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, 2022

M &A McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

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, 2022. 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, 2022, the School's revenues exceeded expenses by approximately $381,000 and ended the year with a net position of approximately $2 million.
- ❖ The School qualifies as a high performance School due to their school grade and financial position which allows a reduction in district administration fees and other privileges.
- ❖ The School amended their charter to include an expansion of the School. The expansion is under the same charter but different location.
- ❖ The School is in the process of constructing a building for the new campus which was funded with proceeds from the loans payable (see note 6).

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, 2022, 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.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2022 and 2021 are summarized as follows:

	2022	2021	Change
Assets:			
Current assets	$ 12,569,286	$ 8,849,540	$ 3,719,746
Capital assets, net	18,071,916	10,981,010	7,090,906
Total assets	30,641,202	19,830,550	10,810,652
Deferred outflow of resources	181,908	-	181,908
Liabilities:			
Current and other liabilities	424,621	560,189	(135,568)
Long term liabilities	28,397,339	17,650,000	10,747,339
Total liabilities	28,821,960	18,210,189	10,611,771
Net Position:			
Net investment in capital assets	(1,034,501)	(779,861)	(254,640)
Restricted	4,667,333	6,147,805	(1,480,472)
Unrestricted	(1,631,682)	(3,747,583)	2,115,901
Total net position	$ 2,001,150	$ 1,620,361	$ 380,789

The change in net position from prior year is a result of the School entering into various contracts to improve and expand its facilities to serve an additional population of students. In September 2020, the School entered into a $17.5 million long-term liability to purchase modular classrooms, which were previously under a rental agreement and the construction of a second facility. In 2022, the School entered into an additional 6.3 million long-term liability to complete construction of the second facility. At year-end the School incurred approximately $7.2 million in construction in-progress costs related to its new campus facility. The second facility is expected to be completed during fiscal year 2023 and the School is excited to extend its opportunity to serve approximately 1,400 additional students during school year 2023.

Change in Net Position

The School's total revenues exceeded expenses by approximately $381,000 in fiscal year 2022—see table below.

	2022	2021	Change
Revenues:			
Federal sources	$ 2,215,112	$ 1,876,366	$ 338,746
State and local sources	10,924,287	9,006,923	1,917,364
Contributions and other revenues	310,349	466,473	(156,124)
Gain on extinguishment of debt	-	989,500	(989,500)
Total revenues	13,449,748	12,339,262	1,110,486
Expenses:			
Instruction	4,749,962	4,012,228	737,734
Pupil personnel services	464,925	403,871	61,054
Board	64,935	108,579	(43,644)
General administration	37,269	36,405	864
Facilities acquisition and construction	438,373	676,905	(238,532)
School administration	4,249,926	3,345,951	903,975
Fiscal services	46,508	44,142	2,366
Food services	717,025	516,403	200,622
Transportation services	69,367	58,280	11,087
Operation of plant	1,574,121	1,585,036	(10,915)
Interest	656,548	724,099	(67,551)
Total expenses	13,068,959	11,511,899	1,557,060
Change in net position	$ 380,789	$ 827,363	$ (446,574)

The change in state and local sources is a result of an increase in student enrollment. The School's enrollment increased to 1160 students at the end of 2022, an increase of 98 students from prior year. The prior year gain on extinguishment of debt is a result of the School receiving approval of forgiveness of its Payroll Protection Program (PPP) loan in 2021.

The overall changes in instruction, school administration and food service is due to an increase in students, salaries and related benefits. Facilities acquisition and construction decreased as a result of high 2021 expenses related to facility site preparation and professional fees for construction.

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 approximately $7.8 million.

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 were more than budgeted amounts by approximately $134,000. Expenditures were approximately $393,000 less than budgeted amounts.

In the special revenue fund, total actual revenue exceeded budgeted by approximately $296,000. Actual expenditures exceeded budgeted amounts by approximately $555,000, primarily due to unbudgeted expenses during 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal 2022, the School had invested approximately $18,072,000 in capital assets, net of accumulated depreciation of approximately $959,000.

	Governmental Activities 2022	Governmental Activities 2021	Change
Capital assets:			
Furniture, fixtures and equipment	$ 671,875	$ 400,906	$ 270,969
Leasehold improvements	100,488	100,488	-
Vehicles	55,905	26,214	29,691
Land	50,000	50,000	-
Buildings	3,850,000	3,850,000	-
Construction in Progress	14,302,916	7,141,089	7,161,827
Total	19,031,184	11,568,697	7,462,487
Accumulated depreciation	(959,268)	(587,687)	(371,581)
Capital assets, net	$ 18,071,916	$ 10,981,010	$ 7,090,906

The significant increase in construction in progress is related to the construction of the new South Campus. More detailed information about the School's capital assets is presented in Note 5 to the financial statements.

