

*Financial Statements and Required Supplementary
Information*

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

*Years Ended September 30, 2024 and 2023
with Report of Independent Auditors*



iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Financial Statements

Years Ended September 30, 2024 and 2023

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Report of Independent Auditors

Board of Trustees
iLearn Academy Charter School, Inc.

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of iLearn Academy Charter School, Inc. (the “Academy”), as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements as listed in the table of contents (collectively referred to as “basic financial statements”).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund activities of the Academy at September 30, 2024 and 2023, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy’s ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 22 and the Budgetary Comparison Schedule – Governmental Funds on page 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 April 28, 2025, on our consideration of the Academy'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 Academy'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 the Academy's internal control over financial reporting and compliance.

Ernst + Young LLP

April 28, 2025

iLearn Academy Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis

Years Ended September 30, 2024 and 2023

As management of iLearn Academy Charter School, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the information presented within the body of the audited financial report.

Financial Highlights

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

- The liabilities of the School exceeded its assets at the close of fiscal year by \$2,140,649 (net position). The School continues to receive consumables and assets through the American Rescue Plan (ARP-Outlying Area) however any assets remain as the property of GDOE and thus not included in iLearn’s finances.
- Enrollment at close of fiscal year is **780** as authorized by
- P.L. 37-42, Chapter II, Part II, Section 3 and Chapter XI, Section 17

1	CHAPTER II	
2	EDUCATION	
3	PART II – GUAM ACADEMY CHARTER SCHOOLS COUNCIL	
4	Section 1. Legislative Intent. It is the intent of <i>I Liheslanuran Guåhan</i> to	15 Section 17. Additional Student Enrollment in Guam Charter Schools.
5	provide a lump sum appropriation to the Guam Academy Charter School Fund for	16 (a) The sum of Four Million Four Hundred Twenty-five Thousand Dollars
6	the purpose of Guam Academy Charter Schools' operations and administration.	17 (\$4,425,000) is appropriated to the Guam Academy Charter Schools Council from
7	Section 2. Appropriation. The sum of Fourteen Million Four Hundred	18 audited excess General Fund revenues for Fiscal Year 2022 for the purpose of
8	Thirty-seven Thousand Five Hundred Dollars (\$14,437,500) is appropriated to the	19 funding additional unanticipated student enrollment in the existing Guam charter
9	Guam Academy Charter School Fund from the General Fund to support the	20 schools as follows: forty (40) students for iLearn Academy Charter School; seventy
10	operations of the Guam Academy Charter Schools for Fiscal Year 2024.	21 (70) students for Career Tech High Academy Charter School; eighty (80) students
11	Section 3. Notwithstanding any other provision of law, pursuant to §	22 for Science is Fun and Awesome Academy Charter School; and four hundred (400)
12	12116(e), Chapter 12, Title 17 GCA, the Department of Administration (DOA) is	23 students for a new Guam charter school for the School Year 2023-2024.
13	hereby authorized to remit to the Guam Academy Charter School Fund, based on	24 (b) Guam charter schools eligible for funding under this Section shall
14	cash received from the total General Fund appropriations in Section 2 of this Part of	25 acquire a sanitary permit based on physical inspection by or before June 30, 2024.
15	this Chapter, Seven Thousand Five Hundred Dollars (\$7,500) per enrollee based on	
16	the authorized charter school capacity multiplied by the per pupil cost as established	
17	by this Section for Fiscal Year 2024.	
18	The Guam Academy Charter Schools Council shall not exceed appropriations	
19	for seven hundred forty (740) students for the iLearn Academy Charter School,	
20	seven hundred sixty-five (765) students for the <i>Guåhan</i> Academy Charter School,	
21	three hundred fifty (350) students for the Science Is Fun and Awesome Academy	
22	Charter School, and seventy (70) students for the Career Tech High Academy	
23	Charter School. Each Academy Charter School shall submit monthly invoices to the	
24	Guam Academy Charter Schools Council and to the Department of Administration	
25	(DOA). Upon receipt of invoices, DOA shall verify the accuracy of the invoice and	
26	report its findings to the respective Academy Charter School and the Guam	
27	Academy Charter Schools Council within ten (10) working days of receipt of said	

Management's Discussion and Analysis, continued

STUDENT DEMOGRAPHICS

Graph 1. STUDENT DEMOGRAPHICS AS OF SEPTEMBER 30, 2024

Population (Male/Female)

Kinder = 119 (53/66)	3 rd Grade = 131 (56/75)
1 st Grade = 149 (81/68)	4 th Grade = 131 (68/63)
2 nd Grade = 130 (68/62)	5 th Grade = 128 (65/63)
Total = 788 (391/397)	

Population Ethnicity (Number/ Percentage)

Chamorro = 195 (25%)	Asian = 42 (5%)
Filipino = 478 (61%)	Caucasian = 18 (2%)
Micronesia = 37 (4%)	Black = 9 (1%)
	Hispanic = 4 (1%)
	Other = 9 (1%)

Population Social Economic Status

- *iLearn does not participate in the National School Lunch Program. Students who are eligible do not receive financial assistance.*
 - *Forty percent of students purchase lunch at \$2 regardless of status.*
 - *Sixty percent of students bring sack lunch and snacks.*
 - *Thirty-three percent would have qualified for free lunch.*

Population Other Needs

Students with ISP/IEP = 14. Assessments in progress = 1
Students identified with Autism = 4
English Language Learner = 3

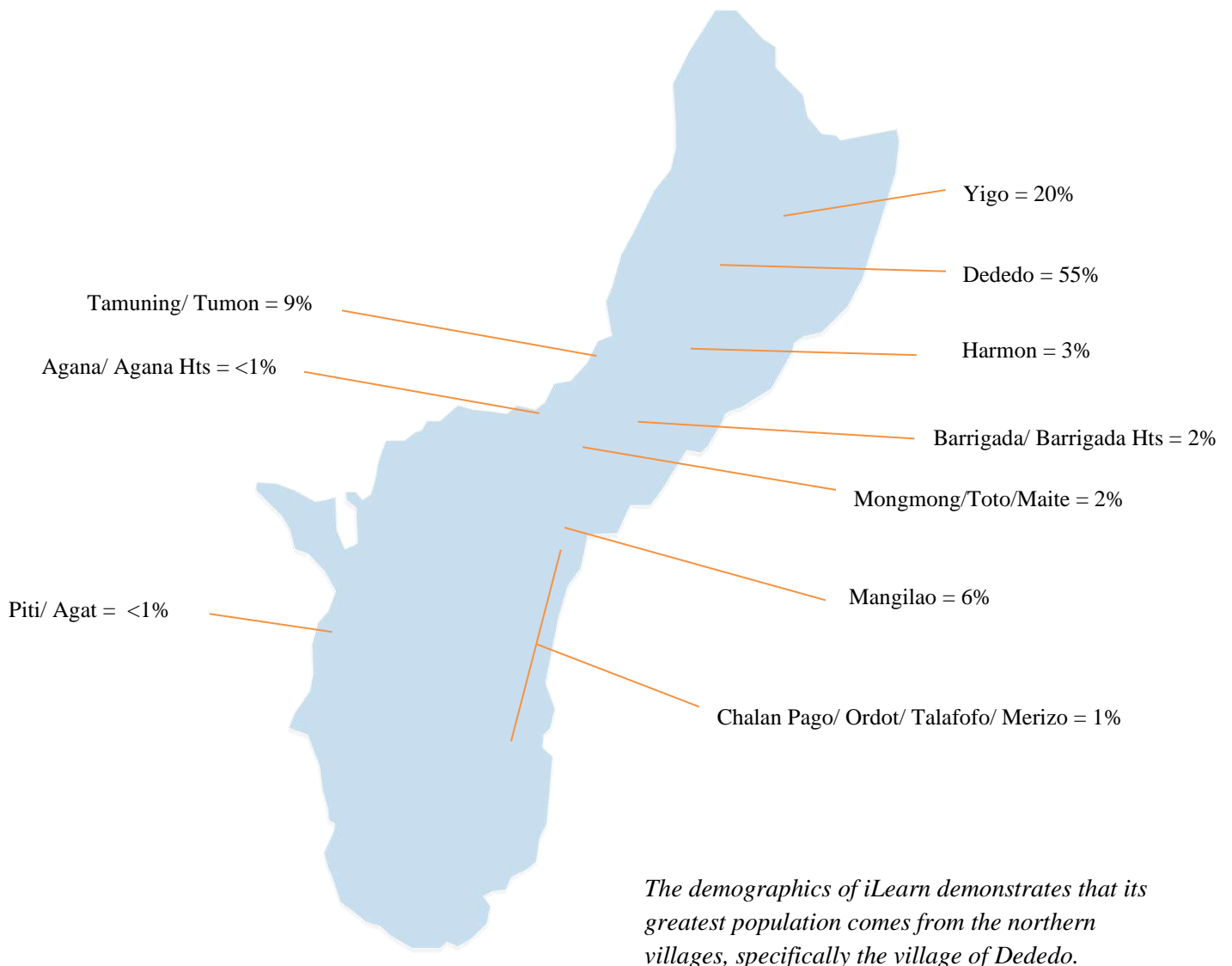
iLearn Academy Charter School, Inc.
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Management’s Discussion and Analysis, continued

As of September 30, 2024, iLearn's enrollment stands at 788 students, with all instruction conducted through 100% face-to-face learning.

