

**FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.
d/b/a PALM POINTE EDUCATIONAL RESEARCH SCHOOL AT
TRADITION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the FAU - Treasure Coast University School, Inc. (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2023, and the respective changes in financial position, and, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT *(Continued)*

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements as a whole. The Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the Other Supplementary Information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2024, on our consideration of the School'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 School's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Fort Lauderdale, Florida
April 26, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the annual financial report of FAU - Treasure Coast University Schools, Inc. (the “School”) presents management’s discussion and analysis of the School’s financial performance during the year ended June 30, 2023. Please read it in conjunction with the School’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School’s total net position increased compared to the prior year.
- For the year ended June 30, 2023, the School’s revenues exceeded expenses by approximately \$30,000. Prior year expenses exceeded revenues by approximately \$136,000.
- Overall, revenues increased by approximately \$1,300,000, which was an 8.8% increase from the prior year.
- Total expenses increased by approximately \$1,100,000 which was a 7.6% increase from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long- and short-term information about the School’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School’s operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general School services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *Required Supplementary Information* that further explains and supports the information in the financial statements.

This document also includes the Independent Auditor’s 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*.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

| | Government-wide Statements | Fund Statements Governmental Funds |
|---|--|--|
| Scope | Entire School | The activities of the School that are not proprietary or fiduciary |
| Required Financial Statements | Statement of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances |
| Accounting and basis of measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short term and long-term | Only assets expected to be used up and liabilities that become due during the year or soon thereafter; no capital assets included |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter |

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how they have changed. Net position - the difference between the School's assets and liabilities - is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position is an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall financial condition of the School, one needs to consider additional nonfinancial factors, such as changes in the School's student base.

GOVERNMENT-WIDE FINANCIAL STATEMENTS *(Continued)*

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* - Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and federal grants finance most of these activities.
- *Business-type activities* - In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* - There are no component units included within the reporting entity of the School.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one type of fund:

- *Governmental funds* - Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at the end of the year that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. This short-term view is useful when compared to the long-term view presented as governmental activities in the school-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities, if applicable. There are no such reconciling items, and as a result, there are no reconciliations of governmental funds to governmental activities in the accompanying financial statements.

NET POSITION

The School's combined net position decreased from fiscal year 2022 to 2023 - see table below.

| | <u>Governmental Activities</u> | | |
|-------------------------------|--------------------------------|---------------------|--------------------------------|
| | <u>2022</u> | <u>2023</u> | <u>Increase (Decrease)</u> |
| Current and other assets | \$ 3,440,082 | \$ 3,766,530 | 9% |
| Capital assets, net | <u>12,402,500</u> | <u>11,275,000</u> | <u>(9%)</u> |
| Total assets | <u>15,842,582</u> | <u>15,041,530</u> | <u>(5%)</u> |
| | | | |
| Current and other liabilities | 582,347 | 671,263 | 15% |
| Non-current liabilities | <u>12,650,000</u> | <u>11,730,000</u> | <u>(7%)</u> |
| Total liabilities | <u>13,232,347</u> | <u>12,401,263</u> | <u>(6%)</u> |
| | | | |
| Net Position: | | | |
| Restricted | 1,164,389 | 92,529 | (92%) |
| Unrestricted | <u>1,445,846</u> | <u>2,547,738</u> | <u>76%</u> |
| Total net position | <u>\$ 2,610,235</u> | <u>\$ 2,640,267</u> | <u>1%</u> |

The decrease in total assets and liabilities from prior year is due amortization of the School's right-to-use asset and payment of its lease liabilities. See Note 9 for further information.

