

**WAVERLY ACADEMY  
CHARTER SCHOOL  
(A division of  
Growing Great Girls, Inc.)**

**Basic Financial Statements and  
Supplemental Information**

**June 30, 2019**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Waverly Academy Charter School  
Jacksonville, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waverly Academy Charter School (the "School"), a division of Growing Great Girls, Inc. (the "Charterholder"), which is a component unit of Duval County Public Schools, as of and for the year ended June 30, 2019, 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion 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 auditors' 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 opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2019, 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 3–7 and 25–26 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019, 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 solely 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 the effectiveness of the School's 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 Waverly Academy Charter School's internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2019

## Management's Discussion and Analysis

As management of Waverly Academy Charter School (the "School"), a division of Growing Great Girls, Inc. (the "Charterholder"), which is a component unit of the Duval County Public Schools, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Basic Financial Statements found starting on page 8.

### Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$122,627 (net position).
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$155,272.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and fiscal services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself.

The government-wide financial statements can be found on pages 8 - 9 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, and special revenue fund, both of which are considered to be major funds.

The School adopts an annual appropriated budget for its operations. Budgetary comparison statements with required notes have been provided to demonstrate compliance with this budget and can be found on page 25 of this report.

The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$122,627 at the close of the most recent fiscal year.

A portion of the School's net position reflects its investment in capital assets (e.g., furniture and equipment and computers), less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position and the statement of activities are provided below:

The School's net position was as follows:

	<b>Governmental Activities</b>		
	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>Variance</b>
<b>ASSETS</b>			
Current assets	\$ 228,146	\$ 251,680	\$ (23,534)
Capital assets - net of accumulated depreciation	58,828	120,008	(61,180)
Total assets	<u>286,974</u>	<u>371,688</u>	<u>(84,714)</u>
Current liabilities	72,874	36,452	36,422
Non-current liabilities	91,473	98,971	(7,498)
Total liabilities	<u>164,347</u>	<u>135,423</u>	<u>28,924</u>
<b>NET POSITION</b>			
Investment in capital assets	58,828	120,008	(61,180)
Restricted	41,091	32,842	8,249
Unrestricted	22,708	83,415	(60,707)
Net position	<u>\$ 122,627</u>	<u>\$ 236,265</u>	<u>\$ (113,638)</u>

The School's activities were as follows:

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Variance</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 24,298	\$ 5,937	\$ 18,361
Operating grants and contributions	232,186	182,065	50,121
Capital grants	-	57,271	(57,271)
General revenues:			
State passed through local school board	619,595	700,686	(81,091)
Other income	33,194	27,828	5,366
Total revenue	<u>909,273</u>	<u>973,787</u>	<u>(64,514)</u>
<b>Expenses:</b>			
Basic instruction	339,214	438,077	(98,863)
Exceptional instruction	25,556	15,266	10,290
Instructional support	2,315	5,645	(3,330)
Instructional media	-	1,500	(1,500)
Instructional training	76,295	97,832	(21,537)
General support	851	39	812
School administration	303,615	211,306	92,309
Fiscal services	24,133	22,961	1,172
Food services	68,648	80,045	(11,397)
Operation of plant	166,703	185,901	(19,198)
Maintenance of plant	6,799	4,104	2,695
Community services	2,905	10,790	(7,885)
Interest	5,877	5,878	(1)
Total expenses	<u>1,022,911</u>	<u>1,079,344</u>	<u>(56,433)</u>
Change in net position	(113,638)	(105,557)	(8,081)
Net position - beginning	<u>236,265</u>	<u>341,822</u>	<u>(105,557)</u>
Net position - ending	<u>\$ 122,627</u>	<u>\$ 236,265</u>	<u>\$ (113,638)</u>

**Governmental activities.** Governmental activities decreased the School's net position by \$113,638 for the year ended June 30, 2019.

### Financial Analysis of the Government's Funds

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned fund balance was \$114,181 in the general fund.

The special revenue fund is to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. At the end of current fiscal year, special revenue fund has an ending fund balance of \$41,091.

**Agency fund.** The School has one agency fund which is a student activity fund. This fund is formed for educational and school purposes. The agency fund financial statement can be found on page 14 of this report. The assets and liabilities of this fund are not included in the government-wide statement of net position.

