

Financial Statements

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

*Years ended September 30, 2020 and 2019
with Report of Independent Auditors*



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

Financial Statements

Years ended September 30, 2020 and 2019

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Report of Independent Auditors

The Board of Trustees of
iLearn Academy Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of iLearn Academy Charter School, Inc., as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements which collectively comprise iLearn Academy Charter School, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of iLearn Academy Charter School, Inc., as of September 30, 2020 and 2019, and the respective changes in financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3 through 17 and budgetary comparison information on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of iLearn Academy Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of iLearn Academy Charter School, Inc.'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 iLearn Academy Charter School, Inc.'s internal control over financial reporting and compliance.

Ernst + Young LLP

December 21, 2020

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

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, 2020. 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 assets of the School exceeded its liabilities at the close of fiscal year by \$ 156,618 (net position). The School was granted funds through the Paycheck Protection Program (PPP) and in-kind assets through the GDOE Consolidated Grant and the Education Stabilization Fund (ESF) allowing the school to close the current fiscal year on a positive balance.
- Enrollment at close of fiscal year is 756, however invoicing at 620 as authorized by P.L. 35-36, Chapter II, Section 3.

Rationale for over-enrollment: The 35th Guam Legislature passed PL 35-99 on September 2020. This had occurred a full month into School Year 2020-2021. Because planning for the school year takes place the last quarter of the fiscal year, iLearn needed to make decisions for the opening of the new school year based on certain assumptions.

On January 2020, iLearn's request for an increase in budget (which included increasing enrollment from 620 to 740) was approved by the Guam Academy Charter School Council. On June 26, during a budget hearing, the 35th Guam Legislature supported the request for increased enrollment. On July 29, at a Round Table discussion, the 35th Guam Legislature supported the request to increase enrollment. However, due to COVID-19's potential negative impact on the local economy, the budget was passed with iLearn earmarked for only 620 student enrollment. iLearn had then determined that it would be for the best interest of the students to continue with the excess of 136 students. iLearn recognizes that funds will be needed to ensure that this decision does not negatively impact the financial state of the organization.

(source: End of Year Report SY2020)

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Management’s Discussion and Analysis, continued

Table 1. STUDENT DEMOGRAPHICS AS OF SEPTEMBER 30, 2020

<i>Grade Level</i>		<i>Female</i>	<i>Male</i>	<i>Ethnicity</i>	<i>#</i>	<i>%</i>
K5	121	67	54	Chamorro	188	25%
				Filipino	445	59%
1	135	73	62	Micronesia	63	8%
				Asian	28	4%
2	145	75	70	Caucasian	14	2%
				Black	0	0%
3	134	68	66	Multi	9	1%
				Other	9	1%
4	110	52	58			
5	111	54	57			
TOTAL	756	389	367		756	100%

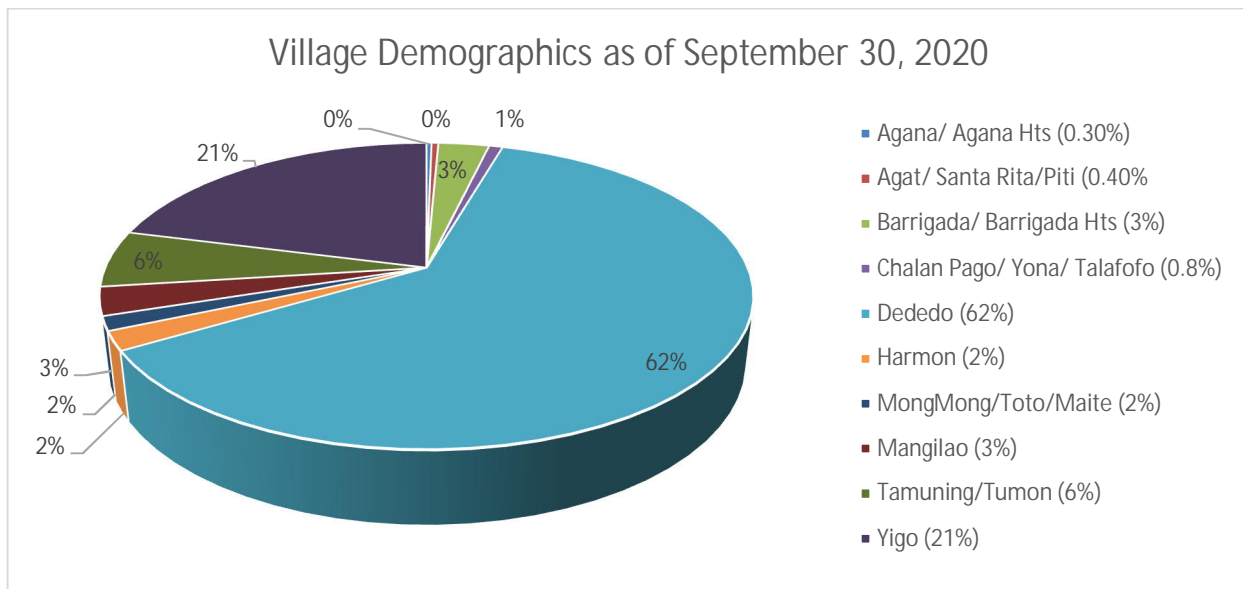
Micronesia = Chuukese, Palauan, Pohnpeian, Yapese, Kosraean, CNMI

Asian = Japanese, Chinese, Korean, Vietnamese, Indian

Other = Hawaiian, Samoan, not identified

Multi = Identified by more than two ethnic backgrounds.

