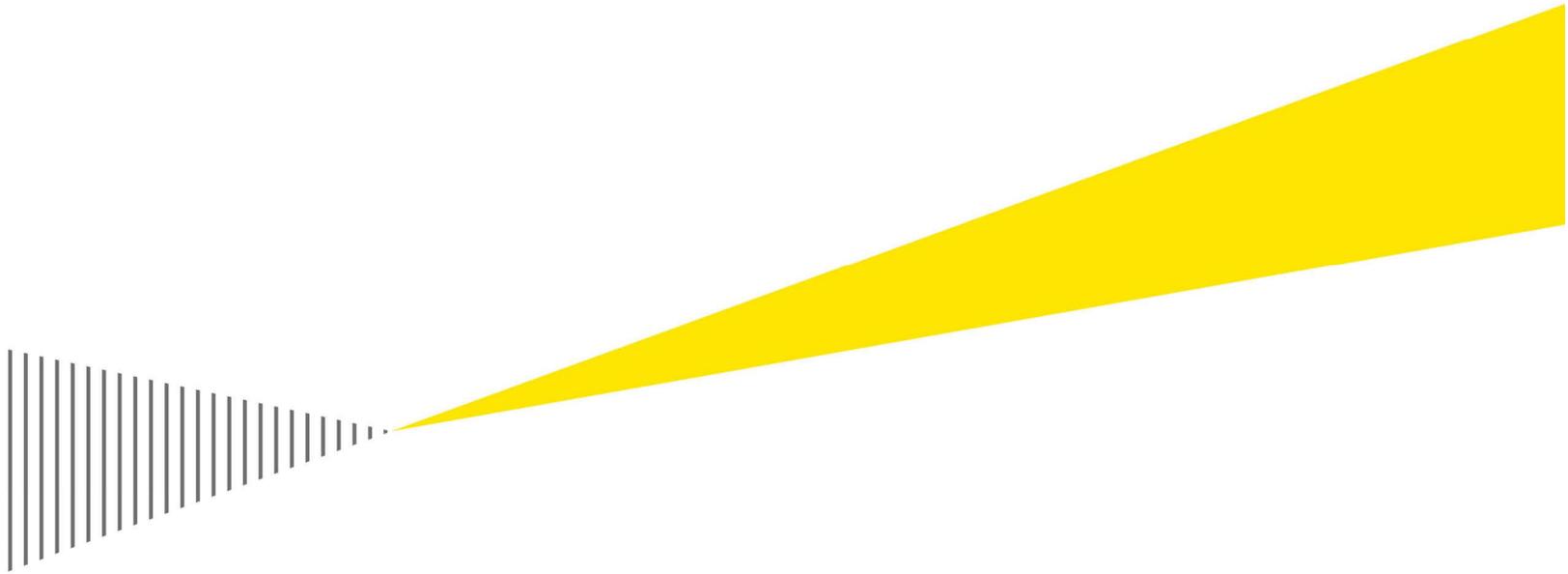


Financial Statements

**Science is Fun and Awesome Learning Academy
Charter School**

(A Non-Profit Organization)

*Year ended September 30, 2019
with Report of Independent Auditors*



**Building a better
working world**

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Financial Statements

Year ended September 30, 2019

Contents

Report of Independent Auditors	1
Management’s Discussion and Analysis	4
Audited Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Position.....	32
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities.....	33
Statement of Fiduciary Net Position	34
Notes to Financial Statements.....	35
Required Supplementary Information	
Budgetary Comparison Schedule – Governmental Funds	44



Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Report of Independent Auditors

The Board of Trustees of Science is Fun and Awesome Learning Academy Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Science is Fun and Awesome Learning Academy Charter School (SiFA), as of and for the year ended September 30, 2019, and the related notes to the financial statements which collectively comprise Science is Fun and Awesome Learning Academy Charter 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 conformity with U.S. generally accepted accounting principles; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Science is Fun and Awesome Learning Academy Charter School, as of September 30, 2019, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Science is Fun and Awesome Learning Academy's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that SiFA will continue as a going concern. As discussed in Note 7 to the financial statements, SiFA has a working capital deficiency and has stated that substantial doubt exists about SiFA's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters also are described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 31 and budgetary comparison information on page 44 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 which 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, 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 March 27, 2020, on our consideration of Science is Fun and Awesome Learning Academy Charter 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 the effectiveness of Science is Fun and Awesome Learning Academy Charter 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 Science is Fun and Awesome Learning Academy Charter School's internal control over financial reporting and compliance.

Ernst + Young LLP

March 27, 2020

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

As management of Science is Fun and Awesome Learning Academy Charter School (SiFA), we offer readers of the financial statements this narrative overview and analysis of the financial activities of SiFA for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the information presented within the body of the audited financial report.

A. School Activities and Highlights

Financial Highlights

Our basic financial statements provide these insights into the results of this fiscal year's operations.

- The liabilities of SiFA exceeded its assets at the close of fiscal year by \$1,200,935 (*net position*).
- Enrollment at the end of School Year 2018-2019 is 233 students which is lesser than the 350 students as authorized by P.L. 34-116

School's Overview

- SiFA is a STEAM-based middle school. The school offers the following subject areas: Science, Mathematics, ELA, ICT, Social Studies, Physical Education, Robotics and Electives (Band and Family Consumer Science). Apart from academic offerings, the school has the following student organizations: STUCO, NJHS, Math Counts, Robotics Club, etc. to a name a few.
- SiFA first opened in the 2018-2019 school year with 16 teachers. The teachers have degrees ranging from Associate's Degrees to Master's Degree. More than half of the faculty have less than 5 years of teaching experience and do not hold degrees in education. Professional Development is crucial in improving their teaching techniques and understanding of effective pedagogy. Professional development for the faculty, will also contribute to an increase in academic performance in areas that baseline data show as needing improvement. ACT Aspire results from 2018-2019 indicate weaknesses in Math, Reading, and Science.
 - Two faculty members hold Masters Degrees
 - Three faculty members hold a Bachelors Degree in Education
 - Two faculty members hold an Associates Degree in Early Childhood.
 - Ten faculty hold degrees in other field of studies.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

