

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

**Financial Statements  
and Supplementary  
Information**

**For The Years Ended  
June 30, 2010 and 2009**

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the Foundation for Orange County Public Schools, Inc. (a nonprofit Foundation), a component unit of the Orange County District School Board, as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Foundation for Orange County Public Schools, Inc.'s management. Our responsibility is to express opinions 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Orange County Public Schools, Inc. as of June 30, 2010 and 2009, and the changes in financial positions and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2010, on our consideration of the Foundation for Orange County Public Schools, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 5 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.

As discussed in Note B, the Foundation changed its basis of accounting and presentation during the year ended June 30, 2010.

*Moss, Krusick & Associates, LLC*

September 16, 2010  
Winter Park, Florida

## **Management's Discussion and Analysis**

As financial management of the Foundation for Orange County Public Schools, Inc. (hereinafter referred to as the "Foundation"), we offer the readers of these basic financial statements this narrative overview and analysis of the Foundation's financial activities for the fiscal year that ended on June 30, 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Foundation's financial statements, which follow this information.

### **Financial Highlights**

- The Foundation's overall combined assets totaled \$2,037,617 at the close of the 2010 fiscal year compared to \$2,147,485 the previous year. Total assets exceeded liabilities by \$1,734,695 (*combined net assets*) compared with \$1,810,531 one year earlier.
- The Foundation's combined net assets decreased by \$75,836 (4.19%). The restricted portion of net assets \$1,726,283 decreased by \$128,529 during the year primarily due to the release of restrictions on program funds exceeding current year revenues. The unrestricted portion of net assets \$8,412 represents unrestricted amounts that may be used to meet the Foundation's ongoing obligations for its discretionary program activities.
- The Foundation received corporate and state-funded grants totaling \$257,168 in support of its various activities and programs. These and other Foundation funds were used to finance mini-grants to teachers and employees of the Orange County District School Board and to fund student scholarships and tuition reimbursements.
- During 2010, the Foundation awarded \$91,757 in prepaid college tuition scholarships from its account at the Florida Prepaid College Foundation, compared to \$111,683 awarded in 2009.
- The Foundation's fundraising activities produced revenues of \$142,250 in 2010, compared to \$129,270 in 2009.

### **Overview of the Financial Statements**

The Foundation presents its financial statements for the fiscal year ended June 30, 2010, which included for comparative purposes the fiscal year ended June 30, 2009. The Foundation is a direct support Foundation and component unit of the Orange County District School Board (a governmental agency). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB). The Foundation is considered a Business-Type Activity under the provisions of GASB 34 and 35.

The Foundation's financial statements are comprised of two parts: 1) management's discussion and analysis, and 2) the basic financial statements, including the notes to the financial statements.

The objective of the Management's Discussion and Analysis is to focus on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and the accompanying notes.

The financial statements include the following:

- Statements of Net Assets
- Statements of Revenues, Expenses and Changes in Net Assets
- Statements of Cash Flows
- Statements of Functional Expenses
- Notes to Financial Statements

The financial statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Foundation's overall financial status, including its business-type activities. These statements report information about the Foundation using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Foundation's assets and liabilities, both financial and capital, and short-term and long-term debt (when applicable) are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Foundation's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

### Statement of Net Assets

**Net Assets.** As noted previously, net assets may serve over time as a useful indicator of the Foundation's financial position. This year, the Foundation's combined total assets exceeded liabilities (net assets) by \$1,734,695 at the end of 2010 (compared to \$1,810,531 at the end of 2009), which is summarized as follows:

	<b>Net Assets</b>			
	June 30, 2010 and 2009			
	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Assets:</b>				
Current and other assets	\$ 2,037,617	\$ 2,147,485	\$ (109,868)	(5.12%)
<b>Total assets</b>	<u>2,037,617</u>	<u>2,147,485</u>	<u>(109,868)</u>	<u>(5.12%)</u>
<b>Liabilities:</b>				
Current liabilities	<u>302,922</u>	<u>336,954</u>	<u>(34,032)</u>	<u>(10.10%)</u>
<b>Total liabilities</b>	<u>302,922</u>	<u>336,954</u>	<u>(34,032)</u>	<u>(10.10%)</u>
<b>Net assets:</b>				
Unrestricted	8,412	(44,281)	52,693	119.00%
Restricted:				
Expendable	1,671,814	1,800,343	(128,529)	(7.14%)
Non-expendable	<u>54,469</u>	<u>54,469</u>	<u>-</u>	<u>-</u>
<b>Total net assets</b>	<u>\$ 1,734,695</u>	<u>\$ 1,810,531</u>	<u>\$ (75,836)</u>	<u>(4.19%)</u>

