

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

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Foundation for Orange County Public Schools, Inc. (the Foundation), a component unit of the Orange County District School Board, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Foundation as of June 30, 2016 and 2015, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Report on Supplementary Information

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

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

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the 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
October 5, 2016

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016, 2015, AND 2014

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, 2016, 2015 and 2014. 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 \$1,140,635 as of the year ended June 30 2016, as compared to \$1,183,638 as of the year ended June 30, 2015, and \$1,117,643 as of the year ended June 30, 2014.
- Unrestricted net position totaled \$477,332, \$643,874 and \$861,525 for the year ended June 30, 2016, 2015, and 2014, respectively. These funds represent monies available to provide academic program support to Orange County teachers and students, as well as general and administrative support.
- Restricted (Expendable and Nonexpendable) net position totaled \$647,505, \$517,004 and \$249,496 for the years ended June 30, 2016, 2015, and 2014 respectively. These funds represent monies which have been limited by donors with time restrictions, special purpose restrictions, or are funds that are invested in perpetuity.

Overview of the Financial Statements

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

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

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016, 2015, AND 2014

Statements of Assets as of June 30:

	2016	2015	2014
Cash and Cash Equivalents	\$ 78,577	\$ 164,513	\$ 329,571
Investments	1,578,789	1,584,097	1,164,838
Other Assets	12,000	17,411	7,140
Florida Prepaid Tuition Scholarships	66,980	186,166	212,544
Capital Assets, Net of Accumulated Depreciation of \$14,550, \$10,095, and \$5,666 Respectively	15,798	22,760	6,622
Total Assets	<u>\$ 1,752,144</u>	<u>\$ 1,974,947</u>	<u>\$ 1,720,715</u>

Statements of Liabilities as of June 30:

	2016	2015	2014
School/Districts Assets Held	\$ 545,522	\$ 622,617	\$ 550,425
Accounts Payable and Accrued Expenses	4,887	77,942	39,147
Unearned Revenue	61,100	90,750	13,500
Total Liabilities	<u>\$ 611,509</u>	<u>\$ 791,309</u>	<u>\$ 603,072</u>

Statements of Net Position as of June 30:

	2016	2015	2014
Unrestricted	\$ 477,332	\$ 643,874	\$ 861,525
Invested in Capital Assets, Net of Related Debt	15,798	22,760	6,622
Restricted:			
Teacher Grants	51,005	50,799	57,000
Read2Succeed	140,000	131,346	50,000
District Support	145,295	72,893	69,695
Scholarships	256,736	207,497	18,332
NonSpendable Endowment	54,469	54,469	54,469
Total Net Position	<u>\$ 1,140,635</u>	<u>\$ 1,183,638</u>	<u>\$ 1,117,643</u>

Foundation Investment Portfolio Grows

Fiscal year 2016 was the third full year the Foundation's capital reserves and endowed funds were actively managed by an investment firm. As of June 30, 2016, 2015 and 2014, investment holdings accounted for 90%, 80% and 68% of total assets, respectively. The purpose of the investment pool is to preserve and enhance the real purchasing power of contributed funds, while providing an earnings stream to support Orange County Public Schools. The value of the Foundation's investments totaled approximately \$1,579,000 as of June 30, 2016. That represents a decrease of approximately \$5,000 from the previous fiscal year-end value of approximately \$1,584,000. The decrease represents net cash transfers from investments of approximately \$43,000 and investment gains of approximately \$38,000. The Foundation's finance committee reviews the investment portfolio quarterly with representatives of the investment firm to review the portfolio and asset allocation, analyze performance returns, and rebalance the account as necessary.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016, 2015, AND 2014**

Florida Prepaid Tuition Scholarships

In fiscal year 2014, the Foundation transferred Florida Prepaid College Foundation scholarships to Valencia Foundation. The Foundation donated 86 prepaid tuition contracts valued at \$858,175 (7,723 hours) to the Valencia Foundation, which they then award as four-year, prepaid college tuition scholarships to select graduating high school students in Orange County. The Foundation began the Take Stock in Children program in 1996 and purchased these scholarships over the years as part of this program. In 2001, the Foundation separated from the Take Stock in Children program, but continued to serve enrolled students with the last class graduating in 2005. The transferred tuition contracts represent unused hours by students who were assigned scholarships and did not use them in the allotted 10 years. Valencia Foundation now operates the Take Stock in Children program in Orange County and re-distributes these scholarships to deserving students.

