

**FOUNDATION FOR ORANGE COUNTY
PUBLIC SCHOOLS, INC.
(A Component Unit of the
Orange County Public Schools)**

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2024

And Reports of Independent Auditor

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Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Foundation for Orange County Public Schools, Inc. (the "Foundation"), a component unit of the Orange County Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Foundation, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Foundation restated its beginning net position of the business-type activities and fiduciary activities to reflect the correction of errors that occurred in the prior year. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying combining statements are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation's internal control over financial reporting and compliance.

Cherry Bekasert LLP

Orlando, Florida
December 9, 2024

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

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, 2024, and 2023. This report represents the Foundation leadership's overview of the organization's health and well-being. We encourage readers to consider this information in conjunction with the independent auditors' report and the basic financial statements included herein.

Financial Highlights

- The Foundation's overall combined net position totaled \$3,711,084 as of the year ended June 30, 2024, as compared to \$4,467,200 as of the year ended June 30, 2023. The decrease reflects the Foundation team's ongoing efforts to properly classify all enterprise and custodial funds.
- Unrestricted net position totaled \$78,676 and \$595,260 for the years ended June 30, 2024, and 2023, respectively. These funds represent monies available to provide general academic program support to students, teachers and staff in Orange County Public Schools, as well as general and administrative support. The steep decrease reflects the need for more unrestricted funds during the year to support the Foundation's administrative growth. We believe strong fundraising results will allow us to recoup unrestricted dollars during FY2025.
- Restricted (Expendable and Nonexpendable) net position totaled \$3,632,408 and \$3,871,940 for the years ended June 30, 2024, and 2023, respectively. As above, this decrease reflects the team's work to properly classify custodial funds. These funds represent monies limited by donors with time restrictions, special purpose restrictions, or are funds invested in perpetuity. Special purpose restrictions designate funds to specific academic program support to students, teachers and staff in Orange County Public Schools.

Overview of the Financial Statements

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

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

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Statements of Net Position as of June 30:

| | <u>2024</u> | <u>2023</u> (as restated) |
|---------------------------------------|---------------------|------------------------------|
| Assets: | | |
| Cash and investments | \$ 3,782,381 | \$ 4,549,973 |
| Other assets | 537,067 | 398,760 |
| Florida Prepaid Tuition Scholarships | 15,395 | 15,395 |
| Total Assets | <u>\$ 4,334,843</u> | <u>\$ 4,964,128</u> |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 490,959 | \$ 392,528 |
| Unearned revenue | 132,800 | 104,400 |
| Total Liabilities | <u>\$ 623,759</u> | <u>\$ 496,928</u> |
| Net Position: | | |
| Restricted: | | |
| Foundation programs | \$ 505,348 | \$ 368,199 |
| District support | 960,297 | 975,427 |
| Scholarships and endowments | 1,812,294 | 2,170,349 |
| Non-spendable endowment | 354,469 | 357,965 |
| Unrestricted: | 78,676 | 595,260 |
| Total Net Position | <u>\$ 3,711,084</u> | <u>\$ 4,467,200</u> |

Foundation Investment Portfolio Value Grows

The Foundation’s capital reserves and endowed funds have been actively managed by an investment firm for 10 years. The portfolio was established in FY2014 with an initial balance of \$640,000. As of June 30, 2024, and 2023, investment holdings accounted for 86% and 89% 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 total portfolio of custodial and enterprise funds under the Foundation’s management is now valued at \$5,252,286, which represents 729% growth since inception. This growth is primarily due to additional contributions, and potential losses in this year’s volatile market were moderated by our investment firm’s proprietary investment formulas. 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.
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

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:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Operating Revenues for Year End: | | |
| Contributions | \$ 234,491 | \$ 319,013 |
| Fundraising events | 510,115 | 419,362 |
| Grants | 3,040,511 | 2,479,174 |
| Read2Succeed | 152,267 | 326,683 |
| Scholarships and endowments | 245,552 | 295,917 |
| Other income | 56,712 | 28,668 |
| In-kind donations | 41,295 | 41,305 |
| Total Revenue and Support | <u>\$ 4,280,943</u> | <u>\$ 3,910,122</u> |
| Program Services Expenses by Function for the Year Ended: | | |
| Read2Succeed | \$ 175,739 | \$ 393,114 |
| Teacher grants | 550,837 | 231,426 |
| District support | 3,107,791 | 2,346,501 |
| Scholarships and endowments | 148,228 | 197,353 |
| Total Program Services Expenses | <u>\$ 3,982,595</u> | <u>\$ 3,168,394</u> |
| Support Services Expenses by Function for the Year Ended: | | |
| Fundraising | 200,962 | 197,126 |
| General and administrative | 630,886 | 474,476 |
| Total Support Services Expenses | <u>\$ 831,848</u> | <u>\$ 671,602</u> |
| Nonoperating Income (Expense) for the Year Ended: | | |
| Investment income, net of investment management fees | <u>\$ 416,826</u> | <u>\$ 285,088</u> |

Operating Revenue Increased 9.48%

Total operating revenue for the 2023-24 fiscal year increased \$370,821 to \$4,280,943. This increase was driven primarily by growth in fundraising event proceeds and grant awards received compared to the prior year. Contributions for the year totaled \$234,491.

Foundation Managed More Than \$6.08 Million for Program Support, Scholarships, School Funds and District Funds

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

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Read2Succeed

Read2Succeed is an enrichment program designed to help our youngest students develop reading skills required to achieve long-term academic success and to be prepared for the modern world. The program offered individualized reading instruction to 1,015 Kindergarten, 1,256 first-grade, 860 second-grade and 200 higher-grade students in 120 elementary schools. Of those for whom data were available, students improved as follows:

- Kindergarteners: 96% gained mastery from beginning to end-of-year SIPPS assessments.
- First graders: 98% showed growth from vocabulary pre-test to post-test scores.
- Second graders: 96% showed growth from fluency pre-test to post-test scores.

