

**FOUNDATION FOR ORANGE COUNTY PUBLIC
SCHOOLS, INC.**

**A COMPONENT UNIT OF THE ORANGE COUNTY
DISTRICT SCHOOL BOARD**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018



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CONSULTING**

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
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YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foundation for Orange County Public Schools, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Foundation for Orange County Public Schools, Inc. (the Foundation), a component unit of the Orange County District School Board, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

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 and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 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 auditors' 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.

Board of Directors
Foundation for Orange County Public Schools, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of functional expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Foundation for Orange County Public Schools, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
October 3, 2019

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019, 2018, AND 2017

As the leadership of The Foundation for Orange County Public Schools, Inc. (the Foundation), we offer readers of the Foundation's financial statements this narrative overview and analysis of the financial activities for the years ended June 30, 2019, 2018 and 2017. This report represents the Foundation leadership's overview of the organization's health and well-being. We encourage readers to consider this information in conjunction with the independent auditors' report and the basic financial statements included herein.

Financial Highlights

- The Foundation's overall combined net position totaled \$2,690,001 as of the year ended June 30, 2019, as compared to \$1,999,393 as of the year ended June 30, 2018, and \$1,652,902 as of the year ended June 30, 2017.
- Unrestricted net position totaled \$696,626, \$541,375, and \$496,600 for the years ended June 30, 2019, 2018, and 2017, respectively. These funds represent monies available to provide academic program support to students, teachers and staff in Orange County Public Schools, as well as general and administrative support.
- Net investment in capital assets totaled \$3,000, \$9,181 and \$11,636 for the years ended June 30, 2019, 2018, and 2017 respectively. These funds represent the net value of property and equipment maintained by the Foundation.
- Restricted (Expendable and Nonexpendable) net position totaled \$1,990,375, \$1,448,837, and \$1,144,666 for the years ended June 30, 2019, 2018, and 2017, respectively. These funds represent monies which have been limited by donors with time restrictions, special purpose restrictions, or are funds that are invested in perpetuity.

Overview of the Financial Statements

A review of the Foundation's statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and the notes to the financial statements helps donors understand the Foundation's overall financial health. It is important to consider how external factors may impact the Foundation's financials (economic trends, stock market performance, state and federal regulations that govern fiscal reporting for nonprofits, and so forth).

- The statement of net position presents information on all of the Foundation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Foundation's well-being.
- The statement of revenue, expenses and changes in net position shows whether revenues and other support exceed expenses, which results in either an increase or decrease in net position. All net position changes are reported on an accrual basis, regardless of the timing of the related cash flows. Revenues and expenses are reported in these statements for some items and events that will result in cash flow in future periods, if at all (i.e., unrealized gains and losses on investments).
- The statement of cash flows identifies the changes in cash activity for the period. The primary purpose of this statement is to provide relevant information about cash receipts and cash payments of the Foundation throughout the fiscal year.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017

Statements of Assets as of June 30:

| | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 426,194 | \$ 453,379 | \$ 832,403 |
| Investments | 3,294,829 | 3,036,696 | 1,984,151 |
| Other Assets | 29,118 | 13,119 | 24,265 |
| Florida Prepaid Tuition Scholarships | 16,561 | 17,974 | 21,813 |
| Capital Assets, Net of Accumulated Depreciation of \$30,348, \$24,167, and \$18,712, Respectively | 3,000 | 9,181 | 11,636 |
| Total Assets | <u>\$ 3,769,702</u> | <u>\$ 3,530,349</u> | <u>\$ 2,874,268</u> |

Statements of Liabilities as of June 30:

| | 2019 | 2018 | 2017 |
|---------------------------------------|---------------------|---------------------|---------------------|
| School/Districts Assets Held | \$ 883,235 | \$ 1,354,465 | \$ 1,048,574 |
| Accounts Payable and Accrued Expenses | 81,994 | 90,519 | 95,950 |
| Unearned Revenue | 114,472 | 85,972 | 76,842 |
| Total Liabilities | <u>\$ 1,079,701</u> | <u>\$ 1,530,956</u> | <u>\$ 1,221,366</u> |

Statements of Net Position as of June 30:

| | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|
| Unrestricted | \$ 696,626 | \$ 541,375 | \$ 496,600 |
| Invested in Capital Assets, Net of Related Debt | 3,000 | 9,181 | 11,636 |
| Restricted: | | | |
| Teacher Grants | 60,000 | 58,186 | 55,242 |
| Read2Succeed | 105,460 | 75,000 | 80,000 |
| District Support | 344,311 | 375,076 | 370,051 |
| Fundraising Event | 50,923 | - | - |
| Scholarships and Endowments | 1,075,212 | 586,106 | 284,904 |
| Nonspendable Endowment | 354,469 | 354,469 | 354,469 |
| Total Net Position | <u>\$ 2,690,001</u> | <u>\$ 1,999,393</u> | <u>\$ 1,652,902</u> |

Foundation Investment Portfolio Grows

Fiscal year 2019 was the sixth full year the Foundation's capital reserves and endowed funds were actively managed by an investment firm. It was established in FY2014 with an initial balance of \$640,000. As of June 30, 2019, 2018, and 2017, investment holdings accounted for 87%, 86% and 69% of total assets, respectively. The purpose of the investment pool is to preserve and enhance the real purchasing power of contributed funds, while providing an earnings stream to support Orange County Public Schools. The value of the Foundation's investments totaled approximately \$3,295,000 as of June 30, 2019. That represents an increase of approximately \$258,000 from the previous fiscal year-end value of approximately \$3,037,000 as well as 514.84% growth since inception. The Foundation's finance committee reviews the investment portfolio quarterly with representatives of the investment firm to review the portfolio and asset allocation, analyze performance returns, and rebalance the account as necessary.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017

Liabilities

The largest liability represents the school and district assets held by the Foundation. Accounts payable and accrued expenses includes amounts due to vendors as of June 30, 2019, 2018, and 2017, for operating expenses and other commitments of the Foundation. Unearned revenue includes sponsorships received for the 2019 *Fore Our Schools* Golf Tournament to be held on October 11, 2019. There were no long-term liabilities as of June 30, 2019, 2018, and 2017.

Board-Designated Assets

Included in the Unrestricted Net Assets are \$57,254 in Board-Designated Assets. These include the remaining funds from an unrestricted estate gift of \$98,540. After the Foundation received the gift, the donor's family informed the Board that the donor had intended to support a program at Princeton Elementary School that serves children with disabilities. The Board chose to honor this donor designation. In FY2019, the Board voted to use \$51,286 to fund equipment needs for the Princeton Elementary School program.