### **General Fund Budgetary Highlights**

Revenues and expenditures were both less than the budget for the year ended June 30, 2019. Enrollment was lower than expected for the year, which caused an unfavorable variance in revenues, and the School maintained tight budgetary control in an attempt to control spending as much as possible.

### **Capital Asset and Debt Administration**

**Capital assets.** The School's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$58,828 (net of accumulated depreciation). This investment in capital assets includes furniture and equipment and computers. Additional information on the School's capital assets can be found in Note C.

### **Significant Activities during Fiscal Year 2018-2019**

The School offers classes for girls in grades 6-8. The School's enrollment was 110 students for fiscal 2019 compared to 113 for fiscal 2018. The School had an 8<sup>th</sup> grade graduating class of 22 for the 2018-2019 fiscal year.

### **Economic Factors**

The economic position of the School for general operations is closely tied to that of the State. The formula for determining funding for education is set by Florida Statute. State funds to charter schools are provided primarily by legislative appropriations from the State's general revenue fund under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue collections.

### **Request for Information**

This financial report is designed to provide a general overview of Waverly Academy Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Waverly Academy Charter School, 5710 Wesconnett Blvd, Jacksonville, Florida, 32244.

**WAVERLY ACADEMY CHARTER SCHOOL**  
**(A division of Growing Great Girls, Inc.)**

**STATEMENT OF NET POSITION**

June 30, 2019

		Governmental Activities
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$	165,872
Accounts receivable		62,274
Total current assets		228,146
<b>CAPITAL ASSETS</b>		
Capital assets, net of accumulated depreciation:		
Furniture and equipment		58,828
Total capital assets		58,828
Total assets		286,974
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses		25,010
Accounts payable		4,777
Due to other agencies		43,087
Total current liabilities		72,874
<b>LONG-TERM LIABILITIES</b>		
Due within one year		7,941
Due in more than one year		83,532
Total liabilities		164,347
<b>NET POSITION</b>		
Investment in capital assets		58,828
Restricted		41,091
Unrestricted		22,708
Total net position	\$	122,627

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

**WAVERLY ACADEMY CHARTER SCHOOL**  
**(A division of Growing Great Girls, Inc.)**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 339,214	\$ -	\$ 198,830	\$ -	\$ (140,384)
Exceptional instruction	25,556	-	-	-	(25,556)
Instructional support	2,315	-	-	-	(2,315)
Instructional training	76,295	-	-	-	(76,295)
General support	851	-	-	-	(851)
School administration	303,615	-	-	-	(303,615)
Fiscal services	24,133	-	-	-	(24,133)
Food services	68,648	24,298	33,356	-	(10,994)
Operation of plant	166,703	-	-	-	(166,703)
Maintenance of plant	6,799	-	-	-	(6,799)
Community services	2,905	-	-	-	(2,905)
Interest	5,877	-	-	-	(5,877)
Total governmental activities	<u>\$ 1,022,911</u>	<u>\$ 24,298</u>	<u>\$ 232,186</u>	<u>\$ -</u>	<u>(766,427)</u>
General revenues:					
State passed through local school board					619,595
Other income					33,194
Total general revenues					<u>652,789</u>
Change in net position					(113,638)
Net position at July 1, 2018					236,265
Net position at June 30, 2019					<u>\$ 122,627</u>

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

**WAVERLY ACADEMY CHARTER SCHOOL**  
**(A division of Growing Great Girls, Inc.)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2019**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 165,872	\$ -	\$ 165,872
Accounts receivable	2,048	60,226	62,274
Total assets	\$ 167,920	\$ 60,226	\$ 228,146
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accrued expenses	\$ 5,875	\$ 19,135	\$ 25,010
Accounts payable	4,777	-	4,777
Due to agencies	43,087	-	43,087
Total liabilities	53,739	19,135	72,874
<b>FUND BALANCES</b>			
Restricted	-	41,091	41,091
Unassigned	114,181	-	114,181
Total fund balances	114,181	41,091	155,272
Total liabilities and fund balances	\$ 167,920	\$ 60,226	\$ 228,146

