The Agreed Upon Procedures for School Year 2026-2027

SCHOOL FINANCIAL REPORT REQUIREMENT
Florida School Choice Programs
March 15, 2026
Fiscal Accountability for Participating Schools
Guidelines and Procedural Requirements

Overview

Florida Statute 1002.421(1)(q) requires schools participating in educational scholarship programs established pursuant to Chapter 1002, specifically, the Florida Tax Credit Scholarship (which now includes the Hope Scholarship), Family Empowerment Scholarship for Educational Options, Family Empowerment Scholarship for Students with Unique Abilities (formerly known as Gardiner and John M. McKay scholarships[1]), and the Personalized Education Program Scholarship (collectively, the "Scholarships") and receiving more than $250,000 in funds from the Scholarships awarded during the state fiscal year from July 1 of a calendar year to June 30 of the next calendar year (a "Fiscal Year") to annually file a fiscal accountability report. The fiscal accountability report focuses on the use of the Scholarship funds and the financial procedures and controls in place at the schools.

The participating school must engage with an independent Certified Public Accountant (the "CPA") firm currently licensed to perform attest engagements in Florida to: 1) perform an Agreed-Upon Procedures ("AUPs") engagement in accordance with the standards established by the AICPA in Statements on Standards for Attestation Engagements (SSAE No. 18 AT-C Section 105 and SSAE No. 19 AT-C Section 215); and 2) prepare an Independent Accountant's Report on Applying Agreed-Upon Procedures (the "AUP Report"). The CPA's staff must comply with the school's policy for screening and managing its visitors.

The school is required to have an original copy of the AUP Report submitted to the state-approved nonprofit Scholarship Funding Organization ("SFO") that provided it the majority of the Scholarships awarded during that Fiscal Year. The AUP Report is due to the SFO by September 15 following the end of that Fiscal Year.

The SFO must annually report to the Commissioner of Education by October 30 of that year: 1) a school's failure to file the AUP Report; and 2) any Material Exceptions set forth in the AUP Report. Reportable Exceptions set forth in the AUP Report will be reviewed by the SFO, which may provide a recommendation for corrective action to the school. If the same or substantially the same Reportable Exception is reported in three consecutive years, that same or substantially same exception should be reported as a Material Exception by the CPA in the third year and each year thereafter that it remains uncorrected.

The following revised AUPs were developed by eligible SFOs participating in a joint biennial review as required by Florida Statute 1002.395(6)(o)(1)(b) and include input from the accrediting associations that are members of the Florida Association of Academic Nonpublic Schools and the Florida Department of Education.

[1] In the 2021-22 school year, the Gardiner Scholarship Program became part of the Family Empowerment Scholarship Program was renamed FES-UA. In the 2022-2023 school year all John M. McKay Scholarships for Students with Disabilities also became part of FES-UA and were administered by the SFOs. In 2023-2024 school year, the Hope Scholarship Program became part of Florida Tax Credit.

Reporting Exceptions

Specific Guidelines Governing the Reportable of Exceptions

Exceptions found in performing the AUPs fall into one of two categories depending on the significance of the attributes being tested to the integrity of the program: Material Exceptions or Reportable Exceptions. The guidelines for each procedure indicate whether exceptions found during the performance of the procedure are Material Exceptions or Reportable Exceptions. All Material Exceptions will be reported to the Commissioner of Education by the SFO or Department and will require preparation and submission of a Corrective Action Plan by the school to the SFO outlining the steps the school plans to take to correct the Material Exception.

Reportable Exceptions should be reported to the SFO or Department, which may provide a recommendation for corrective action to the school. If the same or substantially the same Reportable Exception is reported in three consecutive years, that same or substantially same exception should be reported as a Material Exception in the Report for the third year in which that exception is reported and for each year thereafter that it remains uncorrected.

All Material Exceptions will require a Corrective Action Plan (CAP) prepared and submitted by the school.

Independent Accountant's Report
on Applying Agreed-Upon Procedures

for 2026-2027 School Year

To Step Up For Students Scholarship Funding Organization:

We have performed the procedures enumerated below, which were agreed to by Step Up For Students Scholarship Funding Organization, solely to assist the specified parties in evaluating ("the School") compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30, 2027. The School's management is responsible for compliance with those requirements.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the specified parties in evaluating the School's compliance with the requirements of Florida Statue 1002.421(1)(q) during the school year ended June 30, 2027. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30, 2027 Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Scholarship Funding Organization, Florida Department of Education and the school's management and is not intended to be, and should not be, used by anyone other than these specified parties.

CPA's Name:

CPA Firm Name:

CPA Firm License #: AD

Enter the firm's AD License number.

CPA's Email Address:

CPA's phone number:

CPA's city and state:

School Name:

DOE Number:

Enter the 4-digit DOE number assigned to the school.