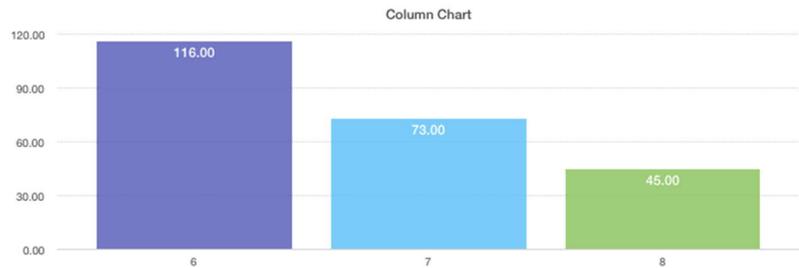
Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Profile

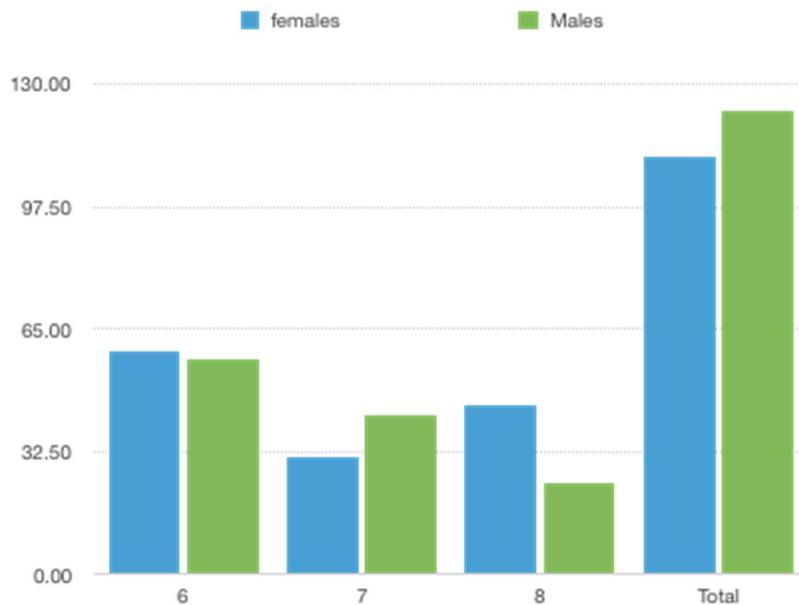
Enrollment as of October 7, 2019

Grade	Number of students
6	116
7	73
8	45
Total	234



Gender Enrollment as of October 7, 2019

Grade	Females	Males
6	59	57
7	31	42
8	45	24
Total	111	123



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Previous School Enrollment as of October 7, 2019

School	
Adacao Elementary School	7
Agana Heights Elementary School	11
Agueda Johnston Middle School	6
Andersen Middle School	1
Astumbo Middle School	2
Carbullido Elementary School	6
Benavente Middle School	1
Bishop Baumgartner Catholic School	5
C. L. Taitano Elementary School	8
Price Elementary School	6
Brodie Elementary School	1
Dominican Catholic School	1
F.B. Leon Guerrero Middle School	5
Finegayan Elementary School	1
Guahan Academy Charter School	25
Harvest Christian Academy	2
Home School	2
iLearn Academy Charter School	57
J.Q. San Miguel Elementary School	3
Juan M. Guerrero Elementary School	4
Jose Rios Middle School	10
Untalan Middle School	8
Liguan Elementary School	4
M.U. Lujan Elementary School	2
Ulloa Elementary School	2
McCool Elementary/Middle School	1

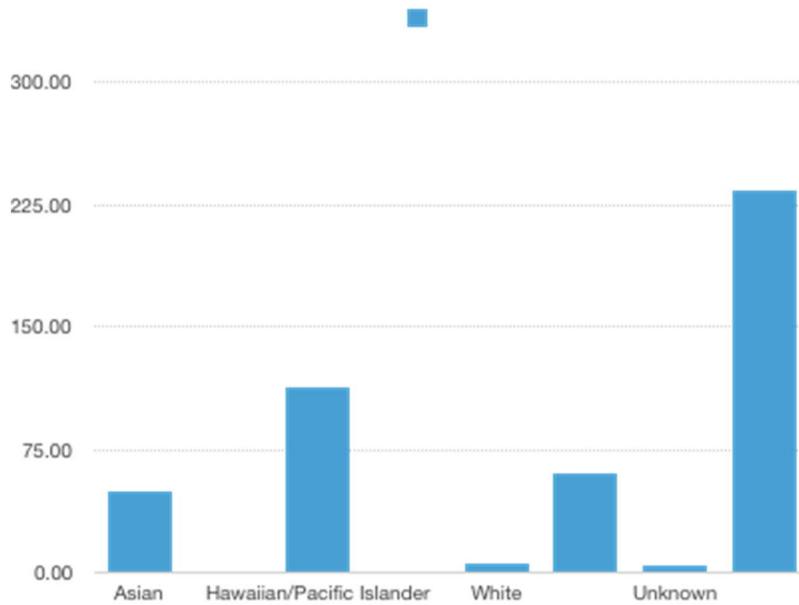
Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Ethnicity Enrollment as of October 7, 2019

Ethnicity	
Asian	50
Black/African American	0
Hawaiian/Pacific Islander	113
Hispanic/Latino	0
White	6
Others	60
Unknown	5
	234



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Village Enrollment as of October 7, 2019