Enrollment for the current school year remains open until December. The enrollment period for the upcoming school year begins on February 1, or the first Monday after February 1. On February 1, 2024, iLearn experienced its highest enrollment opening, with over 100 new applicants. The waiting list surpassed 20 students per grade level, with admissions granted on a first-come, first-served basis, subject to grade-level availability.

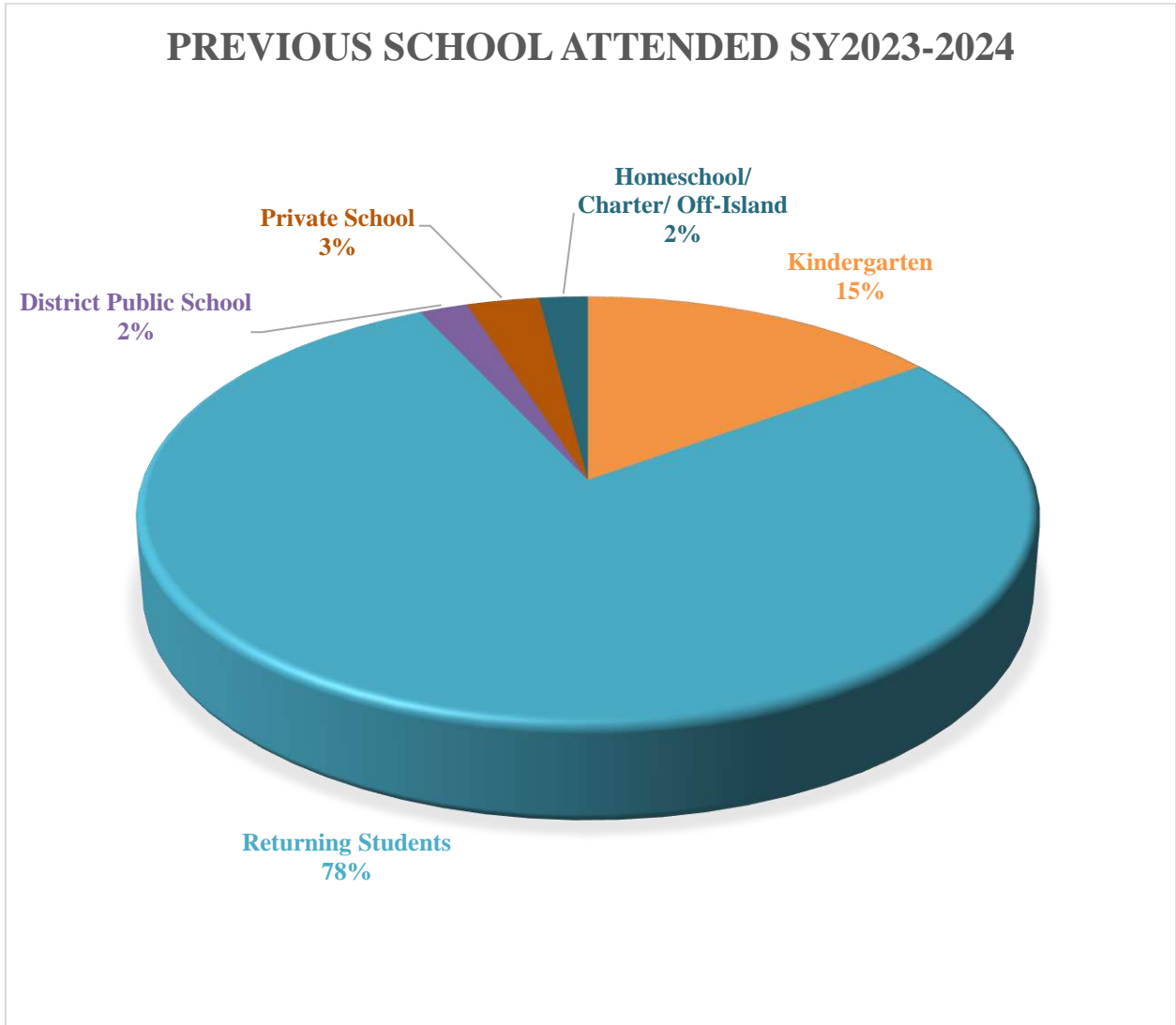
Graph 2. Villages of student enrollment as of September 30, 2024



iLearn Academy Charter School, Inc.
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Management’s Discussion and Analysis, continued

Graph 3. Feeder Schools for iLearn as of September 30, 2024

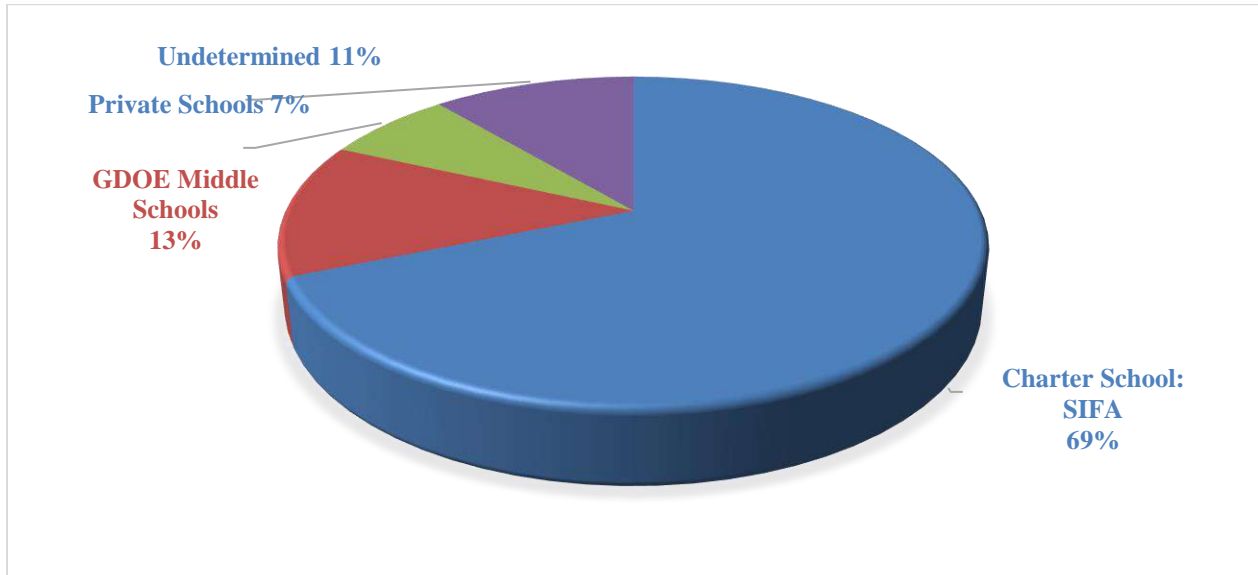


Enrollment rates from our feeder schools have remained stable, showing no significant year-to-year changes. The data consistently indicates that our largest intake of students continues to occur at the kindergarten level.

iLearn maintains a strong student retention rate, which is the primary factor contributing to the waiting list when enrollment opens.

Management’s Discussion and Analysis, continued

Graph 4. Middle School Choice for graduates May 24, 2024



Sixty-nine percent (69%) of iLearn graduates chose to continue with charter school, particularly SIFA Academy Charter School. This was an increase to last year’s forty-six percent (46%). Thirteen percent (13%) of iLearn graduates chose to return to their district which is a significant decrease to the previous year. Seven percent (7%) of iLearn graduates chose to move to private school which is a drastic drop from the previous year. By graduation date, eleven percent of iLearn’s students were still not sure what schools they will be attending.