At the end of the 2013-14 school year, an additional 46 scholarships expired (2,172 hours), and the Foundation transferred them back to the Florida Prepaid College Foundation at a \$196,973 loss. The Foundation received \$54,645 for these scholarships, which was invested to support other programs. No scholarships were transferred in fiscal year 2015.

At the end of the 2015-16 school year, 20 scholarships expired (953 hours), and the Foundation transferred them back to the Florida Prepaid College Foundation at a loss of \$83,605. The Foundation received \$24,236 for these scholarships, which will be invested to support other programs.

As of June 30, 2016, 12 scholarships remained, including four for students currently enrolled in postsecondary programs and two for individuals who have received expiration extensions to 2023 because of active military service. It is anticipated that transfer losses in subsequent years will substantially diminish and soon disappear.

Liabilities

The largest liability represents the school and district assets held by the Foundation. Accounts payable includes amounts due to vendors as of June 30, 2016, 2015 and 2014 for operating expenses and other commitments of the Foundation. Unearned revenue includes sponsorships received for the 2016 Fore Our Schools Golf Tournament to be held September 23, 2016. There were no long-term liabilities as of June 30, 2016, 2015 and 2014.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016, 2015, AND 2014**

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:	2016	2015	2014
Contributions	\$ 76,268	\$ 56,474	\$ 63,609
Fundraising Events	191,221	233,046	168,100
Grants	1,410,474	1,218,755	1,212,674
Read2Succeed	251,506	242,137	213,898
Scholarships	69,300	192,278	-
Other Income	60,887	44,819	42,057
In-Kind Donations	33,833	32,925	32,925
Total Revenue and Support	\$ 2,093,489	\$ 2,020,434	\$ 1,733,263

Program Services Expenses by Function for the Year Ended:

	2016	2015	2014
Read2Succeed	\$ 266,111	\$ 185,975	\$ 200,880
Teacher Grants	234,123	217,913	216,728
District Support	1,212,934	1,076,286	1,035,901
Take Stock in Children	11,789	19,245	25,176
Scholarships	23,165	4,050	2,250
Total Program Services Expenses	\$ 1,748,122	\$ 1,503,469	\$ 1,480,935

Support Services Expenses by Function for the Year Ended:

	2016	2015	2014
Fundraising Events	\$ 140,899	\$ 196,186	\$ 111,163
General and Administrative	202,076	193,223	103,347
Total Support Services Expenses	\$ 342,975	\$ 389,409	\$ 214,510

Revenue Increased 4 Percent

Total revenue for the 2015-16 fiscal year increased \$73,055 to \$2,093,489. This includes \$282,851 from the School District Education Foundation Matching Grant program, which matched private donations dollar for dollar, to support the district's programs targeting literacy, teaching quality, STEM and low-performing students. Contributions for the year totaled \$76,268.

Foundation Disbursed More Than \$2.6 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.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016, 2015, AND 2014**

Read2Succeed

Read2Succeed provided individualized reading instruction to 415 first-grade and 643 second-grade students at 72 elementary schools, as well as 31 third-/fourth-grade students in a pilot program launched this year.

- First graders: 125 students (42.5%) increased growth more than 50% as measured by comparing pre- and post-vocabulary test scores for vocabulary acquisition.
- Second graders: 310 students (64.7%) increased growth by more than 50% as measured by comparing pre- and post-program passage scores for oral reading fluency.
- Third/fourth graders: Seven students (23%) made a learning gain measured by the statewide FSA assessment. These results are comparable to district overall results for comparable students.

Middle School Book Clubs

Twelve county schools operated 15 Middle School Book Clubs, serving 136 reluctant readers. In 2017, funding for this program will become part of the annual Teacher Grants effort.

- 55% of participating students met state standards by scoring a Level 3 or above on statewide assessments. This is rate is three percentage points higher than district and statewide levels.
- 54% of participating students made learning gains; notably, participating students from the seventh and eighth grades made higher average learning gains than the district average.

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 programs at Catalina and Walker.

- 100% of students served by City Year English/Language Arts programs at Walker Middle School improved their SRI Lexile scores, a measure of their reading ability, while 33% of students served by City Year Math programs improved their scores on their Math Benchmark Assessment.
- 70% of students who completed the City Year English/Language Arts programs at Catalina Elementary School improved their grades in this subject area; likewise, 68% of students who completed the City Year Math programs improved their grades in this subject area.