Graph 1. Villages that impact student enrollment as of September 30, 2020

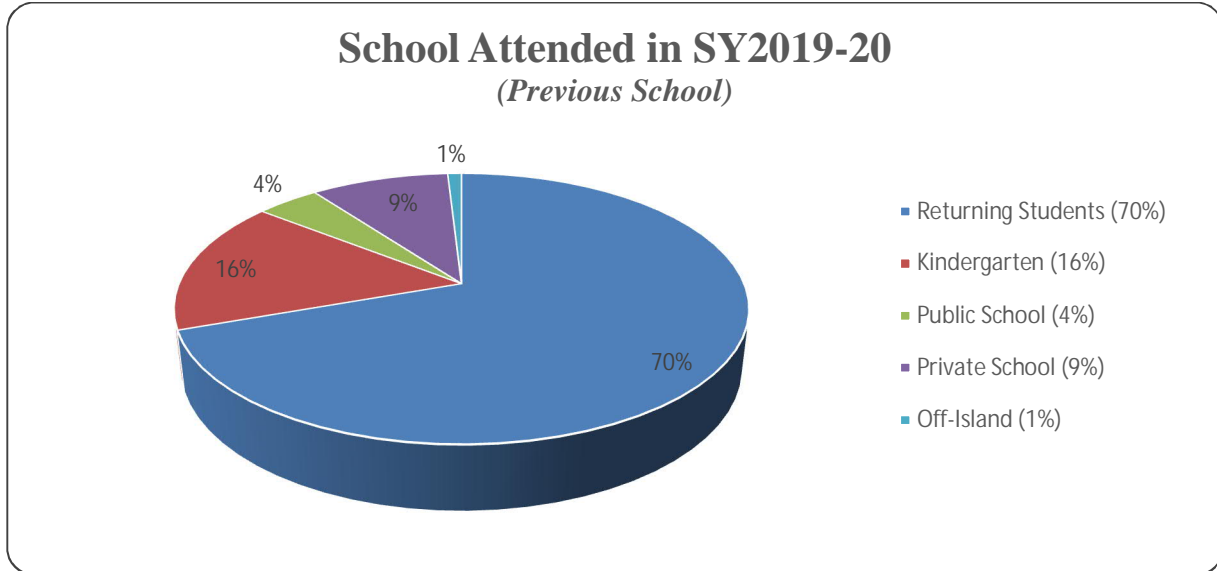


The demographics of iLearn demonstrates that its greatest population comes from the northern villages, specifically the village of Dededo.

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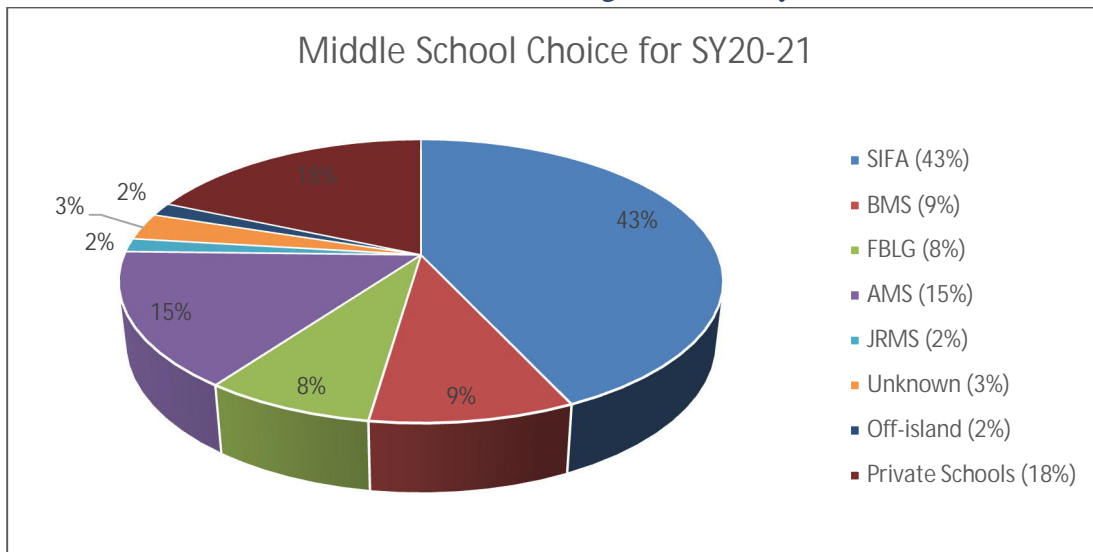
Management’s Discussion and Analysis, continued

Graph 2. Feeder Schools for iLearn as of September 30, 2020.



iLearn saw a 3% increase of transfer enrollment from private schools. Transfers were significantly COVID-19 related. The decision was based on affordability and the ability to continue with the academic year in the midst of a pandemic. In SY2019-20 when the Governor’s Executive Order shut down traditional face-to-face classes, iLearn completed the 4th quarter via online classrooms.

Graph 3. Middle School Choice for students who graduated May 22, 2020.



Three percent (3%) of parents had not made a decision as to where to send their child at the date of cumulative folder pick-up. Forty-three percent (43%) chose to continue with another charter school, SIFA Academy Charter School. Thirty-four percent (34%) chose to return to their district public school.

The main concern of parents and students was to find a school they could afford and maintain the service they received at iLearn Academy Charter School. Decisions were greatly impacted by COVID-19.

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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.

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Management’s Discussion and Analysis, continued

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 assets exceeded liabilities by \$ 156,618 (net position) at the close of the fiscal year, attributed to PPP and ESF funds.

Figure 1 provides a summary of the School’s net position as of September 30, 2020, 2019 and 2018

Net Position

Figure 1

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash	372,982	\$ 193,152	\$ 10,398
Accounts Receivable	97,077	150,815	---
Prepaid Expense	81,200	61,710	
Grant Equipment (<i>net of depreciation</i>)	175,261	33,812	---
Other Current Assets	8,698	1,575	
Total Assets	735,218	441,064	10,398
Accounts Payable	48,690	205,636	392,000
Other current liabilities	1,391	---	
Due from related party	---	---	42,500
Notes- Prior Year Obligations	290,753	310,393	
Notes- PPP Loan	237,766		
Total Liabilities	578,600	516,029	434,500
Temporarily Restricted			
Unrestricted	156,618	(74,965)	(424,102)
Total Net Position	156,618	(74,965)	(424,102)

Under the CARES ACT, the school was able to apply for the Paycheck Protection Program as well as avail of the Education Stabilization Fund. It is also noted that the Paycheck Protection Program converts the loan to a grant after forgiveness application with the lender at the end of 24-week period. These programs greatly benefited the school and all current year obligations were met. Any remaining monies were used to pay the notes payable deriving from prior year obligations as authorized by P.L. 35-29 Chapter II §12116(f) an amendment to Chapter 12, Title 17 GCA.

“(f) All Fiscal Year 2019 funds appropriated to the Charter School
may be used to pay prior year obligations.”