City Year Orlando

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

Throughout FY2024, City Year tutored, mentored and coached 368 “focus list” students (17 attendance, 26 behavior, 128 literacy and 197 math) at Walker Middle School, providing more than 1,000 service hours directly to these students. In addition, the AmeriCorps members’ positive morning greetings, before- and after-school initiatives, and academic, attendance and cultural celebration projects provided a positive school climate and culture for all 1,015 Walker Middle School students.

Teacher Impact Grants

This year, 138 teachers received \$220,000 in STEM grants for equipment and materials that directly impact classroom learning. In total, approximately 5,730 students directly benefitted from these grants. In addition, a new partner, the Phoenix Foundation, provided \$150,000 in the fall to performing arts programs at 16 schools for grants as large as \$15,000 each – and then provided an additional \$75,000 for similar grants in the spring! We look forward to growing this relationship and program in 2024-25.

Fleet Farming

In collaboration with IDEAS for Us and support from VoLo Foundation as well as matching funds from the School District Education Foundations Matching Gifts Program, the Foundation supported Fleet Farming projects at both Jones and Evans high schools for a third year. Fleet Farming aims to shift the way people eat by converting underutilized residential lawns or school property into organic micro-farms (“farmlettes”) while educating the community how to grow food for free through monthly events in the neighborhood. The two high school sites educate students about farming and teach them real-world skills on food handling, food safety, and organic farming.

This project has three main objectives: (1) lead an on-campus food movement during and after school to support current horticultural classes; (2) engage students in job preparedness for agriculture-related fields and build student understanding of how the food cycle directly contributes to climate change; and (3) provide produce to on-campus food pantries and on-campus farmers' markets. The program directly engaged 200 students, and offered secondary benefits to more than 4,000 students.

Eco Clubs

Through single-year and multi-year grants, the Foundation proudly supports Eco Club, an after-school program for Millennia Gardens Elementary School and Lake George Elementary School. The program is led by dedicated teachers who empower students and staff, educate the community, and make stewardship of Earth a priority through hands-on projects and outreach activities. Many of the students are experiencing poverty or homelessness, or live in hotels or other low-cost housing; most do not have a backyard to experience nature.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

In Eco Club, students see firsthand results of their work, which includes: growing hydroponic Romaine lettuce and feeding it to the rescued manatees and sea turtles at SeaWorld; harvesting honey from on-campus apiaries that is shared with school families and used to help injured animals at SeaWorld; digging in the dirt to grow food that they turn into delicious dishes to proudly serve their parents; planting gardens to attract butterflies; caring for "Flash", their adopted gopher tortoise (threatened status); and proudly leading recycling and composting initiatives. Educational trips to camping at Everglades State Park, SeaWorld Edu Trip, and Wekiwa State Park expanded their understanding of environmental issues in Florida. Through the planning and execution of specific projects, Eco Club established a culture of conservation awareness and environmental stewardship within the school and community.

Assessment data consistently indicate that Eco Club participation increases on-grade-level proficiency for math in all grade levels at higher rates than those for all other students in the state, county and school, with similarly strong results for ELA proficiency as well.

CHILL

The CHILL (Community Health and Intervention in Life's Lessons) program provided a licensed or licensed-eligible mental health counselor to Audubon K8, Glenridge and Maitland middle schools, Winter Park High School and its Ninth Grade Center. The CHILL counselors were once again able to offer their services in individual as well as group sessions.

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.

Video Storytelling: "The Slice" and "Mondays with Maria"

The Foundation's board of directors approved up to \$30,000 in funding from its unrestricted reserves to continue supporting the successful video storytelling community engagement effort now known as "The Slice" and "Mondays with Maria." Through the end of May, 130 segments (94 Slice and 36 Mondays with Maria) were created and produced by Jamie Holmes, Nancy Alvarez and the Media Relations team. The effort has been successfully launched: in FY2025, Addition Financial will take over as the new sponsor.

Coach Pennington Scholarship

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

- Six seniors from the graduating Class of 2024 – basketball players and cheerleaders from low-income families – were awarded scholarships totaling \$9,000 (\$750 per semester, \$1,500 total).

Above and Beyond Scholarship

This endowed fund was established by an Oak Ridge High School alumna from the Class of 1967 to provide scholarships to graduating seniors from Oak Ridge High School who seek a certificate or a two- or four-year postsecondary degree at a technical or vocational school, college or university. Scholarships are renewable on an academic year-by-year basis for a maximum of four years. Throughout FY2024, 34 students were awarded \$1,500 each, for a total of \$51,000.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

The Fund for Maitland Public Schools

This endowed fund was established by the City of Maitland in FY2017 to support before- and after-school educational and enrichment activities for students at traditional public schools within the city limits of Maitland, Florida. Existing schools are Dommerich and Lake Sybelia elementary schools, and Maitland Middle School. The fifth annual disbursement to schools was made in August 2023. The eligible schools received \$8,000, distributed proportionally on a per-student basis.

Bobbie Lytle Outstanding Teacher Award and Endowment

A lifelong educator, Bobbie touched the lives of thousands of students at Dommerich and Brookshire elementary schools. Her infectious smile and love of learning encouraged children to extend their curiosity into all areas of knowledge. Whether it was storytelling, creating a cookbook for her second-grade parents at the holidays, or fabulous art projects, she made sure her students' abilities shone brightly. In 2022, her daughter and son-in-law established this endowment in her memory, which provides generous cash awards for a teacher at each school where Bobbie spent her career.

