

Financial Statements

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

EIGHTEEN MONTHS ENDED JUNE 30, 2011

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CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTANTS

John L. Smith, CPA, Emeritus
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jacksonville Public Education Fund
Jacksonville, Florida

We have audited the accompanying statement of financial position of the Jacksonville Public Education Fund (a not-for-profit corporation) as of June 30, 2011 and the related statements of activities, and cash flows for the eighteen months then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jacksonville Public Education Fund as of June 30, 2011 and the changes in its net assets and its cash flows for the eighteen months then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of operating expenses on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Masters, Smith & Wisby, P.A.

Certified Public Accountants

November 15, 2011

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FINANCIAL POSITION
June 30, 2011**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,313,141
Accounts receivable	66,659
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Total Current Assets	1,379,800

Property and Equipment:

Office furniture and equipment	51,167
Less, accumulated depreciation	13,931
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Total Property and Equipment	37,236
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Total Assets	\$ 1,417,036

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 1,269
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Total Liabilities, all current	1,269

Net Assets:

Unrestricted	1,143,492
Temporarily restricted	272,275
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Total Net Assets	1,415,767
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Total Liabilities and Net Assets	\$ 1,417,036

See notes to financial statements

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES
Eighteen Months Ended June 30, 2011**

Changes in Unrestricted Net Assets:

Support and Revenues:	
Contributions	\$ 2,300,012
License plate revenue	27,898
Interest income	13,790
Realized (loss) on sale of contributed securities	<u>(4,831)</u>

Total Unrestricted Support and Revenues 2,336,869

Net Assets Released from Restrictions:

 Restrictions satisfied by payments 843,302

Total Support and Revenues and Net Assets
Released from Restrictions 3,180,171

Operating Expenses:

 JPEF 1,361,730
 Fiscal Agency 812,783

Total Operating Expenses 2,174,513

Change in Unrestricted Net Assets 1,005,658

Changes in Temporarily Restricted Net Assets:

 Contributions:

District Grants	55,339
Passthrough Grants	189,869
Learning to Finish	254,436
Teacher of the Year Scholarships	5,000
Schools	21,509
Net assets released from restrictions	<u>(843,302)</u>

Change in Temporarily Restricted Net Assets (317,149)

Change in Net Assets 688,509

Net Assets, Beginning of Period 727,258

Net Assets, End of Period \$ 1,415,767

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF CASH FLOWS
Eighteen Months Ended June 30, 2011**

Cash Flows from Operating Activities:

Change in net assets	\$ 688,509
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	10,820
Change in assets and liabilities:	
Accounts receivable	(66,659)
Accounts payable	<u>(142,077)</u>
Net Cash Flows from Operating Activities	<u>490,593</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	<u>(12,439)</u>
Net Cash Flows from Investing Activities	<u>(12,439)</u>
Net Change in Cash and Cash Equivalents	478,154
Cash and Cash Equivalents, Beginning of Period	<u>834,987</u>
Cash and Cash Equivalents, End of Period	<u><u>\$ 1,313,141</u></u>

See notes to financial statements

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS
Eighteen Months Ended June 30, 2011**

A. Summary of Significant Accounting Policies:

Entity and Purpose:

The Jacksonville Public Education Fund (the "Entity"), formerly known as The Alliance for World Class Education, is a not-for-profit corporation established in 1985, which provides support to public schools in Duval County through a variety of programs, with particular focus on at-risk students and low-performing schools. The Entity is supported primarily through individual, foundation and corporate contributions and is located in Jacksonville, Florida.

Basis of Accounting:

The financial statements of the Entity have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation:

Financial statement presentation follows the recommendations of the FASB ASC topic 958 on *Not-for-Profit Entities*. Under this topic, the Entity is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Cash Equivalents:

For purposes of the statement of cash flows, the Entity considers all highly liquid short-term investments with an original maturity of three months or less to be cash equivalents. The Entity maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Entity has not experienced any losses in such accounts. Cash in excess of insured limits was \$61,087 at June 30, 2011.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions:

The Entity also follows FASB ASC topic 958 on *Not-for-Profit Entities for Contributions*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of a donor restriction. Material, non-cash contributions are recorded at their estimated fair market value at the date of the donation. During the year ended June 30, 2011, donated services of \$35,853 were received and are also included in operating expenses.

