KnowledgeWorks Foundation

Consolidated Financial Statements and Supplemental Schedules as of and for the Years Ended June 30, 2015 and 2014, and Independent Auditors’ Report

KNOWLEDGEWORKS FOUNDATION

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
KnowledgeWorks Foundation:

We have audited the accompanying consolidated financial statements of KnowledgeWorks Foundation and its subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, 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.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KnowledgeWorks Foundation and its subsidiaries as of June 30, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Schedules
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Foundation's management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules 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 auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte + Touche LLP

October 23, 2015

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
CASH AND CASH EQUIVALENTS	$ 9,253,150	$ 10,700,770
ACCOUNTS RECEIVABLE — Net	751,336	1,422,721
INTEREST RECEIVABLE:		
Investments	12,289	44,718
Student loans	1,274,042	1,122,139
GRANTS RECEIVABLE	3,005,662	2,211,075
INVESTMENTS — At fair value	128,150,694	142,280,908
RESTRICTED CASH AND CASH EQUIVALENTS	1,631,804	2,002,375
STUDENT LOANS RECEIVABLE	51,496,437	58,407,123
DEFERRED FINANCING COSTS - Net	432,193	500,462
OTHER	270,299	854,379
PROPERTY AND EQUIPMENT — Net	896,261	1,330,381
TOTAL	$ 197,174,167	$ 220,877,051
LIABILITIES AND NET ASSETS		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 4,107,320	$ 6,135,289
INTEREST PAYABLE	55,603	59,810
STUDENT LOAN PROGRAM RESIDUAL	3,498,576	3,204,328
DEFERRED REVENUE	373,449	1,635,033
BONDS PAYABLE	44,508,356	51,448,502
COMMITMENTS AND CONTINGENCIES (Note 9)		
Total liabilities	52,543,304	62,482,962
UNRESTRICTED NET ASSETS	138,989,593	153,938,189
TEMPORARILY RESTRICTED NET ASSETS	5,641,270	4,455,900
Total net assets	144,630,863	158,394,089
TOTAL	$ 197,174,167	$ 220,877,051

See notes to consolidated financial statements.

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES:						
Income from investments — net	$ 1,364,001	$	$ 1,364,001	$ 1,152,303	$	$ 1,152,303
Interest and fees on student loans receivable — net	931,032		931,032	1,176,919		1,176,919
Other revenue	224,311		224,311	239,321		239,321
Grant revenue	227,970	5,489,339	5,717,309	244,688	4,679,637	4,924,325
Contract service revenue	2,346,170		2,346,170	3,091,803		3,091,803
Unrealized and realized gains (losses) on investment securities — net	(4,349,135)		(4,349,135)	19,059,314		19,059,314
Net assets released from restriction	3,906,326	(3,906,326)		3,251,792	(3,251,792)	
Total revenues	4,650,675	1,583,013	6,233,688	28,216,140	1,427,845	29,643,985
COST OF DEBT:						
Interest expense	590,958		590,958	687,135		687,135
Amortization	257,190		257,190	78,764		78,764
Total cost of debt	848,148		848,148	765,899		765,899
Net revenue after cost of debt	3,802,527	1,583,013	5,385,540	27,450,241	1,427,845	28,878,086
(Provision) benefit for student loan loss	(38,858)		(38,858)	(49,628)		(49,628)
Unrealized loss on liability for student loan program residual	(294,248)		(294,248)	(204,328)		(204,328)
PROGRAM AND SUPPORTING EXPENSES:						
Operating programs	8,228,696		8,228,696	8,057,175		8,057,175
Student loan programs	388,376		388,376	1,136,813		1,136,813
Other programs	2,447,104		2,447,104	1,857,096		1,857,096
General and administrative	5,394,093		5,394,093	5,419,413		5,419,413
Total program and supporting expenses	16,458,269		16,458,269	16,470,497		16,470,497
INCREASE (DECREASE) IN NET ASSETS - from Continuing Operations	(12,988,848)	1,583,013	(11,405,835)	10,725,788	1,427,845	12,153,633
DISCONTINUED OPERATIONS						
Increase (decrease) in net assets from NTN operations	(1,430,123)	(191,565)	(1,621,688)	(1,482,785)	(1,044,760)	(2,527,545)
Decrease in net assets from NTN divestiture	(529,625)	(206,078)	(735,703)			
Decrease in net assets from KFO loan program operations				(263,576)		(263,576)
Decrease in net assets from National loan program operations				(206,723)		(206,723)
Net gain on disposal of National loan program				1,203,121		1,203,121
INCREASE (DECREASE) IN NET ASSETS - from Discontinued Operations	(1,959,748)	(397,643)	(2,357,391)	(749,963)	(1,044,760)	(1,794,723)
INCREASE (DECREASE) IN NET ASSETS	(14,948,596)	1,185,370	(13,763,226)	9,975,825	383,085	10,358,910
NET ASSETS — Beginning of year	153,938,189	4,455,900	158,394,089	143,962,364	4,072,815	148,035,179
NET ASSETS — End of year	$ 138,989,593	$ 5,641,270	$ 144,630,863	$ 153,938,189	$ 4,455,900	$ 158,394,089

See notes to consolidated financial statements.