Total assets decreased last year by \$109,868 to a total of \$2,037,617, or a decrease of 5.12%. Total assets consist primarily of cash and cash equivalents, which make up 35.43% of total assets, short term investments, which make up 3.05%, and prepaid scholarships held by the Florida College Prepaid Scholarship Foundation which makes up 61.11%. This amount reflects the primary activities of the Foundation in the areas of scholarships and program enhancement.

The Foundation's total liabilities consist of \$17,826 in other liabilities for the current period compared to prior year amounts totaling \$24,121, and \$69,200 in deferred revenues collected in advance of being earned by the entity for 2010 compared to \$88,355 at June 30, 2009. Restricted net assets of the Foundation totaled \$1,726,283 at the end of 2010, compared to \$1,854,812 in 2009. These funds are composed of nonexpendable endowment contributions of \$54,469 and other expendable, but restricted, donor contributions totaling \$1,671,814, which may only be expended for donor pre-designated uses.

### Statement of Revenues, Expenses and Changes in Net Assets

**Changes in Net Assets.** While the statement of net assets shows a snapshot of the Foundation's financial position at the end of the fiscal year, the statement of changes in net assets provides answers as to the nature and sources of those changes. During 2010, the Foundation's total operating revenues increased by \$1,664 to a total of \$636,276, compared to \$634,612 in the prior year. The Foundation saw its increase in contributions, donations and corporate support offset by a decrease in grants funding. Its successful fundraising events, up 10% from the prior year, more than offset the 23% decline in other revenues. During 2010, approximately 40.42% of the Foundation's revenue was derived from community financial support, compared with 33.80% in the previous year. Grants totaled \$206,109 and made up 32.39% of operating revenue in 2010, compared to \$250,836 in 2009, which made up 39.53% of operating revenue. The shortfall was attributed to economic declines being experienced statewide. The Foundation's fundraising revenues increased in 2010 to \$142,250, compared to \$129,270 in 2009.

The Foundation's spending on ALP memorial scholarships increased from \$2,500 in 2009 to \$3,250 in 2010, primarily as a result of increased community support. During this same period, the Foundation continued to provide substantial support for its ongoing educational mini-grant programs. Expenses for mini-grants declined from \$268,815 in 2009 to \$259,629 in 2010, which represents a decrease of 1.21%. During 2010, the Foundation's fundraising and general and administrative costs decreased by \$171,923. Fundraising and administrative expenses totaled \$147,640 in 2010.

The following is a summary of changes in net assets for the fiscal year:

#### Revenue, Expenses and Changes in Net Assets For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues:				
Contributions, donations and corporate support	\$ 257,168	\$ 214,509	\$ 42,659	19.89%
Grants	206,109	250,836	(44,727)	(17.83%)
Fundraising	142,250	129,270	12,980	10.04%
Other revenues	<u>30,749</u>	<u>39,997</u>	<u>(9,248)</u>	<u>(23.12%)</u>
Total operating revenues	<u>636,276</u>	<u>634,612</u>	<u>1,664</u>	<u>0.26%</u>
Operating expenses:				
Program expenses	564,472	705,562	(141,090)	(20.00%)
Support services	<u>147,640</u>	<u>319,563</u>	<u>(171,923)</u>	<u>(53.80%)</u>
Total operating expenses	<u>712,112</u>	<u>1,025,125</u>	<u>(313,013)</u>	<u>(30.53%)</u>
Change in net assets	<u>\$ (75,836)</u>	<u>\$ (390,513)</u>	<u>\$ 314,577</u>	<u>80.58%</u>

## **Statement of Cash Flows**

Net cash used by operating activities amounted to \$107,928 for the past year, compared to \$164,104 in the previous year. Decreases in operating cash receipts of \$218,284 were more than offset by the decreases in operating cash disbursements of \$274,460. There were no cash flows used in investing activities this past year compared to cash used of \$56,469 in the previous year. This decrease in investment activity was primarily due to the purchase of an investment during the prior year with no purchases in the current year.

