

FAU – TREASURE COAST
UNIVERSITY SCHOOLS, INC.

AGREED UPON PROCEDURES

JUNE 30, 2012



Gerstle, Rosen & Goldenberg, P.A.
Certified Public Accountants

Mark R. Gerstle, C.P.A.
mgerstle@gerstlerosen.com

Robert N. Rosen, C.P.A.
rrosen@gerstlerosen.com

Brian K. Goldenberg, Partner
bkgoldenberg@gerstlerosen.com

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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, 2012. 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.

Gerstle, Rosen & Goldenberg, P.A.

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

September 14, 2012

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

7380 Sand Lake Road
Suite 500
Orlando, Florida 32819
Phone: 407-352-3214
Fax: 407-351-1901

**FAU – TREASURE COAST
UNIVERSITY SCHOOLS, INC.**

June 30, 2012

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

1. 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, 2012, the Florida Department of Education (FEFP Fourth Calculation) total State and Local Funding for FAU – St. Lucie was \$8,348,690 (Exhibit IV). Our procedures tested 99.997% 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 \$6,885,108. FEFP invoices which are pending payment to SLCSB total \$1,388,140. An administrative fee in the amount of \$73,787 (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 \$8,347,035 (Exhibit II) whereas the total funding was \$8,348,690 (Exhibit IV), a difference of \$1,655 (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 documents. We determined that FEFP disbursements were made and recorded appropriately.

FAU – TREASURE COAST
UNIVERSITY SCHOOLS, INC.

June 30, 2012

Analysis of Financials (Continued)

SLCSB Expenditures on behalf of TCUS

We selected ten expense accounts which comprise salary related expenditures, in addition to five other expense accounts consisting of utilities, schools discretionary, contract administrative cost allocation and contracted transport expenditures. We vouched samples of transactions to payroll reports, vendor invoices and journal entry documentation, as well as reconciled transactions to the general ledger detail. In addition, the general ledger detail for utilities was examined to determine that the appropriate number of payments was recorded in the account. No discrepancies were noted. In total, these fifteen expense accounts represent \$9,796,535 of the \$12,002,460 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, 2012 were properly recorded.

FAU - TREASURE COAST
UNIVERSITY SCHOOLS, INC.
JUNE 30, 2012

EXHIBIT I

<u>Date</u>	<u>FEFP Funding Amount</u>
7/11/2011	\$ 291,796
7/26/2011	414,063
8/10/2011	278,480
8/26/2011	409,500
9/9/2011	278,480
9/26/2011	409,500
10/7/2011	278,480
10/26/2011	409,500
11/10/2011	278,480
11/29/2011	409,500
12/9/2011	278,480
12/22/2011	409,500
1/10/2012	270,295
1/26/2012	409,901
2/10/2012	270,295
2/24/2012	409,901
2/29/2012	100,526
3/9/2012	270,295
3/26/2012	405,256
4/10/2012	270,295
4/26/2012	411,450
5/10/2012	274,048
5/25/2012	418,147
6/8/2012	274,048
6/26/2012	274,048
6/28/2012	<u>144,147</u>
Revenues Tested	<u>\$ 8,348,411</u>
DOE FEFP Calculation*	\$ 8,348,690
Revenues Tested as a Percentage of the DOE FEFP Calculation	99.997%

* Total State and Local Funding

FAU - TREASURE COAST
UNIVERSITY SCHOOLS, INC.
JUNE 30, 2012

EXHIBIT II

**FAU Payment to SLCSB
FEFP Invoices**

<u>Date Paid</u>	<u>Amount</u>	<u>Doc #</u>
8/18/2011	\$ 697,808.07	0470954
9/12/2011	697,020.05	0474659
10/17/2011	697,020.05	0478859
12/20/2011	697,020.05	0488369
12/20/2011	697,020.05	0488374
3/19/2012	697,020.05	0489066
3/19/2012	697,020.05	0499562
3/19/2012	697,020.05	0499563
4/12/2012	619,649.06	0502797
6/30/2012	<u>688,510.83</u>	0514260
Subtotal	6,885,108.31	

SLCSB FEFP Invoices Pending

<u>Invoice Date</u>	<u>Amount</u>	<u>Invoice No.</u>
6/4/2012	689,340.81	2011-11-FEFP
6/29/2012	<u>698,798.62</u>	2011-12-FEFP
Subtotal	1,388,139.43	

Admin Fee - 5% of first 250 students

July	6,113.10
August	6,106.20
September	6,106.20
October	6,106.20
November	6,106.20
December	6,106.20
January	6,106.20
February	6,106.20
March	6,581.27
April	6,159.75
May	6,126.11
June	<u>6,063.63</u>
Subtotal	73,787.26