STUDENT ACADEMIC PERFORMANCE

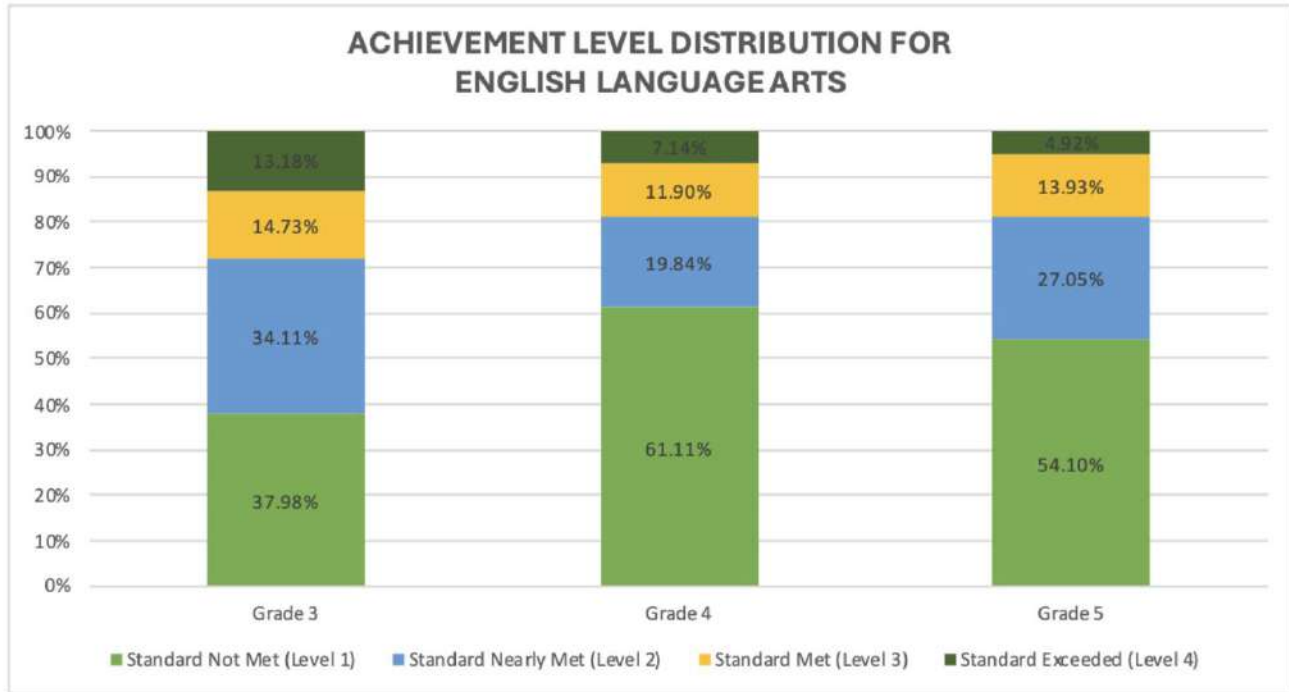
The goal of iLearn Academy Charter School is that 75% of its students would perform at the “Ready” or “Exceeding” levels. Although iLearn students have yet to achieve these goals, there is an indication of a slow but upward progression from the previous school year. It should be noted that a new assessment, Smarter Balanced, was implemented by the Guam Department of Education for school year 2023-2024 and it was the first year that iLearn completed the test through this program.

While it is the intention to track progress over the years, at least three (3) data plot points from each year are needed to determine a trend. We will continue to monitor progress through the next two school years and will provide an update regarding progress in student learning by school year 2026-2027.

iLearn Academy Charter School, Inc.
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Management’s Discussion and Analysis, continued

Graph 5: Smarter Balanced SY23-24: English Language Arts Overall Achievement



Overall Achievement for English Language Arts			
Reporting Categories	Grade 3	Grade 4	Grade 5
Number of Students Tested	129	126	122
Mean Scale Score	2398	2418	2443
Achievement Level Score	Nearly Met	Nearly Met	Nearly Met
Percentile (National)	40th	30th	30th
Standard Not Met (Level 1)	37.98%	61.11%	54.10%
Standard Nearly Met (Level 2)	34.11%	19.84%	27.05%
Standard Met (Level 3)	14.73%	11.90%	13.93%
Standard Exceeded (Level 4)	13.18%	7.14%	4.92%

The data above demonstrates iLearn’s performance against the Smarter Balanced indicators and indicates that across all grade levels, iLearn’s scholars nearly met the benchmark. In addition, scholars in 3rd grade placed at the 40th percentile (national) and at the 30th percentile (national) for grades 4 and 5.

iLearn Academy Charter School, Inc.
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Management’s Discussion and Analysis, continued

This year marks the first time the Guam Department of Education and iLearn Academy Charter School have utilized this assessment to measure academic performance. *It is also the first instance where iLearn's state-wide assessment results diverge from the data gathered through our third-party diagnostics. In contrast, the previous state-wide assessment tool, ACT-Aspire, produced results that closely aligned with our diagnostic findings. More detailed analysis will be possible once students have the opportunity to take the Smarter Balanced Assessment beyond the baseline data.*

English Language Arts Areas

Area Achievement Level Descriptors provide a more detailed look at students’ performance on the overall assessment. The results in these key areas for each subject are reported using the following three (3) indicators: below standard, at or near standard, and above standard.

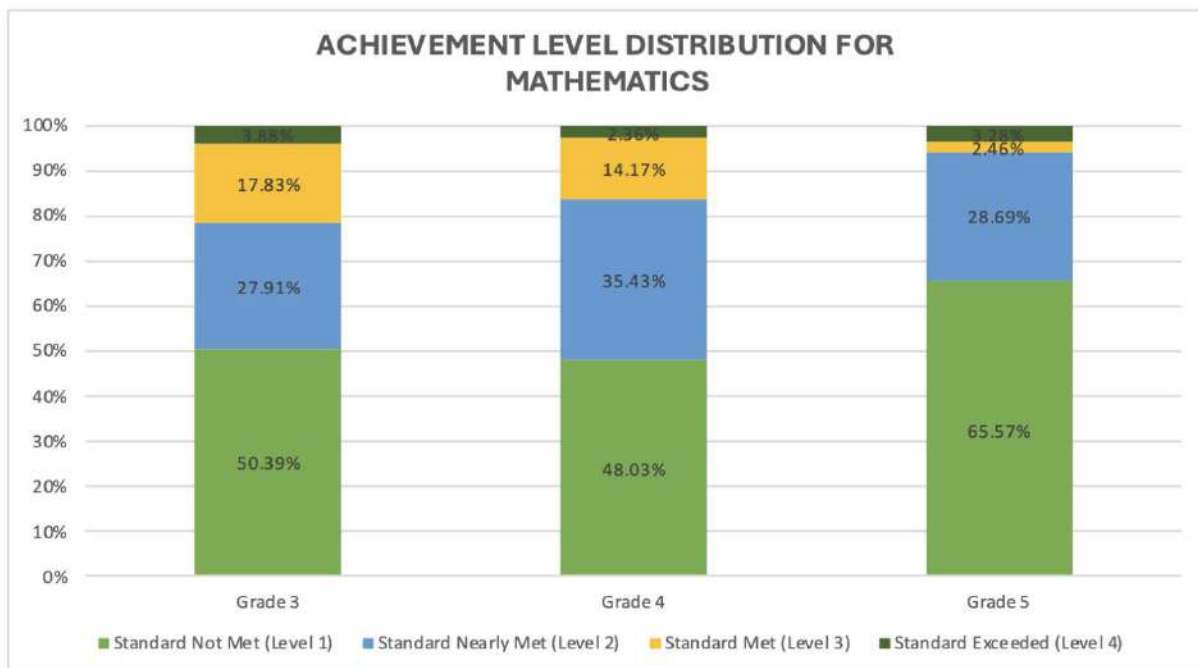
Areas			
<i>Reading: How well do students understand stories that they read?</i>			
Area Performance Level	Grade 3	Grade 4	Grade 5
Above Standard	9.30%	10.30%	5.80%
At/Near Standard	54.30%	35.70%	43.40%
Below Standard	36.40%	54%	50.80%
<i>Writing: How well do students communicate in writing?</i>			
Area Performance Level	Grade 3	Grade 4	Grade 5
Above Standard	14.00%	9.60%	4.10%
At/Near Standard	49.60%	33.30%	35.20%
Below Standard	36.40%	57.10%	60.70%
<i>Listening: How well do students understand spoken information?</i>			
Area Performance Level	Grade 3	Grade 4	Grade 5
Above Standard	17.10%	7.10%	23.80%
At/Near Standard	55.80%	62.70%	56.60%
Below Standard	27.10%	30.20%	19.60%
<i>Research: How well can students find and present information on a topic?</i>			
Area Performance Level	Grade 3	Grade 4	Grade 5
Above Standard	13.20%	4%	7.40%
At/Near Standard	50.40%	42.90%	41.80%
Below Standard	36.40%	53.10%	50.80%

iLearn Academy Charter School, Inc.
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Management’s Discussion and Analysis, continued

