Jessie Ball duPont Fund

Financial Statements

For The Years Ended December 31, 2011 And 2010

BMWL Batts Morrison Wales & Lee
Certified Public Accountants

BATTS MORRISON WALES & LEE
KEEPING WATCH FOR NONPROFIT ORGANIZATIONS AND THEIR LEADERS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Jessie Ball duPont Fund
Jacksonville, Florida

We have audited the accompanying statements of assets and fund balance arising from cash transactions – modified cash basis of Jessie Ball duPont Fund ("the Fund") as of December 31, 2011 and 2010, and the related statements of revenues collected, grants and expenses paid and changes in fund balance – modified cash basis for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

As described in Note B, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balance arising from cash transactions – modified cash basis of Jessie Ball duPont Fund as of December 31, 2011 and 2010, and its revenues collected, grants and expenses paid and changes in fund balance – modified cash basis for the years then ended, in conformity with the modified cash basis of accounting.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

November 15, 2012

JESSIE BALL DUPONT FUND

STATEMENTS OF ASSETS AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS – MODIFIED CASH BASIS

ASSETS

	December 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	$ 20,378,588	$ 5,958,571
Investments – at estimated fair value:		
Common and preferred stocks	94,587,835	133,320,610
Mutual funds	68,682,378	84,994,412
Limited partnership interests	49,013,808	42,148,869
Hedge funds	23,906,000	14,675,000
Total investments	236,190,021	275,138,891
Other assets	54,594	74,151
Total assets	**$ 256,623,203**	**$ 281,171,613**

FUND BALANCE

FUND BALANCE	**$ 256,623,203**	**$ 281,171,613**

The Accompanying Notes are an Integral
Part of These Financial Statements

JESSIE BALL DUPONT FUND

STATEMENTS OF REVENUES COLLECTED, GRANTS AND
EXPENSES PAID AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS

	For The Years Ended December 31,	
	2011	2010
REVENUES COLLECTED:		
Interest and dividends	$ 6,636,630	$ 7,226,230
Distributions and other	107,558	105,373
Total revenues collected	6,744,188	7,331,603
GRANTS AND EXPENSES PAID:		
Grants paid	14,053,767	12,641,868
Supporting services qualifying:		
Audit fees	47,129	50,074
Communications	58,565	70,924
Corporate co-trustee fees	343,906	324,015
Custodial fee	139,967	127,008
Depreciation expense	17,043	14,036
Employee fringe benefits	280,767	275,112
Employment taxes	72,848	60,721
Individual co-trustees' fees	166,250	180,000
Legal fees	27,803	7,609
Occupancy	137,758	165,562
Professional association fees	86,005	83,631
Professional meetings and development	117,883	29,677
Program consulting fees and travel	373,590	425,771
Salaries	1,195,217	965,313
Technology and other office expenses	119,872	148,332
Trustee and staff travel expenses	265,843	262,063
Total supporting services qualifying	3,450,446	3,189,848
Supporting services non-qualifying:		
Federal and state tax expense	180,000	82,746
Investment fees	1,388,445	1,271,119
Total supporting services	5,018,891	4,543,713
Total grants and expenses paid	19,072,658	17,185,581
Deficit of grants and expenses paid over revenues collected before net gain (loss) on securities	(12,328,470)	(9,853,978)
Net gain (loss) on securities	(12,219,940)	29,599,695
Excess (deficit) of revenues collected and net gain (loss) on securities over grants and expenses paid	**(24,548,410)**	**19,745,717**
FUND BALANCE – Beginning of year	**281,171,613**	**261,425,896**
FUND BALANCE – End of year	**$ 256,623,203**	**$ 281,171,613**

The Accompanying Notes are an Integral
Part of These Financial Statements

NOTE A – NATURE OF ORGANIZATION

The Jessie Ball duPont Fund ("the Fund") was established by the Last Will and Testament of its founder and contributor, Jessie Ball duPont, on November 1, 1976. The Fund is organized as a nonprofit charitable trust and began operations on November 1, 1976, exclusively for religious, charitable, literary and educational purposes. The principal of the trust shall be held perpetually with all income distributed to various charitable institutions or for specified charitable purposes, as defined by the Last Will and Testament.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting. That basis differs from generally accepted accounting principles in the following respects:

- Revenues are recognized when received rather than when earned.
- Expenses are recognized when paid rather than when the obligation is incurred.

