

Request for Proposal

For Investment Management Services



RFP #19200074P-CO

Due February 11, 2020

At 4:00 PM

TABLE OF CONTENTS

Request For Proposal (RFP) Sections	Page
I. General Information	3
II. Firm Requirements	4
III. Evaluation Process	6
IV. Instructions for Preparing Proposals	7
Attachments	
A – Investment Policy Statement	A
B – Financial Audit Report for Years Ended 6/30/2019 and 6/30/2018	B

Request for Proposal for Investment Management Services

Proposal Due Date: Tuesday, February 11, 2020 at 4:00pm to:

**The Foundation for Seminole County Public Schools
400 E. Lake Mary Blvd.
Sanford, FL 32773**

The Foundation is soliciting proposals to provide Investment Management Services for its investment balances. The purpose of this Request for Proposal is to facilitate the process of identifying the investment management provider who has demonstrated capabilities that best satisfy the Foundation’s investment return objectives and risk parameters as described herein.

I. GENERAL INFORMATION

Mission Statement

To improve student achievement in Seminole County Public Schools by:

- raising and distributing funds and in-kind donations;
- fostering involvement in schools by business and the community;
- providing recognition and rewards for outstanding contribution to, and performance within, the school district.

1. Overview

- A. The Foundation is a 501(c)3 direct support organization for Seminole County Public Schools. Since it was created in 1987, the Foundation has raised over \$40 million to support Seminole County Public Schools (SCPS). Our priorities are increasing student achievement, removing barriers to learning, and recognizing our high performing educators and support staff.
- B. The Foundation's total assets are \$5.2 million.
- C. It is the intent of the Foundation that the responders to this RFP be interested in a long term relationship. The Foundation intends to contract for a three (3) year period, which is contingent upon its receipt of cost-effective and appropriate services. The Foundation reserves the right to retain the option to renew the contract annually.
- E. The contract effective date is expected to be July 1, 2020, which is the start of our fiscal year.

2. Schedule of RFP Dates

Activity	Date
Release of RFP	January 6, 2020
Questions Due – 4:00 PM	February 4, 2020
Proposals Due	February 11, 2020
Finance Committee Meeting	February 17-20, 2020
Finalist Oral Presentations	March 3-5, 2020
Finance Committee Recommendation	By March 19, 2020
Board Decision	March 31, 2020
Effective Date	July 1, 2020

3. Foundation for Seminole County Public Schools Management Structure

The Foundation's Board of Directors have tasked the Foundation's Finance Committee with the review and monitoring of investments for the Foundation. The Investment Policy states that the Finance Committee will make recommendations on the selection of Investment Consultants. The Board of Directors will approve the recommendation before a new investment consultant is hired.

4. Foundation Investment Policy

The organization that is awarded the Foundation's investment business is expected to adhere to the Foundation's Investment Policy Statement.

5. Investment Accounts

The Investment Manager for the Foundation is expected to manage the following pools of funds:

- A. Endowed Account –Includes our Excellence in Education Endowment and all endowed scholarships; this is the largest account, has a balance of \$1.87 Million.
- B. Non-Endowed Account- Includes \$1.43 Million of Board-designated funds that can be used if needed.

Management of both the Endowed Account and the Non-Endowed Account will be guided by the Foundation Investment Policy.

II. FIRM REQUIREMENTS

(Formal instructions for preparation of proposal included hereafter, beginning on page 8.)

- 1. Lead investment manager should have a minimum of \$100,000,000 in assets under management. If lead investment manager does not meet the \$100,000,000 threshold, but can sufficiently demonstrate that he/she has successfully managed this size portfolio within the last three years, the firm and manager will be considered.
- 2. The lead investment manager assigned must have at least 10 years investment management experience. If the lead investment manager does not meet the time threshold, but can sufficiently demonstrate that he/she has qualifying management experience the firm and manager will be considered.
- 3. Investment manager must be willing to attend a minimum of two meetings a year with the Foundation's Finance Committee, and one with the Foundation board, and be available for conference calls as needed. The investment manager may be asked to advise the Foundation

on other developing issues as appropriate. Investment manager must stay within the guidelines of the Foundation's Investment Policy Statement; the selected firm will sign an acknowledgement that it has received a copy of the Foundation's Investment Policies and will abide by its covenants and restrictions throughout the contract term.

4. Reports should be available on-line or other electronic format (i.e., e-mail); indicate if your firm provides real time portfolio access online.
5. The rate for the first three years will be established in the contract. After the initial three-year period, the Company will be required to provide the Foundation with a minimum thirty (30) day notice of rate change before any annual extension. Otherwise it will be locked in for another year.
6. All reports must be made available to the Foundation in a timely fashion and within a maximum of 15 days of the end of the period, including special year-end reporting, due to tight deadlines to which the Foundation must adhere.
7. The Foundation requires one principal contact and this person is required to participate in the oral presentations, should your firm be selected. Additional team members may participate in the oral presentation.
8. During the performance of the services under this contract, contractor shall maintain the following insurance policies reflecting at least the minimum amounts and conditions as follows. Certificate of Insurance is to be provided with RFP response.
 - A. Professional Liability with at least \$1,000,000 in coverage.
 - B. Cyber Liability and Data Storage with at least \$1,000,000 in coverage.
9. The Company that is successfully awarded this RFP must agree that any time during the subsequent contract with the Foundation, either party may terminate the contract by providing thirty (30) day written notification. However, the Foundation may terminate at anytime and without notice for gross negligence.

III. EVALUATION PROCESS

1. Evaluation Method

- A. The Foundation has appointed their Finance Committee to serve as the evaluation team for this RFP to evaluate proposals, and to make a recommendation to the Board.
- B. The Foundation shall be the sole judge of its own best interests, the proposals, and approval of the resulting contract. The Foundation's decisions will be final.

2. Criteria

Each member of the evaluation team will score all responsive proposals to determine the ranking of each company for a short list of finalists using the following criteria:

Tab	Criteria	Points
Tab 1	Executive Summary and Business Information	10
Tab 2	Investment Management Process (Philosophy/Portfolio Construction/Process Monitoring)	25
Tab 3	Experience in Foundations and Endowments (Years of Experience, Credentials, Specializing in Foundations & Endowments, Local Presence, Case Load, Breadth of Services, Typical Clientele, References)	30
Tab 4	Costs	25
Tab 5	Reporting Capabilities	10
Tab 6	Support Information	N/A
	Total	100

Each company's score will be determined by taking the total number of points received divided by the total number of Selection Committee members scoring the proposals. Companies will then be rank ordered from highest to lowest score. The Selection Committee will use the scoring to determine the short list of companies to invite for finalist interviews. The Selection Committee reserves the right to select as few or as many finalists as the Committee deems appropriate.

3. Short Listing

- A. Upon completion of the evaluation of all written proposals, the evaluation team shall invite those firms whose scores are in the most "Competitive Range" to give an oral presentation/interview.
- B. Only those firms with the highest scores rated in accordance with the above criteria and their weights may be invited to give oral presentations/interview.

4. Notification of Short Listing

- A. The short listed proposers will be notified as follows:
 - 1. An email will be sent to those firms who have been short listed, notifying them of the place and time of their presentation/interview.
 - 2. In the event that there are any specific questions/clarifications that the evaluation team would like for the short-listed proposers to address/make, they will be included in this notification.

5. Oral Presentations

- A. Firms responding to this RFP must be available for presentations/interviews.
- B. The tentative scheduled time and date for these presentations is on page 4.

IV. INSTRUCTIONS FOR PREPARING PROPOSALS

1. Proposal Format

The proposal shall consist of the following sections labeled as such:

TAB 1. Executive Summary and Business Information (10 Points)

- 1. Executive Summary: This will condense the contents of your proposal and highlight key features, including what distinguishes your firm from its competitors. This section will confirm that the proposer understands the scope of work and make a positive commitment to perform the work/service in a timely manner. This section must be signed by an official authorized to make such commitments and enter into a contract with the Foundation. The section must indicate the official's title or authority, phone number, address, and email address for all future contacts. This section should not exceed two pages in length.
- 2. Corporate Information: If proposer is a corporation, provide a copy of the certification from the Florida (or other state) Secretary verifying proposer's corporate status and good standing, and in the case of out of state corporation, evidence of authority to do business in the state of Florida. If representative firm is a publicly traded company and a member of the New York Stock Exchange and reasonably recognized as such, requested documents will be forgiven.
- 3. Subsidiaries: Name any subsidiary or affiliated companies in which principals have a financial interest. Explain in detail the principal's interest in this company.
- 4. Summary of Litigation: Provide a summary of any litigation, claim(s), or contract dispute(s) files by or against the Proposer in the past five (5) years which is related to the services the Proposer provides in the regular course of business. The summary shall state the

nature of the litigation, claim or contract dispute, a brief description of the case, the outcome, and monetary amounts involved. A copy of the principal contact's U-4 Form will need to accompany any documentation describing any outstanding litigation or arbitrations.

5. Firm Agreement: Include a copy of your firm's agreement.
6. Certificate of Professional Liability

TAB 2. Investment Management Process (25 Points)

Proposer must supply a brief history of their company, including their track record for both the trailing three and five year periods. This section should outline their investment philosophy and strategies, trading methodology, and research capabilities. Also include any examples of trading methodology, risk management techniques, research capabilities, and whether or not you use technical or fundamental analysis or both, and how it impacts your investment policy.

Discuss your firm's approach on all relevant parts of investment management.

1. Investment Philosophy
 - a. How do you arrive at your overriding investment decision process?
2. Portfolio Construction
 - a. How do you select the investments for the portfolio?
 - i. Systematic measures (i.e. Sharpe Ratio, Beta, Standard Deviation, etc.)
 - ii. Human bias (i.e. guesswork, personal experience, etc.)
 - iii. Asset Allocation (i.e. Stocks, Bonds, Cash, etc.)
3. Process Monitoring
 - a. How do you monitor investments?
 - i. Internal audit controls (i.e. automatic re-balancing, buy/sell targets, etc.)
 - ii. Hands-on analysis (i.e. spreadsheets, monthly statements, etc.)
 - iii. Risk measuring tools (i.e. Morningstar, Ibbotson, etc.)

