

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Financial Statements
with Independent Auditor's Reports Thereon**

June 30, 2017



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CERTIFIED PUBLIC ACCOUNTANTS

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TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Team Success A School of Excellence, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2017. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL AND OTHER HIGHLIGHTS

- ❖ For the fiscal year ended June 30, 2017, the School's revenues exceeded expenses by \$396,552.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for not directly related to the School's mission. For the year ended June 30, 2017, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts annual budgets for its general fund and special revenue fund as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules show three columns: 1) the original and final budget as adopted by the board, 2) the actual resources, charges and ending balances in the general fund, and 3) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 16 of this report.

Other Reports

This report also includes the information required by the U.S. Office of Management and Budget ("OMB") Uniform Guidance: Schedule of Expenditures of Federal Awards, Independent Auditor's Report on Compliance For Each Major Program and on Internal Controls over Compliance Required by Uniform Guidance and Schedule of Findings and Questioned Costs. In addition, it also includes the Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Assets:			
Current assets	\$ 1,106,127	\$ 709,951	\$ 396,176
Capital assets, net	<u>83,924</u>	<u>42,525</u>	<u>41,399</u>
Total assets	<u>1,190,051</u>	<u>752,476</u>	<u>437,575</u>
Liabilities:			
Current and other liabilities	<u>255,031</u>	<u>214,008</u>	<u>41,023</u>
Total liabilities	<u>255,031</u>	<u>214,008</u>	<u>41,023</u>
Net Position:			
Investment in capital assets, net of related debt	83,924	42,525	41,399
Restricted			
Food services	118,232	-	118,232
Unrestricted	<u>732,864</u>	<u>495,943</u>	<u>236,921</u>
Total net position	<u>\$ 935,020</u>	<u>\$ 538,468</u>	<u>\$ 396,552</u>

Current assets increased due to current year operating surplus. Capital assets increased due to depreciation expense and disposal of assets. Current and other liabilities increased due an increase in accounts payable. The change in total net position is due the results of current year operations.

Change in Net Position

The School's total revenues exceeded expenses by approximately \$394,000 in fiscal 2017—see table below.

	2017	2016	Change
Revenues:			
Federal sources	\$ 1,002,661	\$ 777,984	\$ 224,677
State and local sources	4,198,714	3,541,229	657,485
Contributions and other revenues	150,521	138,926	11,595
Total revenues	<u>5,351,896</u>	<u>4,458,139</u>	<u>893,757</u>
Expenses:			
Instruction	2,120,749	1,778,680	342,069
Pupil personnel services	146,607	92,236	54,371
Instructional staff training	-	21,704	(21,704)
Board	30,608	29,324	1,284
General administration	87,919	406,451	(318,532)
School administration	1,476,365	729,199	747,166
Food services	429,579	340,297	89,282
Transportation services	-	229,796	(229,796)
Operation of plant	663,517	578,156	85,361
Total expenses	<u>4,955,344</u>	<u>4,205,843</u>	<u>749,501</u>
Change in net position	<u>\$ 396,552</u>	<u>\$ 252,296</u>	<u>\$ 144,256</u>

State and local sources increased due to an increase in student enrollment. The School's enrollment has increased to 561 students at the end of 2017, as compared to 491 in 2016. The change in instruction, school administration and operation of plant is due to an increase in salaries and related benefits due to the increase in student population.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unrestricted fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental funds reported a combined fund balance of \$851,096.

General and Special Revenue Funds Budgetary Highlights

Budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; 3) changes in appropriations that become necessary to maintain services.

In the general fund, the actual total revenues exceeded budgeted amounts by approximately \$110,000. Expenditures were approximately \$260,000 more than budgeted amounts.

In the special revenue fund, total revenues and expenditures exceeded budget amounts by approximately \$37,000, primarily due to unbudgeted grants funds received during 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal 2017, the School had invested approximately \$84,000, in capital assets, net of accumulated depreciation of approximately \$282,000.

