

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

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

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2017 AND 2016**

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
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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 business-type activities of 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, 2017 and 2016, and the related notes to the financial statements, which 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Foundation as of June 30, 2017 and 2016, and the respective changes in net position and 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.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

**Other Matters**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, 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 result of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Orlando, Florida  
November 9, 2017

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017, 2016, AND 2015**

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, 2017, 2016, and 2015. This report represents the Foundation's 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 \$1,650,006 as of the year ended June 30, 2017, as compared to \$1,140,635 as of the year ended June 30, 2016, and \$1,183,638 as of the year ended June 30, 2015.
- Unrestricted net position totaled \$493,704, \$477,332 and \$643,874 for the years ended June 30, 2017, 2016, and 2015, respectively. These funds represent monies available to provide academic program support to Orange County teachers and students, as well as general and administrative support.
- Restricted (Expendable and Nonexpendable) net position totaled \$1,144,666, \$647,505 and \$517,004 for the years ended June 30, 2017, 2016, and 2015 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 revenues, 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, 2017, 2016, AND 2015**

**Statements of Assets as of June 30:**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 832,403	\$ 78,577	\$ 164,513
Investments and Deposits	1,984,151	1,578,789	1,584,097
Other Assets	24,265	12,000	17,411
Florida Prepaid Tuition Scholarships	21,813	66,980	186,166
Capital Assets, Net of Accumulated Depreciation of \$18,712, \$14,550, and \$10,095 Respectively	11,636	15,798	22,760
Total Assets	<u>\$ 2,874,268</u>	<u>\$ 1,752,144</u>	<u>\$ 1,974,947</u>

**Statements of Liabilities as of June 30:**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
School/Districts Assets Held	\$ 1,048,574	\$ 545,522	\$ 622,617
Accounts Payable and Accrued Expenses	95,950	4,887	77,942
Unearned Revenue	76,842	61,100	90,750
Total Liabilities	<u>\$ 1,221,366</u>	<u>\$ 611,509</u>	<u>\$ 791,309</u>

**Statements of Net Position as of June 30:**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 496,600	\$ 477,332	\$ 643,874
Invested in Capital Assets, Net of Related Debt	11,636	15,798	22,760
Restricted:			
Teacher Grants	55,242	51,005	50,799
Read2Succeed	80,000	140,000	131,346
District Support	370,051	145,295	72,893
Scholarships	284,904	256,736	207,497
Nonspendable Endowment	354,469	54,469	54,469
Total Net Position	<u>\$ 1,652,902</u>	<u>\$ 1,140,635</u>	<u>\$ 1,183,638</u>

**Foundation Investment Portfolio Grows**

Fiscal year 2017 was the fourth full year the Foundation's capital reserves and endowed funds were actively managed by an investment firm. As of June 30, 2017, 2016, and 2015, investment holdings accounted for 69%, 90% and 80% 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 \$1,984,000 as of June 30, 2017. That represents an increase of approximately \$405,000 from the previous fiscal year-end value of approximately \$1,579,000. The increase represents net cash transfers to investments of approximately \$321,000 and investment gains of approximately \$84,000. 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, 2017, 2016, AND 2015**

**Liabilities**

The largest liability represents the school and district assets held by the Foundation. Accounts payable includes amounts due to vendors as of June 30, 2017, 2016, and 2015 for operating expenses and other commitments of the Foundation. Unearned revenue includes sponsorships received for the 2017 *Fore Our Schools* Golf Tournament to be held September 22, 2017. There were no long-term liabilities as of June 30, 2017, 2016, and 2015.