Long-Term Liabilities

Long-term liabilities increased by approximately $10.7 million. The current year's additional borrowings are associated with the construction of its new education facility. The School was also required by GASB 87, to recognize a lease obligation and right to use asset in 2022. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2023

Amounts available for appropriation in the general fund will be approximately $15.7 million, an increase of approximately $2.3 from fiscal 2022 actual revenues. The change is due to the anticipated increase in student enrollment.

Budgeted expenditures are expected to increase to approximately $14.8 million, an increase of approximately $1.7 million.

If these estimates are realized, the School's general fund balance is expected to increase in fiscal 2023.

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.

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the 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, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 of the School's financial statements. The debt covenants included on page 33 and 34 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 debt covenant calculations included in the combined financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022, 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.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 15, 2022

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, 2022

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	3,344,772
Restricted cash and equivalents		4,667,333
Due from other agencies		126,327
Prepaid expenses		37,007
Right to use asset		
Right to use asset		4,978,390
Accumulated amortization		(584,543)
Total right to use asset		4,393,847
Capital assets:		
Land		50,000
Buildings		3,850,000
Construction in Progress		14,302,916
Furniture, fixtures, and equipment		671,875
Leasehold improvements		100,488
Vehicles		55,905
Less accumulated depreciation		(959,268)
Total capital assets, net		18,071,916
Total assets	$	30,641,202
DEFERRED OUTFLOWS OF RESOURCES		
Amount deferred on bond premium	$	181,908
LIABILITIES		
Accounts payable and accrued expenses	$	424,621
Long-term liabilities:		
Portion due or payable within one year:		
Note payable		226,250
Lease obligations		601,837
Portion due or payable after one year:		
Note payable		23,773,750
Lease obligations		3,795,502
Total liabilities		28,821,960
NET POSITION		
Net Investment in capital assets		(1,034,501)
Restricted		
Capital projects		3,565,083
Debt service		1,102,250
Food services		-
Unrestricted		(1,631,682)
Total net position		2,001,150
Total liabilities and net position	$	30,641,202

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, 2022

		Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	$ 4,749,962	$ -	$ 883,857	$ -	$ (3,866,105)	$ (3,866,105)
Pupil personnel services	464,925	-	153,388	-	(311,537)	(311,537)
Board	64,935	-	-	-	(64,935)	(64,935)
General administration	37,269	-	-	-	(37,269)	(37,269)
Facilities acquisition and construction	438,373	-	-	-	(438,373)	(438,373)
School administration	4,249,926	-	95,742	-	(4,154,184)	(4,154,184)
Fiscal services	46,508	-	-	-	(46,508)	(46,508)
Food services	717,025	-	717,025	-	-	-
Transportation services	69,367	-	-	-	(69,367)	(69,367)
Operation of plant	1,574,121	-	300,000	767,683	(506,438)	(506,438)
Interest	656,548	-	-	-	(656,548)	(656,548)
Total primary government	$ 13,068,959	$ -	$ 2,150,012	$ 767,683	(10,151,264)	(10,151,264)
General revenues:						
Federal sources					65,100	65,100
State and local sources					10,156,604	10,156,604
Contributions and other revenues					310,349	310,349
Total general revenues					10,532,053	10,532,053
Changes in net assets					380,789	380,789
Net position at beginning of year					1,620,361	1,620,361
Net position at end of year					$ 2,001,150	$ 2,001,150

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, 2022

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,344,772	$ -	$ -	$ 3,344,772
Restricted cash and equivalents	-	4,667,333	-	4,667,333
Due from other agency	-	-	126,327	126,327
Prepaid expenses	37,007	-	-	37,007
Due from special revenue fund	126,327	-	-	126,327
Total assets	$ 3,508,106	$ 4,667,333	$ 126,327	$ 8,301,766
LIABILITIES				
Accounts payable and accrued expenditures	$ 424,621	$ -	$ -	$ 424,621
Due to general fund	-	-	126,327	126,327
Total liabilities	424,621	-	126,327	550,948
FUND BALANCES				
Nonspendable:				
Prepaid expenses	37,007	-	-	37,007
Restricted:				
Capital projects	-	3,565,083	-	3,565,083
Debt service	-	1,102,250	-	1,102,250
Food services	-	-	-	-
Spendable:				
Unassigned	3,046,478		-	3,046,478
Total fund balances	3,083,485	4,667,333	-	7,750,818
Total liabilities and fund balances	$ 3,508,106	$ 4,667,333	$ 126,327	$ 8,301,766

