

**Jacksonville Public
Education Fund, Inc.**
(A Not-for-Profit Organization)

Financial Statements
June 30, 2017
and
June 30, 2016

Jacksonville Public Education Fund, Inc.
(A Not-for-Profit Organization)

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Jacksonville Public Education Fund, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 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 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 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.

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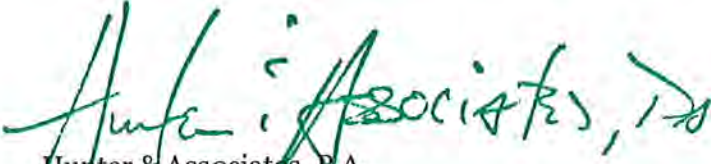
www.huntercpa.com

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, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of operating expenses on pages 11 and 12 are presented for the 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.


Hunter & Associates, P.A.
Jacksonville, Florida
October 17, 2017

Jacksonville Public Education Fund, Inc.
Statements of Financial Position
As of June 30, 2017 and 2016

Assets			
	<u>2017</u>	<u>2016</u>	
Current Assets			
Cash and cash equivalents	\$ 2,367,991	\$ 1,690,982	
Accounts receivable	111	10,530	
Pledges receivable	-	7,500	
Investments	540,238	500,700	
Total Current Assets	<u>2,908,340</u>	<u>2,209,712</u>	
Fixed Assets			
Furniture, equipment and leasehold improvements	206,907	212,146	
Less, accumulated depreciation	<u>(101,867)</u>	<u>(84,515)</u>	
Total Fixed Assets	<u>105,040</u>	<u>127,631</u>	
Total Assets	<u>\$ 3,013,380</u>	<u>\$ 2,337,343</u>	
Liabilities and Net Assets			
	<u>2017</u>	<u>2016</u>	
Liabilities			
Accounts payable and accrued expenses	\$ 91,591	\$ 59,966	
Deferred revenue	3,530	15,382	
Funds held for others	176,680	328,224	
Total Liabilities	<u>271,801</u>	<u>403,572</u>	
Net Assets			
Unrestricted	2,351,735	1,756,719	
Temporarily restricted	<u>389,844</u>	<u>177,052</u>	
Total Net Assets	<u>2,741,579</u>	<u>1,933,771</u>	
Total Liabilities and Net Assets	<u>\$ 3,013,380</u>	<u>\$ 2,337,343</u>	

Jacksonville Public Education Fund, Inc.
Statements of Activities
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets		
Support and Revenues:		
Contributions and grants	\$ 1,633,194	\$ 1,485,926
Interest and dividend income	28,954	24,897
Unrealized gain (loss) from investment	27,077	(3,684)
Realized gain (loss) from sale of assets	645	(11,091)
Total unrestricted support and revenues	1,689,870	1,496,048
Net assets released from restrictions	1,129,444	573,096
Total Unrestricted Net Assets	2,819,314	2,069,144
 Operating Expenses:		
JPEF	1,953,111	1,676,249
Fiscal Agency	271,188	116,742
Total Expenses	2,224,299	1,792,991
 Increase in Unrestricted Net Assets	595,015	276,153
 Changes in Temporarily Restricted Net Assets		
Support and Revenues:		
Contributions and grants	1,342,237	390,096
Net assets released from restrictions	(1,129,444)	(573,096)
 Increase (Decrease) in Temporarily Restricted Net Assets	212,793	(183,000)
 Increase in Net Assets	807,808	93,153
 Net Assets, Beginning of Year	1,933,771	1,840,618
Net Assets, End of Year	\$ 2,741,579	\$ 1,933,771

Jacksonville Public Education Fund, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 807,809	\$ 93,153
Adjustments:		
Depreciation	25,329	34,679
Decrease(increase) in assets:		
Accounts receivable	10,419	(2,524)
Pledges receivable	7,500	157,500
Net realized and unrealized gains on investments	(25,838)	(700)
Funds held in trust by others	-	2,743
(Decrease)increase in liabilities:		
Accounts payable and accrued expenses	31,625	(150,304)
Deferred revenue	(11,852)	15,382
Funds held for others	(151,544)	152,128
Net Cash Provided by Operating Activities	693,448	302,057
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(3,352)	(6,646)
Gain on sale of property and equipment	995	544
Purchases of investments	(14,082)	(670,506)
Sales of investments	-	170,506
Net Cash (Used in) Investing Activities	(16,439)	(506,102)
NET INCREASE (DECREASE) IN CASH	677,009	(204,045)
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,690,982	1,895,027
End of year	\$ 2,367,991	\$ 1,690,982

Jacksonville Public Education Fund, Inc.
Notes to Financial Statements
Years Ended June 30, 2017 and 2016

Note A - Summary Significant Accounting Policies

Organization and Purpose

The Jacksonville Public Education Fund (the "Organization"), is a not-for-profit corporation 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: *"We spark innovation, relationships and resources to power the potential within and around our public schools to achieve excellent outcomes for all students"*.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting generally accepted in the United States of America. Accordingly, the financials 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.

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 the purpose of the restriction is accomplished). All other donor-restricted support is reported as an increase in temporarily restricted net assets.

Cash and 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 current Federal Deposit Insurance Corporation (FDIC) insured limit is \$250,000 per depositor at each financial institution. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

Investments

Investments in equity securities with readily determinable fair value are reported at their fair value based on quoted market prices in the statement of financial position. Realized and unrealized gains and losses are included in the investment return, along with interest, dividends and associated fees, in the statement of activities.

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.