## **Economic Factors that will Affect the Future**

Charitable giving continues to be significantly affected by many factors including the general state of the economy, the health of the stock market and prospective donors' perception of the benefiting Foundation. Toward this latter factor, the Foundation has historically enjoyed a very positive reputation in the communities it serves. While economic factors do ultimately affect charitable giving in general, the Foundation has developed a history of steady growth regardless of changes in these factors.

Some of the major factors considered by the Foundation in the process of predicting future economic factors are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in Orange County, FL are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Database (FRED). This agency estimates a deteriorating county wide unemployment rate of 11.4% at the end of June 2010, which is higher than the 10.7% rate experienced one year earlier.
- Inflationary trends for Orange County compare favorably with those trends experienced at the state and national levels.

## **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 Director, The Foundation for Orange County Public Schools, 445 W. Amelia Street, Suite 901, Orlando, Florida 32801.

**Foundation for Orange County Public Schools, Inc.**

**STATEMENTS OF NET ASSETS**

**ASSETS**

	June 30,	
	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 721,988	\$ 829,916
Investments	62,079	54,981
Accounts receivable	6,113	2,250
Florida prepaid tuition scholarships	1,245,288	1,255,926
Prepaid expenses	-	1,062
Property and equipment - net	2,149	3,350
Total assets	\$ 2,037,617	\$ 2,147,485

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
School/districts assets held	\$ 215,896	\$ 224,478
Other liabilities	17,826	24,121
Deferred revenue	69,200	88,355
Total liabilities	302,922	336,954
<b>NET ASSETS</b>		
Unrestricted	8,412	(44,281)
Restricted:		
Expendable	1,671,814	1,800,343
Non-expendable	54,469	54,469
Total net assets	1,734,695	1,810,531
Total liabilities and net assets	\$ 2,037,617	\$ 2,147,485

The accompanying notes are an integral part of this financial statement.



Foundation for Orange County Public Schools, Inc.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For The Years Ended June 30,

	<u>2010</u>	<u>2009</u>
Contributions	\$ 129,758	\$ 92,642
Fundraising events	142,250	129,270
Grants	206,109	250,836
Read 2 succeed	37,422	43,749
Middle school kids	30,836	16,730
ALP dividend	478	825
Other income	30,749	39,997
In kind donations	<u>58,674</u>	<u>60,563</u>
<b>Total revenue and support</b>	<u>636,276</u>	<u>634,612</u>
 Program services:		
Read 2 succeed	73,441	47,754
District support	62,624	46,443
Grants	259,629	268,815
Orange County scholars	17,049	41,069
Middle school kids	56,585	161,433
Count me in	91,894	137,548
ALP memorial scholarship	3,250	2,500
 Support services:		
Fundraising	83,941	181,773
General and administrative	<u>63,699</u>	<u>137,790</u>
<b>Total expenses</b>	<u>712,112</u>	<u>1,025,125</u>
 <b>Change in net assets</b>	<u>(75,836)</u>	<u>(390,513)</u>
 Net assets, beginning of year	<u>1,810,531</u>	<u>2,201,044</u>
 Net assets, end of year	<u><u>\$ 1,734,695</u></u>	<u><u>\$ 1,810,531</u></u>

The accompanying notes are an integral part of this financial statement.

Foundation for Orange County Public Schools, Inc.