NET POSITION *(Continued)*

The School's total revenues increased by 8.1% to approximately \$15,384,000, and the total cost of all programs and services increased by 7% to approximately \$16,354,000, see table below.

| | Governmental Activities | | Increase (Decrease) |
|---|-------------------------|--------------|------------------------|
| | 2022 | 2023 | |
| Revenues | | | |
| Federal sources | \$ 1,990,406 | \$ 2,661,342 | 34% |
| State and local sources | 12,997,783 | 13,583,512 | 5% |
| Contributions and other revenue | 167,310 | 237,281 | 42% |
| Total revenues | 15,155,499 | 16,482,135 | 8.8% |
| Expenses | | | |
| Instruction | 7,598,105 | 8,588,493 | 13% |
| Instructional support services | 768,581 | 900,215 | 17% |
| Instructional media | 123,004 | 124,977 | 2% |
| Other instruction | 3,533 | 3,569 | 1% |
| Instruction and curriculum development | 140,702 | 134,630 | -4% |
| Instructional staff training | 357,955 | 487,497 | 36% |
| Instructional-related technology | 12,312 | 14,556 | 18% |
| General administration | 309,295 | 315,923 | 2% |
| School administration | 870,267 | 835,431 | -4% |
| Facilities acquisition and construction | 1,666,963 | 1,940,892 | 16% |
| Fiscal services | 72,922 | 103,992 | 43% |
| Food services | 704,262 | 386,287 | -45% |
| Central services | 115,536 | 124,733 | 8% |
| Pupil transportation | 472,842 | 519,407 | 10% |
| Operation of plant | 1,235,986 | 1,108,952 | -10% |
| Maintenance of plant | 20,658 | 23,893 | 16% |
| Administrative technology services | 111,627 | 105,207 | -6% |
| Community services | 161,376 | 232,761 | 44% |
| Interest on lease payable | 545,688 | 500,688 | 100% |
| Total expenses | 15,291,614 | 16,452,103 | 7.6% |
| Change in net position | \$ (136,115) | \$ 30,032 | -122% |

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of approximately \$3,095,000, which was an approximately \$237,000 increase from the prior year. This increase was due to fiscal year 2023 State revenues received in excess of expenses, which remained relatively flat.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS *(Continued)*

General and Special Revenue Fund Budgetary Highlights

For the year ended June 30, 2023, actual general fund revenues were approximately \$11,639,000, which were 3% over the budgeted amounts.

Actual general fund expenditures were approximately \$11,494,000 or approximately 1.5% above the budgeted amounts. See Note 1 for explanation of variance.

For the year ended June 30, 2023, actual special revenue fund revenues and expenditures were approximately \$2,661,000, which were approximately 38% under budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Additional information on the School's capital assets can be found in Note 4 of the Notes to the Basic Financial Statements.

Debt Administration

At the end of the current fiscal year, the School had a lease payable outstanding of \$11,730,000. The School's lease payable decreased by \$920,000 during the current fiscal year. The decrease was a result of the normal lease payable requirements reducing the liability.

ECONOMIC FACTORS

The School's projected budget is a function of enrollment which is determined by a lottery process. The lottery selection and admission process are ongoing since students withdraw and enroll throughout the year. Because of the class size limitations, seats are not filled until the current students are promoted or retained. The selection process is focused on retaining a student demographic profile in each research school that reflects racial, ethnic, and economic diversity of the state's students. Students are selected until all currently available seats are filled within the necessary demographics. Selections will be made as openings arise. Enrollment is fixed based on selection and, therefore, the budget for the School remains stable overtime. There is no current intent to increase enrollment at the School, and there is no foreseen projected loss of enrollment due to economic conditions.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 10608 SW Academic Way, Port St. Lucie, FL 34987.

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

STATEMENT OF NET POSITION

June 30, 2023

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and cash equivalents | \$ 2,861,554 |
| Accounts receivable | 904,976 |
| Total current assets | <u>3,766,530</u> |
| Capital Assets, net | |
| Right-to-use leased assets, building | 11,275,000 |
| Total capital assets, net | <u>11,275,000</u> |
| | |
| TOTAL ASSETS | <u>15,041,530</u> |
| | |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable and accrued expenses | 671,263 |
| Total current liabilities | <u>671,263</u> |
| Non-Current Liabilities | |
| Lease payable, due within one year | 965,000 |
| Lease payable, due in more than one year | 10,765,000 |
| Total non-current liabilities | <u>11,730,000</u> |
| | |
| TOTAL LIABILITIES | <u>12,401,263</u> |
| | |
| NET POSITION | |
| Restricted for capital outlay | 92,529 |
| Unrestricted | <u>2,547,738</u> |
| | |
| TOTAL NET POSITION | <u>\$ 2,640,267</u> |