Teacher Grants

Teacher grants awarded more than \$234,000 in classroom grants for STEM, civics, fine arts, classroom libraries, technology, and professional development to 361 teachers for equipment and materials that directly impact classroom learning. In total, over 28,000 students benefited from these grants.

- Classroom Library Grants put nonfiction books in the hands of more than 7,600 students in 55 schools. 67% cultivated a growing interest in reading as a direct result of this program.
- Math, Science, Energy Education and STEM grants provide funds for equipment and/or materials for hands-on, experiential projects. Of the 19,320 students participated in these projects; 53% increased their interest in STEM, and 63% improved their science grades.
- Arts Education Grants totaling over \$7,880 supported visual and performing arts programs in 27 schools.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016, 2015, AND 2014**

Teach-In

- 167 schools participated, welcoming 3,678 volunteers who gave more than 7,540 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 was secured that will provide additional training to these counselors in mindfulness and meditation so that they may use these skills with students.

- 1,798 students were screened for services and 1,113 entered into the program.
- CHILL counselors provided 643 educational presentations to 40,541 students (535 presentations), 1,357 teachers (55 presentations) and 2,551 parents (50 presentations).

Health Care Services

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

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:

- Five seniors from the graduating Class of 2016 – basketball players and cheerleaders from low-income families – received scholarships totaling \$5,000.
- All six winners from the Class of 2015 received renewals of their scholarships during FY2016.

Above and Beyond Scholarship

This new scholarship fund has been 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.

- Five seniors from the graduating Class of 2016 received scholarships, totaling \$15,000.

Soaring Eagles Prosthetic Arm Project

Edgewater High School technology and engineering students design, implement and test 3D-printed prosthetic arms for children and develop a simulated interactive training environment to train children in the use of the prosthesis. These simulated interactive therapy games allow children with prosthetic arms to train independently and master routine and higher-level technologically-based activities. Students work collectively and in small teams focused on engineering, programming/gaming or Web design.

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016, 2015, AND 2014**

Elevating and Celebrating Effective Teachers and Teaching (ECET2)

A project made possible through a grant from the New Venture Fund, ECET2 is a regional educational convention with the goal of supporting teachers by encouraging them to step into leadership positions, take an active role in their own professional development and engage in educational policy. It is designed to provide an outlet for teachers to collaborate with other professionals to increase their effectiveness in instructional leadership and instructional technology.

- The event, held January 15, 2016, drew 170 attendees, mostly classroom teachers.

It is estimated that more than 10,000 students benefited from the increase in teacher effectiveness.

School and District Funds

The Foundation managed 35 school and 25 district funds to help schools build their capacity and district programs to serve unmet needs. These funds raised \$863,566 during the 2016 fiscal year. Examples include:

- The Homeless Students Support Fund provided food and hygiene items to students and their families; provided Lynx passes; and paid for school field trips, yearbooks, clothes and other needs.
- The National Academy Foundation (NAF) Fund raised money to support career academies for Finance, Health Sciences, Information Technology, and Hospitality and Tourism. The Central Florida NAF Advisory Board awarded 59 scholarships totaling \$29,500. It also raised almost \$40,000 to support 24 NAF academies and a program at Mid Florida campus of Orange Technical College. Seven new academies were added this year and nine more are planned for the 2016-17 school year – including three in engineering – bringing the total to 33 NAF academies in Orange County Public Schools.
- The three most active school funds were Windermere Elementary School (raising \$60,786), Lake Whitney Elementary School (raising \$58,010), and Grand Avenue Primary Learning Center (raising \$54,909).

Strategic, Structure and Stewardship Changes

During fall 2015, the Foundation staff and board of directors began a comprehensive process to “refresh” its strategic plan, aligning it with the district’s recently updated strategic plan. In January 2016, Executive Director Cynthia Williams shared her decision to pursue other opportunities with the board’s leadership. As a result, strategic planning efforts were suspended and discussions were initiated with district executive leaders to explore restructuring the Foundation’s governance and staffing in order to bring the Foundation into closer alignment with the district and its philanthropic priorities.