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Operating Programs	Student Loan Programs	Other Programs	Total Program Expenses	General and Administrative	Total Program and Supporting Expenses
Salaries and benefits	$ 4,047,382	$	$ 1,088,258	$ 5,135,640	$ 3,424,720	$ 8,560,360
Grants made to other entities	633,661	129,145	295,730	1,058,536		1,058,536
Professional fees	1,678,493		744,337	2,422,830	254,299	2,677,129
Legal expense	34,305	3,836		38,141	119,210	157,351
Communications	63,176		323	63,499	36,922	100,421
Accounting/auditing fees	1,157	29,504		30,661	190,875	221,536
Travel	918,447		205,851	1,124,298	152,298	1,276,596
Meetings, conferences and convenings	491,277		66,470	557,747	32,581	590,328
Office administration	100,800			100,800	288,232	389,032
Telephone	51,776		8,290	60,066	31,099	91,165
Insurance					124,231	124,231
Technology support	100			100	124,280	124,380
Internet and network	64,226		563	64,789	217,442	282,231
Equipment leasing	8,400			8,400	38,604	47,004
Office supplies	20,429		5,156	25,585	44,606	70,191
Postage and delivery	12,490		3,889	16,379	2,347	18,726
Printing and copying	10,723		2,481	13,204	728	13,932
Depreciation	13,490			13,490	202,070	215,560
Training and development materials	63,171		3,849	67,020	15,456	82,476
Recruiting	3,880			3,880	2,319	6,199
Subscriptions	2,592		1,361	3,953	36,788	40,741
Dues and memberships	4,746		20,432	25,178	22,609	47,787
Other	3,975		114	4,089	32,377	36,466
Loan servicing fees		114,891		114,891		114,891
Trustee and admin fees		111,000		111,000		111,000
Total program and supporting expenses	$ 8,228,696	$ 388,376	$ 2,447,104	$ 11,064,176	$ 5,394,093	$ 16,458,269

See notes to consolidated financial statements.

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Operating Programs	Student Loan Programs	Other Programs	Total Program Expenses	General and Administrative	Total Program and Supporting Expenses
Salaries and benefits	$ 4,052,712	$	$ 691,032	$ 4,743,744	$ 3,223,328	$ 7,967,072
Grants made to other entities	485,100	31,500	330,342	846,942		846,942
Professional fees	1,750,360	720,350	622,690	3,093,400	409,470	3,502,870
Legal expense	74,319	98,048	313	172,680	166,004	338,684
Communications	52,184		2,621	54,805	48,139	102,944
Accounting/auditing fees	983	18,578		19,561	149,743	169,304
Travel	887,386		119,333	1,006,719	145,878	1,152,597
Meetings, conferences and convening	442,400		53,229	495,629	66,794	562,423
Office administration	101,542		300	101,842	291,612	393,454
Telephone	37,258		7,600	44,858	30,117	74,975
Insurance					115,281	115,281
Technology support	50		90	140	130,879	131,019
Internet and network	69,152		274	69,426	227,063	296,489
Equipment leasing	8,400			8,400	23,991	32,391
Office supplies	13,512		1,830	15,342	42,054	57,396
Postage and delivery	4,750		9,616	14,366	5,409	19,775
Printing and copying	13,346		1,207	14,553	395	14,948
Depreciation	12,537			12,537	219,456	231,993
Training and development materials	29,645			29,645	52,397	82,042
Recruiting	1,615			1,615	4,006	5,621
Subscriptions	3,986		680	4,666	42,246	46,912
Dues and memberships	7,354		13,437	20,791	20,096	40,887
Other	8,584		2,502	11,086	5,055	16,141
Loan servicing fees		124,623		124,623		124,623
Trustee and admin fees		143,714		143,714		143,714
Total program and supporting expenses	$ 8,057,175	$ 1,136,813	$ 1,857,096	$ 11,051,084	$ 5,419,413	$ 16,470,497

See notes to consolidated financial statements.

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (13,763,226)	$ 10,358,910
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Depreciation and amortization	740,459	614,514
Unrealized and realized (gains) losses on investment securities — net	4,349,135	(19,059,314)
Provision for student loan loss	38,858	49,628
Unrealized loss on liability for student loan program residual	294,248	204,328
Change in operating assets and liabilities:		
Accounts receivable	(220,903)	599,922
Grants receivable	(1,240,471)	(364,253)
Interest receivable	(119,474)	68,688
Other assets	103,615	35,482
Interest payable	(4,207)	(7,952)
Deferred revenue	(19,356)	309,817
Accounts payable and accrued expenses	(1,252,295)	(868,176)
Net cash flows used in continuing operating activities	(11,093,617)	(8,058,406)
Net cash flows used in discontinued operating activities	(168,444)	(845,829)
Cash flows used in operating activities	(11,262,061)	(8,904,235)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal repayments on student loans	6,604,119	7,165,866
Purchases of fixed assets	(78,816)	(127,754)
Purchases of investments	(29,252,011)	(39,855,411)
Proceeds from maturities and sales of investments	39,033,090	39,107,931
Investments in restricted cash and cash equivalents	(9,250,958)	(10,053,236)
Withdrawals of restricted cash and cash equivalents	9,621,529	9,708,487
Net cash flows provided by continuing investing activities	16,676,953	5,945,883
Net cash flows provided by discontinued investing activities	266,555	70,790,319
Net cash flows provided by investing activities	16,943,508	76,736,202
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of KW2010 loan program residual		3,000,000
Principal repayments on bonds payable	(7,129,067)	(7,231,976)
Net cash flows used in continuing financing activities	(7,129,067)	(4,231,976)
Net cash flows used by discontinued financing activities		(68,112,670)
Net cash flows used in financing activities	(7,129,067)	(72,344,646)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,447,620)	(4,512,679)
CASH AND CASH EQUIVALENTS — Beginning of year	10,700,770	15,213,449
CASH AND CASH EQUIVALENTS — End of year	$ 9,253,150	$ 10,700,770
SUPPLEMENTAL DISCLOSURE — Interest paid		
Continuing Operations	$ 595,165	$ 695,087
Discontinued Operations	$	$ 466,576

See notes to consolidated financial statements.

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, 2015, the only remaining student loan activities relate to the KW2010 Program. See Note 3 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; EDWorks, LLC; and StriveTogether, LLC, which conduct the Foundation's Program Operation activities; (2) KWI, which manages the Foundation's investment portfolio; and (3) KWSL, LLC; and KnowledgeFunding Ohio, Inc. (KFO), which have historically engaged in student loan activities. All intercompany transactions and balances have been eliminated.