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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, 2020, 2019 and 2018 follows:

Statement of Activities

Figure 2

	2020	2019	2018
REVENUES			
Appropriation- Students	3,813,000	\$3,774,560	2,968,433
Extended Learning	26,575	41,900	30,100
Miscellaneous	17,046	3,711	298
Other Income:			
Student Store	46,008	86,145	69,662
Fundraising	26,279	21,535	2,336
Donations	120	25,917	12,851
Grant (In-Kind Contribution)	117,864	38,038	---
Grant (ESF)	47,400	---	---
Total Revenues	4,094,292	3,991,806	3,083,680
EXPENSES			
Contract services	2,060,501	2,058,290	2,064,426
Salaries and wages	1,639,796	1,485,546	1,379,593
Operations	127,685	70,290	58,433
Interest	16,939	9,832	---
Insurance	8,889	7,991	5,465
Travel and meetings	7,808	10,236	633
Other Expense	1,091	484	6,304
Total Expenses	3,862,709	3,642,669	3,514,854
Change in Net Position	231,583	349,137	(431,174)
Net Position at Beginning of Year	(74,965)	(424,102)	7,072
Prior Year Adjustment to Net Position			
Net Position at End of Year	156,618	(74,965)	(424,102)

Public Law 35-36, Chapter II, Section 3 states that in School Year 2019-2020, the School is authorized to receive Six Thousand One Hundred Fifty Dollars (\$6,150) per enrollee not to exceed six hundred twenty (620) students for the iLearn Academy Charter School.

For Extended Learning and Student Store, the decrease in revenue is attributed to the pandemic lockdown that prohibited face-to-face learning and thus no students were allowed on campus.

For Grants, several items from the GDOE Consolidated Grant were received during the fiscal year. In addition, the Education Stabilization Fund of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided the School with the necessary equipment required to enforce COVID-19 safety and distance learning.

For Salaries and Wages, the increase is attributed to hiring of additional teachers to accommodate students that exceeded the 620 mark. We did not receive funding for those extra students.

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Management’s Discussion and Analysis, continued

For Operations, the increase in expenditures is attributed to purchase of additional curriculum and student program expenses.

For Travel and meetings, this is attributed to online professional development such as Wabisabi (personalized learning). It also included reimbursement for accommodations for National Charter School Conference. The School used non-appropriated funds for these expenditures.

Summary of iLearn’s COVID-19 Plan

iLearn has adopted two scenarios of academic operations based on CDC and DPHSS guidelines. Scenario 1 is implemented when the island is at a medium-high risk of transmission. Scenario 1 is a 100% online/virtual classroom platform. Scenario 2 is implemented when the island is at a low-medium risk of transmission. Scenario 2 is a hybrid schedule of 50% students online and 50% face to face on a given day.

All employees who are able to work remotely are encouraged to do so and those who are working on campus do so with social distancing and safety protocols in place.

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.

	Governmental Fund 2020		
	Original Budget	Actual	Variance
REVENUES			
Local Govt. Appropriations	\$ 3,813,000	\$ 3,813,000	0
Non-Appropriated Fund	---	281,292	(281,292)
Total Revenues		4,094,292	(281,292)
EXPENSES			
Salaries, Wages, & Benefits	1,429,373	1,639,796	(210,423)
Professional Devt./Travel	10,706	7,808	2,898
Contractual Service	49,660	20,501	29,159
Miscellaneous-Operations	70,000	103,870	(33,870)
A+ Contract (Educational Infrastructure Contract)	2,040,000	2,040,000	0
Total Expenses	3,599,739	3,811,975	(212,236)

For fiscal year 2020, the School received 100% of its appropriations. Despite the COVID-19 pandemic, the School was able to service the entire student population via online learning with no delays.

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Management’s Discussion and Analysis, continued

STUDENT ACADEMIC PERFORMANCE

Due to COVID-19, our students were not able to take the ACT Aspire. Although iLearn continued classes up to the end of the school year, the annual End of the Year McGraw Hill Diagnostics were not held due to COVID-19.

MCGRAW HILL DIAGNOSTIC REPORT

KINDERGARTEN				
	Proficiency Percentage			
	Fall	Winter	Spring	
Letter Fluency				
Proficient	58%	67%		
Approaching	7%	7%		
Below	34%	26%		
Phonemic Awareness				
Proficient		16%		
Approaching		40%		
Below		44%		
Phonological Awareness				
Proficient		22%		
Approaching		21%		
Below		57%		
Spelling				
Proficient				
Approaching				
Below				

FIRST GRADE				
	Proficiency Percentage			
	Fall	Winter	Spring	
Math				
Proficient	16%	69%		
Approaching	39%	28%		
Below	44%	3%		
Phonemic Awareness				
Proficient	13%	65%		
Approaching	43%	22%		
Below	45%	13%		
Phonological Awareness				
Proficient	7%	42%		
Approaching	11%	17%		
Below	83%	41%		
Word Fluency				
Proficient	31%	41%		
Approaching	18%	9%		
Below	51%	50%		
Spelling				
Proficient	9%	9%		
Approaching	13%	67%		
Below	78%	24%		
Oral Fluency				
Proficient				
Approaching				
Below				
CLOZE				
Proficient				
Approaching				
Below				

SECOND GRADE				
	Proficiency Percentage			
	Fall	Winter	Spring	
Reading Comprehension				
Proficient	6%	9%		
Approaching	18%	32%		
Below	76%	59%		
Oral Fluency				
Proficient	49%	49%		
Approaching	20%	8%		
Below	31%	44%		
CLOZE				
Proficient	54%	65%		
Approaching	15%	5%		
Below	31%	30%		
Spelling				
Proficient	15%	19%		
Approaching	24%	6%		
Below	61%	75%		

THIRD GRADE				
	Proficiency Percentage			
	Fall	Winter	Spring	
Math				
Proficient	1%	7%		
Approaching	19%	24%		
Below	80%	69%		
Reading Comprehension				
Proficient	7%	13%		
Approaching	29%	36%		
Below	64%	51%		
Oral Fluency				
Proficient	67%	50%		
Approaching	6%	25%		
Below	27%	25%		
CLOZE				
Proficient	73%	71%		
Approaching	10%	5%		
Below	17%	24%		
Spelling				
Proficient	25%	31%		
Approaching	38%	17%		
Below	37%	52%		