**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:**

	2017	2016	2015
Contributions	\$ 362,821	\$ 76,268	\$ 56,474
Fundraising Events	257,449	191,221	233,046
Grants	1,656,438	1,407,124	1,218,755
Read2Succeed	279,371	251,306	242,137
Scholarships	69,076	72,850	192,278
Other Income	53,700	60,887	44,819
In-Kind Donations	34,123	33,833	32,925
Total Revenue and Support	<u>\$ 2,712,978</u>	<u>\$ 2,093,489</u>	<u>\$ 2,020,434</u>

**Program Services Expenses by Function for the Year Ended:**

	2017	2016	2015
Read2Succeed	\$ 357,454	\$ 236,108	\$ 185,975
Teacher Grants	239,056	259,508	217,913
District Support	1,252,955	1,217,552	1,076,286
Take Stock in Children	13,229	11,789	19,245
Scholarships	45,490	23,165	4,050
Total Program Services Expenses	<u>\$ 1,908,184</u>	<u>\$ 1,748,122</u>	<u>\$ 1,503,469</u>

**Support Services Expenses by Function for the Year Ended:**

	2017	2016	2015
Fundraising	\$ 135,310	\$ 140,899	\$ 196,186
General and Administrative	216,433	202,076	193,223
Total Support Services Expenses	<u>\$ 351,743</u>	<u>\$ 342,975</u>	<u>\$ 389,409</u>

**Revenue Increased 29.6 Percent**

Total revenue for the 2016-17 fiscal year increased \$619,489 to \$2,712,978. This includes \$284,438 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 and low-performing students. Contributions for the year totaled \$362,821.



**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
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**Foundation Disbursed More Than \$2.9 Million for Program Support, Scholarships and School/District Funds**

The Foundation works with the district to support districtwide initiatives that significantly improve students' academic performance. The impact of these programs is listed below.

Read2Succeed

Read2Succeed provided individualized reading instruction to 475 first-grade, 590 second-grade and 175 third-/fourth-grade students at 78 elementary schools. This is an increase of 6 schools and 151 students compared to FY2016. Since nearly all of the new students were part of the expansion of the Third Grade Program, which requires certified teachers paid at an hourly rate to administer the program, expenses for Read2Succeed increased as well. Overall, 781 participants 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.

- 704 participants (90%) showed growth from the initial assessment to the end-of-year assessment. This compared favorably to 88% of students for the district overall.
- First graders: 92% of participants showed growth, or 3.29 percentage points higher than the district overall.
- Second graders: 92% of participants showed growth, or 4.09 percentage points higher than the district overall.
- Third/fourth graders: 82% of participants showed growth. While this is 7.25 percentage points lower than the district overall, these are also students who were specifically chosen because of their high risk of receiving a Level 1 on the Florida Standards Assessment (FSA). In addition, 61% of these students showed learning gains on the FSA, or 8 percentage points higher than the district overall.

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 seven schools across the district: Catalina Elementary School; Meadowbrook, Memorial and Walker middle schools; and Evans, Jones and Oak Ridge high schools. The Foundation supports the program at Walker.

- 84% of students served by City Year English/Language Arts and Math programs at Walker Middle School improved their grades in those specific subject areas.
- 54% of students who participated in City Year attendance intervention programs at Walker Middle School improved their attendance by at least two percentage points.

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Teacher Grants

Teacher grants awarded \$239,056 in classroom grants for STEM, civics, fine arts, classroom libraries, middle school book clubs, technology, and professional development to 268 teachers for equipment and materials that directly impact classroom learning. In total, 39,011 students benefited from these grants.

- Classroom Library Grants put nonfiction books in the hands of more than 4,100 students in 46 schools; 81% cultivated a growing interest in reading as a direct result of this program, and 80% improved in a standardized reading skills test.
- Middle School Book Club grants were awarded to clubs in 11 schools, helping approximately 175 reluctant readers strengthen their literacy skills while encouraging reading for enjoyment.
- Math, Science, Energy Education and STEM grants provide funds for equipment and/or materials for hands-on, experiential projects. Of the 19,439 students who participated in these projects, 45% increased their interest in STEM, and 20% improved their science grades.
- Arts Education Grants totaling over \$20,000 supported visual and performing arts programs in 35 schools, positively impacting 13,107 students and 47 teachers.
- Civics Grants totaling \$1,801 were awarded to four teachers to purchase civics education materials and literature, which benefited 496 students.

Teach-In

- 165 schools participated, welcoming 4,352 volunteers who gave more than 6,825 volunteer hours.

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. In addition, a grant from the Aetna Foundation provided additional training to these counselors in mindfulness and meditation, skills they used with students throughout the school year.