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

**WAVERLY ACADEMY CHARTER SCHOOL  
(A division of Growing Great Girls, Inc.)**

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

**June 30, 2019**

Fund balances - total governmental funds	\$	155,272
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Furniture and equipment, net of \$219,198		
accumulated depreciation	<u>\$</u>	<u>58,828</u>
Total capital assets		58,828
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the general fund.		
Note payable		<u>(91,473)</u>
Total net position of governmental activities	<u>\$</u>	<u>122,627</u>

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

**WAVERLY ACADEMY CHARTER SCHOOL**  
**(A division of Growing Great Girls, Inc.)**

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

**Year Ended June 30, 2019**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>			
Federal passed through local school board			
Federal grant revenue	\$ -	\$ 198,830	\$ 198,830
Meal sales	24,298	-	24,298
National school lunch program	-	33,356	33,356
State passed through local school board	619,595	-	619,595
Other income	33,194	-	33,194
Total revenues	<u>677,087</u>	<u>232,186</u>	<u>909,273</u>
<b>Expenditures</b>			
<b>Current:</b>			
Basic instruction	84,844	193,190	278,034
Exceptional instruction	25,556	-	25,556
Instructional support	2,315	-	2,315
Instructional training	76,295	-	76,295
General support	851	-	851
School administration	298,121	5,494	303,615
Fiscal services	24,133	-	24,133
Food services	35,293	33,355	68,648
Operation of plant	166,703	-	166,703
Maintenance of plant	6,652	147	6,799
Community services	2,905	-	2,905
Debt service			
Interest	5,877	-	5,877
Principal	7,498	-	7,498
Total expenditures	<u>737,043</u>	<u>232,186</u>	<u>969,229</u>
Excess (deficiency) of revenues over (under) expenditures	(59,956)	-	(59,956)
<b>Other financing sources (uses)</b>			
Transfers in	-	8,249	8,249
Transfers (out)	(8,249)	-	(8,249)
Net change in fund balances	<u>(68,205)</u>	<u>8,249</u>	<u>(59,956)</u>
Fund balances at July 1, 2018	182,386	32,842	215,228
Fund balances at June 30, 2019	<u>\$ 114,181</u>	<u>\$ 41,091</u>	<u>\$ 155,272</u>

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

**WAVERLY ACADEMY CHARTER SCHOOL**  
**(A division of Growing Great Girls, Inc.)**

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

**Year Ended June 30, 2019**

Net change in fund balances - total government funds \$ (59,956)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	<u>\$ (61,180)</u>	
Total capital assets		(61,180)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payment on long-term debt		<u>7,498</u>
Change in net position of governmental activities		<u><u>\$ (113,638)</u></u>

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

**WAVERLY ACADEMY CHARTER SCHOOL**  
**(A division of Growing Great Girls, Inc.)**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND**

**June 30, 2019**

	<b>ASSETS</b>	<u>Internal Fund</u>
Cash		<u>\$ 3,447</u>
Total assets		<u><u>\$ 3,447</u></u>
	<b>LIABILITIES</b>	
Internal accounts payable		<u>\$ 3,447</u>
Total liabilities		<u><u>\$ 3,447</u></u>

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

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Waverly Academy Charter School (the "School") is a division of Growing Great Girls, Inc. (the "Charterholder"), which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors (the "Board"), which is composed of five members. The financial information presented is that of Waverly Academy Charter School only.

The general operating authority of Waverly Academy Charter School is contained in Section 1002.33, Florida Statutes. The School operates under a charter from the sponsoring school district, which is The School Board of Duval County, Florida (the "School Board"). The current charter was for a term of two school years commencing with the 2017 - 2018 school year and expiring on June 30, 2019. It was renewed for three years through June 30, 2022. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a division of the Charterholder, and the Charterholder is a component unit of The School Board of Duval County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: amounts invested in capital assets; restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Only two of the School's funds were deemed to be major funds. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

3. Measurement focus, basis of accounting, and financial statement presentation  
(continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

**Restricted:** This classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

**Committed:** This classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

**Assigned:** This classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

**Unassigned:** This classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the general fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 10.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund - to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at financial institutions. The School has no cash equivalents.