Reporting of expenses

The Fund reports amounts paid (including administrative expenses) as "supporting services qualifying" in the accompanying financial statements if all or a substantial portion of the amounts may be included as qualifying distributions for purposes of meeting the Fund's minimum distribution requirement described in Note D. Otherwise, amounts paid are included as "supporting services non-qualifying" in the accompanying financial statements.

Cash and cash equivalents

The Fund considers all investment instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments in securities that are traded on national or international securities exchanges are carried at estimated fair value, based upon quoted market prices provided by external investment managers and the Fund's custodian and accepted by the Fund's management.

Investments in alternative structures including limited partnerships, hedge funds and private equity funds are carried at estimated fair value. Estimated fair values for these "alternative investments" are provided by the investee and accepted by the Fund's management. Alternative investments are not readily marketable and are often highly illiquid. The estimated fair values of alternative investments included in the accompanying financial statements are subject to a high degree of uncertainty and the actual fair values could differ materially from the estimated fair values. Management of the Fund believes that the Fund's alternative investments are carried at reasonable estimates of their fair value.

Federal excise tax

The Fund qualifies under Section 501(a) of the Internal Revenue Code ("the Code") as an entity exempt from income taxes and as described in Section 501(c)(3) of the Code. The Fund is a private foundation described in Section 509(a) of the Code. In accordance with applicable provisions of the Code, the Fund is subject to an excise tax of one or two percent on investment income, net of certain related expenses, including realized gains from sales of investments. The Fund has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under the modified cash basis of accounting. Federal and state tax authorities may generally examine the Fund's income tax positions or (if applicable) returns for periods of approximately three to six years.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of income and expenses during the reporting period. Actual amounts, values and results could differ materially from those estimates.

Reclassifications

Certain amounts included in the financial statements for 2010, have been reclassified to conform to classifications adopted during 2011. These reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Fund has evaluated for possible financial reporting and disclosure subsequent events through November 15, 2012, the date as of which the financial statements were available to be issued.

NOTE C – CONCENTRATION OF RISKS

The Fund's investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect investment account balances and the amounts reported in the accompanying financial statements.

NOTE D – QUALIFYING DISTRIBUTIONS AND FUTURE YEAR GRANT COMMITMENTS

The Fund is a private foundation and is required by Section 4942 of the Code to payout, as qualifying distributions, a minimum of 5% of the Fund's noncharitable assets. In 2011 and 2010, the average fair value for this purpose was $275,818,035 and $261,891,845, respectively. During 2011 and 2010, the Fund paid out qualifying distributions of $17,510,924 and $15,394,017, respectively (approximately 6%).

As of December 31, 2011, the Fund had approved grants totaling approximately $5,541,000 to be paid in subsequent years through 2013.

Excess distributions of approximately $10,539,000 are available for carry over to offset the future years' minimum distribution requirements required by federal tax law for private foundations.

NOTE E – TRUSTEE STRUCTURE AND FEES

The governing structure of the Jessie Ball duPont Fund, created by Mrs. duPont's Last Will and Testament and subsequent court order expanding the original number of trustees of four trustees to no more than seven and no fewer than five, includes five individual trustees, each elected by a majority vote of the trustees; a clerical trustee appointed by the Episcopal Bishop of Florida; and a corporate trustee that must be a national financial institution having trust powers selected by a majority vote of trustees. The individual and clerical trustees serve a term of five years, and may succeed themselves for two successive five-year terms; the corporate trustee must be re-elected annually by a majority vote of the trustees, while the individual representing the corporate trustee may serve a total of three, five-year terms. In accordance with Mrs. duPont's Last Will and Testament, the trustees are trustees of Mrs. duPont's estate, which includes the Fund and two additional trusts, and are compensated for their services at a reasonable rate (currently, $30,000 annually, with each trustee committing an average of 40 days per year on Fund business). As corporate trustee, Northern Trust Bank fulfills custodial and certain administrative functions for the Fund, including preparation of the Fund's 990-PF tax return, payroll, grant and administrative expense payments and budget oversight and reconciliation. The corporate trustee fee is set annually by a majority vote of the individual and clerical trustees. For the years ended December 31, 2011 and 2010, the corporate trustee was paid $343,906 and $324,015, respectively, for trustee services, $276,524 and $261,218, respectively, for investment management services and $139,967 and $127,008, respectively, for securities custodian services. The individual representing the corporate trustee is not compensated separately by the Fund.

