

FAU – TREASURE COAST
UNIVERSITY SCHOOLS, INC.

AGREED UPON PROCEDURES

JUNE 30, 2010



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 PROCEDURE

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, 2010. 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

October 6, 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, 2010

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, 2010, the Florida Department of Education (FEFP Fourth Calculation) total State, Local, and Federal Funding for FAU – St. Lucie was \$9,516,641 (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 \$8,884,463, in addition to State Fiscal Stabilization Funds in the amount of \$468,006. An administrative fee in the amount of \$155,262 (based on 5% of the first 500 students) was retained by FAU in accordance with State of Florida guidelines for charter schools. The total of the preceding amounts is \$9,507,731 (Exhibit II) whereas the total funding was \$9,516,641 (Exhibit IV), a difference of \$8,910 (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, 2010

Analysis of Financials (Continued)

SLCSB Expenditures on behalf of TCUS

We selected nine (9) 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 eleven (11) expense accounts represent \$7,533,615 of the \$8,578,213 in total fiscal year expenditures (Exhibit III). The supporting documentation substantiates that these SLCSB expenditures were for TCUS purposes.

Findings and Recommendations

In the agreed upon procedures report for the year ending June 30, 2009, it was recommended that TCUS file with the State Division of Corporations to activate the corporation, and to continue to file reports annually. Our review of the Florida Department of State Division of Corporations records indicates that the status of TCUS is currently active and reports have been filed annually.

Based on the preceding agreed upon procedures, the revenues and expenses for the twelve months ended June 30, 2010 were properly recorded.

FAU - TREASURE COAST
UNIVERSITY SCHOOLS, INC.
JUNE 30, 2010

EXHIBIT I

FEFP Funding

| <u>Date</u> | <u>Amount</u> |
|-----------------|---------------------|
| 7/10/2009 | \$ 320,596 |
| 7/24/2009 | 513,146 |
| 8/10/2009 | 319,406 |
| 8/25/2009 | 441,389 |
| 9/10/2009 | 307,580 |
| 9/25/2009 | 363,719 |
| 10/9/2009 | 360,789 |
| 10/26/2009 | 440,229 |
| 11/10/2009 | 306,420 |
| 11/25/2009 | 440,229 |
| 12/10/2009 | 306,420 |
| 1/5/2010 | 440,229 |
| 1/8/2010 | 293,838 |
| 1/26/2010 | 416,486 |
| 2/10/2010 | 312,844 |
| 2/26/2010 | 416,486 |
| 3/10/2010 | 304,732 |
| 3/26/2010 | 421,683 |
| 4/9/2010 | 293,838 |
| 4/26/2010 | 436,964 |
| 5/10/2010 | 290,132 |
| 5/26/2010 | 440,151 |
| 6/10/2010 | 290,132 |
| 6/25/2010 | <u>440,149</u> |
| Revenues Tested | <u>\$ 8,917,587</u> |

DOE FEFP Calculation* \$ 9,516,641

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, 2010

EXHIBIT II

**FAU Payment to SLCSB
FEFP Invoices**

| Date Paid | Amount | Doc # |
|------------|---------------------|---------|
| 12/10/2009 | \$ 752,386.52 | 0377219 |
| 12/10/2009 | 752,386.52 | 0377222 |
| 12/10/2009 | 752,386.52 | 0377221 |
| 12/10/2009 | 752,386.52 | 0377227 |
| 12/10/2009 | 752,386.52 | 0377224 |
| 12/22/2009 | 752,386.52 | 0378998 |
| 4/6/2010 | 668,284.31 | 0394276 |
| 4/6/2010 | 740,371.92 | 0394270 |
| 4/6/2010 | 740,371.92 | 0393303 |
| 6/3/2010 | 740,371.92 | 0403705 |
| 6/3/2010 | 740,371.92 | 0403704 |
| 6/30/2010 | 740,371.92 | 0409696 |
| Subtotal | <u>8,884,463.03</u> | |

**FAU Payment to SLCSB
FEFP Invoices
State Fiscal Stabilization Fund**

| | |
|-----------|-------------------|
| July 2010 | 451,050.00 |
| July 2010 | <u>16,956.00</u> |
| Subtotal | <u>468,006.00</u> |