All members of the two schools' communities – faculty, staff, parents, students and neighbors – may nominate teachers for these awards. This year's award recipients were Catherine Howat (Dommerich) and Kristin Cooper-Otto (Brookshire). As the Fund grows, the family hopes to establish more awards to recognize teachers at additional schools.

Dave and Stephany Carmany Excellence in Debate Scholarship

In April 2024, the Foundation team worked with David and Stephanie Carmany to create a new scholarship award for students in debate at Winter Park High School. The \$2,500 award was presented to its first recipient April 18 at Winter Park High School. The Carmany family is creating a new \$25,000 endowed fund with the Foundation that will support the award in the coming years.

Custodial Funds Under Management

The Foundation has worked diligently to accurately distinguish between enterprise and custodial funds. Specifically, the team implemented full recoding in DonorPerfect and QuickBooks; formalized reconciliation processes between bank statements, DonorPerfect and QuickBooks; undertook a comprehensive review of historical records; and completed the integration between DonorPerfect and QuickBooks.

Custodial funds help schools build their capacity, and district programs to serve unmet needs. This year, the Foundation managed 331 custodial funds (249 school, 34 district, and 48 memorial funds), which raised more than \$943,200 this year. The three most active custodial school funds were Edgewater 1952 Club (raising \$290,016), Audubon Park Falcon Fund (raising \$132,329), and Lake Whitney Elementary School (raising \$99,729).

The Foundation is also able to utilize its online giving tools to help schools raise memorial and support funds for students, employees and others who experienced tragedies this year. While these contributions are not considered charitable gifts and no tax receipts were provided, the contributions gave great comfort to the families who received them.

OCPS Gives

The 2023-24 OCPS Gives employee giving campaign opened in October and raised approximately \$100,850 in gifts and pledges for Heart of Florida United Way, United Arts of Central Florida, United Negro College Fund, A Gift For Teaching, and the Foundation, with the largest number of dollars designated to the Foundation and to district schools and programs via the Foundation.

Teach-In

Teach-In 2023 spanned November 13 to 17 and featured more than 1,810 speakers who shared their expertise and interests with more than 39,000 students across the district. Presentations have returned to an in-person format, but the option to present virtually provided flexibility to classrooms and presenters alike.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Pick Read & Roll

On Monday, October 23, the Foundation partnered with the Orlando Magic and the Orlando Magic Youth Foundation to offer Pick Read & Roll, a live, in-person event at the Amway Center Arena! The top three most-improved readers from the fifth-grade classes of 48 Title I elementary schools were honored for their achievements and had the opportunity to interact and play games with members of the Orlando Magic NBA team and team mascot Stuff, while being cheered on by all members of the fourth-grade classes from their respective schools. The fun included the Orlando Magic players answering students' questions, music, contests, and prizes. All students were encouraged to read, read, read! Data from FAST testing reveal that participating students improved their reading scores by an average of 12%.

Alumni Network

The Foundation's OCPS Alumni Network continues to grow and expand: membership had surpassed 3,000 by the end of the fiscal year. Several events were held, including the second annual MAGIC of Networking at the Amway Center on Saturday, Feb. 10. The event included a special appearance by the Orlando Magic's own Nick Anderson, who shared his views on the importance of public education and its positive impact on his career.

Charity Recycling Services

The Foundation formed a partnership with Charity Recycling Services (CRS) in FY2019. This school-based fundraising opportunity also allows schools to earn Green School credit for recycling. CRS places bins in easy-to-access locations on school campuses to recycle old clothing, shoes, purses, leather goods, blankets, sheets, towels and even small appliances. Bins are equipped with small cameras to monitor its contents. When a bin is full, CRS comes to the school's campus to empty and weigh the contents. Materials are transported offsite, sorted, and either repurposed or recycled, keeping them out of landfills. The school receives 10 cents per pound of material collected, and also receives credit for Green School initiatives that honor efforts focused on recycling, conservation and sustainability. As of June 30, 2024, 181 schools had recycled more than 3,875,400 million pounds of material and received more than \$387,500 in return, including signup and Partner in Education bonuses.

ADDitions Volunteers and Partners in Education

Each year, members of the Foundation team train over 700 school-based coordinators to help community members serve as volunteers in, and local businesses partner with, all district schools. By the end of the school year, more than 76,550 volunteers had been recruited, along with 2,982 Partners in Education. These vital programs bring in hundreds of thousands of extra hours and dollars as well as talent to our schools each year.

Community Outreach

The Community Outreach Committee was established in FY2018 to help share resources (volunteers, fundraising efforts, and more) throughout the district. In FY2024, the Committee continued to assist 15 high-need schools (13 elementary and 2 middle schools), identified based on multiple criteria and with input from district and school leadership to focus on areas where increased community involvement can help improve student achievement.

Special projects this year included Lockheed Martin's weekend campus beautification project of Roberto Clemente Middle School in April, when 350 volunteers raised \$25,000 and completed 27 beautification projects on one Saturday afternoon – much to the surprise and delight of the students and teachers who returned to campus Monday!

Trend Micro

In January, Trend Micro returned to Orlando for its annual conference and chose to support a Food Pantry Fund as their corporate social responsibility project this year. Their efforts raised more than \$76,000 for schools' food pantries, and another \$80,000 in actual foodstuffs and shelf-stable groceries that were distributed to schools' food pantries across the county. As a result, the Foundation has created a new Food Pantry Fund that will continue to support schools and students in need.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Teacher Appreciation

The Partner in Education program secured more than \$10 million in prize giveaways for Teacher Appreciation Week in May! Some offerings were available to all OCPS staff members, and instructional staff had the opportunity to register to win gift cards, park tickets, hotel stays, and many other items. More than 4,330 teachers registered to win, with 136 randomly selected as prize winners.

