FAU – TREASURE COAST UNIVERSITY SCHOOLS, INC.

AGREED UPON PROCEDURES

JUNE 30, 2011



Gerstle, Rosen & Goldenberg, P.A.

Certified Public Accountants

Mark R. Gerstle, C.P.A.

Robert N. Rosen, C.P.A.

Brian K. Goldenberg, Partner

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEURES

Board of Directors FAU - Treasure Coast University Schools, Inc.

Dear Board Members:

We have performed certain procedures which were agreed to by FAU - Treasure Coast University Schools, Inc. This agreed upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the users of this report.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the financial statements of FAU - Treasure Coast University Schools, Inc. for the fiscal year ending June 30, 2011. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the specified procedures and does not extend to the financial statements of FAU - Treasure Coast University Schools, Inc. taken as a whole.

This report is intended solely for the information and use of the Board of Directors of FAU -Treasure Coast University Schools, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Geritle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A. Certified Public Accountants Boca Raton, Florida

November 30, 2011

2630 CENTRE 2630 N.E. 203rd Street Suite 104 Aventura, Florida 33180 Phone: 305-937-0116

Fax: 305-937-0128 Fax: 305-937-0337

THE PORTICOS 3835 N.W. Boca Raton Blvd. Suite 100 Boca Raton, Florida 33431

Phone: 561-447-4000 Fax: 561-447-4004

999 Vanderbilt Beach Road

Suite 200

Naples, Florida 34108 Phone: 239-262-1773 Fax: 239-263-0166

FAU – TREASURE COAST UNIVERSITY SCHOOLS, INC.

June 30, 2011

Executive Summary

FAU – Treasure Coast University Schools, Inc. (TCUS) is a not-for-profit; non Stock Corporation organized pursuant to Chapter 1002.32 of the Florida Statutes. TCUS was formed to provide a vehicle for the conduct of research, demonstration, and evaluation regarding management, teaching, and learning.

We have been engaged by the TCUS to perform certain agreed upon procedures with regard to transactions that took place between Florida Atlantic University (FAU) and the St. Lucie County School Board (SLCSB) on behalf of TCUS.

Scope of Work

- Review TCUS's documents, policies and procedures and agreements as supporting documentation.
- 2. We performed agreed upon procedures to verify revenues and expenses of TCUS. These procedures included obtaining support for payments made by the Florida Department of Education to FAU, payments made by FAU to the St. Lucie County School Board (SLCSB), and payments made by SLCSB on behalf of TCUS in accordance with Florida Statutes and TCUS's documents. Our analysis and findings are as follows:

Analysis of Financials

Revenues

For the fiscal year ending June 30, 2011, the Florida Department of Education (FEFP Fourth Calculation) total State, Local, and Federal Funding for FAU – St. Lucie was \$9,362,785 (Exhibit IV). Our procedures tested 94% of these revenues from the Florida Department of Education (Exhibit I). We determined that revenues received were recorded appropriately.

FAU Disbursements

FAU disbursed FEFP funds to SLCSB on behalf of TCUS in the amount of \$8,822,519 in addition to State Fiscal Stabilization Funds in the amount of \$463,924. An administrative fee in the amount of \$77,289 (based on 5% of the first 250 students) was retained by FAU in accordance with State of Florida guidelines for charter schools. The total of the preceding amounts is \$9,363,732 (Exhibit II) whereas the total funding was \$9,362,785 (Exhibit IV), a difference of \$947 (Exhibit II). This is considered a customary variance which could be related to enrollment changes, student reclassifications or other factors. We vouched 100% of the disbursements to invoices and we traced a sample of cash transfers to bank statements. We determined that FEFP disbursements were made and recorded appropriately.

FAU – TREASURE COAST UNIVERSITY SCHOOLS, INC.

