

*The Auditor's Communication With Those Charged  
With Governance*

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

*Fiscal Year ended September 30, 2022*





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April 4, 2023

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

We have performed an audit of the financial statements of the Science is Fun and Awesome Learning Academy Charter School (SiFA), as of and for the fiscal year ended September 30, 2022, 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, and have issued our report thereon dated April 4, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *“The Auditor’s Communication With Those Charged With Governance”*, and other applicable auditing standards.

This communication is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

## **REQUIRED COMMUNICATIONS**

### **Auditor's responsibility under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable**

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on the SiFA's financial statements as of and for the year ended September 30, 2022

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

### **Changes to the audit strategy, timing of the audit and significant risks identified**

Our audit strategy is consistent with the plan communicated during the November 2022 meeting.

### **Matters relevant to our evaluation of the entity's ability to continue as a going concern**

During the year ended September 30, 2022, 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 \$2.4 million owed to a vendor for services under the Partnership for Learning Support in Education Through Lease, Utilities, Supplies and Services (PLEASE) contract and \$1,743 in unpaid cash advances. As of September 30, 2022 SiFA, recorded a deficit net position of approximately \$1.46 million.

SiFA acknowledges that the annual \$2.4 million commitment owed a vendor under the PLEASE contract plus payroll related expenses is expected to exceed annual Guam Department of Education 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 SiFA's obligations. The plans include:

- Renegotiate the PLEASE contract with the vendor;
- Request forgiveness of prior year obligations;
- Request for additional funding to the Legislature through the Guam Charter Schools council;
- Request to increase enrollment cap;
- Apply for grants; and
- Seek additional funding from local businesses.

**Our views about the qualitative aspects of the entity's significant accounting practices, including:**

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in footnote 2 of the financial statements.

We are not aware of any significant accounting policies used by the SiFA in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor SiFA's operations. These budgets include determining how existing financial resources will be used in SiFA's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

### **Related party relationships and transactions**

We discussed that there are no related party relationships and transactions in footnote 5 of the financial statements.

**Changes to the terms of the audit with no reasonable justification for the change**

We are not aware of any matters that require communication.

**Significant unusual transactions**

We are not aware of any significant unusual transactions executed by SiFA.

**Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial**

Certain uncorrected misstatement accumulated by us were identified during the audit and pertaining to the latest period presented, which were determined by SiFA's management to be immaterial, both individually and in the aggregate, to the financial statements as a whole. Refer to "Management Representations Letter" in Appendix A.

**Material corrected misstatements related to accounts and disclosures**

Refer to "Management Representations Letter" in Appendix A.

**Significant deficiencies and material weaknesses in internal control over financial reporting**

Other matters identified during the course of our audit have been included in the Report of the Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters and Management letter dated April 4, 2023.

**Fraud and noncompliance with laws and regulations (illegal acts)**

We are not aware of any matters that require communication.

**Obtain information relevant to the audit**

Inquiries regarding matters relevant to the audit were performed during the October 2022 meeting and in the update status meetings during the audit.

**Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

### **New accounting pronouncements**

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

### **Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention**

We are not aware of any matters that require communication.

### **Disagreements with management and significant difficulties encountered in dealing with management when performing the audit**

There were no material disagreements with SiFA's management on financial accounting and reporting matters during the audit.

### **Management's consultations with other accountants**

We are not aware of any consultations made by management with other accountants or specialists.

### **Other material written communications with management**

None.

### **Other matters**

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

### **AICPA ethics ruling regarding third-party service providers**

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with SiFA or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

### **Representations from management**

Refer to “Management Representations Letter” in Appendix A.

### **Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management**

We are not aware of any matters that require communication.

### **Engagement team’s involvement with preparation of the financial statements**

Under GAS 2011 Revisions, Chapter 3 General Standards, Paragraph 3.34 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management’s ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of SiFA.
- The preparation of the financial statements is based on SiFA’s trial balance with the understanding that underlying books and records are maintained by SiFA’s accounting department and that the final trial balance prepared by SiFA is complete.
- SiFA’s BOD Chairman and Business and Accounting Officer have the skill set to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

### **Other findings or issues regarding the oversight of the financial reporting process**

There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

## Appendix

A – Management Representations Letter



A – Management Representations Letter



April 4, 2023

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

In connection with your audit of the basic financial statements of Science is Fun and Awesome Learning Academy Charter School (the Academy) as of September 30, 2022 and for the year then ended, and the related notes to the financial statements, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, financial position of the governmental activities of the Academy and the respective changes in financial position thereof in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

***Management's responsibilities***

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated October 24, 2022, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding periods.