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

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|---|----------------------|-------------------------|--|--|--|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Instruction | \$ 8,588,493 | \$ - | \$ 1,716,766 | \$ - | \$ (6,871,727) | \$ (6,871,727) |
| Instructional support services | 900,215 | - | 98,779 | - | (801,436) | (801,436) |
| Instructional media | 124,977 | - | - | - | (124,977) | (124,977) |
| Other instruction | 3,569 | - | - | - | (3,569) | (3,569) |
| Instruction and curriculum development | 134,630 | - | 3,549 | - | (131,081) | (131,081) |
| Instructional staff training | 487,497 | - | 262,793 | - | (224,704) | (224,704) |
| Instructional-related technology | 14,556 | - | - | - | (14,556) | (14,556) |
| General administration | 315,923 | - | - | - | (315,923) | (315,923) |
| School administration | 835,431 | - | 37,888 | - | (797,543) | (797,543) |
| Facilities acquisition and construction | 1,940,892 | - | 145,278 | - | (1,795,614) | (1,795,614) |
| Fiscal services | 103,992 | - | - | - | (103,992) | (103,992) |
| Food services | 386,287 | - | 382,060 | - | (4,227) | (4,227) |
| Central services | 124,733 | - | - | - | (124,733) | (124,733) |
| Pupil transportation | 519,407 | - | - | - | (519,407) | (519,407) |
| Operation of plant | 1,108,952 | - | - | - | (1,108,952) | (1,108,952) |
| Maintenance of plant | 23,893 | - | 14,229 | - | (9,664) | (9,664) |
| Administrative technology services | 105,207 | - | - | - | (105,207) | (105,207) |
| Community services | 232,761 | - | - | - | (232,761) | (232,761) |
| Interest on lease payable | 500,688 | - | - | - | (500,688) | (500,688) |
| TOTAL PRIMARY GOVERNMENT | \$ 16,452,103 | \$ - | \$ 2,661,342 | \$ - | (13,790,761) | (13,790,761) |
| General revenues: | | | | | | |
| State and local sources | | | | | 13,583,512 | 13,583,512 |
| Contributions and other revenue | | | | | 237,281 | 237,281 |
| Total general revenues | | | | | 13,820,793 | 13,820,793 |
| Change in net position | | | | | 30,032 | 30,032 |
| Net position at beginning of year | | | | | 2,610,235 | 2,610,235 |
| Net position at end of year | | | | | \$ 2,640,267 | \$ 2,640,267 |

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

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

ASSETS

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---------------------------|----------------------------|----------------------------|-----------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash and cash equivalents | \$ 2,861,554 | \$ - | \$ - | \$ 2,861,554 |
| Accounts receivable | 904,976 | - | - | 904,976 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u><u>\$ 3,766,530</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,766,530</u></u> |

LIABILITIES AND FUND BALANCES

LIABILITIES

| | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Accounts payable and accrued expenses | \$ 671,263 | \$ - | \$ - | \$ 671,263 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>671,263</u> | <u>-</u> | <u>-</u> | <u>671,263</u> |

FUND BALANCES

| | | | | |
|---|----------------------------|--------------------|--------------------|----------------------------|
| Restricted for capital outlay | 92,529 | - | - | 92,529 |
| Assigned to: | | | | |
| School-based student activity organizations | 71,829 | - | - | 71,829 |
| Unassigned | 2,930,909 | - | - | 2,930,909 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCES | <u>3,095,267</u> | <u>-</u> | <u>-</u> | <u>3,095,267</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 3,766,530</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,766,530</u></u> |

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

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2023

Fund Balances - Total Governmental Funds \$ 3,095,267

The net position reported for governmental activities in the statement of net position is different because:

Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Right-to-use leased assets, net 11,275,000

Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Lease liability (11,730,000)

Total net position of governmental activities \$ 2,640,267

The accompanying notes are an integral part of this financial statement.