SECTION I: DOE Compliance Letter

School Eligibility

Obtain and attach a copy of the compliance letter or other proof of eligibility from the Florida Department of Education. Verify the proof of eligibility covers the Fiscal Year and Scholarships for which the AUP is performed.

The School can sign into the DOE website at HTTP://FLDOE.ORG/SCHOOLS/SCHOOL-CHOICE/and print this information.

- ◯ Yes
- ◯ Not provided - This is a Material Exception

SECTION II: Adequate Accounting System

A. Software Name

Inquire and document the name of the accounting software or systems used to maintain the school's financial records.

B. Accounting Software /System Verification

Verify the accounting software or systems used allows the school to record financial transactions conducted, including deposits and disbursements, in a complete and self-balancing accounting system. The software or system should be capable of generating a trial balance, financial statements, student account statements and other sub-ledger reports.

- ◯ Yes
- ◯ No - This is a Material Exception

C. Verify Student Accounts

If a separate non-self-balancing system for student account statements is used, inquire whether student accounts are regularly reconciled to the general ledger. If yes, inspect a reconciliation for one month.

- ◯ N/A - Included in software
- ◯ Yes - Reconciled to GL
- ◯ No - This is a Material Exception

SECTION III: Financial Controls

A. Cash Balances:

1. Inquire, verify, and document whether the school's scholarship funds are held at a federal deposit insured corporation (FDIC) or a national credit union association (NCUA)

- ◯ Yes
- ◯ No - Reportable Exception

SECTION III: Financial Controls (cont.)

2. Inspect three months of the school's statements (including the June 30th Fiscal Year-end statement) for all bank accounts holding scholarship funds and determine whether the average daily account balance exceeded the FDIC limit of $250,000 during the months' statements being inspected.

List Months reviewed:

a) Calculate if the average daily account balance exceeded the FDIC / NCUA limit of $250,000.00 during the 3 months inspected. If the FDIC limit is exceeded, inspect, and include documentation indicating that the school annually reviews the bank's rating by a reputable ratings provider, which may include, but is not limited to Bauer Financial, Fitch, Moody's, Standard and Poor's.

- ◯ No -FDIC limit not exceeded
- ◯ Yes - FDIC limit exceeded

b) Determine if the rating is within the top two ratings of the provider's scale. Verify if the rating is below the top two ratings of the scale or if the school took no such action to protect the scholarship funds.

- ◯ Rating is in the top two of the scale
- ◯ Rating is lower than the top two or the school took no action - Reportable Exception

Include a signed copy of ratings report

B. Bank Reconciliations:

1. Obtain the bank reconciliations associated with the bank statements inspected in step III (A) (2) above. Verify whether reconciliations of all bank accounts holding scholarship funds were completed for these three months within 60 days of each month end and if reconciling items were resolved prior to the bank's deadline for reporting errors.

- ◯ Yes
- ◯ No - This is a Material Exception

2. Inquire and verify the bank reconciliations are independently reviewed by the school's management.

- ◯ Yes
- ◯ No - This is a Material Exception

C. Non-Education Related Expenses: Inspect the school's general ledger and identify if there are expenses with a description that is not education related. (see Appendix 2). If there are, select a sample of 5 non-education related expenses. identify if the 5 expenses are reported separately from education-related expenses.

- ◯ N/A No non-Education Related expenses
- ◯ Yes
- ◯ No - Not identified or not reported separately - This is a Material Exception

SECTION III: Financial Controls (cont.)

D. Shared Expenses

1. Inquire if the school shares expenses (i.e., administrative salaries, facilities costs) with another organization(s) (i.e., affiliated church, day care or other school).

- ◯ Yes - Include a list of shared expenses
- ◯ No - Proceed to Section III.E. Internal Controls

2. If costs are shared, inspect the general ledger and observe if the shared expenses are allocated and tracked separately from non-shared expenses.

- ◯ Yes - Include a list of shared expenses
- ◯ No - This is a Material Exception

3. List the organization(s) and expense types shared.

4. Document the methodology used to allocate the shared expenses.

E. Internal Controls:

1. Inquire and verify if the school has written policies or standard practices to adequately establish proper financial controls including segregation of duties and if the policies or practices are being consistently followed for:

i. Cash Receipts
ii. Capital Expenditures
iii. Payroll –including time and attendance, calculations and pay rate and deduction changes.
iv. Operating Expenditures
v. Shared Expenses - Costs shared by the school should be allocated in a systematic and rational approach.

- ◯ Yes
- ◯ No - This is a Material Exception

2. In the absence of written policies, briefly describe the standard practices used to establish proper financial controls over the transactions listed above.

SECTION III: Financial Controls (cont.)

