

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

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

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>16</b>
<b>STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>	<b>17</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>18</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>19</b>
<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>29</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULES OF FUNCTIONAL EXPENSES</b>	<b>31</b>



## 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, 2018 and 2017, 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 opinions.

### ***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, 2018 and 2017, 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 4-15 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 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 November 30, 2018, 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**

Orlando, Florida  
November 30, 2018

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018, 2017, AND 2016**

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, 2018, 2017 and 2016. 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 \$1,999,393 as of the year ended June 30, 2018, as compared to \$1,652,902 as of the year ended June 30, 2017, and \$1,140,635 as of the year ended June 30, 2016.
- Unrestricted net position totaled \$541,375, \$496,600, and \$477,332 for the years ended June 30, 2018, 2017, and 2016, 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 \$9,181, \$11,636 and \$15,798 for the years ended June 30, 2018, 2017, and 2016 respectively. These funds represent the net value of property and equipment maintained by the Foundation.
- Restricted (Expendable and Nonexpendable) net position totaled \$1,448,837, \$1,144,666, and \$647,505 for the years ended June 30, 2018, 2017, and 2016, 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.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2018, 2017, AND 2016**

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

	2018	2017	2016
Cash and Cash Equivalents	\$ 453,379	\$ 832,403	\$ 78,577
Investments	3,036,696	1,984,151	1,578,789
Other Assets	13,119	24,265	12,000
Florida Prepaid Tuition Scholarships	17,974	21,813	66,980
Capital Assets, Net of Accumulated Depreciation of \$24,167, \$18,712, and \$14,550, Respectively	9,181	11,636	15,798
Total Assets	<u>\$ 3,530,349</u>	<u>\$ 2,874,268</u>	<u>\$ 1,752,144</u>

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

	2018	2017	2016
School/Districts Assets Held	\$ 1,354,465	\$ 1,048,574	\$ 545,522
Accounts Payable and Accrued Expenses	90,519	95,950	4,887
Unearned Revenue	85,972	76,842	61,100
Total Liabilities	<u>\$ 1,530,956</u>	<u>\$ 1,221,366</u>	<u>\$ 611,509</u>

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

	2018	2017	2016
Unrestricted	\$ 541,375	\$ 496,600	\$ 477,332
Invested in Capital Assets, Net of Related Debt	9,181	11,636	15,798
Restricted:			
Teacher Grants	58,186	55,242	51,005
Read2Succeed	75,000	80,000	140,000
District Support	375,076	370,051	145,295
Scholarships	586,106	284,904	256,736
Nonspendable Endowment	354,469	354,469	54,469
Total Net Position	<u>\$ 1,999,393</u>	<u>\$ 1,652,902</u>	<u>\$ 1,140,635</u>

**Foundation Investment Portfolio Grows**

Fiscal year 2018 was the fourth full year the Foundation's capital reserves and endowed funds were actively managed by an investment firm. As of June 30, 2018, 2017, and 2016, investment holdings accounted for 86%, 69% and 90% 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 \$3,037,000 as of June 30, 2018. That represents an increase of approximately \$1,052,000 from the previous fiscal year-end value of approximately \$1,984,000. The increase represents net cash transfers to investments of approximately \$932,000 and investment gains of approximately \$120,000. 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.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2018, 2017, AND 2016**

**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, 2018, 2017, and 2016, for operating expenses and other commitments of the Foundation. Unearned revenue includes sponsorships received for the 2018 *Fore Our Schools* Golf Tournament held on October 12, 2018. There were no long-term liabilities as of June 30, 2018, 2017, and 2016.

**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:**

	2018	2017	2016
Contributions	\$ 86,681	\$ 362,821	\$ 76,268
Fundraising Events	281,000	257,449	191,221
Grants	1,537,393	1,656,438	1,407,124
Read2Succeed	255,766	279,371	251,306
Scholarships	304,100	69,076	72,850
Other Income	35,556	53,700	60,887
In-Kind Donations	37,601	34,123	33,833
Total Revenue and Support	<u>\$ 2,538,097</u>	<u>\$ 2,712,978</u>	<u>\$ 2,093,489</u>