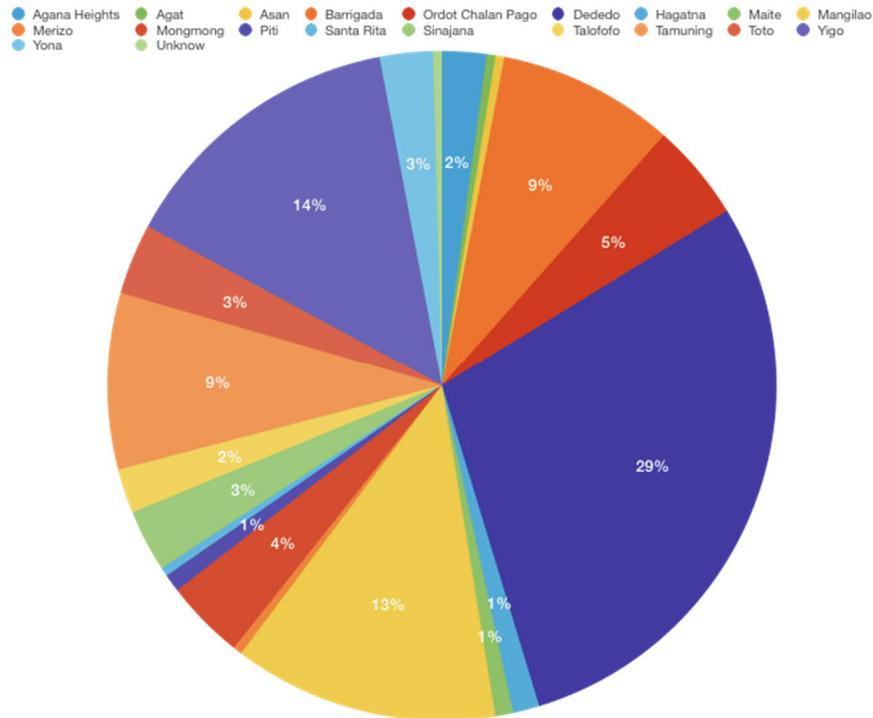
Village	
Agana Heights	5
Agat	1
Asan	1
Barrigada	20
Ordot Chalan Pago	11
Dededo	68
Hagatna	3
Maite	2
Mangilao	30
Merizo	1
Mongmong	9
Piti	2
Santa Rita	1
Sinajana	7
Talofof	5
Tamuning	20
Toto	8
Yigo	33
Yona	6
Unknown	1

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Village Enrollment as of October 7, 2019



Student Performance

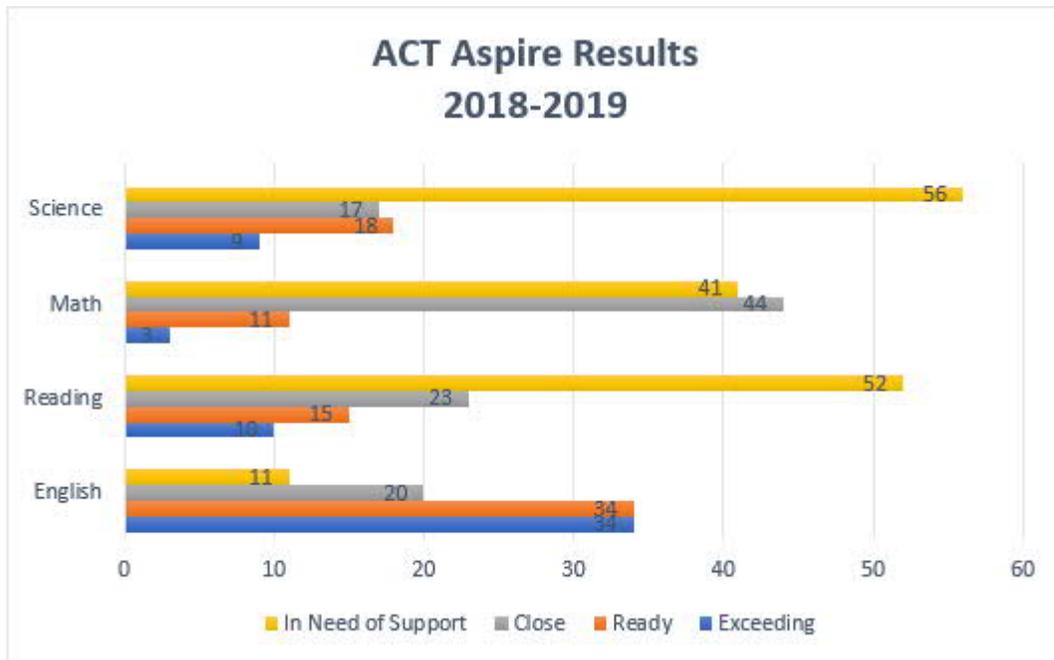
- The school adheres to the ACT Aspire district wide assessment at the end of the school year. ACT Aspire results from the academic year 2018 – 2019 are as follows:
 - Reading: 10% Exceeding; 15% Ready; 23% Close; 52% In Need of Support
 - Math: 3% Exceeding; 11% Ready; 44% Close; 41% in Need of Support
 - Science: 9% Exceeding; 18% Ready; 17% Close; 56% In Need of Support
 - English: 34% Exceeding; 34% Ready; 20% Close; 11% In Need of Support

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Performance, continued



- Marks Analysis for 1st Quarter SY 2019 – 2020

SUBJECT	GRADE 6	GRADE 7	GRADE 8
MATH	14.4 % (FAIL)	10.5 % (FAIL)	16 % (FAIL)
	85.6 % (PASS)	89.5 % (PASS)	84 % (PASS)
SCIENCE	0.8 % (FAIL)	9.2 % (FAIL)	4 % (FAIL)
	99.2 % (PASS)	90.8 % (PASS)	96 % (PASS)
ELA	1.7 % (FAIL)	0 % (FAIL)	0 % (FAIL)
	98.3 % (PASS)	100 % (PASS)	100 % (PASS)

- Marks Analysis for 2nd Quarter SY 2019 – 2020

SUBJECT	GRADE 6	GRADE 7	GRADE 8
MATH	8.5 % (FAIL)	13.2 % (FAIL)	20 % (FAIL)
	91.5 % (PASS)	86.8 % (PASS)	80 % (PASS)
SCIENCE	5.1 % (FAIL)	9.2 % (FAIL)	4 % (FAIL)
	94.9 % (PASS)	90.8 % (PASS)	96 % (PASS)
ELA	5.1 % (FAIL)	0 % (FAIL)	0 % (FAIL)
	94.9 % (PASS)	100 % (PASS)	100 % (PASS)

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Performance, continued

- First Annual School Intramurals SY 2018 – 2019 (March -April 2019)
- In-school Activities: Spelling Bee, Math Kangaroo, Science Exhibit and Fair, NHD Exhibit, School-wide STEAM lessons, Winter Wonderland Production, Spring Festival (Band and Performing Arts Recital), Recycle Fashion Show and Cooking Demonstration (FCS), Educational Field Trips (War Museum, Guam Museum, Plaza de España), Tobacco Demonstration (Health), Coral Reef Project and Demonstration (Science), Forestry Demonstration (Science), Erosion Display (Science)

Discipline Report: 1st Quarter SY 2019 - 2020

The office of the Vice-Principal took in a total of 43 Incident Reports, 6 Major Referrals, 6 Suspensions, and 2 Expulsions during first quarter.