Statements of Revenues, Expenses and Changes in Net Position:

Management and general expenses, and fundraising expenses are paid from the Foundation's operating budget, which is derived from fundraising events, administrative fees, earned income and annual fund gifts. Total revenues and expenses are as follows for the years ended June 30:

| Operating Revenues for the Year Ended: | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|
| Contributions | \$ 52,023 | \$ 86,681 | \$ 362,821 |
| Fundraising Events | 229,200 | 281,000 | 257,449 |
| Grants | 1,502,795 | 1,537,393 | 1,656,438 |
| Read2Succeed | 281,465 | 255,766 | 279,371 |
| Scholarships and Endowments | 568,450 | 304,100 | 69,076 |
| Other Income | 30,412 | 35,556 | 53,700 |
| In-Kind Donations | 35,154 | 37,601 | 34,123 |
| Total Revenue and Support | <u>\$ 2,699,499</u> | <u>\$ 2,538,097</u> | <u>\$ 2,712,978</u> |

Program Services Expenses by Function for the Year Ended:

| | 2019 | 2018 | 2017 |
|---------------------------------|---------------------|---------------------|---------------------|
| Read2Succeed | \$ 268,969 | \$ 281,371 | \$ 357,454 |
| Teacher Grants | 203,367 | 218,332 | 239,056 |
| District Support | 1,426,852 | 1,374,976 | 1,252,955 |
| Take Stock in Children | 1,400 | 1,050 | 13,229 |
| Scholarships | 135,969 | 60,282 | 45,490 |
| Total Program Services Expenses | <u>\$ 2,036,557</u> | <u>\$ 1,936,011</u> | <u>\$ 1,908,184</u> |

Support Services Expenses by Function for the Year Ended:

| | 2019 | 2018 | 2017 |
|---------------------------------|-------------------|-------------------|-------------------|
| Fundraising | \$ 118,181 | \$ 181,747 | \$ 135,310 |
| General and Administrative | 235,596 | 193,601 | 216,433 |
| Total Support Services Expenses | <u>\$ 353,777</u> | <u>\$ 375,348</u> | <u>\$ 351,743</u> |

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017**

Operating Revenue Increased 6.0 Percent

Total operating revenue for the 2018-19 fiscal year increased \$161,402 to \$2,699,499. This includes \$253,637 from the School District Education Foundation Matching Grant program, which matched private donations dollar for dollar, to support the district's programs targeting literacy, teaching quality, STEM, low-performing students, and Career and Technical Education. Contributions for the year totaled \$52,023.

Foundation Managed More Than \$3.9 Million for Program Support, Scholarships and School/District Funds

The Foundation supports OCPS programs at every level, from a classroom at a single school to districtwide initiatives, all of which significantly improve students' academic performance. The positive impact of these programs include:

Read2Succeed

Read2Succeed provided individualized reading instruction to 550 first-grade, 582 second-grade and 261 retained third-/fourth-grade students at 95 elementary schools. Of the students for whom data were available, 812 participants overall had comparable measures on the year-opening and year-end iReady English/Language Arts (ELA) diagnostic assessments. These participants can be compared to grade-level iReady students across the district.

- 92.7% of participants showed growth from the initial assessment to the end-of-year assessment.
- First graders: 95.2% of participants showed growth from the beginning to the end of the year.
- Second graders: 94.6% of participants showed growth from the beginning to the end of the year.
- Third graders: 83.2% of participants showed growth from the beginning to the end of the year. While this is less growth than the first- or second-graders, these are also students who were specifically chosen because of their high risk of receiving a Level 1 on the Florida Standards Assessment (FSA).

This was the final year of the Third-Grade Program's three-year pilot. After carefully reviewing all data, it became clear that shifting resources to a Kindergarten program that addresses pre-reading skills will better serve students and families. That program has been designed, and will be implemented once full funding is secured. In FY2020, Read2Succeed will focus on the First- and Second-Grade Programs.

City Year Orlando

City Year AmeriCorps members provided academic support, attendance monitoring and activities like assemblies and celebrations that improve the overall school environment at eight schools across the district: Catalina and Eccleston elementary schools; Meadowbrook, Memorial and Walker middle schools; and Evans, Jones and Oak Ridge high schools. The Foundation supports the program at Walker. Results include:

English/Language Arts:

- Prevention: 98% of students served who started on track in ELA grade and ended on track
- Recovery: 88% of students served who started off track in ELA grade and ended on track
- Growth: 46% of students served met target growth in their iReady assessments

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017**

Math:

- Prevention: 90% of students served who started on track in math grade and ended on track
- Recovery: 42% of students served who started off track in math grade and ended on track
- Growth: 24% of students served met target growth in iReady assessment

Teacher Grants

Teacher grants awarded approximately \$160,000 in classroom grants for STEM, civics, fine arts, classroom libraries, middle school book clubs, technology, and professional development to 153 teachers for equipment and materials that directly impact classroom learning. In total, 24,603 students benefited from these grants.

- Classroom Library Grants put nonfiction books in the hands of 2,984 students in 24 schools; 69.9% cultivated a growing interest in reading as a direct result of this program, and 58.4% improved their reading skills.
- Middle School Book Club grants were awarded to clubs in 8 schools. These clubs help reluctant readers strengthen their literacy skills while encouraging reading for enjoyment. The average Lexile score growth for participating students surveyed was approximately 125 points.
- Math, Science, Energy Education and STEM grants provide funds for equipment and/or materials for hands-on, experiential projects. Of the 13,727 students who participated in these projects, 79.2% increased their interest in STEM topics; 61.8% increased their interest in pursuing STEM careers; and 65.5% improved their science grades.
- Arts Education Grants totaling more than \$9,049 supported visual and performing arts programs in 11 schools, positively impacting 7,803 students and 29 teachers.

Teach-In

Of the schools that participated, 97 schools reported their results. Reporting schools welcomed more than 2,229 volunteers, who gave 4,700 presentations. Overall, the day benefitted more than 61,400 students across the district.

CHILL

The CHILL (Community Health and Intervention in Life's Lessons) program provided a licensed or licensed-eligible mental health counselor to the elementary and middle schools that feed into Winter Park High School. The CHILL counselors offered individual, group and family counseling services with parent consent.

- 954 students were referred CHILL services.
- 466 students were seen; 267 students in groups, and 199 students in individual sessions.
- CHILL counselors held approximately 800 sessions for 69 groups (each group had 12 sessions). The most common groups covered the following topics:
 - Dealing with Feelings
 - Coping Skills
 - Social Skills
 - Self-Control
 - Family Issues

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017**

Health Care Services

A part-time pediatric nurse practitioner housed at Edgewater High School serves the students, staff and surrounding community providing school entry and sports physical examinations, diagnosis and treatment of the common conditions of childhood and adolescents including the writing of prescriptions when indicated. In addition to students at Edgewater, those from seven other schools in Edgewater's feeder pattern also receive services.

Coach Pennington Scholarship

This endowed fund was established by Evans High School alumni in honor of Coach Fred Pennington for the positive impact he had on students both on and off the court during his tenure at Maynard Evans High School. It continues Coach Pennington's legacy of creating positive impact for graduating seniors as follows:

- Two seniors from the graduating Class of 2019 – basketball players and cheerleaders from low-income families – were awarded scholarships totaling \$5,000.
- Five winners from the Class of 2018 received renewals of their scholarships during FY2019.