June 30, 2011

Analysis of Financials (Continued)

SLCSB Expenditures on behalf of TCUS

We selected eleven (11) expense accounts which comprise salary related expenditures, in addition to the expense account for "utilities" and the expense account for "schools discretionary" expenditures. We vouched samples of transactions to payroll reports and to vendor invoices, as well as reconciled transactions to the general ledger detail. In addition, the general ledger detail for utilities was examined to determine that twelve (12) months of payments were recorded in the account. No discrepancies were noted. In total, these thirteen (13) expense accounts represent \$7,008,268 of the \$8,477,250 in total fiscal year expenditures (Exhibit III). The supporting documentation substantiates that these SLCSB expenditures were for TCUS purposes.

Findings and Recommendations

Based on the preceding agreed upon procedures, the revenues and expenses for the twelve months ended June 30, 2011 were properly recorded.

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC. JUNE 30, 2011

EXHIBIT I

FEFP	FEFP Funding				
Date	Amount				
7/9/2010	\$	316,436			
7/26/2010	,	432,026			
8/10/2010		297,454			
8/26/2010		432,026			
9/10/2010		297,454			
9/24/2010		432,026			
10/8/2010		297,454			
10/27/2010		432,026			
11/10/2010		297,454			
11/24/2010		432,026			
12/10/2010		297,454			
12/23/2010		501,446			
1/11/2011		291,684			
1/26/2011		418,999			
2/10/2011		291,684			
2/25/2011		430,605			
3/10/2011		291,684			
3/25/2011		431,819			
4/8/2011		291,684			
4/26/2011		431,548			
5/10/2011		291,315			
5/26/2011		431,548			
6/13/2011		291,105			
6/24/2011		432,587			
Revenues Tested	\$	8,791,544			
DOE FEFP					
Calculation*	\$	0.262.705			
Calculation	Φ	9,362,785			
Revenues Tested as a Percentage of the DOE FEFP					
Calculation		94%			

^{*} Total State, Local and Federal Funding

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC. JUNE 30, 2011

EXHIBIT II

FAU Payment to SLCSB FEFP Invoices

Date Paid 9/30/2010 9/30/2010 9/30/2010 1/18/2010 1/18/2011 2/3/2011 2/3/2011 6/17/2011 6/17/2011 6/17/2011 6/30/2011 Subtotal	\$ 750,060.20 0422500 750,060.20 0422500 750,060.20 0422506 750,060.20 0439064 750,060.20 0439063 750,060.20 0441968 643,675.36 0441810 735,240.39 0462646 739,060.14 0462640 734,819.66 0462639 734,819.66 0462637 734,542.46 0467699
Subtotal	8,822,518.87
FAU Payment to SLCSB FEFP Invoices State Fiscal Stabilization Fund 4/17/2011 4/17/2011	454,843.00 0453941 9,081.00 0453945
Subtotal	463,924.00
Admin Fee - 5% of first 250 students	
July August September October November December January February March April May June Subtotal Total	6,497.13 6,497.13 6,497.13 6,497.13 6,497.13 5,779.64 6,441.02 6,441.02 6,437.34 6,437.34 6,769.95 77,289.09 9,363,731.96
2010-2011 FEFP Fourth Calculation Total State, Local, and Federal Funding	9,362,785.00
Variance	\$ (946.96)