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

	2018	2017	2016
Read2Succeed	\$ 281,371	\$ 357,454	\$ 236,108
Teacher Grants	218,332	239,056	259,508
District Support	1,400,298	1,252,955	1,217,552
Take Stock in Children	1,050	13,229	11,789
Scholarships	60,282	45,490	23,165
Total Program Services Expenses	<u>\$ 1,961,333</u>	<u>\$ 1,908,184</u>	<u>\$ 1,748,122</u>

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

	2018	2017	2016
Fundraising	\$ 156,425	\$ 135,310	\$ 140,899
General and Administrative	193,601	216,433	202,076
Total Support Services Expenses	<u>\$ 350,026</u>	<u>\$ 351,743</u>	<u>\$ 342,975</u>

**Revenue Decreased 6.0 Percent**

Total revenue for the 2017-18 fiscal year decreased \$174,881 to \$2,538,097. This difference is due primarily to the receipt of three significant, one-time gifts (one in Contributions and two in Grants) in 2016-17.



**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2018, 2017, AND 2016**

**Foundation Disbursed More Than \$3.0 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 500 first-grade, 570 second-grade and 264 third-/fourth-grade students at 88 elementary schools. Overall, 1,081 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.

- 997 participants (92%) showed growth from the initial assessment to the end-of-year assessment. This compared favorably to 87% of students for the district overall.
- First graders: 97% of participants showed growth, compared to 67% of first graders in the district overall.
- Second graders: 96% of participants showed growth, compared to 66% of second graders in the district overall.
- Third/fourth graders: 42% of participants showed growth, and 18% scored a Level 3 or above on the FSA. 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).

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.

- At least 79% of students served by City Year's English/Language Arts program at Walker Middle School maintained or improved their grades in that subject area.
- At least 67% of students served by City Year's Math program at Walker Middle School maintained or improved their grades in that subject area.

**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, 2018, 2017, AND 2016**

Teacher Grants

Teacher grants awarded approximately \$187,000 in classroom grants for STEM, civics, fine arts, classroom libraries, middle school book clubs, technology, and professional development to 210 teachers for equipment and materials that directly impact classroom learning. In total, 21,817 students benefited from these grants.

- Classroom Library Grants put nonfiction books in the hands of more than 3,600 students in 46 schools; 80% 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 9 schools, helping approximately 160 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 13,283 students who participated in these projects, 30% increased their interest in STEM, and 73% improved their science grades.
- Arts Education Grants totaling more than \$9,300 supported visual and performing arts programs in 29 schools, positively impacting 13,283 students and 47 teachers.

Teach-In

- 177 schools participated, welcoming more than 4,000 volunteers who gave more than 6,000 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.

- 1,501 students were enrolled in CHILL services.
- CHILL counselors provided 62 presentations to parents (202), students (6,765) and staff. Student presentations included "Too Good for Violence," character education, taking care of feelings and screenings of the documentary Screenagers.
- This year, CHILL counselors opted to use short videos and other modes of communication to reach parents and staff. Topics included stress management, classroom management, parental education and others, allowing parents and teachers to learn on their own schedules.

**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, 2018, 2017, AND 2016**

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:

- Eight seniors from the graduating Class of 2018 – basketball players and cheerleaders from low-income families – were awarded scholarships totaling \$5,000.
- Four winners from the Class of 2017 received renewals of their scholarships during FY2018.

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.

- Eleven seniors from the graduating Class of 2018 received scholarships, totaling \$33,000.
- Six winners from the Class of 2017 received renewal scholarships, totaling \$18,000.
- 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 first disbursement of \$8,764 was made in July 2018 and was distributed proportionally to the eligible schools on a per-student basis.

Find Your Voice

This program was launched in FY2017 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. In FY2018, the program expanded to serve girls at one elementary school (Hillcrest) and three high schools (Jones, Evans and Ocoee) in addition to the original six middle schools. Additional expansion is planned for FY2019.

**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, 2018, 2017, AND 2016**

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.

GoGreenBack App

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 21<sup>st</sup> 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 accessing the discounts offered by merchants through the app. While the full rollout was delayed somewhat by the arrival of Hurricane Irma, the GoGreenBack app was successfully introduced at the "Fore Our Schools" Golf Tournament (with 64% of the audience purchasing it) and rolled out to schools shortly thereafter. The app was also offered at no cost as an incentive to OCPS 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.