FOURTH GRADE				
	Proficiency Percentage			
	Fall	Winter	Spring	
Reading Comprehension				
Proficient	15%	28%		
Approaching	27%	40%		
Below	58%	32%		
Oral Fluency				
Proficient	67%	60%		
Approaching	14%	25%		
Below	19%	15%		
CLOZE				
Proficient	78%	81%		
Approaching	14%	5%		
Below	8%	14%		
Spelling				
Proficient	54%	51%		
Approaching	31%	20%		
Below	15%	29%		

FIFTH GRADE				
	Proficiency Percentage			
	Fall	Winter	Spring	
Math				
Proficient	1%	4%		
Approaching	11%	21%		
Below	88%	71%		
Reading Comprehension				
Proficient	3%	1%		
Approaching	28%	30%		
Below	69%	69%		
Oral Fluency				
Proficient	71%	94%		
Approaching	19%	5%		
Below	10%	1%		
CLOZE				
Proficient	54%	66%		
Approaching	34%	27%		
Below	12%	7%		
Spelling				
Proficient	78%	73%		
Approaching	16%	17%		
Below	6%	10%		

Diagnostic results show the impact of a severe Fall Flu Season when it came to the reading sub-test. Although the fall flu season brought a negative growth in reading, students were able to catch up and made strides to making a positive growth by the end of the school year. The Math sub-test demonstrated a positive growth in spite of the Fall Flu Season and in spite of COVID-19.

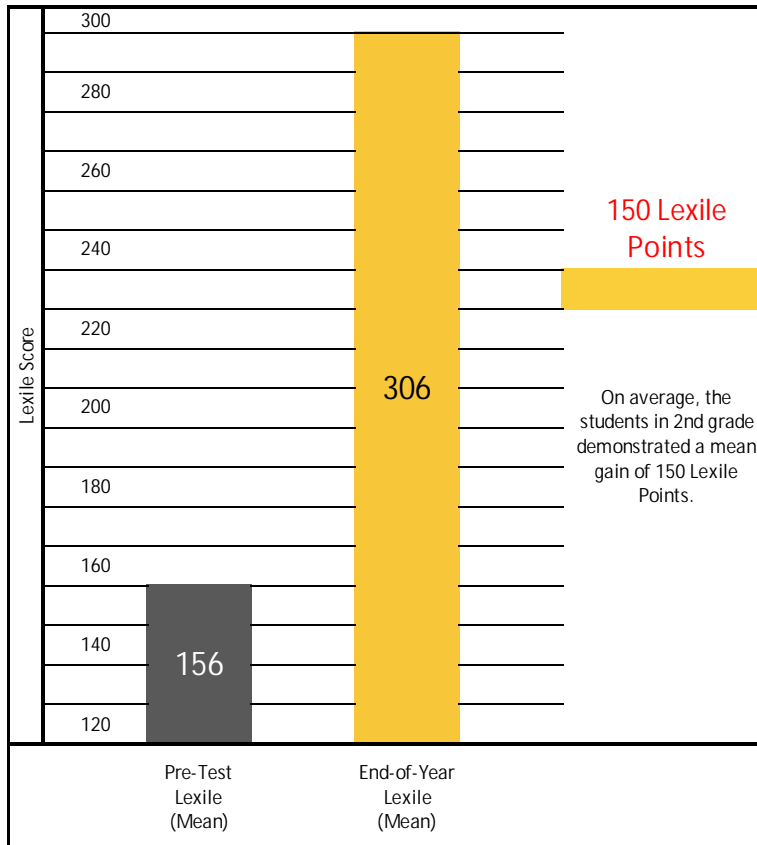
iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

ACHIEVE 3000 REPORT

iLearn utilizes Achieve 3000 as a supplement application to promote student literacy. Kindergarten through second grade students utilizes a partnership platform called Smarty-Ants and then transition into Achieve 3000 on the second semester of second grade. Because of this, second grade scores are separated from the upper grade levels.

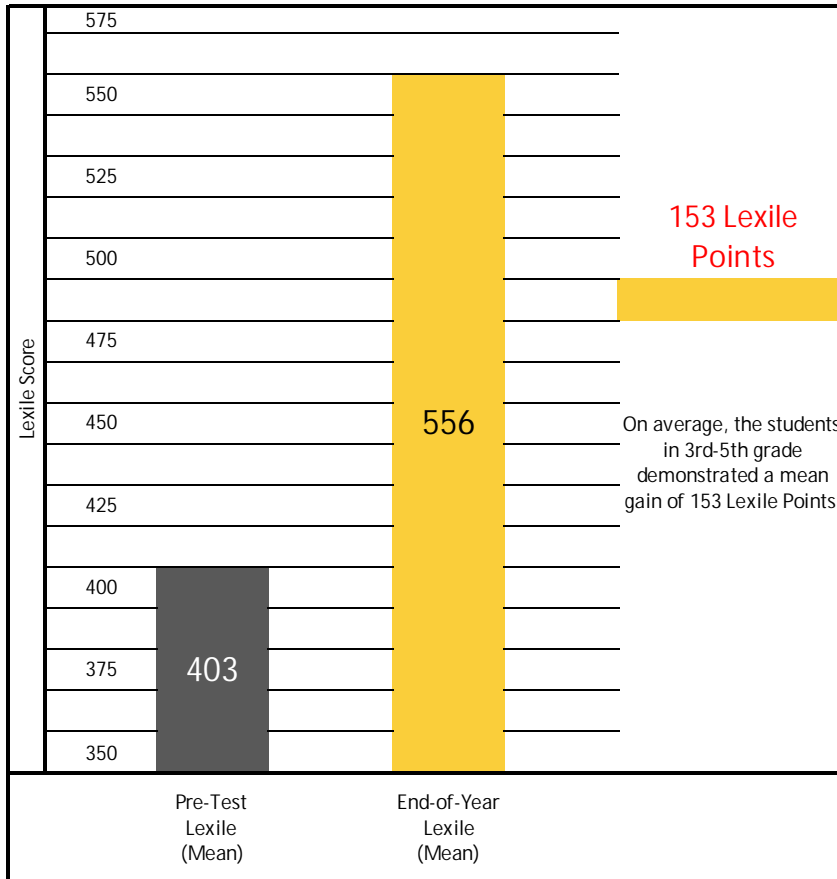
Lexile Gains: Pre-Test to End-of-Year		
	2nd	Total
Overall Lexile Growth Total:	18610	18610
Overall Lexile Growth Average:	150	150
Pre-Test		
Overall Lexile Total PreTest:	19345	19345
Overall Lexile Total PreTest Average:	156	156
Post-Test		
Overall Lexile Total PostTest:	37955	37955
Overall Lexile Total PostTest Average:	306	306