The detailed breakdown indicates that while an average of 40% of students fell below standard, the remaining percentage of students were nearing or at the standard and exceeded the standard. iLearn will continue to implement the CKLA Reading Curriculum and Reading Comprehension program to provide further support in our students’ understanding of Reading, Writing, Listening, Comprehension, and Research.

Smarter Balanced SY2023-2024: Mathematics Overall Achievement



Overall Achievement for Mathematics			
Reporting Categories	Grade 3	Grade 4	Grade 5
Number of Students Tested	129	127	122
Mean Scale Score	2381	2425	2456
Achievement Level Score	Nearly Met	Nearly Met	Nearly Met
Percentile (National)	30th	30th	35th
Standard Not Met (Level 1)	50.39%	48.03%	65.57%
Standard Nearly Met (Level 2)	27.91%	35.43%	28.69%
Standard Met (Level 3)	17.83%	14.17%	2.46%
Standard Exceeded (Level 4)	3.88%	2.36%	3.28%

iLearn Academy Charter School, Inc.
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Management’s Discussion and Analysis, continued

The data above demonstrates iLearn’s performance against the Smarter Balanced indicators and indicates that across all grade levels, iLearn’s scholars nearly met the benchmark. In addition, scholars across all grade levels placed at the 30th percentile (national).

Similar to the Language Arts section of the Smarter Balanced Assessment, the Mathematics results revealed a significant difference in performance. More in-depth analysis will be possible once students have the opportunity to take the Smarter Balanced Assessment beyond the baseline data.

Mathematics Areas

Area Achievement Level Descriptors provide a more detailed look at students’ performance on the overall assessment. The results in these key areas for each subject are reported using the following three (3) indicators: below standard, at or near standard, and above standard.

Areas			
Concepts: How well do students use mathematical rules & ideas?			
Area Performance Level	Grade 3	Grade 4	Grade 5
Above Standard	6.20%	4.80%	3.30%
At/Near Standard	38.80%	33.00%	13.10%
Below Standard	55.00%	62.20%	83.60%
Problem Solving: How well can students show and apply their problem solving skills?			
Area Performance Level	Grade 3	Grade 4	Grade 5
Above Standard	8.60%	4.70%	1.80%
At/Near Standard	51.90%	55.10%	49.10%
Below Standard	40%	40.20%	49.10%
Communicating Reasoning: How well can students think logically and express their thoughts in order to solve a problem?			
Area Performance Level	Grade 3	Grade 4	Grade 5
Above Standard	6.30%	6.30%	3.30%
At/Near Standard	47.20%	39.40%	30.30%
Below Standard	46.50%	54.30%	66.40%

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

The detailed breakdown indicates that while an average of 40% of students fell below standard, the remaining percentage of students were nearing or at the standard and exceeded the standard. iLearn plans to adopt a new Mathematics Curriculum (Amplify Math) for school year 2025-2026 which will provide further support in our students’ understanding of Concepts, Problem Solving, and Communicating Reasoning.

iLearn Diagnostic Assessment: IXL

In conjunction with the Districtwide Assessment (Smarter Balanced), iLearn Academy administers diagnostic tests for all students in K-5th grades. These assessments are given at the beginning of the year, in the middle of the school year, and at the end of the year. Results indicate that substantial growth occurred across all grade levels when comparing pre-test diagnostic results to the end-of-the-year results. Scholars in grades Kindergarten, 1st grade, and 2nd grade completed the year on grade level. Scholars in 3rd grade and 4th grade completed the year below grade level in mathematics and on grade level for English Language Arts. Scholars in 5th grade completed the year below grade level in both areas.

In comparison to the national average for English Language Arts, 44% of iLearn scholars placed above the national average at the start of the year and finished the year with 62% of iLearn scholars placing above the national average. For mathematics, 42% of iLearn scholars placed above the national average at the start of the year and finished the year with 52% of iLearn scholars placing above the national average.

Kindergarten thru 5th Grades Diagnostic Year-Round Results

Diagnostic Levels - Kindergarten				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	138	45	100	+55
ELA	138	20	85	+65

Diagnostic Levels - First Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	127	105	200	+95
ELA	127	90	185	+95

Diagnostic Levels - Second Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	124	180	240	+60
ELA	124	180	275	+95

Diagnostic Levels - Third Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	128	235	300	+55
ELA	128	285	370	+85

Diagnostic Levels - Fourth Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	124	295	355	+60
ELA	124	320	445	+125

Diagnostic Levels - Fifth Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	122	355	430	+75
ELA	122	370	430	+60

Management’s Discussion and Analysis, continued

Grade Level Score Ranges

		Grade Level Score Ranges					
Subject	Diagnostic Readiness Level	K	1	2	3	4	5
Math and ELA	Above	140+	240+	340+	440+	540+	640+
	On	60-130	130-230	230-330	330-430	430-530	530-630
	Below	10-50	60-120	130-220	230-320	330-420	430-520
	Far Below	0+	0-50	0-120	0-220	0-320	0-420

The graph provided below breaks down each grade level into the following categories by percentage: Above, On Level, Below, and Far Below. Students across all grade levels demonstrated a significant increase in learning as evidenced in the growth of percentages in the On Level and Above categories by the end of the school year.

This data is derived from iLearn's third-party, year-round assessment tool, which has been in use for the past ten years. Historically, the scores from this tool have aligned with the results of the state-wide assessment, ACT-Aspire. Although iLearn remains confident in the accuracy of this data, the school will analyze the significant discrepancies between these scores and the results from the Smarter Balanced assessment once more data is collected.

Kindergarten thru 5th Grades Diagnostic Year-Round Results
(Students within Categories by Percentage)

Kindergarten					
Mathematics					
	Far Below	Below	On Level	Above	Total
Pre-Test	0%	7%	86%	7%	100%
End-of-Year	0%	6%	80%	14%	100%
Pre-Test vs EOY	0	+1	-6	+7	

English Language Arts					
	Far Below	Below	On Level	Above	Total
Pre-Test	0%	54%	43%	3%	100%
End-of-Year	0%	24%	64%	12%	100%
Pre-Test vs EOY	0	-30	+21	+9	

1st Grade					
Mathematics					
	Far Below	Below	On Level	Above	Total
Pre-Test	0%	13%	72%	15%	100%
End-of-Year	0%	13%	66%	21%	100%
Pre-Test vs EOY	0	0	-6	+6	

English Language Arts					
	Far Below	Below	On Level	Above	Total
Pre-Test	3%	31%	53%	13%	100%
End-of-Year	0%	18%	60%	22%	100%
Pre-Test vs EOY	-3	-13	+7	+9	

2nd Grade					
Mathematics					
	Far Below	Below	On Level	Above	Total
Pre-Test	4%	25%	70%	1%	100%
End-of-Year	2%	14%	81%	2%	100%
Pre-Test vs EOY	-2	-9	+11	+1	

English Language Arts					
	Far Below	Below	On Level	Above	Total
Pre-Test	3%	23%	60%	14%	100%
End-of-Year	3%	14%	68%	15%	100%
Pre-Test vs EOY	0	-9	+8	+1	

3rd Grade					
Mathematics					
	Far Below	Below	On Level	Above	Total
Pre-Test	4%	71%	24%	1%	100%
End-of-Year	4%	43%	51%	2%	100%
Pre-Test vs EOY	0	-28	+27	+1	