Total	\$ 8,347,035.00
Total State Funding	<u>8,348,690.00</u>
Difference	<u>\$ 1,655.00</u>

FAU - TREASURE COAST
UNIVERSITY SCHOOLS, INC.
JUNE 30, 2012

EXHIBIT III

SLCSB Actual Expenses

Proj	Project	FYTD Activity
10000	Salaries	\$ 4,042,092
10050	FEFP-Reading Categorical	129,552
10100	Schools Discretionary	49,670
15010	School Recognition (10-11)	796
15012	School Recognition (11-12)	100,365
15110	Class Size Red State Cat	1,623,759
21420	Contract Admin Cost Allocation	597,910
22500	ESE-Speech/Language	130,392
46410	Title I Schoolwide 10/11	248,757
46420	Title I Schoolwide 11/12	293,551
48120	Idea Part B Entitlement 11/12	201,969
48390	Idea Part B - ARRA	14,966
A5300	Utilities	201,470
T5601	Chartr Schl Contracted Transport	736,187
T5602	PYA Chartr Schl Cntrct Transport	1,425,099
	Subtotal	<u>9,796,535</u>
00000	Admin Fee	-233,209
10010	Terminal Pay	20,585
15330	Teachers Lead	17,464
20080	FAU Intern Program	8,952
20720	Use of Facilities Rent Offset	1,600
20870	Wal-Mart Grant	2,095
21050	Destiny Media System	1,610
21421	PYA Contract Admin-Cost Alloc	774,392
21930	Audit Fees	850
22550	ESE-Behavior Analyst	14,999
31012	Palm Pointe Car Accident 11/12	3,395
41410	Title II Training/Recruit 10/11	3,035
41420	Title II Training/Recruit 11/12	17,382
46390	Title I ARRA-ESEA	47,892
46512	Title I School Improv 11/12	33,168
48212	Idea Pre-School Handicap 11/12	7,314
93050	C/W Misc Renov/Maint	1,332
93060	C/W Painting	109
93090	C/W Electrical	2,138
93120	C/W Plumbing	6,171
93150	C/W Flooring	1,577
93170	C/W HVAC	2,188
93190	C/W Equipment	18,625
93200	C/W Tech Wave-Schools	71,869
93210	Cap Trans for I&S	687,174
93300	C/W Alarms/Intercom/Access	2,285
93320	C/W Signage	103
93340	HVAC Control Maintenance	2,850
A5100	Maintenance	2,318
B7800	Insurance/Unemployment	91,459
B8700	Telephone	7,819
O1500	Discretionary Music	1,717
P2400	Instructional Materials	59,005
P24NY	Inst Materials-Next Yr's Funds	10,680
P2500	Fame (Categorical)	3,590
P2600	Instruct Materials-Flexibility	28,647
P5800	School Improvement	4,136
SA200	SAI-Flexibility	405,396
T5500	Schl Res Officers/Safe Schools	73,213
	Subtotal	<u>2,205,925</u>
	Total Expenses	<u>\$ 12,002,460</u>

2011-12 FEFP Fourth Calculation
 Prekindergarten through Grade 12 Funding Summary - Page 5