- 1,942 students were screened for services and 1,133 entered into the program.
- CHILL counselors provided 515 educational presentations to 45,518 students (396 presentations), 1,625 teachers (63 presentations) and 3,478 parents (56 presentations).

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.

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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:

- Six seniors from the graduating Class of 2017 – basketball players and cheerleaders from low-income families – were awarded scholarships totaling \$5,000.
- Four winners from the Class of 2016 received renewals of their scholarships during FY2017.

Above and Beyond Scholarship

This endowed fund was established by an Oak Ridge High School alumna 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.

- Ten seniors from the graduating Class of 2017 received scholarships, totaling \$30,000.
- 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 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. Disbursements will be made proportionally to eligible schools on a per-student basis beginning July 2018.

Find Your Voice

This new program was launched in six middle schools in partnership with Sisaundra Lewis, a finalist from Season 6 of "The Voice." Ms. Lewis was inspired to develop a solution while listening to her daughter and her friends discuss the difficulties of navigating relationships. Working with the district's Minority Achievement Office, a pilot mentoring and character development program to help middle school girls develop resilience, grit, and find their own "voice" – courage of expression – was created. A \$35,000 grant was secured, providing support for the pilot as well as FY2018 programming. In FY2017, 90 girls participated; plans are underway for expansion.

Accelerated Teacher Pipeline Project

The Foundation, in partnership with City Year Orlando, was awarded one of only four collaborative grants from Westgate Resorts Foundation to create a mentorship and training program for City Year Orlando AmeriCorps members who are interested in a teaching career with a high-needs school within Orange County Public Schools. This program will help ensure that students in our fragile schools have energetic, prepared and dedicated teachers who believe deeply in each child's potential, and helps ensure that City Year corps members with a passion for education are able to accelerate their career trajectories.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2017, 2016, AND 2015**

Hall of Fame 2017

The Foundation worked with its peer departments in the Communications Division to present the second OCPS Hall of Fame March 4, 2017, at Rosen Shingle Creek Resort. Honorees included David "Deacon" Jones, Dr. S. James Gates, Toni Jennings, Wayne Brady, and Dr. Jim Schott. Proceeds from the event will be used to provide STEM enrichment for students experiencing poverty or homelessness.

School and District Funds

The Foundation experienced 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 47 school and 34 district funds, a 35% increase in the number of funds managed by the Foundation during FY2016. These funds raised \$1,553,555, an 80% increase over FY2016. The latter growth was driven strongly by the creation of several large new district funds. Examples of how 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 new 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 1,200 students experiencing poverty or homelessness.
- The three most active school funds were Lake Whitney Elementary School (raising \$90,961), Windermere Elementary School (raising \$55,948), and East River High School Band Fund (raising \$51,807).

**Strategic, Structure and Stewardship Changes**

In June 2016, a new structure for the Foundation's governance and staffing was approved by the School Board of Orange County, bringing the Foundation into closer alignment with the district and its philanthropic priorities. Beginning July 1, 2016, the Foundation became part of the newly created Communications division at the district. The Chief Communications Officer also serves as President of the Foundation, providing a direct link to the Superintendent. The district's former Philanthropic Development department and Foundation staff merged; the Foundation's Senior Director oversees day-to-day operations and reports directly to the President. Throughout 2017, we have successfully optimized this new structure and alignment for positive results.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2017, 2016, AND 2015**

As planned, the Foundation assumed management of the annual OCPS Gives employee campaign, which has been previously managed by the Heart of Florida United Way. The successful import of employee contact data from district systems was key to the Foundation's ability to effectively manage this campaign. And as expected, these changes streamlined and simplified the giving process for employees. It also allowed real-time tracking of progress, creating a sense of urgency and celebration. Since less time was needed to explain to employees *how* to give, messaging could focus on *why* to give. The campaign raised more than \$150,000 – a 124% increase over FY2016 results. Unrestricted gifts to the Foundation increased from less than \$6,000 in FY2016 to more than \$30,000 in FY2017.

