Jessie Ball duPont Fund

Consolidated Financial Statements

For The Years Ended December 31, 2013 and 2012

BMWL
Batts Morrison Wales & Lee
Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Jessie Ball duPont Fund
Jacksonville, Florida

We have audited the accompanying consolidated financial statements of Jessie Ball duPont Fund ("the Fund"), which comprise the consolidated statements of assets, liabilities, and fund balance arising from cash transactions – modified cash basis as of December 31, 2013 and 2012, and the related consolidated statements of revenues collected, grants and expenses paid, and changes in fund balance – modified cash basis for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the modified cash basis of accounting described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the consolidated financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the consolidated 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 Fund'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance arising from cash transactions – modified cash basis of Jessie Ball duPont Fund as of December 31, 2013 and 2012, and its revenues collected, grants and expenses paid, and changes in fund balance – modified cash basis during the years then ended in accordance with the modified cash basis of accounting described in Note B.

Basis of Accounting

We draw attention to Note B of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
December 11, 2014

JESSIE BALL DUPONT FUND

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

ASSETS

	December 31, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents	$ 7,376,411	$ 8,704,872
Investments - at estimated fair value		
Nonpublicly traded investments	113,372,246	104,867,577
Mutual funds	109,286,670	102,811,191
Corporate and other fixed income securities	27,950,716	—
Common and preferred stocks	24,109,710	47,031,994
Total investments	274,719,342	254,710,762
Other assets	3,097,219	43,504
Total assets	**$ 285,192,972**	**$ 263,459,138**

LIABILITIES AND FUND BALANCE

	2013	2012
NON-REVOLVING LINE OF CREDIT, net	**$ 350,000**	**$ —**
FUND BALANCE	**284,842,972**	**263,459,138**
Total liabilities and fund balance	**$ 285,192,972**	**$ 263,459,138**

JESSIE BALL DUPONT FUND

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

	For The Years Ended December 31, 2013	2012
REVENUES COLLECTED		
Interest and dividends	$ 5,442,386	$ 6,770,974
Distributions and other	105,321	33,679
Total revenues collected	5,547,707	6,804,653
GRANTS AND EXPENSES PAID		
Grants paid	11,243,387	12,815,961
Supporting services qualifying		
Audit fees	48,670	47,250
Communications	91,498	92,755
Corporate co-trustee fees	339,410	330,161
Custodial fee	140,445	136,046
Depreciation expense	12,477	15,924
Employee fringe benefits	317,420	267,243
Employment taxes	65,784	62,839
Individual co-trustees' fees	180,000	150,000
Legal fees	43,999	12,005
Occupancy	134,536	130,540
Other expenses (JBdF, LLC)	179,125	—
Professional association fees	69,172	89,278
Professional meetings and development	18,172	42,000
Program consulting fees and travel	424,035	398,093
Salaries	1,117,344	1,049,006
Technology and other office expenses	106,181	128,664
Trustee and staff travel expenses	270,748	308,332
Total supporting services qualifying	3,559,016	3,260,136
Supporting services non-qualifying		
Federal and state tax expense	505,000	592,010
Investment fees	933,947	1,115,342
Other expenses	75,042	—
Total supporting services	5,073,005	4,967,488
Total grants and expenses paid	16,316,392	17,783,449
Deficit of grants and expenses paid over revenues collected before net gain on securities	(10,768,685)	(10,978,796)
Net gain on securities	32,152,519	17,814,731
Excess of revenues collected and net gain on securities over grants and expenses paid	**21,383,834**	**6,835,935**
FUND BALANCE - Beginning of year	**263,459,138**	**256,623,203**
FUND BALANCE - End of year	**$ 284,842,972**	**$ 263,459,138**

The Accompanying Notes are an Integral Part of These Consolidated 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.

JBdF, LLC is a Florida single-member limited liability company formed during 2013 for the purpose of acquiring and rehabilitating certain property located in downtown Jacksonville, Florida, formerly known as the Haydon Burns Library and now known as the Jessie Ball duPont Center. The Fund is the sole voting member of JBdF, LLC. Accordingly, the consolidated financial statements of the Fund include the accounts of JBdF, LLC. All significant interorganization balances and transactions have been eliminated in consolidation.