STATEMENTS OF CASH FLOWS

For The Years Ended June 30,

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions	\$ 125,895	\$ 215,492
Cash received from fundraising events	123,095	196,625
Cash received from grants and programs	206,109	250,836
Cash received from Read 2 Succeed	37,422	43,749
Cash received from Middle School Kids	30,836	16,730
Cash received from other	17,671	35,880
Cash paid for program expenses	(497,682)	(572,703)
Cash paid for fundraising events	(93,861)	(181,279)
Cash paid for administrative costs	(57,413)	(169,434)
	<b>(107,928)</b>	<b>(164,104)</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(2,468)
Purchases of investments	-	(54,001)
	<b>-</b>	<b>(56,469)</b>
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Net decrease in cash and cash equivalents	(107,928)	(220,573)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>829,916</b>	<b>1,050,489</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 721,988</b>	<b>\$ 829,916</b>
<b>RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (75,836)	\$ (390,513)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,201	1,384
Unrealized gain on investments	(5,496)	(980)
Realized gain on investments	(1,602)	-
(Increase) decrease in assets:		
Accounts receivable	(3,863)	122,850
Florida prepaid tuition scholarships	10,638	34,724
Prepaid expenses	1,062	(505)
Increase (decrease) in liabilities:		
School/district assets held	(8,582)	(2,952)
Other liabilities	(6,295)	4,533
Deferred revenue	(19,155)	67,355
	<b>(107,928)</b>	<b>(164,104)</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ (107,928)</b>	<b>\$ (164,104)</b>

The accompanying notes are an integral part of this financial statement.

Foundation for Orange County Public Schools, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2010

	Program Services								Support Services		Total Expenses
	Read 2	District	Orange County		Middle School	Count Me	ALP Memorial	General and			
	Succeed	Support	Grants	Scholars	Kids	In	Scholarship	Fundraising	Administrative		
Salaries and payroll taxes	\$ 36,592	\$ 27,442	\$ 57,614	\$ 5,435	\$ 25,539	\$ 62,397	\$ -	\$ 215,019	\$ 10,666	\$ 27,420	\$ 253,105
Employee health insurance	1,750	1,491	6,744	976	1,060	2,953	-	14,974	451	2,603	18,028
Retirement benefits and fees	210	128	406	-	144	391	-	1,279	63	158	1,500
Insurance	205	-	369	-	140	409	-	1,123	70	2,816	4,009
Rent	5,563	5,563	5,563	-	5,563	5,563	-	27,815	-	5,563	33,378
Professional services	954	-	954	-	1,431	954	-	4,293	-	1,106	5,399
Bank charges	-	-	-	-	-	-	-	-	-	2,282	2,282
Printing and office supplies	606	972	752	-	597	1,237	-	4,164	890	5,197	10,251
Travel	77	-	-	-	41	327	-	445	-	766	1,211
Marketing	-	-	-	-	-	-	-	-	732	27	759
Communications	5,840	-	5,840	-	5,840	5,840	-	23,360	23,840	-	47,200
Meetings/conferences	-	-	-	-	-	-	-	-	-	4,042	4,042
Events	3,210	3,210	6,040	-	3,211	4,418	-	20,089	41,223	3,210	64,522
Memberships	-	-	-	-	-	-	-	-	-	3,952	3,952
Teacher training	-	9,904	-	-	1,344	-	-	11,248	-	-	11,248
Teacher grants	-	-	168,450	-	250	-	-	168,700	-	-	168,700
Scholarships	-	-	-	10,638	-	-	3,000	13,638	-	-	13,638
Teacher of the year	-	3,500	-	-	-	-	-	3,500	-	-	3,500
Newsletter/ mailing	317	-	-	-	482	946	-	1,745	1,093	725	3,563
Other fundraising costs	-	-	-	-	-	-	-	-	2,019	-	2,019
Program support	-	-	410	-	-	459	-	869	-	-	869
Teacher Stipends	-	-	-	-	5,000	-	-	5,000	-	-	5,000
Curriculum	-	-	-	-	1,673	-	-	1,673	-	-	1,673
Website support	3,600	-	6,000	-	3,600	6,000	-	19,200	2,400	2,595	24,195
School support	-	10,414	-	-	-	-	-	10,414	-	-	10,414
Literacy materials	14,517	-	-	-	-	-	-	14,517	-	-	14,517
Miscellaneous	-	-	487	-	-	-	250	737	-	1,200	1,937
<b>Total expenses before depreciation</b>	<b>73,441</b>	<b>62,624</b>	<b>259,629</b>	<b>17,049</b>	<b>55,915</b>	<b>91,894</b>	<b>3,250</b>	<b>563,802</b>	<b>83,447</b>	<b>63,662</b>	<b>710,911</b>
Depreciation	-	-	-	-	670	-	-	670	494	37	1,201
<b>Total expenses</b>	<b>\$ 73,441</b>	<b>\$ 62,624</b>	<b>\$ 259,629</b>	<b>\$ 17,049</b>	<b>\$ 56,585</b>	<b>\$ 91,894</b>	<b>\$ 3,250</b>	<b>\$ 564,472</b>	<b>\$ 83,941</b>	<b>\$ 63,699</b>	<b>\$ 712,112</b>

