

**JESSIE BALL duPONT RELIGIOUS,
CHARITABLE AND EDUCATIONAL
FUND**

**Financial Statements for the Years Ended
October 31, 2001, 2000 and 1999 and
Independent Auditors' Report**

Deloitte & Touche LLP
Certified Public Accountants
Suite 2801
One Independent Drive
Jacksonville, Florida 32202-5034

Tel: (904) 665 1400
Fax: (904) 355 9104
www.us.deloitte.com

**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

The Trustees of the Jessie Ball duPont
Religious, Charitable and Educational Fund
Jacksonville, Florida

We have audited the accompanying statements of assets and fund balance arising from cash transactions of the Jessie Ball duPont Religious, Charitable and Educational Fund (the "Fund") as of October 31, 2001 and 2000 and the related statements of revenues collected, grants and expenses paid and changes in fund balance, and cash flows 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. The financial statements of the Fund for the year ended October 31, 1999 were audited by other auditors whose report, dated January 11, 2000, expressed an unqualified opinion on those statements.

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 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such 2001 and 2000 financial statements present fairly, in all material respects, the assets and fund balance arising from cash transactions of the Jessie Ball duPont Religious, Charitable and Educational Fund as of October 31, 2001 and 2000, and its revenues collected and grants and expenses paid for the years then ended, on the basis of accounting described in Note 1.

Deloitte & Touche LLP

December 28, 2001

**Deloitte
Touche
Tohmatsu**

**JESSIE BALL duPONT RELIGIOUS,
CHARITABLE AND EDUCATIONAL FUND**

**STATEMENTS OF ASSETS AND FUND BALANCE ARISING FROM CASH TRANSACTIONS
OCTOBER 31, 2001, 2000 AND 1999**

	2001	2000	1999
ASSETS			
Cash and cash equivalents	\$ 54,010,500	\$ 13,638,637	\$ 20,487,598
Investments, at market value:			
U.S. Treasury securities	8,361,330	11,776,959	6,994,344
U.S. Government agency securities	31,044,856	36,372,798	30,965,025
Corporate bonds	46,826,558	45,052,823	50,436,555
Foreign government bonds	-	-	499,800
Common and preferred stocks	144,650,494	241,376,261	233,275,608
Limited partnership interest	5,793,028	5,615,610	3,480,973
	<u>236,676,266</u>	<u>340,194,451</u>	<u>325,652,305</u>
Fixed assets, at cost less accumulated depreciation of \$90,112, \$155,334 and \$144,007, respectively	90,261	31,457	35,529
Total assets	<u>\$ 290,777,027</u>	<u>\$ 353,864,545</u>	<u>\$ 346,175,432</u>
Commitments (Note 3)			
FUND BALANCE	\$ 290,777,027	\$ 353,864,545	\$ 346,175,432

See accompanying notes to financial statements.

JESSIE BALL duPONT RELIGIOUS, CHARITABLE AND EDUCATIONAL FUND

STATEMENTS OF REVENUES COLLECTED, GRANTS AND EXPENSES PAID AND CHANGES IN FUND BALANCE YEARS ENDED OCTOBER 31, 2001, 2000 AND 1999