Effective September 30, 2014, the Foundation spun off New Technology Networks, LLC (NTN) by transferring the assets, liabilities and operations of NTN to a controlled non-profit organization and then surrendering control of this non-profit organization to a newly-formed independent board. The accounts of NTN are included in the accompanying financial statements for all periods prior to the NTN divestiture. The activities of NTN have been presented as discontinued operations in the accompanying consolidated financial statements. See Note 3 for further discussion.

Program and supporting expenses are classified in four categories in the consolidated statements of activities and the consolidated statements of functional expense, including operating programs, student lending programs, other programs and general and administrative. Operating programs include the school and community activities relating to EdWorks, LLC and StriveTogether, LLC. Other programs include national and local policy efforts, thought leadership and strategy and grant-making activities.

2. SUMMARY OF ACCOUNTING POLICIES

Cash and Cash Equivalents — Cash and cash equivalents consist of cash in checking and money market accounts. The Foundation maintains cash balances at financial institutions with strong credit ratings. At times, cash and money market balances may be in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation. The Foundation has not experienced any losses in such accounts.

Investments — Investments primarily consisting of equity securities and mutual funds are carried at current fair values based upon quoted market prices. Investments also include certain nonregistered funds which are carried at current fair value based on information provided by the fund managers. Unrealized gains and losses resulting from changes in fair values are recognized in the consolidated statements of activities. 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. Income from investments is reported net of related expenses of $535,000 and $631,000 for the years ended June 30, 2015 and 2014, respectively.

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 or funding the acquisition of student loans.

Accounts Receivable — Accounts receivable consists of fee for contract service revenues receivable. Management believes all receivables are collectible. Management bases this assessment on specific analysis of outstanding balances at year-end.

Student Loans Receivable — Student loans are reported in the consolidated statements of financial position at their unpaid principal balances plus unamortized loan origination costs and loan acquisition premiums and discounts. Costs related to loan originations and premiums and discounts related to loan purchases 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.

Probable losses on student loans receivable can result from deficient servicing, risk sharing on defaults, and on uninsured loans. The allowance for loan losses (an insignificant amount as of June 30, 2015 and 2014) is based upon the Foundation’s ongoing evaluation of the loan portfolios, past and anticipated loss experience, and the amount and quality of the loans. The allowance is maintained at a level that the Foundation believes is adequate to absorb probable losses, but the evaluation is inherently subjective and the required allowance may significantly change in the future.

Deferred Financing Costs — Financing costs, comprised of underwriting fees, legal expenses, and other costs related to debt financings, have been deferred and are being amortized over the life of the related debt using a method which approximates the level-yield method.

Deferred Revenue — Deferred revenue consists of amounts collected on fee 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 services are performed.

Student Loan Program Residual —The student loan program residual is recorded at fair value in the accompanying consolidated statements of financial position. Unrealized changes in the fair value of the student loan program residual liability are recorded as unrealized losses in the accompanying consolidated statement of activities for the years ended June 30, 2015 and 2014.

Unrestricted Net Assets — Unrestricted net assets are free from donor imposed restrictions. These funds are maintained and distributed at the discretion of the Board of Directors of the Foundation.

Temporarily Restricted Net Assets — Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. These funds include amounts temporarily restricted by donors for certain operating purposes.

Depreciation and Amortization — Depreciation of property and equipment is provided over the estimated useful lives of the respective assets, which range from three to seven years, on a straight-line basis. Capital leased equipment is amortized over its estimated useful life.

Use of Estimates in Financial Statements — 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition — The Foundation recognizes revenue from grants when such grants are awarded by the donor. 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. Fee for contract service revenues are recognized as services are performed.

Grant-Making Activities — Conditional promises to give are recorded as contributions made in the period that they become unconditional. As of June 30, 2015, the Foundation had made a future conditional promise to give $668,000 to one non-profit organization over the next three fiscal years.

NTN Divestiture — The divestiture of NTN was accounted for as a spinoff. As such, the assets and liabilities of NTN were removed from the financial statements on September 30, 2014, and the net carrying value of such assets and liabilities ($0.7 million) was recorded as a reduction of net assets in the accompanying statement of activities for the year ended June 30, 2015.

Functional Expenses — Costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses; accordingly, certain costs have been allocated among benefited programs and supporting services.

Recent Accounting Pronouncements — Effective July 1, 2014 the Foundation elected to early adopt the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820), *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which requires retrospective treatment to all periods presented. Under the new accounting standard, certain investments for which fair value is measured using net asset value per share as a practical expedient, are no longer categorized within the fair value hierarchy.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on the consolidated financial statements.

Tax Status — The Foundation and subsidiaries have been recognized as exempt from federal income tax under Section 501(c)(3) of the IRC by the Internal Revenue Service (IRS) and favorable determination letters have been obtained. The Foundation has also been recognized as a public charity as defined in Section 509(a) of the IRC by the IRS. Any income not substantially related to the Foundation's exempt purpose may be considered unrelated business taxable income under Section 511 of the IRC and, as such, subject to tax at normal corporate rates. Management believes that the Foundation has been operated consistent with the requirement to retain its tax-exempt status. No provision for income taxes is reflected in the consolidated financial statements. The Foundation believes it is no longer subject to examination by Federal and State taxing authorities for years prior to June 30, 2012.

The Foundation has analyzed tax positions taken for filing with the IRS and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the

Foundation's financial position, statement of activities, or cash flows. Accordingly, the Foundation has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2015 and 2014. In the event interest and penalties accrued on unrecognized tax benefits, the Foundation would recognize such amounts as a component of income tax expense.

3. DISCONTINUED OPERATIONS

On September 30, 2014, the Foundation spun off NTN by transferring the assets, liabilities and operations of NTN to a controlled non-profit organization and then surrendering control of this non-profit organization to a newly-formed independent board. As such, activities of NTN for the years ended June 30, 2015 and 2014 have been recorded in the statements of activities as discontinued operations.