The accompanying notes are an integral part of this financial statement.

Foundation for Orange County Public Schools, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2009

	Program Services								Support Services		Total Expenses
	Read 2	District	Orange County	Middle School	Count Me	ALP Memorial	Total	General and			
	Succeed	Support	Grants	Scholars	Kids	In		Scholarship	Fundraising	Administrative	
Salaries and payroll taxes	\$ 23,090	\$ 27,940	\$ 18,129	\$ 5,403	\$ 79,435	\$ 83,836	\$ -	\$ 237,833	\$ 100,947	\$ 68,443	\$ 407,223
Employee health insurance	449	1,523	3,032	942	2,462	4,784	-	13,192	6,177	8,249	27,618
Retirement benefits and fees	899	-	523	-	2,835	2,695	-	6,952	3,523	3,582	14,057
Insurance	157	-	99	-	551	480	-	1,287	583	3,712	5,582
Rent	3,944	-	7,888	-	7,888	7,888	-	27,608	-	3,944	31,552
Professional services	1,188	-	-	-	1,188	1,188	-	3,564	-	1,371	4,935
Bank charges	-	-	-	-	-	-	-	-	-	2,137	2,137
Equipment maintenance	88	-	-	-	-	-	-	88	-	402	490
Printing and office supplies	1,619	-	575	-	1,629	1,699	-	5,522	2,199	11,958	19,679
Travel	96	-	-	-	2,271	189	-	2,556	-	1,677	4,233
Professional development	-	-	-	-	-	573	-	573	-	965	1,538
Marketing	2,610	-	-	-	-	-	-	2,610	4,374	4,591	11,575
Communications	-	-	6,234	-	3,967	6,467	-	16,668	10,201	-	26,869
Meetings/conferences	-	-	-	-	3,660	-	-	3,660	-	4,650	8,310
Events	8,061	-	-	-	8,103	14,285	-	30,449	41,384	7,488	79,321
Memberships	-	-	-	-	-	-	-	-	-	6,547	6,547
Teacher training	-	4,761	-	-	3,046	-	-	7,807	-	-	7,807
Teacher grants	-	-	225,411	-	592	-	-	226,003	-	-	226,003
Other grants	-	-	-	-	-	1,350	-	1,350	-	-	1,350
Scholarships	-	67	-	34,724	-	-	2,250	37,041	-	-	37,041
Business cards	-	8,652	-	-	-	-	-	8,652	-	-	8,652
Teacher of the year	-	3,500	-	-	-	-	-	3,500	-	-	3,500
Newsletter/ mailing	347	-	-	-	1,104	2,146	-	3,597	4,152	2,261	10,010
Other fundraising costs	-	-	-	-	-	-	-	-	3,019	-	3,019
Consultants	-	-	-	-	-	5,182	-	5,182	-	-	5,182
Program support	179	-	2,204	-	264	66	-	2,713	-	-	2,713
Teacher Stipends	-	-	-	-	17,375	-	-	17,375	-	-	17,375
Curriculum	-	-	-	-	14,953	-	-	14,953	-	-	14,953
Website support	-	-	4,720	-	9,440	4,720	-	18,880	4,720	4,400	28,000
Literacy materials	4,722	-	-	-	-	-	-	4,722	-	-	4,722
Miscellaneous	305	-	-	-	-	-	250	555	-	1,193	1,748
<b>Total expenses before depreciation</b>	<b>47,754</b>	<b>46,443</b>	<b>268,815</b>	<b>41,069</b>	<b>160,763</b>	<b>137,548</b>	<b>2,500</b>	<b>704,892</b>	<b>181,279</b>	<b>137,570</b>	<b>1,023,741</b>
Depreciation	-	-	-	-	670	-	-	670	494	220	1,384
<b>Total expenses</b>	<b>\$ 47,754</b>	<b>\$ 46,443</b>	<b>\$ 268,815</b>	<b>\$ 41,069</b>	<b>\$ 161,433</b>	<b>\$ 137,548</b>	<b>\$ 2,500</b>	<b>\$ 705,562</b>	<b>\$ 181,773</b>	<b>\$ 137,790</b>	<b>\$ 1,025,125</b>