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, 2022

Total fund balances - governmental funds	$	7,750,818
Amounts reported for governmental activities in the statement of net assets are different because:		
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 at year end consist of:		
Capital assets		19,031,184
Accumulated depreciation		(959,268)
Right to use asset		4,978,390
Accumulated amortization		(584,543)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Note payable-Bonds		(24,000,000)
Note payable-Lease obligation		(4,397,339)
Deferred amounts are reported in the Statement of Net Position as deferred outflows of resources but are not reported in the general fund.		181,908
Total net position - governmental activities	$	2,001,150

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, 2022

	General Fund	Capital Projects Fund	Special Revenue Fund	Other Governmental Fund	Total Governmental Funds
REVENUES					
Federal sources passed through local school district	$ -	$ -	$ 2,215,112	$ -	$ 2,215,112
State and local sources	10,156,604	767,683	-	-	10,924,287
Contributions and other revenues	310,349	-	-	-	310,349
Total revenues	10,466,953	767,683	2,215,112	-	13,449,748
EXPENDITURES					
Current:					
Instruction	3,754,672	-	883,857	-	4,638,529
Pupil personnel services	311,537	-	153,388	-	464,925
Board	64,935	-	-	-	64,935
General administration	37,138	-	-	-	37,138
School administration	3,895,508	131	354,418	-	4,250,057
Facilities acquisition and construction	-	7,782,108	-	-	7,782,108
Fiscal services	46,508	-	-	-	46,508
Food services	-	-	717,025	-	717,025
Transportation services	65,875	-	-	-	65,875
Operation of plant	432,922	-	300,000	-	732,922
Capital outlay	-	235,560	65,100	-	300,660
Debt Service					
Interest	-	-	-	656,548	656,548
Principal	-	-	-	581,051	581,051
Total expenditures	8,609,095	8,017,799	2,473,788	1,237,599	20,338,281
Excess (deficiency) of revenue over expenditures	1,857,858	(7,250,116)	(258,676)	(1,237,599)	(6,888,533)
OTHER FINANCIAL RESOURSES					
Proceeds from the issuance of debt	-	6,350,000	-	-	6,350,000
Transfer in	-	-	-	1,237,599	1,237,599
Transfer out	(915,919)	(321,680)	-	-	(1,237,599)
Total other sources	(915,919)	6,028,320	-	1,237,599	6,350,000
Net changes in fund balances	941,939	(1,221,796)	(258,676)	-	(538,533)
Fund balances at beginning of year	2,141,546	5,889,129	258,676	-	8,289,351
Fund balances at end of year	$ 3,083,485	$ 4,667,333	$ -	$ -	$ 7,750,818

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, 2022

Net changes in fund balances - total governmental funds	$	(538,533)
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 incurred in the current period		
Capital outlays		7,462,487
Depreciation expense		(371,581)
Amortization expense		(584,543)
Proceeds from the issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount borrowed is reported as an increase in long-term liabilities.		(6,350,000)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		581,051
In the Statement of Activities, expenses are recognized that do not provide current financial resources and are not recognized in the governmental funds, such as deferred inflow and outflow of resources.		181,908
Change in net position of governmental activities	$	380,789

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

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 originated as an elementary school. Due to the School's success, the Board decided to expand the School and construct a building at a new location, adding grade levels up to twelfth grade.

Charter Contract

The current charter expires June 30, 2030 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.

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.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.

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, 2022.

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:

	Years
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:

- Net Investment in capital assets– 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.
- 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 2% administrative fee opposed to 5% because the school is considered high performing 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, 2022, the School reported 1160.39 unweighted FTE.

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.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. This pronouncement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The original effective implementation date was June 30, 2021. However, GASB Statement No. 95 postponed the implementation of this statement to be effective for reporting periods beginning after June 15, 2021. Management's adoption of this Statement did not result in any adjustments to the prior year's financial statements however in fiscal 2022, the School recognized a lease note payable, right to use asset and the related amortization expense on its financial statements. More information about the School's leasing activities is presented in Note 4.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* This Statement would now require interest costs incurred before the end of construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is

June 30, 2022. Currently, the School is engaged in a construction project to build a new School facility at another location. Therefore, the school implemented GASB Statement 89 and has appropriately expensed all interest costs incurred during fiscal 2022.