During fiscal years 2014 and 2013, the Foundation and KFO entered into a series of transactions that effectively ceased all of the operations of KFO and the National Program. As such, activities of both KFO and the National Program have been recorded in the statements of activities as discontinued operations.

On September 19, 2013, the Foundation sold National Program student loans with a par value of $60.8 million for $61.7 million plus accrued interest. The proceeds of the sale were used to redeem debt with a carrying value of $69.5 million for $68.1 million. The Foundation recorded a gain of $1.2 million on this transaction, which is reflected in the 2014 statement of activities in discontinued operations.

As of June 30, 2014, the Foundation has disposed of all of its student loan operations with the exception of the KW2010 Program (see Note 6 for discussion of the KW2010 Program.) The Foundation has sold the residual equity interest in the KW2010 Program to a third party and recorded a related derivative liability in the accompanying 2014 statement of financial position.

The following table provides a summary of the revenues and expenses from discontinued operations reflected in the statements of activities for the years ending 2015 and 2014 (amounts in thousands).

	2015			
	NTN	KFO	National Program	Total
Revenue	$ 4,206	$	$	$ 4,206
Expenses	5,827			5,827
Net deficiency of revenue over expense	(1,621)			(1,621)
Transfer of net assets	(736)			(736)
Decrease in net assets	$ (2,357)	$	$	$ (2,357)

	2014			
	NTN	KFO	National Program	Total
Revenue	$ 9,034	$	$ 1,620	$ 10,654
Expenses	11,562	264	623	12,449
Net deficiency of revenue over expense	(2,528)	(264)	997	(1,795)
Transfer of net assets				
Decrease in net assets	$ (2,528)	$ (264)	$ 997	$ (1,795)

4. STUDENT LOANS RECEIVABLE

Student loans receivable consist primarily of loans made under the FFELP of the Higher Education Act and are carried at their unpaid principal balance, net of an allowance for loan losses, plus unamortized purchase premiums, discounts, origination fees, and transfer fees. The Foundation owns, holds, and administers 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, 2015, the one month LIBOR rate in effect was .18%. 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 (“negative SAP”). Net SAP expense of continuing operations was approximately $1.1 million and $1.3 million during the year ended June 30, 2015 and 2014, 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 $261,000 and $304,000 as of June 30, 2015 and 2014, respectively, and is included in the consolidated statements of financial position as a component of accounts payable and accrued expenses.

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 $518,000 and $584,000 during 2015 and 2014, respectively, and is included in the consolidated statements of activities as a component of interest and fees on student loans receivable.

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

	2015	**2014**
Stafford	$ 2,981	$ 3,472
PLUS	977	1,253
Consolidation	45,698	51,574
Net unamortized loan premium and acquisition costs	1,840	2,108
Total student loans receivable	$ 51,496	$ 58,407

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, 2015 (amounts in thousands):

	June 30, 2015	**%**	**Unguaranteed Amount**
Loans in-school/grace/deferment	$ 3,445		$ 88
Loans in forbearance	4,308		110
Loans in repayment and percentage of each status:			
Loans current	36,679	87 %	935
Loans delinquent 31-60 days	1,746	4	44
Loans delinquent 61-90 days	731	2	19
Loans delinquent greater than 90 days	2,747	7	70
Total loans in repayment	41,903	100 %	1,068
Total loans	49,656		$ 1,266
Unamortized loan premium	1,840		
Student loans receivable	$ 51,496		
Percentage of loans in repayment		84 %	
Delinquencies as a percentage of loans in repayment		13 %	
Loans in forbearance as a percentage of loans in repayment and forbearance		9 %	

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, 2015, 45% of the FFELP loans were 98% guaranteed and 55% were 97% 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, 2015, the majority of FFELP student loans are guaranteed by The Pennsylvania Higher Education Assistance Authority, Great Lakes Higher Education Guaranty Corporation, and American Student Assistance.

The Foundation has entered into direct servicing agreements with two loan servicing agents, including Great Lakes Educational Loan Services, and ACS, Inc. ACS, Inc. services approximately 23% and Great Lakes services approximately 77% of the Foundation's loan portfolio as of June 30, 2015. The Foundation and its servicers 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 believes that the Foundation and its servicers are in compliance with the applicable regulations at June 30, 2015.

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 evaluates the need for reserves for uncollectible loans and, as adjustments become necessary, they are recorded in the periods in which they become known.

Management believes its probable losses with respect to these guaranteed loans will not be material to the consolidated financial statements, and that allowances are adequate, but not excessive, to absorb estimated credit losses associated with the loan portfolio at June 30, 2015 and 2014, respectively.

5. PROPERTY AND EQUIPMENT

Property and equipment as of June 30 are summarized as follows:

	2015	2014
Furniture and fixtures	$ 434,193	$ 563,559
Computer hardware and software	1,148,252	1,811,454
Equipment	1,310,387	1,411,728
Leasehold improvements	1,328,338	1,492,695
Total property and equipment	4,221,170	5,279,436
Less accumulated depreciation and amortization	(3,324,909)	(3,949,055)
Property and equipment — net	$ 896,261	$ 1,330,381

6. BONDS PAYABLE

Debt obligations as of June 30 are summarized as follows (dollars in thousands):

2015	Interest Rate at June 30	Total Outstanding
LIBOR floating rate taxable bonds maturing in fiscal year 2042	1.23%	$ 44,508

2014	Interest Rate at June 30	Total Outstanding
LIBOR floating rate taxable bonds maturing in fiscal year 2042	1.18%	$ 51,449

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 consist of restricted cash and investments. All such assets are included in the accompanying consolidated financial statements. As outlined in the Indentures, the bonds are 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) bear interest at a variable rate equal to the three-month LIBOR plus 0.95% per annum. Interest on the bonds is payable on the 25th of each February, May, August and November.