Special Events

23rd Annual "Fore Our Schools" Golf Tournament

This year's annual golf tournament set new records at Championsgate Friday, Oct. 20, where we returned to our traditional morning shotgun start and two courses filled with foursomes. With a field of 62 teams, the event raised a record \$275,000 (gross) in essential, unrestricted funds that will power the Foundation as we work to fill gaps and fuel innovation across the district.

Third Annual School Spirit Run at SeaWorld

The third annual School Spirit Run, powered by title sponsor Delta Dental, was held at SeaWorld Saturday, February 17, 2024. The event attracted 2,624 participants of all ages, 148 teams (including 120 teams from elementary, middle and high schools), and raised more than \$156,000 – all new records. The event featured performances by Orlando-based boy band No Lonely Hearts as well as appearances by the Dr. Phillips High School Drumline, the Oak Ridge High School Pep Band, cheerleading teams from Horizon, Oak Ridge and Windermere high schools. The Tooth Fairy, Sesame Street favorites Cookie Monster and Oscar the Grouch, and school and sponsor mascots were available for photos and other fun, and large and small walrus, sea lion, seal and otter plushies were tossed to the crowd. There were even bottomless cups of cocoa available, courtesy of Red Robin Restaurant. Schools earned a total of \$5,000 in cash awards for most school spirit, most participants, and best mascot display. We are excited to return to SeaWorld for the fourth annual School Spirit Run February 8, 2025.

Top Talent 2024

Top Talent LIVE 2024 returned as a live matinee to a full house in the Alexis & Jim Pugh Theater at the Dr. Phillips Center for Performing Arts Saturday, May 4! The show was also broadcast live on YouTube, drawing approximately 5,000 more audience members from around the world. A total of 17 acts, including a Wild Card act chosen by the community at large via text2give voting, were selected from more than 210 submissions. Celebrity judges were former director Karen Rugerio; "Voctave" member, session singer and University HS alumnus EJ Cardona; professional dancer and Broadway choreographer Lindsay Hose; Broadway, TV and film star Wesley Taylor (also a Dr. Phillips HS alumnus); and University HS alumnus and "The Voice" Season 22 finalist Omar Jose Cardona. In addition to winners selected by the celebrity judges and the Fan Favorite award, a new prize, the People's Choice Award, was introduced this year to honor the student act that drew votes from the largest number of individuals (Fan Favorite is based on "one dollar equals one vote").

The event raised over \$140,000 in cash and in-kind contributions, provided cash awards to students and their schools, and supported two vital funds: the Arts Access for All Fund and the Pursuit of the Arts Fund. Arts Access provides arts materials and supplies to every school in the district, and Pursuit of the Arts assists talented students who experienced homelessness or extreme poverty while at OCPS with costs a family usually covers, such as plane tickets, warm clothing, meal plans, dormitory supplies, and more.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Strategic Plan in Place Through 2025

The Foundation's Strategic Plan was successfully refined and expanded to carry the organization through 2025, and the areas in which investments and philanthropic support will be sought – our priorities – were formalized. During FY2025, the Foundation board will work to update the Plan in alignment with the School Board's own strategic plan revisions for the district.

Our philanthropic priorities are:

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

Key Performance Indicators, including total dollars raised and managed, donor and volunteer retention, investment fund growth and many more, are tracked and reported to the Foundation board. We aim to raise and manage \$10 million annually by FY2031, and are tracking our incremental annual targets to ensure achievement of this goal.

Future Outlook

The Foundation for Orange County Public Schools serves as the sole designated direct-support organization for the eighth-largest school district in the nation and supports 210,000 students and 25,000 employees, including 14,331 teachers, in 220 schools across the county. We align our focus with the plans of the Orange County Public Schools district and the School Board, and are committed to collaborating with the school district to invest in student achievement.

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

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

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

In short, the Foundation partners with corporations, foundations, small businesses, and members of the community to create a sustainable difference in Orange County Public Schools. Through the support of these partnerships, the Foundation provided more than \$5.46 million in program support last school year, including managing \$1.75 million for district and school custodial funds.

In addition to implementing the Foundation's strategic plan, other priorities for FY2025 will include:

Continue to Implement Efficiencies Among Technological Tools

- During FY2024, integration of DonorPerfect and QuickBooks was completed, allowing for imports of data from DonorPerfect into QuickBooks and greatly reducing data entry time. Both systems were completely recoded. In FY2025, we will redesign and refresh our website, and incorporate DonorPerfect online giving forms to further reduce gift entry time. We will continue to seek, identify and implement additional efficiencies among and between these and other tools.

Explore Upgrades to Services and Platforms

- As the Foundation's work and team grows, we are discovering needs for additional functionality in several areas, including our banking services and website platform. During FY2025, we will issue a request for proposals to upgrade our banking service to add such elements as Positive Pay, remote deposit capture, and electronic payment functions to strengthen our security, more quickly and safely handle deposits from donors, and move to more paperless functions for speed, efficiency and safety. We will also pilot a fundraising platform for the schools we serve.

Secure Approval of Policy Changes

- In collaboration with district teams in Finance and Legal, the Foundation team prepared and presented proposed, updated School Board policies regarding student fundraising activities, grants from external sources and school internal funds, and crowdfunding to the district's Legal team to bring before the School Board for discussion and approval. These updates clarify the role of the Foundation and the assistance we can offer to maximize schools' ability to secure additional charitable resources, address crowdfunding options, and help ensure that school-based fundraising efforts follow ethical, statutory and legal guidelines and requirements. In June 2023, the Foundation and School Board amended their MOU to specify that all charitable contributions (i.e., not funded by taxpayer dollars) to the School Board will flow to the Foundation in its role as the designated direct-support organization, unless donor intent or giving restrictions (such as private foundations which must support only specific grantees) require otherwise.