Admin Fee - 5% of first 500 students

| | |
|-----------|-------------------|
| July | 12,457.88 |
| August | 12,457.88 |
| September | 12,457.88 |
| October | 12,457.88 |
| November | 12,457.88 |
| December | 12,457.88 |
| January | 15,822.18 |
| February | 12,938.50 |
| March | 12,938.50 |
| April | 12,938.50 |
| May | 12,938.50 |
| June | 12,938.50 |
| Subtotal | <u>155,261.96</u> |
| Total | 9,507,730.99 |

**2009-2010 FEFP Fourth Calculation
Total State, Local, and Federal Funding**

| | |
|----------|---------------------|
| | <u>9,516,641.00</u> |
| Variance | <u>\$ 8,910.01</u> |

FAU - TREASURE COAST
UNIVERSITY SCHOOLS, INC.
JUNE 30, 2010

EXHIBIT III

SLCSB Actual Expenses

| Proj | Project | FYTD Activity |
|-------|---------------------------------|----------------------------|
| 10000 | Salaries | \$ 4,490,211 |
| 10050 | FEFP-Reading Categorical | 117,230 |
| 15000 | School Recognition | 103,309 |
| 15110 | Class Size Red State Cat | 1,662,796 |
| 22500 | ESE-Speech/Language | 142,881 |
| 46390 | Title I ARRA-ESEA | 105,485 |
| 46400 | Title I Schoolwide | 136,787 |
| 48100 | Idea Part B Entitlement | 227,193 |
| 48390 | Idea Part B - ARRA | 137,820 |
| 10100 | Schools Discretionary | 150,882 |
| A5300 | Utilities | 259,021 |
| | Subtotal | <u>7,533,615</u> |
| 00000 | Admin Fee | 155,262 |
| 10010 | Terminal Pay | (28,064) |
| 15330 | Teachers Lead | 21,933 |
| 20110 | Dale Hickam Excellent Teaching | 862 |
| 21420 | Contract Admin Cost Allocation | 438,393 |
| 21930 | Audit Fees | 4,850 |
| 41400 | Title II Training/Recruit 09/10 | 8,347 |
| 93000 | C/W Site Improvements | 4,232 |
| 93050 | C/W Misc Renov/Maint | 2,507 |
| 93130 | C/W Energy Management Program | 707 |
| 93170 | C/W HVAC | 8,613 |
| 93190 | C/W Equipment | 8,212 |
| 93230 | C/W Safety | 1,295 |
| 93240 | Security Cameras/Equip | 1,144 |
| A5100 | Maintenance | 38 |
| B7800 | Insurance/Unemployment | 273,079 |
| B8600 | Maint Contracts/Repairs | 9,608 |
| B8700 | Telephone | 9,251 |
| P2400 | Instructional Materials | 115,911 |
| P2500 | Fame (Categorical) | 4,225 |
| P5800 | School Improvement | 2,543 |
| SA210 | SAI-Math Coaches | 1,650 |
| | Subtotal | <u>1,044,598</u> |
| | Total Expenses | <u><u>\$ 8,578,213</u></u> |

2009 - 10 FEFP Final Calculation
Change in FTE and Funds Compared to the 2009-10 Fourth Calculation