District	Net State FEFP -1-	Lottery and School Recognition -2-	Class Size Reduction Funding -3-	Total State Funding -4-	Required Local Effort Taxes -6-	0.748 Discretionary Local Effort -6-	Total Local Funding -7-	Total State and Local Funding -8-
1 Alachua	59,602,642	1,318,429	26,421,182	89,342,253	66,368,499	9,142,781	75,501,280	164,843,533
2 Baker	20,234,886	185,342	5,303,083	25,723,311	4,475,351	627,472	5,102,823	30,826,134
3 Bay	36,739,396	1,257,660	27,692,846	65,689,902	79,716,288	11,091,478	90,807,766	166,497,668
4 Bradford	11,231,211	156,717	3,472,394	14,860,322	4,901,736	659,917	5,561,653	20,421,975
5 Brevard	192,877,147	4,341,789	79,030,673	276,249,609	149,907,459	20,030,507	169,937,966	446,187,575
6 Broward	523,069,038	12,749,589	293,275,690	829,094,317	673,117,433	97,387,203	770,504,636	1,599,598,953
7 Calhoun	9,148,402	169,294	2,238,561	11,546,257	2,125,517	291,937	2,417,454	13,963,711
8 Charlotte	7,707,058	624,850	17,258,298	25,590,206	66,584,619	9,773,410	76,358,029	101,948,235
9 Citrus	17,128,320	844,125	15,739,151	33,711,596	53,588,718	7,252,463	60,841,181	94,552,777
10 Clay	125,571,759	2,143,314	38,617,442	166,332,515	48,300,871	6,619,467	54,920,338	221,252,853
11 Collier	19,422,155	1,499,352	50,000,998	70,922,505	188,829,772	43,419,818	232,249,590	303,172,095
12 Columbia	34,521,263	535,322	10,333,429	45,390,014	13,515,119	1,889,591	15,404,710	60,794,724
13 Miami-Dade	593,612,450	17,001,860	389,048,571	999,662,881	1,036,868,528	90,512,659	1,127,381,187	2,127,044,068
14 DeSoto	16,348,463	54,450	5,191,990	21,594,903	7,533,121	1,077,601	8,610,722	30,205,625
15 Dixie	7,656,780	144,456	2,097,880	9,899,116	2,590,970	363,679	2,954,649	12,853,765
16 Duval	319,410,704	4,599,943	142,756,031	466,766,678	281,117,717	39,787,333	326,905,050	793,671,728
17 Escambia	107,061,727	1,895,180	42,696,855	151,653,762	79,561,422	10,678,619	90,240,041	241,893,803
18 Flagler	20,677,929	681,659	13,273,875	34,633,463	38,868,376	5,269,811	44,138,187	78,771,650
19 Franklin	538,736	3,713	1,286,802	1,828,251	5,128,745	1,404,724	6,533,469	8,362,720
20 Gadsden	20,370,626	282,888	5,986,858	26,640,352	7,835,290	1,080,530	8,915,820	35,556,172
21 Gilchrist	10,160,942	134,393	2,795,855	13,091,190	3,600,004	480,772	4,080,776	17,171,966
22 Glades	4,878,910	62,394	1,690,986	6,632,290	2,889,208	423,667	3,312,875	9,945,165
23 Gulf	1,486,391	81,651	1,979,937	3,547,979	7,441,988	1,090,423	8,532,411	12,080,390
24 Hamilton	4,191,410	92,224	1,713,621	5,997,255	3,910,451	530,567	4,441,018	10,438,273
25 Hardee	15,959,420	252,229	5,511,777	21,723,426	8,035,968	1,122,275	9,158,243	30,881,669
26 Hendry	24,290,406	160,867	7,503,921	31,955,194	9,424,716	1,287,614	10,712,330	42,667,524
27 Hernando	61,218,898	551,880	24,007,932	85,778,710	43,726,428	6,218,131	49,944,559	135,723,269
28 Highlands	29,957,372	413,605	12,634,704	43,005,681	25,916,985	3,647,395	29,564,380	72,569,961
29 Hillsborough	584,683,091	7,300,866	219,408,276	811,392,223	363,351,961	48,472,849	411,824,810	1,223,217,033
30 Holmes	14,018,326	119,672	3,222,165	17,360,163	2,430,285	334,164	2,764,449	20,124,812
31 Indian River	8,546,661	654,952	19,632,402	28,834,015	72,711,443	10,084,954	82,796,397	111,630,412
32 Jackson	25,373,803	411,562	7,030,782	32,816,147	8,336,587	1,142,710	9,479,297	42,295,444
33 Jefferson	2,354,692	3,062	1,051,119	3,408,873	3,140,969	424,317	3,565,286	6,974,159
34 Lafayette	4,546,174	45,908	1,178,332	5,770,414	1,206,733	171,019	1,377,752	7,148,166
35 Lake	99,079,481	1,692,967	43,783,603	144,556,051	85,512,940	12,451,563	97,964,503	242,520,554
36 Lee	91,387,432	4,120,961	93,770,696	189,279,289	307,629,159	41,282,133	348,911,292	538,190,581
37 Leon	74,095,083	1,306,478	35,381,218	110,782,779	81,360,256	11,034,900	92,395,156	203,177,935