In June 2016, a new structure was approved by the School Board of Orange County. Pursuant to various new agreements, the Foundation will perform district philanthropic and fundraising activities effective July 1, 2016. The new structure will more fully align the operation of the Foundation as it will be strategically aligned within the new Communications division of OCPS. The new Chief Communications Officer will also serve as President of the Foundation, providing a direct link to the Superintendent. The district’s Philanthropic Development department and Foundation staff will merge; the new Senior Director will oversee day-to-day operations and report directly to the President.

**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, 2016, 2015, AND 2014**

Efforts to create a central database available to district and school accounting/fund personnel to record a donor's comprehensive giving history were also fruitful. A Partnership Agreement between the district and the Foundation was approved and executed in June 2016, and processes for exporting contact data for employees and new graduates from district systems each year were developed in collaboration with staff from the district's Philanthropic Development and information technology departments.

Finally, a new stewardship event to honor Foundation partners was successfully launched in October 2015: the Education Ally breakfast. The event included strategic seating of students and teachers from programs funded by the Foundation at tables with partners and featured a panel discussion on the future of education with Superintendent Barbara Jenkins, Dean Dale Whitaker from the University of Central Florida, and Valencia College President Sandy Shugart.

Future Outlook

The Foundation for Orange County Public Schools serves the 10th largest public school system in the nation and supports 202,000 students and almost 14,000 teachers across the county. We align our focus with the plans of the Orange County Public Schools district and the School Board, and are committed to increasing literacy and collaborating with the school district to meet education needs and accelerate 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 professional steward of responsibly collecting, managing and distributing donor funds to benefit students throughout the Orange County public school system. We collaborate and partner 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 four primary goals:

- **Literacy First:** Improve student literacy 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.
- **Learning Support:** Increase resources and rewards for teachers who develop innovative and enriching approaches to helping students learn.
- **Engagement:** Increase business and community participation.

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 \$1.7 million in program support last school year and managed over \$863,500 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, 2016, 2015, AND 2014**

During 2017, optimizing the new structure and alignment with the school district will be paramount. In addition, work to refresh the Foundation's strategic plan and align it with the school district's current strategic plan will be renewed. Other priorities will include the following:

DonorPerfect Database

- The successful import of employee contact data from district systems will be key to the Foundation's ability to effectively manage the OCPS Gives employee giving campaign. Likewise, the successful import of contact data for the district's newest graduates each year will permit the development of young alumni giving programs. Time and resources will also be devoted to training Foundation and district staff to utilize this powerful relationship management system to full effect.

OCPS Gives Campaign

- The Foundation will assume management of the annual OCPS Gives employee campaign, which has been previously managed by the Heart of Florida United Way. This change is expected to streamline and simplify the giving process for employees, and will allow real-time tracking of progress. In 2017, the campaign will focus heavily on increasing participation rates and engaging district leadership. The Foundation continues to be a designated beneficiary of this campaign.

Evolution of the Philanthropic Strategic Plan

- The Foundation's board of directors is committed to building relationships and matching investors' interests with the needs of teachers, schools and the district. Districtwide philanthropic initiative focus on ensuring all children are ready to learn, improving academic achievement, ensuring graduation, and preparing all students to be career- and/or college-ready. Plans will be developed to identify, approach and inspire key audiences to provide support. Key audiences include individuals such as alumni, employees and parents, as well as local and national corporations and foundations. This work will include developing and enhancing pathways for annual, leadership, endowment and planned giving.

Build Capacity at the School Level

- Schools have the ability to run annual campaigns with parents, families and community partners to raise funds for programs, technology and other enhancements that are not covered in the school's budget. Communications and coaching will increase to educate more schools about this opportunity through the Foundation, provide critical information on best practices, and help current funds reach their potential.

**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, 2016, 2015, AND 2014**

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 teachers and school needs with investors who want to make a sustainable difference. We invite you to contact us to discuss how you can positively impact Orange County Public Schools.

