



Financial Highlights
Guahan Academy Charter School Financial Audit
Fiscal Year 2023, March 2024

The Guahan Academy Charter School (GACS) received an unmodified (clean) opinion from independent auditors, Ernst & Young LLP, on their fiscal year (FY) 2023 financial statements. In addition, the auditors did not identify any material weaknesses or significant deficiencies in their Report on Internal Control Over Financial Reporting and on Compliance.

In FY 2023, GACS closed with a positive net position of \$2.2 million (M), an \$88 thousand (K) increase (or 4%), in contrast to a \$332K decrease in FY 2022's net position. Other notable highlights from GACS's financial audit include:

- Total revenues saw a decrease of \$731K, accompanied by a corresponding reduction of \$1.2M in expenditures;
- Auditors reaffirm GACS's dependency on the Government of Guam (GovGuam);
- GACS's progress on proposed facility expansion project; and
- Recovery from Impacts of COVID-19 and Typhoon Mawar.

Revenues Decreased by \$731K, Expenditures Decreased by \$1.2M

In FY 2023, GACS reported total revenues of \$5.5 million, marking a decrease of \$731K (or 12%) from FY 2022's total revenues of \$6.2 million. This notable decline is primarily attributed to a substantial reduction in federal grant revenues, which decreased by \$836K (or 83%) in FY 2023.

GACS's FY 2023 total expenses of \$5.4M decreased by \$1.2M (or 18%) compared to \$6.5M in FY 2022. These reductions were mainly attributed to decreases totaling \$1.2M in In-Kind Expenses (from \$689K in FY 2022 to \$174K in FY 2023), Materials and Supplies (from \$407K in FY 2022 to \$78K in FY 2023), and Books/Online Resources (from \$430K in FY 2022 to \$46K in FY 2023).

GACS's Dependency on the Government of Guam

In FY 2023, GACS relied significantly on GovGuam funding, receiving \$4.2 million in Per Pupil Allocation, which constituted approximately 77% of its total annual revenues. By year-end, GACS boasted a student enrollment of 765, broadly aligning with its authorized capacity for the academic year. However, any substantial decreases in per-pupil reimbursements could pose challenges to GACS's operational capabilities due to its dependency on GovGuam for funding support.

In an agreement with GovGuam, GACS was granted the use of Buildings C, D, and E in Tiyan without charge. Recording this as an in-kind contribution, GACS accounted for a monthly lease equivalent to \$79K or \$953K annually, as per the terms outlined in a Memorandum of Agreement (MOA) between GovGuam and GACS, initially established in August 2013 and revised in May 2021. As the MOA was set to expire on June 30, 2023, GACS took proactive steps by submitting a request for its extension to the Office of the Governor (OOG) in March 2023. As of the report date, OOG, who is the government entity with entitlement to possession, has not taken any steps to proceed with an unlawful detainer, has not sought any rent, and has not interrupted GACS

peaceful possession of the property. Moreover, GACS is a holdover tenant in possession, consistent with the representations of the OOG. GACS has initiated its request to continue occupancy during the interim period of financing the construction of a new facility.

Proposed Facility Expansion

GACS proposed a plan for facility expansion accommodating a larger student body. The proposed project aims to create a permanent campus tailored to serve a minimum of 850 students, featuring dedicated spaces for school functions such as administrative offices, support staff facilities, a cafeteria, and a gymnasium designed to meet GACS standards and requirements. In an effort to move forward, GACS initiated the process by issuing a Request for Proposal for Programming and Architecture & Engineering Consulting Services on December 22, 2023. GACS anticipates financing and construction of proposed facility expansion in FY 2024.

Focus on Recovery from Impacts of COVID-19 and Typhoon Mawar

Since FY 2022, GACS has steadfastly pursued its primary objective of creating a healthy and safe environment for both students and staff, fostering an optimal setting for learning. A pivotal focus has been on continuing to bridge the instructional and learning gaps that emerged in the wake of the pandemic.

In a proactive move to address the aftermath of Typhoon Mawar's declared disaster, GACS took decisive action by submitting a financial assistance application to the Federal Emergency Management Agency in May 2023. GACS successfully qualified and obtained approval for projects encompassing Debris Removal (Category A), Emergency Protective Measures (Category B), Buildings, Content, Equipment (Category E), and Management Costs (Category Z). The anticipated reimbursement amounts from these approved projects will be duly reflected in the financial statements for FY 2024.

For a detailed discussion on GACS's operations, refer to the Management's Discussion and Analysis or view the reports in their entirety on our website at www.opaguam.org.