NOTE F – FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles ("GAAP") define fair value as the price that the Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. GAAP establishes a hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – quoted prices in active markets for identical assets

Level 2 – other significant observable inputs (such as quoted prices for similar investments and observable inputs other than quoted prices)

Level 3 – significant unobservable inputs

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

Estimated fair value of certain assets measured on a recurring basis at December 31, 2011 is as follows:

		Estimated Fair Value Measurements at Reporting Date Using		
	Estimated Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and preferred stocks	$ 94,587,835	$ 94,587,835	$ —	$ —
Mutual funds	68,682,378	68,682,378	—	—
Limited partnership interests	49,013,808	—	34,399,808	14,614,000
Hedge funds	23,906,000	—	—	23,906,000
Total	$ 236,190,021	$ 163,270,213	$ 34,399,808	$ 38,520,000

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, December 31, 2010	$ 20,952,000
Net purchases/(sales)	19,853,121
Net income/(loss)	2,539,624
Net gain/(loss)	(4,824,745)
Balance, December 31, 2011	$ 38,520,000

Estimated fair value of certain assets measured on a recurring basis at December 31, 2010 is as follows:

		Estimated Fair Value Measurements at Reporting Date Using		
	Estimated Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and preferred stocks	$ 133,320,610	$ 133,320,610	$ —	$ —
Mutual funds	84,994,412	84,994,412	—	—
Limited partnership interests	42,148,869	—	35,871,869	6,277,000
Hedge funds	14,675,000	—	—	14,675,000
Total	$ 275,138,891	$ 218,315,022	$ 35,871,869	$ 20,952,000

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, December 31, 2009	$ 16,499,000
Net purchases/(sales)	1,202,594
Net income/(loss)	789,864
Net gain/(loss)	2,460,542
Balance, December 31, 2010	$ 20,952,000

The estimated value of investments in common and preferred stocks and mutual funds, listed as "Level 1" investments are based on unadjusted quoted market prices within active markets.

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

Investments in limited partnership interests listed as "Level 2" investments consist primarily of investments in pooled funds which invest in marketable securities that trade in public markets, the values of which are marked-to-market daily. These investments can generally be liquidated at an amount approximating carrying value in the near-term with proper notice.

Investments in limited partnership interests listed as "Level 3" investments consist primarily of investments in pooled funds which invest in privately-held enterprises in the United States and abroad. Generally, such investments cannot be liquidated in the near-term at the discretion of the Fund.

Investments in hedge funds consist of hedge funds that pursue various strategies to diversify risks and reduce volatility. There are no lock-up periods associated with these investments, and such investments can generally be liquidated at an amount approximating net asset value in the near-term with the proper notice. The reported estimated fair values are generally based on amounts provided by the investee fund.

The carrying value of cash and cash equivalents does not differ materially from reasonable estimates of fair value, as the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value.

NOTE G – COMMITMENTS

As of December 31, 2011, the Fund had open private investment funding commitments related to its limited partnership investment interests of approximately $4,583,000, which are expected to be funded as capital calls are made.

During 2011, the Fund entered into an agreement to fund a program-related investment loan to a certain entity. The loan is considered a non-revolving line of credit in an amount up to $2,000,000, requires interest only payments at 2% per annum and matures in October 2018. No amounts were drawn on the loan as of December 31, 2011.