English Language Arts					
	Far Below	Below	On Level	Above	Total
Pre-Test	7%	27%	44%	22%	100%
End-of-Year	13%	21%	39%	27%	100%
Pre-Test vs EOY	+6	-6	-5	+5	

4th Grade					
Mathematics					
	Far Below	Below	On Level	Above	Total
Pre-Test	15%	68%	17%	0%	100%
End-of-Year	33%	48%	19%	0%	100%
Pre-Test vs EOY	+18	-20	+2	0	

English Language Arts					
	Far Below	Below	On Level	Above	Total
Pre-Test	28%	35%	23%	14%	100%
End-of-Year	14%	41%	23%	22%	100%
Pre-Test vs EOY	-14	+6	0	+8	

5th Grade					
Mathematics					
	Far Below	Below	On Level	Above	Total
Pre-Test	55%	55%	12%	0%	100%
End-of-Year	34%	67%	12%	8%	100%
Pre-Test vs EOY	-21	+12	0	+8	

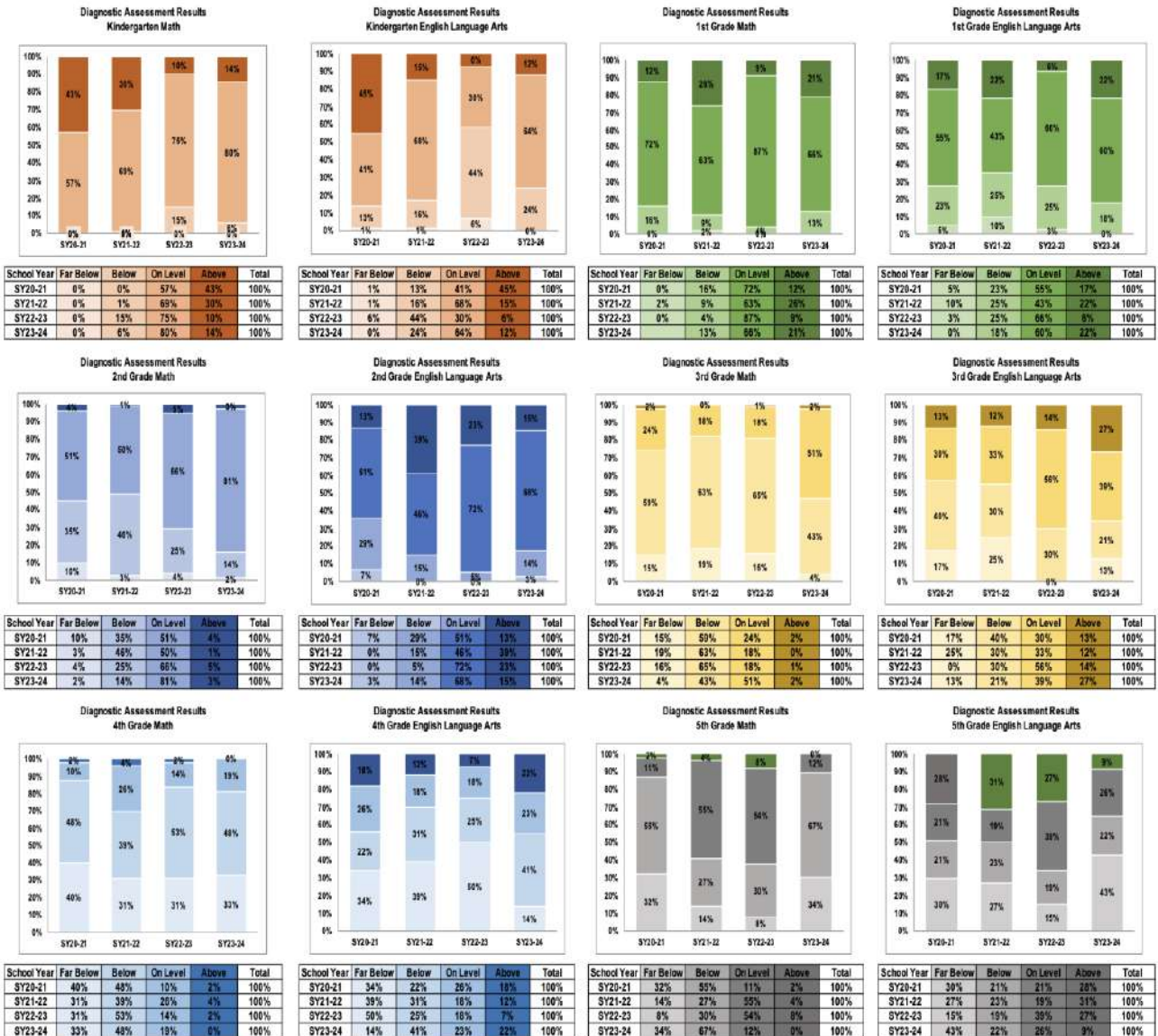
English Language Arts					
	Far Below	Below	On Level	Above	Total
Pre-Test	54%	20%	17%	8%	100%
End-of-Year	43%	22%	26%	9%	100%
Pre-Test vs EOY	-9	+2	+9	+1	

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Management’s Discussion and Analysis, continued

The graph below provides Diagnostic Assessment results by percentages that map out student achievement over the last four (4) school years.

Kindergarten thru 5th Grades Diagnostic Year-Round Results



iLearn Academy Charter School, Inc.
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Management's Discussion and Analysis, continued

OPERATIONAL CHANGES

Here are a few things iLearn implemented this year, it's rationale for implementation, and its successes:

- I. **Kindergarten Boot Camp SY2024-2025** – Kindergarten students attend boot camp the week prior to the start of the school year.
 - a. This alleviate the start of the school year jitters. Kindergarten students are able to learn routines without the added stress of returning students crowding the hallway.
 - b. This allows the administrative team and teachers to assess each student's readiness skills. Student readiness data helps to evenly distribute while providing a wide range of skills and personalities to each classroom setting.

- II. **New School Calendar for SY2024-2025** – Previously, iLearn incorporated one week of online classes in the fall and one week in the spring. This was part of the 180 days of school. The intent was to have a break from face to face contact in the midst of peak flu season – to reduce the spread. However, with the end of the American Rescue Plan funds which funded our student mifi, we determined to extend the school year where it starts a week earlier and ends a week later.
 - a. The Fall Break and Spring Break is a week long break after the first and third quarter. This still fulfills the original purpose of breaking the peak flu cycles and reduce the spread in its season.
 - b. The Fall and Spring Break also reduce student and teacher burnouts during the course of the school year.
 - c. The Fall and Spring Break is not part of Thanksgiving, Christmas, or Easter breaks.

- III. **Second Annual In-House Science Fair** has combined robotics, engineering, and scientific experiments into one expo. To allow all parents the ability to participate, this event was held in the evening. There were sixty-three projects displayed along with twenty robotic student demonstration.

PROFESSIONAL DEVELOPMENT

- A. CPR and First Aid
- B. CKLA and Amplify Curriculum
- C. Safe Crisis Management for Student Support Staff
- D. Positive Mindset with Ron Clark

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

OTHER STUDENT ACCOMPLISHMENTS



International Week coincides with United Nations Day. Students learn about the customs and culture of other nations. Each grade level participates in an all-school presentation of nations.



iLearn's National Elementary Honor Society made Christmas gift baskets for the neighboring families who have graciously supported the school.

iLearn was invited to participate in the University of Guam sponsored eSports program. The eSport community took notice of iLearn's James Justo at a chess competition.

Other:

- WAVE Club participated in the annual Coastal Clean Up.
- WAVE Club participates in the Gingerbread house decoration for Make a Wish Foundation at the Hyatt
- WAVE Club participated in the BeHeartfelt food drive
- NEHS coordinated the Toys for Tots drive
- NEHS published the School Quarterly News
- NEHS sponsored the Paws for Pets Drive
- Chess Club became our first student driven club. They place 1st and 3rd at the Guam Chess Federation Competition.
- iLearn Girls placed first at the all-island Elementary School Soccer Jamboree.
- iLearn placed 2nd at the all-island Scripps Spelling Bee.

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial states 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 the School's net position and how it has changed. Net position is the difference between the School's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All of 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.

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 the School, the liabilities exceeded assets by **\$2,140,649** (net position) at the close of the fiscal year. GDOE retains ownership over the assets allocated under federal grants.

