

CORE KNOWLEDGE FOUNDATION

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

*As of and for the Years Ended December 31, 2017
and 2016*

And Report of Independent Auditor

CORE KNOWLEDGE FOUNDATION

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Report of Independent Auditor

To the Board of Directors
Core Knowledge Foundation
Charlottesville, Virginia

We have audited the accompanying financial statements of Core Knowledge Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Core Knowledge Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 12-13 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
July 24, 2018

CORE KNOWLEDGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Unrestricted cash and cash equivalents	\$ 444,067	\$ 933,453
Restricted cash and cash equivalents	390,854	386,107
Accounts receivable, net of allowance for doubtful accounts	45,999	22,025
Inventory	332,748	273,005
Prepaid expenses and other current assets	<u>166,614</u>	<u>62,676</u>
Total Current Assets	1,380,282	1,677,266
Investments	4,643,678	4,023,980
Property and equipment, net	549,340	553,115
Intangible assets, net	<u>15,366</u>	<u>14,673</u>
Total Assets	<u><u>\$ 6,588,666</u></u>	<u><u>\$ 6,269,034</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 133,267	\$ 86,450
Accrued expenses	2,230	4,229
Deferred revenue	<u>8,284</u>	<u>7,543</u>
Total Current Liabilities	<u>143,781</u>	<u>98,222</u>
Net Assets:		
Unrestricted:		
Undesignated	3,550,284	3,626,768
Board designated	<u>2,503,747</u>	<u>2,157,937</u>
Total Unrestricted Net Assets	6,054,031	5,784,705
Temporarily Restricted	<u>390,854</u>	<u>386,107</u>
Total Net Assets	<u>6,444,885</u>	<u>6,170,812</u>
Total Liabilities and Net Assets	<u><u>\$ 6,588,666</u></u>	<u><u>\$ 6,269,034</u></u>

CORE KNOWLEDGE FOUNDATION
STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
Support and Revenue:						
Contributions and grants:						
Grants	\$ -	\$ 1,060,000	\$ 1,060,000	\$ -	\$ 670,000	\$ 670,000
Contributions	36,625	-	36,625	33,650	-	33,650
Total Contributions and Grants	36,625	1,060,000	1,096,625	33,650	670,000	703,650
Revenue:						
Book and publication sales, net	776,733	-	776,733	352,697	-	352,697
Contract revenue	150,000	-	150,000	150,000	-	150,000
Consulting fees	5,000	-	5,000	18,000	-	18,000
Royalty income	107,341	-	107,341	40,945	-	40,945
Workshop fees	57,515	-	57,515	26,517	-	26,517
Interest and dividend income	123,806	-	123,806	137,944	-	137,944
Miscellaneous income	2,266	-	2,266	9	-	9
Realized and unrealized gain on investments, net	320,982	-	320,982	242,331	-	242,331
Total Revenue	1,543,643	-	1,543,643	968,443	-	968,443
Net assets released from restrictions	1,055,253	(1,055,253)	-	339,484	(339,484)	-
Total Support and Revenue	2,635,521	4,747	2,640,268	1,341,577	330,516	1,672,093
Expenses:						
Program services	1,691,625	-	1,691,625	1,103,795	-	1,103,795
Support services	674,570	-	674,570	571,769	-	571,769
Total Expenses	2,366,195	-	2,366,195	1,675,564	-	1,675,564
Change in net assets	269,326	4,747	274,073	(333,987)	330,516	(3,471)
Net assets, beginning of year	5,784,705	386,107	6,170,812	6,118,692	55,591	6,174,283
Net assets, end of year	\$ 6,054,031	\$ 390,854	\$ 6,444,885	\$ 5,784,705	\$ 386,107	\$ 6,170,812

The accompanying notes to the financial statements are an integral part of these statements.

