

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
FINANCIAL REPORT

Years Ended June 30, 2019 and 2018

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jacksonville Public Education Fund, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Jacksonville Public Education Fund, Inc., a Florida not-for-profit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 the 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Jacksonville Public Education Fund, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
January 13, 2020

JACKSONVILLE PUBLIC EDUCATION FUND, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,186,913	\$ 2,271,241
Accounts receivable	523,957	734
Prepaid expenses	6,109	-
Investments	1,973,456	1,781,872
Property and equipment, net	<u>73,918</u>	<u>87,727</u>
TOTAL ASSETS	<u>\$ 3,764,353</u>	<u>\$ 4,141,574</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 12,382	\$ 26,746
Deferred revenues	4,030	-
Funds held for others	<u>231,948</u>	<u>394,363</u>
TOTAL LIABILITIES	<u>248,360</u>	<u>421,109</u>
 NET ASSETS		
Without donor restrictions	2,743,771	2,801,356
With donor restrictions	<u>772,222</u>	<u>919,109</u>
TOTAL NET ASSETS	<u>3,515,993</u>	<u>3,720,465</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,764,353</u>	<u>\$ 4,141,574</u>

See accompanying notes

JACKSONVILLE PUBLIC EDUCATION FUND, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 1,045,831	\$ 987,228	\$ 2,033,059
Program fees	25,994	-	25,994
Interest and dividend income	90,571	3,743	94,314
Realized gain (loss) from investments	(10,091)	-	(10,091)
Unrealized gain (loss) from investments	59,445	-	59,445
Other revenue	<u>62</u>	<u>-</u>	<u>62</u>
Total revenue and support	<u>1,211,812</u>	<u>990,971</u>	<u>2,202,783</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,137,858</u>	<u>(1,137,858)</u>	<u>-</u>
EXPENSES			
Programs	709,659	-	709,659
Fiscal agency	823,960	-	823,960
Management and general	701,519	-	701,519
Fundraising	<u>172,117</u>	<u>-</u>	<u>172,117</u>
Total expenses	<u>2,407,255</u>	<u>-</u>	<u>2,407,255</u>
CHANGE IN NET ASSETS	<u>(57,585)</u>	<u>(146,887)</u>	<u>(204,472)</u>
NET ASSETS, BEGINNING	<u>2,801,356</u>	<u>919,109</u>	<u>3,720,465</u>
NET ASSETS, ENDING	<u>\$ 2,743,771</u>	<u>\$ 772,222</u>	<u>\$ 3,515,993</u>

See accompanying notes

JACKSONVILLE PUBLIC EDUCATION FUND, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 1,354,120	\$ 1,506,718	\$ 2,860,838
Program fees	77,941	-	77,941
Interest and dividend income	40,247	-	40,247
Realized gain (loss) from investments	35,228	-	35,228
Unrealized gain (loss) from investments	(38,424)	-	(38,424)
Other revenue	<u>20,556</u>	-	<u>20,556</u>
Total revenue and support	<u>1,489,668</u>	<u>1,506,718</u>	<u>2,996,386</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>977,453</u>	<u>(977,453)</u>	<u>-</u>
EXPENSES			
JPEF	1,869,237	-	1,869,237
Fiscal agency	<u>148,263</u>	-	<u>148,263</u>
Total expenses	<u>2,017,500</u>	-	<u>2,017,500</u>
CHANGE IN NET ASSETS	<u>449,621</u>	<u>529,265</u>	<u>978,886</u>
NET ASSETS, BEGINNING	<u>2,351,735</u>	<u>389,844</u>	<u>2,741,579</u>
NET ASSETS, ENDING	<u>\$ 2,801,356</u>	<u>\$ 919,109</u>	<u>\$ 3,720,465</u>