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS
Eighteen Months Ended June 30, 2011
(Continued)**

A. Summary of Significant Accounting Policies (continued):

Property and Equipment:

It is the Entity's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 recorded as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Entity reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Entity reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method. Depreciation expense for the eighteen months ended June 30, 2011 was \$10,820.

Income Taxes:

The Entity has received a tax determination letter dated May 19, 1988 exempting the Entity from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The Entity takes positions which it feels are adhering to the laws established by the taxing authorities. The Entity doesn't believe it has taken any uncertain tax positions which could subject it to penalties or interest; therefore, none have been accrued in the accompanying financial statements. The taxing authorities have the right to audit the Entity's book for the last three open tax years which are 2011, 2010, and 2009.

Expense Allocation:

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.

Subsequent Events:

The Entity has evaluated subsequent events through November 15, 2011, the date the financial statements were available to be issued.

B. Endowment Fund:

The Entity established funds with The Community Foundation in Jacksonville (the Endowment Fund). The purpose of these funds is to improve the quality of public education in Duval County.

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS
Eighteen Months Ended June 30, 2011**

B. Endowment Fund (continued):

The funds are the property of The Community Foundation in Jacksonville, which shall have the ultimate authority and control over all property in the funds. All amounts relating to these funds are excluded from the accompanying financial statements. The balance of the Endowment Fund at June 30, 2011 was \$15,354; the income from the Endowment Fund was \$2,387 for the period then ended. The income balance is available to the Entity for board-designated expenditures.

C. Restrictions on Net Assets:

Temporarily restricted net assets are available for student scholarships and for the promotion of public education in Duval County. As these funds are expended for their restricted purpose they become unrestricted.

D. 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.

E. Leases:

The Entity leases office space and certain equipment under operating leases expiring in various years through 2015.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2011, for each of the next four years and in the aggregate are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2012	\$ 47,831
2013	46,600
2014	46,470
2015	<u>23,472</u>
Total	<u>\$ 164,373</u>

Rental expense for these leases totaled \$43,586 for the eighteen months ended June 30, 2011, and is included in operating expenses.

ADDITIONAL INFORMATION

**JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF OPERATING EXPENSES
Eighteen Months Ended June 30, 2011**

	<u>JPEF</u>	<u>Fiscal Agency</u>	<u>Total</u>
Books, subscriptions, other	\$ 1,286	\$ 456	\$ 1,742
Computer software	4,564	851	5,415
Contracts, grants	134,283	335,005	469,288
Contracted services	295,687	130,415	426,102
Dues and fees	9,788	155	9,943
Equipment	8,121	-	8,121
Insurance	3,615	-	3,615
Interest	76	-	76
Medical and benefits	54,396	-	54,396
Meeting expense	25,390	30,023	55,413
Other expenses	23,485	25,298	48,783
Parking, other occupancy	26,958	-	26,958
Postage	1,305	1,083	2,388
Printing & copying	7,522	2,054	9,576
Professional services	37,997	-	37,997
Rent	43,586	-	43,586
Salaries	490,789	-	490,789
Supplies	79,682	236,021	315,703
Taxes	43,188	-	43,188
Telephone	6,690	-	6,690
Training	16,753	-	16,753
Travel and entertainment	35,747	51,424	87,171
	<hr/>	<hr/>	<hr/>
Total Before Depreciation Expense	1,350,910	812,783	2,163,693
	<hr/>	<hr/>	<hr/>
Depreciation expense	10,820	-	10,820
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Total Operating Expenses	<u>\$ 1,361,730</u>	<u>\$ 812,783</u>	<u>\$ 2,174,513</u>

See Independent Auditors' Report