We acknowledge our responsibility 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. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Academy from whom you determined it necessary to obtain evidence

A – Management Representations Letter, continued

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From January 7, 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Ernst & Young LLP assisted in drafting the format of the financial statement footnotes and the formatting of the various fund financial statements that appear in the Academy's financial statements in accordance with standards of the Governmental Accounting Standards Board (GASB). Management accepts responsibility for the fund financial statements that appear in the Academy's financial statements as our own and have prepared the source documents for all transactions and have maintained accounting control.

We have made available to your representatives all financial records and related data.

***Governmental entities***

We recognize that we are responsible for the Academy's compliance with laws, regulations, and provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

We have a process to track the status of audit findings and recommendations.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Refer to the "Schedule of Uncorrected Misstatements" in Appendix A.

***Corrected misstatements***

We have reviewed and approved the adjustments, summarized in the accompanying schedule, and reflected these adjustments in the financial statements.

Refer to the "Schedule of Corrected Misstatements" in Appendix B.



A – Management Representations Letter, continued

***Restatement of beginning net position***

We have made adjustment to the beginning balance of net position amounting to \$109,386 which pertains to the correction of capitalization of depreciable capital assets not owned by the Academy.

***Internal control***

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

There have been no significant changes in internal control since September 30, 2021.

***Minutes and contracts***

The dates of meetings of shareholders, directors, committees of directors and important management committees from October 1, 2021 are as follows:

- October 1, 2021
- May 26, 2022
- July 15, 2022

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

***Methods, significant assumptions, and data used in making accounting estimates***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

***Significant assumptions***

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and supportable.

We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements due to the COVID-19 pandemic.

***Ownership and pledging of assets***

The Academy has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the Academy has satisfactory title appear in the statement of net position.

A – Management Representations Letter, continued

***Receivables and revenues***

Receivables represent valid claims against the debtors indicated and do not include amounts for other types of arrangements not constituting sales. Receivables represent rights to consideration that are unconditional (i.e., only the passage of time is required before payment of that consideration is due) and are expected to be collectible. Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

***Fair value measurements***

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72—as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72—as amended.

***GASB Statement No. 87, Leases***

Our calculation of the restatement adjustment of initially applying GASB Statement No. 87—as amended as of October 1, 2021 is in accordance with our accounting policies established under GASB Statement No. 87—as amended.

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

***Related party relationships and transactions***

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

***Side agreements and other arrangements***

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.



A – Management Representations Letter, continued

***Arrangements with financial institutions***

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

***Contingent liabilities***

There are no unasserted claims or assessments, including those our lawyers have advised us of that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, nor are there any accruals for loss contingencies included in the statement of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

We have not consulted legal counsel concerning litigation, claims or assessments.

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

***Oral or written guarantees***

There are no oral or written guarantees, including guarantees of the debt of others.

***Purchase commitments***

At September 30, 2022 the Academy had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on Management’s Discussion and Analysis and Budgetary Comparison Schedule – Governmental Funds, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in

A – Management Representations Letter, continued

the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54—as amended.

***Effects of new accounting principles***

As discussed in Note 2, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in GASB:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

As discussed in Note 2, the Academy is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such amendment are adopted.

***Going concern***

In preparing the financial statements, we evaluated the Academy’s ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

Note 12 to the financial statements discloses all matters of which we are aware that are relevant to the Academy’s ability to continue as a going concern, including the principal conditions or events that raise substantial doubt, the significance of those conditions or events in relation to the Academy’s ability to meet its obligations and management’s plans that are intended to mitigate substantial doubt about the Academy’s ability to continue as a going concern.

***Governmental entities***

We recognize that we are responsible for the Academy’s compliance with laws, regulations, and provisions of contracts that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.



A – Management Representations Letter, continued

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

We have a process to track the status of audit findings and recommendations.

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report

We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, that you have reported.

***Fraud***

We acknowledge our responsibility for the design, implementation and maintenance of programs and internal control to prevent and detect fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Academy's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed to you all allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by "whistle-blowers") where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Academy.

