's consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Cincinnati, Ohio
October 27, 2023

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
KnowledgeWorks Foundation
Cincinnati, Ohio

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited KnowledgeWorks Foundation and its subsidiaries' (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2023. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the KnowledgeWorks Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

Cincinnati, Ohio
October 27, 2023

KnowledgeWorks Foundation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:
 Significant deficiency(ies) identified? Yes None reported
 Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal awards programs:
 Significant deficiency(ies) identified? Yes None reported
 Material weakness(es) identified? Yes No

5. Type of auditor’s report issued on compliance for major federal program(s):
 Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425U	American Rescue Plan – Elementary and Secondary School Relief (ARP-ESSER)

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? Yes No

KnowledgeWorks Foundation
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

KnowledgeWorks Foundation
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Reference Number	Summary of Finding	Status
	No matters are reportable.	