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.

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 $126,000 from federal funding agency for Title 1 and Title IV. Management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

4 LEASE ASSET AND LIABILITY

The School entered into a lease agreement commencing on August 1, 2016 and ending July 31, 2026 with Police Athletic League.

Adhering to the requirements of GASB 87, the School was required to recognize a right to use asset, lease note payable, and related amortization of the leased asset. Information regarding the School's lease activity during the year ended June 30, 2022 is as follows:

Right to Use Asset:		
Right to use asset	$	4,978,390
2022 Amortization of asset		(584,543)
Right to use asset, net	$	4,393,847

Information regarding the School's lease note payable during the year ended June 30, 2022 is as follows:

Long-term liability:		
Lease note payable	$	4,978,390
2022 Principal payments		(581,051)
Lease note payable	$	4,397,339

Interest expense related to the amortization of the lease note payable is $100,393 for the year ended June 30, 2022 and included in debt service. Amortization of the right to use asset was calculated on a straight line basis, charged to governmental activities, and included within the operation of plant on the statement of activities.

Future minimum lease payments including annual increases are as follows:

Fiscal Year Ended:	Principal	Interest	Total
2023	$ 601,837	$ 79,607	$ 681,444
2024	654,855	88,329	743,184
2025	726,917	106,413	833,330
2026	753,674	80,398	834,072
2027	88,092	64,536	152,628
2028 - 2032	523,952	270,371	794,323
2033 - 2037	642,342	167,298	809,640
2038 - 2041	615,131	46,075	661,206
Totals	$ 4,606,800	$ 903,027	$ 5,509,827

5 CAPITAL ASSETS

Capital assets as of June 30, 2022 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furniture, fixtures & equipment	$ 400,906	$ 270,969	$ -	$ 671,875
Leasehold improvements	100,488	-	-	100,488
Vehicles	26,214	29,691	-	55,905
Land	50,000	-	-	50,000
Buildings	3,850,000	-	-	3,850,000
Construction in progress	7,141,089	7,161,827	-	14,302,916
Totals	11,568,697	7,462,487	-	19,031,184
Accumulated depreciation:				
Furniture, fixture & equipment	(283,066)	(111,432)	-	(394,498)
Leasehold improvements	(100,487)	(1)	-	(100,488)
Vehicles	(11,634)	(3,492)	-	(15,126)
Buildings	(192,500)	(256,656)	-	(449,156)
Total accumulated depreciation	(587,687)	(371,581)	-	(959,268)
Capital assets, net	$ 10,981,010	$ 7,090,906	$ -	$ 18,071,916

Depreciation expense:	
Instruction	$ 111,433
Operations	256,656
Transportation	3,492
Total governmental activities depreciation expense	$ 371,581

6 LONG-TERM LIABILITES AND CREDIT OBLIGATIONS

Long-term liabilities

The School's long-term note payables as described below:

In September 2020, the School entered into a loan agreement with Capital Trust Agency, ("Agency"). The Agency has agreed to issue bonds, ("Series 2020A and Series 2020B") in the aggregate amount of $17,650,000 for the Team Success A School Of Excellence, Inc. Projects, ("The Projects"). In March 2022, the Agency issued additional bonds ("Series 2022A and Series 2022B") in the aggregate amount of $6,350,000 for The Projects which consists of the construction of an educational facility to be used by the School. The 2020 loan agreement was funded by the issuance of:

> Series 2020A Bonds – aggregate principle amount of $17,085,000, yields interest between 4.25 - 5% and have various term bond due dates between June 2030 – June 2055.
>
> Series 2020B Bond - principle balance of $565,000, yields interest at 5.5% and has a term bond due date of June 2025.

Terms of the loan require monthly interest only payments commencing June 2021. Effective June 2022, the School was required to commence monthly principal and interest payments of approximately $92,000. The bond has covenants to maintain a minimum 1.0 debt service coverage ratio for the period ending June 30, 2022. The School has a debt service coverage ratio of 1.08 and is in compliance with the debt service coverage ratio requirement.

The 2022 loan agreement was funded by the issuance of:

> Series 2022A Bonds – aggregate principle amount of $6,090,000, yields interest at 5% and have various term bond due dates between June 2026 – June 2057.
>
> Series 2022B Bond - principle balance of $260,000, yields interest at 6% and has a term bond due date of June 1, 2030.