Subsequent to December 31, 2013, JBdF, LLC was converted to JBdF, Inc., a Florida nonprofit corporation. JBdF, Inc. has a similar purpose of its predecessor, JBdF, LLC. JBdF, Inc. is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida Law.

Subsequent to December 31, 2013, JB duPont Center, LLC, a Florida single-member limited liability company, was formed for the purpose of entering into a master lease agreement with JBdF, Inc. JB duPont Center, LLC will serve as the master tenant of the Jessie Ball duPont Center. JB duPont Center, LLC will sublease space in the building to other nonprofit organizations, as further described in Note H.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated 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; and
- 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 consolidated 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 consolidated 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Nonpublicly traded investments include limited partnerships, hedge funds, and private equity funds and are carried at estimated fair value. Estimated fair values for nonpublicly traded investments are provided by the investee and accepted by the Fund's management. Such investments are not readily marketable and are often highly illiquid. The estimated fair values of nonpublicly traded investments included in the accompanying consolidated 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 nonpublicly traded investments are carried at reasonable estimates of their fair value.

Other assets

Other assets consist primarily of land and building acquisition and rehabilitation costs for the Jessie Ball duPont Center. Amounts are stated at original cost.

Federal excise tax

The Fund qualifies under Section 501(a) of the Internal Revenue Code ("the Code") as an entity exempt from income taxes as described in Section 501(c)(3) of the Code. The Fund is a private foundation as 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. JBdF, LLC is considered a disregarded entity for federal income tax purposes. Neither the Fund nor JBdF, LLC have 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 organizations' income tax positions or (if applicable) returns for periods of approximately three to six years.

Use of estimates

The preparation of consolidated 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 consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Actual amounts, values, and results could differ materially from those estimates.

NOTE C – CONCENTRATIONS

The Fund maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Fund has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

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 consolidated 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 2013 and 2012, the average fair value for this purpose was $278,389,185 and $268,832,313, respectively. During 2013 and 2012, the Fund paid out qualifying distributions of $14,710,330 and $15,884,142, respectively (approximately 5% and 6%, respectively).

NOTE D – QUALIFYING DISTRIBUTIONS AND FUTURE YEAR GRANT COMMITMENTS (Continued)

As of December 31, 2013, the Fund had approved grants totaling approximately $3,446,000 to be paid in subsequent years through 2017.

Excess distributions of approximately $11,600,000 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 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, 2013 and 2012, the corporate trustee was paid $339,410 and $330,161, respectively, for trustee services, $450,151 and $266,823, respectively, for investment management services, and $140,445 and $136,046, respectively, for securities custodian services. The individual representing the corporate trustee is not compensated separately by the Fund.

NOTE F – FAIR VALUE MEASUREMENTS

The accompanying consolidated financial statements are prepared on the modified cash basis of accounting. Generally, footnote disclosures under a modified basis should be similar, when possible, to those required under accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, the Fund has included the fair value measurement disclosures required by GAAP.

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 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)

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

Nonpublicly traded investments valued using "Level 3" inputs consist of investments in pooled funds which invest in privately-held enterprises in the United States and abroad. Certain of these investments cannot be liquidated in the near-term. In addition, nonpublicly traded investments consist of investments in hedge funds that pursue various strategies to diversify risks and reduce volatility. There are no lock-up periods associated with the Fund's hedge funds investments, and such investments can generally be liquidated at an amount approximating net asset value in the near-term with proper notice. The reported estimated fair values of nonpublicly traded investments are generally based on amounts provided by the investee.

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.