Incident Reports	Major Referrals	Suspensions	Expulsion
43	6	6	2



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Professional Development Activities

PROFESSIONAL DEVELOPMENT ACTIVITIES Oct – Dec 2018				
DATE	ACTIVITY	FACILITATOR	VENUE	LEARNING EXPECTATIONS
OCTOBER				
1	Effective leadership development for educators in STEM academics	Mr. John Cruikshank		Effective leadership development for educators in STEM academics
2	STEM Curriculum for the 21st educator	Mr. John Cruikshank		STEM Curriculum for the 21st educator
3	Grant writing and proposal workshop	Mr. John Cruikshank		Grant writing and proposal workshop
4	Developing collaboration among academic leaders in Micronesia	Mr. John Cruikshank		Developing collaboration among academic leaders in Micronesia

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Professional Development Activities, continued

PROFESSIONAL DEVELOPMENT ACTIVITIES Jan – Jun 2019				
JANUARY				
17	safeTALK		DOA Training room, ITC	Applied suicide intervention training
24 to 25	ASIST Training		GMH Classroom, 4th floor	Suicide first aid
FEBRUARY				
7	US DOL Overview of OFCCP and Affirmative Action	Mr. Jeffrey Sablan	DOL Bell Tower Bldg.	
19	DOL Occupational Safety and Health Administration	Mr. Jesse Pangelinan	DOL Bell Tower Bldg.	OSHA standards and guidelines
21	DOL Disability Law in the Workplace	Mr. Harold Parker	DOL Bell Tower Bldg.	Reasonable accommodation for disabled employees
26	DOL Guam's Wage & Hour Provisions	Mr. Jeffrey Sablan	DOL Bell Tower Bldg.	Guam's wage & hourly salary scale
28	DOL Fair Employment Practices EEOC	Mr. Jeffrey Sablan	DOL Bell Tower Bldg.	Guidelines to fair employment practices
MARCH				
1	Assistive Technology	Multiple speakers	Westin Hotel	Disability law and reasonable accommodation
	Conference (GSAT)			
12	Occupational Safety and Health Administration	Mr. Jesse Pangelinan	DOL Bell Tower Bldg.	OSHA standards and guidelines
28 to 29	Guam Association of School Counselors Conference	Multiple speakers		American school counseling association model

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Professional Development Activities, continued

PROFESSIONAL DEVELOPMENT ACTIVITIES Jan – Jun 2019, continued				
DATE	ACTIVITY	FACILITATOR	VENUE	LEARNING EXPECTATIONS
APRIL				
9	DOL Occupational Safety and Health Administration	Mr. Jesse Pangelinan	DOL Bell Tower Bldg.	OSHA standards and guidelines
2	DOL Fair Chances Hiring Process Act	Mr. Jeffrey Sablan	DOL Bell Tower Bldg.	Guidelines for employer on proper hiring methods
7	SHRM Guam & Federal Law	Mr. Keith Sonderling	Dusit Thani Hotel	Proposed 541 Salary rule change and PAID program
16	DOL Harassment in the Workplace Process Act	Mr. Jeffrey Sablan	DOL Bell Tower Bldg.	Guidelines for employer on types of harassment

PROFESSIONAL DEVELOPMENT ACTIVITIES Jul- Dec 2019				
DATE	ACTIVITY	FACILITATOR	VENUE	LEARNING EXPECTATIONS
JULY				
9	DOL Marijuana in the Workplace	Atty. Vince Camacho	DOL Bell Tower Bldg.	Guidelines for the employer on the Marijuana law
16	DOL Electrical Hazard Training	Mr. Jesse Pangelinan	DOL Bell Tower Bldg.	
25	DOL Safety Awareness	Mr. Jesse Pangelinan	DOL Bell Tower Bldg.	
AUGUST				
1	Missions/Vision/Goals of SIFA	Dr. Jay Sunga	SIFA Project Room	
	Protocols on school activities	Dr. Charles Deita	SIFA Project Room	

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Professional Development Activities, continued

PROFESSIONAL DEVELOPMENT ACTIVITIES Jul- Dec 2019, continued				
DATE	ACTIVITY	FACILITATOR	VENUE	LEARNING EXPECTATIONS
AUGUST				
2	Organizational structure Policies & procedures Employee manual	Ms. Maria Ravela	SIFA Project Room	
	Employee Equal Opportunity	Mr. Jeffrey Sablan	SIFA Project Room	
5	Quality management	Dr. Charles Deita	SIFA Project Room	
	Writeshop of Strategic			
	& Operational Plans			
	Accreditations Plans			
6	First Aid training	Ms. Ernalyn Puno	DOE Training Room	First Aid training for staff and faculty
	Student Handbook	Ms. Sherrene Mantanona	SIFA Project Room	
7	Teaching strategies and Pedagogy	Dr. Jay Sunga	SIFA Project Room	
	Lesson Planning	Mr. Jared Ramos	SIFA Project Room	
8	5 Characteristics of a Leader	Dr. Paul Pineda	SIFA Project Room	Lecture on types of Leadership

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Professional Development Activities, continued

PROFESSIONAL DEVELOPMENT ACTIVITIES Jul- Dec 2019, continued				
DATE	ACTIVITY	FACILITATOR	VENUE	LEARNING EXPECTATIONS
AUGUST				
8	Plotting of Activities and Budget	Ms. Rochelle Yusi	SIFA Project Room	
9	Technology Integration	Mr. Leo Lintag	SIFA Project Room	
	Assessment			
9	SHRM Guam Chapter Conference	Multiple speakers	Dusit Thani Hotel	The work, worker and the workplace
10	DOL EEOC Conference	Ms. Glory Gervacio-Saure	DOL Bell Tower Bldg.	Updates on Equal employment trends and guidance
SEPTEMBER				
8 to 18	School of Rock Science Workshop		San Diego, CA.	Scientific ocean drilling
18 to 19	IEP Workshop	Mr. David Bateman	Lotte Hotel Guam	Developing and implementing specially designed
		Ms. Jenifer Cline		instruction for students with disabilities.
24	DOL Fair Chances Hiring Process Act	Mr. Jeffrey Sablan	DOL Bell Tower Bldg.	Guidelines for employer on proper hiring methods