5. Receivables

Receivables consist of amounts due from other agencies at June 30, 2019. The School's management determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund receivables and payables

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Loan issuance costs are expensed as incurred.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

8. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$500 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (years)</u>
Furniture and equipment	3 - 5
Computers	3

9. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the School Board to the Charterholder and then to the School pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the 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 Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

10. Revenue recognition

Student funding is provided by the State of Florida through the School Board. Such funding is recorded as State passed through local school district in the government-wide financial statements and fund financial statements and is net of 5% administration fee retained by the School Board. This funding is received on a prorate basis over the twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

11. Income taxes

The School is a charter school under Growing Great Girls, Inc., which qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

12. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

13. Recent accounting pronouncements

In June 2017, the GASB issued Accounting Standards Updated (ASU) No. 87, *Leases*, which will require lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The new guidance is effective for reporting periods beginning after December 15, 2019. Early adoption is permitted. The School is evaluating the potential effect ASU No. 87 will have on its financial statements.

14. Subsequent events

The School has evaluated subsequent events through September 20, 2019 the date which the financial statements were issued.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE B - CASH**

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The School maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union State Insurance Fund ("NCUSIF"). Under the FDIC and NCUSIF programs, all of the School's cash balances maintained in accounts at the financial institution are fully guaranteed up to \$250,000.

At June 30, 2019, the School does not hold any cash balances exceeding FDIC or NCUSIF coverage limits.

**NOTE C - CAPITAL ASSETS**

Changes in capital assets were as follows for the year ended June 30, 2019:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets depreciated:				
Furniture and equipment	\$278,026	\$ -	\$ -	\$278,026
Computers	145,276	-	-	145,276
Total assets depreciated	<u>423,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>423,302</u>
Less accumulated depreciation:				
Furniture and equipment	189,433	\$ 29,765	\$ -	219,198
Computers	113,861	31,415	-	145,276
Total accumulated depreciation	<u>303,294</u>	<u>\$ 61,180</u>	<u>\$ -</u>	<u>364,474</u>
Total governmental activities capital assets, net	<u>\$120,008</u>			<u>\$ 58,828</u>

Depreciation expense for the year ended June 30, 2019 were \$61,180 charged to basic instruction.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE D - LONG-TERM DEBT**

Debt activity for the year ended June 30, 2019, was as follows:

	<u>Long-term obligations at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Long-term obligations at June 30, 2019</u>	<u>Due within one year</u>
Note payable	<u>\$ 98,971</u>	<u>\$ -</u>	<u>\$ 7,498</u>	<u>\$ 91,473</u>	<u>\$ 7,941</u>

In June 2013, the School entered into a note totaling \$130,000 to aide in moving into new facilities. The note payable is due in monthly installments of \$1,080 commencing July 2013 for 15 years, including interest of 5.75%. Current year principal payments on the note were \$7,498. Current year interest expense on the note was \$5,877.

The principal and interest payments due in the years subsequent to June 30, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 7,941	\$ 5,018
2021	8,410	4,549
2022	8,906	4,053
2023	9,432	3,527
2024	9,989	2,910
Thereafter	<u>46,795</u>	<u>5,624</u>
	<u>\$ 91,473</u>	<u>\$ 25,681</u>

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE E - CONCENTRATIONS**

Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the School Board. The following is a schedule of revenue sources and amounts:

The administrative fee paid to the School Board during the year ended June 30, 2019 totaled \$30,929 and is reflected as a school administrative expense/expenditure in the accompanying financial statements.

Source	Amount
State of Florida Passed Through The School Board of Duval County, Florida	
FEFP Basic	\$ 419,920
ESE	62,939
Science Lab	116
Instructional Material	7,389
School Improvement	354
Digital Classroom Allocation	1,622
Teacher Lead	650
Safe Schools	5,730
Class Size	89,739
Mental Health Assistance Allocation	2,257
SAI	24,871
Class Size Reallocation	12
Research Based Reading Instruction Allocation	3,996
Subtotal	619,595
Title I	169,236
Title II	4,431
Title IV	21,701
Restart Schools	3,462
Total Passed Through the School Board of Duval County, Florida	818,425
Other Revenues:	
National School Lunch Program	33,356
Other Income	33,194
Meal Sales	24,298
	\$ 909,273

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE F - COMMITMENTS AND CONTINGENCIES**

*Operating lease with a related party*

The School has entered into a non-cancellable operating lease for use of its facility with a company that is owned by an officer of the School. The lease began on October 31, 2012 and was extended through June 30, 2020. Rent expenses totaled \$72,000 for the year ended June 30, 2019.