See accompanying notes

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Programs	Fiscal Agency	Total Programs	Management and general	Fundraising	Total
Advertising	\$ 3,285	\$ -	\$ 3,285	\$ 5,672	\$ 18	\$ 8,975
Books and subscriptions	-	-	-	339	492	831
Computer software	18,319	1,456	19,775	29,224	9,557	58,556
Contracted services	255,132	608,946	864,078	71,092	45,828	980,998
Contracts and grants	29,309	51,825	81,134	4,380	-	85,514
Depreciation	-	-	-	19,475	-	19,475
Dues and fees	-	-	-	7,301	300	7,601
Insurance	-	-	-	6,547	-	6,547
Medical and benefits	34,647	-	34,647	48,773	10,307	93,727
Meeting expense	17,010	125,252	142,262	20,822	618	163,702
Other expenses	1,519	4,052	5,571	11,371	872	17,814
Postage	31	-	31	288	1,292	1,611
Printing and copying	9,909	3,285	13,194	3,495	4,426	21,115
Professional services	-	-	-	12,123	-	12,123
Rent	18,768	496	19,264	30,857	5,583	55,704
Salaries and wages	265,250	-	265,250	373,394	78,904	717,548
Supplies	6,956	8,054	15,010	8,951	4,729	28,690
Taxes	22,168	-	22,168	31,696	6,594	60,458
Telephone	2,998	-	2,998	4,221	892	8,111
Travel	24,358	20,594	44,952	11,498	1,705	58,155
Total expenses	<u>\$ 709,659</u>	<u>\$ 823,960</u>	<u>\$ 1,533,619</u>	<u>\$ 701,519</u>	<u>\$ 172,117</u>	<u>\$ 2,407,255</u>

See accompanying notes

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>JPEF</u>	<u>Fiscal Agency</u>	<u>Total</u>
Advertising	\$ 2,239	\$ -	\$ 2,239
Books and subscriptions	1,804	-	1,804
Computer software	47,570	-	47,570
Contracted services	654,011	74,982	728,993
Contracts and grants	20,906	7,500	28,406
Depreciation	21,762	-	21,762
Dues and fees	7,581	-	7,581
Insurance	7,156	-	7,156
Medical and benefits	102,608	-	102,608
Meeting expense	33,676	24,402	58,078
Other expenses	5,069	4,133	9,202
Postage	761	-	761
Printing and copying	17,363	-	17,363
Professional services	13,432	-	13,432
Rent	53,427	-	53,427
Salaries and wages	741,488	-	741,488
Supplies	27,760	31,630	59,390
Taxes	63,416	-	63,416
Telephone	8,612	-	8,612
Training	6,329	4,295	10,624
Travel	32,267	1,321	33,588
	<u>32,267</u>	<u>1,321</u>	<u>33,588</u>
Total expenses	<u>\$ 1,869,237</u>	<u>\$ 148,263</u>	<u>\$ 2,017,500</u>

See accompanying notes

JACKSONVILLE PUBLIC EDUCATION FUND, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (204,472)	\$ 978,886
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	19,475	21,762
Loss on disposal of property and equipment	-	183
Realized loss on sale of investments	10,091	(35,228)
Unrealized gain on investments	(59,445)	38,424
Net changes in:		
Accounts receivable	(523,223)	(623)
Prepaid expenses	(6,109)	-
Accounts payable and accrued expenses	(14,364)	(64,845)
Deferred revenue	4,030	(3,530)
Funds held for others	<u>(162,415)</u>	<u>217,683</u>
Net cash provided (used) by operating activities	<u>(936,432)</u>	<u>1,152,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,666)	(4,632)
Purchases of investments, net of proceeds	<u>(142,230)</u>	<u>(1,244,830)</u>
Net cash used by investing activities	<u>(147,896)</u>	<u>(1,249,462)</u>
NET CHANGE IN CASH	(1,084,328)	(96,750)
CASH, BEGINNING	<u>2,271,241</u>	<u>2,367,991</u>
CASH, ENDING	<u>\$ 1,186,913</u>	<u>\$ 2,271,241</u>

See accompanying notes

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The Jacksonville Public Education Fund, Inc. (the "Organization"), a Florida not-for-profit corporation, was established in 1985. The Organization is supported primarily through individual, foundation and corporate contributions and is located in Jacksonville, Florida. The Organization's mission is to "spark innovation, relationships and resources to power the potential within and around the public schools to achieve excellent outcomes for all students".