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | | |
| Federal sources | \$ - | \$ 2,661,342 | \$ - | \$ 2,661,342 |
| State and local sources | 11,402,181 | - | 2,181,331 | 13,583,512 |
| Contributions and other revenue | 237,281 | - | - | 237,281 |
| | <u>11,639,462</u> | <u>2,661,342</u> | <u>2,181,331</u> | <u>16,482,135</u> |
| TOTAL REVENUES | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 6,871,727 | 1,716,766 | - | 8,588,493 |
| Instructional support services | 801,436 | 98,779 | - | 900,215 |
| Instructional media | 124,977 | - | - | 124,977 |
| Other instruction | 3,569 | - | - | 3,569 |
| Instruction and curriculum development | 131,081 | 3,549 | - | 134,630 |
| Instructional staff training | 224,704 | 262,793 | - | 487,497 |
| Instructional-related technology | 14,556 | - | - | 14,556 |
| General administration | 315,923 | - | - | 315,923 |
| School administration | 797,543 | 37,888 | - | 835,431 |
| Facilities acquisition and construction | - | 145,278 | 668,114 | 813,392 |
| Fiscal services | 103,992 | - | - | 103,992 |
| Food services | 4,227 | 382,060 | - | 386,287 |
| Central services | 124,733 | - | - | 124,733 |
| Pupil transportation | 519,407 | - | - | 519,407 |
| Operation of plant | 1,108,952 | - | - | 1,108,952 |
| Maintenance of plant | 9,664 | 14,229 | - | 23,893 |
| Administrative technology services | 105,207 | - | - | 105,207 |
| Community services | 232,761 | - | - | 232,761 |
| Debt service: | | | | |
| Principal | - | - | 920,000 | 920,000 |
| Interest | - | - | 500,688 | 500,688 |
| | <u>11,494,459</u> | <u>2,661,342</u> | <u>2,088,802</u> | <u>16,244,603</u> |
| TOTAL EXPENDITURES | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>145,003</u> | <u>-</u> | <u>92,529</u> | <u>237,532</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in/(out) | 92,529 | - | (92,529) | - |
| | <u>92,529</u> | <u>-</u> | <u>(92,529)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | |
| NET CHANGES IN FUND BALANCE | 237,532 | - | - | 237,532 |
| Fund balance at beginning of year | 2,857,735 | - | - | 2,857,735 |
| Fund balance at end of year | <u>\$ 3,095,267</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,095,267</u> |

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

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Net Change in Governmental Funds \$ 237,532

The change in net position (deficit) reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as amortization expense. This is the amount by which capital outlays exceeded amortization in the current period.

Right-to-use asset amortization expense (1,127,500)

The repayment of long-term liabilities principal amount is reported as an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Principal payments 920,000

Change in Net Position of Governmental Activities \$ 30,032

The accompanying notes are an integral part of this financial statement.

FAU-TREASURE COAST UNIVERSITY SCHOOLS, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

FAU - Treasure Coast University Schools, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, *the Florida Not for Profit Corporation Act* and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of nine board members.

The general operating authority of the School is contained in Section 1002.34, Florida Statutes. The School is not considered a component unit of its sponsor, Florida Atlantic University ("FAU"/the "Sponsor") and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, it must follow generally accepted accounting principles applicable to state and local governmental units.

Management has determined that the School is not a component unit of FAU due to the following considerations in accordance with the definition of a component entity per GASB guidance. The School:

- Is legally separate.
- Does not meet the fiscal dependency and financial benefit/burden criteria.
- Determines its budget.
- Has the authority to set rates or charges, without approval by another government.
- Can issue bonded debt without approval by another government.

Charter Contract

The charter agreement between the sponsoring entity, the FAU Board of Trustees, a university board of the State of Florida University System, was entered into for the purposes of creating and maintaining a developmental research charter school ("DRCS") pursuant to Section 1002.33(5)(a)2, Florida Statutes. Pursuant to Section 1011.24, Florida Statutes, the DRCS is a special school district for the purposes therein set forth.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Charter Contract *(Continued)*

On June 25, 2021, the charter agreement was renewed through June 30, 2036, by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter. In this case, the Sponsor is required to notify the School in writing at least 360 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown. In the event of termination of the charter, any unencumbered funds, and all equipment and property purchased by the School with university public funds, shall revert to the ownership of FAU, and all equipment and property purchased with School Board of St. Lucie County (the "School Board") funds, shall revert to the ownership of the School Board.