CORE KNOWLEDGE FOUNDATION
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash from operations:		
Change in net assets	\$ 274,073	\$ (3,471)
Adjustments to reconcile change in net assets to net cash from operations:		
Depreciation and amortization	30,104	31,126
Realized gain on sale of investments	(20)	(89,127)
Unrealized gain on investments	(320,962)	(153,204)
Provision for uncollectible accounts	(2,504)	2,981
Changes in assets and liabilities:		
Accounts receivable	(21,470)	(1,965)
Inventory	(59,743)	49,513
Prepaid expenses and other current assets	(103,938)	(3,071)
Accounts payable	46,817	20,550
Accrued expenses	(1,999)	(357,254)
Deferred revenue	741	(8,669)
Net cash used in operations	<u>(158,901)</u>	<u>(512,591)</u>
Cash from investing activities:		
Acquisition of investments	(300,077)	(678,626)
Proceeds from sale of investments	1,361	1,622,344
Acquisition of property and equipment	(26,172)	-
Acquisition of intangible assets	(850)	-
Net cash (used in) provided by investing activities	<u>(325,738)</u>	<u>943,718</u>
Net (decrease) increase in cash and cash equivalents	(484,639)	431,127
Cash and cash equivalents, beginning of year	1,319,560	888,433
Cash and cash equivalents, end of year	<u>\$ 834,921</u>	<u>\$ 1,319,560</u>
Cash and cash equivalents reflected on the statements of financial position:		
Unrestricted	\$ 444,067	\$ 933,453
Restricted	390,854	386,107
	<u>\$ 834,921</u>	<u>\$ 1,319,560</u>

CORE KNOWLEDGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Nature of operations and summary of significant accounting policies

Nature of Organization – Core Knowledge Foundation (the “Foundation”) was incorporated as a Virginia non-stock corporation in 1986 for the purpose of improving the quality of elementary education through *The Core Knowledge Sequence*. The Foundation’s three major activities and sources of revenue all further this purpose, and include, periodic workshops, and the writing and publishing of various educational books and materials.

Financial Statement Presentation – The Foundation presents its financial statements in accordance with accounting standards for not-for-profit organizations. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present statements of cash flow.

Recognition of Support and Revenue – Contributions and grants are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the contribution or grant is recognized. All other donor-restricted contributions and grants are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted. Revenue from services is recorded as the service is rendered. The Board of Directors has designated a portion of unrestricted net assets as an endowment fund. Investment income earned on these assets is reinvested in this fund. The endowment fund can be used to finance unrestricted operations as necessary. The Foundation is unable to reasonably estimate royalty revenues earned; therefore, royalty revenues are recognized when received.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents – For purposes of the statements of cash flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents are limited for use in the development of the Core Knowledge History and Geography program.

Accounts Receivable – The Foundation’s accounts receivable are due from public and private preschools and elementary schools, as well as individuals who homeschool, throughout the United States that purchase the Foundation’s various educational books and materials. The allowance for doubtful accounts is based upon historical losses experienced by the Foundation. Management closely monitors outstanding receivables and adjusts the allowance account as needed. The allowance for doubtful accounts on December 31, 2017 and 2016 was \$2,718 and \$5,222, respectively. The Foundation considers accounts receivable past due after 30 days. The Foundation does not charge interest on delinquent receivables.

Adoption of New Accounting Standard – Effective January 2017, the Foundation adopted Accounting Standards Update (“ASU”) 2015-11, *Simplifying the Measurement of Inventory (Subtopic 330-10)*. This standard is effective for fiscal years beginning after December 15, 2016. The new guidance requires inventory to be measured at the lower of cost or net realizable value. Previously, the Foundation stated inventory at the lower of cost or market value.

Inventory – Inventory is comprised primarily of Core Knowledge publications and is stated at the lower of cost or net realizable value and is charged to cost of sales using the weighted average cost method.

CORE KNOWLEDGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Nature of operations and summary of significant accounting policies (continued)

Shipping and Handling Costs – Freight billed to customers is considered sales revenue and the related freight costs as cost of sales.

Property and Equipment – Property and equipment are reported at cost. Depreciation and amortization are computed using the straight-line method over an asset's estimated life, which range from three to ten years. Building and improvements are depreciated over 39 years. Expenditures for maintenance and repairs are expensed as incurred. The Foundation capitalizes property and equipment purchases greater than \$500.

Intangible Assets – The Foundation amortizes intangible assets with finite lives on a straight-line basis over their estimated useful lives.

Investments – The Foundation follows the provisions of generally accepted accounting principles where investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains or losses are reported in the statements of activities. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received.