Hurricane Relief Efforts

The Foundation actively coordinated hurricane relief efforts on behalf of the district starting in late August, when the Council of Greater City Schools first requested assistance for the Houston Independent School District in the wake of Hurricane Harvey. The Foundation shifted to relief efforts for our own schools when it became clear that Hurricane Irma would strike Orange County, and expanded its efforts to also raise funds and secure goods for families relocating to Central Florida from Puerto Rico following the devastation of Hurricane Maria. The Foundation team coordinated and managed partnerships with A Gift For Teaching (AGFT) and many generous corporate, foundation, faith-based and individual donors as well as volunteers, resulting in numerous grants, backpack drives, school supply drives, volunteer efforts to sort, inventory and deliver needed items, coat drives and several news stories. Notable examples include:

- More than \$9,000 in contributions were received for the new OCPS Family Fund. Some of the funds were used for shipping costs, purchasing deeply discounted school supplies for backpacks, Target gift cards, and foodstuffs for "A Taste of Home for the Holidays" gift baskets given to newly hired OCPS employees who relocated here from Puerto Rico.
- More than 3,500 backpacks filled with supplies were contributed through corporate, foundation and faith-based partners, including Westgate Resorts Foundation, Disney, SeaWorld, Bank of America, Channel 9, Hope for Now, Goodwill, St. Luke's Methodist Church, and others.
- SeaWorld hosted 400 relocated children and their families from six schools at the December 1 "Holiday Splash" event and Christmas Celebration. The Hello! Florida Field Trip Fund helped cover transportation costs for one middle school.

**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, 2018, 2017, AND 2016**

- Universal Orlando Foundation approved two grants: \$20,000 for replacement instruments and consumables like sheet music for students who have relocated (instruments will remain the property of the schools); and a \$40,000 collaborative grant for the Foundation and AGFT for a part-time position to coordinate disaster relief distributions, shipping and courier costs, and to set up a disaster relief area at AGFT for teachers to shop.
- Helios Education Foundation granted our Foundation \$20,730 to complete our project to provide displaced students with musical instruments.
- Bank of America sponsored a coat drive for our displaced and homeless students during its international leadership conference, collecting more than 250 new or gently used coats.

Hall of Fame 2018

The Foundation worked with its peer departments in the Communications Division to present the third OCPS Hall of Fame May 5, 2018, at Rosen Shingle Creek Resort. Honorees included Nobel Prize winner Dr. Marshall Nirenberg, the Honorable Glenda Hood, the Honorable Charles T. Wells, Dr. Joseph Joyner, and Senator Mel Martinez. The Foundation team provided support through prospect research for the nominating committee, sponsorship solicitation, event design, stewardship video concept and design, and event execution support. The event raised more than \$137,000 before expenses, an improvement of \$40,000 over last year's Hall of Fame. Proceeds will be used to provide STEM enrichment for students experiencing poverty or homelessness.

Community Outreach Committee

A new committee of the Foundation board has been established to help share resources (volunteers, fundraising efforts, and more) throughout the district. The new Community Outreach Committee is contacting 10 high-need schools, identified based on multiple criteria and with input from area superintendents, to gauge the respective principals' interest in working together. The Five Star School designation framework will be used to focus on areas where increased community involvement can help improve student achievement.

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 64 school and 53 district funds, a 44% increase in the number of funds managed by the Foundation during FY2017. These funds raised \$1,442,480, a 1% decrease compared with FY2017 results.

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.

**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, 2018, 2017, AND 2016**

- 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 2,200 students experiencing poverty or homelessness.
- The three most active school funds were Lake Whitney Elementary School (raising \$102,699), Baldwin Park Elementary School (raising \$100,935), and East River High School Band Fund (raising \$45,219).

**Strategic, Structure and Stewardship Changes**

As of July 1, 2017, human resource positions within the former Community Resources department were modified and redeployed based on their intended functional capabilities. The functions of the Community Outreach, Partners in Education and ADDitions Volunteers programs now fall under the Foundation. The former senior manager is now the Assistant Director of the Foundation, adding depth to our leadership team. This restructure brought all efforts to secure and steward time, talent and treasure to benefit the district under one functional umbrella. Throughout 2018, we successfully optimized this new structure and alignment for positive results. Strategic, coordinated and mutually beneficial projects are now being developed with partners. For example, a national restaurant chain is working with us to develop interconnected culinary internships and scholarships in addition to offering school-level incentives to teachers and students. The new structure is also improving our ability to record the full value of the support each partner provides, allowing us to steward each relationship more effectively.