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC. JUNE 30, 2011

EXHIBIT III

SLCSB Actual Expenses

		FYTD
Proj	Project	Activity
10000	Salaries	\$ 4,084,721
10050	FEFP-Reading Categorical	59,136
10100	Schools Discretionary	60,911
15000 15110	School Recognition Class Size Red State Cat	108,475 1,633,644
22500	ESE-Speech/Language	145,348
46390	Title I ARRA-ESEA	(58,188)
46400	Title I Schoolwide 09/10	63,213
46410	Title I Schoolwide 10/11	487,337
48100	Idea Part B Entitlement 09/10	(58,089)
48110	Idea Part B Entitlement 10/11	200,782
48390	Idea Part B - ARRA	71,063
A5300	Utilities	209,915
	Subtotal	7,008,268
00000	Admin Fee	77,947
10010	Terminal Pay	35,745
15330 20720	Teachers Lead Use of Facilities Rent Offset	18,438
21330	FCAT Delay Expenses	9,482 3,942
21420	Contract Admin Cost Allocation	479,251
21930	Audit Fees	850
40610	Education Jobs 10/11	304,534
41400	Title II Training/Recruit 10/11	39,240
48510	ARRA SFSSF Edu Fund 10/11	453,914
48610	ARRA SFSSF Gov Fund 10/11	9,063
90010	Reserve-Budget for ARRA SFSF	(462,977)
90011	Reserve-Budget for EDUJOBS	(217,704)
93050 93090	C/W Misc Renov/Maint C/W Electrical	829 559
93100	C/W IEQ	384
93120	C/W Plumbing	538
93130	C/W Energy Management Program	5,400
93170	C/W HVAC	1,036
93190	C/W Equipment	7,826
93210	Cap Trans for I&S	3,231
93230	C/W Safety	4,526
93240	Security Cameras/Equip	3,240
93300 A5100	C/W Alarms/Intercom/Access	300
A5700	Maintenance	1,215
B7800	Maintenance-Grounds/Lawns Insurance/Unemployment	450 80,724
B8600	Maint Contracts/Repairs	9,607
B8700	Telephone	8,156
O1500	Discretionary Music	1,906
P2400	Instructional Materials	121,458
P2500	Fame (Categorical)	3,723
P5800	School Improvement	18,126
SA200	SAI-Flexibility	421,801
T5500	Schl Res Officers/Safe Schools	22,222
	Subtotal	1,468,982
	Total Expenses	\$ 8,477,250

4/21/2011 9:00 AM 2010-11 FEFP Fourth Calculation.xlsx District Comparisons 1

TOTAL

Florida Department of Education

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0.10%

2010-11 FEFP Fourth Calculation
Change in FTE and Funds Compared to the 2010-11 Third Calculation