	Governmental Activities		
	2017	2016	Change
Capital assets:			
Furniture, fixtures and equipment	\$ 263,774	\$ 198,355	\$ 65,419
Leasehold improvements	100,488	100,488	-
Vehicles	1,719	6,000	(4,281)
Total	365,981	304,843	61,138
Accumulated depreciation	(282,057)	(262,318)	(19,739)
Capital assets, net	\$ 83,924	\$ 42,525	\$ 41,399

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2018

Amounts available for appropriation in the general fund are approximately \$4.77 million, an increase of approximately \$621,000 from fiscal 2017 actual revenues. The change is due to the anticipated increase in student enrollment.

Budgeted expenditures are expected to increase to approximately \$5.45 million, an increase of approximately \$1.68 million. The change is due primarily to an increase in overall operating expense resulting from the increase in student population.

If these estimates are realized, the School's general fund balance is expected to increase in fiscal 2018.

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 202 13th Avenue East, Bradenton, FL 34208.



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Independent Auditor's Report

To the Board of Directors of Team Success A School of Excellence, Inc.
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Team Success A School of Excellence, Inc. (the "School"), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 on pages 1 - 6 and 27 - 28 be presented to supplement the basic financial statements. Such information, 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 29 is presented for purposes of additional analysis as required by U.S. Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic 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. In our opinion, the Schedule of Expenditures of Federal Awards is 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 October 2, 2017, 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.

McCRA DY HESS

Orlando, Florida
October 2, 2017

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Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Statement of Net Position

June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 873,393
Due from other agencies	162,949
Prepaid expenses	69,785
Capital assets:	
Furniture, fixtures, and equipment	263,774
Leasehold improvements	100,488
Vehicles	1,719
Less accumulated depreciation	<u>(282,057)</u>
Total capital assets, net	<u>83,924</u>
Total assets	<u><u>\$ 1,190,051</u></u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 255,031</u>
Total liabilities	<u>255,031</u>
NET POSITION	
Invested in capital assets, net of related debt	83,924
Restricted	
Food services	118,232
Unrestricted	<u>732,864</u>
Total net position	<u><u>\$ 935,020</u></u>

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

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Statement of Activities

For the Year Ended June 30, 2017

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Expenses					
Governmental Activities:					
Instruction	\$ 2,120,749	\$ -	\$ 409,357	\$ -	\$ (1,711,392)
Pupil personnel services	146,607	-	-	-	(146,607)
Board	30,608	-	-	-	(30,608)
General administration	87,919	-	-	-	(87,919)
School administration	1,476,365	-	-	-	(1,476,365)
Food services	429,579	-	593,304	-	163,725
Operation of plant	663,517	-	-	197,624	(465,893)
Total primary government	\$ 4,955,344	\$ -	\$ 1,002,661	\$ 197,624	(3,755,059)
General revenues:					
State and local sources				4,001,090	4,001,090
Contributions and other revenues				150,521	150,521
Total general revenues				4,151,611	4,151,611
Changes in net assets				396,552	396,552
Net position at beginning of year				538,468	538,468
Net position at end of year				\$ 935,020	\$ 935,020

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

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Balance Sheet - Governmental Funds

June 30, 2017

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 755,161	\$ -	\$ 118,232	\$ 873,393
Due from other agency	10,282	17,848	134,819	162,949
Prepaid expenses	69,785	-	-	69,785
Due from capital projects fund	17,848	-	-	17,848
Due from special revenue fund	134,819	-	-	134,819
Total assets	<u>\$ 987,895</u>	<u>\$ 17,848</u>	<u>\$ 253,051</u>	<u>\$ 1,258,794</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 255,031	\$ -	\$ -	\$ 255,031
Due to general fund	-	17,848	134,819	152,667
Total liabilities	<u>255,031</u>	<u>17,848</u>	<u>134,819</u>	<u>407,698</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenses	69,785	-	-	69,785
Spendable:				
Unassigned	663,079	-	118,232	781,311
Total fund balances	<u>732,864</u>	<u>-</u>	<u>118,232</u>	<u>851,096</u>
Total liabilities and fund balances	<u>\$ 987,895</u>	<u>\$ 17,848</u>	<u>\$ 253,051</u>	<u>\$ 1,258,794</u>

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

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2017

Total fund balances - governmental funds	\$	851,096
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$365,981 and the accumulated depreciation is \$282,057.