Good progress has been made in realizing the goals of the Foundation's current 18-month strategic plan. The plan addresses several operational cultural shifts and brings the Foundation into closer alignment with the district's plan and philanthropic priorities. It also identifies our market differentiators, which will drive our work in the coming years:

- 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.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2018, 2017, AND 2016**

Perhaps most importantly, it broadcasts the Foundation's purpose: investing in children today to strengthen our community tomorrow.

During FY2018, we focused on developing a formal donor stewardship program, evaluating our brand positioning, and identifying key performance indicators (KPIs) to track and assess our effectiveness. In addition to broad statistics such as total revenue raised, these KPIs also include donor retention rates, volunteer attrition, average gift size, and more. Scorecards to closely monitor our progress are now being built. Work is also underway to refine and expand this plan to fit a 3.5-year timeline, and to formalize the areas in which investments and philanthropic support will be sought. The task force is on track to present the updated plan to the full Foundation board in December 2018.

As noted above, the Foundation continues to experience considerable growth in the school and district funds it manages. These funds help schools build their capacity and district programs to serve unmet needs.

**Future Outlook**

The Foundation for Orange County Public Schools serves the 9th largest public school system in the nation and supports 209,000 students and 25,000 employees, including nearly 15,000 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 more than \$2 million in program support last school year and managed 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, 2018, 2017, AND 2016**

In addition to refining and expanding the Foundation's strategic plan to a 3.5-year timeline, other priorities for FY2019 will include the following:

**Increase Number of School and District Funds Served**

- The Foundation will continue its work (and active promotion of the tools it can offer) to serve as a valuable resource to schools and district departments for building and managing their philanthropic support.

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

- The Foundation team will build toolboxes and on-demand training 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. For example, we will carefully review a platform called "Find It Fund It" that is similar to DonorsChoose.org as a possible offering to our teachers.

**Identify Opportunities 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 will create strategically timed, stewardship messaging to past volunteers that will help recognize and retain them for the next year. We will continue to identify and capitalize on these opportunities.

**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. The Foundation team is determining 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, 2018, 2017, AND 2016**

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.

Respectfully submitted,

Michael J. Ison  
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, 2018 AND 2017**

<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 453,379	\$ 832,403
Investments	3,036,696	1,984,151
Other Assets	13,119	24,265
Florida Prepaid Tuition Scholarships	17,974	21,813
Capital Assets, Net of Accumulated Depreciation of \$24,167 and \$18,712, Respectively	<u>9,181</u>	<u>11,636</u>
Total Assets	<u><u>\$ 3,530,349</u></u>	<u><u>\$ 2,874,268</u></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
School/Districts Assets Held	\$ 1,354,465	\$ 1,048,574
Accounts Payable and Accrued Expenses	90,519	95,950
Unearned Revenue	85,972	76,842
Total Liabilities	<u>1,530,956</u>	<u>1,221,366</u>
<b>NET POSITION</b>		
Unrestricted	541,375	496,600
Net investment in Capital Assets	9,181	11,636
Restricted:		
Teacher Grants	58,186	55,242
Read2Succeed	75,000	80,000
District Support	375,076	370,051
Scholarships	586,106	284,904
Nonspendable Endowment	<u>354,469</u>	<u>354,469</u>
Total Net Position	<u>1,999,393</u>	<u>1,652,902</u>
Total Liabilities and Net Position	<u><u>\$ 3,530,349</u></u>	<u><u>\$ 2,874,268</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, 2018 AND 2017**

