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

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2012
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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, 2012 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 June 30, 2012 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.

September 24, 2012

Masters, Smith & Wisby, P.A.
Certified Public Accountants

Members of the American and Florida Institutes of Certified Public Accountants
JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)

STATEMENT OF FINANCIAL POSITION
June 30, 2012

ASSETS

Current Assets:

Cash and cash equivalents $ 1,450,707

Total Current Assets 1,450,707

Property and Equipment:

Office furniture and equipment 73,845

Less, accumulated depreciation 25,859

Total Property and Equipment 47,986

Total Assets $ 1,498,693

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable $ 10,128

Total Liabilities, all current 10,128

Net Assets:

Unrestricted 899,478

Temporarily restricted 589,087

Total Net Assets 1,488,565

Total Liabilities and Net Assets $ 1,498,693

See notes to financial statements
JACKSONVILLE PUBLIC EDUCATION FUND
(A NOT-FOR-PROFIT CORPORATION)

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Changes in Unrestricted Net Assets:

Support and Revenues:
- Contributions $ 1,022,144
- License plate revenue 15,918
- Interest income 8,042

Total Unrestricted Support and Revenues 1,046,104

Net Assets Released from Restrictions:
- Restrictions satisfied by payments 265,821

Total Support and Revenues and Net Assets Released from Restrictions 1,311,925

Operating Expenses:
- JPEF 1,222,731
- Fiscal Agency 333,208

Total Operating Expenses 1,555,939

Change in Unrestricted Net Assets (244,014)

Changes in Temporarily Restricted Net Assets:

Contributions:
- District Grants 18,887
- Passthrough Grants 231,016
- Learning to Finish 316,438
- Teacher of the Year Scholarships 5,002
- Schools 11,290
- Net assets released from restrictions (265,821)

Change in Temporarily Restricted Net Assets 316,812

Change in Net Assets 72,798

Net Assets, Beginning of Period 1,415,767

Net Assets, End of Period $ 1,488,565

See notes to financial statements
JACKSONVILLE PUBLIC EDUCATION FUND  
(A NOT-FOR-PROFIT CORPORATION)  

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2012

Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ 72,798</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash flows</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,928</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>66,659</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>8,858</td>
</tr>
</tbody>
</table>

Net Cash Flows from Operating Activities $160,243

Cash Flows from Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property and equipment</td>
<td>(22,677)</td>
</tr>
</tbody>
</table>

Net Cash Flows from Investing Activities (22,677)

Net Change in Cash and Cash Equivalents 137,566

Cash and Cash Equivalents, Beginning of Period 1,313,141

Cash and Cash Equivalents, End of Period $1,450,707

See notes to financial statements
JACKSONVILLE PUBLIC EDUCATION FUND  
(A NOT-FOR-PROFIT CORPORATION)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2012

A. Summary of Significant Accounting Policies:

Organization and Purpose:

The Jacksonville Public Education Fund (the “Organization”), 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 Organization is supported primarily through individual, foundation and corporate contributions and is located in Jacksonville, Florida.

Basis of Accounting:

The financial statements of the Organization 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 Organization 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 Organization considers all highly liquid short-term investments with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. There were no excess balances of cash over the insured limits at June 30, 2012.

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 Organization 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, 2012, donated services of $27,362 were received and are also included in operating expenses.

continued
A. **Summary of Significant Accounting Policies (continued):**

**Property and Equipment:**

It is the Organization'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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization 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 June 30, 2012 was $11,928.

**Income Taxes:**

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

The Organization takes positions which it feels are adhering to the laws established by the taxing authorities. The Organization 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 Organization’s book for the current and last three open tax years which are 2012, 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 Organization has evaluated subsequent events through September 24, 2012, the date the financial statements were available to be issued.

B. **Endowment Fund:**

The Organization 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  
Year Ended June 30, 2012  
(continued)  

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, 2012 was $14,989; the loss from the Endowment Fund was $116 for the period then ended. Any income balances are available to the Organization for board-designated expenditures.  