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Jacksonville Public Education Fund, Inc. has adjusted the presentation of these statements accordingly.

Classification of Net Assets

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organization's" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- a) Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- b) Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. After the donor-imposed time or purpose restriction is satisfied, donor restricted net assets are reclassified to donor unrestricted net assets and reported within the statement of activities as net assets released from restrictions.

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of 90 days or less. Certificates of deposit are readily convertible to cash and are stated at cost plus accrued earnings, which approximate fair value.

Property and Equipment

Land, buildings and equipment that are purchased are carried at cost, or, if donated, at the approximate fair value at the date of donation. Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to unrestricted net assets at that time. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Expenditures that are less than \$500 are expensed as incurred.

Building and improvements are depreciated using the straight-line method over their estimated useful lives, which range from 7 to 39 years. Furniture, fixtures and equipment are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 7 years. Land is not depreciated. Depreciation expense was \$19,475 for the year ended June 30, 2019 (\$21,762 for the fiscal year ended June 30, 2018).

Contributions

In accordance with FASB ASC 958, *Financial Statements of Not-for-Profit Entities*, contributions received are recorded as donor unrestricted or donor restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. Under FASB ASC 958, contributions that are required to be reported as donor restricted support are then reclassified to donor unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Unconditional promises to give ("pledges") receivable are recorded when unconditional promises to pay are recorded. Unconditional promises to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Management uses the allowance method to determine uncollectable promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected in the accompanying financial statements at their estimated value at date of receipt.

A substantial number of volunteers donate significant amounts of time to the Organization's program services. Only those amounts pertaining to the need assessment of clients have been reflected in the financial statements since the contributions of those services required specialized skills. The remaining volunteer hours are not reflected in the financial statements since the contribution of services did not create or enhance non-financial assets or require specialized skills.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

Accounting for Income Taxes

The Organization has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Organization, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2019, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2019, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2019, the periods that remain open to examination under federal statute are for the fiscal years ended June 30, 2016 through 2018.

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value.

Financial Accounting Standards Board ASC 820, *Fair Value Measurement* ("ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

All financial instruments are considered to be Level 1 inputs in the fair value hierarchy.

Advertising Costs

The Organization does not capitalize advertising costs, but rather expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expense was \$8,975 for the year ended June 30, 2019 (\$2,239 for the fiscal year ended June 30, 2018).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results could differ from those estimated. The nature of these estimates, however, is such that variances from actual results are held to be immaterial.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and other supporting services benefited.

Directly identifiable expenses are charged to programs and supporting services. General operations expense includes those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Board of Directors.

Rent and employee salaries and benefits are allocated using a calculation of time and effort. All other expenses are allocated directly.

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation (Continued)

The following are the descriptions of the operating expense categories in the financial statements:

JPEF (program, management and general, and fundraising) - general operating expenses related to the Organization.

Fiscal Agency – the Organization routinely accepts grant monies and other donations on behalf of a recipient. As such, the Organization takes responsibility for receiving and safeguarding the funds of recipients and providing other services that facilitate the disbursement of funds between donor and recipient. The Jacksonville Public Education Fund only acts as a fiscal agent for funds that align with the mission and vision of the Organization.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2019:

Buildings and improvements	\$ 85,185
Furniture, fixtures and equipment	<u>122,215</u>
Total property and equipment	207,400
Less, accumulated depreciation	<u>(133,482)</u>
Property and equipment, net	<u>\$ 73,918</u>

NOTE 4 FUNDS HELD FOR OTHERS

The Organization administers certain other funds for others, which are reflected as a liability, funds held for others, on the accompanying statement of financial position.