83,924

Total net position - governmental activities	\$	935,020
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The accompanying notes to financial statements are an integral part of this statement.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds**

For the Year Ended June 30, 2017

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ -	\$ 1,002,661	\$ 1,002,661
State and local sources	4,001,090	197,624	-	4,198,714
Contributions and other revenues	150,521	-	-	150,521
Total revenues	4,151,611	197,624	1,002,661	5,351,896
EXPENDITURES				
Current:				
Instruction	1,701,230	-	409,357	2,110,587
Pupil personnel services	158,932	-	-	158,932
Board	30,608	-	-	30,608
General administration	87,919	-	-	87,919
School administration	1,476,365	-	-	1,476,365
Food services	-	-	475,072	475,072
Operation of plant	459,636	197,624	-	657,260
Total expenditures	3,914,690	197,624	884,429	4,996,743
Excess (deficiency) of revenue over expenditures	236,921	-	118,232	355,153
Fund balances at beginning of year	495,943	-	-	495,943
Fund balances at end of year	<u>\$ 732,864</u>	<u>\$ -</u>	<u>\$ 118,232</u>	<u>\$ 851,096</u>

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

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2017

Net changes in fund balances - total governmental funds	\$	355,153
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$65,419) exceeds depreciation expense (\$19,739) in the current period.		
		45,680
Loss on disposal of asset is reported on statement of activities as an expenditure. The loss on disposal of assets for the year is (\$4,281).		(4,281)
Change in net position of governmental activities	\$	396,552

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

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

For the Year Ended June 30, 2017

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Team Success A School of Excellence, 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 1002.22, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors (the "Board"), which is composed of at least five members.

The general operating authority of the School is contained in Section 1002.22, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Manatee County Florida, (the "School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

The School was originally incorporated as Police Athletic League of Manatee County, Inc. (the "Police Athletic League"). The Police Athletic League included the activities of two charter schools and youth programs. In August 2009, the Board approved to separate the activities of youth programs into a new corporation. As a result of the separation, the School officially amended its name to PAL Academy Charter Schools of Manatee County, Inc. ("PAL"). PAL included the activity of Academy Charter School and Opportunity Charter School ("Opportunity"). At the end of fiscal year 2009, the Board of Directors elected not to renew the charter of Opportunity with the School Board, effectively, terminating the activities of this school.

During May 2010, the School filed a request and was approved by the Florida Department of State, Division of Corporations to amend the official name of the School. Effective for fiscal year 2011, the School's name was amended to Team Success A School of Excellence, Inc.

Charter Contract

The current charter expires June 30, 2020 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Manatee County, Florida

Notes to Financial Statements (continued)

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the “Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book” issued by the Florida Department of Education FDOE.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School’s financial position, its assets and its liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated with a program or function; therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School’s most significant funds, not the School as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds received are established by law while others are created by grant agreements. The following are the major individual governmental funds that are reported in these fund financial statements:

- General Fund – the School’s primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Manatee County, Florida

Notes to Financial Statements (continued)

For the purpose of these statements, the general, capital projects and special revenue funds are considered major 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 reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases, if any, are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents and Investments

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

As State of Florida Statutes and the School's policy require, all deposits be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2017.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Manatee County, Florida

Notes to Financial Statements (continued)

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful lives are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Furniture, fixtures, and equipment	3 – 5
Leasehold improvements	3 – 20
Vehicles	7

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings, if any, that are attributed to the acquisition or improvement of those assets.
- Restricted - consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Manatee County, Florida

Notes to Financial Statements (continued)

- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) that are legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balances not included in the general funds are classified as restricted fund balance. It is possible for the amounts not included in the general fund to be classified as restricted fund balance. It is possible for the amounts not included in the general fund to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Revenue Sources

Revenues for operations are provided primarily from the District School Board of Manatee County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.22, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% administrative fee from the School, which is withheld from the respective Florida Education Finance Program (FEFP) payments. The administrative expense 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. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2017, the School reported 561.46 unweighted FTE.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

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.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, 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 revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value because of the short maturity of these instruments.