	2001	2000	1999
REVENUES COLLECTED:			
Interest	\$ 7,688,343	\$ 6,770,350	\$ 6,074,288
Dividends	<u>7,850,746</u>	<u>3,745,231</u>	<u>2,183,441</u>
Total revenues collected	<u>15,539,089</u>	<u>10,515,581</u>	<u>8,257,729</u>
GRANTS AND EXPENSES PAID:			
Program services:			
Grants paid (Note 2)	13,462,277	16,315,024	15,055,248
Supporting services:			
Corporate co-trustee fees	674,483	782,282	670,012
Individual co-trustees' fees	90,000	90,000	92,500
Money manager fees	141,635	172,606	232,756
Salary and benefits	599,749	545,979	490,304
Federal taxes	341,986	(18,353)	1,389,148
Program evaluation and support	205,910	187,199	100,964
General administration	597,164	355,829	338,061
Communications	<u>102,257</u>	<u>169,111</u>	<u>123,505</u>
	<u>2,753,184</u>	<u>2,284,653</u>	<u>3,437,250</u>
Total grants and expenses paid	<u>16,215,461</u>	<u>18,599,677</u>	<u>18,492,498</u>
Excess of grants and expenses paid over revenues collected before net realized and unrealized gain on securities	(676,372)	(8,084,096)	(10,234,769)
Net realized and unrealized (loss) gain on securities	<u>(62,411,146)</u>	<u>15,773,209</u>	<u>58,305,304</u>
(Deficit) excess of revenues collected and net realized and unrealized (loss) gain on securities over grants and expenses paid	(63,087,518)	7,689,113	48,070,535
Fund balance, beginning of year	<u>353,864,545</u>	<u>346,175,432</u>	<u>298,104,897</u>
Fund balance, end of year	\$ 290,777,027	\$ 353,864,545	\$ 346,175,432

See accompanying notes to financial statements.

**JESSIE BALL duPONT RELIGIOUS,
CHARITABLE AND EDUCATIONAL FUND**

**STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2001, 2000 AND 1999**

	2001	2000	1999
OPERATING ACTIVITIES:			
(Deficit) excess of revenues collected and net realized and unrealized (loss) gain on securities over grants and expenses paid	\$ (63,087,518)	\$ 7,689,113	\$ 48,070,535
Adjustments to reconcile (deficit) excess of revenues collected and net realized and unrealized (loss) gain on securities over grants and expenses paid to net cash used in operating activities:			
Unrealized loss (gain) on securities, net	75,318,226	17,547,923	(9,468,683)
Realized gain on securities, net	(12,907,080)	(33,321,132)	(48,764,622)
Depreciation expense	14,852	11,327	11,044
Loss on disposal of fixed assets	2,581		
Net cash used in operating activities	<u>(658,939)</u>	<u>(8,072,769)</u>	<u>(10,151,726)</u>
INVESTING ACTIVITIES:			
Sales and maturities of investments	151,919,979	116,298,013	111,541,137
Purchases of investments	(110,812,940)	(115,066,950)	(103,330,820)
Partnership return on capital invested	-	-	234,800
Acquisition of fixed assets	(76,237)	(7,255)	(23,870)
Net cash provided by investing activities	<u>41,030,802</u>	<u>1,223,808</u>	<u>8,421,247</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,371,863	(6,848,961)	(1,730,479)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>13,638,637</u>	<u>20,487,598</u>	<u>22,218,077</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 54,010,500	\$ 13,638,637	\$ 20,487,598

See accompanying notes to financial statements.

JESSIE BALL duPONT RELIGIOUS, CHARITABLE AND EDUCATIONAL FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2001, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the basis of cash receipts and disbursements, except for investments which are substantially valued at market. Accordingly, revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Organization - The Jessie Ball duPont Religious, Charitable and Educational Fund (the "Fund") was established by the Will of its founder and principal 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 Will.

Securities - Investments in securities are presented at market value. Realized and unrealized gains or losses are determined by comparison of cost to either proceeds received from the sales or market values. The market value of investment securities is based on the last sales price on the valuation date for those securities traded on national securities exchanges. For securities traded over-the-counter, the last bid price is used. Investments in limited partnerships are valued by Northern Trust Company Family Business Unit.

Security transactions are recorded on the settlement date which is the date on which security transactions are to be settled by the delivery and receipt of securities and the receipt or payment of cash. For bonds purchased at amounts in excess of face value, cost is adjusted for the amortization of premium. Bond premiums are amortized on the straight-line basis from the date of purchase to the maturity date of individual securities and netted against amounts received as interest. Cost and income are not adjusted for securities purchased at discounts.