TAB 3. Experience in Foundations and Endowments (30 Points)

Describe your company's experience with similar organizations, especially foundations and endowments. Indicate if you specialize in Foundations and Endowments; define your typical clientele (Hospital, small business, etc.). Please indicate the number of accounts you handle daily and the average level of assets per client. Confirm that your Firm meets the requirements of assets and experience in Firm Requirements #1 and #2. Discuss other

resources provided related to investment analysis, income accounting or tax help, board member support, etc. Include a minimum of three references.

Identify and give a brief discussion about those employees in your company who would be instrumental in managing the Foundation's accounts.

Who makes up your team?

- b. Point Person (Experience, Case Load, Local or out of town)
- c. Investment Manager (Credentials, Experience)
- d. Back Office personnel

Outline all relevant work experience, educational background, licenses and credentials held, professional designations and any other information you deem relevant to the Foundation's selection committee decision process.

TAB 4. Costs (25 Points)

State all costs, including revenue sharing arrangements, underlying costs, fees, and management and custodial costs. Discuss method of calculation and timing of fees and costs. In addition, If the investment manager plans to use mutual funds or separately managed accounts, the fee quote should disclose the underlying additional management fee. Describe how losses and/or transfer fees would be minimized if the Foundation transferred its account to your organization.

TAB 5. Reporting Capabilities (10 Points)

Include sample of reports that the Foundation would expect to receive monthly and/or quarterly. These reports should be easy-to-read and provide the Foundation the information necessary to review returns versus benchmarks, measure risk, and analyze portfolio asset allocation. If possible, the monthly report should provide a trend analysis on the trailing performance of the portfolio. Reporting should include a one-page dashboard report for each pool of funds with highlights and measurement against IPS requirements. Investment firm will prepare annual year-end reporting as required by the auditors. See Attachment "C" for recommended dashboard report that would serve as a good overview for the purpose of updating the Foundation's Board of Directors with the status of the Foundation's investments. Please confirm that your firm will be able to meet the report timetable as stated in the Firm Requirements, #6.

TAB 6. Support Information

Include any additional support information herein, specifically labeled, that the Foundation should consider in evaluating your company's proposal.

2. Proposal Submission

By Tuesday, February 11, 2020 at 4:00 pm, proposers shall submit two (2) complete hard copies of the proposal and one (1) electronic copy of the proposal. Paper copies should be in a sealed envelope/container marked as "Proposal for Investment Management Services" and delivered between the hours of 8:00 am – 4:00 pm to:

The Foundation for Seminole County Public Schools
400 E. Lake Mary Blvd.
Sanford, FL 32773

The electronic copy should be emailed to Roderick Henderson at roderick_henderson@scps.k12.fl.us. The electronic copy will be shared with the committee.

3. Contact

Any questions concerning this RFP shall be directed in writing to Roderick Henderson, Business Manager for the Foundation, at roderick_henderson@scps.k12.fl.us. Questions must be submitted via email by February 4, 2020. All prospective proposers are hereby instructed not to contact any member of the Foundation for Seminole County Public Schools Board of Directors, School Board Members of Seminole County Public Schools, or employees of the Foundation for Seminole County Public Schools, other than the noted contact person regarding this RFP or their proposal prior to posting of a recommendation of award.

4. Public Records

Any material submitted in response to this Request for Proposal will become a public document pursuant to the Florida Statutes, Chapter 119. This includes materials which the responder might consider to be confidential or a trade secret. Any claim of confidentiality is waived upon submission, effective upon submission of proposal pursuant to the Florida Statutes, Chapter 119.

5. Conflict of Interest

All bidders must disclose with their bid the name of any officer, director, or agent who is also an employee of Seminole County Public Schools. Further, all bidders must disclose the name of any School Board Member of Seminole County Public Schools or The Foundation for Seminole County Public Schools Board of Directors member who owns, directly or indirectly, an interest of five percent (5%) or more in the bidder's firm or any of its branches.

6. Affirmation

By submission of a proposal, proposer affirms that his/her proposal is made without prior understanding, agreement or connection with any corporation, firm, or person submitting a proposal for the same materials, supplies, equipment or services, and is all respects fair and without collusion or fraud. Proposer agrees to abide by all conditions of this RFP and the resulting contract.



ADMINISTRATIVE POLICIES AND PROCEDURES MANUAL

Procedure #:		Eff. Date:	September 25, 2014
Section:	Finance	Revision:	March 21, 2019
Topic:	Board- Approved Investment Policy Statement		

DEPARTMENT POLICY:

Part I – Background and Purpose

Mission Statement

The Foundation for Seminole County Public Schools (the “Foundation”) seeks to enhance the quality of education in Seminole County Public Schools by:

Raising and distributing funds and in-kind donations;

Fostering involvement in schools by business and the community;

Providing recognition and rewards for outstanding contribution to, and performance within, the school system.

The Foundation is a non-profit 501(c)(3) organization that raises funds to further enhance the superior performance of students and teachers in Seminole County Public Schools.

Prologue

Since the creation of the Foundation for the Seminole County Public Schools (formerly known as FACTS) in 1987, the Foundation has received funds for specific uses. In the past, these funds were held in the Foundation’s General Accounts, identified as Restricted Funds, to be used for certain designated programs of the Foundation. In 1998, the Board of Directors of the Foundation for Seminole County Public Schools made a decision to hold these funds earmarked for special programs of the Foundation, in an Endowment Fund. It is the intent of the Foundation Board to continue to receive pledges to grow the existing Endowment Fund with contributions, as well as with proceeds from the non-Endowment programs of the Foundation. Further, it is the intent of the Foundation Board that only the earnings these investments be used to support Foundational programs.

This investment portfolio has been established with a long-term focus in mind with the expectation that the assets in this account are, at various times, comprised of amounts which are in part dedicated to specific short term objectives such as program funding and scholarships,

This Investment Policy Statement (IPS) has been prepared for the Foundation, a non-profit organization under Internal Revenue Code 501(c) (3). The initial asset allocation strategy may change depending upon the level of grants, operating expenses and future contributions.

The purpose of this IPS is to assist the Foundation and its Investment Consultant in effectively supervising, monitoring and evaluating the management of the Foundation's assets. The Foundation's investment program is defined in the various sections of this IPS by:

1. Stating in a written document the Foundation's attitudes, expectations, objectives and guidelines in the management of their assets.
2. Setting forth an investment structure for managing the Foundation's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
3. Establishing formal criteria to select, monitor, evaluate and compare the performance of money managers on a regular basis.
4. Provide a guideline for evaluating the costs associated with investment and asset management services.
5. Encouraging effective communications between the Foundation, Managers, and interested parties.
6. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Foundation's assets.

Part II –Statement of Responsibility

Board of Directors:

As a fiduciary, the primary responsibilities of the Board of Directors are:

1. Prepare and maintain an investment policy statement.
2. Prudently diversify the account's assets to meet an agreed upon risk/return profile.
3. Prudently select investment options.
4. Control and account for all investment, record keeping and administrative expenses associated with the accounts.
5. Monitor and supervise all service vendors and investment options.
6. Avoid prohibited transactions and conflicts of interest.

Finance Committee

The Finance Committee is responsible for managing the investment process. The committee, with the assistance of staff, monitors the performance of the investments and reports findings to the Board of Directors. In addition to the above duties, the Finance Committee is also responsible for the following:

1. Setting and revising investment policies that the Board of Directors must approve.
2. Developing investment objectives, asset allocation strategies and performance guidelines.
3. Recommending to the Board of Directors the selection of Investment Consultants, Advisors, Money Managers and Custodians.
4. Reviewing and evaluating investment results and approving changes as needed.
5. Delegating responsibilities to the Investment Consultant(s)
6. Providing periodic performance reports to the Board.
7. Assuring availability of funds for grants and awards.

Investment Consultant:

The Investment Consultant's role is that of a discretionary advisor to the Foundation. Investment advice concerning the investment management of assets will be offered by the Investment Consultant and will be consistent with the investment objectives, policies, guidelines and constraints established in this investment policy statement. Specific responsibilities of the Investment Consultant include:

1. Assist in the development and periodic review of the investment policy.
2. Provide monitoring of the investments to ensure manager compliance with their stated investment objectives.
3. Provide the Finance Committee with quarterly performance updates, including any qualitative changes with regards to the managers.
4. Facilitate distributions from the investment portfolio when received in writing at the direction of the Executive Director as approved by the Finance Committee per the Foundation Fiscal Management Policy.

Investment Managers:

Investment managers are responsible for making investment decisions based upon their predetermined process and philosophy. The specific duties and responsibilities of each manager are:

1. Manage the assets in accordance with the guidelines and objectives set forth within this investment policy statement, the individual manager's marketing materials and/or that which is reported to institutional investment consultants.
2. Use the same care, skill, prudence and diligence under the prevailing circumstances that experienced investment professionals, acting in like capacity, and fully familiar with such matters, would use in like activities for like portfolios, with like aims, in accordance and compliance with the Prudent Investor Rule and all applicable laws, rules, and regulations.
3. Adhere to performance expectations cited in Part IV – Portfolio Monitoring and Reporting

Custodian:

Custodians are responsible for the safekeeping of the Foundation's assets. The specific duties and responsibilities of the custodian are:

1. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolios since the previous report.
2. Maintain separate accounts by legal registration.
3. Value the holdings.
4. Collect all income and dividends owed to the Foundation.
5. Settle all transactions initiated by the Investment Managers.

Part III – Objectives

The process of identifying required returns should take place concurrently with the discussion of risk tolerances. In the end, the IPS must present a return objective that is attainable within the risk constraints of the portfolio while simultaneously mitigating any excessive risk necessary for the attainment of the stated return objective.

Return Objectives and Risk Tolerances:

The Foundation intends to support the Seminole County Public Schools while preserving and enhancing the purchasing power of the Foundation's assets. The spending policy is meant to ensure that the purchasing power of the Foundation's investments are maintained over time by keeping the long-term rate of annual spending equal to or less than the long-term real investment return (net inflation as defined by CPI-U Ex. Food and energy) of the Foundation's investments.