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 has retained its roles as beneficial owner of the loans and as legal obligor of the related debt, but effectively has no rights or responsibilities with regard to the future cash flows from either the loans or the related debt. Under this agreement, the Foundation is required to surrender any residual net asset balance that arises from the operation of the KW2010 Program once the provisions of the related indenture have been satisfied. This agreement has been recorded as a derivative liability in the accompanying statements of financial position as of June 30, 2015 and 2014 of approximately $3.5 million and $3.2 million, respectively.

To the extent that the principal balance on the student loan portfolio financed by the variable rate bonds is collected at a more rapid rate than debt service requirements, the Foundation's practice is to pay down the debt more rapidly. During fiscal years 2015 and 2014, the Foundation made principal payments totaling $7.1 million and $7.2 million, respectively. Additionally, during the year ended June 30, 2014, the Foundation extinguished $69.5 million of debt in connection with the sale of the National Program, described in Note 3.

The Foundation is subject to certain restrictive covenants under the indentures of trust related to the bonds. Among other requirements, the Foundation is 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, 2015 and 2014, management believes the Foundation is in compliance with these requirements. The debt obligations are collateralized by certain of the

Foundation's assets, primarily comprised at June 30, 2015 and 2014 of student loans receivable of $51.5 million and $58.4 million and of restricted cash and cash equivalents of approximately $1.6 million and $2 million, respectively.

The respective bond indentures established the following special trust accounts for each bond series, unless otherwise indicated:

Loan Accounts — The loan accounts are used to account for the proceeds of bond issues not required to be deposited in the debt service reserve accounts. Generally, amounts in the loan accounts may be expended (a) to finance eligible student loans (as defined in the indenture of trust), (b) to pay bond issue costs, and (c) to make deposits to the revenue accounts for the purpose of paying principal and/or interest on the bonds.

Revenue Accounts — The revenue accounts are used to account for all revenues received into the student loan trust accounts. Generally, amounts in the revenue accounts are used (a) to make principal and/or interest payments on the bonds, (b) to fund debt service reserve accounts, (c) to pay estimated program expenses to the operating account, and (d) to reimburse the issuers of insurance guaranteeing the bonds for amounts borrowed under the terms of the policies. Excess amounts in the revenue account may be transferred to the loan accounts or to optional redemption accounts.

Operating Accounts — Amounts deposited in operating accounts are used to pay reasonable and necessary program expenses for the bond issues.

Rebate Accounts — Amounts deposited in the rebate accounts are used to pay the U.S. Treasury amounts required by Section 148 of the IRC.

Debt Service Reserve Accounts — The debt service reserve accounts are used by the trustee to pay principal, interest, and any premiums on the bonds when the funds in the loan and/or operating accounts are insufficient.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, which provides a framework for fair value measurements. Fair values are generally based upon quoted market prices, where available. In the event that market prices or quotes are not available, fair value is based upon market data and may involve the use of industry experts. Fair value measurements are grouped into a three-level valuation hierarchy. The valuation hierarchy is based on the transparency of inputs to the valuation of the financial instruments as of the valuation date. The three levels are defined as follows:

Level 1 — Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 — Inputs include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly.

Level 3 — Inputs are unobservable and considered significant to the fair value measurement.

A financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following is a description of the valuation methodologies used, as well as the general classification of such instruments pursuant to the hierarchy.

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.

Private Investment Funds — The Foundation invests in a variety of private investment funds, including common trust funds, 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 have not been classified in the fair value hierarchy.

Student Loan Program Residual — The fair value of the student loan program residual liability is based on a discounted present value computation. Significant inputs consist primarily of the discount rate used to compute the net present value of the residual equity. This discount rate is not observable. The residual liability is classified as Level 3.

The following table sets forth by level within the fair value hierarchy a summary of the Foundation's investments and student loan program residual measured at fair value at June 30, 2015 and 2014.

	2015	2014
Investments:		
Quoted Prices in Active Markets for Identical Assets (Level 1):		
U.S. equities:		
Mid cap core stock fund	$ 4,450,503	$ 6,489,505
Mid cap value stock fund	4,173,201	6,768,758
International equities:		
Developed country funds	17,418,960	20,302,610
Emerging market fund	6,153,951	7,951,604
Fixed income securities:		
Strategic income fund	6,121,869	
Real assets:		
Commodities and real return fund	5,263,800	7,123,182
Global asset allocation:		
Opportunistic fund		6,668,897
Emerging markets:		
Emerging market local currency fund	5,274,681	5,828,715
	48,856,965	61,133,271
Private Investment Funds Measured at Net Asset Value		
U.S. equities:		
Large cap value stock fund (a)	22,831,078	25,226,964
International equities:		
Developed countries (b)	4,109,969	4,423,076
Emerging market fund (c)	6,330,670	6,785,132
Fixed income securities:		
High yield debt fund (d)		6,251,349
Global asset allocation:		
Opportunistic fund (e)	10,649,805	7,179,171
Hedge funds and private equity:		
Capital appreciation (f)	4,700,000	
Distressed debt hedge fund (g)	6,553,619	7,555,266
Long/short hedge funds (h)	6,988,328	9,050,676
Multi-strategy hedge fund (i)	9,306,473	5,653,383
Fund of funds (j)	7,065,783	8,164,520
Private equity funds (k)	758,004	858,100
	79,293,729	81,147,637
	$ 128,150,694	$ 142,280,908
Liabilities:		
Significant Other Unobservable Inputs (Level 3)		
Student loan program residual	$ 3,498,576	$ 3,204,328

(a) This class includes investments in common trust funds that invest primarily in U.S. common stocks. Management of these funds attempts to approximate as closely as practicable the investment performance of certain published indices. The redemption frequency for this class of investments is daily with a 2 day redemption notice period.

(b) This class invests in a diversified portfolio of small and mid-capitalization equity securities of companies located in any country other than the United States and Canada. The manager will generally invest in established international markets, but may invest a portion of the fund's assets in emerging markets. The redemption frequency for this class of investments is monthly with a 6 day redemption notice period.