Arts Conservatory School Capital Campaign

- The Foundation team has worked with School Choice and Visual and Performing Arts to strategically share this capital campaign opportunity with selected prospective donors. Community interest seems strong and more funds may be available from the district than originally anticipated. While some progress was made in FY2024, much remains to be done. In FY2025, we hope to have final numbers from the Facilities team regarding charitable funds needed to convert Cherokee School into an arts conservatory school. Campaign totals, sponsorship and naming opportunities, and gift pyramids and strategies will be modified as needed.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Reach \$10 Million in Annual Revenue by FY2031

- The Philanthropic Development Committee collaborated with Foundation staff in FY2022 to develop and implement strategies to grow annual revenue incrementally over the next 10 years, with a goal of reaching \$10 million in annual revenue by FY2031. At this time, the Foundation is running ahead of the planned timeline. FY2025 will see us implementing strategies to grow individual giving by connecting with volunteer and alumni audiences while maintaining grant support and enhancing event support.

Focus on Increasing Unrestricted Revenue (Annual Fund)

- With our Senior Administrator for Philanthropic Strategy firmly in place, we are ready to launch several Annual Fund strategies and initiatives in FY2025 to increase unrestricted revenue for the Foundation's operational needs. While we have done a good job of increasing our overall revenue, much of the growth has come from revenue restricted to specific programs.

Continue Implementation of Long-Range Staffing Plan

- The Foundation's Board of Directors and staff continue to follow its staffing plan to ensure the team is able to reach our long-term goal of raising \$10 million annually by FY2031. An administrative secretary position was added in FY2024 to support the Philanthropic Development team, but more support is needed. Additional positions are now planned for FY2025 to support events efforts and address engagement and marketing via social media.

Our purpose- and mission-driven work and financial outcomes shared in this report would not have been possible without the commitment and service of Foundation staff and its dedicated board of directors. During the upcoming year, we will continue to connect with and empower those who wish to invest in our children today to strengthen our entire community tomorrow. We invite you to contact us to discuss how you can invest in Orange County Public Schools.

Respectfully submitted,

Gregory K. Dotson
Board Chair
Foundation for Orange County Public Schools

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

Requests for Information

This financial report is designed to provide our donors, grantors, recipients, and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the 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.
STATEMENT OF NET POSITION – PROPRIETARY FUND

JUNE 30, 2024

ASSETS

| | | |
|-------------------------------------|----|------------------|
| Cash and cash equivalents | \$ | 200,111 |
| Investments | | 3,582,270 |
| Accounts receivable | | 327,268 |
| Contributions receivable | | 197,309 |
| Other assets | | 12,490 |
| Florida Prepaid Tution Scholarships | | 15,395 |
| Total Assets | | <u>4,334,843</u> |

LIABILITIES

| | | |
|--------------------------------------|--|----------------|
| Account payable and accrued expenses | | 490,959 |
| Unearned revenue | | 132,800 |
| Total Liabilities | | <u>623,759</u> |

NET POSITION

Restricted:

| | | |
|-----------------------------|----|------------------|
| Award funds | | 1,812,294 |
| District programs | | 956,584 |
| Foundation programs | | 505,348 |
| School payout (miscelleous) | | 3,713 |
| Nonexpendable endowment | | 354,469 |
| Unrestricted | | 78,676 |
| Total Net Position | \$ | <u>3,711,084</u> |

The accompanying notes to the financial statements are an integral part of these statements.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

| | |
|--|---------------------|
| Operating Revenue and Support: | |
| Contributions | \$ 234,491 |
| Fundraising events | 510,115 |
| Grants | 3,040,511 |
| Read2Succeed | 152,267 |
| Scholarships and endowments | 245,552 |
| Other income | 56,712 |
| In-kind donations | 41,295 |
| Total Operating Revenue and Support | <u>4,280,943</u> |
| Operating Expenses: | |
| Read2Succeed | 175,739 |
| Teacher grants | 550,837 |
| District support | 3,107,791 |
| Scholarships and endowments | 148,228 |
| Fundraising | 200,962 |
| General and administrative | 630,886 |
| Total Operating Expenses | <u>4,814,443</u> |
| Net Operating Loss | <u>(533,500)</u> |
| Nonoperating Income: | |
| Investment income, net of investment management fees of \$44,399 | <u>416,826</u> |
| Total Nonoperating Income | <u>416,826</u> |
| Change in net position | <u>(116,674)</u> |
| Net position, beginning of year, previously reported | 4,467,200 |
| Restatement (see Note 6) | <u>(639,442)</u> |
| Net position, beginning of year, restated | <u>3,827,758</u> |
| Net position, end of year | <u>\$ 3,711,084</u> |

The accompanying notes to the financial statements are an integral part of these statements.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:

| | |
|---|--------------------|
| Cash received from grantors, private contributions, and others | \$ 4,180,526 |
| Cash paid to supplies, scholarship recipients, grantees, and others | <u>(4,725,502)</u> |
| Net cash flows from operating activities | <u>(544,976)</u> |

Cash flows from investing activities:

| | |
|--|------------------|
| Purchase of investments | (1,203,379) |
| Investment earnings | 271,180 |
| Proceeds from sales of investments | <u>1,478,758</u> |
| Net cash flows from investing activities | <u>546,559</u> |

| | |
|--|-------------------|
| Net change in cash | 1,583 |
| Cash and cash equivalents, beginning of year | <u>198,528</u> |
| Cash and cash equivalents, end of year | <u>\$ 200,111</u> |