Return objective. The return objective for the Fund is based primarily on the funding rate that the Fund provides to the beneficiary institution as well as the prevailing inflation rate applicable to the institution. Inflation needs to be considered so that the Fund's principle does not erode over time, weakening the Fund's ability to provide operational support to the beneficiary institution. The Fund has the following broad objectives:

- Adherence to prudent investor standards.
- The assets of the Fund shall be invested to maximize returns for the level of risk taken.
- The Fund shall strive to achieve a return that exceeds the return of benchmarks composed of various established indexes for each category of investment, in which the weights of the indexes represents the expected allocation of the Fund's investments over a three-to-five-year time horizon.

Risk Objectives:

- The assets of the Fund shall be diversified to minimize the risk of large losses within any one asset class investment type, industry or sector distributions, maturity date, or geographic location, which could seriously impair the Fund's ability to achieve its funding and long-term investment objectives.

It is inherently acknowledged by the Finance Committee that investing in capital markets, dictates that some risk must be assumed in order to achieve long-term investment objectives and that there are uncertainties and complexities associated with these markets. The Finance Committee has determined that it is appropriate for the Funds to assume a low/moderate degree

of risk on invested assets within the Fund. Further, the Committee will be advised by the Investment Consultant of risk to the principal for any Alternative Investments.

Part IV – Constraints

Time Horizon:

The investment guidelines for the portfolio are based upon an investment horizon of greater than ten years (or in perpetuity) and interim fluctuations should be viewed with appropriate perspective. As such, the policy allocation should be based upon the appropriate long term time horizon.

Liquidity Requirements:

With liquidity defined as either anticipated or unanticipated needs for cash in excess of contributions, the Foundation's liquidity requirement is low/moderate. Circumstances may arise in which the portfolio is called upon to meet unanticipated needs beyond those identified in the Fiscal Management Policy. The Finance Committee has designated that the portfolio maintains an appropriate amount of liquidity at all times. There is no expectation of a need for funds from principal over the next three to five years from the date of this IPS revision.

Comments:

The Finance Committee will generally attempt to see that the Fund's assets include a cash reserve sufficient to pay obligations due within a reasonable future period. Therefore, any investment manager performing under this policy is not expected to accumulate a significant cash position, without prior approval of the Finance Committee. In general, "significant" means more than 15% of the value of assets under his management and as may be directed to raise capital by the Investment Consultant.

The amount of money available for program support during the ensuing year will be determined by an annual review and in accordance with the Fiscal Management Policy.

Taxes:

The taxable implications of the Foundation are not an issue and tax exempt investments should not be considered for investment unless the risk / return profile of the investment are advantageous to the long-term objectives of the Foundation.

Legal and Regulatory Issues:

Any external factors imposed by governmental, regulatory or oversight authorities which constrain investment decision making process have been addressed. Prudent Investor Rules apply. The Prudent Investor Rules state that a fiduciary must:

1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.

3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
4. Provide for the reasonable diversification of investments.
5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

Unique Circumstances:

Unique circumstances may include guidelines for social or special purpose investing; assets legally restricted from sale; directed brokerage arrangements; and privacy concerns. There are no assets held outside the investment portfolio and which should be considered within this investment policy should be listed here.

Part V – Asset Allocation

The Finance Committee believes that long-term investment performance, in large part, is primarily a function of asset class mix. The Foundation has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

History shows that while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide fewer opportunities for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (five years or greater). Also, the inclusion of alternative investments in a portfolio can provide lower volatility returns.

This balanced strategy is suited for investors whose objectives include moderate capital appreciation and current income generation with consideration given to the reduction of portfolio volatility. The portfolio should have a slight overweight to Fixed Income and Cash investments with the remainder of the portfolio invested in Equities and Alternative securities

Recommended Portfolio Asset Holding Thresholds:

Asset Category	Lower Threshold	Upper Threshold	Benchmark Index	Benchmark Index Average Return 6/30/2004-6/30/2014	Benchmark Index 10 Year Standard Deviation 6/30/2004-6/30/2014
Domestic	15.0%	50.0%	S&P 500	8.38%	14.69%

Equities			Index		
International Equities	0.00%	25.0%	MSCI EAFE Index	7.01%	18.23%
Fixed Income*	35.0%	65.0%	Barclays Intermediate Term Aggregate Bond Index	4.72%	3.14%
Alternative Investments**	0.0%	15.0%	CISDM Fund of Funds Diversified Index	3.65%	4.89%
Cash	5.0%	15.0%	90 Day T-Bill	1.57%	0.56%

* Fixed Income credit qualities should be BBB or better as published by Moody's Analytics

**Non-traditional assets with a low correlation to equities and/or fixed income. Can include Structured Notes and Structured CD instruments issued by financially stable issuers.

Part VI – Portfolio Monitoring and Reporting

The investment performance of total portfolios, as well as asset class components, will be measured by the Board, with the assistance of the Consultant, against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to the terms and conditions of the investment management agreement.
3. Significant qualitative changes to the investment management organization.
4. Any legal, SEC and/or other regulatory agency proceedings affecting the manager.

Investment managers shall be reviewed by the Board regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

The Board has determined it is in the best interest of the Fund that performance objectives be established for each investment manager. Investment Manager performance will be evaluated in terms of an appropriate market index (e.g. the S&P 500 stock index for large-cap domestic equity manager) and the relevant peer group (e.g. the large-cap growth mutual fund universe for a large-cap growth mutual fund).

An Investment Manager may be placed on Watch and a thorough review and analysis of the investment manager may be conducted by the Board, when:

1. An Investment Manager performs below median for their peer group over a 1-, 3- and/or 5-year cumulative period.
2. An Investment Manager's 3-year risk adjusted return (Alpha and/or Sharpe) falls below the peer group's median risk adjusted return.
3. There is a change in the professionals managing the portfolio.
4. There is a significant decrease in the product's assets.
5. There is an indication the manager is deviating from his/her stated style and/or strategy.
6. There is an increase in the product's fees and expenses.
7. Any extraordinary event occurs that may interfere with the manager's ability to fulfill their role in the future.

The decision to retain or terminate an investment manager cannot be made by a formula. It is the Board's confidence in the investment manager's ability to perform in the future that ultimately determines the retention of a manager.

Measuring Costs

The Board will review at least annually all costs associated with the management of the Fund's investment program, including (where applicable):

1. Expense fees of each investment option against the appropriate peer group.
2. Custody fees: The holding of the assets, collection of the income and disbursement of payments.
3. Whether the investment manager is demonstrating attention to "best execution" in trading securities.
4. Consulting & Administrative Fees: Costs of a consultant and administration of the Fund, including record keeping.

INVESTMENT POLICY REVIEW

The Advisor will review this IPS with the Foundation at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS. It is the obligation of the Foundation to notify all interested parties of any material changes that would alter the objectives or construction of this portfolio. If all interested parties are not notified of these material changes, then the current investment policy statement is invalid.

BUSINESS RULES:

N/A

PROCEDURES:

At the approval of the Finance Committee, the Executive Director will issue a letter of authorization on Foundation letterhead to the Investment Consultant providing the amount of assets to be liquidated and the specifics of any distribution requests to third parties including; payee, amount, method of transfer, and expected date of transfer completion. (Refer to Moving Funds from Investments or Within Investments Procedure)

REFERENCES:

Raymond James Account Titles are:

- Account #4688 (EIE Endowment-Equities)
- Account #U097 (FSCPS Investments)
- Account #2615 (Money Market)

Authorization:

**Approved by Finance Committee on
March 21, 2019**

The Foundation for Seminole County
Public Schools, Inc.

ATTACHMENT B

**THE FOUNDATION FOR
SEMINOLE COUNTY
PUBLIC SCHOOLS, INC.**

Financial Statements

**Years Ended June 30, 2018
and 2017**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
FINANCIAL STATEMENTS	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Supplementary Schedule of Functional Expenses	11
Notes to Financial Statements	12-21
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22-23



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Foundation for Seminole County Public Schools, Inc.
Sanford, Florida

We have audited the accompanying financial statements of The Foundation for Seminole County Public Schools, Inc. (a nonprofit organization), a component unit of the Seminole County District School Board, which comprise the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Foundation for Seminole County Public Schools, Inc. as of June 30, 2018 and 2017, and the changes in its net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 7 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.

Other 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 supplementary schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary schedule of functional expenses is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of functional expenses 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 *Governmental Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of The Foundation for Seminole County Public Schools, Inc.'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 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 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 for Seminole County Public Schools, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

September 28, 2018
Winter Park, Florida

Management's Discussion and Analysis

As financial management of the Foundation for Seminole County Public Schools, Inc. (hereinafter referred to as the "Foundation"), we offer the readers of these basic financial statements this narrative overview and analysis of the Foundation's financial activities for the fiscal years that ended on June 30, 2018 and 2017. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Foundation's financial statements, which follow this information.

Financial Highlights

- The Foundation's overall combined assets totaled \$5,164,951 at the close of the 2018 fiscal year compared to \$4,683,594 the previous year. Total assets exceeded liabilities by \$5,076,506 (*combined net position*) compared with \$4,392,080 one year earlier.
- The Foundation's combined net position increased by \$684,426 (15%). The restricted portion of net position totaling \$4,457,667 increased by \$604,970 during the year. The unrestricted portion of net position totaling \$618,839 represents unrestricted amounts that may be used to meet the Foundation's ongoing obligations for its discretionary program activities.
- The Foundation received contributions and corporate, state, and other grants totaling \$3,892,189 in support of its various activities and programs. These and other Foundation funds were used to finance Grants for Great Ideas to teachers and employees of the Seminole County District School Board and to fund student scholarships and tuition reimbursements. Fiscal agent programs accounted for \$443,786 of program support, which included programs such as Families in Transition, Risk Management Wellness, and Safe and Drug Free Schools. In kind program amounts of \$1,875,470 supported Tools 4 Seminole Schools in fiscal year 2018.
- During 2018, the Foundation purchased 67 new tuition contracts with the Florida Prepaid College Foundation to benefit future qualifying participants.
- The Foundation's fundraising events produced net revenues of \$175,715 in 2018, compared to \$187,905 in 2017.