(c) This class invests in emerging market equity securities. The manager has the ability to make tactical shifts among securities to take advantage of mispricing and relationships between markets. The redemption frequency for this class of investments is monthly with a 30 day redemption notice period.

(d) This class invests in short-term, low volatility, high yield debt and other fixed income securities. Investments have an expected maturity of twelve to twenty-four months. The redemption frequency for this class of investments is monthly with a 30 day redemption notice period.

(e) This class invests across a diverse set of asset categories, including foreign and domestic stocks and bonds, real assets and currencies. The fund manager has the ability to make tactical shifts among categories to take advantage of mispricing and relationships between global markets. The redemption frequency for this class of investments is monthly with a redemption notice of 45 days.

(f) This class invests in hedge funds that seek to create capital appreciation by investing in undervalued publicly listed companies and adding value to the companies in which it invests by effecting change. The redemption frequency for this class of investments is quarterly with a 90 day redemption notice period, after an initial 3-year lock up period which expires on July 1, 2018.

(g) This class includes investments in hedge funds that invest in fixed income securities of distressed or out of favor industries and companies. The fund manager seeks opportunities in bankruptcies, restructurings, spin offs, and post-chapter 11 situations. Liquidity in this class is restricted to 25% of the investment at any quarterly liquidity date. Withdrawals in excess of this amount are satisfied over succeeding liquidity dates, causing a full withdrawal to take up to a year. The redemption frequency for this class of investments is quarterly with a 65 day redemption notice period.

(h) This class includes investments in hedge funds that invest in both long and short positions primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The redemption frequency for this class of investments is quarterly with a redemption notice period ranging from 30 to 45 days.

(i) This class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds in this category invest in risk arbitrage, convertible arbitrage, relative value arbitrage (pairs trading), and distressed arbitrage. The redemption frequency for this class of investments ranges from quarterly to biannually with a redemption notice period ranging from 45 to 90 days.

(j) This class invests in funds consisting of hedge funds. Management of the funds has the ability to shift its investment among funds or into new funds. Investments representing approximately $2.7 million of the assets in this class cannot be redeemed because the investments include restrictions that do not allow for redemption during the first three years. The redemption frequency for these investments is annually with a 180 day redemption notice period. The remaining investments in this class, $4.4M, have a redemption frequency of monthly with a 20 day redemption period.

(k) This class includes three private equity funds that invest primarily in startup or speculative opportunities. These investments cannot be redeemed. Rather, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2015 and 2014, unfunded commitments for this class of investments were $49,638.

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3), as of June 30:

Student Loan Program Residual	**2015**	**2014**
Beginning balance	$ 3,204,328	$
Sale of residual to third party		3,000,000
Unrealized losses in operations	294,248	204,328
Ending balance	$ 3,498,576	$ 3,204,328

There were no financial assets or liabilities transferred into or out of the Level 3 category for any of the periods presented.

The Foundation follows the provisions of FASB ASC 825, *Financial Instruments*, which requires disclosure of fair value information for both financial instruments to be reported in the financial statements and off-balance-sheet financial instruments. The estimated fair value amounts have been determined by management using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents — Due to their short-term and liquid nature, cash and cash equivalents and restricted cash and cash equivalents have a fair value which approximates their carrying value.

Interest, Grants, and Accounts Receivable — The Foundation's interest, grants, and accounts receivable, which are primarily short-term in nature, maintain a fair value which approximates their carrying value.

Investments — All investments are carried at fair value. See above for details.

Student Loans Receivable — Loans are categorized by status (in-school, grace, repayment, and delinquent). The fair value was estimated as of June 30, 2015 and 2014 by modeling cash flows using stated terms of the assets and internally developed assumptions to determine aggregate portfolio yield, net present value and average life. The significant assumptions used to project cash flows are prepayment speeds, default rates, cost of funds required return on equity and future interest rate and index relationships. A number of significant inputs into the model are internally derived and not observable to market participants.

Interest Payable, Accounts Payable, and Accrued Expenses — The Foundation's interest payable, accounts payable, and accrued expenses, which are primarily short-term in nature, have a fair value which approximates their carrying value.

Bonds Payable — The Foundation's bonds consist of variable rate debt. The estimated fair value was determined through standard bond pricing models using the stated terms of the borrowings, observable yield curves and market credit spreads.

Student Loan Program Residual —The valuation of this instrument was determined using a discounted present value model. The analysis reflected the contractual terms of the KW2010 Program student loans and the related debt and indenture.

The following table compares the carrying value to the fair value of the Foundation's financial instruments as of June 30 (in thousands).

	2015		2014	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets:				
Cash and cash equivalents	$ 9,253	$ 9,253	$ 10,701	$ 10,701
Accounts receivable	751	751	1,423	1,423
Interest receivable	1,286	1,286	1,167	1,167
Grants receivable	3,006	3,006	2,211	2,211
Investments	128,151	128,151	142,281	142,281
Restricted cash and cash equivalents	1,632	1,632	2,002	2,002
Student loans receivable	51,496	51,925	58,407	60,566
Financial liabilities:				
Bonds and notes payable — net	44,508	45,691	51,449	53,616
Interest payable	56	56	60	60
Accounts payable and accrued expenses	7,606	7,606	9,340	9,340

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 of continuing operations for the years ended June 30, 2015 and 2014, approximated $658,000 million and $703,000 respectively, included in the accompanying consolidated statements of functional expenses in salaries and benefits.

9. COMMITMENTS AND CONTINGENCIES

The Foundation leases office space and certain equipment under operating lease agreements, which expire between September 2016 and December 2021. Rent expense of continuing operations for the office space and equipment operating leases amounted to approximately $361,000 and $347,000 for the fiscal years ended June 30, 2015 and 2014, respectively.

The future minimum lease payments under such leases are as follows (in thousands):

Years Ending	
2016	$ 402
2017	395
2018	390
2019	401
2020	413
Thereafter	619

The Foundation has entered into three investment subscription agreements totaling $3 million. As of June 30, 2015, the Foundation has funded $2,950,362 of these investments. The remaining $49,638 will be recorded as additional investment securities when funded.