The Foundation's board of directors focused on refreshing the Foundation's strategic plan, bringing it in closer alignment with the district's plan and philanthropic priorities. A task force of board members and key staff was formed, and Midtown Consulting Group was engaged to facilitate the process, which included a SWOT analysis, detailed interviews, and deep-dive sessions. Feedback was solicited from key stakeholders throughout the process. The final version is heavily operational in nature and has an 18-month timeline. Our primary objective, to invest in student achievement, is supported by six goals:

- Optimize Donor Experience, Engagement and Investments.
- Drive Community Connections and Collaboration.
- Identify and Address Student Priorities.
- Enhance Funds Under Management.
- Maximize Operational Efficiency and Accountability.
- Amplify Our Brand and Our Story.

It also identifies our market differentiators, which will drive much of our work in the coming years. They are as follows:

- Philanthropic Arm of OCPS – the Foundation is recognized by district and Foundation leadership alike as having this role.
- Broad Community Impact – the Foundation is uniquely positioned to positively affect all public schools in our district, especially compared to other nonprofits working in the education space.
- Innovation Catalyst – the Foundation is agile enough to pilot programs, and robust enough to collaborate with major funding partners and/or other nonprofits to support new solutions.
- One-Stop Shop – the Foundation is able to facilitate a wide range of donor intent, whether a donor wishes to benefit a single school or program, multiple audiences, or a districtwide effort.
- Agent for School Funds – the Foundation is proud to be the only nonprofit organization serving as the fiscal agent for a large and growing number of funds that directly benefit specific schools or specific programs at individual schools.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2017, 2016, AND 2015**

The final plan was adopted by the board of directors June 1, 2017, and presented to the School Board of Orange County at its June 13, 2017, meeting. Perhaps most importantly, it identifies the Foundation's purpose: investing in children today to strengthen our community tomorrow.

As noted above, the Foundation also experienced considerable growth this year in the school and district funds it manages, realizing a 35% increase in the number of funds managed and an 80% increase in dollars raised for these funds compared with FY2016. This growth was driven strongly by the creation of several large new district funds, including the Superintendent's Fund, the Superintendent's Leadership Fund, the Marketing & Events Fund, and the Athletic Preservation Fund. District leadership's willingness to create these funds is a direct result of the closer relationship between the district and the Foundation effected by the new structure.

Throughout the year, the Chief Communications Officer and Foundation President continued to identify efficiencies and redundancies throughout the Communications Division. As a result and as of July 1, 2017, the former Community Resources department was collapsed, and the functions of the Community Outreach, Partners in Education and ADDitions Volunteers programs will now be a part of the Foundation. The school district has retained the operational expenses of the three staff members joining the Foundation. This additional restructure will bring all efforts to secure and steward time, talent and treasure to benefit the district under one functional umbrella.

### **Future Outlook**

The Foundation for Orange County Public Schools serves the 10th largest public school system in the nation and supports 208,000 students and almost 24,000 employees, including 14,000 teachers, 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 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 \$1.9 million in program support last school year and managed more than \$1.5 million for district and school funds.

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During 2018, we will focus on meeting each goal in our new strategic plan. Specific events to be completed by the end of the plan's 18-month timeframe include developing a formal donor stewardship program, evaluating our brand positioning, and revising the current philanthropic strategic initiatives to ensure they align with current district needs. Key performance indicators are being identified, and scorecards to closely monitor our progress are being built. Other priorities will include the following:

**Increase Number of School and District Funds through Reduced Costs**

- Increases in unrestricted giving in FY2017 and improvements in the OCPS Gives campaign have allowed the Foundation to reduce administrative fees charged to school and district funds by 50%. We believe this will encourage more schools and district departments to partner with the Foundation.

**Provide Innovative Solutions to Attract Support for Schools and Programs**

- In August, principals learned of a new app, called [Cgreenback](#), that will bring the old discount coupon book into the 21<sup>st</sup> century, eliminating the need to manage and store inventory. The app is being offered through the Foundation and raises funds in a membership format.

**Identify Opportunities to Improve Relationship Management**

- By moving Community Outreach, Partners in Education, and ADDitions Volunteers under the Foundation, great improvements in strategic relationship management become possible. Coordinated and mutually beneficial projects can now be developed more easily with partners. It will also improve our ability to record the full value of the support each partner provides, allowing us to steward each relationship more fully and at the appropriate level.