3 DUE FROM OTHER AGENCIES

Due from other agency included in the accompanying financial statements includes approximately \$18,000 from capital outlay funds, \$135,000 from special revenue funds and \$10,000 from other state and local sources. Based on the sources of funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

4 CAPITAL ASSETS

Capital assets as of June 30, 2017 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furniture, fixtures & equipment	\$ 198,355	\$ 65,419	\$ -	263,774
Leasehold improvements	100,488	-	-	100,488
Vehicles	6,000	-	(4,281)	1,719
Total capital assets	304,843	65,419	(4,281)	365,981
Accumulated depreciation:				
Furniture, fixture & equipment	(170,892)	(15,382)	-	(186,274)
Leasehold improvements	(89,783)	(4,281)	-	(94,064)
Vehicles	(1,643)	(76)		(1,719)
Total accumulated depreciation	(262,318)	(19,739)		(282,057)
Capital assets, net	<u>\$ 42,525</u>	<u>\$ 45,680</u>	<u>(4,281)</u>	<u>83,924</u>
Depreciation expense:				
Instruction		\$ 10,162		
Food services		5,220		
Operation of plant		4,357		
Total governmental activities depreciation expense		<u>\$ 19,739</u>		

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Manatee County, Florida:

Florida Education Finance Program	\$ 2,579,516
Class size reduction	699,211
Discretionary millage funds	284,147
Capital outlay	197,624
Transportation	133,864
Supplemental academic instruction	108,873
Instructional materials	42,481
ESE guaranteed allocation	42,108
Teacher recognition	40,358
Reading allocation	25,440
Digital classroom allocation	14,298
Safe schools	12,661
Teacher supply assistance program	9,800
Discretionary lottery funds	9,670
Proration to funds available	(1,497)
Additional allocation	160
Total	<u>\$ 4,198,714</u>

The administrative fee paid to the School Board during the year ended June 30, 2017 totaled approximately \$88,000, 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.

8 MANAGEMENT CONTRACT

The School has entered into a contractual agreement with Team Success Schools, LLC to provide management, administrative and transportation services to the School. The management agreement commenced March 1, 2016 and expires June 30, 2020. The fees to be paid to the management company will be \$1,950 per full-time equivalent student enrolled at the School. The fee for services is subject to an increase of up to 5% each fiscal year, if the budget allows and all performance measures and other requirements are met. In return for the fees, Team Success Schools, LLC shall be responsible for providing management services in the areas of financial operations, facility and equipment procurement and maintenance, curriculum assessment and evaluation, technology and operational support, human resources, student recruitment and provide transportation services to the Charter School.

The contract may be terminated by the School for termination or non-renewal of the charter with the School board and for material breaches of contract terms which have not been cured within ten days of written notice at the time of the contract breach.

For the year ended June 30, 2017, the School incurred approximately \$1,150,000 of management fees and is reflected as a general administration expense/expenditure in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

9 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

10 COMMITMENTS AND CONTINGENT LIABILITIES

Facility lease commitments

The School has entered into a lease agreement commencing on August 1, 2016 and ending July 31, 2026. For the year ended June 30, 2017, rental expense for the lease was approximately \$382,000 which is reflected as an operation of plant expense/expenditure in the statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds. Future lease commitments are as follows;

Fiscal Year		
2018	\$	402,501
2019		410,551
2020		418,762
2021		427,137
2022		435,680
2023-2026		<u>1,387,222</u>
Total	\$	<u>3,481,853</u>

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor 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 year end may be impaired.

Management also believes there are no significant contingent liabilities related 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.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

Legal matters

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

11 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for the past tax years 2015, 2014, and 2013 are subject to examination by tax authorities and may change upon examination.

12 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through October 2, 2017 which is the date the financial statements were available to be issued.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
State and local sources	\$ 3,856,720	\$ 3,904,254	\$ 4,001,090	\$ 96,836
Contributions and other revenues	129,782	137,026	150,521	13,495
Total revenues	3,986,502	4,041,280	4,151,611	110,331
EXPENDITURES				
Instruction	1,646,395	1,519,461	1,701,230	181,769
Pupil personnel services	78,150	93,890	158,932	65,042
Board	29,600	29,351	30,608	1,257
General administration	87,919	87,919	87,919	-
School administration	1,468,463	1,456,324	1,476,365	20,041
Operation of plant	503,699	467,569	459,636	(7,933)
Total expenditures	3,814,226	3,654,514	3,914,690	260,176
Excess (deficiency) of revenue over expenditures	172,276	386,766	236,921	(149,845)
Other Financing Sources (Uses)				
Operating transfer out			-	-
Net changes in fund balances	172,276	386,766	236,921	(149,845)
Fund balances at beginning of year	495,943	495,943	495,943	-
Fund balances at end of year	\$ 668,219	\$ 882,709	\$ 732,864	\$ (149,845)