Above and Beyond Scholarship

This endowed fund was established by an Oak Ridge High School alumnus from the Class of 1967 to provide scholarships to graduating seniors from Oak Ridge High School who seek a certificate or a two- or four-year postsecondary degree at a technical or vocational school, college or university. Scholarships are renewable on an academic year-by-year basis for a maximum of four years.

- Eleven seniors from the graduating Class of 2019 received scholarships, totaling \$33,000.
- Eight winners from the Class of 2018 received renewal scholarships, totaling \$22,500.
- Six winners from the Class of 2017 received renewal scholarships, totaling \$9,000.
- Five winners from the Class of 2016 received renewal scholarships, totaling \$15,000.

The Fund for Maitland Public Schools

This endowed fund was established by the City of Maitland in FY2017 to support before- and after-school educational and enrichment activities for students at traditional public schools within the city limits of Maitland, Florida. Existing schools are Dommerich and Lake Sybelia elementary schools and Maitland Middle School. The second annual disbursement to schools was made in July 2019. The Fund performed well, generating \$31,997: the eligible schools received \$21,997, distributed proportionally on a per-student basis, and \$10,000 was reinvested in the Fund.

GenerationWOW

This program connects the enthusiasm of girls in our high schools with the wisdom of women in our community. Launched November 7, 2018, with an "edu-tainment" event that helps inspire sophomores and juniors from each of the school district's 20 high schools, GenerationWOW connects girls who are still learning who they are and who they want to become with successful women from across the Orange County community. The students meet and network with women who are willing to serve as mentors to them, then return to their respective schools to start GenWOW clubs and decide which projects they would like to take on to ensure the positive energy continues to flow in their day-to-day interactions. The program supplements other mentorship opportunities across the district, and mentors are screened through the ADDitions Volunteer system before interacting with students. In 2018, 399 students and 135 women participated; plans are underway to double those numbers in 2019.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017**

GoGreenBack App

In FY2018, the Foundation partnered with Startup Media to offer the GoGreenBack app as an innovative way to raise funds for the Foundation or individual schools. GoGreenBack is the 21st century interactive version of the old discount coupon books. For a contribution of \$25, an individual becomes a member of GoGreenBack and receives the app, which provides access to more than 450,000 discounts and offers from businesses all across the country. The \$25 initial contribution generates a \$20 gift to the charity and a \$5 payment to Startup Media for its expenses. Members may also generate more funds for their charities of choice by utilizing the discounts offered by merchants through the app. Since its inception, the program has generated \$28,840. School-based interest in the GoGreenBack app grew considerably in 2018-19 and improvements in reporting are under development. The app was also offered once more at no cost as an incentive to OPCS Gives donors who either made a new gift of \$100 (one-time or payroll deduction of \$5 per month) or increased their previous support by that amount.

Charity Recycling Services

The Foundation formed a new partnership with Charity Recycling Services (CRS) in FY2019. This school-based fundraising opportunity also allows schools to earn Green School credit for recycling. CRS places bins in easy-to-access locations on school campuses; schools encourage parents, employees, local businesses, partners and neighbors to recycle old clothing, shoes, purses, leather goods, blankets, sheets, towels and even small appliances by depositing items in the CRS bins. Each bin is equipped with a small camera inside so that CRS can monitor its contents. When a bin is full, CRS comes to the school's campus to empty and weigh the contents. Materials are transported offsite, sorted, and either repurposed or recycled. The school receives 10 cents per pound of material collected. As of June 30, 2019, 46 schools had recycled 120,862 pounds of material and received \$15,535 in return, including sign-up and Partner in Education bonuses.

Top Talent 2019

This fundraising event to showcase student talent in the performing and visual arts was revived to rave reviews in April 2019 at the Plaza Live. More than 110 students submitted audition videos to compete live onstage, and nearly 900 submissions were received for the visual arts competition. Celebrity judges scored 15 performances before a live audience of 400, while visual arts teachers vetted and judged the visual arts pieces, selecting 18 for display at the event. Text-to-give options for fan favorite voting were offered in both performing and visual arts from several weeks before the event until the night of the performances. Gross revenue totaled \$72,954; net revenue of \$50,923 will provide arts enrichment for students experiencing poverty or homelessness.

Community Outreach Committee

The Community Outreach Committee was established in FY2018 to help share resources (volunteers, fundraising efforts, and more) throughout the district. In FY2019, the Committee assisted 11 high-need schools, identified based on multiple criteria and with input from area superintendents, by using the Five Star School designation framework to focus on areas where increased community involvement can help improve student achievement.

Activities in FY2019 included reading rallies held in partnership with the Orlando Magic; clothing drives over the holidays; and attendance incentive programs that provided bicycles to students and iPads to teachers at three schools with the lowest school grades.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017**

One school improved its school grade from an F to a B; another improved from a D to a B; and eight more improved their school grades to a C or B. Only one school's grade of D remained unchanged.

The Committee will continue to support these 11 schools in FY2020, and add nine more schools with school grades of D to its focus list.

School and District Funds

The Foundation continued to experience considerable growth this year in the school and district funds it manages. These funds help schools build their capacity and district programs to serve unmet needs. This year, the Foundation managed 108 school and 40 district funds, a 29% increase in the number of funds managed by the Foundation during FY2018. These funds raised \$1,410,437, a 2% decrease compared with FY2018 results. In the three years since the adoption of the Foundation's new structure, the number of school and district funds under management has nearly tripled, and the funds raised have almost doubled.

Examples of how just a few of these funds benefit students and staff include:

- The Homeless Students Support Fund provided food and hygiene items to students and their families; provided Lynx passes; and paid for school field trips, yearbooks, clothes and other needs.
- The Superintendent's Leadership Fund supports districtwide professional development efforts, including Great Beginnings, a week-long orientation for our newest teachers, and the Superintendent's Leadership Summit, a gathering of all school-based and district-based administrators to salute successes, review challenges, and hear the Superintendent's vision for the coming year.
- The *Hello! Florida* Field Trip Fund covered the costs for STEM-related field trips for at least 2,500 students experiencing poverty or homelessness. Since its inception, approximately 10,000 students have been able to attend these educational field trips with their peers.
- The three most active school funds were Lake Whitney Elementary School (raising \$99,823), Edgewater High School 1952 Club (raising \$68,700), and Audubon Park K-8 Fund (raising \$63,670).

In order to provide more personalized and proactive support to schools with funds under the Foundation's management, former School Board member Joie Cadle joined the Foundation team in January 2019 as a consultant. Her work includes building a toolbox of online resources for coordinators, bookkeepers and principals at the school level regarding best practices in fundraising and philanthropy, ethics, online giving, partnerships, volunteer management, crowdfunding and more. The toolbox will be rolled out to school personnel in FY2020.