Reconciliation of net operating Income

to net cash provided by operating activities:

| | |
|---|---------------------|
| Net operating loss | \$ (533,500) |
| Adjustments to reconcile change in net operating Income to net cash flows provided by operating activities: | |
| Increase or (decrease) in assets: | |
| Accounts receivable | (14,941) |
| Contributions receivable | (113,876) |
| Other assets | (9,490) |
| Increase or (decrease) in liabilities: | |
| Accounts payable and accrued expenses | 98,431 |
| Unearned revenue | <u>28,400</u> |
| Net cash flows from operating activities | <u>\$ (544,976)</u> |

The accompanying notes to the financial statements are an integral part of these statements.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

| | Custodial Funds |
|-------------------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 80,758 |
| Investments | 1,670,016 |
| Total Assets | 1,750,774 |
| FIDUCIARY NET POSITION | |
| Restricted for: | |
| Memorial endowment | 50,518 |
| District department | 717,278 |
| School projects | 982,978 |
| Total Fiduciary Net Position | \$ 1,750,774 |

The accompanying notes to the financial statements are an integral part of these statements.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2024

| | Custodial Funds |
|--|----------------------------|
| Additions: | |
| Contributions | \$ 1,033,284 |
| Investment income | 24,588 |
| Total Additions | <u>1,057,872</u> |
| Deductions: | |
| School and District projects | <u>850,720</u> |
| Change in fiduciary net position | <u>207,152</u> |
| Fiduciary net position, beginning of year, previously stated | 904,180 |
| Restatement (See Note 6) | <u>639,442</u> |
| Fiduciary net position, beginning of year | <u>1,543,622</u> |
| Fiduciary net position, end of year | <u><u>\$ 1,750,774</u></u> |

The accompanying notes to the financial statements are an integral part of these statements.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Summary of significant accounting policies

Organization – The Foundation for Orange County Public Schools, Inc. (the “Foundation”) is a nonprofit 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 Public Schools and provides this assistance and support through direct contributions to schools within the district.

Established in 1987, the Foundation serves the 8th largest public-school system in the nation and supports more than 207,000 students and 14,331 teachers in 210 schools. The Foundation works hand-in-hand with OCPS to enable successful education by providing schools with support, teachers with tools, and students with care not only to decrease the achievement gap, but to work toward erasing it.

The Foundation focuses on five goals:

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

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

The Foundation is the professional steward of responsibly collecting, managing, and distributing donor funds to benefit students throughout the Orange County Public School System. It collaborates with OCPS, 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”).

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.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Summary of significant accounting policies (continued)

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.

The Foundation's operating fund 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.

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. The purpose of the Foundation's funds are as follows:

Proprietary Funds

Enterprise Fund – The enterprise fund is the general operating fund of the Foundation. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds

Custodial Funds – Custodial funds are fiduciary in nature and are used to account for assets associated with certain scholarships held for others and for funds held for the schools and district.

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, 2024. 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.

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 statement 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.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Summary of significant accounting policies (continued)

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

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments – GASB Statement 72, *Fair Value Measurements and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 2—In-kind donations

Donated facilities, goods, and professional services 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. In-kind donations are summarized as follows for the year ended June 30, 2024:

| | |
|--------------------|------------------|
| Donated facilities | \$ 41,295 |
| Technology | 10 |
| | <u>\$ 41,305</u> |

During the year ended June 30, 2024, donations related to occupancy necessities were received from the School Board of Orange County Florida, a related party. Numerous volunteers provide personnel services to the Foundation. The value of this contributed time is not reflected in these financial statements since they do not meet criteria for recognition.

Note 3—Investments, deposits, and fair value measurements

The Foundation had the following investments at June 30, 2024:

| | <u>Original Cost</u> | <u>Fair Value</u> |
|-----------------------------------|----------------------|---------------------|
| REITs | \$ 7,470 | \$ 6,562 |
| Fixed income | 2,261,508 | 2,139,823 |
| U.S. and international equities | <u>2,381,119</u> | <u>3,105,901</u> |
| Investments | 4,650,097 | 5,252,286 |
| Cash held in investment accounts | <u>50,240</u> | <u>50,240</u> |
| Total held in investment accounts | <u>\$ 4,700,337</u> | <u>\$ 5,302,526</u> |

Concentration of Credit Risks – Deposits – As of June 30, 2024, the carrying amount of the Foundation’s deposits was \$280,869 and the bank balance was \$445,555. The Foundation’s policy is to place its cash with high credit quality financial institutions. Cash and cash equivalents consist of bank deposits which, at times, may exceed federally insured limits. The Foundation maintains its cash deposit accounts in institutions which are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Administration, both of which provide coverage on balances up to \$250,000 per depositor per institution.

The uncollateralized combined bank balance comprised of demand deposits is subject to custodial credit risk as it exceeds the FDIC limits by \$195,555 for the year ended June 30, 2024. 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.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 3—Investments, deposits, and fair value measurements (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2024, the Foundation had the following investments and maturities subject to interest rate risk:

| | Investment Maturities (in Years) | | | | Fair Value |
|---------------------------|---|-------------------|---------------------|--------------------|---------------------|
| | Less Than 1 Year | 1-5 Years | 6-10 Years | 10-30 Years | |
| Collateralized Bond Funds | \$ - | \$ 88,179 | \$ - | \$ - | \$ 88,179 |
| Corporate Bond Funds | - | 51,488 | 1,005,120 | 174,706 | 1,231,314 |
| Government Bond Funds | 4,834 | 26,569 | 87,811 | - | 119,214 |
| High Yield Bond Funds | - | 621,879 | - | - | 621,879 |
| Aggregate Bond Funds | - | - | 25,316 | - | 25,316 |
| Preferred Stock Funds | - | 53,921 | - | - | 53,921 |
| | <u>\$ 4,834</u> | <u>\$ 842,036</u> | <u>\$ 1,118,247</u> | <u>\$ 174,706</u> | <u>\$ 2,139,823</u> |