***Independence***

We have communicated to you the names of all the Academy's affiliates, officers and directors, or individuals who serve in such capacity for the Academy.

We are not aware of any business relationship between the Academy and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Academy's audit.

***Conflicts of interest***

There are no instances where any officer or employee of the Academy has an interest in a company with which the Academy does business that would be considered a "conflict of interest." Such an interest would be contrary to Academy policy.

***Other representations***

- We have followed all applicable laws and regulations in adopting, approving and amending budgets and deposits, including collateral requirements on depository accounts.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54—as amended.

A – Management Representations Letter, continued

- All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and GASB Statement No. 37, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- Risk disclosures associated with deposits transactions are presented in accordance with GASB requirements.
- Deposits are properly classified in the category of custodial credit risk.
- Capital assets, including lease assets, are properly capitalized, reported and, if applicable, depreciated or amortized.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.
- We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

***Subsequent events***

Subsequent to September 30, 2022, no events or transactions as outlined in “Subsequent Events” in Appendix C have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Academy’s affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the Academy.

\*\*\*\*

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the Academy and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.



A – Management Representations Letter, continued

Very truly yours, 

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Dr. Anthony Sunga, Officer in-Charge

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Kella Hernandez, Business & Accounting Officer

A – Management Representations Letter, continued

Appendices

A – Schedule of Uncorrected Misstatements

B – Schedule of Corrected Misstatement

C – Subsequent Events

A – Management Representations Letter, continued

A – Schedule of Uncorrected Misstatements

Entity: **SFA Learning Academy Charter School** Period Ending: **30-Sep-2022** Currency: **USD**

**Communication schedule for uncorrected misstatements**

No.	W/P ref.	Account (Note 1)	Assets		Liabilities		Equity		Effect on the		Income statement effect	
			Current	Non-current	Current	Non-current	Current	Non-current	OCI	Profit/(Loss)	Debit/(Credit)	Non-taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)
<b>Uncorrected misstatements</b>												
SAD01	180110	To reconcile balances per aging schedule to Trial balance Contract services Accounts payable (A/P)			(58,875)							38,875
SAD02	180110	To reconcile balances per aging schedule to Trial balance Contract services Accounts payable (A/P)			(12,458)							12,458
<b>Total of uncorrected misstatements before income tax</b>												
<b>Total of uncorrected misstatements</b>			138,258	179,785	(71,333)							51,323
Financial statement amounts			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Effect of uncorrected misstatements on 15 amounts			138,258	179,785	(71,333)							51,323
Memo: Total of non-taxable items (marked "X" above)												
Uncorrected misstatements before income tax												
Less: Tax effect of misstatements at current year marginal rate												
Uncorrected misstatements in income tax												
Cumulative effect of uncorrected misstatements after tax but before turnaround												
Turnaround effect of prior period uncorrected misstatements												
All tax and period misstatements:												
Judgmental misstatements (Note 3c)												
Cumulative effect of uncorrected misstatements, after turnaround effect												
Current year income before tax												
Current year income after tax												

Form 430GL (3 August 2022)

A – Management Representations Letter, continued

B – Schedule of Corrected Misstatement

Communication schedule for corrected misstatements

Entity: SIFA Learning Academy Charter School Period ended: 30-Sep-2022 Currency: USD

No.	WIP ref.	Account	Analysis of misstatements				Effect on the current period OCI		Income statement effect of the current period		
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
AJE01	C0100	To close bank overdraft to accounts payable Cash in Bank - FHB Checking (0804) Accounts payable	126,325		(126,325)						
AJE01	C0200	To correct cash and revenues balance due to erroneous recording of prior year adjustment Appropriation - Students Cash in Bank - FHB Checking (0804)	(219,306)								219,306
AJE02	C0200	To correct cash and faculty account balances Cash in Bank - FHB Checking (0804) Faculty Account	2,834		(2,834)						
AJE03	K0100	To reverse current year depreciation Accumulated depreciation Depreciation expense		140,477							(146,477)
AJE04	K0100	To close capitalized grant equipment to PP, materials and supplies Surplus and materials Grant equipment		(13,450)							13,450
AJE06	K0100	To recognize reclass of beginning balance of fixed assets to beginning net position Accumulated depreciation Net position, beginning Grant equipment		49,033				109,386			
AJE06	LRE0110	To record intangible asset and related liability from lease EY-1 Intangible lease asset - equipment EY-3 Current lease liability - due within one year		4,187,650						(4,187,650)	
AJE07	LRE0110	To recognize interest expense EY-3 Lease interest expense EY-3 Current lease liability - due within one year								(9,805)	9,805