Strategic Plan in Place Through 2022

The Foundation's Strategic Plan was successfully refined and expanded to carry the organization through 2022, and the areas in which investments and philanthropic support will be sought – our priorities – were formalized. The Philanthropic Strategic Plan, previous Foundation 18-month strategic plan, and traditional areas for Foundation support are incorporated into this expanded Plan. The task force presented the updated plan to the full Foundation board in December 2018, where it received unanimous approval.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017

Our philanthropic priorities are:

- **Ensure Learning Readiness:** support early childhood education, mental and physical health and wellness, and behavioral improvements
- **Invest in Teachers & Staff:** provide professional development, impact and innovation grants, and investments in teacher excellence and retention
- **Accelerate Student Success:** focus on literacy, access to STEM, access to arts, and efforts that narrow achievement gaps
- **Promote Success After OCPS:** support career and college readiness efforts, scholarships, mentoring and alumni programs
- **Drive Community Collaborations:** build meaningful relationships and partnerships with OCPS and the community, including serving as a communication hub

Key Performance Indicators have been identified for tracking and reporting to the Foundation board. Fundraising goals have also been set; incremental annual targets will be determined in the first half of FY2020 to ensure achievement of those goals.

Future Outlook

The Foundation for Orange County Public Schools serves as the sole designated direct-support organization for the 8th largest public school system in the nation and supports 213,000 students and 25,000 employees, including 15,000 teachers, in 199 schools across the county. We align our focus with the plans of the Orange County Public Schools district and the School Board, and are committed to collaborating with the school district to invest in student achievement.

The Foundation was founded in 1987 by local business and community leaders to support Orange County Public Schools by connecting schools with the community and by providing financial, programmatic, and other resources for learning enhancement.

Today, the Foundation is the sole designated direct-support organization and philanthropic arm of the district, dedicated to identifying, developing, and focusing community involvement and investments to lead our students to success throughout the Orange County public school system. We provide broad community impact, serving as an innovation catalyst and one-stop shop for those who wish to support and champion public education. We empower and enable investments of all sizes, from the districtwide level down to an individual school. We collaborate with Orange County Public Schools, the School Board, donors, and the community at large as well as a network of education-based nonprofits to achieve our primary goal: investing in student achievement.

In short, the Foundation partners with corporations, foundations, small businesses, and members of the community to create a sustainable difference in Orange County Public Schools. Through the support of these partnerships, the Foundation provided \$3.9 million in program support last school year including the funds managed of more than \$1.4 million for district and school funds.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017

In addition to implementing the Foundation's refreshed strategic plan, other priorities for FY2020 will include the following:

Continue to Improve Relationship Management

- By moving Community Outreach, Partners in Education, and ADDitions Volunteers under the Foundation, great improvements in relationship management and moves management are emerging. For example, we are able to create strategically timed, stewardship messaging to past volunteers that help recognize and retain them for the next year. We will continue to identify and capitalize on these opportunities.

Implement Efficiencies Among Technological Tools

- The Community Outreach, Partners in Education and ADDitions Volunteers programs utilize Samaritan, a custom-built software system for recruiting, registering, and tracking partnerships and volunteers, as well as promoting school needs with an outward interface. The Foundation team utilizes DonorPerfect as its constituent relationship management system (CRM) and QuickBooks for accounting. The team continues to identify and implement efficiencies among and between these tools that enhance each system and improve our daily work.

Policy Changes

- In collaboration with district teams in Finance, the Foundation team is helping to update School Board policies regarding student fundraising activities, grants from external sources and school internal funds, as well as the handbook for school bookkeepers. These updates will clarify the role of the Foundation and the assistance we can offer to maximize schools' ability to secure additional resources.

Part-time Grant Writer and Foundation Search Tool

- A part-time grant writer will join the team as of October 1, 2019. Also, a three-year subscription to FoundationSearch has been purchased. FoundationSearch is an online tool that identifies grant opportunities from private foundations, public foundations, family foundations, and corporate foundations across the country whose philanthropic priorities align with our school district's needs for philanthropic support. Both additions will help the Foundation team increase and diversify its revenue streams in the grants arena. Our mission-driven work and financial outcomes shared in this report would not have been possible without the commitment and service of Foundation staff and its dedicated board of directors. During the upcoming year, we will continue to connect with and empower investors who want to make a sustainable difference for our community's schools and children. We invite you to contact us to discuss how you can invest in Orange County Public Schools.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2019, 2018, AND 2017

Respectfully submitted,

Eddie Sanabria, Jr.
Board Chair
Foundation for Orange County Public Schools

Scott D. Howat
President
Foundation for Orange County Public Schools
scott.howat@ocps.net
407-317-3494

Requests for Information

This financial report is designed to provide our donors, grantors, recipients, and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Senior Director, The Foundation for Orange County Public Schools, 445 W. Amelia Street, Suite 901, Orlando, Florida 32801.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

| | 2019 | 2018 |
|---|--------------|--------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 426,194 | \$ 453,379 |
| Investments | 3,294,829 | 3,036,696 |
| Other Assets | 29,118 | 13,119 |
| Florida Prepaid Tuition Scholarships | 16,561 | 17,974 |
| Capital Assets, Net of Accumulated Depreciation of \$30,348 and \$24,167, Respectively | 3,000 | 9,181 |
| Total Assets | \$ 3,769,702 | \$ 3,530,349 |
| LIABILITIES AND NET POSITION | | |
| LIABILITIES | | |
| School/Districts Assets Held | \$ 883,235 | \$ 1,354,465 |
| Accounts Payable and Accrued Expenses | 81,994 | 90,519 |
| Unearned Revenue | 114,472 | 85,972 |
| Total Liabilities | 1,079,701 | 1,530,956 |
| NET POSITION | | |
| Unrestricted | 696,626 | 541,375 |
| Net Investment in Capital Assets | 3,000 | 9,181 |
| Restricted: | | |
| Teacher Grants | 60,000 | 58,186 |
| Read2Succeed | 105,460 | 75,000 |
| District Support | 344,311 | 375,076 |
| Fundraising Event | 50,923 | - |
| Scholarships and Endowments | 1,075,212 | 586,106 |
| Nonspendable Endowment | 354,469 | 354,469 |
| Total Net Position | 2,690,001 | 1,999,393 |
| Total Liabilities and Net Position | \$ 3,769,702 | \$ 3,530,349 |