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

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

- The total return of the account will be benchmarked against an appropriate Blended Index.
- The portfolio returns will also be benchmarked against the appropriate peer averages for similar nonprofit 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 nonmarketable securities and all equities purchases should be traded on U.S. stock exchanges and ADRs.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 3—Investments, deposits, and fair value measurements (continued)

The following illustrates the credit quality distribution with credit exposure as a percentage of the Foundation’s debt securities. As of June 30, 2024, the Foundation had the following credit risk exposure:

| <u>Category</u> | <u>Weighted Average Credit Rating</u> | <u>Percentage of Portfolio</u> | <u>6/30/2024 Value</u> |
|---------------------------|---|------------------------------------|----------------------------|
| Collateralized Bank Loans | BB- | 4.12% | \$ 88,179 |
| Government Bond Funds | AAA | 0.23% | 4,834 |
| High Yield Bond Funds | B+ | 28.26% | 604,642 |
| Corporate Bond Funds | BBB+ | 2.07% | 44,271 |
| Preferred Stock Funds | BB | 1.80% | 38,617 |
| Preferred Stock Funds | BBB- | 0.41% | 8,746 |
| Aggregate Bond Funds | A | 1.18% | 25,316 |
| High Yield Bond Funds | B+ | 0.81% | 17,237 |
| Government Bond Funds | AAA | 1.24% | 26,569 |
| Corporate Bond Funds | BBB+ | 0.34% | 7,217 |
| Preferred Stock Funds | BBB | 0.31% | 6,558 |
| Corporate Bond Funds | BBB+ | 46.97% | 1,005,120 |
| Government Bond Funds | AAA | 4.10% | 87,811 |
| Corporate Bond Funds | BBB+ | 8.16% | 174,706 |
| | | | <u>\$ 2,139,823</u> |

Concentrations of Credit Risk – The Foundation’s investment policy states that the allocation of total fixed income and total equity investments shall range from 45% to 75% and 25% to 55% of total investments, respectively. In addition, no individual economic sector shall exceed 20% of the total Equity Income Strategy. As of June 30, 2024, the Foundation was in compliance with the investment policy.

As of June 30, 2024, the following investments constitute a credit risk as they are greater than 5% of the Foundation’s investment portfolio:

| | |
|---|---------------------|
| iShares 0-5 Year High Yield Corporate Bond ETF | \$ 604,642 |
| Vanguard Intermediate- Term Corporate Bonde ETF | 1,005,120 |
| | <u>\$ 1,609,762</u> |

Investment Income – Investment income is comprised of the following as of June 30, 2024:

| | |
|---|-------------------|
| Unrealized and realized gain, net of investment management fees | \$ 257,962 |
| Interest and dividend income | 158,864 |
| | <u>416,826</u> |
| Investment income, net of investment management fees | <u>\$ 416,826</u> |

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 3—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, 2024:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------------|---------------------|----------------|----------------|---------------------|
| REITs | \$ 6,562 | \$ - | \$ - | \$ 6,562 |
| Fixed income | 2,139,823 | - | - | 2,139,823 |
| U.S. and international equities | 3,105,901 | - | - | 3,105,901 |
| | <u>\$ 5,252,286</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,252,286</u> |

A reconciliation of investments to the amount shown on the statement of net position and statement of fiduciary net position is as follows:

| | |
|--------------------------------------|---------------------|
| Statement of Net Position: | |
| Investments | \$ 3,582,270 |
| Statement of Fiduciary Net Position: | |
| Investments | <u>1,670,016</u> |
| | <u>\$ 5,252,286</u> |

Note 4—Endowment funds

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

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

During the year ended June 30, 2021, the Foundation received an endowment (The William R. Boone Investment Fund) to be used as the donor has stipulated. The fund is to support athletic field maintenance costs at Boone High School as determined by the principal at Boone High School.

During the year ended June 30, 2022, the Foundation received an endowment (Soros of Orlando Woman’s Club Scholarship Fund) to use as the donor has stipulated. The fund will used to award multiple scholarships to deserving students in perpetuity.

Also, during the year ended June 30, 2022, the Foundation received direction to convert the Superintendent’s Fund into the Superintendent’s Scholarship Fund and gifts to supplement same to be used as the Superintendent has stipulated. The fund will provide scholarships to OCPS graduates who will attend the University of Central Florida, with special consideration given to students who intend to pursue a degree in education.

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 4—Endowment funds (continued)

During the year ended June 30, 2023, the Foundation received an endowment (Bobbie Lytle Outstanding Teacher Award Fund) to be used as the donor has stipulated. The fund will provide a cash award of \$2,500 to one teacher at Dommerich Elementary School and one teacher at Brookshire Elementary School, selected by the schools' communities as embodying the spirit and qualities of Mrs. Lytle, who spent her teaching career at both schools.

During the year ended June 30, 2024, the Foundation received an endowment (David and Stephanie Carmany Excellence in Debate Scholarship) to be used as the donor has stipulated. The fund will provide a \$2,500 scholarship award to a Winter Park High School student who has excelled in debate.

Note 5—Related party transactions other than in-kind

On July 1, 2016, OCPS and the Foundation entered into an agreement whereby district philanthropic and fundraising activities will be conducted by the Foundation effective July 1, 2016. As part of this agreement and other agreements, Foundation employees will become employees of OCPS; OCPS will share district data with the Foundation; and OCPS and the Foundation will jointly utilize the Foundation's donor software. Pursuant to the agreements, the Foundation and OCPS will reimburse each other for certain shared costs as defined in the respective agreements. The terms of the various agreements are for one to three year(s) with automatic renewals and can be terminated by either party pursuant to the terms of the agreements. During the year ended June 30, 2024, the Foundation reimbursed OCPS \$655,847 for salaries. In addition, the Foundation owes OCPS \$314,986 as of June 30, 2024, which is included in accounts payable and accrued expenses on the accompanying statements of net position.