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

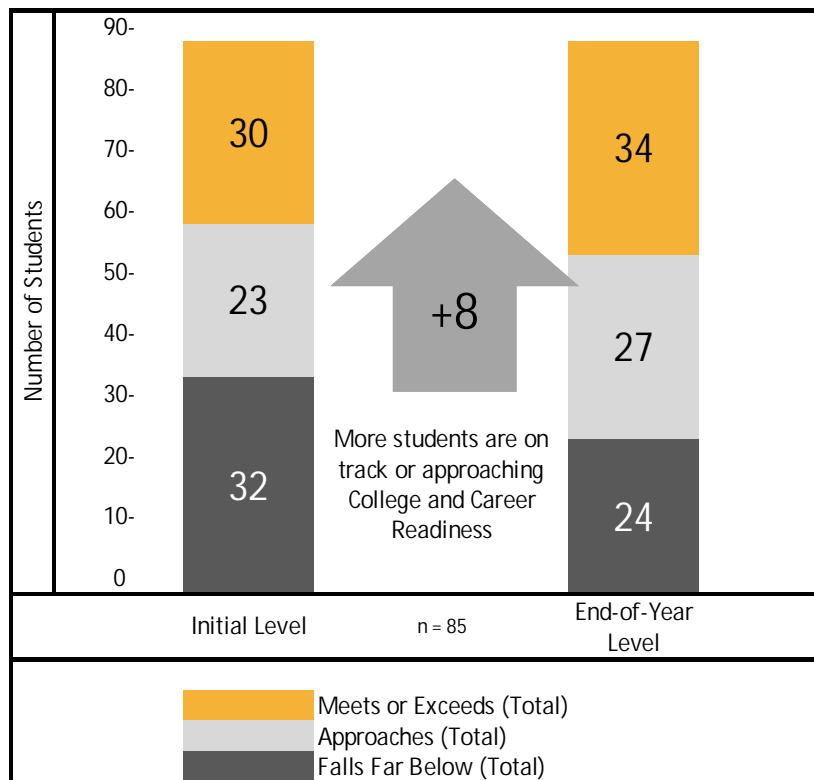
Lexile Gains: Pre-Test to End-of-Year				
	3rd	4th	5th	Total
Overall Lexile Growth Total:	15480	16395	8815	40690
Overall Lexile Growth Average:	158	164	136	153
Overall Lexile Total Pre-Test				
Overall Lexile Total PreTest:	29325	38335	33255	100915
Overall Lexile Total PreTest Average:	305	391	512	403
Overall Lexile Total Post-Test				
Overall Lexile Total PostTest:	45060	54035	42070	141165
Overall Lexile Total PostTest Average:	463	555	648	556



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Management’s Discussion and Analysis, continued

College and Career Readiness		
Levels	2	Total
Below	32	32
Below	24	24
Approach	23	23
Approach	58	27
Exceeds	30	30
Exceeds	42	34
		Up 8

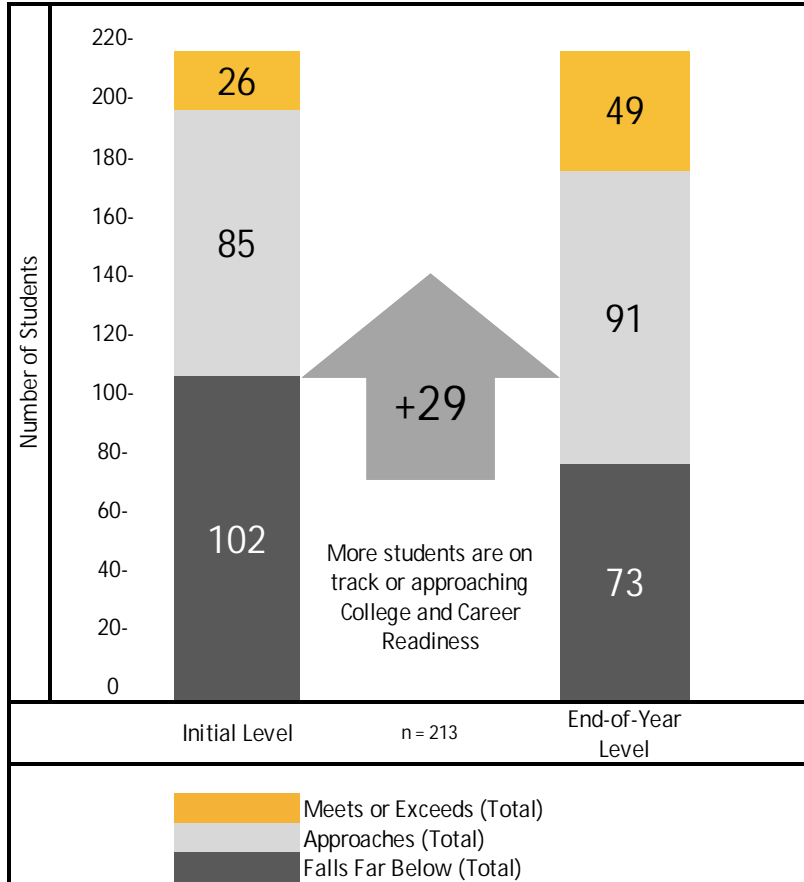


The preceding graph, based on pre-test and end-of-year Lexile scores, demonstrates that more iLearn Academy Charter School students are on track for college and career readiness after actively participating in the Achieve3000 program during the 2018-2019 school year

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Management’s Discussion and Analysis, continued

College and Career Readiness				
Levels	3	4	5	Total
Below	52	31	19	102
Below	42	20	11	73
Approach	27	28	30	85
Approach	25	33	33	91
Exceeds	15	2	9	26
Exceeds	27	8	14	49
				Up 29