Income Taxes – The Foundation is an organization described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes under IRC §501(a). The Foundation has also been classified as an organization which is not a private foundation under IRC §509(a)(2). Therefore, no provision or liability for federal or state income taxes has been included in these financial statements. Management believes that the Foundation continues to satisfy the requirements of a tax-exempt organization and, therefore, has no uncertain income tax positions at December 31, 2017 and 2016.

Advertising – Advertising costs are expensed as incurred. These costs include advertising in educational magazines and publications and totaled \$39,437 and \$8,123 for the years ended December 31, 2017 and 2016, respectively.

Functional Expenses – Functional expenses are apportioned between program and support services based on personnel time and space utilized for the related activities. Some expense apportionments are estimates because of the overlap of activities and the difficulty of record keeping for usage. Specifically identifiable expenses are directly allocated.

Fair Value – The Foundation determines the fair market value of its financial instruments based on the fair value hierarchy established in accounting standards which require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting standards define fair value as the exchange price that would be received for an asset or liability in the most advantageous markets for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting standards describe three levels of inputs that may be used to measure fair value:

Level 1 – Inputs are based on unadjusted quoted market prices within active markets. All of the Foundation's investments in mutual funds and common stocks are valued based on quoted market prices.

Level 2 – Inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets.

Level 3 – Inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liabilities.

The Foundation also carries their cash and cash equivalents, accounts receivable, other receivables, accounts payable, and accrued expenses at fair value, which approximate cost.

CORE KNOWLEDGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Nature of operations and summary of significant accounting policies (continued)

Recently Issued Accounting Pronouncements – In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the statements of activities and changes in net assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Foundation's financial statements, it is not expected to alter the Foundation's reported financial position. The Foundation has elected to defer implementation until the applicable required date.

Note 2—Investments

Investment activity for the years ended December 31, 2017 and 2016 is shown in the table below:

	<u>2017</u>	<u>2016</u>
Investments, beginning of year	\$ 4,023,980	\$ 4,725,367
Acquisition of marketable equity securities	300,077	678,626
Sales of marketable equity securities	(1,361)	(1,622,344)
Realized gains	20,968	89,127
Unrealized gains	300,014	153,204
Investments, end of year	<u>\$ 4,643,678</u>	<u>\$ 4,023,980</u>

Investments in marketable equity securities as of December 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>			<u>2016</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation</u>
Mutual funds	<u>\$ 3,693,220</u>	<u>\$ 4,643,678</u>	<u>\$ 950,458</u>	<u>\$ 3,373,536</u>	<u>\$ 4,023,980</u>	<u>\$ 650,444</u>

Note 3—Property and equipment

Property and equipment at December 31, 2017 and 2016 consisted of:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$ 608,273	\$ 608,273
Computer hardware	448,647	434,557
Equipment	186,063	186,063
Furniture and fixtures	80,705	80,705
Land	186,662	186,662
Website and software	224,787	212,705
	<u>1,735,137</u>	<u>1,708,965</u>
Less accumulated depreciation	<u>(1,185,797)</u>	<u>(1,155,850)</u>
Property and equipment, net	<u>\$ 549,340</u>	<u>\$ 553,115</u>

Depreciation expense for the years ended December 31, 2017 and 2016 amounted to \$29,947 and \$30,969, respectively.

CORE KNOWLEDGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 4—Intangible assets

Intangible assets at year end consisted of:

	<u>2017</u>	<u>2016</u>
Copyrights	\$ 15,810	\$ 14,960
Less accumulated amortization	(444)	(287)
Intangible assets, net	<u>\$ 15,366</u>	<u>\$ 14,673</u>

Amortization expense amounted to \$157 for the years ended December 31, 2017 and 2016. Amortization expense for the next five years is \$157.

Note 5—Line of credit

The Foundation has a line of credit with Bank of America with a maximum availability of \$500,000 and a variable interest rate equal to the daily LIBOR rate plus 2%. The interest rate in effect at December 31, 2017 was 4.11%. The expiration date of the line is September 30, 2018. At December 31, 2017 and 2016, there were no amounts outstanding.