Note 6—Correction of an error in previously issued financial statements

The Foundation implemented GASB Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62* which is in effect for fiscal years beginning after June 15, 2023. This accounting pronouncement is intended to streamline the reporting of accounting changes and error corrections and the related disclosures in governmental financial reporting. See below for the impact of this standard on the Foundation's business-type activities and fiduciary activities.

Foundation employees performed a substantial manual review and reconciliation of all custodial fund balances throughout fiscal year 2024, which resulted in the identification of a restatement of beginning custodial fund balances required to present accurate amounts on the financial statements. The effect of correcting that error is shown in the table below.

| | Enterprise Funds | Custodial Funds |
|--|-----------------------------|----------------------------|
| Net position, June 30, 2023, previously reported | \$ 4,467,200 | \$ 904,180 |
| Error correction | (639,442) | 639,442 |
| Net position, June 30, 2023, restated | <u>\$ 3,827,758</u> | <u>\$ 1,543,622</u> |

SUPPLEMENTAL INFORMATION

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
COMBINING STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS – CUSTODIAL FUNDS

JUNE 30, 2024

| | Custodial Funds | | | Total Custodial Funds |
|---------------------------|--|---|--------------------------------------|--------------------------------------|
| | District Department Funds | Memorial Endowment Funds | School Projects Funds | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 33,086 | \$ 2,330 | \$ 45,342 | \$ 80,758 |
| Investments | 684,192 | 48,188 | 937,636 | 1,670,016 |
| Total Assets | <u>717,278</u> | <u>50,518</u> | <u>982,978</u> | <u>1,750,774</u> |
| NET POSITION | | | | |
| Restricted | <u>717,278</u> | <u>50,518</u> | <u>982,978</u> | <u>1,750,774</u> |
| Total Net Position | <u><u>\$ 717,278</u></u> | <u><u>\$ 50,518</u></u> | <u><u>\$ 982,978</u></u> | <u><u>\$ 1,750,774</u></u> |

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS – CUSTODIAL FUNDS

YEAR ENDED JUNE 30, 2024

| | Custodial Funds | | | Total Custodial Funds |
|---|--|---|--------------------------------------|--------------------------------------|
| | District Department Funds | Memorial Endowment Funds | School Projects Funds | |
| Additions: | | | | |
| Contributions | \$ 132,821 | \$ 27,497 | \$ 872,966 | \$ 1,033,284 |
| Investment income | 24,588 | - | - | 24,588 |
| Total Additions | 157,409 | 27,497 | 872,966 | 1,057,872 |
| Deductions: | | | | |
| School and District projects | 100,484 | 16,568 | 733,668 | 850,720 |
| Change in fiduciary net position | 56,925 | 10,929 | 139,298 | 207,152 |
| Fiduciary net position, beginning of year, previously stated | 203,254 | 95,714 | 605,212 | 904,180 |
| Restatement (See Note 6) | 457,099 | (56,125) | 238,468 | 639,442 |
| Fiduciary net position, beginning of year, restated | 660,353 | 39,589 | 843,680 | 1,543,622 |
| Net position, end of year | \$ 717,278 | \$ 50,518 | \$ 982,978 | \$ 1,750,774 |

Report of Independent Auditor 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 Directors
Foundation for Orange County Public Schools, Inc.
Orlando, Florida

We have audited, in accordance with the 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 and fiduciary activities of the Foundation for Orange County Public Schools, Inc. (the "Foundation"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by 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. We identified certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2024-001 that we consider to be a material weakness.

Report on 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 financial statements. 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*.

The Foundation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the attached schedule of findings and recommendations. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Cherry Bekaert LLP

Orlando, Florida
December 9, 2024

FOUNDATION FOR ORANGE COUNTY PUBLIC SCHOOLS, INC.
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

YEAR ENDED JUNE 30, 2024

Reconciliation of Custodial Funds – *Material Weakness*

Statement of Condition 2024-001: Foundation employees determined that custodial funds had not been historically reconciled to the general ledger on a regular basis. Foundation employees performed a substantial manual review and reconciliation of all custodial fund balances throughout the fiscal year in preparation for the June 30, 2024 financial statements to accurately present these balances.

Criteria: Custodial funds should be maintained and regularly reconciled to support general ledger balances, providing a clear record that supports general ledger amounts recorded.

Cause of Condition: Custodial fund detail has not been regularly reconciled to the general ledger.

Effect of Condition: Substantial restatement of beginning custodial fund balances was required in order to properly reconcile the accuracy of amounts recorded and present accurately on the financial statements.

Recommendation: We recommend custodial fund detail continue to be regularly reconciled to ensure accuracy and completeness of general ledger balances. Additionally, the Foundation should consider implementing a change to the recording of custodial fund transactions in order to facilitate easier reconciliation of these balances.

Views of Responsible Officials (Unaudited):

We appreciate the thoroughness and precision with which Cherry Bekaert LLP audit staff performed their duties in this audit cycle. The Foundation always strives for accuracy in its financial reporting and takes such matters very seriously.

As noted above, during fiscal year 2024 and prior to this audit, the Foundation team discovered that custodial funds had not been historically reconciled in the past. The team immediately developed and implemented extensive methods to properly reconcile and improve accuracy moving forward. Specifically, the team developed and implemented a full recoding of our CRM and accounting software packages; reconciliation processes between bank statements and our CRM and accounting software; an extensive review of historical records; and successful integration between our CRM and accounting software systems.

While these proactive measures uncovered the need for a substantial restatement of beginning custodial fund balances, the team's efforts and final results reflect the Foundation's culture of fulfilling its fiduciary responsibilities as transparently and accurately as possible.