See accompanying Notes to Financial Statements

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | 2018 |
|--|--------------|--------------|
| OPERATING REVENUE AND SUPPORT | | |
| Contributions | \$ 52,023 | \$ 86,681 |
| Fundraising Events | 229,200 | 281,000 |
| Grants | 1,502,795 | 1,537,393 |
| Read2Succeed | 281,465 | 255,766 |
| Scholarships and Support | 568,450 | 304,100 |
| Other Income | 30,412 | 35,556 |
| In-Kind Donations | 35,154 | 37,601 |
| Total Operating Revenue and Support | 2,699,499 | 2,538,097 |
| OPERATING EXPENSES | | |
| Read2Succeed | 268,969 | 281,371 |
| Teacher Grants | 203,367 | 218,332 |
| District Support | 1,426,852 | 1,374,976 |
| Take Stock in Children | 1,400 | 1,050 |
| Scholarships & Endowments | 135,969 | 60,282 |
| Fundraising | 118,181 | 181,747 |
| General and Administrative | 235,596 | 193,601 |
| Total Operating Expenses | 2,390,334 | 2,311,359 |
| NET OPERATING INCOME | 309,165 | 226,738 |
| NONOPERATING INCOME (EXPENSES) | | |
| Investment Income, Net of Investment Management Fees of \$17,863 and \$21,445, Respectively | 381,443 | 119,753 |
| Total Nonoperating Income | 381,443 | 119,753 |
| CHANGE IN NET POSITION | 690,608 | 346,491 |
| Net Position - Beginning of Year | 1,999,393 | 1,652,902 |
| NET POSITION - END OF YEAR | \$ 2,690,001 | \$ 1,999,393 |

See accompanying Notes to Financial Statements.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | 2018 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Grantors, Private Contributors, and Others | \$ 2,692,845 | \$ 2,509,626 |
| Cash Paid to Suppliers and Others | (2,843,353) | (1,955,847) |
| Net Cash Provided (Used) by Operating Activities | (150,508) | 553,779 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | (506,496) | (2,212,084) |
| Proceeds from Sales of Investments | 629,819 | 1,279,281 |
| Net Cash Provided (Used) by Investing Activities | 123,323 | (932,803) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (27,185) | (379,024) |
| Cash and Cash Equivalents - Beginning of Year | 453,379 | 832,403 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 426,194 | \$ 453,379 |
| RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Net Operating Income | \$ 309,165 | \$ 226,738 |
| Adjustments to Reconcile Change in Net Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 6,181 | 5,455 |
| Donation of Asset | - | (3,000) |
| Other Assets | (15,999) | 11,146 |
| Florida Prepaid Tuition Scholarships | 1,400 | 3,850 |
| Changes in: | | |
| School/District Assets Held | (471,230) | 305,891 |
| Accounts Payable and Accrued Expenses | (8,525) | (5,431) |
| Unearned Revenue | 28,500 | 9,130 |
| Net Cash Provided (Used) by Operating Activities | \$ (150,508) | \$ 553,779 |

See accompanying Notes to Financial Statements.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Foundation for Orange County Public Schools, Inc. (the Foundation) is a not-for-profit corporation which provides financial assistance and support for Orange County, Florida Public Schools (OCPS) and the students and educators within the school systems. The Foundation is considered a component unit of the Orange County District School Board and provides this assistance and support through direct contributions to schools within the district.

Established in 1987, the Foundation serves the 8th largest public school system in the nation and supports more than 213,000 students and 15,000 teachers in 199 schools. The Foundation works hand-in-hand with OCPS to enable successful education by providing schools with support, teachers with tools, and students with care not only to decrease the achievement gap, but to work toward erasing it.

The Foundation focuses on five goals:

- **Ensure Learning Readiness:** support early childhood education, mental and physical health and wellness, and behavioral improvements
- **Invest in Teachers & Staff:** provide professional development, impact and innovation grants, and investments in teacher excellence and retention
- **Accelerate Student Success:** focus on literacy, access to STEM, access to arts, and efforts that narrow achievement gaps
- **Promote Success After OCPS:** support career and college readiness efforts, scholarships, mentoring and alumni programs
- **Drive Community Collaborations:** build meaningful relationships and partnerships with OCPS and the community, including serving as a communication hub

Through grants and volunteer programs, the Foundation focuses on preparing students during their education and beyond, helping educators develop professionally, and engaging businesses at multiple levels. It matches these focus areas with resources in core programs, making measurable differences county-wide.

The Foundation is the professional steward of responsibly collecting, managing, and distributing donor funds to benefit students throughout the Orange County Public School System. It collaborates with the School Board, corporate donors, the community at-large, and with a network of education-based organizations such as City Year and National Academy Foundation.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Foundation, being a component unit of a local government, complies with accounting standards established by the Governmental Accounting Standards Board (GASB). The Foundation has implemented GASB No. 34 as amended, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. In accordance with the provisions of GASB 34, the Foundation uses enterprise fund accounting and financial reporting. For financial reporting purposes, the Foundation is presented as a stand-alone enterprise fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Foundation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses recorded at the time the liability is incurred.

The basic financial statements required for enterprise funds by GASB 34 are: a statement of net position or a balance sheet; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The Foundation consists of only one fund.

The Foundation distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Foundation's principal ongoing operations. The principal operating revenues of the Foundation are contributions and grants. Operating expenses are those costs incurred in connection with the Foundation's programs. All revenues and expenses not meeting the above criteria are reported as nonoperating revenues and expenses.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. All of the Foundation's financial activity is accounted for in a single business-type fund, which contains restricted and unrestricted components. The Foundation's operating account includes unrestricted and restricted resources, representing the portion of expendable and nonexpendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Reclassification

Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 presentation with no effect on previously reported change in net position.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation was established as a direct support organization of OCPS and has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

The Foundation evaluates its tax positions for uncertainties on a regular basis and has determined it has no material uncertain tax positions as of June 30, 2019 and 2018. The Foundation recognizes accrued interest and penalties, if any, associated with uncertain tax positions in "operating expenses" in the accompanying financial statements.

The Foundation's tax returns are subject to review and examination by Federal and state authorities. The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise taxes.

Capital Assets

Capital assets consist of property and equipment and are initially recorded at cost or acquisition value if contributed. Expenditures for repairs and maintenance are expensed as incurred. Capital assets are being depreciated using the straight-line method over a five-year useful life.

Unearned Revenue

Revenues collected for future events are reported as unearned revenue and recognized in future periods when the event occurs.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments consist of open-ended mutual funds, U.S. Government bonds, corporate stocks and bonds and real estate investment trusts. Investments are initially recorded at cost or acquisition value if contributed. At the statement of net position date, investments are adjusted to fair value as determined by quoted market prices with the adjustment recorded as investment income in the statements of revenues, expenses, and changes in net position.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risks

The Foundation's policy is to place its cash with high credit quality financial institutions. Cash and cash equivalents consist of bank deposits which, at times, may exceed federally insured limits. The Foundation maintains its cash deposit accounts in institutions which are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Administration, both of which provide coverage on balances up to \$250,000 per depositor per institution.