Note 6—Temporarily restricted net assets

Temporarily restricted net assets have donor-imposed restrictions which expire upon the passage of time or once the Foundation undertakes specific actions. At December 31, 2017 and 2016, temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Core Knowledge History and Geography programs	<u>\$ 390,854</u>	<u>\$ 386,107</u>

Net assets were released from donor restrictions by incurring expenses satisfying the specified purpose or time restrictions specified by donor as follows:

	<u>2017</u>	<u>2016</u>
Core Knowledge History and Geography programs	<u>\$ 1,055,253</u>	<u>\$ 339,484</u>

Note 7—Book and publication sales

Book and publication sales for the years ended December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Book and publication sales	\$ 1,207,110	\$ 421,369
Shipping and handling revenue	71,062	32,087
Cost of sales	(290,267)	(94,554)
Sales discounts	(211,172)	(6,205)
	<u>\$ 776,733</u>	<u>\$ 352,697</u>

CORE KNOWLEDGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 8—Royalty income

The Foundation has granted licenses to certain publishers to publish and sell specified educational materials developed by the Foundation. The Foundation receives royalties based upon net retail sales of licensed materials less a reasonable reserve for returnable copies. The Foundation received royalties of \$107,341 and \$40,945 during 2017 and 2016, respectively.

Note 9—Retirement plans

The Foundation sponsors a Simplified Employee Pension (“SEP”) plan. This plan was amended in 2006 to increase the eligibility requirement for length of service to two years. The Board of Directors determines the SEP contribution each year. There were no contributions for 2017 and 2016.

The Foundation also maintains a plan described in IRC §403(b) under which employees may contribute funds within specified limits. The Foundation does not match employees’ discretionary contributions.

Note 10—Operating leases

The Foundation leases office facilities, equipment, and parking spaces under long-term leases. Rental expense under long-term lease obligations amounts to \$70,735 and \$70,175 for 2017 and 2016, respectively. Future minimum lease payments under operating leases at December 31, 2017 are:

2018	\$ 35,454
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Note 11—Concentrations

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. From time to time, the Foundation may have amounts on deposit in excess of the insured limits. As of December 31, 2017, the Foundation had \$176,312 which exceeded these insured amounts.

Approximately 37% of the Foundation’s contract revenue was derived from two customers for the year ended December 31, 2017 and 54% of the Foundation’s contract revenue was derived from three customers for the year ended December 31, 2016. There were no accounts receivables related to these customers for 2017 and 2016.

Note 12—Board-designated endowment fund

The Foundation’s board-designated endowment consists of a SunTrust Investment Services fund. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

CORE KNOWLEDGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 12—Board-designated endowment fund (continued)

Changes in unrestricted, board-designated endowment net assets for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Endowment net assets, beginning of year	\$ 2,157,937	\$ 2,042,732
Investment return:		
Investment income, net of expense	44,387	45,957
Withdrawals	-	(100,000)
Net unrealized appreciation	301,423	169,248
Total investment return	<u>345,810</u>	<u>115,205</u>
Endowment net assets, end of year	<u>\$ 2,503,747</u>	<u>\$ 2,157,937</u>

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets as recommended by the Board of Directors. Endowment assets include board-designated funds. Because of its long-term investment perspective, the Foundation believes that its overall risk posture is above average relative to many other tax-exempt entities which may be more risk averse and more oriented toward fixed income investments, and that, consequently, a higher than average equity exposure is appropriate for the invested assets. Actual returns in any given year may vary from expected amounts. The Foundation is willing to withstand short-term volatility associated with investment in mutual funds and/or indices to achieve a higher expected long-term rate of return.

Strategies Employed for Achieving Objectives – Diversification across equity investments can best be achieved through investments in mutual funds and/or indices. Similarly, diversification among asset classes will be limited until significant capital appreciation is achieved. The Board of Directors will routinely evaluate the various investment options available by considering the historical rates of return and the level of risk associated with each. It has been determined that, over the long term, the allocation among various asset classes might be the most important determinant of investment performance and that an allocation among them is appropriate.

Establishment of Endowment and Withdrawal Policy – The Board of Directors designated the initial amount of corpus of the endowment. Subsequent contributions and capital appreciation (or losses) also become corpus. The initial designation of the amount of corpus, subsequent contributions, and any withdrawals must be approved by the Board of Directors. Withdrawals are not contemplated until such time, in the judgment of the Board of Directors, the endowment has grown sufficiently that it can reasonably accommodate withdrawals or that organizational priorities have changed.