Please refer to Note 10 for further information regarding the agreement.

Criteria for determining if other entities are potential component units of the School, which should be reported with the School's basic financial statements, are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, management has determined that no component units require inclusion within the reporting entity of the School.

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles, as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* - Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* - In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School has no business-type activities.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Presentation *(Continued)*

- *Component units* - There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

- General Fund - To account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund - To account for the proceeds of federal grants that are restricted by law or administrative action to expenditure for specific purposes.
- Capital Projects Fund - To account for all resources for the acquisition of capital items and leasing of school facilities by the School purchased with capital outlay funds.

For purposes of these statements, the general, special revenue, and capital projects funds constitute major funds. There are no other governmental funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resource focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year, or soon enough thereafter, to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due, and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Budget

Basis of Accounting

Budgets are presented on the modified accrual basis of accounting.

Actual General Fund Expenditures over Appropriations

Expenditures in the General Fund were over budgeted appropriations for the year ended June 30, 2023. The budgeted expenditures for salary and benefits were not increased sufficiently to cover the raises awarded to the School's employees, which affected multiple expenditure line items (instructional, support services, general administration, central services, and community services).

Further, transportation costs and community services expenditure lines were not budgeted as approved, resulting in expenditures exceeding budget.

Deposits and Investments

The School's cash and cash equivalents are held by the School Board and FAU and are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool, as required by Chapter 280, Florida Statutes.

Revenue Sources

Revenues for current operations are received primarily from FAU pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to FAU.

Under the provisions of Section 1011.62, Florida Statutes, FAU reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. FAU receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures, and changes in fund balances - governmental funds. This administrative fee is calculated on the FEFP revenue up to 250 students. The difference between the actual fee and the fee as calculated on total FEFP revenue is restricted for capital outlay expenditures.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Sources *(Continued)*

As of June 30, 2023, the School had no restricted funds for this purpose. The administration fee paid to the Sponsor totaled approximately \$98,000. It is included in the total of \$315,923 paid to the Sponsor for administrative costs and is reflected as a general administration expenditure for the year ended June 30, 2023.

The School also receives funding for the enhancement of various educational programs from federal awards obtained by FAU. The assistance is generally received based on applications submitted by FAU and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The state allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the School on an annual basis. The School is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. As of June 30, 2023, all amounts received under this program had been expended.

The School is also eligible for Charter School Capital Outlay Funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, the unspent portion, if any, is reflected as restricted net position and restricted fund balance in the accompanying financial statements. As of June 30, 2023, the School reported unspent Charter School Capital Outlay Funds of \$92,529 as restricted fund balance in the General Fund and as restricted net position for Governmental Activities.

Income Taxes

The School is an organization exempt from income taxes under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. There are no minimum fund balance requirements for any of the School's funds.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and affect revenues and expenses/expenditures for the year presented. Actual results could differ significantly from those estimates.

NOTE 2 - ACCOUNTS RECEIVABLE

The accompanying financial statements include accounts receivable in the amount of \$904,976. These are funds to be collected from revenue sources subsequent to June 30, 2023, for allocations for the fiscal year July 1, 2022 to June 30, 2023.

NOTE 3 - CAMPUS FACILITY

The School's campus is located in Port St. Lucie, Florida. The School Board is the owner of the facility site and holds title to the facilities. The School Board is lease purchasing the facilities from the St. Lucie School Board Leasing Corporation. The School Board is subleasing the facilities to the School during the term of the charter (see Notes 5 and 8).

NOTE 4 - CAPITAL ASSETS

Changes in capital assets were as follows for the year ended June 30, 2023:

| | <u>Balance at July 1, 2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at June 30, 2023</u> |
|--|--|-----------------------|------------------|---|
| Capital assets amortized: | | | | |
| Right-to-use leased assets, building | \$ 13,530,000 | \$ - | \$ - | \$ 13,530,000 |
| Total assets amortized | 13,530,000 | - | - | 13,530,000 |
| Less accumulated amortization: | | | | |
| Right-to-use leased assets, building | 1,127,500 | 1,127,500 | - | 2,255,000 |
| Total accumulated amortization | 1,127,500 | 1,127,500 | - | 2,255,000 |
| Total governmental activities capital assets, net | <u>\$ 12,402,500</u> | <u>\$ (1,127,500)</u> | <u>\$ -</u> | <u>\$ 11,275,000</u> |

For the year ended June 30, 2023, amortization expense of \$1,127,500 was charged to facilities acquisition and construction function.