		K-12 Unweighted FTE Students			K-12 Total Funding				
	District	2010-11	2010-11		Percentage	2010-11	2010-11		Percentage
	District	Third	Fourth	Difference	Difference	Third	Fourth	Difference	Difference
		-1-	-2-	-3-	-4-	-5~	-6-	-7-	-8-
1	Alachua	26,847.93	26,844.04	(3 39)	-0.01%	183,516,705	183,683,742	167,037	0.09%
	Baker	4,954.43	4,953.32	(1.11)	-0.02%	34,141,420	33,914,545	(226,875)	-0.66%
	Bay	25,109.10	25,157.23	48.13	0.19%	171,223,570	171,116,214	(107,356)	-0.06%
	Bradford	3,132.86	3,126.31	(5.55)	-0.21% 0.17%	22,418,489 490,891,254	22,370,687	(47,802)	-0.21% -0.04%
_	Breyard Broward	71,072.08 255,499.62	71,192.82 255,759.81	120.74 260.19	0.17%	1,775,550,233	490,705,029 1,776,466,141	(186,225) 915,908	0.05%
_	Calhoun	2,188.56	2,188.70	0.14	0.01%	15,441,556	15,342,828	(98,728)	-0.64%
	Charlotte	16,310.59	16,285.32	(25.27)	-0.15%	115,479,091	115,308,936	(170,155)	-0.15%
9	Citrus	15,352.46	15,355.90	3.44	0.02%	103,912,269	104,271,894	359,625	0.35%
10	Clay	35,692.53	35,683.65	(8.88)	-0.02%	244,634,116	245,776,564	1,142,448	0.47%
	Collier	42,510.69	42,423,35	(87 34)	-0.21%	331,665,055	330,829,025	(836,030)	-0.25%
	Columbia	9,755.61	9,800.90	45,29	0,46%	67,186,227	67,404,877	218,650	0.33%
	Dade	344,441.45	345,350.05	908,60	0,26%	2,348,819,979	2,353,297,656	4,477,677	0.19%
	De Soto Dixie	4,992,55 2,011,94	5,006.98 2,029.29	14.43 17.35	0.29% 0,86%	34,553,865 14,007,603	34,538,691	(15,174) 29,665	-0.04% 0.21%
	Duval	125,033,97	125,380.60	346.63	0.28%	872,255,706	14,037,268 872,978,764	723,058	0.08%
	Escambia	39,943.87	39,882,47	:61.40:	-0.15%	266,318,626	264 668,736	(1,649,890)	-0.62%
	Flagier	12,272.79	12,832,18	559,39	4.56%	84,798,418	86,604,521	1,806,103	2.13%
19	Franklin	1,272.15	1,253.78	(1:437)	-1.44%	9,676,138	9,599,805	(76,333)	-0.79%
	Gadsden	5,818.54	5,836.81	18.27	0.31%	39,560,593	39,586,893	26,300	0.07%
21	Gilchrist	2,507.53	2,545.20	37.67	1.50%	18,780,407	18,944,219	163,812	0.87%
	Glades	1,447.21	1,463.02	15.81	1.09%	10,537,222	10,581,790	44,568	0.42%
	Gulf	1,953.10	1,953.07	(50.03)	0.00%	13,176,271	13,125,860	(50,411)	-0,38%
	Hamilton Hardee	1,717.79 5,109,56	1,712.59 5,118.05	(5.20) 8.49	-0.30% 0.17%	12,183,971 34,313,946	12,185,914 34,295,374	1,943	0.02% -0.05%
	Hendry	6,774,88	6,817.19	42.31	0.17%	46,738,702	47,079,565	(18,572) 340,863	0.73%
	Hernando	22,610.95	22,631,01	20.06	0.02%	149,239,823	149,497,997	258,174	0.17%
	Highlands	12,064,71	12,077,36	12.65	0,10%	81,086,408	81,136,775	50,367	0.06%
	Hillsborough	192,180.25	192,877.78	697.53	0.36%	1,317,054,6B5	1,321,453,868	4,399,183	0.33%
30	Holmes	3,304.74	3,301.27	(3.47)	-0.11%	22,443,258	22,414,401	(28,857)	-0.13%
31	Indian River	17,508.63	17,571.42	62.79	0.36%	124,191,094	124,192,364	1,270	0.00%
	Jackson	6,893.00	6,857.07	(35,98)	-0.52%	47,582,907	47,455,311	(127,596)	-0.27%
	Jefferson	1,077.42	1,055.62	(21.80)	-2.02%	8,003,191	7,895,784	(107,407)	-1.34%
	Lafayette	1,010.36	1,145.97	135.61 (94.77)	13.42% -0.23%	7,078,605	7,582,547	503,942	7.12%
	Lake Lee	40,472.55 80,823.56	40,377.78 80,824.90	1.34	0.00%	264,147,297 587,306,624	263,924,015 587,640,938	(223,282) 334,314	-0.08% 0.06%
	Leon	33,252.08	33,087.36	(164.72)	-0.50%	226,662,793	226,143,354	(519,439)	-0.23%