	2018	2017
<b>OPERATING REVENUE AND SUPPORT</b>		
Contributions	\$ 86,681	362,821
Fundraising Events	281,000	257,449
Grants	1,537,393	1,656,438
Read2Succeed	255,766	279,371
Scholarships	304,100	69,076
Other Income	35,556	53,700
In-Kind Donations	37,601	34,123
Total Operating Revenue and Support	2,538,097	2,712,978
<b>OPERATING EXPENSES</b>		
Read2Succeed	281,371	357,454
Teacher Grants	218,332	239,056
District Support	1,400,298	1,252,955
Take Stock in Children	1,050	13,229
Scholarships	60,282	45,490
Fundraising	156,425	135,310
General and Administrative	193,601	216,433
Total Operating Expenses	2,311,359	2,259,927
<b>NET OPERATING INCOME</b>	226,738	453,051
<b>NONOPERATING INCOME (EXPENSES)</b>		
Unrealized Gain from Florida Prepaid Tuition Scholarships	11	1,067
Investment Income, Net of Investment Management Fees of \$21,445 and \$14,753, Respectively	119,742	83,893
Loss on Transfer of Expired Florida Prepaid Tuition Scholarships	-	(25,744)
Total Nonoperating Income	119,753	59,216
<b>CHANGE IN NET POSITION</b>	346,491	512,267
Net Position - Beginning of Year	1,652,902	1,140,635
<b>NET POSITION - END OF YEAR</b>	\$ 1,999,393	\$ 1,652,902

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, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Grantors, Private Contributors and Others	\$ 2,509,626	\$ 2,694,597
Cash Paid to Suppliers and Others	(1,955,847)	(1,626,563)
Net Cash Provided by Operating Activities	553,779	1,068,034
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Transfer of Expired Florida Prepaid Tuition	-	7,261
Net Cash Provided by Capital and Related Financing Activities	-	7,261
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(2,212,084)	(642,763)
Proceeds from Sales of Investments	1,279,281	321,294
Net Cash Used by Investing Activities	(932,803)	(321,469)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(379,024)	753,826
Cash and Cash Equivalents - Beginning of Year	832,403	78,577
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 453,379	\$ 832,403
<b>RECONCILIATION OF CHANGE IN NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 226,738	\$ 453,051
Adjustments to Reconcile Change in Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	5,455	4,162
Donation of Asset	(3,000)	-
Other Assets	11,146	(12,265)
Florida Prepaid Tuition Scholarships	3,850	13,229
Changes in:		
School/District Assets Held	305,891	503,052
Accounts Payable and Accrued Expenses	(5,431)	91,063
Unearned Revenue	9,130	15,742
Net Cash Provided by Operating Activities	\$ 553,779	\$ 1,068,034

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, 2018 AND 2017**

**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 9<sup>th</sup> largest public school system in the nation and supports more than 209,000 students and 25,000 employees 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, 2018 AND 2017**

**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 2017 financial statements have been reclassified to conform with the 2018 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, 2018 AND 2017**

**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, 2018 and 2017. 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, 2018 AND 2017**

**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 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, 2018 AND 2017**

**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, 2018 and 2017, \$37,601 and \$34,123, 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.

In the current year an alumnus made a donation that will be held and displayed as a collection item in Orange County Public Schools. The item was recorded as an in-kind donation and is valued at approximately \$3,000.

**NOTE 3 SCHOOL/DISTRICT ASSETS HELD**

The Foundation held funds for use by schools and district programs in the amount of \$1,354,465 and \$1,048,574, respectively, at June 30, 2018 and 2017. 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.

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, 2018 and 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, 2018 and 2017, the Foundation awarded scholarships to selected students totaling \$1,050 and \$13,229, respectively.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

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

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>

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

	2017	
	Original Cost	Fair Value
Fixed Income	\$ 885,824	\$ 884,364
U.S. and International Equities	1,015,471	1,099,787
Investments	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>

**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, 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>

As of June 30, 2017, 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	\$ -	\$ 53,666	\$ 31,045	\$ -	\$ 84,711
High-Yield Bond Fund	-	132,143	145,304	-	277,447
Corporate Bonds and Bond Funds	2,564	163,255	-	208,363	374,182
Collateralized Bank Loan	-	148,024	-	-	148,024
Total	<u>\$ 2,564</u>	<u>\$ 497,088</u>	<u>\$ 176,349</u>	<u>\$ 208,363</u>	<u>\$ 884,364</u>

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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

**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.

**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, 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>

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

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

As of June 30, 2017 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	9.58%	\$ 84,711
High-Yield Bond Funds	B	31.37%	277,447
Corporate Bonds and Bond Funds	A	23.56%	208,363
Corporate Bonds and Bond Funds	BB+	0.59%	5,245
Corporate Bonds and Bond Funds	BB	0.31%	2,743
Corporate Bonds and Bond Funds	BBB	0.29%	2,590
Corporate Bonds and Bond Funds	BBB-	0.30%	2,690
Corporate Bonds and Bond Funds	Not Rated	17.26%	152,551
Collateralized Bank Loan	BB	16.74%	148,024
Total			<u>\$ 884,364</u>

**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, 2018 and 2017, the Foundation was in compliance with the investment policy.