NOTE 5 DONOR RESTRICTED NET ASSETS

At June 30, 2019, the Organization's donor restricted net assets were as follows:

Fiscal Agency Accounts	\$ 183,012
License for Learning Reserves	85,180
School Leadership Initiative	500,000
Executive Coaching	<u>4,030</u>
Total donor restricted net assets	<u>\$ 772,222</u>

NOTE 6 LICENSE PLATE REVENUES

The expenditures of the funds received from the State of Florida Department of Highway Safety and Motor Vehicles were made in accordance with Section 320.08056 and 320.08058, Florida Statutes. These statutes require the funds to be used for enhancement of educational programs, and specifically exclude commercial or for-profit activities, or general or administrative expenses, except to pay the cost of the independent audit required by law. The funds received in the fiscal year ended June 30, 2019, totaled \$12,591.

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 INVESTMENTS

The following table sets forth, by level, within the fair value hierarchy, investments recorded in the Organization's financial statements at fair value as of June 30:

<u>2019</u>				
<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 20,817	\$ 20,817	\$ -	\$ -
Mutual funds - equity	808,603	808,603	-	-
Mutual funds - fixed income	1,144,036	1,144,036	-	-
Total investments	<u>\$ 1,973,456</u>	<u>\$ 1,973,456</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2018</u>				
<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 45,951	\$ 45,951	\$ -	\$ -
Mutual funds - equity	695,737	695,737	-	-
Mutual funds - fixed income	1,040,184	1,040,184	-	-
Total investments	<u>\$ 1,781,872</u>	<u>\$ 1,781,872</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 JACKSONVILLE PUBLIC EDUCATION FUND ENDOWMENT

The Organization entered into an agreement with the Community Foundation of Northeast Florida, Inc. (the "Foundation") to establish and maintain a permanent endowment fund (the "Fund"). The purpose of the Fund is to improve the quality of public education in Duval County. The Fund is the property of the Foundation which shall have the ultimate authority and control over all property in the Fund.

Distributions the Foundation makes from the Fund to the Organization are limited each year to a distributable amount determined pursuant to the Community Foundation's Spending Policy, as set and amended from time to time by the Community Foundation's Board of Trustees. The Spending Policy is designed to protect the economic value of the principal of the Endowment, help the principal grow over time, give the Organization the benefit of a reasonably stable, consistent and predictable flow of funds, and smooth the effect of market volatility in earnings on the investment of Endowment fund assets over a period of years. During the fiscal year ended June 30, 2019, the Organization did not receive any distributions from the Fund.

All amounts relating to these funds are excluded from the accompanying financial statements. At June 30, 2019, the balance in the Endowment was \$21,776 (\$21,495 was at June 30, 2018).

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Donor restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Donor restricted net assets released during the fiscal years ending June 30, 2019 and 2018, totaled \$1,137,858 and \$977,453, respectively, and were utilized for program services.

JACKSONVILLE PUBLIC EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 LEASE AGREEMENTS

The Organization leases office space and certain equipment under operating lease agreements, which expire in various years through 2025. The leases provide for total minimum monthly rental fees of \$4,513. Posted with the monthly rental payments are per copy charges for copies exceeding the stated limit. Rent expense under these operating leases, including additional charges, was \$55,704 for the year ended June 30, 2019 and included in the statement of functional expenses. Future amounts due under the lease commitments at June 30 are as follows:

2020	\$ 55,665
2021	55,823
2022	55,465
2023	57,129
2024	58,843
Thereafter	<u>49,624</u>
Total	<u>\$332,549</u>

NOTE 11 CONCENTRATIONS OF RISK

The Organization maintains its cash balance with a high quality financial institution. The account at this institution currently is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, such balance may be in excess of the FDIC insurance limits. At June 30, 2019, the Organization's uninsured cash balances totaled approximately \$858,833.

NOTE 12 LIQUIDITY OF FINANCIAL ASSETS

The Organization is substantially supported by unrestricted and restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Another part of this policy is the board's approval of the annual balanced budget.

The Organization has \$2,903,094 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$909,711, accounts receivable of \$19,927, and investments of \$1,973,456. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13 SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 13, 2020. No events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2019, including estimates inherent in the process of preparing these financial statements.