Overview of the Financial Statements

The Foundation presents its financial statements for the fiscal year ended June 30, 2018, which included for comparative purposes the fiscal year ended June 30, 2017. The Foundation is a direct support Foundation and component unit of the Seminole County District Board (a governmental agency). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB). The Foundation is considered a Business-Type Activity under the provisions of GASB.

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

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

The financial statements include the following:

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

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

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

Statements of Net Position

Net Position. As noted previously, net assets may serve over time as a useful indicator of the Foundation's financial position. This year, the Foundation's combined total assets exceeded liabilities (net position) by \$5,076,505 at the end of 2018 (compared to \$4,392,080 at the end of 2017), which is summarized as follows:

Net Position				
June 30, 2018 and 2017				
	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current and other assets	\$ 3,909,726	\$ 3,773,859	\$ 135,867	4%
Noncurrent assets	<u>1,255,225</u>	<u>909,735</u>	<u>345,490</u>	<u>38%</u>
Total assets	<u>\$ 5,164,951</u>	<u>\$ 4,683,594</u>	<u>\$ 481,357</u>	<u>10%</u>
Total liabilities:				
Accounts payable and other	<u>\$ 88,445</u>	<u>\$ 291,514</u>	<u>\$ (203,069)</u>	<u>(70%)</u>
Net position:				
Unrestricted:				
Undesignated	\$ 525,721	\$ 499,049	\$ 26,672	5%
Board designated	93,118	40,334	52,784	131%
Restricted:				
Expendable	2,742,447	2,137,477	604,970	28%
Non-expendable	<u>1,715,220</u>	<u>1,715,220</u>	<u>-</u>	<u>0%</u>
Total net position	<u>\$ 5,076,506</u>	<u>\$ 4,392,080</u>	<u>\$ 684,426</u>	<u>16%</u>

Total assets increased by \$481,357 to a total of \$5,164,951, or an increase of 10%. Total assets consist primarily of cash and cash equivalents, which make up 15% of total assets, short term investments, which make up 57%, accounts receivable, which make up 2%, amounts due from related party, which make up 1.5%, and prepaid scholarships held by the Florida College Prepaid Scholarship Foundation which make up 24%. Total assets reflect the primary activities of the Foundation in the areas of scholarships and program enhancement.

The Foundation's total liabilities amounted to \$88,445 for the current period and \$291,514 in the prior year. Restricted net position of the Foundation totaled \$4,457,667 at the end of 2018, compared to \$3,852,697 in 2017. These funds are composed of restricted non-expendable endowment contributions of \$1,715,220 and restricted expendable net position of \$2,742,447 which may only be expended for donor pre-designated uses.

Statement of Revenues, Expenses and Changes in Net Position

Changes in Net Position. While the statement of net position shows a snapshot of the Foundation's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and sources of those changes. During 2018, the Foundation's total operating revenues decreased by \$271,832 to a total of \$4,313,055 compared to \$4,584,887 in the prior year. The Foundation's net fundraising and other revenues were \$178,505 in 2018, compared to \$188,205 in 2017, with investment income decreasing by \$64,770 compared to the prior year.

The Foundation's program and other spending decreased by \$1,255,262 in total from 2017 to 2018. During 2018, the Foundation's fundraising cost decreased by \$53,213 due to a decrease in fundraising events. During the same period, general and administrative costs decreased by \$1,309. Fundraising and administrative expenses accounted for 11% of total expenses for the fiscal year ended June 30, 2018 as compared to 9% for the fiscal year ended June 30, 2017. However, total dollars spent decreased by \$54,522.

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

Revenue, Expenses and Changes in Net Position Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues:				
Program support	\$ 3,892,189	\$ 4,051,282	\$ (159,093)	(4%)
Fundraising events, net	175,716	187,905	(12,189)	(6%)
Other income	8,671	44,451	(35,780)	(80%)
Investment income	<u>236,479</u>	<u>301,249</u>	<u>(64,770)</u>	<u>(22%)</u>
Total operating revenues	<u>4,313,055</u>	<u>4,584,887</u>	<u>(271,832)</u>	<u>(6%)</u>
Operating expenses:				
Program services	3,220,672	4,421,412	(1,200,740)	(27%)
Fundraising	166,100	219,313	(53,213)	(24%)
General and administrative	<u>241,857</u>	<u>243,166</u>	<u>(1,309)</u>	<u>(1%)</u>
Total operating expenses	<u>3,628,629</u>	<u>4,883,891</u>	<u>(1,255,262)</u>	<u>(26%)</u>
Change in net position	<u>\$ 684,426</u>	<u>\$ (299,004)</u>	<u>\$ 983,430</u>	<u>(329%)</u>

Statements of Cash Flows

Net cash provided by operating activities amounted to \$707,913 in 2018, compared to \$150,015 used in 2017. Cash flows used by investing activities totaled \$485,525 in 2018, compared to \$214,795 provided in 2017.

Economic Factors that will Affect the Future

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

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

- The most recent estimates available for unemployment data in Seminole County, FL are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency estimates a decreasing county wide unemployment rate of 3.5% at the end of June 2018, which is lower than the 3.8% rate experienced one year earlier.
- Inflationary trends for Seminole County compare favorably with those trends experienced at the state and national levels.

Requests for Information

This financial report is designed to provide our donors, grantors, recipients, and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Executive Director, The Foundation for Seminole County Public Schools, 400 East Lake Mary Boulevard, Sanford, FL 32773.

The Foundation for Seminole County Public Schools, Inc.

STATEMENTS OF NET POSITION

For the Year Ended June 30, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 776,992	\$ 554,604
Investments	2,966,049	2,859,618
Accounts receivable and pledges, net	89,585	231,580
Due from related party-SCPS	77,100	128,057
Beneficial interest in assets held by others and prepaids	<u>1,255,225</u>	<u>909,735</u>
Total assets	<u><u>\$ 5,164,951</u></u>	<u><u>\$ 4,683,594</u></u>

LIABILITIES AND NET POSITION

LIABILITIES		
Accounts payable and other	<u>\$ 88,445</u>	<u>\$ 291,514</u>
Total liabilities	<u>88,445</u>	<u>291,514</u>
NET POSITION		
Unrestricted:		
Undesignated	525,721	499,049
Board designated	93,118	40,334
Restricted:		
Expendable	2,742,447	2,137,477
Non-expendable	<u>1,715,220</u>	<u>1,715,220</u>
Total net position	<u>5,076,506</u>	<u>4,392,080</u>
Total liabilities and net position	<u><u>\$ 5,164,951</u></u>	<u><u>\$ 4,683,594</u></u>

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

The Foundation for Seminole County Public Schools, Inc.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUES AND SUPPORT		
Donated teaching supplies (Tools 4 Seminole Schools)	\$ 1,875,470	\$ 2,159,772
Program support:		
Program revenue and contributions	1,572,933	1,711,168
Fiscal agent programs	443,786	180,342
Fund raising events, net	175,716	187,905
Unrealized gain from scholarships	5,881	44,151
Investment income	236,479	301,249
Other income	<u>2,790</u>	<u>300</u>
 Total revenues and support	 <u>4,313,055</u>	 <u>4,584,887</u>
EXPENSES		
Program services:		
Other programs	3,220,672	4,421,412
Support services:		
Fund raising	166,100	219,313
General and administrative	<u>241,857</u>	<u>243,166</u>
 Total expenses	 <u>3,628,629</u>	 <u>4,883,891</u>
 Change in net position	 684,426	 (299,004)
 Net position, beginning of year	 <u>4,392,080</u>	 <u>4,691,084</u>
 Net position, end of year	 <u><u>\$ 5,076,506</u></u>	 <u><u>\$ 4,392,080</u></u>

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

The Foundation for Seminole County Public Schools, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contributions and development	\$ 1,998,536	\$ 1,693,917
Cash received from fundraising events	175,716	187,905
Cash received from investments	67,977	59,123
Cash received from other	8,684	300
Cash paid for program expenses	(1,323,236)	(1,546,328)
Cash paid for support services	(219,764)	(244,900)
	<u>707,913</u>	<u>150,017</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of scholarships	(344,431)	(158,582)
Purchases of investments, net	(713,078)	(6,009,915)
Proceeds from sale of investments	571,984	5,953,702
	<u>(485,525)</u>	<u>(214,795)</u>
Net increase (decrease) in cash and cash equivalents	222,388	(64,778)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>554,604</u>	<u>619,382</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 776,992</u></u>	<u><u>\$ 554,604</u></u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH USED BY OPERATING ACTIVITIES		
Change in net position	\$ 684,426	\$ (299,004)
Adjustments to reconcile change in net position to net cash used by operating activities:		
Realized (gain) loss on investments	(69,022)	(105,657)
Unrealized (gain) loss on investments	(99,482)	(136,469)
Use of scholarships	202,245	731,743
Unrealized gain from scholarships	(92)	(44,151)
(Increase) decrease in assets:		
Accounts receivable	141,995	(182,980)
Due from related party	50,957	(14,613)
Prepaid expenses	(46)	937
Increase (decrease) in liabilities:		
Accounts payable and other	(203,068)	200,211
	<u>\$ 707,913</u>	<u>\$ 150,017</u>

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

The Foundation for Seminole County Public Schools, Inc.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
Years Ended June 30, 2018 and 2017