Respectfully submitted,

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

Ormend Yeilding
Board Chair
Foundation for Orange County Public Schools

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 Executive 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, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 78,577	\$ 164,513
Investments and Deposits	1,578,789	1,584,097
Other Assets	12,000	17,411
Florida Prepaid Tuition Scholarships	66,980	186,166
Capital Assets, Net of Accumulated Depreciation of \$14,550 and \$10,095, Respectively	<u>15,798</u>	<u>22,760</u>
Total Assets	<u><u>\$ 1,752,144</u></u>	<u><u>\$ 1,974,947</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES		
School/Districts Assets Held	\$ 545,522	\$ 622,617
Accounts Payable and Accrued Expenses	4,887	77,942
Unearned Revenue	<u>61,100</u>	<u>90,750</u>
Total Liabilities	611,509	791,309
NET POSITION		
Unrestricted	477,332	643,874
Net investment in Capital Assets	15,798	22,760
Restricted:		
Teacher Grants	51,005	50,799
Read to Succeed	140,000	131,346
District Support	145,295	72,893
Scholarship	256,736	207,497
Nonspendable Endowment	<u>54,469</u>	<u>54,469</u>
Total Net Position	<u>1,140,635</u>	<u>1,183,638</u>
Total Liabilities and Net Position	<u><u>\$ 1,752,144</u></u>	<u><u>\$ 1,974,947</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, 2016 AND 2015**

	2016	2015
OPERATING REVENUE AND SUPPORT		
Contributions	\$ 76,268	\$ 56,474
Fundraising Events	191,221	233,046
Grants	1,410,474	1,218,755
Read2Succeed	251,506	242,137
Scholarships	69,300	192,278
Other Income	60,887	44,819
In-Kind Donations	33,833	32,925
Total Operating Revenue and Support	2,093,489	2,020,434
OPERATING EXPENSES		
Read2Succeed	266,111	185,975
Teacher Grants	234,123	217,913
District Support	1,212,934	1,076,286
Take Stock in Children	11,789	19,245
Scholarships	23,165	4,050
Fundraising	140,899	196,186
General and Administrative	202,076	193,223
Total Operating Expenses	2,091,097	1,892,878
NET OPERATING INCOME	2,392	127,556
NONOPERATING INCOME (EXPENSES)		
Unrealized Gain (Loss) from Florida Prepaid Tuition Scholarships	206	(8,754)
Investment Income (Loss), Net of Investment Management Fees of \$12,978 and \$9,933, Respectively	38,004	(52,807)
Loss on Transfer of Expired Florida Prepaid Tuition Scholarships	(83,605)	-
Total Nonoperating Income (Expenses)	(45,395)	(61,561)
CHANGE IN NET POSITION	(43,003)	65,995
Net Position - Beginning of Year	1,183,638	1,117,643
NET POSITION - END OF YEAR	\$ 1,140,635	\$ 1,183,638

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, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grantors, Private Contributors and Others	\$ 2,030,006	\$ 2,064,759
Cash Paid to Suppliers and Others	(2,183,490)	(1,735,913)
Net Cash Provided (Used) by Operating Activities	(153,484)	328,846
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	-	(21,838)
Proceeds from Transfer of Expired Florida Prepaid Tuition Scholarships	24,236	-
Net Cash Provided (Used) by Capital and Related Financing Activities	24,236	(21,838)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(845,153)	(1,235,119)
Proceeds from Sales of Investments	888,465	763,053
Net Cash Provided (Used) by Investing Activities	43,312	(472,066)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(85,936)	(165,058)
Cash and Cash Equivalents - Beginning of Year	164,513	329,571
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 78,577	\$ 164,513
RECONCILIATION OF CHANGE IN NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income	\$ 2,392	\$ 127,556
Adjustments to Reconcile Change in Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	6,963	5,700
Other Assets	5,411	(10,271)
Florida Prepaid Tuition Scholarships	11,550	17,624
Increase (Decrease) in Liabilities:		
School/District Assets Held	(77,095)	72,192
Other Liabilities	(73,055)	38,795
Unearned Revenue	(29,650)	77,250
Net Cash Provided (Used) by Operating Activities	\$ (153,484)	\$ 328,846

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, 2016 AND 2015

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 10th largest public school system in the nation and supports more than 202,000 students and 14,000 teachers in 188 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.

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.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

Fund Accounting

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

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

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, 2016 and 2015. The Foundation recognizes accrued interest and penalties, if any, associated with uncertain tax positions in "operating expenses" in the accompanying financial statements.

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

Capital Assets

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

Unearned Revenue

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

Cash and Cash Equivalents

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

Investments

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

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, 2016 AND 2015

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.
- 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.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 5, 2016, the date the financial statements were available to be issued.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 and 2015, \$33,833 and \$32,925, respectively, of donations related to occupancy necessities were received from one donor. Numerous volunteers provide personnel services to the Foundation. The value of this contributed time is not reflected in these financial statements since they do not meet criteria for recognition.