**Identify Efficiencies Among Technological Tools**

- Community Outreach, Partners in Education, and ADDitions Volunteers bring another opportunity with them: Samaritan, the software program these areas use to recruit, register, and track partnerships and volunteers, as well as promote school needs with an outward interface. It will be critical to determine how best to utilize DonorPerfect, QuickBooks, and Samaritan to enhance each system and improve our daily work.

**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, 2017, 2016, AND 2015**

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 positively impact Orange County Public Schools.

Respectfully submitted,

Debbie A. Clements  
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, 2017 AND 2016**

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 832,403	\$ 78,577
Investments and Deposits	1,984,151	1,578,789
Other Assets	24,265	12,000
Florida Prepaid Tuition Scholarships	21,813	66,980
Capital Assets, Net of Accumulated Depreciation of \$18,712 and \$14,550, Respectively	<u>11,636</u>	<u>15,798</u>
Total Assets	<u><u>\$ 2,874,268</u></u>	<u><u>\$ 1,752,144</u></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
School/Districts Assets Held	\$ 1,048,574	\$ 545,522
Accounts Payable and Accrued Expenses	95,950	4,887
Unearned Revenue	76,842	61,100
Total Liabilities	<u>1,221,366</u>	<u>611,509</u>
<b>NET POSITION</b>		
Unrestricted	496,600	477,332
Net investment in Capital Assets	11,636	15,798
Restricted:		
Teacher Grants	55,242	51,005
Read2Succeed	80,000	140,000
District Support	370,051	145,295
Scholarships	284,904	256,736
Nonspendable Endowment	<u>354,469</u>	<u>54,469</u>
Total Net Position	<u>1,652,902</u>	<u>1,140,635</u>
Total Liabilities and Net Position	<u><u>\$ 2,874,268</u></u>	<u><u>\$ 1,752,144</u></u>

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, 2017 AND 2016**

	2017	2016
<b>OPERATING REVENUE AND SUPPORT</b>		
Contributions	\$ 362,821	\$ 76,268
Fundraising Events	257,449	191,221
Grants	1,656,438	1,407,124
Read2Succeed	279,371	251,306
Scholarships	69,076	72,850
Other Income	53,700	60,887
In-Kind Donations	34,123	33,833
Total Operating Revenue and Support	2,712,978	2,093,489
<b>OPERATING EXPENSES</b>		
Read2Succeed	357,454	236,108
Teacher Grants	239,056	259,508
District Support	1,252,955	1,217,552
Take Stock in Children	13,229	11,789
Scholarships	45,490	23,165
Fundraising	135,310	140,899
General and Administrative	216,433	202,076
Total Operating Expenses	2,259,927	2,091,097
<b>NET OPERATING INCOME</b>	453,051	2,392
<b>NONOPERATING INCOME (EXPENSES)</b>		
Unrealized Gain from Florida Prepaid Tuition Scholarships	1,067	206
Investment Income, Net of Investment Management Fees of \$14,753 and \$12,978, Respectively	83,893	38,004
Loss on Transfer of Expired Florida Prepaid Tuition Scholarships	(25,744)	(83,605)
Total Nonoperating Income (Expenses)	59,216	(45,395)
<b>CHANGE IN NET POSITION</b>	512,267	(43,003)
Net Position - Beginning of Year	1,140,635	1,183,638
<b>NET POSITION - END OF YEAR</b>	\$ 1,652,902	\$ 1,140,635

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, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Grantors, Private Contributors and Others	\$ 2,694,597	\$ 2,030,006
Cash Paid to Suppliers and Others	(1,626,563)	(2,183,490)
Net Cash Provided (Used) by Operating Activities	1,068,034	(153,484)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Transfer of Expired Florida Prepaid Tuition	7,261	24,236
Net Cash Provided by Capital and Related Financing Activities	7,261	24,236
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(642,763)	(845,153)
Proceeds from Sales of Investments	321,294	888,465
Net Cash Provided (Used) by Investing Activities	(321,469)	43,312
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	753,826	(85,936)
Cash and Cash Equivalents - Beginning of Year	78,577	164,513
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 832,403	\$ 78,577
<b>RECONCILIATION OF CHANGE IN NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 453,051	\$ 2,392
Adjustments to Reconcile Change in Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,162	6,963
Other Assets	(12,265)	5,411
Florida Prepaid Tuition Scholarships	13,229	11,550
Changes in:		
School/District Assets Held	503,052	(77,095)
Other Liabilities	91,063	(73,055)
Unearned Revenue	15,742	(29,650)
Net Cash Provided (Used) by Operating Activities	\$ 1,068,034	\$ (153,484)