The uncollateralized combined bank balance comprised of demand deposits is subject to custodial credit risk as it exceeds the FDIC limits by \$150,570 and \$155,156 for the years ended June 30, 2019 and 2018, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

Fair Value of Financial Instruments

Governmental Accounting Standards Board (GASB) Statement Number 72, *Fair Value Measurements and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 IN-KIND DONATIONS

Donated facilities that are measurable are recorded as contributions at their fair values at the date of receipt by the Foundation with a corresponding amount recorded as expense. During the years ended June 30, 2019 and 2018, \$35,154 and \$37,601, respectively, of donations related to occupancy necessities were received from the School Board of Orange County Florida, a related party. Numerous volunteers provide personnel services to the Foundation. The value of this contributed time is not reflected in these financial statements since they do not meet criteria for recognition.

NOTE 3 SCHOOL/DISTRICT ASSETS HELD

The Foundation held funds for use by schools and district programs in the amount of \$883,235 and \$1,354,465, respectively, at June 30, 2019 and 2018. The Foundation disburses these funds upon request from the schools or programs.

NOTE 4 FLORIDA PREPAID TUITION SCHOLARSHIPS

Florida prepaid tuition scholarships consist of scholarships purchased by the Foundation as part of the Take Stock in Children program. Scholarships, when purchased, are matched by the State of Florida. The funds are to be used for college scholarships for selected individuals graduating from high school in Orange County. As scholarships are awarded, they are recorded as program expense in the accompanying statements of revenues, expenses, and changes in net position. The prepaid scholarships are adjusted annually to their current value as determined by the Florida Prepaid College Foundation. Amounts used to purchase scholarships which go unused are partially refundable to the Foundation.

In 2001, the Foundation terminated participation in the Take Stock in Children program in support of other mission-critical programs. As a result, the Foundation has donated and returned these scholarships in years past. During the years ended June 30, 2019 and 2018, the Foundation did not donate or sell any scholarships.

While the Foundation ceased participation in the Take Stock in Children program in 2001, it continues to serve enrolled students who graduated through 2005. During the years ended June 30, 2019 and 2018, the Foundation awarded scholarships to selected students totaling \$1,400 and \$1,050, respectively.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 INVESTMENTS, DEPOSITS, AND FAIR VALUE MEASUREMENTS

The Foundation had the following investments at June 30, 2019:

| | Original Cost | Fair Value |
|-----------------------------------|---------------------|---------------------|
| REITs | \$ 47,526 | \$ 67,521 |
| Fixed Income | 1,082,220 | 1,229,615 |
| U.S. and International Equities | 1,779,060 | 1,997,693 |
| Investments | 2,908,806 | 3,294,829 |
| Cash Held in Investment Accounts | 89,630 | 89,630 |
| Total Held in Investment Accounts | <u>\$ 2,998,436</u> | <u>\$ 3,384,459</u> |

The Foundation had the following investments at June 30, 2018:

| | Original Cost | Fair Value |
|-----------------------------------|---------------------|---------------------|
| REITs | \$ 45,087 | \$ 53,801 |
| Fixed Income | 1,212,908 | 1,206,671 |
| U.S. and International Equities | 1,626,886 | 1,776,224 |
| Investments | 2,884,881 | 3,036,696 |
| Cash Held in Investment Accounts | 132,141 | 132,141 |
| Total Held in Investment Accounts | <u>\$ 3,017,022</u> | <u>\$ 3,168,837</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2019, the Foundation had the following investments and maturities subject to interest rate risk:

| | Investment Maturities (in Years) | | | | Fair Value |
|--------------------------------|----------------------------------|-------------------|-------------------|-----------------------|---------------------|
| | Less than 1 year | 1 - 5 years | 6 - 10 years | More than 10 years | |
| Government Bond | \$ - | \$ 124,528 | \$ - | \$ - | \$ 124,528 |
| Collateralized Bank Loan | - | 89,235 | - | - | 89,235 |
| High-Yield Bond | - | 357,815 | 97,610 | - | 455,425 |
| Corporate Bonds and Bond Funds | 9,195 | 192,873 | 217,226 | - | 419,294 |
| Short-Term Bond | - | 51,089 | - | - | 51,089 |
| Ultrashort Bond | - | 90,044 | - | - | 90,044 |
| Total | <u>\$ 9,195</u> | <u>\$ 905,584</u> | <u>\$ 314,836</u> | <u>\$ -</u> | <u>\$ 1,229,615</u> |

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5 INVESTMENTS, DEPOSITS, AND FAIR VALUE MEASUREMENTS (CONTINUED)

Interest Rate Risk (Continued)

As of June 30, 2018, the Foundation had the following investments and maturities subject to interest rate risk:

| | Investment Maturities (in Years) | | | | Fair Value |
|--------------------------------|----------------------------------|-------------------|-------------------|-----------------------|---------------------|
| | Less than 1 year | 1 - 5 years | 6 - 10 years | More than 10 years | |
| Government Bond Fund | \$ - | \$ 119,528 | \$ - | \$ - | \$ 119,528 |
| High-Yield Bond Fund | - | - | 95,583 | - | 95,583 |
| Corporate Bonds and Bond Funds | 7,557 | 618,225 | 193,432 | - | 819,214 |
| Collateralized Bank Loan | - | 172,346 | - | - | 172,346 |
| Total | <u>\$ 7,557</u> | <u>\$ 910,099</u> | <u>\$ 289,015</u> | <u>\$ -</u> | <u>\$ 1,206,671</u> |

Credit Risk

State law does not limit investment options of the Foundation. The Foundation's primary objectives of the investment will be to preserve and protect the Foundation's assets while providing for long-term growth of principal and income based on the appropriate time horizon, liquidity needs, and risk tolerance of the Foundation. The objective shall be accomplished using a balanced strategy of equity and fixed income securities and cash equivalents.

Due to the inevitability of short-term market fluctuations that may cause variations in investment performance, it is intended that the investment manager will achieve the following objectives over a moving five-year period:

- The total return of the account will be benchmarked against an appropriate "Blended Index."
- The portfolio returns will also be benchmarked against the appropriate peer averages for similar not-for-profit entities with similar risk tolerances.
- The performance of and review of strategies will be evaluated by the Foundation on a quarterly basis and compared to performance of the stated Blended Index to ensure that the objectives will be accomplished.