NOTE 5 - AGREEMENTS BETWEEN THE SCHOOL AND THE SCHOOL BOARD

Agreement for Services of Supervisory, Instructional, and Support Personnel, and for Equipment

The School entered into a services and equipment agreement with the School Board on November 14, 2006. The term of the agreement is through June 30, 2040, unless renewed by the parties in accordance with the agreement. The agreement may be terminated by either party with or without cause upon 180 days' written notice to the other party. The School Board is an independent contractor to the School. The School Board provides the services of supervisory, instructional, and support personnel to the School, as well as operation, maintenance, and security of the facilities. The School Board provides (and retains title to) all furniture, fixtures, and equipment used by the School (see Note 5).

The School compensates the School Board an amount equal to 100% of the wages, benefits, workers' compensation, and other insurance coverages, and other employment-related expenses of the School Board personnel identified in the employee roster for the School. There is no compensation to the School Board for its provision of furniture, fixtures, and equipment.

Agreement for Food Services

The School Board provides food services to the School under an agreement which is renewed annually by written amendment for one-year terms. The agreement may be canceled by either party upon 120 days' written notice to the other party. FAU includes the School as a program site in its Child Nutrition Program Agreement between FAU, as the Local Education Agency ("LEA"), and the Florida Department of Education. The School, through the School Board, charges meal prices to students and adults consistent with those prices charged by the School Board. The School Board collects and retains all meal payments received from students and adults in partial compensation for the meals provided. The School Board's Food and Nutrition Services Accounting Department invoices the School monthly for the meals provided by the School Board. FAU, as fiscal agent for the School, renders payment to the School Board upon receipt of all state and federal funds for which FAU is eligible under the program.

Transportation Services

The School obtains transportation services from the School Board. The School's Board of Directors approves expenditures for these services in the absence of a written transportation services agreement.

NOTE 6 - RISK MANAGEMENT PROGRAM

The School has no employees and, therefore, no responsibility or liability for workers' compensation coverage, health and hospitalization, professional liability, retirement and other employment benefits, and the collection and remittance of payroll taxes. The School does not own any real or personal property. The School Board allocates the cost of insuring the School facilities, for which the School remits payment to the School Board.

NOTE 7 - SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources included in the general fund:

| | |
|---|--------------------------|
| Florida Educational Finance Program | \$ 8,907,189 |
| Class Size Reduction | 1,448,331 |
| Supplemental Academic Instruction | 425,717 |
| Mental Health Services | 164,950 |
| Instructional Material | 112,180 |
| Safe Schools | 316,427 |
| Teachers Lead | <u>27,387</u> |
| Total General Fund, State and Local Revenue Sources | <u>\$ 11,402,181</u> |

The following is a schedule of state and local revenue sources included in the capital projects fund:

| | |
|--|-------------------------|
| Public Education Capital Outlay | \$ 1,392,788 |
| Charter School Capital Outlay | <u>788,543</u> |
| Total Capital Projects Fund, State and Local Revenue Sources | <u>\$ 2,181,331</u> |

NOTE 8 - LEASE PAYABLE

On July 1, 2021, the School recognized a 12-year lease as a lessee for the use of School’s educational facility. An initial lease payable was recorded in the amount of \$13,530,000. As of June 30, 2022, the amount of the lease payable is \$12,650,000. The School is required to make semiannual payments on the lease. The lease has an interest rate of 5.0%. The value of the right-to-use asset as of June 30, 2023, was \$13,530,000 with accumulated amortization of \$2,255,000, and a net book value of \$11,275,000.