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, 2017 AND 2016**

**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 10<sup>th</sup> largest public school system in the nation and supports more than 205,000 students and 14,000 teachers in 191 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 four goals:

- Literacies First: Improve literacies of students through reading at critical points along the educational pathway as identified by professional educators.
- Quality Teaching: Increase opportunities for teachers and administrators to participate in high quality professional development and certification programs.
- Learning Support: Increase resources and rewards for teachers who develop innovative and enriching approaches to helping students learn.
- Engagement: Increase business and community participation with the schools.

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, 2017 AND 2016**

**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.

GASB 72, *Fair Value Measurement and Application*, provides guidance on the reporting of investments at their fair value. This standard was adopted by the Foundation during the year ended June 30, 2016.

**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.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassification**

Certain amounts in the 2016 financial statements have been reclassified to conform with the 2017 presentation with no effect on previously reported change in net position.

**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, 2017 and 2016. 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 estimated fair 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 and are initially recorded at cost or fair 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.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 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.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 9, 2017, the date the financial statements were available to be issued.

**NOTE 2 IN-KIND DONATIONS**

Donated services and 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, 2017 and 2016, \$34,123 and \$33,833, respectively, of donations related to occupancy necessities were received from one donor. 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 \$1,048,574 and \$545,522, respectively, at June 30, 2017 and 2016. 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, expense 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.



**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 4 FLORIDA PREPAID TUITION SCHOLARSHIPS (CONTINUED)**

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 year ended June 30, 2017, the Foundation transferred 20 Florida Prepaid Scholarships worth approximately \$33,005 back to the Florida Prepaid College Foundation, Inc. The Foundation received a refund of \$7,261 for these transferred scholarships which resulted in a loss of \$25,744 on the transfer which is recorded as a nonoperating expense in the accompanying statement of revenues, expenses, and changes in net position. During the year ended June 30, 2017, 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, 2017 and 2016, the Foundation awarded scholarships to selected students totaling \$13,229 and \$11,789, respectively.

**NOTE 5 INVESTMENTS, DEPOSITS, AND FAIR VALUE MEASUREMENTS**

The Foundation had the following investments at June 30, 2017:

	<u>Original Cost</u>	<u>Fair Value</u>
U.S. and International Equities	\$ 1,015,471	\$ 884,364
Fixed Income	885,824	1,099,787
Investments and Deposits	1,901,295	1,984,151
Cash Held in Investment Accounts	671,193	671,193
Total Held in Investment Accounts	<u>\$ 2,572,488</u>	<u>\$ 2,655,344</u>

The Foundation had the following investments at June 30, 2016:

	<u>Original Cost</u>	<u>Fair Value</u>
U.S. and International Equities	\$ 739,084	\$ 809,641
Fixed Income	737,162	735,778
REIT	27,694	33,370
Investments and Deposits	1,503,940	1,578,789
Cash Held in Investment Accounts	36,120	36,120
Total Held in Investment Accounts	<u>\$ 1,540,060</u>	<u>\$ 1,614,909</u>

As of June 30, 2017, the Foundation had the following maturities for its mutual bond funds:

	Investment Maturities (in Years)			Fair Value
	<u>&lt; 1 year</u>	<u>1 - 5 years</u>	<u>&gt; 5 years</u>	
Fixed Income	<u>\$ -</u>	<u>\$ 343,338</u>	<u>\$ 315,525</u>	<u>\$ 658,863</u>

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

As of June 30, 2016, the Foundation had the following maturities for its mutual bond funds:

	Investment Maturities (in Years)			Fair Value
	< 1 year	1 - 5 years	> 5 years	
Fixed Income	\$ 367,607	\$ 185,207	\$ -	\$ 552,814