In addition, the Foundation's investment policy states that there shall be no investments in non-marketable securities and all equities purchases should be traded on U.S. stock exchanges and ADRs.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 INVESTMENTS, DEPOSITS, AND FAIR VALUE MEASUREMENTS (CONTINUED)

Credit Risk (Continued)

The following illustrates the credit quality distribution with credit exposure as a percentage of the City's debt securities. As of June 30, 2019, the Foundation had the following credit risk exposure:

| <u>Investment Type</u> | <u>Credit Rating</u> | <u>Portfolio</u> | <u>Market Value In U.S. Dollars</u> |
|--------------------------------|----------------------|------------------|---|
| Government Bond | AAA | 10.13% | \$ 124,528 |
| High-Yield Bond | B | 37.04% | 455,426 |
| Corporate Bonds and Bond Funds | A | 11.25% | 138,286 |
| Corporate Bonds and Bond Funds | BB | 0.73% | 9,010 |
| Corporate Bonds and Bond Funds | BB+ | 0.74% | 9,133 |
| Corporate Bonds and Bond Funds | BBB | 17.67% | 217,287 |
| Corporate Bonds and Bond Funds | BBB- | 2.97% | 36,559 |
| Corporate Bonds and Bond Funds | N/R | 0.74% | 9,018 |
| Collateralized Bank Loan | BB | 7.26% | 89,235 |
| Short-Term Bond | A | 4.15% | 51,089 |
| Ultrashort Bond | A | 7.32% | 90,044 |
| Total | | | <u>\$ 1,229,615</u> |

As of June 30, 2018 the Foundation had the following credit risk exposure:

| <u>Investment Type</u> | <u>Credit Rating</u> | <u>Portfolio</u> | <u>Market Value In U.S. Dollars</u> |
|--------------------------------|----------------------|------------------|---|
| Government Bond Funds | AAA | 9.91% | \$ 119,528 |
| High-Yield Bond Funds | B | 7.92% | 95,583 |
| Corporate Bonds and Bond Funds | A | 17.18% | 207,334 |
| Corporate Bonds and Bond Funds | B | 29.68% | 358,135 |
| Corporate Bonds and Bond Funds | BB+ | 0.61% | 7,398 |
| Corporate Bonds and Bond Funds | BB | 0.62% | 7,459 |
| Corporate Bonds and Bond Funds | BBB | 16.66% | 200,989 |
| Corporate Bonds and Bond Funds | BBB- | 2.52% | 30,415 |
| Corporate Bonds and Bond Funds | Not Rated | 0.62% | 7,484 |
| Collateralized Bank Loan | BB | 14.28% | 172,346 |
| Total | | | <u>\$ 1,206,671</u> |

Concentrations of Credit Risk

The Foundation's investment policy states that the allocation of total fixed income and total equity investments shall each range from 35% - 65% of total investments. In addition no individual economic sector shall exceed 20% percent of the total Equity Income Strategy. As of June 30, 2019 and 2018, the Foundation was in compliance with the investment policy.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 INVESTMENTS, DEPOSITS, AND FAIR VALUE MEASUREMENTS (CONTINUED)

Concentrations of Credit Risk (Continued)

As of June 30, 2019 and 2018, the following investments constitute a credit risk as they are greater than 5% of the Foundation's Investment portfolio:

| | 2019 | 2018 |
|--|------------|------------|
| iShares 0-5 Year High Yield Corporate Bond ETF | \$ 357,815 | \$ 358,135 |
| Vanguard Intermediate-Term Corporate Bond ETF | 208,093 | 193,432 |
| Invesco Senior Loan ETF | - | 172,346 |

Investment Income

Investment income is comprised of the following as of June 30:

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Unrealized and Realized Gain, Net of Investment Management Fees | \$ 265,223 | \$ 29,929 |
| Unrealized Gain (Loss) from Florida Prepaid Tuition Scholarships | (13) | 11 |
| Interest and Dividend Income | 116,233 | 89,813 |
| Investment Income, Net of Investment Management Fees | <u>\$ 381,443</u> | <u>\$ 119,753</u> |

Fair Value Measurement

Information related to the Foundation's assets measured at fair value on a recurring basis are as follows at June 30:

| | 2019 | | | Total |
|---------------------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | |
| REITs | \$ 67,521 | \$ - | \$ - | \$ 67,521 |
| Fixed Income | 1,229,615 | - | - | 1,229,615 |
| U.S. and International Equities | 1,997,693 | - | - | 1,997,693 |
| | <u>\$ 3,294,829</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,294,829</u> |

| | 2018 | | | Total |
|---------------------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | |
| REITs | \$ 53,801 | \$ - | \$ - | \$ 53,801 |
| Fixed Income | 1,206,671 | - | - | 1,206,671 |
| U.S. and International Equities | 1,776,224 | - | - | 1,776,224 |
| Total | <u>\$ 3,036,696</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,036,696</u> |

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 ENDOWMENT FUNDS

During the year ended June 30, 2000, the Foundation received an endowment (ALP Scholarship Fund) to be used as the donor has stipulated. The principal of \$54,469 must be maintained intact and only the investment income of the fund can be expensed. The fund is for Apopka High School seniors to attend two years of community college.

During the year ended June 30, 2017, the Foundation received an endowment (The Fund for Maitland Public Schools) to be used as the donor has stipulated. The principal of \$300,000 must be maintained intact and only the investment income of the fund can be expensed. The fund is to support before and after school educational and enrichment activities for students at traditional public schools within the city limits of Maitland, Florida.

NOTE 7 CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2019:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|-----------------------------------|----------------------|-------------------|-------------|-------------------|
| Furniture and Fixtures | \$ 33,348 | \$ - | \$ - | \$ 33,348 |
| Less: Accumulated Depreciation | (24,167) | (6,181) | - | (30,348) |
| | <u>\$ 9,181</u> | <u>\$ (6,181)</u> | <u>\$ -</u> | <u>\$ 3,000</u> |

Capital assets consisted of the following at June 30, 2018:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|-----------------------------------|----------------------|-------------------|-------------|-------------------|
| Furniture and Fixtures | \$ 30,348 | \$ 3,000 | \$ - | \$ 33,348 |
| Less: Accumulated Depreciation | (18,712) | (5,455) | - | (24,167) |
| | <u>\$ 11,636</u> | <u>\$ (2,455)</u> | <u>\$ -</u> | <u>\$ 9,181</u> |

Depreciation expense amounted to \$6,181 and \$5,455 for the years ended June 30, 2019 and 2018, respectively.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY SCHOOL DISTRICT BOARD
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 RELATED PARTY TRANSACTIONS OTHER THAN IN-KIND

On July 1, 2016, OCPS and the Foundation entered into an agreement whereby district philanthropic and fundraising activities will be conducted by the Foundation effective July 1, 2016. As part of this agreement and other agreements, Foundation employees will become employees of OCPS; OCPS will share district data with the Foundation; and OCPS and the Foundation will jointly utilize the Foundation's donor software. Pursuant to the agreements, the Foundation and OCPS will reimburse each other for certain shared costs as defined in the respective agreements. The terms of the various agreements are for one to three year(s) with automatic renewals and can be terminated by either party pursuant to the terms of the agreements. During the years ended June 30, 2019 and 2018, the Foundation reimbursed OCPS \$298,368 and \$327,081, respectively, for salaries. In addition, the Foundation owes OCPS \$69,633 and \$85,709 as of June 30, 2019 and 2018, respectively, which is included in accounts payable and accrued expenses on the accompanying statements of net position.

During the year ended June 30, 2018, OCPS made a contribution of \$300,000 to the Foundation, the initial contribution as well as any income earned from this contribution will be used to fund recognition awards throughout the district. This contribution is reported as 2018 scholarship and support revenue in the statement of revenues, expenses, and changes in net position.

