

Management Letter

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

For the year ended September 30, 2022





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

March 27, 2023

Board of Trustees
iLearn Academy Charter School, Inc.

In planning and performing our audit of the financial statements of the iLearn Academy Charter School, Inc. (the “Academy”) as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’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 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 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.

During our audit, we noted the following matters that should be brought to your attention:

Capitalization of Fixed Assets

Condition:

During our audit, we proposed an audit adjustment to the net position beginning balance amounting to \$425,263 to correct capitalization of depreciable capital and other assets not owned by the Academy. Per confirmation received from the Guam Department of Education (GDOE), GDOE retains ownership over the assets allocated to the Academy under various federal grants.

Recommendation:

The Academy should obtain written communication from the GDOE to ensure that there is clear guidance on the ownership and accounting treatment of the assets allocated and distributed to the Academy through federal grants.

Lease Agreement

Condition:

During our examination of the monthly lease invoices from The Learning Institute (TLI), we noted that the Academy did not receive supporting documents for other billed charges pertaining to utilities, communication, trash food services which totaled \$80,600 for the month of August and September 2022.

Recommendation:

We recommend the Academy to request appropriate supporting schedule and documents from TLI to ensure that amounts charged to the Academy are reasonable.

This communication is intended solely for the information and use of management and the Board of Trustees, others within the organization, and the Office of Public Accountability and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Sincerely,

Ernst + Young LLP