The accompanying notes are an integral part of this financial statement.

**Foundation for Orange County Public Schools, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010 and 2009**

**NOTE A – 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 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 as well as scholarships to and on behalf of students and educators.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (the "GASB") is the standard setting body for governmental accounting and financial reporting. The Foundation has followed the financial presentation model of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. For financial reporting purposes, the Foundation is considered a special-purpose government entity engaged exclusively in business-type activities. Accordingly, the Foundation's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred.

During the year ended June 30, 2010, the Foundation, at the recommendation of the Orange County District School Board, opted to present its financials under the GASB model as opposed to accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board, the basis of accounting and presentation used in the prior year. Amounts and balances as of and for the year ended June 30, 2009 have been reclassified to conform to current year presentation. There was no impact on net assets from this change in presentation.

2. 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been determined by the Internal Revenue Service not to be a private foundation. There was no unrelated business income for the current year. The Foundation implemented provisions of income tax accounting standards regarding uncertain tax positions for its year ending June 30, 2010.

Management has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Additionally, management believes that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. In addition, no cumulative effect adjustment related to implementation was recorded.

4. Revenue Recognition

The Foundation records contributions received and promises to give to the Foundation that are, in substance, unconditional as unrestricted or restricted (expendable or non-expendable) support depending on the existence or nature of any donor imposed restrictions. When a restriction expires, restricted-expendable net assets are reclassified to unrestricted net assets.

5. Property and Equipment - Net

It is the Foundation's policy to capitalize property and equipment. Property and equipment is initially recorded at cost or estimated fair value if contributed. Expenditures for repairs and maintenance are expensed as incurred. Assets are being depreciated using the straight-line method over a five year useful life.

6. Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting service benefits.

7. Deferred Revenue

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

8. Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Investments

Investments consist of open-ended mutual funds and are initially recorded at cost or fair value if contributed. At the balance sheet date, investments are adjusted to fair value as determined by quoted market prices with the adjustment recorded as investment income in the Statement of Revenue, Expenses and Changes in Net Assets.

10. Compensated Absences Payable

The Foundation records a liability for the estimated amounts of compensation for future absences. An accrual for unused vacation pay is recorded in the financial statements as other liabilities, based on pay rates in effect at June 30, 2010.

11. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

12. Fair Value Measurement

The Foundation adopted newly issued accounting guidance relating to fair value measurements. This guidance establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 -- quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access as of the measurement date.

Level 2 -- inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 -- unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value.

*Level 1 Fair Value Measurements*

The fair values of mutual funds are based on quoted market prices.

13. Concentration of Credit Risks

Financial instruments, which potentially expose the Foundation to concentrations of credit risk, consist principally of cash and short-term investments. The Foundation's policy is to place its cash investments with high credit quality financial institutions. Cash and cash equivalents consist of bank deposits and short-term investments which, at times, may exceed federally insured limits. The Foundation maintains some of its cash in bank deposit accounts in banks which participate in the Federal Deposit Insurance Corporation (FDIC) Transaction Account Guarantee Program, which provides separate FDIC coverage on the full balance of personal and non-personal checking accounts, so long as they are not interest-bearing. Under that program, through June 30, 2010, all non-interest bearing accounts are fully guaranteed by the FDIC for the full balance in the account. Coverage is in addition to and separate from the coverage available under FDIC's general deposit insurance rules which provide coverage on balances up to \$250,000. After December 31, 2013, balances up to \$100,000 will be insured. As of June 30, 2010, the Foundation had no balances which exceeded federally insured limits. The remaining cash balances are maintained in a credit union, which are federally insured by the National Credit Union Administration to at least \$250,000. 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.