During the year ended June 30, 2019, OCPS made total contributions of \$500,000 to the Foundation, the initial contributions as well as any income earned from these contributions will be used to build new facilities or enhance school's existing athletic facilities and to fund a variety of district programs. These contributions are reported as 2019 scholarship and support revenue in the statement of revenues, expenses, and changes in net position.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY SCHOOL DISTRICT BOARD
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

| | Program Services | | | | Support Services | | | Total Expenses | |
|---|-------------------|-------------------|---------------------|------------------------|-------------------|---------------------|-------------------|-------------------|----------------------------|
| | Read 2 Succeed | Teacher Grants | District Support | Take Stock in Children | Scholarships | Total | Fundraising | | General and Administrative |
| Salaries and Payroll Taxes | \$ 210,963 | \$ 22,094 | \$ 10,440 | \$ - | \$ - | \$ 243,497 | \$ 12,143 | \$ 145,248 | \$ 400,888 |
| Employee Health Insurance | 11,089 | 3,160 | 1,489 | - | - | 15,738 | 1,737 | 10,298 | 27,773 |
| Employee Benefits | 7,517 | 2,089 | 985 | - | - | 10,591 | 1,148 | 8,045 | 19,784 |
| Insurance | 838 | 61 | - | - | - | 899 | 34 | 4,598 | 5,531 |
| Rent | 7,031 | 7,031 | 7,031 | - | - | 21,093 | 7,031 | 7,031 | 35,155 |
| Professional Services | 2,480 | 2,480 | 2,480 | - | - | 7,440 | 9,930 | 2,480 | 19,850 |
| Bank and Credit Card Fees | - | - | - | - | - | - | - | 10,113 | 10,113 |
| Printing and Office Supplies | 3,053 | 1,578 | 860 | - | - | 5,491 | 2,217 | 12,663 | 20,371 |
| Travel | 1,228 | - | 41 | - | - | 1,269 | 36 | 1,270 | 2,575 |
| Professional Development Meetings/Conferences | - | - | - | - | - | - | - | 1,830 | 1,830 |
| Events | - | - | - | - | - | - | 77,258 | 15,480 | 15,480 |
| Membership Dues and Subscriptions | - | - | - | - | - | - | - | - | 77,258 |
| Teacher Grants | - | 164,408 | - | - | - | - | - | 15,849 | 15,849 |
| Scholarships | - | - | - | - | - | 164,408 | - | - | 164,408 |
| Program Support | 3,706 | - | - | 1,400 | 135,969 | 137,369 | - | - | 137,369 |
| Website Support | 466 | 466 | 466 | - | - | 3,706 | - | - | 3,706 |
| School Support | - | - | 1,403,060 | - | - | 1,398 | 466 | 561 | 2,425 |
| Literacy Materials | 20,598 | - | - | - | - | 1,403,060 | - | - | 1,403,060 |
| Miscellaneous | - | - | - | - | - | 20,598 | - | - | 20,598 |
| Total Expenses Before Depreciation | 268,969 | 203,367 | 1,426,852 | 1,400 | 135,969 | 2,036,557 | 112,000 | 235,596 | 2,384,153 |
| Depreciation | - | - | - | - | - | - | 6,181 | - | 6,181 |
| Total Expenses | \$ 268,969 | \$ 203,367 | \$ 1,426,852 | \$ 1,400 | \$ 135,969 | \$ 2,036,557 | \$ 118,181 | \$ 235,596 | \$ 2,390,334 |

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY SCHOOL DISTRICT BOARD
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | Program Services | | | | Support Services | | | Total Expenses | |
|------------------------------------|------------------|----------------|------------------|------------------------|------------------|--------------|-------------|----------------|----------------------------|
| | Read 2 Succeed | Teacher Grants | District Support | Take Stock in Children | Scholarships | Total | Fundraising | | General and Administrative |
| Salaries and Payroll Taxes | \$ 217,832 | \$ 19,758 | \$ 13,680 | \$ - | \$ - | \$ 251,270 | \$ 16,266 | \$ 130,468 | \$ 398,004 |
| Employee Health Insurance | 16,544 | 2,784 | 1,826 | - | - | 21,154 | 2,284 | 10,531 | 33,969 |
| Employee Benefits | 8,306 | 1,886 | 1,230 | - | - | 11,422 | 1,545 | 7,502 | 20,469 |
| Insurance | 1,474 | 61 | - | - | - | 1,535 | 50 | 3,215 | 4,800 |
| Rent | 6,920 | 6,920 | 6,920 | - | - | 20,760 | 6,920 | 6,920 | 34,600 |
| Professional Services | 2,352 | 2,352 | 2,352 | - | - | 7,056 | 7,216 | 2,352 | 16,624 |
| Bank and Credit Card Fees | - | - | - | - | - | - | - | 5,627 | 5,627 |
| Marketing | - | - | - | - | - | - | - | - | - |
| Printing and Office Supplies | 5,534 | 1,492 | 1,862 | - | - | 8,888 | 1,464 | 6,910 | 17,262 |
| Travel | 1,408 | - | - | - | - | 1,408 | - | 189 | 1,597 |
| Professional Development | - | - | - | - | - | - | - | 912 | 912 |
| Meetings/Conferences | - | - | - | - | - | - | - | 11,776 | 11,776 |
| Events | - | - | - | - | - | - | 140,709 | - | 140,709 |
| Membership Dues and Subscriptions | - | - | - | - | - | - | - | 5,914 | 5,914 |
| Teacher Grants | - | 182,562 | - | - | - | - | - | - | 182,562 |
| Scholarships | - | - | - | 1,050 | 60,282 | 61,332 | - | - | 61,332 |
| Program Support | 3,387 | - | - | - | - | 3,387 | - | - | 3,387 |
| Website Support | 464 | 464 | 464 | - | - | 1,392 | 464 | 464 | 2,320 |
| School Support | - | - | 1,346,642 | - | - | 1,346,642 | - | - | 1,346,642 |
| Literacy Materials | 17,133 | 53 | - | - | - | 17,186 | - | - | 17,186 |
| Miscellaneous | - | - | - | - | - | - | - | 212 | 212 |
| Total Expenses Before Depreciation | 281,354 | 218,332 | 1,374,976 | 1,050 | 60,282 | 1,935,994 | 176,918 | 192,992 | 2,305,904 |
| Depreciation | 17 | - | - | - | - | 17 | 4,829 | 609 | 5,455 |
| Total Expenses | \$ 281,371 | \$ 218,332 | \$ 1,374,976 | \$ 1,050 | \$ 60,282 | \$ 1,936,011 | \$ 181,747 | \$ 193,601 | \$ 2,311,359 |



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Foundation for Orange County Public Schools, Inc.
Orlando, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Foundation for Orange County Public Schools, Inc. (the Foundation), a component unit of the Orange County District School Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Foundation for Orange County Public Schools, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Orlando, Florida
October 3, 2019