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. Management believes, after conversation with counsel, that no matters currently pending would have a material impact on the Foundation's consolidated financial position, activities or liquidity.

10. TEMPORARILY RESTRICTED NET ASSETS

Periodically the Foundation receives contributions and grants that contained donor imposed restrictions on the use of the contributed funds. As of June 30, 2015 and 2014, the Foundation had temporarily restricted net assets totaling $5.6 million and $4.5 million, respectively, restricted for various programs (in thousands):

	2015	2014
New Technology Network	$	$ 556
StriveTogether	5,584	3,887
Policy & Strategic Foresight	57	13
Total temporarily restricted net assets	$ 5,641	$ 4,456

11. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 23, 2015, 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.

* * * * * *

SUPPLEMENTAL SCHEDULES

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JUNE 30, 2015

	Student Loan Programs					Knowledge Works	Knowledge Works
	KW2010	KWSL	KFO	Eliminations	Total	Foundation	Consolidated
ASSETS							
CASH AND CASH EQUIVALENTS	$	$ 35,000	$ 1,097,472	$	$ 1,132,472	$ 8,120,678	$ 9,253,150
ACCOUNTS RECEIVABLE - Net		18,182			18,182	733,154	751,336
INTEREST RECEIVABLE:							
Investments						12,289	12,289
Student loans	1,274,042				1,274,042		1,274,042
GRANTS RECEIVABLE						3,005,662	3,005,662
INVESTMENTS — At fair value						128,150,694	128,150,694
RESTRICTED CASH AND CASH EQUIVALENTS	1,631,804				1,631,804		1,631,804
STUDENT LOANS RECEIVABLE	46,441,858			5,054,579	51,496,437		51,496,437
DEFERRED FINANCING COSTS — Net	432,193				432,193		432,193
OTHER						270,299	270,299
PROPERTY AND EQUIPMENT — Net						896,261	896,261
TOTAL	$49,779,897	$ 53,182	$ 1,097,472	$5,054,579	$ 55,985,130	$141,189,037	$197,174,167
LIABILITIES AND NET ASSETS							
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 319,308	$	$	$	$ 319,308	$ 3,788,012	$ 4,107,320
INTEREST PAYABLE	55,603				55,603		55,603
STUDENT LOAN PROGRAM RESIDUAL						3,498,576	3,498,576
DEFERRED REVENUE						373,449	373,449
BONDS PAYABLE	44,508,356				44,508,356		44,508,356
COMMITMENTS AND CONTINGENCIES							
Total liabilities	44,883,267				44,883,267	7,660,037	52,543,304
UNRESTRICTED NET ASSETS	4,896,630	53,182	1,097,472	5,054,579	11,101,863	127,887,730	138,989,593
TEMPORARILY RESTRICTED NET ASSETS						5,641,270	5,641,270
Total net assets	4,896,630	53,182	1,097,472	5,054,579	11,101,863	133,529,000	144,630,863
TOTAL	$49,779,897	$ 53,182	$ 1,097,472	$5,054,579	$ 55,985,130	$141,189,037	$197,174,167

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JUNE 30, 2014

	Student Loan Programs						Knowledge Works	Knowledge Works
	National Program	KW2010	KWSL	KFO	Eliminations	Total	Foundation	Consolidated
ASSETS								
CASH AND CASH EQUIVALENTS	$	$	$ 81,264	$ 1,226,617	$	$ 1,307,881	$ 9,392,889	$ 10,700,770
ACCOUNTS RECEIVABLE - Net			19,000			19,000	1,403,721	1,422,721
INTEREST RECEIVABLE:								
Investments							44,718	44,718
Student loans		1,122,139				1,122,139		1,122,139
GRANTS RECEIVABLE							2,211,075	2,211,075
INVESTMENTS — At fair value							142,280,908	142,280,908
RESTRICTED CASH AND CASH EQUIVALENTS		2,002,375				2,002,375		2,002,375
STUDENT LOANS RECEIVABLE		52,387,679			6,019,444	58,407,123		58,407,123
DEFERRED FINANCING COSTS — Net		500,462				500,462		500,462
OTHER							854,379	854,379
PROPERTY AND EQUIPMENT — Net							1,330,381	1,330,381
TOTAL	$	$ 56,012,655	$ 100,264	$ 1,226,617	$6,019,444	$ 63,358,980	$157,518,071	$220,877,051
LIABILITIES AND NET ASSETS								
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$	$ 370,318	$ 1,250	$	$	$ 371,568	$ 5,763,721	$ 6,135,289
INTEREST PAYABLE		59,810				59,810		59,810
STUDENT LOAN PROGRAM RESIDUAL							3,204,328	3,204,328
DEFERRED REVENUE							1,635,033	1,635,033
BONDS PAYABLE		51,448,502				51,448,502		51,448,502
COMMITMENTS AND CONTINGENCIES								
Total liabilities		51,878,630	1,250			51,879,880	10,603,082	62,482,962
UNRESTRICTED NET ASSETS		4,134,025	99,014	1,226,617	6,019,444	11,479,100	142,459,089	153,938,189
TEMPORARILY RESTRICTED NET ASSETS							4,455,900	4,455,900
Total net assets		4,134,025	99,014	1,226,617	6,019,444	11,479,100	146,914,989	158,394,089
TOTAL	$	$ 56,012,655	$ 100,264	$ 1,226,617	$6,019,444	$ 63,358,980	$157,518,071	$220,877,051