The following is a summary of changes in the School’s lease payable for the fiscal year ended June 30, 2023:

| | <u>Balance at July 1, 2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at June 30, 2023</u> | <u>Due within one year</u> |
|---------------------|--|------------------|-------------------|---|--------------------------------|
| Lease payable: | | | | | |
| School facility | \$ 12,650,000 | \$ - | \$ 920,000 | \$ 11,730,000 | \$ 965,000 |
| Total lease payable | <u>\$ 12,650,000</u> | <u>\$ -</u> | <u>\$ 920,000</u> | <u>\$ 11,730,000</u> | <u>\$ 965,000</u> |

NOTE 8 - LEASE PAYABLE (Continued)

The School has future minimum lease payments of \$14,174,393 and interest payments of \$2,444,393 for the remaining term of the current lease ending August 15, 2032.

| Year Ending September 30, | Principal | Interest |
|--------------------------------------|----------------------|---------------------|
| 2024 | \$ 965,000 | \$ 453,563 |
| 2025 | 1,010,000 | 404,188 |
| 2026 | 1,060,000 | 352,438 |
| 2027 | 1,120,000 | 309,138 |
| 2028 | 1,145,000 | 275,163 |
| 2029-2033 | 6,430,000 | 649,903 |
| Total Payments | <u>\$ 11,730,000</u> | <u>\$ 2,444,393</u> |

The School is responsible for lease payments to the extent the School receives Public Education Capital Outlay funds and/or Charter School Capital Outlay funds (the “Capital Funds”). If a lease payment is greater than the amount of Capital Funds received by the School during a fiscal year, the shortfall amount is the responsibility of the School Board.

NOTE 9 - COMMITMENTS AND CONTINGENT LIABILITIES**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the granter agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the granter agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable as of June 30, 2023 may be impaired.

In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

NOTE 10 - SUBSEQUENT EVENTS

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through April 26, 2024, which is the date the financial statements were available to be issued.

On September 12, 2023, the charter agreement was terminated by both the School and the Sponsor. Both parties have determined that effective on July 1, 2024, the School will transition from being operated by the Sponsor as a developmental research charter school to being operated as a K-8 school within the School Board. All future operating and capital expenses will be borne by the School Board. The School's activity will be reported in the School Board's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2023

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|--------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| State and local sources | \$ 11,275,705 | \$ 11,275,705 | \$ 11,402,181 | \$ 126,476 |
| Contributions and other revenue | 1,901 | 1,901 | 237,281 | 235,380 |
| TOTAL REVENUES | 11,277,606 | 11,277,606 | 11,639,462 | 361,856 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 7,255,435 | 7,255,435 | 6,871,727 | 383,708 |
| Instructional support services | 793,799 | 793,799 | 801,436 | (7,637) |
| Instructional media | 127,791 | 127,791 | 124,977 | 2,814 |
| Other instruction | 3,573 | 3,573 | 3,569 | 4 |
| Instruction and curriculum development | 134,488 | 134,488 | 131,081 | 3,407 |
| Instructional staff training | 227,318 | 227,318 | 224,704 | 2,614 |
| Instructional-related technology | 7,893 | 7,893 | 14,556 | (6,663) |
| General administration | 307,156 | 307,156 | 315,923 | (8,767) |
| School administration | 805,317 | 805,317 | 797,543 | 7,774 |
| Fiscal services | 104,313 | 104,313 | 103,992 | 321 |
| Food services | - | - | 4,227 | (4,227) |
| Central services | 114,483 | 114,483 | 124,733 | (10,250) |
| Pupil transportation | - | - | 519,407 | (519,407) |
| Operation of plant | 1,268,195 | 1,268,195 | 1,108,952 | 159,243 |
| Maintenance of plant | 21,766 | 21,766 | 9,664 | 12,102 |
| Administrative technology services | 150,769 | 150,769 | 105,207 | 45,562 |
| Community services | 1,184 | 1,184 | 232,761 | (231,577) |
| TOTAL EXPENDITURES | 11,323,480 | 11,323,480 | 11,494,459 | (170,979) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | (45,874) | (45,874) | 145,003 | 190,877 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in/(out) | 45,874 | 45,874 | 92,529 | 46,655 |
| TOTAL OTHER FINANCING SOURCES (USES) | 45,874 | 45,874 | 92,529 | 46,655 |
| NET CHANGES IN FUND BALANCE | - | - | 237,532 | 237,532 |
| Fund balance at beginning of year | 2,857,735 | 2,857,735 | 2,857,735 | - |
| Fund balance at end of year | <u>\$ 2,857,735</u> | <u>\$ 2,857,735</u> | <u>\$ 3,095,267</u> | <u>\$ 237,532</u> |