	Program Services							Support Services			2018	2017
	Grants for	Take Stock	Tools for	Families in	Fiscal Agent	Other	Fund	General and	Total			
	Great Ideas	in Children	Seminole Schools	Transition	Programs	Programs	Raising	Administrative				
							Total					
Program support	\$ -	\$ -	\$ 1,904,861	\$ -	\$ 155,685	\$ 212,475	\$ 2,273,021	\$ -	\$ -	\$ -	\$ 2,273,021	\$ 2,614,170
Fundraising	-	-	-	-	-	16,422	16,422	97,621	-	97,621	114,043	173,494
Personnel and benefits	18,008	92,397	100,270	-	-	102,026	312,701	37,750	80,872	118,622	431,323	499,050
Grants for great ideas	166,192	-	-	-	-	-	166,192	-	-	-	166,192	159,513
Administration and scholarship	-	202,245	-	-	-	-	202,245	-	4,541	4,541	206,786	731,743
Program support - SCPS	-	52,079	-	85,477	-	-	137,556	-	-	-	137,556	479,139
Rent	-	-	105,835	-	-	-	105,835	-	31,613	31,613	137,448	126,474
Legal and professional	-	-	-	-	-	-	-	-	35,553	35,553	35,553	26,213
Dues	-	-	-	-	-	-	-	-	39,748	39,748	39,748	17,325
Bank charges	-	-	-	-	-	-	-	-	2,822	2,822	2,822	3,293
Public relations	-	111	-	-	-	-	111	-	2,933	2,933	3,044	2,837
Operations	-	698	3,656	-	-	-	4,354	30,729	35,526	66,255	70,609	43,824
Board and investor development	-	1,099	-	-	-	-	1,099	-	5,783	5,783	6,882	4,369
Insurance	-	1,138	-	-	-	-	1,138	-	2,466	2,466	3,603	2,447
Total expenses	\$ 184,200	\$ 349,766	\$ 2,114,621	\$ 85,477	\$ 155,685	\$ 330,923	\$ 3,220,672	\$ 166,100	\$ 241,857	\$ 407,957	\$ 3,628,629	\$ 4,883,891

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

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE A – ORGANIZATION

The Foundation for Seminole County Public Schools, Inc. (the “Foundation”) is a not-for-profit corporation, which provides financial assistance and support for Seminole County, Florida Public Schools and the students and educators within the school systems. The Foundation is considered a component unit of the School Board of Seminole County and provides this assistance and support through direct contributions to schools within the district as well as scholarships to and on behalf of students and educators.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting and Presentation

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

2. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. All of the Foundation’s financial activity is accounted for in a single business-type fund, which contains restricted and unrestricted components. The Foundation’s Operating Account includes unrestricted and restricted resources, representing the portion of expendable and nonexpendable funds that are available for 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.

The net position of the Foundation and changes therein are classified and reported as follows:

Unrestricted net position (undesignated) – net position that is not subject to donor-imposed stipulations.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Fund Accounting (continued)

Unrestricted net position (board designated) – net position that is not subject to donor-imposed stipulations but have been designated by the board as available for investment purposes.

Restricted expendable net position – net position subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time.

Restricted non-expendable net position – net position subject to donor-imposed stipulations that may be maintained permanently by the Foundation.

3. Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been determined by the Internal Revenue Service not to be a private foundation. There was no unrelated business income for the current year.

Management has analyzed the Foundation's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

4. Program Services

The Foundation manages several program services that benefit the students and educators; one of the largest is Take Stock in Children. These funds are joint sponsored with the State of Florida and must be distributed as scholarships to the students of Seminole County and used for the operations of the Take Stock in Children program. In March 2010, the Foundation started Tools 4 Seminole Schools, which provides teachers in the school district with the opportunity to "shop" once a month for free for new and used school supplies. The Foundation also holds many fundraising events that supply funds that are not restricted to a direct program; these funds are distributed to Seminole County teachers for classroom projects. Other programs supported by the Foundation include Grants for Great Ideas and Families in Transition.

5. Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the supplementary schedule of functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of six months or less to be cash equivalents.

7. Allowance for Doubtful Accounts

Program service receivables and contributions are stated at the amount management expects to collect from outstanding balances. Management assesses the current status of individual accounts and promises to give and provides for probable uncollectible amounts through a provision for doubtful accounts.

8. Unearned Revenue

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

9. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Net Position. Unrealized gains and losses are included in the Statement of Revenues, Expenses and Changes in Net Position. Investment income and gains restricted by a donor are reported as increases in unrestricted net position if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

10. Beneficial Assets Held by Others

The Prepaid College Fund consists of funds contributed by the Foundation as part of the Take Stock in Children program. Contributions are matched by the State of Florida, and recorded as contribution income by the Foundation on the Statement of Revenues, Expenses and Changes in Net Position at the time of contribution. The funds are to be used for college scholarships for selected individuals graduating from high school in Seminole County. As the scholarships are awarded, the expenditures are recorded by the Foundation on the Statement of Revenues, Expenses and Changes in Net Position. The Foundation does not have access to the principal held by the Community Foundation of Central Florida, Inc. In addition, the funds held by the Prepaid College Fund can only be utilized for scholarships.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Fair Value Measurement

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

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

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements

The fair values of mutual funds, certificates of deposits, equities, and debt securities are based on quoted market prices.

13. Concentration of Credit Risk

Financial instruments, which potentially expose the Foundation to concentrations of credit risk, consist principally of cash bank deposits. The Foundation's policy is to place its cash investments with high quality financial institutions. At June 30, 2018 and 2017, the Foundation held \$285,235 and \$97,239, respectively, in excess of federally insured amounts. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and equivalents.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Subsequent Events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on September 28, 2018.

15. Recent Accounting Pronouncements

New accounting pronouncements were recently issued on revenue recognition, presentation of not-for-profit financial statements, and lease accounting, which are effective beginning in 2018 to 2020. Early adoption is permitted. The Foundation is evaluating the impact of the new accounting pronouncements on its financial statements.

NOTE C – CONTRIBUTED SERVICES AND MATERIALS

Donated services and facilities that are measurable are recorded as a contribution at their fair market values at the date of receipt by the Foundation. Donated goods supporting Tools 4 Seminole Schools recorded at estimated market values when received by the teacher, the time at which the goods are deemed to have value. A corresponding amount is recorded as expense. (See Note E).

NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS AND PREPAID EXPENSES

The Foundation's beneficial interest in assets at June 30, 2018 and 2017, consists of the following:

	<u>2018</u>	<u>2017</u>
Prepaid expenses	\$ 113	\$ 67
The Community Foundation of Central Florida, Inc.	15,022	14,009
Prepaid College Fund	<u>1,240,090</u>	<u>895,659</u>
	<u>\$ 1,255,225</u>	<u>\$ 909,735</u>

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE E – RELATED PARTY TRANSACTIONS

The Foundation receives contributions for various programs specifically designated for the Seminole County Public Schools (“SCPS”), primarily the Families in Transition program. The Foundation then awards grants to SCPS based on project applications. Expenditures must be in accordance with the requirement of the grant which is monitored by the Foundation. The awarded funds are deposited into the SCPS District’s Special Revenue Fund. If the full grant is not expended by year end, the excess funds are returned to the Foundation. For the years ended June 30, 2018 and 2017, the Foundation received donations of \$443,786 and \$180,341, respectively, and expended \$241,162 and \$210,458, respectively, for the various programs. As of June 30, 2018 and 2017, SCPS held non expended funds of \$77,100 and \$128,057, respectively, in their possession that will be returned to the Foundation.

The Foundation receives donated office space and employee services from The School Board of Seminole County. The fair market value of the contributions is recorded as revenue at the date of contribution with a corresponding amount recorded as expense. During the year ended June 30, 2018, the Foundation received \$137,448 for office space and \$73,581 for employee services. During the year ended June 30, 2017, the Foundation received \$124,528 for office space and \$72,804 for employee services.

NOTE F – INVESTMENTS

The fair value of the investments is reflected in the Statement of Net Position. A summary of investments at June 30, 2018 and 2017, is as follows:

	<u>2018</u>		
	<u>Original Cost</u>	<u>Level I Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 2,013,161	\$ 2,270,610	\$ 257,449
Debt securities	718,636	695,439	(23,198)
Total	<u>\$ 2,731,797</u>	<u>\$ 2,966,049</u>	<u>\$ 234,252</u>
	<u>2017</u>		
Equities	\$ 1,842,866	\$ 1,980,447	\$ 137,581
Debt securities	881,261	879,171	(2,090)
Total	<u>\$ 2,724,127</u>	<u>\$ 2,859,618</u>	<u>\$ 135,491</u>

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE F – INVESTMENTS (continued)

Investment income is reported in the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2018 and 2017, and is summarized as follows:

	2018	2017
Interest and dividends	\$ 66,964	\$ 59,123
Realized gain on investments	69,022	105,657
Change in unrealized gain	100,494	136,469
	<u>\$ 236,479</u>	<u>\$ 301,249</u>

NOTE G – UNRESTRICTED BOARD DESIGNATED FUNDS

The Board of the Foundation has designated certain excess earnings for specific initiatives or programs, referred to as board designated funds. It is the intent that the board designated funds be used primarily as a resource, at the discretion of the Board, for meeting the strategic objectives of the Foundation that fall outside of the scope of the permanent endowment and to fund operating reserves. In addition, while the primary intent is to support the strategic objectives of the Foundation, annually, the Finance Committee will evaluate and make recommendations to the Board as to the possibility of supplementing the permanent endowment. Any earnings or income derived from the principal balance of the board designated funds will remain within the board designated funds absent any recommendation from the Board for movement to the permanent endowment or expenditures meeting current strategic plan.