Form 430GL (3 August 2022)

A – Management Representations Letter, continued

B – Schedule of Corrected Misstatement, continued

Communication schedule for corrected misstatements												
Entity: <u>SEFA Learning Academy Charter School</u> Period ended: <u>30-Sep-2022</u> Currency: <u>USD</u>												
Corrected misstatements												
No.	WIP ref.	Account	Assets		Liabilities		Equity components		Effect on the current period OCI		Income statement effect of the current period	
			Current	Non-current	Current	Non-current	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
(misstatements are recorded as journal entries with a description)												
AJE08	LRE0110	To derecognize contract expenses recorded in the year Accounts payable (A/P) Contract services				1,698,796						(1,698,796)
AJE09	LRE0110	To reclassify interest and amortization expense for the first year EY-3 Amortization expense EY-2 Accumulated amortization		(2,393,040)								2,393,040
AJE10	LRE0111	To recognize discount provided to SEFA for FY2022 based on what was billed vs. what was the anticipated statements EY-3 Current lease liability - due within one year EY-7 Lease Expenditure					1,036,863					(1,036,863)
RJE02	N0100	To reconcile payables beginning balances Accounts payable (A/P) Accrued expenses					48,900					(48,900)
RJE03	N0100	To reclass payment to payroll against accrued expenses Accounts payable (A/P) Accrued expenses					37,721					(37,721)
RJE04	N0100	To record discounts provided by Esale Land Holding in FY2022 Accounts payable (A/P) Accrued expenses					661,867					(661,867)
AJE11	V80130	To properly record Company's medical insurance expense for months of June to September 2022 Medical Insurance Expense Other Current Assets Advances from related party		25,777								25,777
AJE12	UN0121	To reclassify undistributed fund from GEDA to untreated revenues Other Income (Page 3, Surveys)										45,194

Form 430GL (3 August 2022)

A – Management Representations Letter, continued

B – Schedule of Corrected Misstatement, continued

Communication schedule for corrected misstatements

Entity: SIFA Learning Academy Charter School Period ended: 30-Sep-2022 Currency: USD

Corrected misstatements No.	WIP ref.	Account	Analysis of misstatements				Effect on the current period OCI		Income statement effect of the current period				
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non-taxable		
		(misstatements are recorded as journal entries with a description)											
		Unearned revenues			(45,194)								
AJIE3	UA0121	To record forgiven PPP loan to Other Income Long-term liability - due in one year Other Income			295,308								(295,308)
<b>Total of corrected misstatements before income tax</b>			(64,370)	1,818,421	(1,402,443)	0	109,366	0	(403,892)				
Financial statement amounts			1,081,268	1,794,790	(4,097,430)	0	1,221,382		(267,208)				
Effect of corrected misstatements on F/S amounts			-6.0%	101.3%	34.2%	0.0%	9.0%		179.2%				

If for US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.1


Form 430GL (3 August 2022)

A – Management Representations Letter, continued

C – Subsequent Events

**SiFA Learning Academy Charter School**  
 Subsequent Events Questionnaire  
 Coverage: For the period from October 1, 2022 to auditor's report date

Question	If yes, please provide additional information
1 Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements? Have any other significant unusual transactions been entered into?	
2 Have any significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?	
3 Have there been any significant changes that occurred in trends of grant revenue or grants expense that could affect accounting estimates (e.g., valuation of receivables, provisions for liabilities, or unearned income)?	
4 Have any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?	
5 Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?	
6 Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?	
7 Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?	
8 Have there been any changes in the entity's related parties?	
9 Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?	
10 Are you aware of any fraud or suspected fraud affecting <b>SiFA Learning Academy Charter School</b> involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?	
11 Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of <b>SiFA Learning Academy Charter School</b> .	

  
 \_\_\_\_\_  
 Dr. Anthony Sunga, Officer In-Charge

\_\_\_\_\_  
 April 4, 2023  
 Date

  
 \_\_\_\_\_  
 Kella Hernandez, Business Accounting Officer

\_\_\_\_\_  
 April 4, 2023  
 Date