F. Budgets and Financial Statements:

1. Inquire if an annual budget is prepared and approved by the school's governing body prior to July 1,2026. If the school does not have a board of directors, the school must document the estimated budget on the school letterhead. This should be dated and signed by the administration. Inquire if any budget amendments were made and approved by the school's governing body thereafter.

- ◯ Yes
- ◯ No - Reportable Exception

2. Inquire if actual budget results are periodically reviewed in comparison to budgeted amounts and reported to the school's governing body at least twice annually.

- ◯ Yes
- ◯ No - Reportable Exception

3. Inspect the financial sections of all minutes of the meetings of the school's governing body that occurred during the current school year, and those immediately preceding it, and determine adherence with step III(F)(1-2)

- ◯ Yes
- ◯ No - Reportable Exception

SECTION IV. Adequate Process for Deposit and Classification of Scholarship Funds:

A. Total Scholarship Students

Document the total number of students participating in each of the Scholarship programs and the total tuition and fees received for each of the Scholarships as posted in the student account.

Program	Number of Students	Total Amounts
PEP		
FTC		
FES-EO		
FES-UA		
Total	0	$ 0.00

B. Scholarship payments received

1. From IV.A select a sample of the greater of 10 or 5% of the Scholarship student population. The sample should include at least 2 students (*or one if only one student participating in a given program attends the school*) from each Scholarship program in which the school participates.

Program	Number of Students Sampled
PEP	
FTC	
FES-EO	
FES-UA	
Total	0

SECTION IV. Adequate Process for Deposit and Classification of Scholarship Funds: (cont.)

2. Verify if the sampled students' scholarship payments were recorded in accordance with the policies or standard practices identified in section III (E)(1)(i) and if the funds are classified in the general ledger as tuition, books and fees payments and recorded in the corresponding general ledger bank account.

- ◯ Yes
- ◯ No - This is a Material Exception

3. Verify if the funds are deposited into the school's bank account and posted to each student's tuition account/statement.

- ◯ Yes
- ◯ No - This is a Material Exception

SECTION V. Properly Expended Scholarship Funds for Education-Related Expenses:

A. Education-Related Expenses

By inspecting the general ledger, identify all Education Related expenses for the Fiscal Year (*July 1 – June 30*). Summarize by category and document a list of the total education-related expenses (see Appendix 2). Calculate and record the total.
Do not include non-education related expenses. Education-related expenses paid with "carried forward" funds from the previous school year must be accounted for. Contact Step Up For Students if you are unsure if there were excess funds from the previous year.

Expense Type	Amount

Total Education Related Expenses $ 0.00

Total Scholarship Funds $ 0.00

Plus Previous Year Excess Funds

Total Funds $ 0.00

Excess Funds $ 0.00

B. Document if the total expenses are equal to or greater than the dollar value of the Scholarship funds received including any excess funds carried over from the previous year.
Total current scholarship funds plus any previous year excess funds received minus Expenses.
If funds received exceed the total education-related expenses, the school must prepare a detailed list of the education-related expenses that are (or will be) funded in the subsequent year with the expected date of use. Include the school's prepared list with the AUP Report if possible.

- ◯ **Yes - Expenses exceeded Scholarship Funds**
- ◯ **No - Funds exceeded Expenses - This is a Material Exception**

SECTION V. Properly Expended Scholarship Funds for Education-Related Expenses:

C. Using the list developed in V.A above, select a sample of education-related expenses incurred during the Fiscal Year using the table below to determine sample size. For each item sampled, inspect supporting documentation and confirm whether the expenditure is:

Sample Size Taken ☐

1. Education related

○ **Yes**
○ **No - This is a Material Exception**

2. Authorized in accordance with the policies identified in III (E) above.

○ **Yes**
○ **No - This is a Material Exception**

3. Classified appropriately in the general ledger and was paid timely and accurately from the school's bank account(s). *For this purpose, paid timely means no more than 10% of the sample size is paid greater than 30 days after the due date. For payroll expenditures sampled, re-calculate pay based on corresponding time and attendance, pay rate and deductions records properly authorized in accordance with the policies identified in III (E) above.*

○ **Yes**
○ **No - This is a Material Exception**

Value of Total Education-Related Expenditures		**Sample Size**
From	**To**	
$ 250,000	$ 500,000	30
$ 500,001	$ 750,000	45
$ 750,001	$ 750,001+	60

Each of the categories listed in III (E) (1) (i-v), if applicable, must be represented equally in the selected sample.

Combined Expenses: When multiple schools are managed by a single system and cannot be identified separately in the general ledger, a separate and equal sample for each school must be taken based on the total combined education-related expenses. *Please list any combined schools with DOE # if applicable.*

SECTION VI. Other Procedures

A. Obtain by inquiry and record the total number of Scholarship and Non-scholarship students attending the school during the year being reported on.