C.  Restrictions on Net Assets:  

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.  

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.  

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 Organization 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, 2012, for each of the next three years and in the aggregate are:  

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ 46,600</td>
</tr>
<tr>
<td>2014</td>
<td>46,470</td>
</tr>
<tr>
<td>2015</td>
<td>23,472</td>
</tr>
<tr>
<td>Total</td>
<td>$ 116,542</td>
</tr>
</tbody>
</table>

Rental expense for these leases totaled $44,579 for the year ended June 30, 2012, and is included in operating expenses.
ADDITIONAL INFORMATION
JACKSONVILLE PUBLIC EDUCATION FUND  
(A NOT-FOR-PROFIT CORPORATION)  
STATEMENT OF OPERATING EXPENSES  
Year Ended June 30, 2012

<table>
<thead>
<tr>
<th></th>
<th>JPEF</th>
<th>Fiscal Agency</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books, subscriptions, other</td>
<td>$283</td>
<td>$ -</td>
<td>$283</td>
</tr>
<tr>
<td>Computer software</td>
<td>3,423</td>
<td>-</td>
<td>3,423</td>
</tr>
<tr>
<td>Contracts, grants</td>
<td>173,750</td>
<td>112,484</td>
<td>286,234</td>
</tr>
<tr>
<td>Contracted services</td>
<td>247,298</td>
<td>65,425</td>
<td>312,723</td>
</tr>
<tr>
<td>Dues and fees</td>
<td>6,200</td>
<td>-</td>
<td>6,200</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,316</td>
<td>-</td>
<td>5,316</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,704</td>
<td>-</td>
<td>2,704</td>
</tr>
<tr>
<td>Medical and benefits</td>
<td>66,330</td>
<td>-</td>
<td>66,330</td>
</tr>
<tr>
<td>Meeting expense</td>
<td>30,735</td>
<td>22,677</td>
<td>53,412</td>
</tr>
<tr>
<td>Other expenses</td>
<td>3,170</td>
<td>17,770</td>
<td>20,940</td>
</tr>
<tr>
<td>Parking, other occupancy</td>
<td>5,349</td>
<td>-</td>
<td>5,349</td>
</tr>
<tr>
<td>Postage</td>
<td>2,814</td>
<td>22</td>
<td>2,836</td>
</tr>
<tr>
<td>Printing and copying</td>
<td>17,389</td>
<td>-</td>
<td>17,389</td>
</tr>
<tr>
<td>Professional services</td>
<td>18,103</td>
<td>-</td>
<td>18,103</td>
</tr>
<tr>
<td>Rent</td>
<td>44,579</td>
<td>-</td>
<td>44,579</td>
</tr>
<tr>
<td>Salaries</td>
<td>474,341</td>
<td>-</td>
<td>474,341</td>
</tr>
<tr>
<td>Supplies</td>
<td>41,465</td>
<td>103,301</td>
<td>144,766</td>
</tr>
<tr>
<td>Taxes</td>
<td>36,718</td>
<td>-</td>
<td>36,718</td>
</tr>
<tr>
<td>Telephone</td>
<td>7,350</td>
<td>63</td>
<td>7,413</td>
</tr>
<tr>
<td>Training</td>
<td>15,525</td>
<td>-</td>
<td>15,525</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>7,961</td>
<td>11,466</td>
<td>19,427</td>
</tr>
<tr>
<td><strong>Total Before Depreciation Expense</strong></td>
<td>1,210,803</td>
<td>333,208</td>
<td>1,544,011</td>
</tr>
<tr>
<td><strong>Depreciation expense</strong></td>
<td>11,928</td>
<td>-</td>
<td>11,928</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$1,222,731</strong></td>
<td><strong>$333,208</strong></td>
<td><strong>$1,555,939</strong></td>
</tr>
</tbody>
</table>

See Independent Auditors' Report