NOTE 3 SCHOOL/DISTRICT ASSETS HELD

The Foundation held funds for use by schools and district programs in the amount of \$545,522 and \$622,617, respectively, at June 30, 2016 and 2015. 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 year ended June 30, 2016, the Foundation transferred 20 Florida Prepaid Scholarships worth approximately \$107,841 back to the Florida Prepaid College Foundation, Inc. The Foundation received a refund of \$24,236 for these transferred scholarships which resulted in a loss of \$83,605 on the transfer which is recorded as a nonoperating expense in the accompanying statement of revenues, expenses, and changes in net position. During the year ended June 30, 2015, 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, 2016 and 2015, the Foundation awarded scholarships to selected students totaling \$11,789 and \$19,245, respectively.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 5 INVESTMENTS, DEPOSITS, AND FAIR VALUE MEASUREMENTS

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

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

The Foundation had the following investments at June 30, 2015:

	Original Cost	Fair Value
U.S. and International Equities	\$ 723,072	\$ 727,997
Fixed Income	839,483	829,681
REIT	27,694	26,419
Investments and Deposits	<u>1,590,249</u>	<u>1,584,097</u>
Cash Held in Investment Accounts	94,309	94,309
Total Held in Investment Accounts	<u>\$ 1,684,558</u>	<u>\$ 1,678,406</u>

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

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

As of June 30, 2015, the Foundation had the following maturities for its mutual bond funds:

	Investment Maturities (in Years)			Fair Value
	< 1 year	1 - 5 years	> 5 years	
Fixed Income	<u>\$ 79,849</u>	<u>\$ 592,790</u>	<u>\$ -</u>	<u>\$ 672,639</u>

Credit Risk

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

**FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

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

Credit Risk (Continued)

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

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

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

Concentrations of Credit Risk

The Foundation’s investment policy states that the allocation of fixed income and equity investments shall range from 35% - 55% and 45% - 65%, respectively, in addition to no individual economic sector shall exceed 20% percent of the total Equity Income Strategy. As of June 30, 2016 and 2015, the Foundation was in compliance with the investment policy.

As of June 30, 2016 and 2015, the following investments constitute a credit risk as they are greater than 5% of the Foundation’s Investment portfolio:

	<u>2016</u>	<u>2015</u>
iShares IBoxx High Yield Corporate Bond ETF	\$ 96,982	\$ 159,041
iShares Iboxx 1-3 Year Credit Bond ETF	\$ 188,522	\$ 433,749
Spider Barclays Short Term High Yield Bond ETF	\$ 82,104	\$ 79,849
iShares IBoxx \$ Investment Grade Corporate Bond Fund	\$ 185,207	\$ -

Investment Income

Investment income (loss) is comprised of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Unrealized and Realized Loss, Net of Investment Management Fees	\$ (18,900)	\$ (100,286)
Interest and Dividend Income	56,904	47,479
Investment Income (Loss), Net of Investment Management Fees	<u>\$ 38,004</u>	<u>\$ (52,807)</u>

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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:

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

	2015			Total
	Level 1	Level 2	Level 3	
U.S. and International Equities	\$ 727,997	\$ -	\$ -	\$ 727,997
Fixed Income	829,681	-	-	829,681
REIT	26,419	-	-	26,419
Total	<u>\$ 1,584,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,584,097</u>

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.

NOTE 7 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2015, the Foundation was named as the Founding Sponsor of the Orange County Public Schools Hall of Fame event in exchange for a \$50,000 contribution which is included in accrued expenses as of June 30, 2015. The funds were paid to OCPS during the year ended June 30, 2016.

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.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of the Foundation for Orange County Public Schools, Inc. (the Foundation), a component unit of the Orange County District School Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 5, 2016.

Internal Control Over Financial Reporting

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

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

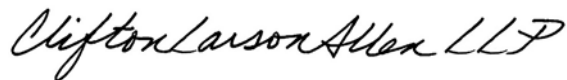
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Orlando, Florida
October 5, 2016