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

Figure 1 provides a summary of the School's net position as of September 30, 2024 2023, and 2022.

Net Position

Figure 1

	2024	2023	2022
Current assets	\$ 349,186	\$ 559,696	\$ 473,102
Capital assets, net	38,547,710	40,277,919	41,977,739
Total Assets	38,896,896	40,837,615	42,450,841
Current liabilities	660,535	1,210,749	795,677
Noncurrent liabilities	40,377,010	41,025,875	41,582,565
Net position	(2,140,649)	(1,399,009)	72,599
Total Liabilities	\$38,896,896	\$40,837,615	\$42,450,841

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

Figure 2 provides summary and analysis of the School's revenues and expenses for the years ended September 30, 2024, 2023, and 2022 as follows:

Statement of Activities

Figure 2

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:			
General revenues			
Appropriations	\$ 5,850,000	\$ 5,550,000	\$ 4,588,000
Grants	948,551	45,931	65,605
Miscellaneous	80,707	74,458	55,022
Fundraising	34,946	53,644	45,346
In-kind revenues	---	22,010	---
Program revenues			
Extended learning	146,629	105,749	44,300
Student store	91,462	112,439	49,673
Total revenues	<u>7,152,295</u>	<u>5,964,231</u>	<u>4,847,946</u>
Expense:			
Instructional services:			
Salaries and wages	2,678,433	2,550,146	2,160,280
Contract services	21,522	19,000	1,864,265
Support services:			
Operations	1,900,872	1,682,299	498,814
Amortization	1,692,516	1,690,018	284,749
Interest	1,387,268	1,405,072	235,782
In-kind expenses	150,651	22,010	---
Miscellaneous	28,146	56,818	29,363
Travel and meetings	22,174	182	1,161
Insurance	12,210	10,152	9,591
Bank charges	218	142	867
Total expenses	<u>7,894,010</u>	<u>7,435,839</u>	<u>5,084,872</u>
Change in net position	(741,715)	(1,471,608)	(236,926)
Net position, beginning of year	(1,399,009)	72,599	309,525
Net position, ending of year	\$ (2,140,724)	\$ (1,399,009)	\$ 72,599

FY 2024 Appropriation total is \$5,850,000 due to Public Law P.L. 37-42, Chapter II, Part II, Section 3 and Chapter XI, Section 17: the School is authorized to receive Seven Thousand Five Hundred Dollars (\$7,500) per enrollee not to exceed seven hundred forty (780) students for the iLearn Academy Charter School.

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

For Extended Learning, the increase is attributed to increased attendance in After School Program.

For Student Store, the lowered total is attributed to five weeks of suspended lunch program due to an issue with the vendor's permit.

For Fundraising, we successfully raised funds via Box Tops, Read-A-Thon, and etc. The proceeds were used to offset operational costs such as improvement of classrooms.

For Grants, we continue to receive assets from our existing American Rescue Plan. Examples of consumables received are school supplies, office supplies, and PPE supplies. We also received two months' worth of rent and \$5,000 for each teacher that worked during the COVID-19 pandemic.

For Contract Services, only the fees for Audit is classified under this category.

For Salaries and Wages, the increase is attributed to reclassification of several employees submitting their degrees and other credentials.

For Operations, the increase in expenditures is attributed to the building lease maintenance and other services.

For Interest and Amortization expense, this is attributed to the lease agreement. GASB 87 requires the right to use lease asset to be amortized over the lease term. It also requires recording of interest expense on subsequent entries.

For Travel and Meetings, our Chiefs and Principals traveled to Boston for National Charter School Conference. Faculty also went through training and professional development.

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND
Governmental Fund Budget Analysis and Highlights**

Prior to the start of the School’s fiscal year, the Board of the School 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 School’s budget.

For fiscal year 2024, the School received 100% of its appropriations.

	Governmental Fund 2024		
	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Local Govt. Appropriations	\$5,850,000	\$5,850,000	\$ --
Total Revenues	5,850,000	5,850,000	--
EXPENSES			
Salaries, Wages, & Benefits	2,300,444	2,678,433	(377,989)
Professional Devt./Travel	--	22,174	(22,174)
Contractual	1,374,068	21,522	1,352,546
Worker’s Compensation and Group Liability	--	12,210	(12,210)
Office Space Rental (amortization and interest)	1,925,000	3,079,784	(1,154,784)
Total Expenses	\$5,599,512	\$5,814,123	\$ (214,611)

The variance in contractual expense is attributed to office space rental being the cost of the base lease. Meanwhile the contractual expense is a combination of several items such as: food services, audit services, copier service, maintenance, utilities, and etc.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School and to show accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Helen Nishihira or Mrs. Nina Field at iLearn Academy Charter School at 201 S. Ukudo, Street, Dededo, Guam 96929 or by telephone at (671) 989-3789.

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Governmental Funds Balance Sheets/Statements of Net Position

	September 30,					
	2024			2023		
	General Fund	Adjustments	Statement of Net Position	General Fund	Adjustments	Statement of Net Position
Assets:						
Cash	\$ 298,615	\$ ---	\$ 298,615	\$ 34,359	\$ ---	\$ 34,359
Accounts receivable	8,802	---	8,802	473,600	---	473,600
Inventory	41,769	---	41,769	21,276	---	21,276
Other current assets	---	---	---	30,461	---	30,461
Lease asset - building, net	---	38,545,708	38,545,708	---	40,238,224	40,238,224
Depreciable capital assets, net	---	2,002	2,002	---	39,695	39,695
	<u>---</u>	<u>2,002</u>	<u>2,002</u>	<u>---</u>	<u>39,695</u>	<u>39,695</u>
Total assets	\$ <u>349,186</u>	<u>38,547,710</u>	<u>38,896,896</u>	\$ <u>559,696</u>	<u>40,277,919</u>	<u>40,837,615</u>
Liabilities and Fund Balance/Net Position:						
Accounts payable and accrued expenses	\$ 11,611	---	11,611	\$ 543,413	---	543,413
Long term liability:						
Due within one year	---	648,924	648,924	---	667,336	667,336
Due after one year	---	40,377,010	40,377,010	---	41,025,875	41,025,875
	<u>---</u>	<u>40,377,010</u>	<u>40,377,010</u>	<u>---</u>	<u>41,025,875</u>	<u>41,025,875</u>
Total liabilities	<u>11,611</u>	<u>41,025,934</u>	<u>41,037,545</u>	<u>543,413</u>	<u>41,693,211</u>	<u>42,236,624</u>
Fund balance: unassigned	<u>337,575</u>	(<u>337,575</u>)		<u>16,283</u>	(<u>16,283</u>)	
Total liabilities and fund balances	\$ <u>349,186</u>			\$ <u>559,696</u>		
Net position:						
Unrestricted		(<u>2,140,649</u>)	(<u>2,140,649</u>)	(<u>1,399,009</u>)	(<u>1,399,009</u>)	
Total net position		\$ (<u>2,140,649</u>)	\$ (<u>2,140,649</u>)	\$ (<u>1,399,009</u>)	\$ (<u>1,399,009</u>)	