Future minimum lease payments under this operating lease for years subsequent to June 30, 2019 are \$72,000 for fiscal 2020.

**NOTE G - RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, general liabilities, and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the School's liability is \$10,000 per occurrence. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the fiscal year 2019.

**REQUIRED SUPPLEMENTAL INFORMATION**

**WAVERLY ACADEMY CHARTER SCHOOL**  
**(A division of Growing Great Girls, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND**

**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual General Fund	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State passed through local school district	\$ 659,948	\$ 676,257	\$ 619,595	\$ (56,662)
Meal sales	62,519	62,519	24,298	(38,221)
Other income	-	-	33,194	33,194
Total revenues	<u>722,467</u>	<u>738,776</u>	<u>677,087</u>	<u>(61,689)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Basic instruction	268,001	327,923	84,844	243,079
Exceptional instruction	-	-	25,556	(25,556)
Instructional support	-	-	2,315	(2,315)
Instructional training	-	-	76,295	(76,295)
General support	10,000	9,000	851	8,149
School administration	258,864	258,049	298,121	(40,072)
Fiscal services	2,000	1,000	24,133	(23,133)
Food services	25,221	25,221	35,293	(10,072)
Operation of plant	156,465	144,751	166,703	(21,952)
Maintenance of plant	3,500	25,502	6,652	18,850
Community services	-	-	2,905	(2,905)
Debt service				
Interest	-	-	5,877	(5,877)
Principal	13,000	13,000	7,498	5,502
Total expenditures	<u>737,051</u>	<u>804,446</u>	<u>737,043</u>	<u>67,403</u>
Excess (deficiency) of revenues over (under) expenditures	(14,584)	(65,670)	(59,956)	5,714
Other financing sources (uses)				
Transfers (out)	-	-	(8,249)	(8,249)
Net change in fund balance	(14,584)	(65,670)	(68,205)	(2,535)
Fund balance at July 1, 2018	182,386	182,386	182,386	-
Fund balance at June 30, 2019	<u>\$ 167,802</u>	<u>\$ 116,716</u>	<u>\$ 114,181</u>	<u>\$ (2,535)</u>

See note to required supplemental information.

**Waverly Academy Charter School  
(A division of Growing Great Girls, Inc.)**

**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**

**June 30, 2019**

**NOTE A - BUDGETARY INFORMATION**

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund for which a legally adopted budget exists.

**SUPPLEMENTAL INFORMATION**



**INDEPENDENT AUDITORS' 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**

**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

To the Board of Directors of  
Waverly Academy Charter School  
Jacksonville, 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 of Waverly Academy Charter School (the "School"), a division of Growing Great Girls, Inc. (the "Charterholder"), which is a component unit of the School Board of Duval County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Waverly Academy Charter School's basic financial statements, and have issued our report thereon dated September 20, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Waverly Academy Charter 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waverly Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Waverly Academy Charter 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.

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American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Waverly Academy Charter 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2019



## MANAGEMENT LETTER

### **Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
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American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

To the Board of Directors of  
Waverly Academy Charter School  
Jacksonville, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Waverly Academy Charter School (the "School"), a division of Growing Great Girls, Inc. (the "Charterholder"), which is a component unit of the School Board of Duval County, Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 20, 2019.

### **Auditors' 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 and Chapter 10.850, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 20, 2019, 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. In connection with our audit, the School did not have prior year findings.

### **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is *Waverly Academy Charter School* (161331), a division of Growing Great Girls, Inc. ("Charterholder"), which is a component unit of the School Board of Duval County, Florida.

### **Financial Condition and Management**

Section 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires 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 Waverly Academy Charter 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 the financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, required 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 us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Waverly Academy Charter School's management, the School Board of Duval County, the Board of Directors, and applicable management, and Growing Great Girls, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2019

## **MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES**

For the year ended June 30, 2019, there are no management findings, recommendations or responses.