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments

“Going Further” Award National Geographic Bee

Special Award World War II National History Day Competition – University of Maryland

Special Environmental Award National History Day

Top Ten – National Geography Bee

- | | |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 st Place | <ul style="list-style-type: none">• National History Day Documentary• Pacific Territories Geography Bee• 8th Grade Math Kangaroo Group• 8th grade Math Kangaroo Individual |
| 2 nd Place | <ul style="list-style-type: none">• First Lego League Competition• 6th Grade Math Kangaroo Group• 6th Grade Math Kangaroo Individual |
| 3 rd Place | <ul style="list-style-type: none">• National History Day Website |
| 4 th Place | <ul style="list-style-type: none">• Math Counts Chapter Competition• Math Counts State Competition |
| 29 th Place | <ul style="list-style-type: none">• National Geographic Bee |

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments

Congratulations to SIFA Manta Rays for winning 2nd place out of 22 schools and 175 participants in the recent First Lego League 2019.



SIFA Manta Rays participate in the Island Ideas Youth Expo 2019 at the Pacific Island Club entitled "The Power of 'I'- Inspire, Initiate, Innovate". This conference promotes awareness on the importance of Tourism on Guam.



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

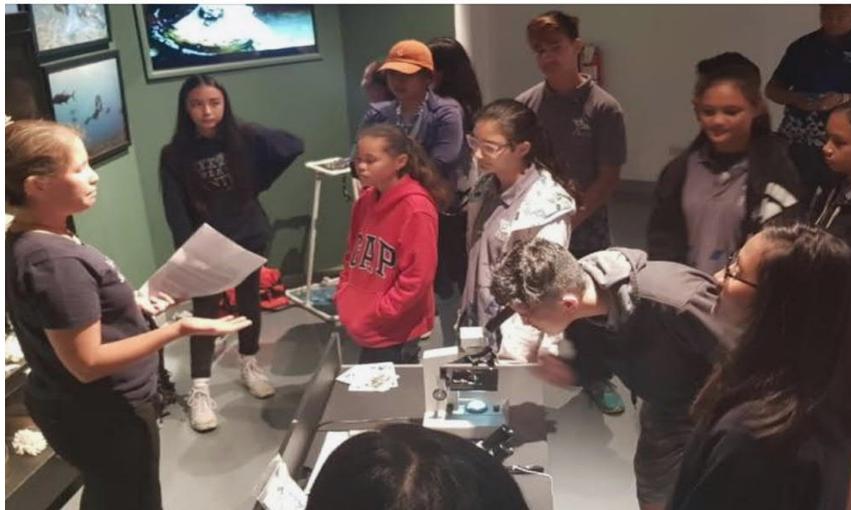
A. School Activities and Highlights, continued

Other Accomplishments

Guam Forestry personnel giving a talk on the issue of wildfires on Guam to SIFA 6th graders



SIFA students at the B(reef)ly Our Coral Reef Exhibit, Guam Museum guided by Adrienne Loerzel (NOAA).



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments

SIFA students practicing coral reef monitoring procedures.



Congratulations to SIFA Manta Rays for ranking 4th out of 100 competitors, with 13 teams and 48 non-team individual competitors in the recent MATH COUNTS Competition Series held at Guam Pacific Star on February 16, 2019. The team will advance to the State Competition on March 9, 2019 at the same venue.



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments



April 2 · 🌐
Congratulations to the following students who participated in the NHD competition held on March 23, 2019 at the University of Guam:

Napu Blas
Topic: Guam's Endemic Birds: Endangered by Snakes Saved by American Zoos
-Special Award- Environment and Historic Preservation
-3rd place Individual Website

Ryan Perez
Topic: Guam Reparations: The Legislative Languish
-1st place individual documentary

Layla Espinal
Topic: The Spanish Conquest
Individual exhibit

Congratulations to Napu Blas, Galvin Escalona, Ryan Perez, and Everett Singleton for ranking 4th in the recent MATH COUNTS STATE Competition held at the Guam Pacific Star on March 9, 2019.



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments

Congratulations to Ryan Perez who will advance to the National History Day competition at the University of Maryland, College Park on June 9-13, 2019.



SIFA LACS 7th grader Jordyn Zacarias represents at the UOG Islandwide Science Fair. ❤️
#sifalacs
#guampdn
#scienceisfunandawesome



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments

Napu Blas representing SIFA LACS and the Pacific region for the National Geographic GeoBee at the National Geographic Society Headquarters in Washington, DC.



Napu Blas during the 2019 Geo Championships at Washington, DC.



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments

SIFA LACS 1st Promotional Ceremony 2019



SIFA LACS congratulates Ryan Perez for winning the World War II History Prize on the 2019 National History Day Contest held at the University of Maryland in College Park, Maryland on June 9-13, 2019.



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

Other Accomplishments

Administrators, Faculty members and Non-teaching staff attend the 1st Day of Professional Development for SY 2019-2020.



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

B. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SiFA's basic financial statements. SiFA's basic financial statements are comprised of two components: (1) government-wide financial statements (2) notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of SiFA's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on SiFA's net position and how it has changed. Net position is the difference between SiFA's total assets and total liabilities. Measuring net position is one way to gauge SiFA's financial condition.