14. Reclassifications

Certain amounts contained in the prior year financial statements have been reclassified to conform to current year presentation.

15. Subsequent Events

The Foundation adopted newly issued accounting guidance relating to management's assessment of subsequent events that occur after the balance sheet date through the date that the financial statements are issued. The guidance is generally consistent with current accounting practice, but requires certain additional disclosures. This guidance was effective for periods ending after June 15, 2009 and had no impact on the Foundation's financial statements. Management has evaluated the effect subsequent events would have on the financial statements through the time these financial statements were available to be issued on September 16, 2010.



Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

**NOTE C – 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, 2010 and 2009, donations of occupancy necessities, event and promotional items in the amounts of \$58,674 and \$60,563, respectively, were received from various donors. 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 D – PROPERTY AND EQUIPMENT- NET**

Property and equipment - net consists of the following:

	June 30,	
	2010	2009
Computer equipment	\$ 10,378	\$ 10,378
Less accumulated depreciation	(8,229)	(7,028)
Property and equipment - net	<u>\$ 2,149</u>	<u>\$ 3,350</u>

**NOTE E – SCHOOL/DISTRICT ASSETS HELD**

The Foundation held funds for use by schools and district programs in the amounts of \$215,896 and \$224,478 at June 30, 2010 and 2009, respectively. The Foundation disburses these funds upon schools' or programs' request.

**NOTE F – FLORIDA PREPAID TUITION SCHOLARSHIPS**

The Foundation's interest in assets consists of the following:

	June 30,	
	2010	2009
Prepaid College Fund	<u>\$ 1,245,288</u>	<u>\$ 1,255,926</u>

The scholarships consist of funds contributed to the Foundation as part of the Orange County Scholars program. Contributions are matched by the State of Florida, and recorded as restricted-expendable contribution income by the Foundation on the Statement of Revenues, Expenses and Changes in Net Assets at the time of contribution. The contributions are released from restrictions when the scholarships are paid. The funds are to be used for college scholarships for selected individuals graduating from high school in Orange County.

**Foundation for Orange County Public Schools, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010 and 2009**

**NOTE F – FLORIDA PREPAID TUITION SCHOLARSHIPS (continued)**

As the scholarships are awarded, the expenditures are recorded by the Foundation on the Statements of Revenues, Expenses and Changes in Net Assets. The assets are adjusted annually to the current value of the scholarships as provided by the Florida Prepaid College Foundation, Inc. The increase in value during the year of \$81,119 was recorded as a reduction in scholarship expenditures of \$91,757 which resulted in a net scholarship expense of \$10,638 which is recorded as scholarship expense of the Orange County Scholars program on the Statement of Functional Expenses. During 2009 the increase in value of \$76,959 was recorded as a reduction of scholarship expenditures of \$111,683, which resulted in a net scholarship expense of \$34,724.

Amounts used to purchase scholarships which go unused are refundable to the Foundation. This money is restricted by the donor to the Orange County Scholars program and can be used to support the college student assistance portion of the program.

**NOTE G – INVESTMENTS**

A summary of investments at June 30, 2010 and 2009 is as follows:

	2010		
	Original Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	<u>\$ 55,603</u>	<u>\$ 62,079</u>	<u>\$ 6,476</u>
	2009		
	Original Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	<u>\$ 54,001</u>	<u>\$ 54,981</u>	<u>\$ 980</u>

The fair value of the investments is reflected in the Statement of Financial Net Assets at June 30, 2010 and 2009. Investment loss is reported as other income in the Statement of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2010 and 2009 and is summarized as follows:

	2010	2009
Interest and dividends	\$ 7,608	\$ 16,354
Realized gain (loss)	1,602	-
Unrealized gain (loss)	<u>5,496</u>	<u>980</u>
	<u>\$ 14,706</u>	<u>\$ 17,334</u>