See accompanying notes.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

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

	Year Ended September 30,					
	2024			2023		
	General Fund	Adjustments	Statement of Activities	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:						
Instructional services:						
Salaries and wages	\$ 2,678,433	\$ ---	\$ 2,678,433	\$ 2,550,146	\$ ---	\$ 2,550,146
Contract services	21,522	---	21,522	19,000	---	19,000
Lease expenditure	---	---	---	24,977	(24,977)	---
Support services:						
Operations	1,860,510	40,362	1,900,872	1,635,046	47,253	1,682,299
Amortization	---	1,692,516	1,692,516	---	1,690,018	1,690,018
Interest	---	1,387,268	1,387,268	---	1,405,072	1,405,072
In-kind expense	150,651	---	150,651	22,010	---	22,010
Miscellaneous	28,813	(667)	28,146	56,741	77	56,818
Travel and meetings	22,174	---	22,174	182	---	182
Insurance	12,210	---	12,210	10,152	---	10,152
Bank charges	218	---	218	142	---	142
Capital expenditures	2,002	(2,002)	---	12,475	(12,475)	---
Debt Service:						
Interest	1,387,268	(1,387,268)	---	1,405,072	(1,405,072)	---
Principal	667,277	(667,277)	---	434,806	(434,806)	---
<u>Total expenditures/expenses</u>	<u>6,831,078</u>	<u>1,062,932</u>	<u>7,894,010</u>	<u>6,170,749</u>	<u>(1,265,090)</u>	<u>7,435,839</u>
General revenues:						
Appropriations	5,850,000	---	5,850,000	5,550,000	---	5,550,000
Grant	948,551	---	948,551	45,931	---	45,931
Miscellaneous	80,782	---	80,782	74,458	---	74,458
Fundraising	34,946	---	34,946	53,644	---	53,644
In-kind	---	---	---	22,010	---	22,010
Other financing resources	---	---	---	24,977	(24,977)	---
<u>General revenues</u>	<u>6,914,279</u>	<u>---</u>	<u>6,914,279</u>	<u>5,771,020</u>	<u>(24,977)</u>	<u>5,746,043</u>
Program revenues:						
Extended learning	146,629	---	146,629	105,749	---	105,749
Student store	91,462	---	91,462	112,439	---	112,439
<u>Program revenues</u>	<u>238,091</u>	<u>---</u>	<u>238,091</u>	<u>218,188</u>	<u>---</u>	<u>218,188</u>
(Deficiency) excess of revenues (under) over expenditures	321,292	(321,292)	---	(181,541)	181,541	---
Change in net position	---	(741,640)	(741,640)	---	(1,471,608)	(1,471,608)
Fund balance/net position:						
Beginning of year	16,283	(1,415,292)	(1,399,009)	197,824	(125,225)	72,599
End of year	<u>\$ 337,575</u>	<u>\$(2,478,224)</u>	<u>\$(2,140,649)</u>	<u>\$ 16,283</u>	<u>\$(1,415,292)</u>	<u>\$(1,399,009)</u>

See accompanying notes.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

1. Organization

iLearn Academy Charter School, Inc. (the “Academy”) is a non-profit public benefit corporation designed to enrich student learning in all content areas with a special emphasis in science, technology, engineering and math. The Academy was incorporated under the laws of Guam on December 5, 2014. The Academy began student enrollment during January 2015.

The Academy 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. The Academy 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 the Academy and one member must be from the general public.

The Academy retains an independent contractor, Saint Paul Christian School (SPCS), under the A+ contract. Under the terms of agreement, SPCS is the sole provider of the facility, fixed assets and related equipment, utilities, services, and supplies to the Academy. In return, the Academy is obligated to pay monthly contract dues invoiced by SPCS. The agreement was mutually terminated in June 2022 as the Academy entered into a new lease agreement with The Learning Institute, to utilize the school campus in August 2022. The new campus is equipped with classrooms, administrative offices, a gymnasium and a cafeteria. The initial term of the contract is for five years which will expire in August 2027, with an option to extend the contract through 2047.

The Academy is subject to independent oversight by the Guam Academy Charter School Council (the “Council”). The Council is tasked with monitoring the Academy’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. The Academy 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 Guam Department of Education (GDOE).

2. Summary of Significant Accounting Policies

The financial statements of the Academy 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.

The Academy 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.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

The Academy'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.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Academy. These statements include the financial activities of the overall entity. These statements distinguish between the governmental and business-type activities of the Academy. 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

The Academy 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. The Academy 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.

Adjustments required to reconcile total governmental fund balance to net position of governmental activities in the statement of net position as of September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Fund balance - governmental funds	\$ 337,575	\$ 16,283
Add:		
Lease asset, net	38,545,708	40,238,224
Depreciable capital assets, net	2,002	39,695
Less:		
Lease liability – current	(648,924)	(667,336)
Lease liability – noncurrent	(40,377,010)	(41,025,875)
Net position - governmental activities	\$(<u>2,140,649</u>)	\$(<u>1,399,009</u>)

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Fund Financial Statements, continued

Adjustments required to reconcile net change in total governmental fund balance to change in net position of governmental activities in the statements of activities for the years ended September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Net change in fund balances – governmental funds	\$ 321,292	\$(181,541)

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. These amounts consist of:

Capital outlays, net	2,002	12,475
Depreciation expense	(40,362)	(47,253)

Some income and expenses reported in the statement of activities do not affect the current financial resources and therefore are not reported as income and expenditures in the governmental funds. This amount consists of miscellaneous expenses.

	667	(77)
--	-----	-------

In the governmental funds, lease assets additions are reported as expenditure and other financing resources while principal and interest portions are reported as lease services when the lease payments are due. However, in the statement of activities, lease payments reduces the lease liability by the principal portion and lease assets are amortized over shorter of their useful lives or lease term. These amounts consist of:

Lease expenditure	---	24,977
Other financing resources	---	(24,977)
Lease principal payments	667,277	434,806
Lease amortization	<u>(1,692,516)</u>	<u>(1,690,018)</u>
Change in net position of governmental activities	<u>\$(741,640)</u>	<u>\$(1,471,608)</u>

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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 the Academy 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 the Academy 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.

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 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 the Academy shall be available for expenditure by the Academy’s Board of Trustees.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Cash

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

Funding

The Academy receives financial support in monthly allotments from the General Fund of the Government of Guam via the Department of Administration (DOA) to finance administrative and general expenses on a reimbursable basis. Such expenses mainly consist of contract dues under the A+ Contract, salaries and wages, and Extended Learning wages due to after school teachers. The actual amounts remitted to the Academy are determined by the DOA's Internal Auditors through the validation of submitted invoices.

Pursuant to Guam Public Law 36-107 and 36-54, the cost per pupil was \$7,500 for the fiscal years ended September 30, 2024 and 2023, respectively. The maximum number of students to be funded by the General Fund is not to exceed 780 and 740 students during Fiscal Years (FY) 2024 and 2023, respectively. In FY2024, the maximum number of enrolled students was multiplied by the FY2024 Government of Guam General Appropriations Act approved amount of \$7,500 per student enrollee. In FY2023, the maximum number of enrolled students was multiplied by the FY2023 Government of Guam General Appropriations Act approved amount and the FY2022 unappropriated excess General Fund revenues of \$7,000 and \$500, respectively, per student enrollee. For the fiscal years ended September 30, 2024 and 2023, a total of 788 and 777 students, respectively, were enrolled and the Academy received government appropriations totaling \$5,850,000 and \$5,550,000, respectively.

Grants

The Academy is a sub-recipient of grants from the U.S. Department of Education. For the fiscal years ended September 30, 2024 and 2023, the Academy received grants in the form of educational supplies and equipment, rent reimbursements, and cost-of-living adjustments for faculty members funded by the Education Stabilization Fund – Outlying Areas and American Rescue Plan – Outlying Areas grant. The determination of allowable expenditures as well as the cash management, procurement and purchase of these assets are performed by the Guam Department of Education (“GDOE”) who is the direct recipient of the grants. The Academy received grants with a total value of \$948,551 and \$45,931 for the years ended September 30, 2024 and 2023, respectively, and is included as a component of support services in the statements of governmental fund revenues, expenditures and changes in fund balance.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Compensated Absences

Permanent employees who are guaranteed leave with their contracts are entitled to paid vacation and sick leave. Entitled employees can accrue four hours of paid sick leave and three hours of paid personal leave every pay period. Accumulation of compensated leave hours may not exceed fifty-six hours of sick leave and twenty-one hours of personal leave within a school year. Unused personal or sick leave at the end of a school year will be credited to the employee at approximately half of the employee's current contractual rate multiplied by the number of unused hours.

Income Taxes

The Academy 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, the Academy has made no provision for income taxes in the accompanying financial statements. A Return of Organization Exempt from Income Tax is filed by the Academy. Forms 990 filed by the Academy 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 the Academy 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. Assets funded by federal grants are valued based on the initial cost.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives of 1 to 5 years.

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. The Academy 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. The Academy has no items that qualify for reporting under this category.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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

During the year ended September 30, 2024, the Academy implemented the following pronouncements.

GASB Statement No. 99, Omnibus 2022, which modifies guidance in GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, to bring all guarantees under the same financial reporting requirements and disclosures. It also provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The implementation of this Statement did not have a material effect on the accompanying financial statements.

GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which results in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information is provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements results in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of this Statement did not have a material effect on the accompanying financial statements.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, Compensated Absences. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 102 will be effective for fiscal year ending September 30, 2025.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In September 2024, GASB issued Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

3. Economic Dependency

The Academy receives majority of its annual revenue from the Guam Legislature under the Guam Academy Charter School Funds under a six-year agreement. Under such agreement, the Council will review the Academy every six 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 the Academy fails to meet the goals and student academic achievement expectations.