The *Statement of Activities* presents information on how SiFA's net position changed during the fiscal year. All the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

C. Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a charter school's financial position. In the case of SiFA, the liabilities exceeded assets by \$1,200,935 at the close of the fiscal year.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

C. Government-Wide Financial Analysis, continued

Figure 1 provides a summary of SiFA's net position as of September 30, 2019 and 2018:

Net Position
Figure 1

	<u>2019</u>	<u>Unaudited 2018</u>
Cash	\$ 5,560	\$ 47
Accounts Receivable	289,801	---
Receivables from Employees - AFLAC	685	---
Receivables from Employees - Calvos	<u>681</u>	<u>310</u>
 Total Assets	 \$ <u>296,727</u>	 \$ <u>357</u>
 Accounts Payable	 \$ 259,392	 \$ ---
Accruals	1,073,564	---
Loan Account - Eagle Land Holdings, LLC	<u>164,706</u>	<u>113,100</u>
 Total Liabilities	 \$ <u>1,497,662</u>	 \$ <u>113,100</u>
 Unrestricted	 \$(<u>1,200,935</u>)	 \$(<u>112,743</u>)
 Total Net Position	 \$(<u>1,200,935</u>)	 \$(<u>112,743</u>)

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

C. Government-Wide Financial Analysis, continued

SiFA opened its door on August 2018. However, budget appropriation only started on Financial Year beginning October 01, 2018. Staffing expenses prior to October 01, 2018 contributed to the overall deficit of the school.

Figure 2 provides a summary and analysis of SiFA's revenues and expenses for the years ended September 30, 2019 and 2018 as follows:

Statement of Activities

Figure 2

	<u>2019</u>	<u>Unaudited 2018</u>
REVENUE		
Appropriation - Students	\$ <u>1,418,504</u>	\$ <u>---</u>
Total Revenue	\$ <u>1,418,504</u>	\$ <u>---</u>
EXPENSES		
Bank Charges & Fees	\$ 405	\$ 75
Contract Services	1,680,000	---
Employee Benefits	30,506	4,312
Employee Recruitment Expenses	14,035	1,012
Payroll Taxes	55,016	7,591
Professional Services	2,948	523
Salaries and Wages	723,725	99,229
Taxes & Licenses	<u>61</u>	<u>---</u>
Total Expenses	\$ <u>2,506,696</u>	\$ <u>112,742</u>
Change in Net Position	\$(<u>1,088,192</u>)	\$ <u>---</u>
Net Position at Beginning of the Year	<u>112,742</u>	<u>---</u>
Net Position at end of the Year	\$(<u>1,200,934</u>)	\$(<u>112,742</u>)

P.L. 34-116 states that in School Year 2018-2019, the School is authorized to receive Six Thousand Eighty Eight Dollars (\$6,088) per enrollee not to exceed three hundred fifty (350) students. SIFA only have total of 233 enrollees. Facilities have been provided to accommodate the full cap of 350 enrollees.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

D. Governmental Fund Budget Analysis and Highlights

Financial Analysis of the Government’s Fund

Prior to the start of SiFA’s fiscal year, the Board of the Academy adopted an annual budget that is submitted to the Guam Academy Charter School Council. The Council, in turn, submits the budget from the charter schools to the Legislature. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the Academy's budget.

	GOVERNMENT FUND 2019		
	<u>ORIGINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUE			
Local Govt. Appropriations	\$ 2,275,000	\$ 1,418,504	\$ 856,496
EXPENSES			
Salaries, Wages, & Benefits	\$ 1,448,000	\$ 792,776	\$ 655,224
Employee Benefits	134,344	30,507	103,837
Professional Development	35,000	---	35,000
Contractual Service - PLEASE Contract	813,100	1,680,000	(866,900)
Professional Services	---	2,948	(2,948)
Supplies & Materials	29,750	---	29,750
Equipment	96,333	---	96,333
Miscellaneous	115,240	61	115,179
Utilities	84,000	---	84,000
Workers Compensation	5,000	---	5,000
Bank Charges	5,000	405	4,595
Extended Learning	60,000	---	60,000
TOTAL EXPENSES	<u>\$ 2,825,767</u>	<u>\$ 2,506,697</u>	<u>\$ 319,070</u>

For Fiscal Year 2019, SiFA submitted a budget request for the full cap of 350 enrollees and based on the current appropriation of \$6,500.00. Due to budget cut, appropriation was reduced to \$6,088.00 per enrollee. Being new in the academe, SiFA’s total enrollees for the school year 2018-2019 only reached 233 enrollees. SiFA anticipated 350 enrollees and provided facility and staff to accommodate the needs of 350 enrollees. Our staffing pattern could accommodate 300 – 350 enrollees.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

D. Governmental Fund Budget Analysis and Highlights

Financial Analysis of the Government's Fund, continued

Contractual Services constitute a significant part of the budget. We have a PLEASE contract with Eagle Land Holdings, LLC wherein they will provide a fully furnished facility, utilities, services and supplies. This allows SIFA to concentrate in providing quality education to its students without having to worry about facility and operational costs. Our current facility could accommodate 500 to 550 students.

Going Concerns

SiFA has developed plan of actions to obtain sufficient cash flows to meet its obligations. The plans shall include the following:

- a. Request for additional funding to the Legislature through the Guam Charter Schools Council;
- b. Request to increase enrollment cap from 350 to 550;
- c. Offer after school programs;
- d. Apply for grants; and
- e. Renegotiate the PLEASE contract with the vendor

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash	\$ 5,560	\$ ---	\$ 5,560
Accounts receivable	289,802	---	289,802
Other current assets	<u>1,366</u>	<u>---</u>	<u>1,366</u>
Total assets	<u>\$ 296,728</u>	<u>\$ ---</u>	<u>\$ 296,728</u>
Liabilities:			
Due to related party	\$ 1,306,392	\$ ---	\$ 1,306,392
Accrued expenses	26,565	---	26,565
Advances from related party	<u>164,706</u>	<u>---</u>	<u>164,706</u>
Total liabilities	<u>1,497,663</u>	<u>---</u>	<u>1,497,663</u>
Fund balance: unassigned	(<u>1,200,935</u>)	<u>1,200,935</u>	<u>---</u>
Total liabilities and fund balances	<u>\$ 296,728</u>		
Net position:			
Unrestricted		(<u>1,200,935</u>)	(<u>1,200,935</u>)
Total liabilities and net position		<u>\$ ---</u>	<u>\$ 296,728</u>

See accompanying notes.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Statement of Governmental Fund Revenues, Expenditures and Changes in Fund
Balance/Statement of Activities