The Unrestricted Board Designated Funds were \$93,118 and \$40,334 at June 30, 2018 and 2017, respectively. During the year ended June 30, 2018, the Board approved the designation of \$52,784 in eligible funds be set aside for use in various programs. The amount was determined in accordance with the Fiscal Management Policy adopted September 15, 2015. If the entire \$52,784 is not used for program expenses by June 30, 2019, the remaining amount is then transferred to the Restricted Non-Expendable fund account.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE H – RESTRICTED EXPENDABLE FUNDS

Restricted expendable revenue received during the year ended June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
A Gift for Teaching	\$ 1,938,822	\$ 2,199,041
Fiscal agent partners - other	443,734	129,537
Arts Alive	116,018	128,523
Grants and awards	66,351	811,269
Take Stock In Children	60,000	163,292
Other	40,000	81,809
Senior scholarships	30,675	71,285
Families in Transition	<u>34</u>	<u>50,805</u>
	<u>\$ 2,695,634</u>	<u>\$ 3,635,561</u>

Net position released from donor/programs restrictions when expenses are incurred to satisfy the restricted purposes or by the occurrence of other events as specified by the donors

Sources of restricted expendable funds available as of June 30, 2018 and 2017, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Florida prepaid	\$ 1,240,090	\$ 895,659
Fiscal agent partners	772,327	569,720
Senior scholarships	487,288	466,811
Take Stock In Children	90,925	69,508
Other	110,245	57,821
Arts Alive	26,550	63,949
Community Foundation	<u>15,022</u>	<u>14,009</u>
	<u>\$ 2,742,447</u>	<u>\$ 2,137,477</u>

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE I – RESTRICTED NON-EXPENDABLE FUNDS

The Foundation's restricted non-expendable funds (permanently restricted endowments) consists of board and donor-restricted funds held in investments. At June 30 permanently restricted endowments consisted of the following:

	2018	2017
Excellence in Education Endowment	\$ 1,646,023	\$ 1,646,023
Scholarships – Endowed	63,697	63,697
Arts Alive Endowment	5,500	5,500
	<u>\$ 1,715,220</u>	<u>\$ 1,715,220</u>

The Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (MIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the board and donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as restricted non-expendable funds (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by "MIFA". In accordance with "MIFA", the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies. Specifically, the Foundation has adopted a policy of calculating the lesser of 5% of the prior three years average investment portfolio balance, net of any new assets added within the prior twelve months, or the dollar amount in excess of the permanent endowment at the end of each calendar year, will be determined as eligible for distribution from the permanent endowment for program support as needed. These funds will be segregated as restricted expendable funds for the upcoming fiscal year. Any amounts that were not distributed for program support during the respective fiscal year shall be returned to the permanent endowed assets and will increase the principal amount of the permanent endowment.

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE I – RESTRICTED NON-EXPENDABLE FUNDS (continued)

The Foundation's restricted non-expendable funds are held as cash and a permanent endowment fund in investment accounts with Raymond James. At June 30, 2018 and 2017, respectively, amounts available for restricted non-expendable funds consisted of the following:

	2018	2017
Cash held by Raymond James	\$ 281,239	\$ 199,657
Investments held by Raymond James	2,966,049	2,859,618
	<u>\$ 3,247,288</u>	<u>\$ 3,059,275</u>

NOTE J – RECONCILIATION OF CHANGE IN NET POSITION (Non-GAAP)

The following table presents a reconciliation of the change in net position to the Foundation's internal operating income (loss) for the years ending June 30:

	2018	2017
Change in net position	\$ 684,425	\$ (299,004)
(Increase) decrease in restricted expendable funds	(604,970)	530,627
Unrealized (gain) loss on investments	(100,494)	(136,439)
Realized (gain) loss on investments	(69,022)	(105,657)
Net Income (Loss) (Non-GAAP)	<u>\$ (90,061)</u>	<u>\$ (10,473)</u>



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

To The Board of Directors
The Foundation for Seminole County Public Schools, Inc.
Sanford, 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 Foundation for Seminole County Public Schools, Inc. (a nonprofit organization), a component unit of the Seminole County District School Board, which comprise the statements of net position, as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, and have issued our report thereon dated September 28, 2018

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Foundation for Seminole County Public Schools, Inc.'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 of expressing an opinion on the effectiveness of The Foundation for Seminole County Public Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Foundation for Seminole County Public Schools, Inc.'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. 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 for Seminole County Public Schools, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

September 28, 2018
Winter Park, Florida

ATTACHMENT B

**THE FOUNDATION FOR
SEMINOLE COUNTY
PUBLIC SCHOOLS, INC.**

Financial Statements

**Years Ended June 30, 2019
and 2018**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
FINANCIAL STATEMENTS	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Statements of Functional Expenses	11
Notes to Financial Statements	12-25
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	26-27



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Foundation for Seminole County Public Schools, Inc.
Sanford, Florida

We have audited the accompanying financial statements of The Foundation for Seminole County Public Schools, Inc. (a nonprofit Foundation), a component unit of the Seminole County District School Board, which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Foundation for Seminole County Public Schools, Inc. as of June 30, 2019 and 2018, and the changes in its net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 Summarized Comparative Information

We have previously audited the 2018 financial statements of The Foundation for Seminole County Public Schools, Inc., and we expressed an unmodified opinion on those audited financial statements in our report dated September 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of The Foundation for Seminole County Public Schools, Inc.'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 for Seminole County Public Schools, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation for Seminole County Public Schools, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 27, 2019

Management's Discussion and Analysis

As financial management of the Foundation for Seminole County Public Schools, Inc. (hereinafter referred to as the "Foundation"), we offer the readers of these basic financial statements this narrative overview and analysis of the Foundation's financial activities for the fiscal years that ended on June 30, 2019 and 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Foundation's financial statements, which follow this information.

Financial Highlights

- The Foundation's overall combined assets totaled \$5,204,238 at the close of the 2019 fiscal year compared to \$5,164,951 the previous year. Total assets exceeded liabilities by \$5,120,115 (*combined net position*) compared with \$5,076,506 one year earlier.
- The Foundation's combined net position increased by \$43,609 (1%). The restricted portion of net position totaling \$4,442,912 decreased by \$14,755 during the year. The unrestricted portion of net position totaling \$677,203 represents unrestricted amounts that may be used to meet the Foundation's ongoing obligations for its discretionary program activities.
- The Foundation received contributions and corporate, state, and other grants totaling \$3,673,584 in support of its various activities and programs. These and other Foundation funds were used to finance Grants for Great Ideas to teachers and employees of the Seminole County District School Board and to fund student scholarships and tuition reimbursements. Fiscal agent programs accounted for \$442,261 of program support, which included programs such as Families in Need, Environmental Studies Center, and Safe and Drug Free Schools. In kind program amounts of \$1,642,445 supported Tools 4 Seminole Schools in fiscal year 2019.
- During 2019, the Foundation purchased two new tuition contracts with the Florida Prepaid College Foundation to benefit future qualifying participants.
- The Foundation's fundraising events produced net revenues of \$186,061 in 2019, compared to \$175,716 in 2018.

Overview of the Financial Statements

The Foundation presents its financial statements for the fiscal year ended June 30, 2019, which included for comparative purposes the fiscal year ended June 30, 2018. The Foundation is a direct support Foundation and component unit of the Seminole County District Board (a governmental agency). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB). The Foundation is considered a Business-Type Activity under the provisions of GASB.

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

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

The financial statements include the following:

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

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

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

Statements of Net Position

Net Position. As noted previously, net assets may serve over time as a useful indicator of the Foundation's financial position. This year, the Foundation's combined total assets exceeded liabilities (net position) by \$5,120,115 at the end of 2019 (compared to \$5,076,506 at the end of 2018), which is summarized as follows:

Net Position				
June 30, 2019 and 2018				
	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current and other assets	\$ 4,041,694	\$ 3,909,726	\$ 131,968	3%
Noncurrent assets	<u>1,162,544</u>	<u>1,255,225</u>	<u>(92,681)</u>	<u>(7%)</u>
Total assets	<u>\$ 5,204,238</u>	<u>\$ 5,164,951</u>	<u>\$ 39,287</u>	<u>1%</u>
Total liabilities:				
Accounts payable and other	<u>\$ 84,123</u>	<u>\$ 88,445</u>	<u>\$ (4,322)</u>	<u>(5%)</u>
Net position:				
Unrestricted:				
Undesignated	\$ 549,725	\$ 525,721	\$ 24,004	5%
Board designated	127,478	93,118	34,360	37%
Restricted:				
Expendable	2,643,137	2,742,447	(99,310)	(4%)
Non-expendable	<u>1,799,775</u>	<u>1,715,220</u>	<u>84,555</u>	<u>5%</u>
Total net position	<u>\$ 5,120,115</u>	<u>\$ 5,076,506</u>	<u>\$ 43,609</u>	<u>1%</u>

Total assets increased by \$39,287 to a total of \$5,204,238. Total assets consist primarily of cash and cash equivalents, which make up 14% of total assets, short term investments, which make up 59%, accounts receivable, which make up 1%, amounts due from related party, which make up 3%, and prepaid scholarships held by the Florida College Prepaid Scholarship Foundation which make up 22%. Total assets reflect the primary activities of the Foundation in the areas of scholarships and program enhancement.

The Foundation's total liabilities amounted to \$84,123 for the current period and \$88,445 in the prior year. Restricted net position of the Foundation totaled \$4,442,912 at the end of 2019, compared to \$4,457,667 in 2018. These funds are composed of restricted non-expendable endowment contributions of \$1,799,775 and restricted expendable net position of \$2,643,137 which may only be expended for donor pre-designated uses.

Statement of Revenues, Expenses and Changes in Net Position

Changes in Net Position. While the statement of net position shows a snapshot of the Foundation's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and sources of those changes. During 2019, the Foundation's total operating revenues decreased by \$241,949 to a total of \$4,071,106 compared to \$4,313,055 in the prior year. The Foundation's net fundraising and other revenues were \$190,605 in 2019, compared to \$178,506 in 2018. Investment income decreased by \$31,445 compared to the prior year.

The Foundation's program and other spending increased by \$398,868 in total from 2018 to 2019. During 2019, the Foundation's fundraising cost decreased by \$47,965 due to a decrease in fundraising events. During the same period, general and administrative costs increased by \$91,006. Fundraising and administrative expenses accounted for 11% of total expenses for the fiscal year ended June 30, 2019 as compared to 11% for the fiscal year ended June 30, 2018. However, total dollars spent increased by \$43,041.