4. Concentration of Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Academy'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. The Academy does not have a depository policy for custodial credit risk.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

4. Concentration of Credit Risk, continued

At September 30, 2024 and 2023, the Academy has balances of \$521,382 and \$63,884, respectively, deposited in two bank accounts with a financial institution of which \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balances in 2024 are not insured.

5. Capital and Lease Assets

The following is a summary of the changes in capital and lease assets for the year ended September 30, 2024:

	<u>Beginning Balance</u> <u>October 1, 2023</u>	<u>Additions</u>	<u>Transfers</u> <u>and</u> <u>Deletions</u>	<u>Ending Balance</u> <u>September 30, 2024</u>
Depreciable capital assets:				
Furniture, fixtures, and equipment	\$ 128,273	\$ 2,002	\$ ---	\$ 130,275
Less accumulated depreciation	(88,578)	(44,896)	(5,201)	(128,273)
Depreciable capital assets, net	<u>\$ 39,695</u>	<u>\$(42,894)</u>	<u>\$(5,201)</u>	<u>\$ 2,002</u>
Lease assets:				
Building	\$42,212,991	\$ ---	\$ ---	\$42,212,991
Less accumulated amortization	(1,974,767)	(1,692,516)	---	(3,667,283)
Lease assets, net	<u>\$40,238,224</u>	<u>\$(1,692,516)</u>	<u>\$ ---</u>	<u>\$38,545,708</u>

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

5. Capital and Lease Assets, continued

The following is a summary of the changes in capital and lease assets for the year ended September 30, 2023:

	<u>Beginning Balance</u> <u>October 1, 2022</u>	<u>Additions</u>	<u>Transfers</u> <u>and</u> <u>Deletions</u>	<u>Ending Balance</u> <u>September 30, 2023</u>
Depreciable capital assets:				
Furniture, fixtures, and equipment	\$ 115,798	\$ 12,475	\$ ---	\$ 128,273
Less accumulated depreciation	(41,325)	(47,253)	---	(88,578)
Depreciable capital assets, net	<u>\$ 74,473</u>	<u>\$(34,778)</u>	<u>\$ ---</u>	<u>\$ 39,695</u>
Lease assets:				
Building	\$42,188,015	\$ 24,976	\$ ---	\$42,212,991
Less accumulated amortization	(284,749)	(1,690,018)	---	(1,974,767)
Lease assets, net	<u>\$41,903,266</u>	<u>\$(1,665,042)</u>	<u>\$ ---</u>	<u>\$40,238,224</u>

6. Lease

The Academy leases a school campus which includes classrooms, administrative offices, a cafeteria and a gymnasium. The lease contract was effective on August 1, 2022 for an initial term of 5 years, with an option to extend the lease agreement for up to a total of 25 years. The lease contract includes fixed payments for the annual base rent, ranging from approximately \$1.9 million to \$3.4 million.

The lease contract also includes fixed annual payments for additional rent, ranging from approximately \$0.4 million to \$1.1 million. The additional rent is intended to reimburse the landlord for its cost related to the premises and operations thereof, including maintenance, insurance, asset management, audit and legal fees and a maintenance reserve. The lease contract permits the lessor to increase the amount of additional rent payments at any time. For the fiscal years ended September 30, 2024 and 2023, additional rent payments totaled \$648,491 and \$693,968, respectively. Additional rent payments are considered nonlease components and were not included in the measurement of the lease asset and liability.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

6. Lease, continued

The opening and closing balance of the lease liability are as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$41,693,211	\$42,102,964
Principal payment	(667,277)	(434,806)
Addition	<u>---</u>	<u>25,053</u>
End-of-year balance	<u>\$41,025,934</u>	<u>\$41,693,211</u>

A summary of future lease payments and additional rent payments is as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Additional</u> <u>Rent</u>
2025	\$ 648,925	\$ 1,366,129	\$ 2,015,054	\$ 664,703
2026	722,034	1,343,411	2,065,445	681,320
2027	798,973	1,318,189	2,117,162	698,354
2028	877,067	1,290,331	2,167,398	715,813
2029	959,092	1,259,706	2,218,798	733,708
2030 – 2034	6,222,163	5,732,134	11,954,297	3,957,187
2035 – 2039	9,061,655	4,463,535	13,525,190	4,477,424
2040 – 2044	12,642,992	2,659,519	15,302,511	5,065,794
2045 – 2047	<u>9,093,035</u>	<u>457,213</u>	<u>9,550,248</u>	<u>3,161,546</u>
	<u>\$41,025,936</u>	<u>\$19,890,167</u>	<u>\$60,916,103</u>	<u>\$20,155,849</u>

Required Supplementary Information

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Budgetary Comparison Schedule – Governmental Funds
(Unaudited)

	Year Ended September 30,							
	2024				2023			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Expenditures:								
Salaries and wages	\$ 2,300,444	\$ 2,300,444	\$ 2,678,433	\$(377,989)	\$ 2,407,813	\$ 2,407,813	\$ 2,550,146	\$(142,333)
Operations	---	---	1,860,510	(1,860,510)	483,600	483,600	1,635,046	(1,151,446)
In-kind expenses	---	---	150,651	(150,651)	---	---	22,010	(22,010)
Miscellaneous	---	---	63,415	(63,415)	---	---	67,217	(67,217)
Contractual service	1,374,068	1,374,068	21,522	1,352,546	51,491	51,491	19,000	32,491
Capital expenditures	---	---	2,002	(2,002)	---	---	12,475	(12,475)
A+ Contract (Educational Infrastructure Contract)	1,925,000	1,925,000	---	1,925,000	2,791,208	2,791,208	---	2,791,208
Lease expenditure	---	---	---	---	---	---	24,977	(24,977)
Workers Compensation	---	---	---	---	5,600	5,600	---	5,600
Debt Service:								
Interest	---	---	1,387,268	(1,387,268)	---	---	1,405,072	(1,405,072)
Principal	---	---	667,277	(667,277)	---	---	434,806	(434,806)
Total expenditures	<u>5,599,512</u>	<u>5,599,512</u>	<u>6,831,078</u>	<u>(1,231,566)</u>	<u>5,739,712</u>	<u>5,739,712</u>	<u>6,170,749</u>	<u>(431,037)</u>
General revenues:								
Appropriations	5,599,512	5,599,512	5,850,000	250,488	5,549,712	5,549,712	5,550,000	288
Grant	---	---	948,551	948,551	---	---	45,931	45,931
Miscellaneous	---	---	80,782	80,782	---	---	53,644	53,644
Fundraising	---	---	34,946	34,946	---	---	74,458	74,458
Other financing resources	---	---	---	---	---	---	24,977	24,977
In-kind	---	---	---	---	---	---	22,010	22,010
	<u>5,599,512</u>	<u>5,599,512</u>	<u>6,914,279</u>	<u>1,364,566</u>	<u>5,549,712</u>	<u>5,549,712</u>	<u>5,771,020</u>	<u>221,308</u>
Program revenues:								
Extended learning	---	---	146,629	146,629	---	---	105,749	105,749
Student store	---	---	91,462	91,462	---	---	112,439	112,439
	<u>---</u>	<u>---</u>	<u>238,091</u>	<u>238,091</u>	<u>---</u>	<u>---</u>	<u>218,188</u>	<u>218,188</u>
Excess (deficiency) of revenues over (under) expenditures	---	---	321,292	(321,292)	(190,000)	(190,000)	(181,541)	8,459
Fund balance:								
Beginning of year	(523,624)	(523,624)	16,283	(539,907)	(333,624)	(333,624)	197,824	(531,448)
End of year	<u>\$(523,624)</u>	<u>\$(523,624)</u>	<u>\$ 337,575</u>	<u>\$(861,199)</u>	<u>\$(523,624)</u>	<u>\$(523,624)</u>	<u>\$ 16,283</u>	<u>\$(539,907)</u>



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Report of Independent Auditors 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*

The Board of Trustees
iLearn Academy Charter School, Inc.

We have audited, 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 (*Government Auditing Standards*), the financial statements of iLearn Academy Charter School, Inc. (“the Academy”), which comprise the statement of financial position as of September 30, 2024, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated April 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of 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 financial statements. 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.

Ernst + Young LLP

April 28, 2025