Year ended September 30, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Instructional services:			
Contract services	\$ 1,680,000	\$ ---	\$ 1,680,000
Salaries and wages	823,282	---	823,282
Support services:			
Operations	3,009	---	3,009
Bank charges	405	---	405
Total expenditures/expenses	<u>2,506,696</u>	<u>---</u>	<u>2,506,696</u>
General revenues:			
Appropriations	<u>1,418,504</u>	<u>---</u>	<u>1,418,504</u>
Deficiency of revenues under expenditures	(<u>1,088,192</u>)	1,088,192	
Change in net position		(<u>1,088,192</u>)	(<u>1,088,192</u>)
Fund balance/net position:			
Beginning of year	(<u>112,743</u>)	<u>---</u>	(<u>112,743</u>)
End of year	\$(<u>1,200,935</u>)	\$ <u>---</u>	\$(<u>1,200,935</u>)

See accompanying notes.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Statement of Fiduciary Net Position

Year ended September 30, 2019

	<u>Agency Funds</u>
Assets:	
Cash	\$ <u>3,414</u>
Total asset	\$ <u><u>3,414</u></u>
Liability:	
Others	\$ <u>3,414</u>
Total liability	\$ <u><u>3,414</u></u>

See accompanying notes.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements

1. Organizations

Science is Fun and Awesome Learning Academy Charter School, (SiFA) is a non-profit public benefit corporation designed to enrich student learning in all content areas with a special emphasis in science, technology, engineering, art and math. SiFA was incorporated under the laws of Guam on October 7, 2017. SiFA began student enrollment during May 2018.

SiFA is established for the purpose of operating an academy charter school which operates independently from the Guam Public School System for the purposes specifically set forth in 17 GCA §12102. SiFA is governed by a Board of Trustees. The Trustees are elected or selected pursuant to the Charter granted by the Guam Academy Charter Schools Act of 2009 (GACS). The Board of Trustees consists of not less than five (5) members and not more than nine (9) members. At least one member must be a parent or guardian of a student attending SiFA and one member must be from the general public.

SiFA retains an independent contractor, Eagle Land Holdings, LLC (Eagle), under the Partnership for Learning Support in Education Through Lease, Utilities, Supplies and Services (PLEASE) contract for five successive years expiring in June 2023. Under the terms of agreement, Eagle is the sole provider of the facility, fixed assets and related equipment, utilities, services, and supplies to SiFA. In return, SiFA is obligated to pay monthly contract dues invoiced by Eagle.

SiFA is subject to independent oversight by the Guam Academy Charter School Council (the Council). The Council is tasked with monitoring SiFA's operations, compliance with applicable laws and the provisions of the charter granted; the progress of meeting student academic achievement expectations specified in the charter; and compliance with annual reporting requirements. SiFA follows the governmental reporting model as used by local education agencies because of the authority of the Council to terminate or revoke the charter with all assets reverting back to the Government of Guam Department of Education.

2. Summary of Significant Accounting Policies

The financial statements of SiFA are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing Governmental Accounting and Financial Reporting Principles.

In accordance with Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments (“GASB 34”), SiFA is a special-purpose government that is engaged in governmental activities. Therefore, the financial statements are prepared in the same manner as general purpose governments.

SiFA's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Government-wide Financial Statements

The statement of net position and the statement of activities display information about SiFA. These statements include the financial activities of the overall entity. These statements distinguish between the governmental and business-type activities of SiFA. Governmental activities generally are financed through appropriations from the Government of Guam and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Fund Financial Statements

SiFA uses a governmental fund to report on its financial position and results of operations. The operations of the governmental fund are accounted for with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

Separate financial statements are provided for Governmental funds. SiFA presents a balance sheet and a statement of revenues, expenditures and changes in fund balance for its government fund. The ending fund balance on the balance sheet is then reconciled to the ending governmental net position.

Measurement Focus/Government-wide and Fund Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which SiFA gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements of SiFA are accounted for using a flow of current financial resources measurement focus. The statement of governmental fund revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Measurement Focus/Government-wide and Fund Financial Statements, continued

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined and “available” means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred.

Net Position and Fund Balance

Net position in the government-wide financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law.

The unassigned fund balance has not been assigned to another fund or restricted, committed or assigned to specific purposes within the General Fund.

Budgets

Pursuant to the Guam Academy Charter Schools Act of 2009, the Board of Trustees adopts an annual budget. The annual budget must be submitted to the Council every fiscal year. The Council must submit the budget to the Superintendent of Education of the Government of Guam’s Department of Education (GDOE) which in turn incorporates such as part of its budget submitted to the Guam Legislature. Following the appropriation of GDOE’s operating budget for the fiscal year, the amount approved by the Guam Legislature for the operation of SiFA shall be available for expenditure by SiFA’s Board of Trustees.

Cash

For the purpose of presentation in the Governmental Funds balance sheet/statement of net position, cash consists of cash balances deposited in banks.

Agency Funds

Agency funds represent the cash assets of various school clubs held by SiFA in a purely custodial capacity.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Funding

SiFA receives financial support in monthly allotments from the General Fund of the Government of Guam via the GDOE to finance administrative and general expenses on a reimbursable basis. Such expenses mainly consist of contract dues under the PLEASE contract, salaries and wages, and other miscellaneous operational expenses. The actual amounts remitted to SiFA are determined by the GDOE's Internal Auditors through the validation of submitted invoices.

Pursuant to Guam Public Law 34-116, the cost per pupil was \$6,088 for the fiscal year ending September 30, 2019. Student enrollment is not to exceed 350 students during Fiscal Year 2019. The number of enrolled students was multiplied by the FY 2019 Government of Guam General Appropriations Act approved amount of \$6,088 per student enrollee. For the fiscal year ended September 30, 2019, 233 students were enrolled in SiFA. SiFA received government appropriations totaling \$1,418,504 for the fiscal year ended September 30, 2019.

Fundraising and Donations

SiFA participates in various fundraising activities during the year. Revenues received from these fundraising activities are recognized as fundraising income. In addition, SiFA receives cash donations from private individuals and businesses that are recognized as donations when received.

Income Taxes

SiFA is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Guam Territorial Income Tax Law. Therefore, SiFA has made no provision for income taxes in the accompanying financial statements. A Return of Organization Exempt from Income Tax is filed by SiFA. Forms 990 filed by SiFA are subject to examination by the Government of Guam Department of Revenue and Taxation for up to three years from the extended due date of each return.