**Foundation for Orange County Public Schools, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010 and 2009**

**NOTE G – INVESTMENTS (continued)**

The following table set forth by level, within the fair value hierarchy, the Foundation's investments as of June 30, 2010 and 2009:

	<u>2010</u> <u>Level 1</u>	<u>2009</u> <u>Level 1</u>
Assets:		
Mutual funds	<u>\$ 62,079</u>	<u>\$ 54,981</u>

**NOTE H – FUNDRAISING COSTS**

The Foundation incurs costs in activities that include fundraising and allocates those costs after determining that it has met the criteria of purpose, audience and content. The following table presents the types of activities where joint costs have been allocated in the Statements of Functional Expenses for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Communications	\$ 47,200	\$ 26,869
Website support	24,195	28,000
Events	22,471	-
Newsletter	3,563	10,010
Marketing	<u>759</u>	<u>11,575</u>
	<u>\$ 98,188</u>	<u>\$ 76,454</u>

**NOTE I – RESTRICTED-EXPENDABLE FUNDS**

Restricted-Expendable funds are available for the following:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Read 2 Succeed	\$ 20,996	\$ 57,015
Grants	54,168	107,688
Orange County Scholars	1,471,674	1,482,143
Middle School Kids	106,776	132,525
ALP Scholarship Fund	<u>18,200</u>	<u>20,972</u>
	<u>\$ 1,671,814</u>	<u>\$ 1,800,343</u>

Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

**NOTE I – RESTRICTED-EXPENDABLE FUNDS (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	For the Year Ended June 30,	
	2010	2009
Read 2 Succeed	\$ 73,441	\$ 47,754
Grants	259,629	268,815
Orange County Scholars	17,049	41,069
Middle School Kids	56,585	161,433
ALP Scholarship Fund	3,250	2,500
	<u>\$ 409,954</u>	<u>\$ 521,571</u>

**NOTE J – RESTRICTED-NONEXPENDABLE 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, \$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.

**NOTE K – 401K PROFIT SHARING PLAN**

The Foundation established a 401K Profit Sharing Plan effective January 1, 2006 for all qualifying employees. All employees over 21 years of age are eligible to participate in the plan. The Foundation is required to match 100% of the first 4% of the employee's deferred contribution to the plan. Contributions to the profit sharing component of the plan are at the discretion of the Foundation. Employees are immediately vested in their contributions and the matching contributions. As of April 30, 2009, the Foundation amended its Plan to temporarily remove the employer stated match; however it still has the option to make a discretionary year end contribution if the Board so designates it. The Foundation provided for matching contributions of \$0 and \$12,557 to the plan for the years ended June 30, 2010 and 2009, respectively. During the years ended June 30, 2010 and 2009, the Foundation incurred \$1,500 and \$1,500, respectively, of administrative expense related to the 401K plan.

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**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**

To The Board of Supervisors  
Foundation for Orange County Public Schools, Inc.  
Orlando, Florida

We have audited the accompanying financial statements of the Foundation for Orange County Public Schools, Inc. (a nonprofit Foundation), as of and for the year ended June 30, 2010, and have issued our report thereon dated September 16, 2010. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation for Orange County Public Schools, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation for Orange County Public Schools, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation for Orange County Public Schools, Inc.'s internal control over financial reporting.

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 or correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation for Orange County Public Schools, Inc.'s financial statements are free of 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*.

This report is intended for the information of the management, regulatory agencies of federal and state governments and the Orange County District School Board. It is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

September 16, 2010  
Winter Park, Florida

*Moss, Krusick & Associates, LLC*  
*Certified Public Accountants*

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MANAGEMENT LETTER

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

We have audited the basic financial statements of The Foundation for Orange County Public Schools, Inc. (the "Foundation") as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 16, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters dated September 16, 2010. Disclosures in these reports, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made or violations reported in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Foundation complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No recommendations were made to improve the Foundation's present financial management.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statement); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Foundation for Orange County Public Schools, Inc. was organized pursuant to Chapter 125 and 1013 of the Florida Statutes.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Foundation did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Foundation for the Foundation's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

September 16, 2010  
Winter Park, Florida