Estimated fair value of certain assets measured on a recurring basis at December 31, 2013, are as follows:

	Total	Level 1	Level 2	Level 3
Nonpublicly traded investments	$ 113,372,246	$ —	$ —	$ 113,372,246
Mutual funds	109,286,670	109,286,670	—	—
Corporate and other fixed income securities	27,950,716	27,950,716	—	—
Common and preferred stocks	24,109,710	24,109,710	—	—
Total	$ 274,719,342	$ 161,347,096	$ —	$ 113,372,246

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

Balance, January 1, 2013	$ 104,867,577
Net sales	(6,131,507)
Net income	1,284,846
Net gains	13,351,330
Balance, December 31, 2013	$ 113,372,246

Estimated fair value of certain assets measured on a recurring basis at December 31, 2012, are as follows:

	Total	Level 1	Level 2	Level 3
Nonpublicly traded investments	$ 104,867,577	$ —	$ —	$ 104,867,577
Mutual funds	102,811,191	102,811,191	—	—
Common and preferred stocks	47,031,994	47,031,994	—	—
Total	$ 254,710,762	$ 149,843,185	$ —	$ 104,867,577

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

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

Balance, January 1, 2012	$ 72,919,808
Net purchases	21,277,111
Net income	2,564,572
Net gains	8,106,086
Balance, December 31, 2012	$ 104,867,577

NOTE G – NON-REVOLVING LINE OF CREDIT

During 2013, in connection with the building acquisition described in Note H, the Fund entered into a non-revolving line of credit ("the LOC") with a bank in an amount up to $16,500,000. The LOC bears interest at the one-month LIBOR plus 0.75% per annum (0.92% as of December 31, 2013). The LOC requires monthly interest payments until February 2016, at which time no additional amounts may be borrowed and monthly payments of principal and interest following a twenty-five year amortization schedule commence. The LOC matures during October 2038. The loan documents allow the bank to require full repayment of any amounts outstanding under the LOC during October 2020, October 2027, or October 2034. The LOC is secured by certain assets of the Fund and contains certain financial and other covenants.

NOTE H – COMMITMENTS

During 2013, JBdF, LLC purchased certain property located in downtown Jacksonville, Florida for approximately $2,200,000. The property, formerly known as the Haydon Burns Library and now known as the Jessie Ball duPont Center, will become the future headquarters of the Fund and will also contain office suites available for rent to other nonprofit organizations at below-market rates. The building is currently undergoing renovations which are expected to be completed during 2015. As of December 31, 2013, a total of approximately $2,500,000 (including the acquisition price) had been capitalized related to the project and is included with "other assets" in the accompanying consolidated financial statements. The total cost of the project when completed is expected to be approximately $25,000,000.

As of December 31, 2013, the Fund had open private investment funding commitments related to certain nonpublicly traded investments of approximately $9,500,000, which are expected to be funded as capital calls are made.

During 2013, 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 $1,500,000, requires interest only payments at 2% per annum, and matures in July 2020. As of December 31, 2013, the loan had an outstanding balance of $500,000 and is included with "other assets" in the accompanying consolidated financial statements.

NOTE I – SUBSEQUENT EVENTS

Subsequent to year-end, JBdF, Inc. obtained financing for improvements to be made to the property described in Note H. The financing provided net proceeds of approximately $22,785,000 to JBdF, Inc. Because the financing was obtained pursuant to a New Markets Tax Credit arrangement, JBDF, Inc. expects that it will not be required to repay a portion of the financing proceeds, assuming certain conditions are met. Income will be recognized in a future period when the elimination of the repayment requirement for a portion of the financing proceeds is legally confirmed. Management estimates that approximately $5,360,000 of the financing proceeds will not be required to be repaid.

NOTE I – SUBSEQUENT EVENTS (Continued)

Additionally, subsequent to year-end, JBdF, Inc. entered into a master lease agreement for the building described in Note H with JB duPont Center, LLC wherein JB duPont Center, LLC is the master tenant. JB duPont Center, LLC will sublease space in the building to other nonprofit organizations as described in Note H.

Further, subsequent to year-end, 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 $1,500,000, requires interest only payments at 1.5% per annum, and matures in July 2021.

The Fund has evaluated for possible financial reporting and disclosure subsequent events through December 11, 2014, the date as of which the consolidated financial statements were available to be issued.