Capital Assets

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by SiFA as assets with an initial cost of more than \$500 or the anticipated life or useful value of said property is more than one year. Donated property and equipment are valued at the estimated fair market value as of the date received.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Deferred Outflows of Resources

In addition to assets, the statements of financial position, will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. SiFA has no items that qualify for reporting under this category.

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position, will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (addition of net position) until then. SiFA has no items that qualify for reporting under this category.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of this statement. The implementation of this statement did not have a material effect on the accompanying financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement did not have a material effect on the accompanying financial statements.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. GASB Statement No. 84 will be effective for fiscal year ending September 30, 2020.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. GASB Statement No. 87 will be effective for fiscal year ending September 30, 2021.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for fiscal year ending September 30, 2021.

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. GASB Statement No. 90 will be effective for fiscal year ending September 30, 2020.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In May 2019, GASB issued Statement No. 91, *Conduit debt obligations*. The primary objectives of this statement are to provide a single method reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 will be effective for fiscal year ending September 30, 2022.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. This Statement addresses a variety of topics and includes specific provisions about leases; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; applicability of Statement no. 73 and 84 for postemployment benefits, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. GASB Statement No. 92 will be effective for fiscal year ending September 30, 2020.

SiFA is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

3. Economic Dependency

SiFA receives approximately 100% of its annual revenue from the Guam Department of Education under a five-year charter agreement. Under such agreement, the Council will review SiFA every five years, beginning on the date on which the charter is granted or renewed, to determine whether the charter should be revoked for material violations of laws and the terms of agreement or if SiFA fails to meet the goals and student academic achievement expectations.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

4. Related Party Transactions

SiFA's interim Chief Operating Officer receives no compensation from SiFA. However, SiFA's interim Chief Operating Officer is a paid employee of Eagle and holds the position of Senior Vice President of Operations of Eagle.

Pursuant to the terms and conditions of the PLEASE Contract, Eagle is the sole provider of the facility, equipment, utilities, services, and supplies to SiFA in exchange for annual compensation totaling \$2.4 million. The agreement expires in June 2023 unless otherwise terminated by the parties.

On February 10, 2020, Eagle agreed to discount the \$2.4 million current fiscal year 2019 fees by \$720,000. Accordingly, SiFA recorded contract service fee of \$1,680,00 for the year ending September 30, 2019. For the year ending September 30, 2019, amounts paid to Eagle totaled \$376,608. At September 30, 2019, SiFA recorded \$1,306,392 payable to Eagle.

Future commitments under the Eagle contract is as follows:

Year ending September 30,

2020	\$2,400,000
2021	2,400,000
2022	2,400,000
2023	<u>2,400,000</u>
	<u>\$9,600,000</u>

Eagle periodically provides unsecured, non-interest-bearing cash advances to SiFA. As of September 30, 2019, SiFA recorded \$164,706 due to Eagle as a result of these cash advances.

5. Concentration of Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, SiFA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. SiFA does not have a depository policy for custodial credit risk.

SiFA maintains one bank account with a financial institution. SiFA at times maintains cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC). SiFA has not made any provisions as it has not incurred any losses due to exceeding insured amounts. All of SiFA's bank balance was fully insured as of September 30, 2019.

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Notes to Financial Statements, continued

6. Risk Management

SiFA is exposed to various risks of loss related to student or employee injury. Workers compensation insurance is provided through the terms of SiFA's PLEASE contract with Eagle.

7. Going Concern

During the year ended September 30, 2019, SiFA's operations did not provide for a sufficient amount of cash inflows. Accordingly, as of the audit report date, certain liabilities remain unpaid including approximately \$1.3 million owed to Eagle for services under the PLEASE contract and \$165 thousand in unpaid cash advances owed to Eagle. As of September 30, 2019 SiFA, recorded a deficit net position of approximately \$1.2 million.

SiFA acknowledges that the annual \$2.4 million commitment owed to Eagle under the PLEASE contract plus payroll related expenses is expected to exceed annual GDOE appropriations leading to continued deficits.

Because of the conditions and events described in the aforementioned paragraph, there is substantial doubt about SiFA's ability to continue as a going concern and to meet its obligations as they become due within one year after the date that the financial statements are issued.

To alleviate doubt, management has developed plans to obtain sufficient cash flows to meet the SiFA's obligations. The plans include:

- Request for additional funding to the Legislature through the Guam Charter Schools council;
- Request to increase enrollment cap from 350 to 550;
- Offer after school programs;
- Apply for grants; and
- Renegotiate the PLEASE contract with the vendor

8. Subsequent Events

SiFA has evaluated subsequent events through March 27, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Information

Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Budgetary Comparison Schedule – Governmental Funds

Year ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Expenditures:				
Salaries and wages	\$ 1,448,000	\$ 783,750	\$ 823,282	\$(39,532)
Employee benefits	134,344	64,890	---	64,890
Professional development / travel	35,000	---	---	---
Contractual service	813,100	30,300	2,948	27,352
Office Space Rental	---	1,122,122	1,680,000	(557,878)
Supplies & Materials	29,750	37,100	---	37,100
Equipment	96,333	40,000	---	40,000
Miscellaneous	115,240	25,338	61	25,277
Utilities	84,000	49,000	---	49,000
Workers Compensation	5,000	---	---	---
Bank charges	5,000	---	405	(405)
Extended learning	60,000	---	---	---
Total expenditures	<u>2,825,767</u>	<u>2,152,500</u>	<u>2,506,696</u>	<u>(354,196)</u>
General revenues:				
Appropriation - students	<u>2,275,000</u>	<u>2,130,800</u>	<u>1,418,504</u>	<u>(712,296)</u>
Excess of expenditures over revenues	<u>(550,767)</u>	<u>(21,700)</u>	<u>(1,088,192)</u>	<u>(1,066,492)</u>
Decrease in net position	<u>(550,767)</u>	<u>(21,700)</u>	<u>(1,088,192)</u>	<u>(1,066,492)</u>
Fund balance/net position:				
Beginning of year	<u>(112,743)</u>	<u>(112,743)</u>	<u>(112,743)</u>	<u>---</u>
End of year	<u>\$(663,510)</u>	<u>\$(134,443)</u>	<u>\$(1,200,935)</u>	<u>\$(1,066,492)</u>