The preceding graph, based on pre-test and end-of-year Lexile scores, demonstrates that more iLearn Academy Charter School students are on track for college and career readiness after actively participating in the Achieve3000 program during the 2018-2019 school year

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Management’s Discussion and Analysis, continued

Findings that Count				
Findings That Count:				
Student Performance Across the 3rd-5th Grade Levels				
Grade	Users with Valid Test Scores	Pre-Test Lexile (Mean)	End-Of-Year Lexile (Mean)	Actual Growth (Mean)
3	98	305	463	158
4	100	391	555	164
5	65	512	648	136
Overall	263	403	556	153

Findings that Count				
Findings That Count:				
Student Performance Across 2nd Grade				
Grade	Users with Valid Test Scores	Pre-Test Lexile (Mean)	End-Of-Year Lexile (Mean)	Actual Growth (Mean)
2	124	156	306	150
Overall	124	156	306	150

In the past, Achieve 3000 scores support the results provided by ACT Aspire. In spite of the fact that the ACT Aspire was not assessed in the spring, we are confident that the results would have supported iLearn’s academic growth in Reading.

OTHER STUDENT ACCOMPLISHMENTS

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Math Olympiad <ul style="list-style-type: none"> • iLearn Academy ranked first place all island. B. Script Spelling Bee C. International Week D. Chamorro Month Celebration | <ul style="list-style-type: none"> E. Annual Spring Concert F. Annual Spring Dance Presentation G. 4th Annual NEHS Induction H. Spring Lego Robotics Competition I. Spring Lego Robotics Jr. Exhibition J. Service Learning with AmeriCorps (Agriculture) |
|---|--|

PROFESSIONAL DEVELOPMENT

- A. Achieve 3000
 - B. Smarty Ants
 - C. Amplify Science
 - D. Singapore Math
 - E. Employee Ethics and Harassment
 - F. Wabisabi Program
 - Learn from failure, Personalized Learning
- Service Learning with AmeriCorps

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

OTHER NOTABLES

The pandemic closed Guam’s educational institutions on March 16, 2020. iLearn was able to seamlessly move into a 100% virtual classroom because of our STEM platform. Students were already familiar with Google Classrooms and their other online applications such as IXL and their online books and resources.

iLearn had undergone professional development regarding the mental health of both students and teachers. However, the damaging effects of COVID-19 is still unknown. A survey given to parents to comply with the Educational Sustainability Funds, indicated that while parents were satisfied that their kids are able to continue education safely through a virtual classroom, they longed to have their children back in school. The emotional and economic stress within the household has impacted both students and the teachers.

IMAGES & ACTIVITIES

iLearn Academy Charter School was able to do a lot of activities prior to closing down the campus due to COVID-19.

Upper left: Annual Scripps Spelling Bee. Photo not shown is the Annual Math Olympiads where iLearn placed first all-island.

Upper right: Field trip to the Guam Museum. Photo not shown is the field trip to the Micronesia Mall theater for an all school viewing of Frozen II. Also not shown is the field trip to the University of Guam for Polka Dots the Musical about bullying.

Lower left: The Great Shake Out. **Middle right:** Chamorro Week festivities. **Lower right:** Painting with Dawn, a local artist. **Bottom right:** Online classroom.



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

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 P.O. Box 8445, Tamuning, Guam 96913 or by telephone at (671) 989-3789.

iLearn Academy Charter School Inc.
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Governmental Funds Balance Sheets/Statements of Net Position

Years ended
September 30,

	2020			2019		
	General Fund	Adjustments	Statement of Net Position	General Fund	Adjustments	Statement of Net Position
Assets:						
Cash	\$ 371,591	\$ ---	\$ 371,591	\$ 193,152	\$ ---	\$ 193,152
Accounts receivable	97,077	---	97,077	150,815	---	150,815
Prepaid expenses	81,200	---	81,200	61,710	---	61,710
Depreciable capital assets, net	---	175,261	175,261	33,812	---	33,812
Inventory	<u>8,698</u>	<u>---</u>	<u>8,698</u>	<u>1,575</u>	<u>---</u>	<u>1,575</u>
Total assets	<u>\$ 558,566</u>	<u>\$ 175,261</u>	<u>\$ 733,827</u>	<u>\$ 441,064</u>	<u>\$ ---</u>	<u>\$ 441,064</u>
Liabilities and Fund Balance:						
Accounts payable and accrued expenses	\$ 48,690	\$ ---	\$ 48,690	\$ 205,636	\$ ---	\$ 205,636
Notes payable:						
Due within one year	---	101,608	101,608	---	61,939	61,939
Due after one year	<u>---</u>	<u>426,911</u>	<u>426,911</u>	<u>---</u>	<u>248,454</u>	<u>248,454</u>
Total liabilities	<u>48,690</u>	<u>528,519</u>	<u>577,209</u>	<u>205,636</u>	<u>310,393</u>	<u>516,029</u>
Fund balance: unassigned	<u>509,876</u>	<u>(509,876)</u>		<u>235,428</u>	<u>(235,428)</u>	
Total liabilities and fund balances	<u>\$ 558,566</u>			<u>\$ 441,064</u>		
Net position:						
Invested in capital assets		175,261	175,261		---	---
Unrestricted		<u>(18,643)</u>	<u>(18,643)</u>		<u>(74,965)</u>	<u>(74,965)</u>
Total net position		<u>\$ 156,618</u>	<u>\$ 156,618</u>		<u>\$(74,965)</u>	<u>\$(74,965)</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