| District | K-12 Unweighted FTE Students | | | | K-12 Total Funding | | | |
|-----------------------|------------------------------|---------------|------------|-----------------------|--------------------|----------------|-------------|-----------------------|
| | 2009-10 Fourth | 2009-10 Final | Difference | Percentage Difference | 2009-10 Fourth | 2009-10 Final | Difference | Percentage Difference |
| | -1- | -2- | -3- | -4- | -5- | -6- | -7- | -8- |
| 1 Alachua | 27,102.10 | 27,077.11 | (24.99) | -0.09% | 186,362,559 | 186,402,452 | 39,893 | 0.02% |
| 2 Baker | 4,962.29 | 4,967.85 | 5.56 | 0.11% | 34,225,289 | 34,262,494 | 37,205 | 0.11% |
| 3 Bay | 25,167.46 | 25,152.79 | (14.67) | -0.06% | 171,056,714 | 171,183,564 | 126,850 | 0.07% |
| 4 Bradford | 3,139.72 | 3,139.20 | (0.52) | -0.02% | 22,686,457 | 22,698,600 | 12,143 | 0.05% |
| 5 Brevard | 71,579.77 | 71,592.08 | 12.31 | 0.02% | 492,531,417 | 492,802,934 | 271,517 | 0.06% |
| 6 Broward | 255,334.99 | 255,174.05 | (160.94) | -0.06% | 1,737,355,692 | 1,738,055,474 | 699,782 | 0.04% |
| 7 Calhoun | 2,183.73 | 2,183.34 | (0.39) | -0.02% | 15,366,969 | 15,374,173 | 7,204 | 0.05% |
| 8 Charlotte | 16,561.29 | 16,562.65 | 1.36 | 0.01% | 118,531,654 | 118,591,768 | 60,114 | 0.05% |
| 9 Citrus | 15,770.10 | 15,768.41 | (1.69) | -0.01% | 105,648,328 | 105,700,041 | 51,713 | 0.05% |
| 10 Clay | 35,921.28 | 35,897.59 | (23.69) | -0.07% | 245,978,049 | 246,167,716 | 189,667 | 0.08% |
| 11 Collier | 42,259.88 | 42,245.08 | (14.80) | -0.04% | 327,966,165 | 328,075,049 | 108,884 | 0.03% |
| 12 Columbia | 10,008.58 | 10,008.78 | 0.20 | 0.00% | 68,480,444 | 68,517,879 | 37,435 | 0.05% |
| 13 Dade | 343,649.68 | 343,953.31 | 303.63 | 0.09% | 2,307,408,273 | 2,310,092,656 | 2,684,383 | 0.12% |
| 14 De Soto | 5,038.82 | 5,039.18 | 0.36 | 0.01% | 34,720,948 | 34,743,683 | 22,735 | 0.07% |
| 15 Dixie | 2,064.61 | 2,063.84 | (0.77) | -0.04% | 14,528,487 | 14,529,294 | 807 | 0.01% |
| 16 Duval | 123,676.30 | 124,049.54 | 373.24 | 0.14% | 864,891,586 | 866,164,638 | 1,273,052 | 0.15% |
| 17 Escambia | 40,249.47 | 40,187.12 | (62.35) | -0.15% | 267,942,685 | 267,862,934 | (59,751) | -0.02% |
| 18 Flagler | 12,968.46 | 12,975.10 | 6.64 | 0.05% | 89,390,075 | 89,441,601 | 51,526 | 0.06% |
| 19 Franklin | 1,223.65 | 1,223.65 | 0.00 | 0.00% | 10,084,015 | 10,087,716 | 3,701 | 0.04% |
| 20 Gadsden | 5,874.92 | 5,873.43 | (1.49) | -0.03% | 40,306,791 | 40,309,999 | 3,208 | 0.01% |
| 21 Gilchrist | 2,603.79 | 2,603.91 | 0.12 | 0.00% | 19,300,659 | 19,311,980 | 11,321 | 0.06% |
| 22 Glades | 1,452.86 | 1,453.69 | 0.83 | 0.06% | 10,248,532 | 10,264,781 | 16,249 | 0.16% |
| 23 Gulf | 1,972.59 | 1,972.59 | 0.00 | 0.00% | 13,340,394 | 13,344,472 | 4,078 | 0.03% |