**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.

**Concentrations of Credit Risk**

The Foundation's investment policy states that the allocation of fixed income and equity investments shall range from 35% - 55% and 45% - 65%, respectively, in addition to no individual economic sector shall exceed 20% percent of the total Equity Income Strategy. As of June 30, 2017 and 2016, 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, 2017 AND 2016**

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

As of June 30, 2017 and 2016, the following investments constitute a credit risk as they are greater than 5% of the Foundation's Investment portfolio:

	2017	2016
iShares IBoxx High Yield Corporate Bond ETF	\$ 113,581	\$ 96,982
iShares Iboxx 1-3 Year Credit Bond ETF	\$ 112,982	\$ 188,522
Spider Barclays Short Term High Yield Bond ETF	\$ 116,775	\$ 82,104
Powershares Senior Loan Portfolio	\$ 121,624	\$ -
iShares IBoxx \$ Investment Grade Corporate Bond Fund	\$ 193,901	\$ 185,207

**Investment Income**

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

	2017	2016
Unrealized and Realized Gain (Loss), Net of Investment Management Fees	\$ 26,247	\$ (18,900)
Interest and Dividend Income	57,646	56,904
Investment Income, Net of Investment Management Fees	<u>\$ 83,893</u>	<u>\$ 38,004</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:

	2017			
	Level 1	Level 2	Level 3	Total
U.S. and International Equities	\$ 884,364	\$ -	\$ -	\$ 884,364
Fixed Income	1,099,787	-	-	1,099,787
Total	<u>\$ 1,984,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,984,151</u>

  

	2016			
	Level 1	Level 2	Level 3	Total
U.S. and International Equities	\$ 809,641	\$ -	\$ -	\$ 809,641
Fixed Income	735,778	-	-	735,778
REIT	33,370	-	-	33,370
Total	<u>\$ 1,578,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,578,789</u>

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**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, 2017:

	Begininning Balance	Additions	Disposals	Ending Balance
Furniture and Fixtures	\$ 30,348	\$ -	\$ -	\$ 30,348
Less: Accumulated Depreciation	(14,550)	(4,162)	-	(18,712)
	<u>\$ 15,798</u>	<u>\$ (4,162)</u>	<u>\$ -</u>	<u>\$ 11,636</u>

Capital assets consisted of the following at June 30, 2016:

	Begininning Balance	Additions	Disposals	Ending Balance
Furniture and Fixtures	\$ 32,855	\$ -	\$ (2,507)	\$ 30,348
Less: Accumulated Depreciation	(10,094)	(6,963)	2,507	(14,550)
	<u>\$ 22,761</u>	<u>\$ (6,963)</u>	<u>\$ -</u>	<u>\$ 15,798</u>

Depreciation expense amounted to \$4,162 and \$6,963 for the years ended June 30, 2017 and 2016, respectively.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 RELATED PARTY TRANSACTIONS**

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 year ended June 30, 2017, the Foundation reimbursed OCPS \$283,836 for salaries. In addition, the Foundation owes OCPS \$72,439 as of June 30, 2017, which is included in accounts payable and accrued expenses on the accompanying statements of net position.



**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 business type activities 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, 2017, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 9, 2017.

**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 or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**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 result 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  
November 9, 2017

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY SCHOOL DISTRICT BOARD**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**JUNE 30, 2017**