	Years ended September 30,					
	2020			2019		
	General Fund	Adjustments	Statement of Activities	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:						
Instructional services:						
Contract services	\$ 1,842,375	\$ 218,126	\$ 2,060,501	\$ 1,747,897	\$ 310,393	\$ 2,058,290
Salaries and wages	1,639,796	---	1,639,796	1,485,546	---	1,485,546
Support services:						
Operations	137,682	(9,997)	127,685	70,290	---	70,290
Interest	16,939	---	16,939	9,832	---	9,832
Insurance	8,889	---	8,889	7,991	---	7,991
Travel and meetings	7,808	---	7,808	10,236	---	10,236
Bank charges	600	---	600	484	---	484
Miscellaneous	491	---	491	---	---	---
Total expenditures/expenses	<u>3,654,580</u>	<u>208,129</u>	<u>3,862,709</u>	<u>3,332,276</u>	<u>310,393</u>	<u>3,642,669</u>
General revenues:						
Appropriations	3,813,000	---	3,813,000	3,774,560	---	3,774,560
Grant	---	165,264	165,264	38,038	---	38,038
Fundraising	26,279	---	26,279	21,535	---	21,535
Miscellaneous	17,046	---	17,046	3,711	---	3,711
Donation	120	---	120	25,917	---	25,917
	<u>3,856,445</u>	<u>165,264</u>	<u>4,021,709</u>	<u>3,863,761</u>	<u>---</u>	<u>3,863,761</u>
Program revenues:						
Student store	46,008	---	46,008	86,145	---	86,145
Extended learning	26,575	---	26,575	41,900	---	41,900
	<u>72,583</u>	<u>---</u>	<u>72,583</u>	<u>128,045</u>	<u>---</u>	<u>128,045</u>
Excess (deficiency) of revenues over (under) expenditures	274,448	(274,448)		659,530	(659,530)	
Change in net position		231,583	231,583		349,137	349,137
Fund balance/net position:						
Beginning of year	<u>235,428</u>	<u>---</u>	<u>(74,965)</u>	<u>(424,102)</u>	<u>---</u>	<u>(424,102)</u>
End of year	<u>\$ 509,876</u>	<u>\$ ---</u>	<u>\$ 156,618</u>	<u>\$ 235,428</u>	<u>\$ ---</u>	<u>\$ (74,965)</u>

See accompanying notes.

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

Statements of Fiduciary Net Position

	Agency Funds Years ended September 30,	
	<u>2020</u>	<u>2019</u>
Assets:		
Cash	\$ <u>1,391</u>	\$ <u>2,662</u>
Total asset	\$ <u><u>1,391</u></u>	\$ <u><u>2,662</u></u>
Liability:		
Others	\$ <u>1,391</u>	\$ <u>2,662</u>
Total liability	\$ <u><u>1,391</u></u>	\$ <u><u>2,662</u></u>

See accompanying notes.

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

Notes to Financial Statements

Years ended September 30, 2020 and 2019

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 for five successive years expiring in June 2023. 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 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 Government of 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.

In accordance with Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments (“GASB 34”), 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.

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.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Government-wide Financial Statements

The statement of net position and the statement of activities display information about 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, 2020 are as follows:

Fund balance – governmental funds	\$509,876
Add – Depreciable capital assets, net	175,261
Less – notes payable	<u>(528,519)</u>
Net position of governmental activities	<u>\$156,618</u>

Adjustments required to reconcile net change in total governmental fund balance to change in net position of governmental activities in the statement of activities for the year ended September 30, 2020 are as follows:

Net change in fund balances – governmental funds	\$274,448
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 in kind contributions and contract services	<u>(42,865)</u>
Change in net position of governmental activities	<u>\$231,583</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.

Agency Funds

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

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 35-36, the cost per pupil was \$6,150 for the fiscal year ending September 30, 2020. Student enrollment is not to exceed 620 students during Fiscal Year 2020. The number of enrolled students was multiplied by the FY 2020 Government of Guam General Appropriations Act approved amount of \$6,150 per student enrollee. For the fiscal year ended September 30, 2020, the maximum of 620 students were enrolled in the Academy. The Academy received government appropriations totaling \$3,813,000 and \$3,774,560, respectively, for the fiscal years ended September 30, 2020 and 2019.

Fundraising and Donations

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

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 of sick and personal leave.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

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

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.

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.

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 January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. GASB Statement No. 87 will be effective for fiscal year ending September 30, 2023.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

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 May 2019, GASB issued Statement No. 91, *Conduit debt obligations*. The primary objectives of this statement are to provide a single method reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. This Statement addresses a variety of topics and includes specific provisions about leases; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; applicability of Statement no. 73 and 84 for postemployment benefits, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. GASB Statement No. 92 will be effective for fiscal year ending September 30, 2021.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; clarifying the definition of reference rate, as it is used in Statement 53, as amended. GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

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 March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

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 June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

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

3. Economic Dependency

The Academy receives approximately 100% 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. Related Party Transactions

For the year ended September 30, 2019, certain board members of the Academy were also officers or board members of SPCS. Pursuant to the terms and conditions of the A+ Contract, which expires in June 2023, SPCS is the sole provider of the facility, equipment, utilities, services, and supplies to the Academy in exchange for monthly contract dues. The agreement shall be automatically extended for successive periods of five years unless either party submits notice of non-renewal. For each of the years ended September 30, 2020 and 2019 fees incurred to SPCS totaled \$2,040,000.

For July 1, 2020 through June 30, 2023, the agreement calls for the following monthly fee payments:

- a) \$221,000 to accommodate 621 up to 740 students
- b) \$256,208 to accommodate 741 up to 860 students
- c) \$283,021 to accommodate 861 up to 950 students

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

Notes to Financial Statements, continued

4. Related Party Transactions, continued

Notes Payable

	<u>2020</u>	<u>2019</u>
Unsecured note payable due to SPCS, interest at 6.0% per annum with monthly payments totaling \$6,573 inclusive of interest. Matures on March 2024	\$237,766	\$310,393
Less current installments	<u>55,071</u>	<u>61,939</u>
	<u>\$182,695</u>	<u>\$248,454</u>

5. Long-Term Liabilities

In July 2020, the Academy obtained an unsecured loan under the Paycheck Protection Program amounting to \$290,753 with an interest rate of 1% and maturing on June 30, 2025. The loan calls for monthly payments of \$5,532 starting January 30, 2021.