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

Year Ended June 30, 2023

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Federal sources | \$ 4,278,963 | \$ 4,278,963 | \$ 2,661,342 | \$ (1,617,621) |
| TOTAL REVENUES | <u>4,278,963</u> | <u>4,278,963</u> | <u>2,661,342</u> | <u>(1,617,621)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 3,384,047 | 3,384,047 | 1,716,766 | 1,667,281 |
| Instructional support services | 126,150 | 126,150 | 98,779 | 27,371 |
| Instruction and curriculum development | 6,799 | 6,799 | 3,549 | 3,250 |
| Instructional staff training | 368,140 | 368,140 | 262,793 | 105,347 |
| School administration | 39,595 | 39,595 | 37,888 | 1,707 |
| Facilities acquisition and construction | 336,153 | 336,153 | 145,278 | 190,875 |
| Food services | 3,850 | 3,850 | 382,060 | (378,210) |
| Maintenance of plant | 14,229 | 14,229 | 14,229 | - |
| TOTAL EXPENDITURES | <u>4,278,963</u> | <u>4,278,963</u> | <u>2,661,342</u> | <u>1,617,621</u> |
| NET CHANGES IN FUND BALANCE | - | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

OTHER SUPPLEMENTARY INFORMATION

FAU - TREASURE COAST UNIVERSITY SCHOOLS, INC.

BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND

Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| State and local sources | \$ 2,150,996 | \$ 2,150,996 | \$ 2,181,331 | \$ 30,335 |
| TOTAL REVENUES | <u>2,150,996</u> | <u>2,150,996</u> | <u>2,181,331</u> | <u>30,335</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Facilities acquisition and construction | 1,069,453 | 1,069,453 | 668,114 | 401,339 |
| Debt service: | | | | |
| Principal | 920,000 | 920,000 | 920,000 | - |
| Interest | 500,688 | 500,688 | 500,688 | - |
| TOTAL EXPENDITURES | <u>2,490,141</u> | <u>2,490,141</u> | <u>2,088,802</u> | <u>401,339</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>(339,145)</u> | <u>(339,145)</u> | <u>92,529</u> | <u>431,674</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in/(out) | <u>339,145</u> | <u>339,145</u> | <u>(92,529)</u> | <u>(431,674)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>339,145</u> | <u>339,145</u> | <u>(92,529)</u> | <u>(431,674)</u> |
| NET CHANGES IN FUND BALANCE | - | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

OTHER REPORTS



Certified Public Accountants

**INDEPENDENT AUDITOR’S 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 of
FAU - Treasure Coast University Schools, Inc.

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 governmental activities and each major fund of FAU - Treasure Coast University Schools, Inc. (the “School”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated April 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’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 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 over financial reporting 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pursuant to provisions of Chapter 10.850, *Rules of the Auditor General*, we reported certain matters to management of the School in a separate management letter dated April 26, 2024.

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

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.

MSL, P.A.

Certified Public Accountants

Fort Lauderdale, Florida
April 26, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of FAU - Treasure Coast University Schools, Inc. (the "School") as of and for the year ended June 30, 2023, and have issued our report thereon dated April 26, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's 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*. Disclosures in that report, which is dated April 26, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. In connection with our audit, there were no findings or recommendations.

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is FAU - Treasure Coast University Schools, Inc. and the school code assigned by the Florida Department of Education is 20.

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

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6a. and 10.855(12), *Rules of the Auditor General*, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same.

Section 10.854(1)(e)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes, with the exception of names of governing board members, the School's annual budget, and its annual independent fiscal audit.

Additional Matters

Section 10.854(1)(e)4., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, applicable management, Florida Atlantic University, and the School District of St. Lucie County and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Fort Lauderdale, Florida
April 26, 2024