| 24 Hamilton | 1,698.28 | 1,697.90 | (0.38) | -0.02% | 12,381,784 | 12,388,604 | 6,820 | 0.06% |
| 25 Hardee | 5,088.21 | 5,089.21 | 1.00 | 0.02% | 34,266,186 | 34,289,409 | 23,223 | 0.07% |
| 26 Hendry | 6,886.49 | 6,883.95 | (2.54) | -0.04% | 47,220,458 | 47,233,271 | 12,813 | 0.03% |
| 27 Hernando | 22,768.34 | 22,764.00 | (4.34) | -0.02% | 150,456,465 | 150,521,904 | 65,439 | 0.04% |
| 28 Highlands | 12,091.29 | 12,089.89 | (1.40) | -0.01% | 82,023,213 | 82,066,750 | 43,537 | 0.05% |
| 29 Hillsborough | 191,335.75 | 191,181.72 | (154.03) | -0.08% | 1,308,609,560 | 1,307,524,314 | (1,085,246) | -0.08% |
| 30 Holmes | 3,268.28 | 3,267.79 | (0.49) | -0.01% | 22,347,919 | 22,357,916 | 9,997 | 0.04% |
| 31 Indian River | 17,516.40 | 17,509.35 | (7.05) | -0.04% | 120,422,254 | 120,477,220 | 54,966 | 0.05% |
| 32 Jackson | 7,062.99 | 7,047.96 | (15.03) | -0.21% | 48,192,269 | 48,156,669 | (35,600) | -0.07% |
| 33 Jefferson | 1,140.60 | 1,138.95 | (1.65) | -0.14% | 8,215,613 | 8,344,317 | 128,704 | 1.57% |
| 34 Lafayette | 1,127.53 | 1,127.06 | (0.47) | -0.04% | 7,654,030 | 7,656,043 | 2,013 | 0.03% |
| 35 Lake | 40,570.19 | 40,553.61 | (16.58) | -0.04% | 264,263,126 | 264,381,983 | 118,857 | 0.04% |
| 36 Lee | 79,544.36 | 79,509.34 | (35.02) | -0.04% | 568,775,523 | 568,892,620 | 117,097 | 0.02% |
| 37 Leon | 32,693.47 | 32,688.53 | (4.94) | -0.02% | 223,772,075 | 223,842,701 | 70,626 | 0.03% |
| 38 Levy | 5,818.91 | 5,820.46 | 1.55 | 0.03% | 41,290,716 | 41,323,031 | 32,315 | 0.08% |
| 39 Liberty | 1,451.13 | 1,447.59 | (3.54) | -0.24% | 10,111,298 | 10,084,910 | (26,388) | -0.26% |
| 40 Madison | 2,723.85 | 2,720.45 | (3.40) | -0.12% | 18,379,813 | 18,383,251 | 3,438 | 0.02% |
| 41 Manatee | 42,369.47 | 42,348.94 | (20.53) | -0.05% | 288,974,626 | 289,056,664 | 84,038 | 0.03% |
| 42 Marion | 41,659.11 | 41,375.50 | (283.61) | -0.68% | 273,911,832 | 273,345,991 | (565,841) | -0.21% |
| 43 Martin | 17,611.69 | 17,609.06 | (2.63) | -0.01% | 126,684,413 | 126,764,045 | 79,632 | 0.06% |
| 44 Monroe | 7,921.84 | 7,896.09 | (25.75) | -0.33% | 65,097,124 | 65,060,715 | (36,409) | -0.06% |
| 45 Nassau | 11,157.03 | 11,144.76 | (12.27) | -0.11% | 77,705,862 | 77,674,732 | (31,130) | -0.04% |
| 46 Okaloosa | 28,755.41 | 28,702.67 | (52.74) | -0.18% | 190,868,713 | 190,780,247 | (88,466) | -0.05% |
| 47 Oklawaha | 6,921.56 | 6,908.64 | (12.92) | -0.19% | 47,285,328 | 47,260,588 | (24,740) | -0.05% |
| 48 Orange | 171,757.77 | 171,820.11 | 62.34 | 0.04% | 1,163,519,390 | 1,164,985,783 | 1,466,393 | 0.13% |
| 49 Osceola | 51,457.51 | 51,458.74 | 1.23 | 0.00% | 346,510,537 | 346,794,962 | 284,425 | 0.08% |