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

	Student Loan Programs — Unrestricted					KnowledgeWorks Foundation		Knowledge Works
	KW2010	KWSL	KFO	Eliminations	Total	Unrestricted	Temporarily Restricted	Consolidated
REVENUES (EXPENSES):								
Income from investments — net	$ 316	$	$	$	$ 316	$ 1,363,685	$	$ 1,364,001
Interest and fees on student loans receivable — net	1,875,186	20,711		(964,865)	931,032			931,032
Other revenue		224,311			224,311			224,311
Grant revenue						227,970	5,489,339	5,717,309
Contract service revenue						2,346,170		2,346,170
Unrealized and realized losses on investment securities — net						(4,349,135)		(4,349,135)
Net assets released from restriction						3,906,326	(3,906,326)	
Total revenues (expenses)	1,875,502	245,022		(964,865)	1,155,659	3,495,016	1,583,013	6,233,688
COST OF DEBT:								
Interest expense	590,958				590,958			590,958
Amortization	257,190				257,190			257,190
Total cost of debt	848,148				848,148			848,148
Net revenue (expense) after cost of debt	1,027,354	245,022		(964,865)	307,511	3,495,016	1,583,013	5,385,540
Provision for student loan loss	(38,858)				(38,858)			(38,858)
Unrealized loss on liability for student loan program residual						(294,248)		(294,248)
PROGRAM AND SUPPORTING EXPENSES:								
Operating programs						8,228,696		8,228,696
Student loan programs	225,891	33,340	129,145		388,376			388,376
Other programs						2,447,104		2,447,104
General and administrative						5,394,093		5,394,093
Total program and supporting expenses	225,891	33,340	129,145		388,376	16,069,893		16,458,269
TRANSFER OF NET ASSETS		(257,514)			(257,514)	257,514		
INCREASE (DECREASE) IN NET ASSETS - from Continuing Operations	762,605	(45,832)	(129,145)	(964,865)	(377,237)	(12,611,611)	1,583,013	(11,405,835)
DISCONTINUED OPERATIONS:								
Increase (decrease) in net assets from NTN operations						(1,430,123)	(191,565)	(1,621,688)
Decrease in net assets from NTN divestiture						(529,625)	(206,078)	(735,703)
INCREASE (DECREASE) IN NET ASSETS - from Discontinued Operations						(1,959,748)	(397,643)	(2,357,391)
INCREASE (DECREASE) IN NET ASSETS	762,605	(45,832)	(129,145)	(964,865)	(377,237)	(14,571,359)	1,185,370	(13,763,226)
NET ASSETS — Beginning of year	4,134,025	99,014	1,226,617	6,019,444	11,479,100	142,459,089	4,455,900	158,394,089
NET ASSETS — End of year	$ 4,896,630	$ 53,182	$ 1,097,472	$ 5,054,579	$ 11,101,863	$ 127,887,730	$ 5,641,270	$ 144,630,863

KNOWLEDGEWORKS FOUNDATION

CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

	Student Loan Programs — Unrestricted						KnowledgeWorks Foundation		Knowledge Works Consolidated
	National Program	KW2010	KWSL	KFO	Eliminations	Total	Unrestricted	Temporarily Restricted	
REVENUES (EXPENSES):									
Income from investments — net	$	$ 268	$	$	$	$ 268	$ 1,152,035	$	$ 1,152,303
Interest and fees on student loans receivable — net		2,102,338	169,369		(1,094,788)	1,176,919			1,176,919
Other revenue			239,321			239,321			239,321
Grant revenue							244,688	4,679,637	4,924,325
Contract service revenue							3,091,803		3,091,803
Unrealized and realized gains on investment securities — net							19,059,314		19,059,314
Administrative fee income (expense)		(30,153)	30,153						
Net assets released from restriction							3,251,792	(3,251,792)	
Total revenues (expenses)		2,072,453	438,843		(1,094,788)	1,416,508	26,799,632	1,427,845	29,643,985
COST OF DEBT:									
Interest expense		687,135				687,135			687,135
Amortization		78,764				78,764			78,764
Total cost of debt		765,899				765,899			765,899
Net revenue (expense) after cost of debt		1,306,554	438,843		(1,094,788)	650,609	26,799,632	1,427,845	28,878,086
Provision for student loan loss		(49,628)				(49,628)			(49,628)
Unrealized loss on liability for student loan program residual							(204,328)		(204,328)
PROGRAM AND SUPPORTING EXPENSES:									
Operating programs							8,057,175		8,057,175
Student loan programs		271,437	833,876	31,500		1,136,813			1,136,813
Other programs							1,857,096		1,857,096
General and administrative							5,419,413		5,419,413
Total program and supporting expenses		271,437	833,876	31,500		1,136,813	15,333,684		16,470,497
TRANSFER OF NET ASSETS			(1,452,158)			(1,452,158)	1,452,158		
INCREASE (DECREASE) IN NET ASSETS - from Continuing operations		985,489	(1,847,191)	(31,500)	(1,094,788)	(1,987,990)	12,713,778	1,427,845	12,153,633
DISCONTINUED OPERATIONS:									
Decrease in net assets from NTN operations							(1,482,785)	(1,044,760)	(2,527,545)
Increase in net assets from KFO loan program operations			(263,576)			(263,576)			(263,576)
Net gain on disposal of KFO loan program	(2,902,243)		(255,510)			(3,157,753)	2,951,030		(206,723)
Increase in net assets from National loan program operations	1,087,720				115,401	1,203,121			1,203,121
INCREASE (DECREASE) IN NET ASSETS - from Discontinued Operations	(1,814,523)		(519,086)		115,401	(2,218,208)	1,468,245	(1,044,760)	(1,794,723)
INCREASE (DECREASE) IN NET ASSETS	(1,814,523)	985,489	(2,366,277)	(31,500)	(979,387)	(4,206,198)	14,182,023	383,085	10,358,910
NET ASSETS — Beginning of year	1,814,523	3,148,536	2,465,291	1,258,117	6,998,831	15,685,298	128,277,066	4,072,815	148,035,179
NET ASSETS — End of year	$	$ 4,134,025	$ 99,014	$ 1,226,617	$ 6,019,444	$ 11,479,100	$ 142,459,089	$ 4,455,900	$ 158,394,089