**Concentrations of Credit Risk (Continued)**

As of June 30, 2018 and 2017, the following investments constitute a credit risk as they are greater than 5% of the Foundation's Investment portfolio:

	<u>2018</u>	<u>2017</u>
iShares 0-5 Year High Yield Corporate Bond ETF	\$ 358,135	\$ -
Vanguard Intermediate-Term Corporate Bond ETF	\$ 193,432	\$ -
Invesco Senior Loan ETF	\$ 172,346	\$ -
Powershares Senior Loan Portfolio	\$ -	\$ 121,624
iShares IBoxx \$ High Yield Corporate Bond ETF	\$ -	\$ 113,581
iShares Iboxx 1-3 Year Credit Bond ETF	\$ -	\$ 112,982
Spider Barclays Short-Term High Yield Bond ETF	\$ -	\$ 116,775
iShares IBoxx \$ Investment Grade Corporate Bond ETF	\$ -	\$ 193,901

**Investment Income**

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

	<u>2018</u>	<u>2017</u>
Unrealized and Realized Gain, Net of Investment Management Fees	\$ 29,929	\$ 26,247
Interest and Dividend Income	89,813	57,646
Investment Income, Net of Investment Management Fees	<u>\$ 119,742</u>	<u>\$ 83,893</u>

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.  
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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

**Fair Value Measurement**

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

	2018			
	Level 1	Level 2	Level 3	Total
REITs	\$ 53,801	\$ -	\$ -	\$ 53,801
Fixed Income	1,206,671	-	-	1,206,671
U.S. and International Equities	1,776,224	-	-	1,776,224
	\$ 3,036,696	\$ -	\$ -	\$ 3,036,696
	2017			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 884,364	\$ -	\$ -	\$ 884,364
U.S. and International Equities	1,099,787	-	-	1,099,787
Total	\$ 1,984,151	\$ -	\$ -	\$ 1,984,151

**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.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 7 CAPITAL ASSETS**

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>

Capital assets consisted of the following at June 30, 2017:

	Beginning 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>

Depreciation expense amounted to \$5,455 and \$4,162 for the years ended June 30, 2018 and 2017, respectively.

**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 years ended June 30, 2018 and 2017, the Foundation reimbursed OCPS \$327,081 and \$283,836, respectively, for salaries. In addition, the Foundation owes OCPS \$85,709 and \$72,439 as of June 30, 2018 and 2017, respectively, which is included in accounts payable and accrued expenses on the accompanying statements of net position.

During the year ended 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 scholarships to students in the district. This contribution is reported as 2018 scholarship revenue in the statement of revenues, expenses and changes in net position.



**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, 2018, 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 30, 2018.

**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. 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 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  
November 30, 2018



**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.**  
**A COMPONENT UNIT OF THE ORANGE COUNTY SCHOOL DISTRICT BOARD**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**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
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	-	-	-	-	-	-	115,387	-	115,387
Membership Dues and Subscriptions	-	-	-	-	-	-	-	5,914	5,914
Teacher Grants	-	182,562	-	-	-	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	-	-	1,371,964	-	-	1,371,964	-	-	1,371,964
Literacy Materials	17,133	53	-	-	-	17,186	-	-	17,186
Miscellaneous	-	-	-	-	-	-	-	212	212
Total Expenses Before Depreciation	281,354	218,332	1,400,298	1,050	60,282	1,961,316	151,596	192,992	2,305,904
Depreciation	17	-	-	-	-	17	4,829	609	5,455
Total Expenses	<u>\$ 281,371</u>	<u>\$ 218,332</u>	<u>\$ 1,400,298</u>	<u>\$ 1,050</u>	<u>\$ 60,282</u>	<u>\$ 1,961,333</u>	<u>\$ 156,425</u>	<u>\$ 193,601</u>	<u>\$ 2,311,359</u>

**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>