Scholarship Students	0
Non-Scholarship Students	
Total Students	0

B. Obtain a copy of the tuition & fees schedule for the school year being reported on. Select a sample of 10 scholarship students or 5% of the total number of scholarship students (*whichever is greater)*. Compare the tuition and fees charged and confirm the sampled students' tuition and fees are consistent with the tuition and fees for non-scholarship students.

- ◯ **Yes**
- ◯ **No - Reportable Exception**

C. Obtain the school's calendar. Calculate the school's operating term (school year). Compare the school's operating term with State Board of Education Rule 6A-1.09512 of at least 170 actual school days and 540 net instructional hours for students in kindergarten, 720 net instructional hours for students in grades 1-3, and 900 net instructional hours for students in grades 4-12?

- ◯ **Yes**
- ◯ **No - This is a Material Exception**

D. Inspect the school's attendance policy and confirm they maintain attendance records. Using the sample selected from VI (B) observe the attendance records for each selected students and observe that attendance was taken for the selected students on one randomly selected school day in each quarter of the school year being reported on and during which that student was enrolled.

- ◯ **Yes**
- ◯ **No - This is a Material Exception**

E. Without advance notice to the school of the student names, select 10 scholarship students and observe the students' presence in school that day. *The sample should include at least 2 students (or one if only one student participating in a given program attends the school) from each Scholarship program in which the school participates.* **This procedure must be done before the end of the school year being reported on.**

- ◯ **Yes**
- ◯ **No - This is a Material Exception**

1. Document what date the procedure was performed.

_____ _____

2. Determine if the student's attendance was accurately recorded for the day. (If the student is not present, determine whether the student is listed as absent on the school's attendance records.)

◯ **Yes** ◯ **No - This is a Material Exception**

Appendix 1

Scholarship Program Name Acronyms

FTC - Florida Tax Credit Scholarship

FES-EO - Family Empowerment Scholarship for Educational Options

FES-UA - Family Empowerment Scholarship for Students with Unique Abilities

FTC-PEP – Personalized Education Program

Scholarship Funding Organizations

SUFS – Step Up For Students

AAA – AAA Scholarship Foundation

Appendix 2

Examples of Education-Related Expenses

(including but not limited to)

- **Payroll**
  - Salaries for teachers and substitutes
  - Salaries for administration and office staff
  - Salaries for food service personnel
  - Salaries for custodial and maintenance staff
  - Salaries for tutoring, therapy and counseling

- **Payroll benefits and taxes**
  - Payroll taxes
  - Unemployment taxes
  - Workers' compensation
  - Employee health insurance and other benefits

- **Instructional supplies and equipment**
  - Classroom materials and course supplies
  - Testing fees
  - Library books and supplies
  - Technology equipment and software licensing fees

- **Office & Administration**
  - Office supplies
  - Postage
  - Printing and copying
  - Bank fees
  - Licenses and fees
  - Credit card fees
  - Payroll processing fees
  - Background checks
  - Accreditation fees
  - Audit, legal and other professional services

- **Facilities expenses**
  - Rent or mortgage payments.
  - Utilities
  - Property insurance
  - Repairs and maintenance
  - Custodial supplies
  - Security equipment and services
  - Capital improvements

- **Miscellaneous**
  - Graduation expenses
  - Education-related field trips
  - Parent/teacher meeting expenses
  - After school education
  - Standard transportation costs

Examples of Non-Education Related Expenses

(including but not limited to)

- Fundraising expenses and events
- Athletic programs and sporting events
- Senior trip expenses
- Summer camps
- Parties
- Non-education related school trips
- Transportation costs for extracurricular activities
- School store and logo merchandise
- School sponsored shows and events
- School clubs
- After school care program costs
- Gift cards and promotional material
- Conferences, training, and professional development for **administrative** personnel
- Advertising
- Bad debt expense
- Depreciation
- Amortization

Appendix 3

Specific Guidelines Governing the Reportability of Exceptions

Exceptions found in the course of performing the AUPs fall into one of two categories depending on the significance of the attributes being tested to the integrity of the program: Material Exceptions or Reportable Exceptions. The guidelines for each procedure indicate whether exceptions found during the performance of the procedure are Material Exceptions or Reportable Exceptions.

Material Exceptions will be reported to the Commissioner of Education by the SFO and will require preparation and submission of a Corrective Action Plan by the school to the SFO outlining the steps the school plans to take to correct the Material Exception.

Reportable Exceptions should be reported to the SFO, which may provide a recommendation for corrective action to the school. If the same or substantially the same Reportable Exception is reported in three consecutive years, that same or substantially same exception should be reported as a Material Exception in the Report for the third year in which that exception is reported and for each year thereafter that it remains uncorrected.