A summary of future maturities of notes payable is as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 101,608	\$ 13,902	\$ 115,510
2022	134,047	11,210	145,257
2023	138,998	8,892	147,890
2024	104,287	1,532	105,819
2025	49,578	207	49,785
	<u>\$ 528,518</u>	<u>\$ 35,743</u>	<u>\$ 564,261</u>

A summary of changes in long-term liabilities during fiscal year 2020 is as follows:

	<u>Outstanding October 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding September 30, 2020</u>	<u>Current</u>	<u>Noncurrent</u>
Notes payable to related parties	\$310,393	\$ ---	\$72,627	\$237,766	\$ 55,071	\$182,695
Notes payable	<u>---</u>	<u>290,753</u>	<u>---</u>	<u>290,753</u>	<u>46,537</u>	<u>244,216</u>
Total	<u>\$310,393</u>	<u>\$290,753</u>	<u>\$72,627</u>	<u>\$528,519</u>	<u>\$101,608</u>	<u>\$426,911</u>

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

Notes to Financial Statements, continued

5. Long-Term Liabilities, continued

A summary of changes in long-term liabilities during fiscal year 2019 is as follows:

	Outstanding October 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding September 30, <u>2019</u>	<u>Current</u>	<u>Noncurrent</u>
Notes payable to related parties	\$ <u>42,500</u>	\$ <u>340,000</u>	\$ <u>72,107</u>	\$ <u>310,393</u>	\$ <u>61,939</u>	\$ <u>248,454</u>

6. Property and Equipment

The following is a summary of the changes in capital assets for the year ended September 30, 2020:

	Beginning Balance <u>October 1, 2019</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance <u>September 30, 2020</u>
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ 38,038	\$165,264	\$ ---	\$ 203,302
Less accumulated depreciation	(4,226)	(23,815)	---	(28,041)
Net capital assets depreciated	\$ <u>33,812</u>	\$ <u>141,449</u>	\$ <u>---</u>	\$ <u>175,261</u>

The following is a summary of the changes in capital assets for the year ended September 30, 2019:

	Beginning Balance <u>October 1, 2018</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance <u>September 30, 2019</u>
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ ---	\$ 38,038	\$ ---	\$ 38,038
Less accumulated depreciation	---	(4,226)	---	(4,226)
Net capital assets depreciated	\$ <u>---</u>	\$ <u>33,812</u>	\$ <u>---</u>	\$ <u>33,812</u>

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

Notes to Financial Statements, continued

7. 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.

The Academy maintains two bank accounts with a financial institution. The Academy at times maintains cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Academy has not made any provisions as it has not incurred any losses due to exceeding insured amounts. All of the Academy's bank balance was fully insured as of September 30, 2020 and 2019.

8. Risk and Uncertainties

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the novel coronavirus (COVID-19) outbreak as a "Public Health Emergency of International Concern". On March 11, 2020, WHO officially declared COVID-19 a global pandemic. As further disclosed in Note 3, the Academy receives approximately 100% of its annual revenues from the Guam Legislature. Guam's economy is driven primarily by the tourism industry and the tax revenues derived from it. Because of the continual spike in the number of COVID-19 cases in Guam, China, Japan and Korea, many flights to and from Guam have been suspended or significantly reduced resulting in a decline in government revenues. Due to continued uncertainties surrounding the extent and duration of the COVID-19 outbreak and its impact on the tourism-based economy of Guam, the Academy is unable at this time to reasonably estimate the potential future impact on its financial statements.

The Academy is exposed to various risks of loss related to student or employee injury for which the Academy carries workers compensation insurance. The Academy maintains workmen's compensation insurance to provide for claims arising from these risks. There were no material losses sustained as a result of the Academy's risk management practices.

9. Subsequent Events

The Academy has evaluated subsequent events through December 21, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Information

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

Budgetary Comparison Schedule – Governmental Funds

	Years ended September 30,							
	2020				2019			
	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	\$ 1,429,373	\$ 1,429,373	\$ 1,639,796	\$(210,423)	\$ 1,324,774	\$ 1,428,968	\$ 1,485,546	\$(56,578)
Employee benefits	---	---	8,889	(8,889)	35,640	---	7,991	(7,991)
Professional development / travel	10,706	10,706	7,808	2,898	10,706	10,706	10,236	470
Contractual service	49,660	49,660	20,501	29,159	68,000	68,000	18,290	49,710
Miscellaneous	70,000	70,000	128,176	(58,176)	61,200	61,200	70,290	(9,090)
Extended learning	200,806	200,806	---	200,806	180,150	138,928	---	138,928
A+ Contract (Educational Infrastructure Contract)	2,040,000	2,040,000	2,040,000	---	2,040,000	2,040,000	2,040,000	---
Workers Compensation	2,000	2,000	---	2,000	1,200	1,200	---	1,200
Interest	---	---	16,939	(16,939)	---	---	9,832	(9,832)
Bank charges	---	---	600	(600)	---	---	484	(484)
Total expenditures	<u>3,802,545</u>	<u>3,802,545</u>	<u>3,862,709</u>	<u>(60,164)</u>	<u>3,721,670</u>	<u>3,749,002</u>	<u>3,642,669</u>	<u>106,333</u>
General revenues:								
Appropriation - students	3,813,000	3,813,000	3,813,000	---	3,774,560	3,774,560	3,774,560	---
Grant Revenue	---	---	165,264	165,264	---	---	38,038	38,038
Fundraising	---	---	26,279	26,279	---	---	21,535	21,535
Miscellaneous	---	---	17,046	17,046	---	---	3,711	3,711
Donations	---	---	120	120	---	---	25,917	25,917
	<u>3,813,000</u>	<u>3,813,000</u>	<u>4,021,709</u>	<u>208,709</u>	<u>3,774,560</u>	<u>3,774,560</u>	<u>3,863,761</u>	<u>89,201</u>
Program revenues:								
Student store	---	---	46,008	46,008	---	---	86,145	86,145
Extended learning	---	---	26,575	26,575	---	---	41,900	41,900
	---	---	<u>72,583</u>	<u>72,583</u>	---	---	<u>128,045</u>	<u>128,045</u>
Excess of revenues over expenditures	<u>10,455</u>	<u>10,455</u>	<u>231,583</u>	<u>221,128</u>	<u>52,890</u>	<u>25,558</u>	<u>349,137</u>	<u>323,579</u>
Increase in net position	10,455	10,455	231,583	221,128	52,890	25,558	349,137	323,579
Fund balance/net position:								
Beginning of year	(74,965)	(74,965)	(74,965)	---	(424,102)	(424,102)	(424,102)	---
End of year	<u>\$(64,510)</u>	<u>\$(64,510)</u>	<u>\$ 156,618</u>	<u>\$ 221,128</u>	<u>\$(371,212)</u>	<u>\$(398,544)</u>	<u>\$(74,965)</u>	<u>\$ 323,579</u>