Cash on hand requirements

Effective for the year ended June 30, 2022, the School is required to have cash on hand in an amount not less than 45 days. The School is in compliance with this requirement for the year ended June 30, 2022 with approximately 101 days cash on hand.

Bond balances outstanding at the beginning of year	$	17,650,000
Additions		6,350,000
Reductions		-
Bond balances outstanding at the end of year	$	24,000,000

Interest paid during the year ended June 30, 2022 totaled approximately $657,000.

For the year ended June 30, 2022, total debt proceeds used were approximately $7.2 million and the remaining available funding is expected to be used to complete the new campus in fiscal year 2023. Future debt service related to the completely funded long-term liabilities is as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 226,250	$ 1,192,506	$ 1,418,756
2024	240,833	1,180,063	1,420,896
2025	251,250	1,166,973	1,418,223
2026	265,833	1,155,149	1,420,982
2027	275,250	1,142,858	1,418,108
2028-2032	1,905,417	5,549,989	7,455,406
2033-2037	2,292,917	5,045,396	7,338,313
2038-2042	2,945,000	4,406,979	7,351,979
2043-2047	3,767,917	3,588,083	7,356,000
2048-2052	4,831,250	2,539,688	7,370,938
2053-2057	6,998,083	1,076,000	8,074,083
	$ 24,000,000	$ 28,043,684	$ 52,043,684

7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Manatee County, Florida:	
Florida Education Finance Program	$ 5,411,445
Discretionary millage funds	1,048,490
Class size reduction	1,159,305
Discretionary local effort	769,464
Capital outlay	767,683
Transportation	346,212
Supplemental academic instruction	286,836
Block grant	284,221
Teacher salary increase	184,327
ESE guaranteed allocation	126,308
Sales tax grant	124,962
Instructional materials	88,894
Safe schools	70,682
Total funds compression allocation	57,282
Additional student reserve allocation	55,315
Reading allocation	49,084
Mental health assistance	46,980
State food programs	15,382
Safety and security grant	15,722
Public Charter Covid grant	9,097
Instructional Continuity Plans Grant	3,000
Digital classroom allocation	2,569
Civic Literacy Grant	1,027
Total	$ 10,924,287

The administrative fee paid to the School Board during the year ended June 30, 2022 totaled approximately $37,000, 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 Spence Management Group, LLC, to provide management, administrative and transportation services to the School. The management agreement commenced March 1, 2018 and expires June 30, 2030. 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, 2022, the School incurred approximately $3,037,000 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.

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

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.

Legal matters

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

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 three years 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 September 15, 2022 which is the date the financial statements were available to be issued.

Management continues to evaluate the ongoing impact of the COVID-19 pandemic on the industry. The School has concluded this it is reasonably possible that the ongoing pandemic could have a negative impact on its financial position and results of operations, however, any possible impact is not readily determinable as of the date of these financial statements. The School has not recognized any provisions for possible ongoing impact in these financial statements.

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, 2022

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
REVENUES				
State and local sources	$ 10,061,084	$ 10,061,084	$ 10,156,604	$ 95,520
Contributions and other revenues	271,879	271,879	310,349	38,470
Total revenues	10,332,963	10,332,963	10,466,953	133,990
EXPENDITURES				
Instruction	3,571,023	3,571,023	3,754,672	183,649
Pupil personnel services	313,643	313,643	311,537	(2,106)
Board	120,000	120,000	64,935	(55,065)
General administration	37,000	37,000	37,138	138
School administration	4,151,915	4,151,915	3,895,508	(256,407)
Fiscal services	46,500	46,500	46,508	8
Transportation services	2,000	2,000	65,875	63,875
Operation of plant	760,456	760,456	432,922	(327,534)
Total expenditures	9,002,537	9,002,537	8,609,095	(393,442)
Excess (deficiency) of revenue over expenditures	1,330,426	1,330,426	1,857,858	527,432
OTHER FINANCIAL RESOURSES				
Transfer in	-	-	-	-
Transfer out	(695,076)	(695,076)	(915,919)	(220,843)
Total other resources	(695,076)	(695,076)	(915,919)	(220,843)
Net changes in fund balances	635,350	635,350	941,939	306,589
Fund balances at beginning of year	2,141,546	2,141,546	2,141,546	-
Fund balances at end of year	$ 2,776,896	$ 2,776,896	$ 3,083,485	$ 306,589