	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	\$ 217,619	\$ 21,354	\$ 9,052	\$ -	\$ -	\$ 248,025	\$ 14,537	\$ 127,918	\$ 390,480
Employee Health Insurance	9,910	3,572	1,444	-	-	14,926	2,418	12,165	29,509
Employee Benefits	6,351	862	468	-	-	7,681	612	9,207	17,500
Insurance	1,893	422	-	-	-	2,315	207	3,771	6,293
Rent	6,825	6,825	6,824	-	-	20,474	6,824	6,825	34,123
Professional Services	2,350	2,350	2,350	-	-	7,050	9,502	2,350	18,902
Bank and Credit Card Fees	-	-	-	-	-	-	-	2,879	2,879
Marketing	11,391	-	-	-	-	11,391	-	-	11,391
Printing and Office Supplies	2,577	1,863	1,413	-	-	5,853	3,162	20,739	29,754
Travel	-	-	6	-	-	6	50	1,370	1,426
Professional Development	-	-	-	-	-	-	-	17,600	17,600
Meetings/Conferences	-	-	-	-	-	-	-	1,270	1,270
Events	-	-	-	-	-	-	94,523	-	94,523
Membership Dues and Subscriptions	-	-	-	-	-	-	-	6,036	6,036
Teacher Grants	-	201,366	-	-	-	201,366	-	-	201,366
Scholarships	-	-	-	13,229	45,490	58,719	-	-	58,719
Program Support	3,850	-	-	-	-	3,850	-	-	3,850
Website Support	442	442	442	-	-	1,326	442	442	2,210
School Support	-	-	1,230,956	-	-	1,230,956	-	-	1,230,956
Literacy Materials	94,108	-	-	-	-	94,108	-	-	94,108
Miscellaneous	-	-	-	-	-	-	-	2,870	2,870
<b>Total Expenses Before Depreciation</b>	<b>357,316</b>	<b>239,056</b>	<b>1,252,955</b>	<b>13,229</b>	<b>45,490</b>	<b>1,908,046</b>	<b>132,277</b>	<b>215,442</b>	<b>2,255,765</b>
Depreciation	138	-	-	-	-	138	3,033	991	4,162
<b>Total Expenses</b>	<b>\$ 357,454</b>	<b>\$ 239,056</b>	<b>\$ 1,252,955</b>	<b>\$ 13,229</b>	<b>\$ 45,490</b>	<b>\$ 1,908,184</b>	<b>\$ 135,310</b>	<b>\$ 216,433</b>	<b>\$ 2,259,927</b>



**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY SCHOOL DISTRICT BOARD**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**JUNE 30, 2016**

	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	\$ 179,196	\$ 19,784	\$ 20,043	\$ -	\$ -	\$ 219,023	\$ 60,269	\$ 142,793	\$ 422,085
Employee Health Insurance	920	3,334	2,174	-	-	6,428	3,298	21,026	30,752
Insurance	539	95	-	-	-	634	317	3,637	4,588
Rent	6,767	6,767	6,767	-	-	20,301	6,767	6,767	33,835
Professional Services	1,621	1,621	1,624	-	-	4,866	3,491	5,621	13,978
Bank and Credit Card Fees	-	-	-	-	-	-	-	1,974	1,974
Marketing	6,284	-	-	-	-	6,284	-	-	6,284
Printing and Office Supplies	1,256	1,317	656	-	-	3,229	6,961	6,664	16,854
Travel	640	-	100	-	-	740	161	620	1,521
Professional Development	-	-	-	-	-	-	-	390	390
Meetings/Conferences	-	-	-	-	-	-	-	4,562	4,562
Events	-	-	-	-	-	-	54,084	-	54,084
Membership Dues and Subscriptions	-	-	-	-	-	-	-	4,856	4,856
Teacher Grants	-	226,114	-	-	-	226,114	-	-	226,114
Scholarships	-	-	-	11,789	23,165	34,954	-	-	34,954
Program Support	497	-	-	-	-	497	-	-	497
Website Support	501	476	476	-	-	1,453	476	451	2,380
School Support	-	-	1,185,712	-	-	1,185,712	-	-	1,185,712
Literacy Materials	37,657	-	-	-	-	37,657	-	-	37,657
Miscellaneous	-	-	-	-	-	-	-	1,057	1,057
<b>Total Expenses Before Depreciation</b>	<b>235,878</b>	<b>259,508</b>	<b>1,217,552</b>	<b>11,789</b>	<b>23,165</b>	<b>1,747,892</b>	<b>135,824</b>	<b>200,418</b>	<b>2,084,134</b>
Depreciation	230	-	-	-	-	230	5,075	1,658	6,963
<b>Total Expenses</b>	<b>\$ 236,108</b>	<b>\$ 259,508</b>	<b>\$ 1,217,552</b>	<b>\$ 11,789</b>	<b>\$ 23,165</b>	<b>\$ 1,748,122</b>	<b>\$ 140,899</b>	<b>\$ 202,076</b>	<b>\$ 2,091,097</b>