Note 13—Subsequent events

In June 2018, the Foundation signed a new seven-year warehouse lease with a commencement date of July 1, 2018.

In connection with the preparation of these financial statements the Foundation has evaluated subsequent events through July 24, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

CORE KNOWLEDGE FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Advertising	\$ 5,797	\$ 33,640	\$ -	\$ 33,640	\$ 39,437
Bad debt recoveries	-	(2,493)	-	(2,493)	(2,493)
Bank and merchant fees	-	16,955	-	16,955	16,955
Consultants	42,243	-	-	-	42,243
Copying and printing	5,530	4,456	-	4,456	9,986
Depreciation and amortization	-	30,104	-	30,104	30,104
Donations	596	-	-	-	596
Dues and subscriptions	3,351	23,302	-	23,302	26,653
Employee benefits	45,212	13,712	488	14,200	59,412
Equipment rental and maintenance	-	947	-	947	947
Food and beverage	-	2,002	-	2,002	2,002
Insurance	-	24,756	-	24,756	24,756
Licenses and permits	280	7,734	-	7,734	8,014
Maintenance and repair	-	20,397	-	20,397	20,397
Miscellaneous	6,655	1,992	29	2,021	8,676
Payroll taxes	44,968	18,942	1,501	20,443	65,411
Postage and shipping	73,516	7,212	-	7,212	80,728
Professional development	4,364	1,030	-	1,030	5,394
Professional fees	56,963	119,155	-	119,155	176,118
Publications development	632,226	49	-	49	632,275
Real and personal property taxes	-	20,300	-	20,300	20,300
Rent	-	70,735	-	70,735	70,735
Royalty expense	1,667	-	-	-	1,667
Salaries	732,872	215,496	12,913	228,409	961,281
Supplies and materials	4,034	6,562	-	6,562	10,596
Telephone	52	13,333	-	13,333	13,385
Travel and transportation	31,299	1,718	-	1,718	33,017
Utilities	-	7,603	-	7,603	7,603
	<u>\$ 1,691,625</u>	<u>\$ 659,639</u>	<u>\$ 14,931</u>	<u>\$ 674,570</u>	<u>\$ 2,366,195</u>

CORE KNOWLEDGE FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Advertising	\$ 2,683	\$ 5,440	\$ -	\$ 5,440	\$ 8,123
Bad debt	-	2,981	-	2,981	2,981
Bank and merchant fees	-	8,886	-	8,886	8,886
Consultants	11,450	11,625	-	11,625	23,075
Copying and printing	1,907	1,084	-	1,084	2,991
Depreciation and amortization	-	31,126	-	31,126	31,126
Donations	-	500	-	500	500
Dues and subscriptions	12,904	22,292	-	22,292	35,196
Employee benefits	31,716	11,649	-	11,649	43,365
Equipment rental and maintenance	-	2,157	-	2,157	2,157
Food and beverage	-	652	-	652	652
Insurance	-	30,678	-	30,678	30,678
Licenses and permits	1,953	7,677	-	7,677	9,630
Maintenance and repair	149	19,404	-	19,404	19,553
Miscellaneous	133	1,372	-	1,372	1,505
Payroll taxes	42,532	2,865	4,089	6,954	49,486
Postage and shipping	29,830	2,691	-	2,691	32,521
Professional development	-	1,497	-	1,497	1,497
Professional fees	14,744	83,379	-	83,379	98,123
Publications development	349,164	-	-	-	349,164
Real and personal property taxes	-	14,304	-	14,304	14,304
Rent	-	70,175	-	70,175	70,175
Royalty expense	1,416	-	-	-	1,416
Salaries	586,200	174,980	12,260	187,240	773,440
Supplies and materials	10,761	6,611	291	6,902	17,663
Telephone	172	18,927	-	18,927	19,099
Travel and transportation	6,081	14,655	115	14,770	20,851
Utilities	-	7,407	-	7,407	7,407
	<u>\$ 1,103,795</u>	<u>\$ 555,014</u>	<u>\$ 16,755</u>	<u>\$ 571,769</u>	<u>\$ 1,675,564</u>