| 50 Palm Beach | 171,722.23 | 171,658.88 | (63.35) | -0.04% | 1,198,178,779 | 1,198,487,250 | 288,471 | 0.02% |
| 51 Pasco | 66,264.67 | 66,164.75 | (99.92) | -0.15% | 455,596,065 | 455,310,662 | (285,403) | -0.06% |
| 52 Pinellas | 104,261.39 | 104,305.97 | 44.59 | 0.04% | 725,633,246 | 726,221,473 | 588,227 | 0.08% |
| 53 Polk | 93,115.14 | 93,179.80 | 64.66 | 0.07% | 629,957,239 | 630,464,496 | 507,257 | 0.08% |
| 54 Putnam | 11,049.39 | 11,050.14 | 0.75 | 0.01% | 75,795,675 | 75,839,803 | 44,128 | 0.06% |
| 55 St. Johns | 29,673.83 | 29,645.67 | (28.16) | -0.09% | 203,951,902 | 203,984,767 | 32,865 | 0.02% |
| 56 St. Lucie | 38,537.42 | 38,571.07 | 33.65 | 0.09% | 263,018,851 | 263,358,930 | 340,079 | 0.13% |
| 57 Santa Rosa | 25,079.81 | 25,064.48 | (15.33) | -0.06% | 160,432,125 | 160,408,281 | (23,844) | -0.01% |
| 58 Sarasota | 41,196.40 | 41,175.55 | (20.85) | -0.05% | 301,088,708 | 301,136,455 | 47,747 | 0.02% |
| 59 Seminole | 64,196.66 | 64,157.54 | (39.12) | -0.06% | 434,436,428 | 434,592,730 | 156,302 | 0.04% |
| 60 Sumter | 7,349.80 | 7,348.41 | (1.39) | -0.02% | 48,674,962 | 48,882,854 | 7,892 | 0.02% |
| 61 Suwannee | 5,969.43 | 5,975.26 | 5.83 | 0.10% | 38,311,408 | 38,356,267 | 44,859 | 0.12% |
| 62 Taylor | 2,875.86 | 2,880.86 | 5.00 | 0.17% | 19,181,829 | 19,208,406 | 26,577 | 0.14% |
| 63 Union | 2,276.86 | 2,275.98 | (0.88) | -0.04% | 15,763,987 | 15,783,759 | 19,772 | 0.13% |
| 64 Volusia | 62,063.95 | 62,080.65 | 16.70 | 0.03% | 418,468,741 | 418,704,642 | 235,901 | 0.06% |
| 65 Wakulla | 5,185.39 | 5,184.80 | (0.59) | -0.01% | 34,888,254 | 34,879,527 | (8,727) | -0.03% |
| 66 Walton | 7,085.02 | 7,091.21 | 6.19 | 0.09% | 50,838,800 | 50,891,941 | 53,141 | 0.10% |
| 67 Washington | 3,460.60 | 3,462.35 | 1.75 | 0.05% | 23,479,880 | 23,497,072 | 17,192 | 0.07% |
| 68 Washington Special | 424.32 | 408.37 | (15.95) | -3.76% | 3,452,168 | 3,400,739 | (51,429) | -1.49% |
| 69 FAMU Lab School | 537.00 | 536.00 | (1.00) | -0.19% | 3,747,147 | 3,749,262 | 2,115 | 0.06% |
| 70 FAU - Palm Beach | 638.62 | 638.62 | 0.00 | 0.00% | 4,506,667 | 4,508,933 | 2,266 | 0.05% |
| 71 FAU - St. Lucie | 1,456.94 | 1,459.20 | 2.26 | 0.16% | 9,516,641 | 9,532,759 | 16,118 | 0.17% |
| 72 FSU Lab - Broward | 657.00 | 657.00 | 0.00 | 0.00% | 4,753,867 | 4,756,363 | 2,496 | 0.05% |
| 73 FSU Lab - Leon | 1,699.85 | 1,699.85 | 0.00 | 0.00% | 11,128,155 | 11,132,917 | 4,762 | 0.04% |
| 74 UF Lab School | 1,137.31 | 1,137.31 | 0.00 | 0.00% | 7,821,680 | 7,825,515 | 3,835 | 0.05% |
| 75 Virtual School | 17,964.29 | 18,551.07 | 586.78 | 3.27% | 101,030,100 | 104,389,203 | 3,359,103 | 3.32% |
| TOTAL | 2,629,282.97 | 2,629,327.35 | 44.38 | 0.00% | 17,991,145,613 | 18,002,941,564 | 11,795,951 | 0.07% |