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The Board of Trustees  
Jessie Ball duPont Fund  
Jacksonville, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of assets and fund balance arising from cash transactions – modified cash basis of Jessie Ball duPont Fund (“the Fund”) as of December 31, 2007, and the related statement of revenues collected, grants and expenses paid and changes in fund balance – modified cash basis for the year 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 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.

As discussed 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, 2007, and its revenues collected, grants and expenses paid and changes in fund balance – modified cash basis for the year then ended, in conformity with the modified cash basis of accounting.

*Batts, Morrison, Wales & Lee, P.A.*  
BATTS, MORRISON, WALES & LEE, P.A.

September 11, 2008

**JESSIE BALL DUPONT FUND**  
STATEMENT OF ASSETS AND FUND BALANCE  
ARISING FROM CASH TRANSACTIONS – MODIFIED CASH BASIS  
December 31, 2007

**ASSETS**

**ASSETS**

Cash and cash equivalents	<u>\$ 41,092,512</u>
Investments – at estimated fair market value:	
Common and preferred stocks	188,390,896
Corporate bonds	51,697,826
Asset-backed securities	18,420,790
Hedge fund	14,601,000
U.S. government agency securities	8,800,691
Limited partnership interests	<u>3,735,000</u>
Total investments	<u>285,646,203</u>
Other assets	<u>208,778</u>
<b>Total assets</b>	<b><u>\$ 326,947,493</u></b>

**FUND BALANCE**

<b>FUND BALANCE</b>	<b><u>\$ 326,947,493</u></b>
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**JESSIE BALL DUPONT FUND**  
**STATEMENT OF REVENUES COLLECTED, GRANTS AND**  
**EXPENSES PAID AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS**  
For The Year Ended December 31, 2007

**REVENUES COLLECTED:**

Interest	\$ 3,224,132
Dividends	6,488,634
Distributions and other	<u>126,078</u>
Total revenues collected	<u>9,838,844</u>

**GRANTS AND EXPENSES PAID:**

Grants paid	<u>13,339,605</u>
Supporting services qualifying:	
Audit fees	47,750
Communications	104,733
Corporate co-trustee fees	372,135
Custodial fee	156,695
Depreciation expense	38,262
Employment taxes	43,346
Employee fringe benefits	171,721
Individual co-trustees' fees	147,500
Legal fees	32,330
Occupancy	169,624
Professional association fees	50,983
Professional meetings and development	66,454
Program consulting fees and travel	463,625
Salaries	699,347
Technology and other office expenses	115,156
Trustee and staff travel expenses	<u>174,699</u>

Total supporting services qualifying 2,854,360

Supporting services non-qualifying:

Federal and state tax expense	285,116
Investment fees	<u>1,066,543</u>

Total supporting services 4,206,019

Total grants and expenses paid 17,545,624

Deficit of grants and expenses paid over revenues collected  
before net gains on securities (7,706,780)

Net gains on securities 20,637,602

**Excess of revenues collected and net gains on securities over  
grants and expenses paid** **12,930,822**

**FUND BALANCE – Beginning of year** **314,016,671**

**FUND BALANCE – End of year** **\$ 326,947,493**

**JESSIE BALL DUPONT FUND**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**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 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 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 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.

**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.

**JESSIE BALL DUPONT FUND**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**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 2007, the average fair value for this purpose was \$320,854,448. During 2007, the Fund paid out qualifying distributions of \$16,105,301 (approximately 5.0%).

As of December 31, 2007, the Fund had approved grants totaling approximately \$5,800,000 to be paid in subsequent years through 2010.

Excess distributions of approximately \$2,800,000 are available for carry over to offset the future years' minimum distribution requirements required by federal tax law for private foundations.

**NOTE E – RETIREMENT PLAN**

The Fund makes fixed contributions to a Simplified Employee Pension plan for full-time employees. All full-time employees become vested in employer contributions upon the date of their employment. The Fund contributes an amount equal to 12% of the employee's annual salary. Total contributions made by the Fund to the employee accounts during 2007 were approximately \$84,000.

**NOTE F – 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 year ended December 31, 2007, the corporate trustee was paid approximately \$372,000 for trustee services, \$345,000 for investment management services and \$157,000 for securities custodian services. The individual representing the corporate trustee is not compensated separately by the Fund.