Federal Income and Excise Taxes - The Fund has received a tax determination letter indicating that the Fund is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Fund is classified as a private foundation as defined in Sections 509(a) and 4942 and as such is subject to Federal excise taxes on its net investment income (dividends, interest and net realized gains on securities transactions reduced by related expenses). For the year ended October 31, 2001, the Fund made estimated federal excise tax payments of \$270,000, including estimated overpayments of approximately \$29,000 which will be applied to 2002 tax payments. The Fund made estimated unrelated business tax payments of \$70,000 during the year ended October 31, 2001. For the year ended October 31, 2000, the Fund made estimated federal excise tax payments of \$413,000, including estimated overpayments of approximately \$39,000 which was applied to 2001 tax payments. The Fund made estimated unrelated business tax payments of \$29,000 during the year ended October 31, 2000. For the year ended October 31, 1999, the Fund made estimated federal excise tax payments of \$1,136,000, including estimated overpayments of approximately \$572,000 of which

JESSIE BALL duPONT RELIGIOUS, CHARITABLE AND EDUCATIONAL FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2001, 2000 AND 1999 (Continued)

\$431,000 was refunded subsequent to filing of the October 31, 1999 Form 990-PF and \$141,000 was applied to 2000 tax payments.

Fixed Assets - Fixed assets are recorded at cost and depreciated on the straight-line basis over the estimated useful life of the asset.

Cash and Cash Equivalents - Cash and cash equivalents include a diversified short term money market fund. Highly liquid investments purchased with an original maturity of three months or less are considered cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue, and expenses and losses during the reporting period. Actual results could differ from those estimates.

2. GRANTS PAID

During the year ended October 31, 2001, the Fund received loan repayments of \$40,000 and grant refunds of \$96,820 (\$54,189 related to grants paid prior to 2001). During the year ended October 31, 2000, the Fund received loan repayments of \$65,600 and grant refunds of \$43,605 (\$34,182 related to grants paid prior to 2000). During the year ended October 31, 1999, the Fund received loan repayments of \$22,000 and grant refunds of \$20,446 (\$12,946 related to grants paid prior to 1999). Accordingly, grants paid has been reduced by \$122,748, \$109,205 and \$42,446 for the years ending October 31, 2001, 2000 and 1999, respectively.

3. COMMITMENTS

Grants - The Fund is a private foundation and is required by Section 4942 of the Code, to pay out, as qualifying distributions, a specified percentage of the average market value of the Fund's noncharitable assets. At October 31, 2001, the Fund had approved grants of \$7,569,822 to be funded in subsequent years. The Fund distributed approximately \$211,000, \$412,000 and \$41,000 more than the minimum requirements for the years ended October 31, 2001, 2000 and 1999, respectively.

Excess distributions are carried over to offset future years' minimum distribution requirements. Excess distributions of approximately \$664,000 are available for carryover to offset the minimum distribution requirements through the year ending December 31, 2004 (\$41,000 expiring in 2003, \$412,000 expiring in 2004 and \$211,000 in 2005).

JESSIE BALL duPONT RELIGIOUS, CHARITABLE AND EDUCATIONAL FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2001, 2000 AND 1999 (Concluded)

Operating Leases - The Fund leases office space and office equipment under operating leases. Lease expense was approximately \$111,000, \$69,000 and \$67,000 for the years ended October 31, 2001, 2000 and 1999, respectively. Minimum commitments on operating leases at October 31, 2001 are as follows:

Year Ending October 31,

2002	\$ 118,949
2003	122,495
2004	126,162
2005	129,976
2006	77,127
	\$ 574,709

4. RETIREMENT PLAN

The Fund sponsors a Simplified Employee Pension Plan in which 12 percent of the annual salary of each full-time employee is contributed by the Fund. Contributions for the years ended October 31, 2001, 2000 and 1999 were \$54,737, \$50,808 and \$44,437, respectively.

* * * * *