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

Revenue, Expenses and Changes in Net Position Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues:				
Program support	\$ 3,673,584	\$ 3,892,189	\$ (218,605)	(6%)
Fundraising events, net	186,061	175,716	10,345	6%
Other income	6,427	8,671	(2,244)	(26%)
Investment income	<u>205,034</u>	<u>236,479</u>	<u>(31,445)</u>	<u>(13%)</u>
Total operating revenues	<u>4,071,106</u>	<u>4,313,055</u>	<u>(241,949)</u>	<u>(6%)</u>
Operating expenses:				
Program services	3,576,499	3,220,672	355,827	11%
Fundraising	118,135	166,100	(47,965)	(29%)
General and administrative	<u>332,218</u>	<u>241,857</u>	<u>91,006</u>	<u>38%</u>
Total operating expenses	<u>4,027,497</u>	<u>3,628,629</u>	<u>398,868</u>	<u>11%</u>
Change in net position	<u>\$ 43,609</u>	<u>\$ 684,426</u>	<u>\$ (640,817)</u>	<u>(94%)</u>

Statements of Cash Flows

Net cash used by operating activities amounted to \$243,122 in 2019, compared to \$707,913 provided in 2018. Cash flows provided by investing activities totaled \$218,726 in 2019, compared to \$485,525 used in 2018.

Economic Factors that will Affect the Future

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

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

- The most recent estimates available for unemployment data in Seminole County, FL are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency estimates a decreasing county wide unemployment rate of 3.2% at the end of June 2019, which is lower than the 3.5% rate experienced one year earlier.
- Inflationary trends for Seminole County compare favorably with those trends experienced at the state and national levels.

Requests for Information

This financial report is designed to provide our donors, grantors, recipients, and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Executive Director, The Foundation for Seminole County Public Schools, 400 East Lake Mary Boulevard, Sanford, FL 32773.

The Foundation for Seminole County Public Schools, Inc.

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 752,596	\$ 776,992
Investments	3,092,214	2,966,049
Accounts receivable and pledges, net	48,355	89,585
Due from related party-SCPS	148,529	77,100
Beneficial interest in assets held by others and prepaids	<u>1,162,544</u>	<u>1,255,225</u>
Total assets	<u><u>\$ 5,204,238</u></u>	<u><u>\$ 5,164,951</u></u>

LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable and other	<u>\$ 84,123</u>	<u>\$ 88,445</u>
Total liabilities	<u>84,123</u>	<u>88,445</u>

NET POSITION

Without donor restrictions		
Undesignated	549,725	525,721
Board designated	127,478	93,118
With donor restrictions		
Expendable	2,643,137	2,742,447
Non-expendable	<u>1,799,775</u>	<u>1,715,220</u>
Total net position	<u>5,120,115</u>	<u>5,076,506</u>
Total liabilities and net position	<u><u>\$ 5,204,238</u></u>	<u><u>\$ 5,164,951</u></u>

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

The Foundation for Seminole County Public Schools, Inc.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND SUPPORT		
Donated teaching supplies (Tools 4 Seminole Schools)	\$ 1,642,445	\$ 1,875,470
Program support:		
Program revenue and contributions	1,588,878	1,572,933
Fiscal agent programs	442,261	443,786
Fund raising events, net	186,061	175,716
Unrealized gain from scholarships	1,883	5,881
Investment income	205,034	236,479
Other income	<u>4,544</u>	<u>2,790</u>
 Total revenues and support	 <u>4,071,106</u>	 <u>4,313,055</u>
EXPENSES		
Program services:		
Other programs	3,576,499	3,220,672
Support services:		
Fund raising	118,135	166,100
General and administrative	<u>332,863</u>	<u>241,857</u>
 Total expenses	 <u>4,027,497</u>	 <u>3,628,629</u>
 Change in net position	 43,609	 684,426
 Net position, beginning of year	 <u>5,076,506</u>	 <u>4,392,080</u>
 Net position, end of year	 <u><u>\$ 5,120,115</u></u>	 <u><u>\$ 5,076,506</u></u>

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

The Foundation for Seminole County Public Schools, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contributions and development	\$ 2,001,540	\$ 1,998,536
Cash received from fundraising events	186,061	175,716
Cash received from investments	(157,052)	67,977
Cash received from other	4,544	8,684
Cash paid for program expenses	(2,078,276)	(1,323,236)
Cash paid for support services	<u>(199,939)</u>	<u>(219,764)</u>
Cash (used) provided by operating activities	<u>(243,122)</u>	<u>707,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of scholarships	(16,259)	(344,431)
Purchases of investments, net	(313,121)	(713,078)
Proceeds from sale of investments	<u>548,106</u>	<u>571,984</u>
Cash (used) provided by investing activities	<u>218,726</u>	<u>(485,525)</u>
Net (decrease) increase in cash and cash equivalents	(24,396)	222,388
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>776,992</u>	<u>554,604</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 752,596</u></u>	<u><u>\$ 776,992</u></u>

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

The Foundation for Seminole County Public Schools, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	Program Services							Support Services			2019
	Grants for Great Ideas	Take Stock in Children	Tools for Seminole Schools	Families in Need	Fiscal Agent Programs	Other Programs	Total	Fund Raising	General and Administrative	Total	
Program support	\$ -	\$ -	\$ 1,699,493	\$ -	\$ 408,795	\$ 669,532	\$ 2,777,820	\$ -	\$ -	\$ -	\$ 2,777,820
Fundraising	-	-	-	-	-	14,425	14,425	47,615	-	47,615	62,040
Personnel and benefits	24,774	128,408	106,236	-	-	79,356	338,774	44,340	182,434	226,774	565,548
Grants for great ideas	134,421	-	-	-	-	-	134,421	-	-	-	134,421
Administration and scholarship	-	111,647	-	-	-	-	111,647	-	11,033	11,033	122,680
Program support	-	29,470	-	45,000	-	-	74,470	-	-	-	74,470
Rent	-	9,355	109,723	-	-	-	119,078	-	23,419	23,419	142,497
Legal and professional	-	-	-	-	-	-	-	-	18,216	18,216	18,216
Dues	-	-	-	-	-	-	-	-	43,869	43,869	43,869
Bank charges	-	-	-	-	-	-	-	-	5,330	5,330	5,330
Public relations	-	-	-	-	-	-	-	-	3,768	3,768	3,768
Operations	-	896	942	-	-	-	1,838	26,180	35,465	61,645	63,483
Board and investor development	-	608	-	-	-	-	608	-	5,910	5,910	6,518
Insurance	-	-	-	-	-	-	-	-	3,419	3,419	3,419
Travel	-	2,390	1,028	-	-	-	3,418	-	-	-	3,418
Total expenses	\$ 159,195	\$ 282,774	\$ 1,917,422	\$ 45,000	\$ 408,795	\$ 763,313	\$ 3,576,499	\$ 118,135	\$ 332,863	\$ 450,998	\$ 4,027,497

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

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE A – FOUNDATION

The Foundation for Seminole County Public Schools, Inc. (the “Foundation”) is a not-for-profit corporation, which provides financial assistance and support for Seminole County, Florida Public Schools and the students and educators within the school systems. The Foundation is considered a component unit of the School Board of Seminole County and provides this assistance and support through direct contributions to schools within the district as well as scholarships to and on behalf of students and educators.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting and Presentation

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

Certain financial statements include prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

2. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. All of the Foundation’s financial activity is accounted for in a single business-type fund, which contains restricted and unrestricted components. The Foundation’s Operating Account includes unrestricted and restricted resources, representing the portion of expendable and nonexpendable funds that are available for 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.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Fund Accounting (continued)

The net position of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Foundation's long-term financial viability.

See Note G for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of revenues, expenses, and changes in net position as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note H for more information on the composition of net assets with donor restrictions.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been determined by the Internal Revenue Service not to be a private foundation. There was no unrelated business income for the current year.

Management has analyzed the Foundation's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

4. Program Services

The Foundation manages several program services that benefit the students and educators; one of the largest is Take Stock in Children. These funds are joint sponsored with the State of Florida and must be distributed as scholarships to the students of Seminole County and used for the operations of the Take Stock in Children program. In March 2010, the Foundation started Tools 4 Seminole Schools, which provides teachers in the school district with the opportunity to "shop" once a month for free for new and used school supplies. The Foundation also holds many fundraising events that supply funds that are not restricted to a direct program; these funds are distributed to Seminole County teachers for classroom projects. Other programs supported by the Foundation include Grants for Great Ideas and Families in Need.

5. Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

6. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of six months or less to be cash equivalents.

7. Allowance for Doubtful Accounts

Program service receivables and contributions are stated at the amount management expects to collect from outstanding balances. Management assesses the current status of individual accounts and promises to give and provides for probable uncollectible amounts through a provision for doubtful accounts.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Unearned Revenue

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

9. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Net Position. Unrealized gains and losses are included in the Statements of Revenues, Expenses and Changes in Net Position. Investment income and gains restricted by a donor are reported as increases in unrestricted net position if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

10. Beneficial Assets Held by Others

The Prepaid College Fund consists of funds contributed by the Foundation as part of the Take Stock in Children program. Contributions are matched by the State of Florida, and recorded as contribution income by the Foundation on the Statements of Revenues, Expenses and Changes in Net Position at the time of contribution. The funds are to be used for college scholarships for selected individuals graduating from high school in Seminole County. As the scholarships are awarded, the expenditures are recorded by the Foundation on the Statements of Revenues, Expenses and Changes in Net Position. The Foundation does not have access to the principal held by the Community Foundation of Central Florida, Inc. In addition, the funds held by the Prepaid College Fund can only be utilized for scholarships.

11. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Fair Value Measurement

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

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Fair Value Measurement (continued)

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

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements

The fair values of mutual funds, certificates of deposits, equities, and debt securities are based on quoted market prices.

13. Concentration of Credit Risk

Financial instruments, which potentially expose the Foundation to concentrations of credit risk, consist principally of cash bank deposits. The Foundation's policy is to place its cash investments with high quality financial institutions. At June 30, 2019 and 2018, the Foundation held \$241,029 and \$285,235, respectively, in excess of federally insured amounts. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

14. Subsequent Events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on September 27, 2019.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit Foundations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new guidance was effective in fiscal 2019 and the Foundation changed its presentation of net assets classes, included a statement of functional expenses, and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met. The standard is effective for fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Foundation is evaluating the potential effects ASU 2016-02 will have on its financial statements.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE C – CONTRIBUTED SERVICES AND MATERIALS

Donated services and facilities that are measurable are recorded as a contribution at their fair market values at the date of receipt by the Foundation. Donated goods supporting Tools 4 Seminole Schools recorded at estimated market values when received by the teacher, the time at which the goods are deemed to have value. A corresponding amount is recorded as expense. (See Note E).

NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS AND PREPAID EXPENSES

The Foundation's beneficial interest in assets at June 30, 2019 and 2018, consists of the following:

	<u>2019</u>	<u>2018</u>
Prepaid expenses	\$ -	\$ 113
The Community Foundation of Central Florida, Inc.	15,959	15,022
Prepaid College Fund	<u>1,146,585</u>	<u>1,240,090</u>
	<u>\$ 1,162,544</u>	<u>\$ 1,255,225</u>

NOTE E – RELATED PARTY TRANSACTIONS

The Foundation receives contributions for various programs specifically designated for the Seminole County Public Schools ("SCPS"), primarily the Families in Transition program. The Foundation then awards grants to SCPS based on project applications. Expenditures must be in accordance with the requirement of the grant which is monitored by the Foundation. The awarded funds are deposited into the SCPS District's Special Revenue Fund. If the full grant is not expended by year end, the excess funds are returned to the Foundation. For the years ended June 30, 2019 and 2018, the Foundation received donations of \$442,261 and \$443,786, respectively, and expended \$453,789 and \$241,162, respectively, for the various programs. As of June 30, 2019 and 2018, SCPS held non expended funds of \$148,529 and \$77,100, respectively, in their possession that will be returned to the Foundation.

The Foundation receives donated office space and employee services from The School Board of Seminole County. The fair market value of the contributions is recorded as revenue at the date of contribution with a corresponding amount recorded as expense. During the year ended June 30, 2019, the Foundation received \$142,497 for office space and \$118,467 for employee services. During the year ended June 30, 2018, the Foundation received \$137,448 for office space and \$73,581 for employee services.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE F – INVESTMENTS

The fair value of the investments is reflected in the Statements of Net Position. A summary of investments at June 30, 2019 and 2018, is as follows:

	<u>2019</u>		
	<u>Original Cost</u>	<u>Level I Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 1,693,385	\$ 2,003,050	\$ 309,665
Debt securities	<u>1,070,819</u>	<u>1,089,164</u>	<u>18,345</u>
Total	<u><u>\$ 2,764,204</u></u>	<u><u>\$ 3,092,214</u></u>	<u><u>\$ 328,010</u></u>
	<u>2018</u>		
Equities	\$ 1,890,610	\$ 2,147,763	\$ 257,153
Debt securities	<u>841,187</u>	<u>818,286</u>	<u>(22,901)</u>
Total	<u><u>\$ 2,731,797</u></u>	<u><u>\$ 2,966,049</u></u>	<u><u>\$ 234,252</u></u>

Investment income is reported in the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2019 and 2018, and is summarized as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 77,200	\$ 66,964
Realized gain on investments	34,076	69,022
Change in unrealized gain	<u>93,758</u>	<u>100,493</u>
	<u><u>\$ 205,034</u></u>	<u><u>\$ 236,479</u></u>

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE G – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundation's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 549,725	\$ 525,721
Board designated	<u>127,478</u>	<u>93,118</u>
Total net assets without donor restrictions	<u>\$ 677,203</u>	<u>\$ 618,839</u>

Undesignated

Net assets without donor restrictions are considered as undesignated and used at the discretion of the Board and/or management for general operating purposes. Expenditures from the years ended June 30, 2019 and 2018 are included in the statements of functional expenses.

Board Designated

The Board of the Foundation has designated certain excess earnings for specific initiatives or programs, referred to as board designated funds. It is the intent that the board designated funds be used primarily as a resource, at the discretion of the Board, for meeting the strategic objectives of the Foundation that fall outside of the scope of the permanent endowment and to fund operating reserves. In addition, while the primary intent is to support the strategic objectives of the Foundation, annually, the Finance Committee will evaluate and make recommendations to the Board as to the possibility of supplementing the permanent endowment. Any earnings or income derived from the principal balance of the board designated funds will remain within the board designated funds absent any recommendation from the Board for movement to the permanent endowment or expenditures meeting current strategic plan.

During the year ended June 30, 2019, the Board approved the designation of \$87,144 in eligible funds be set aside for use in various programs. The amount was determined in accordance with the Fiscal Management Policy adopted September 15, 2015. If the entire \$87,144 is not used by June 30, 2020, the remaining amount is then transferred to the Restricted Non-Expendable fund account.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Florida prepaid	\$ 1,146,585	\$ 1,240,090
Fiscal agent partners	778,357	772,327
Senior scholarships	525,142	487,288
Other	75,715	110,245
Tools 4 Seminole Schools	53,853	90,925
Arts Alive	47,527	26,550
Community Foundation	<u>15,958</u>	<u>15,022</u>
Total subject to expenditure for specified purpose	<u>2,643,137</u>	<u>2,742,447</u>
Endowments subject to the Foundation's spending policy and appropriation:		
Excellence in Education Endowment	1,665,577	1,646,023
Scholarships - Endowed	128,698	63,697
Arts Alive Endowment	<u>5,500</u>	<u>5,500</u>
Total endowments subject to the Foundation's spending policy and appropriation	<u>1,799,775</u>	<u>1,715,220</u>
Total net assets with donor restrictions	<u><u>\$ 4,442,912</u></u>	<u><u>\$ 4,457,667</u></u>

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Other	\$ 851,491	\$ 535,368
Fiscal agent partners	453,795	241,162
Arts Alive	141,328	153,417
Board designated	87,144	52,784
Tools 4 Seminole Schools	50,622	36,831
Senior scholarships	49,257	29,723
Community Foundation	32,414	29,899
	<u> </u>	<u> </u>
Net assets released from restrictions	<u>\$ 1,666,051</u>	<u>\$ 1,079,184</u>

NOTE J – RESTRICTED EXPENDABLE FUNDS

Restricted expendable revenue received during the years ended June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Tools 4 Seminole Schools	\$ 1,671,603	\$ 1,938,822
Fiscal agent partners - other	442,261	443,734
Arts Alive	162,304	116,018
Senior scholarships	97,583	30,675
Grants and awards	85,345	66,351
Take Stock in Children	20,000	60,000
Other	20,000	40,000
Families in Transition	-	34
	<u> </u>	<u> </u>
	<u>\$ 2,499,096</u>	<u>\$ 2,695,634</u>

Net position released from donor/programs restrictions when expenses are incurred to satisfy the restricted purposes or by the occurrence of other events as specified by the donors. During fiscal years 2019 and 2018, restricted expendable funds of \$932,355 and \$1,011,480, respectively, were received and released during the same year.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE K – RESTRICTED NON-EXPENDABLE FUNDS

The Foundation's restricted non-expendable funds (permanently restricted endowments) consists of board and donor-restricted funds held in investments. At June 30 permanently restricted endowments consisted of the following:

	2019	2018
Excellence in Education Endowment	\$ 1,665,577	\$ 1,646,023
Scholarships – Endowed	128,698	63,697
Arts Alive Endowment	5,500	5,500
	<u>\$ 1,799,775</u>	<u>\$ 1,715,220</u>

The Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (MIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the board and donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as restricted non-expendable funds (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by "MIFA". In accordance with "MIFA", the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies. Specifically, the Foundation has adopted a policy of calculating the lesser of 5% of the prior three years average investment portfolio balance, net of any new assets added within the prior twelve months, or the dollar amount in excess of the permanent endowment at the end of each calendar year, will be determined as eligible for distribution from the permanent endowment for program support as needed. These funds will be segregated as restricted expendable funds for the upcoming fiscal year. Any amounts that were not distributed for program support during the respective fiscal year shall be returned to the permanent endowed assets and will increase the principal amount of the permanent endowment.

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE K – RESTRICTED NON-EXPENDABLE FUNDS (continued)

The Foundation's restricted non-expendable funds are held as cash and a permanent endowment fund in investment accounts with Raymond James. At June 30, 2019 and 2018, respectively, amounts available for restricted non-expendable funds consisted of the following:

	2019	2018
Cash held by Raymond James	\$ 264,981	\$ 281,239
Investments held by Raymond James	3,092,214	2,966,049
	<u>\$ 3,357,195</u>	<u>\$ 3,247,288</u>

NOTE L – RECONCILIATION OF CHANGE IN NET POSITION (Non-GAAP)

The following table presents a reconciliation of the change in net position to the Foundation's internal operating income (loss) for the years ending June 30:

	2019	2018
Change in net position	\$ 43,609	\$ 684,426
(Increase) decrease in restricted expendable funds	99,310	(604,970)
Unrealized (gain) loss on investments	(93,758)	(100,494)
Realized (gain) loss on investments	<u>(34,076)</u>	<u>(69,022)</u>
Net income (loss) (non-GAAP)	<u>\$ 15,085</u>	<u>\$ (90,060)</u>

NOTE M – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and others, which are allocated on the basis of estimates of time and effort.

The Foundation for Seminole County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE N – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 752,596
Investments	3,092,214
Due from related party - SCPS	148,529
Accounts receivable and pledges	<u>48,355</u>
Total financial assets available within one year	<u>4,041,694</u>
Less:	
Amounts unavailable for general expenditures within one year due to:	
Accounts payable	(83,523)
Deferred revenue	(600)
Restricted by donors for purpose and time	<u>(2,643,137)</u>
Total amounts unavailable for general expenditures within one year	<u>(2,727,260)</u>
Amounts unavailable to management without Board's approval:	
Board designated funds	<u>(127,478)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,186,956</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation has board designated net assets without donor restrictions that, while the Foundation does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

To The Board of Directors
The Foundation for Seminole County Public Schools, Inc.
Sanford, 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 Foundation for Seminole County Public Schools, Inc. (a nonprofit Foundation), a component unit of the Seminole County District School Board, which comprise the statements of net position, as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position, functional expenses, and cash flows as of and for the years then ended and the related notes to the financial statements, and have issued our report thereon dated September 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Foundation for Seminole County Public Schools, Inc.'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 of expressing an opinion on the effectiveness of The Foundation for Seminole County Public Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Foundation for Seminole County Public Schools, Inc.'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. 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 for Seminole County Public Schools, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 27, 2019