38 Levy	16,782,781	177,544	5,826,702	24,787,127	9,694,979	1,368,273	11,063,252	35,850,379
39 Liberty	6,484,634	91,293	1,319,805	7,895,732	1,280,181	177,922	1,458,103	9,353,835
40 Madison	9,595,591	78,849	2,462,052	12,136,492	3,510,645	479,715	3,990,360	16,126,852
41 Manatee	66,695,655	1,615,378	49,485,154	117,996,187	138,965,846	18,293,990	157,259,836	275,256,023
42 Marion	109,049,617	1,779,988	43,607,110	154,436,715	85,623,617	11,904,548	97,528,165	251,964,880
43 Martin	8,561,581	901,822	19,937,408	29,390,811	75,958,594	13,043,395	89,001,989	118,392,800
44 Monroe	3,696,967	384,266	9,026,539	13,107,772	33,721,799	14,044,491	47,766,290	60,874,062
45 Nassau	12,638,229	678,872	11,975,658	25,292,759	38,826,556	5,090,669	43,917,225	69,209,984
46 Okaloosa	58,680,405	1,712,305	31,229,551	91,622,261	78,424,380	10,844,424	89,268,804	180,891,045
47 Okeechobee	24,083,790	319,837	6,901,662	31,305,309	8,586,107	1,131,104	9,717,211	41,022,520
48 Orange	395,652,802	7,546,920	204,862,949	608,162,671	436,436,783	62,028,256	498,465,039	1,106,627,710
49 Osceola	162,186,468	3,096,556	59,454,465	224,737,489	90,542,901	12,778,508	103,321,409	328,058,898
50 Palm Beach	109,097,238	7,920,832	201,570,583	318,588,653	721,433,227	87,354,111	808,787,338	1,127,375,961
51 Pasco	207,407,993	3,047,680	72,523,079	282,978,752	116,370,209	18,149,335	132,519,544	415,498,306
52 Pinellas	149,780,330	4,509,028	112,140,730	266,410,088	325,486,457	43,320,973	368,807,430	635,217,518
53 Polk	315,692,096	3,002,224	103,638,051	422,332,371	138,275,255	19,097,100	157,372,355	579,704,726
54 Putnam	33,099,921	379,628	11,598,378	45,077,927	18,816,298	2,701,976	21,518,274	66,596,201
55 St. Johns	40,221,060	1,763,763	33,434,707	75,419,530	102,784,931	13,489,364	116,254,295	191,673,825
56 St. Lucie	103,586,122	1,802,857	41,819,088	147,308,067	81,000,859	11,399,556	92,400,415	239,708,482
57 Santa Rosa	70,271,915	1,204,395	26,039,660	97,516,170	45,874,417	5,978,060	51,852,477	149,368,647
58 Sarasota	19,258,750	1,900,489	45,773,246	66,932,485	176,384,322	30,184,277	206,568,599	273,501,084
59 Seminole	157,081,932	3,259,647	68,975,514	229,317,093	138,325,379	18,977,877	157,303,256	386,620,349
60 Sumter	3,581,411	410,799	8,090,586	12,082,796	29,959,236	5,274,066	35,233,302	47,316,098
61 Suwannee	18,539,717	306,108	6,060,538	24,906,363	8,615,047	1,153,195	9,768,242	34,674,605
62 Taylor	6,914,326	59,475	2,793,903	9,767,704	6,118,547	893,009	7,011,556	16,779,260
63 Union	10,004,330	159,064	2,293,134	12,456,528	1,323,831	178,967	1,502,798	13,959,326
64 Volusia	141,562,099	2,024,294	65,273,951	208,860,344	143,409,062	19,324,442	162,733,504	371,593,848
65 Wakulla	18,097,672	221,970	5,308,663	23,628,305	6,510,628	887,220	7,397,848	31,026,153
66 Walton	3,442,779	423,884	7,815,937	11,682,600	28,931,853	8,050,977	36,982,830	48,665,430
67 Washington	12,078,958	131,302	3,467,212	15,677,472	4,864,044	663,561	5,527,605	21,205,077
68 Washington Special	2,044,274	434	0	2,044,708	0	0	0	2,044,708
69 FAMU Lab School	2,801,608	1,579	547,823	3,351,010	0	0	0	3,351,010
70 FAU - Palm Beach	3,619,492	49,845	794,356	4,463,693	0	0	0	4,463,693
71 FAU - St. Lucie	6,619,835	105,096	1,623,759	8,348,690	0	0	0	8,348,690
72 FSU Lab - Broward	3,362,395	48,251	873,081	4,283,727	0	0	0	4,283,727
73 FSU Lab - Leon	8,203,712	124,237	1,663,388	9,991,337	0	0	0	9,991,337
74 UF Lab	5,953,017	83,356	1,136,122	7,172,495	0	0	0	7,172,495
75 Virtual School	134,757,482	87,163	0	134,844,645	0	0	0	134,844,645

State 5,682,318,158 119,596,643 2,927,464,879 8,709,379,680 6,937,607,602 934,603,814 7,872,211,416 16,581,591,096

1. Distributed under revenue code 3344 for Discretionary Lottery and revenue code 3361 for School Recognition. Not considered FEFP for reporting and funds distribution.