	Levy	5,617.32	5,626.44	9.12	0.16%	40,071,995	39,976,413	(95,582)	-0.24%
	Liberty	1,408.82	1,410.93	2.11	0.15%	10,175,723	10,198,306	22,583	0.22%
40	Madison	2,702.13	2,701.20	(0.92)	-0.03%	18,217,723	18,142,615	(75,108)	-0.41%
	Manatee	43,487.79	43,507.86	20.07	0.05%	302,534,608	300 149,912	(2,384,696)	-0.79%
	Marion	41,260,88	41,500.33	239.45	0.58%	271,618,777	272,756,532	1,137,755	0.42%
	Martin	17,705.12	17,758.60	53.48	0.30%	128,003,514	128,028,649	25,135	0.02%
	Monroe	7,979.25	7,963.65	(15.60)	-0.20%	69,320,973	69,903,577	582,604	0.84%
	Nassau Okaloosa	11,141.39 28,535.94	11,121.20 28,536.92	(20 19) 0.98	-0,18% 0.00%	77,393,301 190,637,332	77,283,861 190,529,078	(109,440)	-0.14% -0.06%
	Okeechobee	6,761.31	6,754.29	(7.02)	-0.10%	46,560,713	46,226,187	(108,254) (334,526)	-0.72%
	Orange	174,051.79	174,388.98	337,19	0.19%	1,192,258,019	1,204,300,906	12,042,887	1.01%
	Osceola	52,839,27	52,899.91	60,64	0.11%	355,250,975	354,600,471	(650,504)	-0.18%
50	Palm Beach	173,078.71	172,829.03	(249.66)	-0.14%	1,248,372,524	1,247,490,436	(882,088)	-0.07%
	Pasco	65,969,91	65,927.28	(42.63)	-0.06%	463,538,658	462,326,259	(1,212,399)	-0.26%
	Pinellas	102,973,65	103,137.89	164,24	0.16%	715,015,869	715,812,911	797,042	0.11%
	Polk	93,664.22	93,774.79	110.57	0.12%	635,108,213	634,661,202	(447,011)	-0.07%
	Putnam	10,870,42	10,885.55	15,13	0.14% 0.21%	74,155,239	74,249,230	93,991	0.13%
	St. Johns St. Lucie	30,487,73 38,521,24	30,553.24 38,719.19	65,51 197,95	0.21%	208,604,494 262,691,758	209,067,068 263,635,809	462,574 944,051	0.22%
	Santa Rosa	25,046.48	25,101.74	55.26	0.22%	160,144,383	160,286,113	141,730	. 0.09%
	Sarasota	40,758.65	40,874.73	116.08	0.28%	298,508,449	299,358,789	850,340	0.28%
	Seminole	63,812.54	63,864.95	52.41	0.08%	431,114,206	431,776,279	662,073	0.15%
	Sumter	7,453.76	7,435.14	(16.6.3)	-0.25%	51,889,058	51,818,796	(70,262)	-0.14%
	Suwannee	6,077.87	6,050.94	(25) 93)	-0.44%	38,809,725	38,439,150	(370,575)	-0.95%
	Taylor	2,850.19	2,845,26	74 93 ₇	-0.17%	18,918,890	18,891,122	(27,768)	-0.15%
	Union	2,186.71	2,205,19	18.48	0.85%	15,303,628	15,291,316	(12,312)	-0.08%
	Volusia	61,248.24	61,440.23	191.99	0.31%	412,799,543	412,719,026	(80,517)	-0.02%
	Wakulia	5,117,62 7,313,55	5,121.90	4.28	0.08%	34,250,528	34,432,771	182,243	0.53%
	Walton Washington	7,313.55 3,451,95	7,247.54 3,440.11	(66.01) (11.84)	-0,90% -0,34%	50,899,959 23,411,272	50,639,101 23,298,239	(260,858)	-0.51% -0.48%
	Washington Special	291,08	289.93	(1.16)	-0.40%	2,828,099	2,823,886	(113,033) (4,213)	-0.48% -0.15%
	FAMU Lab School	516,21	502,67	(13.54)	-2,62%	3,635,066	3,617,859	(17,207)	-0.15%
	FAU - Palm Beach	679.93	682.11	2.18	0,32%	4,770,973	4,780,679	9,706	0.20%
	FAU - St. Lucie	1,439,37	1,437.58	(1.79)	-0.12%	9,358,638	9,362,785	4,147	0.04%
	FSU Lab - Broward	659.40	657,00	(2.40)	-0.36%	4,665,942	4,654,102	(11,840)	-0.25%
	FSU Lab - Leon	1,706.47	1,705.92	(0.55)	-0,03%	11,043,906	11,046,690	2,784	0.03%
73									
73 74	UF Lab School Virtual School	1,145,73 23,060,45	1,139.89 22,291.21	(5.84) (769.24)	-0,51% -3.34%	7,852,624 119,585,713	7,821,509 115,625,746	(31,115) (3,959,967)	-0,40% -3.31%

2,638,795.13 2,642,091.49 3,296.36 0.12% 18,205,899,127 18,224,076,272 18,177,145