Jacksonville Public Education Fund, Inc.
Notes to Financial Statements
Years Ended June 30, 2017 and 2016

Note A - Summary Significant Accounting Policies (continued)

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 years ended June 30, 2017 and 2016, donated goods and services of \$54,126 and \$57,121, respectively, were received and are also included in operating expenses.

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 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 the Organization classifies donated and acquired assets as unrestricted support.

Property and equipment are depreciated using the straight-line method. Depreciation expense for the years ended June 30, 2017 and 2016 was \$25,329 and \$34,679, respectively.

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 believes 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 2016, 2015, 2014 and 2013.

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.

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

JPEF – 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

Jacksonville Public Education Fund, Inc.
Notes to Financial Statements
Years Ended June 30, 2017 and 2016

Note A - Summary Significant Accounting Policies (continued)

Expense Allocation (continued)

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.

Pledges Receivable

Pledges receivable consist of amounts that were promised to the Organization and will be paid within one year of promise. Pledges receivable are carried at original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management believes that all pledges receivable are collectible and that no reserve is necessary for fiscal year 2017.

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 statements of financial position.

Note B – Endowment Fund

The Organization established funds with The Community Foundation of Northeast Florida, Inc. (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 Community Foundation of North Florida, Inc. 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, 2017 and 2016 was \$20,003 and \$17,554, respectively; the gain/(loss) from the Endowment Fund was \$2,449 and \$(839) for the periods then ended. Any income balances are available to the Organization for board-designated expenditures.

Note C – Fair Value Measurement

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Jacksonville Public Education Fund, Inc.
Notes to Financial Statements
Years Ended June 30, 2017 and 2016

Note C- Fair Value Measurement (continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization's financial statements at fair value as of June 30, 2017:

<u>Assets</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money markets	\$ 4,369	\$ -	\$ 4,369	\$ -
Mutual funds - equity	153,325	153,325	-	-
Mutual funds - fixed income	257,679	257,679	-	-
Exchange traded products	<u>124,865</u>	<u>124,865</u>	-	-
Total Investments	<u>\$ 540,238</u>	<u>\$ 535,869</u>	<u>\$ 4,369</u>	<u>\$ -</u>

Note 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.

Note E – Leases

The Organization leases office space and certain equipment under operating leases expiring in various years through 2025.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2017, for each of the next five years and in the aggregate are:

<u>Year Ended June 30</u>	<u>Amount</u>
2018	\$ 49,138
2019	50,612
2020	52,130
2021	53,411
Thereafter	<u>231,560</u>
Total	<u>\$ 436,851</u>

Jacksonville Public Education Fund, Inc.
Notes to Financial Statements
Years Ended June 30, 2017 and 2016

Note E – Leases (continued)

Rental expense for these leases totaled \$48,922 and \$49,101 for the years ended June 30, 2017 and 2016, respectively. These amounts are included in operating expenses.

Note F – Subsequent Events

The organization has evaluated subsequent events through October 12, 2017 the date the financial statements were available to be issued. There were no events that require adjustments to or disclosure in the Organization's financial statements for the year ended June 30, 2017.

Jacksonville Public Education Fund, Inc.
Statement of Operating Expenses
For the Year Ended June 30, 2017

	<u>JPEF</u>	<u>Fiscal Agency*</u>	<u>Total</u>
Advertising expense	\$ 9,661	\$ -	\$ 9,661
Books and subscriptions	1,229	-	1,229
Computer software	27,268	-	27,268
Contracts and grants	68,876	47,550	116,426
Contracted services	550,574	113,031	663,605
Depreciation expense	25,329	-	25,329
Dues and fees	11,191	-	11,191
Insurance expense	7,187	-	7,187
Medical and benefits	105,854	-	105,854
Meeting expense	126,088	18,357	144,445
Other expenses	5,858	4,914	10,772
Parking and other occupancy	24	-	24
Postage expense	2,271	-	2,271
Printing and copying	13,480	-	13,480
Professional services	24,060	-	24,060
Rent expense	48,922	17,100	66,022
Salaries	807,773	-	807,773
Supplies expense	16,398	47,384	63,782
Taxes	67,273	-	67,273
Telephone expense	11,437	-	11,437
Training	3,489	-	3,489
Travel	18,868	22,852	41,720
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Total Expenses	\$ 1,953,110	\$ 271,188	\$ 2,224,298

*For description see Note A in Notes to Financial Statements

Jacksonville Public Education Fund, Inc.
Statement of Operating Expenses
For the Year Ended June 30, 2016

	<u>JPEF</u>	<u>Fiscal Agency*</u>	<u>Total</u>
Advertising expense	\$ 11,067	\$ -	\$ 11,067
Books, subscriptions, other	1,915	-	1,915
Computer software	25,454	-	25,454
Contracts and grants	34,786	26,107	60,893
Contracted services	286,782	37,271	324,053
Depreciation expense	34,679	-	34,679
Dues and fees	12,024	-	12,024
Insurance expense	7,730	-	7,730
Medical and benefits	118,325	-	118,325
Meeting expense	56,428	7,447	63,875
Other expenses	4,904	5,888	10,792
Parking and other occupancy	420	-	420
Postage expense	2,045	-	2,045
Printing and copying	15,519	-	15,519
Professional services	23,313	-	23,313
Rent expense	49,101	-	49,101
Salaries	858,669	-	858,669
Supplies expense	17,881	36,511	54,392
Taxes	71,026	-	71,026
Telephone expense	11,639	-	11,639
Training	10,285	-	10,285
Travel	22,259	3,518	25,777
Total Expenses	\$ 1,676,249	\$ 116,742	\$ 1,792,991

*For description see Note A in Notes to Financial Statements