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

	Program Services					Support Services		Total Expenses	
	Read 2 Succeed	Teacher Grants	District Support	Take Stock in Children	Scholarship Funds	Total	Fundraising		General and Administrative
Salaries and Payroll Taxes	\$ 179,196	\$ 19,784	\$ 20,043	\$ -	\$ -	\$ 219,023	\$ 60,269	\$ 142,793	\$ 422,085
Employee Health Insurance	920	3,334	2,174	-	-	6,428	3,298	21,026	30,752
Insurance	539	95	-	-	-	634	317	3,637	4,588
Rent	6,767	6,767	6,767	-	-	20,301	6,767	6,767	33,835
Professional Services	1,621	1,621	1,624	-	-	4,866	3,491	5,621	13,978
Bank and Credit Card Fees	-	-	-	-	-	-	-	1,974	1,974
Marketing	6,284	-	-	-	-	6,284	-	-	6,284
Printing and Office Supplies	1,256	1,317	656	-	-	3,229	6,961	6,664	16,854
Travel	640	-	100	-	-	740	161	620	1,521
Professional Development Meetings/Conferences	-	-	-	-	-	-	-	390	390
Events	-	-	-	-	-	-	54,084	-	54,084
Membership Dues and Subscriptions	-	-	-	-	-	-	-	4,856	4,856
Teacher Grants	-	200,729	-	-	-	200,729	-	-	200,729
Scholarships	-	-	-	11,789	23,165	34,954	-	-	34,954
Program Support	497	-	-	-	-	497	-	-	497
Website Support	501	476	476	-	-	1,453	476	451	2,380
School Support	-	-	1,181,094	-	-	1,181,094	-	-	1,181,094
Literacy Materials	67,660	-	-	-	-	67,660	-	-	67,660
Miscellaneous	-	-	-	-	-	-	-	1,057	1,057
Total Expenses Before Depreciation	265,881	234,123	1,212,934	11,789	23,165	1,747,892	135,824	200,418	2,084,134
Depreciation	230	-	-	-	-	230	5,075	1,658	6,963
Total Expenses	\$ 266,111	\$ 234,123	\$ 1,212,934	\$ 11,789	\$ 23,165	\$ 1,748,122	\$ 140,899	\$ 202,076	\$ 2,091,097

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
A COMPONENT UNIT OF THE ORANGE COUNTY SCHOOL DISTRICT BOARD
SCHEDULE OF FUNCTIONAL EXPENSES
JUNE 30, 2015

	Program Services					Support Services		Total Expenses	
	Read 2 Succeed	Teacher Grants	District Support	Take Stock in Children	Scholarship Funds	Total	Fundraising		General and Administrative
Salaries and Payroll Taxes	\$ 112,490	\$ 12,585	\$ 21,314	\$ -	\$ -	\$ 146,389	\$ 59,836	\$ 94,232	\$ 300,457
Employee Health Insurance	716	1,842	2,507	-	-	5,065	3,048	9,312	17,425
Insurance	408	160	-	-	-	568	386	3,375	4,329
Rent	6,585	6,585	6,585	-	-	19,755	6,585	6,585	32,925
Professional Services	6,642	6,642	6,642	-	-	19,926	6,946	9,142	36,014
Bank and Credit Card Fees	-	-	-	-	-	-	-	2,287	2,287
Printing and Office Supplies	1,972	994	442	-	-	3,408	2,071	7,243	12,722
Travel	2,290	-	29	-	-	2,319	318	974	3,611
Meetings/Conferences	-	-	-	-	-	-	-	1,382	1,382
Events	-	-	-	-	-	-	111,774	50,000	161,774
Membership Dues and Subscriptions	-	-	-	-	-	-	-	3,000	3,000
Teacher Grants	-	188,322	-	-	-	188,322	-	-	188,322
Scholarships	-	-	-	19,245	4,050	23,295	-	-	23,295
Program Support	431	346	7,037	-	-	7,814	-	-	7,814
Website Support	437	437	462	-	-	1,336	462	462	2,260
School Support	-	-	1,031,268	-	-	1,031,268	-	-	1,031,268
Literacy Materials	53,772	-	-	-	-	53,772	-	-	53,772
Miscellaneous	16	-	-	-	-	16	-	4,505	4,521
Total Expenses Before Depreciation	185,759	217,913	1,076,286	19,245	4,050	1,503,253	191,426	192,499	1,887,178
Depreciation	216	-	0	-	-	216	4,760	724	5,700
Total Expenses	<u>\$ 185,975</u>	<u>\$ 217,913</u>	<u>\$ 1,076,286</u>	<u>\$ 19,245</u>	<u>\$ 4,050</u>	<u>\$ 1,503,469</u>	<u>\$ 196,186</u>	<u>\$ 193,223</u>	<u>\$ 1,892,878</u>