See report of independent auditors.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Federal sources passed through local school district	\$ 844,399	\$ 965,550	\$ 1,002,661	\$ 37,111
Total revenues	844,399	965,550	1,002,661	37,111
EXPENDITURES				
Current:				
Instruction	426,369	535,780	409,357	(126,423)
Food services	418,030	429,770	475,072	45,302
Total expenditures	844,399	965,550	884,429	(81,121)
Net changes in fund balances	-	-	118,232	118,232
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ 118,232	\$ 118,232

See report of independent auditors.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Grant Period	Total Actual Expenditures
United States Department of Agriculture / Florida Department of Agriculture / National School Lunch Program	10.555	7/1/16 - 6/30/17	\$ 371,785
United States Department of Agriculture / Florida Department of Agriculture / School Breakfast Program	10.553	7/1/16 - 6/30/17	<u>193,312</u>
Total Food Program Cluster			565,097
United States Department of Agriculture / Florida Department of Agriculture / Commodity Supplemental Food Program	10.565	7/1/16 - 6/30/17	28,207
United States Department of Education / Florida Department of Education / Title I Grants to Local Education Agencies	84.010	7/1/16 - 6/30/17	403,357
United States Department of Education / Florida Department of Education / Title II Grants to Local Education Agencies	84.367	7/1/16 - 6/30/17	<u>6,000</u>
Total Federal Award Expenditures			<u><u>\$ 1,002,661</u></u>

See accompanying note to schedule of expenditure of federal awards.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrued basis of accounting. The information in the schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget ("OMB") Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.

2 DE MINIMIS INDIRECT COST RATE

The auditee used actual costs and did not elect to use the 10% indirect cost rate.



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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 Team Success A School of Excellence, Inc.,
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

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, each major fund and the aggregate remaining fund information for Team Success A School of Excellence, Inc., a Charter School and Component Unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 2, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 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 a 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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 determination of financial statement amounts. 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*.

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.

This report is intended solely for the information and use of management of the School, the District School Board of Manatee County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

McCRADY HESS

Orlando, Florida
October 2, 2017



**Independent Auditor's Report on Compliance For Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of Team Success A School of Excellence, Inc.,
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

Report on Compliance for Each Major Federal Program

We have audited Team Success A School of Excellence, Inc., (the "School"), a charter school and component unit of the District School Board of Manatee County, Florida compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2017. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McCRA DY HESS

Orlando, Florida
October 2, 2017

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal Control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None noted

Type of auditor’s report issued on compliance for major programs? Unmodified

Audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Uniform Guidance? N/A

Identification of major programs:

CFDA Number	Grant Period	Name of Federal Program
10.553	7/1/16 – 6/30/17	School Breakfast Program
10.555	7/1/16 – 6/30/17	National School Lunch Program
10.565	7/1/16 – 6/30/17	Commodity Supplemental Food Program
80.010	7/1/16 – 6/30/17	Title I

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Qualified as a low-risk auditee? Yes

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**Schedule of Findings and Questioned Costs
(continued)**

Section II – Financial Statement and Other Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Year Audit Findings

There were no prior year audit findings reported.

**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



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**Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850,
Florida Statutes, *Charter School Audits***

To the Board of Directors of Team Success A School of Excellence, Inc.
a Charter School and Component Unit of the District
School Board of Manatee County Florida

Report on the Financial Statements

We have audited the financial statements of Team Success A School of Excellence, Inc. (the "School") as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 2, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. We have also issued our Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.

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 audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Team Success A School of Excellence, Inc.

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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)6.a. 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 same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether or not the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 have any 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, and applicable management, and Manatee County School Board and is not intended to be and should not be used by anyone other than these specified parties.

McCRA DY HESS

Orlando, Florida
October 2, 2017