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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Federal sources passed through local school district	$ 1,918,836	$ 1,918,836	$ 2,215,112	$ 296,276
Total revenues	1,918,836	1,918,836	2,215,112	296,276
EXPENDITURES				
Current:				
Instruction	902,431	902,431	883,857	(18,574)
Pupil personnel services	159,253	159,253	153,388	(5,865)
School administration	-	-	354,418	354,418
Food services	792,052	792,052	717,025	(75,027)
Operation of plant	-	-	300,000	300,000
Capital outlay	65,100	65,100	65,100	-
Total expenditures	1,918,836	1,918,836	2,473,788	554,952
Net changes in fund balances	-	-	(258,676)	(258,676)
Fund balances at beginning of year	258,676	258,676	258,676	-
Fund balances at end of year	$ 258,676	$ 258,676	$ -	$ (258,676)

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

Notes to Budgetary Schedules

For the Year Ended June 30, 2022

1 BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

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

Calculation of Debt Covenants

For the Year Ended June 30, 2022

Debt Service Coverage Ratio

DSCR is the ratio of operating income available to service debt including interest, principal and lease payments.

Debt Service Coverage Calculation	
Income Available for Debt Service	1,336,913
Total Current Debt Service	1,237,599
DSCR	1.08

Calculation of Income Available for Debt Service	
Income (Loss) Per Audited FS	380,789
Plus:	
Amortization	584,543
Depreciation	371,581
Income Available for Debt Service	1,336,913

Calculation of Current Debt Service at End of Year	
Total Debt Service FY 2022	
Principal	581,051
Interest	656,548
Total Current Debt Service	1,237,599

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

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

Calculation of Debt Covenants
(continued)

For the Year Ended June 30, 2022

Days Cash on Hand Ratio Calculation

Cash on Hand	3,344,772
Cash Needed Per Day	33,186
Days Cash on Hand	101

Calculation of Cash and Liquid Short Term Investments

Cash	3,344,772
Liquid Short Term Investments	-
Total Cash on Hand	3,344,772

Calculation of Cash Needed Per Day

Total Expenses	13,068,959
Less:	
Depreciation	(371,581)
Amortization	(584,543)
Total Annual Operating Expenses	12,112,835
Cash Needed Per Day	33,186

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, 2022

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	7/1/21 - 6/30/22	$ 710,688
United States Department of Agriculture / Florida Department of Agriculture / School Breakfast Program	10.553	7/1/21 - 6/30/22	402,078
Total Food Program Cluster			1,112,766
United States Department of Education / Florida Department of Education / Title I Grants to Local Education Agencies	84.010	7/1/21 - 6/30/22	681,761
United States Department of Education / Florida Department of Education / IDEA, Part B	84.027	7/1/21 - 6/30/22	12,497
United States Department of Education / Florida Department of Education / Education Stabilization Fund Under the Coronavirus Aid, Reflief, and Economic Security Act / Elementary and Secondary Emergency Relief (ESSER)	84.425D	7/1/21 - 6/30/22	404,187
Total Federal Award Expenditures			$ 2,211,211

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, 2022

1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activities of the Organization during its fiscal year July 1, 2021 through June 30, 2022. The information in this schedule is presented in accordance with the requirements of *Uniform guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2 SUMMARY OF SIGNFICANT ACCOUNTING POLICIES

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

3 DE MINIMIS INDIRECT COST RATE

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

McCRADY & ASSOCIATES
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 and each major fund 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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued a separate report thereon dated September 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit 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 the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 engagement to perform an audit 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.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 15, 2022

107 Water Oak Lane | Altamonte Springs, FL 32714
Office 407-960-4429 ■ admin@mccradyandassociates.com
www.mccradyandassociates.com

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by 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, 2022. 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 the requirements of laws, regulations, contracts, and grants 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, 2022.

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 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, there may be material weaknesses that exist which 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 15, 2022

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

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

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's restated 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 report issued on compliance for major programs?	Unmodified
Any Audit findings that are required to be reported in accordance with section CFR 200.516 (a)?	No

Identification of major programs:

CFDA Number	Grant Period	Name of Federal Program
10.553	7/1/20 – 6/30/21	School Breakfast Program
10.555	7/1/20 – 6/30/21	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs?	$750,000
Qualified as a low-risk auditee?	Yes

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

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, 2022, and have issued our report thereon dated September 15, 2022.

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 Reporting Requirements

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. Disclosures in that report, if applicable, which is dated, September 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Team Success A School of Excellence, Inc. The School code is 5002.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)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.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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.

Additional Matters

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 note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, 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.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 15, 2022