

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

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEAR ENDED DECEMBER 31, 2009

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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 December 31, 2009 and the related statements of activities, and cash flows for the year 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 December 31, 2009 and the changes in its net assets and its cash flows for the year 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

February 18, 2010

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

STATEMENT OF FINANCIAL POSITION
December 31, 2009

ASSETS

Current Assets:

Cash and cash equivalents	\$ 834,987
Total Current Assets	<u>834,987</u>

Property and Equipment:

Office furniture and equipment	26,139
Computer equipment	<u>12,589</u>
	38,728
Less, accumulated depreciation	<u>3,111</u>
Total Property and Equipment	<u>35,617</u>
Total Assets	<u><u>\$ 870,604</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 33,346
Deferred revenue	<u>110,000</u>
Total Liabilities, all current	<u>143,346</u>

Net Assets:

Unrestricted	137,834
Temporarily restricted	<u>589,424</u>
Total Net Assets	<u>727,258</u>
Total Liabilities and Net Assets	<u><u>\$ 870,604</u></u>

See notes to financial statements

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

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2009**

Changes in Unrestricted Net Assets:

Support and Revenues:

Contributions	\$ 613,505
License plate revenue	19,343
Interest income	12,005

Total Unrestricted Support and Revenues 644,853

Net Assets Released from Restrictions:

Restrictions satisfied by payments	583,035
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Total Support and Revenues and Net Assets

Released from Restrictions	1,227,888
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Operating Expenses:

JPEF	593,028
Fiscal Agency	511,833

Total Operating Expenses 1,104,861

Change in Unrestricted Net Assets 123,027

Changes in Temporarily Restricted Net Assets:

Contributions:

Alliance programs	2,425
Districts	107,406
Grants	222,850
Learning to finish	109,242
Scholarship donations	438
Schools	8,620

Net assets released from restrictions (583,035)

Change in Temporarily Restricted Net Assets (132,054)

Change in Net Assets (9,027)

Net Assets, Beginning of Period 736,285

Net Assets, End of Period \$ 727,258

**JACKSONVILLE PUBLIC EDUCATION FUND
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**STATEMENT OF CASH FLOWS
Year Ended December 31, 2009**

Cash Flows from Operating Activities:

Change in net assets	\$ (9,027)
Adjustments to reconcile change in net assets to cash	
flows from operating activities:	
Depreciation and amortization	2,323
Loss on disposal of fixed assets	8,996
Change in assets and liabilities:	
Accounts receivable	7,324
Accounts payable and deferred revenue	<u>111,077</u>
Net Cash Flows from Operating Activities	<u>120,693</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	<u>(35,924)</u>
Net Cash Flows from Investing Activities	<u>(35,924)</u>
Net Change in Cash and Cash Equivalents	84,769
Cash and Cash Equivalents, Beginning of Period	<u>750,218</u>
Cash and Cash Equivalents, End of Period	<u><u>\$ 834,987</u></u>

See notes to financial statements

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

**NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2009**

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 \$600,286 at December 31, 2009.

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*. 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 December 31, 2009, donated services of \$19,500 were received and are also included in operating expenses.

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

**NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2009
(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 year ended December 31, 2009 was \$2,323.

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.

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.

B. Endowment Fund:

The Entity established funds with the Jacksonville Community Foundation (the Endowment Fund). The purpose of these funds is to improve the quality of public education in Duval County. The funds are the property of the Jacksonville Community Foundation, 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 December 31, 2009 was \$13,343; the income from the Endowment Fund was \$1,727 for the year 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. For the year ended December 31, 2009 \$583,035 of temporarily restricted funds were expended for their designated purpose.

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

**NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2009
(Continued)**

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 2014.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2009, for each of the next five years and in the aggregate are:

<u>Year Ended December 31,</u>	<u>Amount</u>
2010	\$ 46,311
2011	47,365
2012	47,755
2013	45,987
2014	<u>46,953</u>
Total	<u>\$ 234,371</u>

Rental expense for these leases totaled \$15,540 for the year ended December 31, 2009, and is included in operating expenses.

F. Advertising:

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2009 was \$7,500.

G. Deferred Revenue:

Deferred revenues consist of pledge payments for the 2010 year that were collected during the 2009 year. This amount will be recorded as revenue in the 2010 year as the donor originally intended.

ADDITIONAL INFORMATION

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

STATEMENT OF OPERATING EXPENSES
Year Ended December 31, 2009

	<u>JPEF</u>	<u>Fiscal Agency</u>	<u>Total</u>
Advertising	\$ 7,500	\$ -	\$ 7,500
Communications	12,674	-	12,674
Computer software	1,195	-	1,195
Contracted services	32,408	107,452	139,860
Dues and fees	20,866	706	21,572
Equipment	9,837	-	9,837
Insurance	3,043	-	3,043
Meeting expense	28,834	12,836	41,670
Postage	1,352	352	1,704
Professional services	159,999	83,100	243,099
Recognition	1,938	27,017	28,955
Rent	15,540	-	15,540
Salaries	255,775	-	255,775
Medical and benefits	14,361	-	14,361
Scholarships	-	900	900
Supplies	14,685	248,852	263,537
Training	882	15,300	16,182
Travel and entertainment	9,816	15,318	25,134
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Total Before Depreciation Expense	590,705	511,833	1,102,538
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Depreciation expense	2,323	-	2,323
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Total Operating Expenses	<u>\$ 593,028</u>	<u>\$ 511,833</u>	<u>\$ 1,104,861</u>

See Independent Auditors' Report