

*Financial Statements*

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

*Years ended September 30, 2021 and 2020  
with Report of Independent Auditors*



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

Financial Statements

Years ended September 30, 2021 and 2020

**Contents**

Report of Independent Auditors .....	1
Management’s Discussion and Analysis.....	3
Audited Financial Statements	
Governmental Funds Balance Sheets/Statements of Net Position .....	25
Statements of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statements of Activities.....	26
Statements of Fiduciary Net Position.....	27
Statements of Changes in Fiduciary Net Position.....	27
Notes to Financial Statements.....	28
Required Supplementary Information	
Budgetary Comparison Schedule – Governmental Funds .....	40
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	41



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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, the General Fund, and fiduciary activities of iLearn Academy Charter School, Inc., as of and for the years ended September 30, 2021 and 2020, 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and fiduciary activities of iLearn Academy Charter School, Inc., as of September 30, 2021 and 2020, 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 24 and budgetary comparison information on page 40 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 February 23, 2022, 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*

February 23, 2022

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

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, 2021. 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 \$734,788 (net position). The School was granted assets through the GDOE Consolidated Grant and the Education Stabilization Fund (ESF) I and II allowing the school to close the current fiscal year on a positive balance.
- Enrollment at close of fiscal year is 708, however invoicing at 620 as authorized by P.L. 35-99, Chapter II, Part II, Section 3.

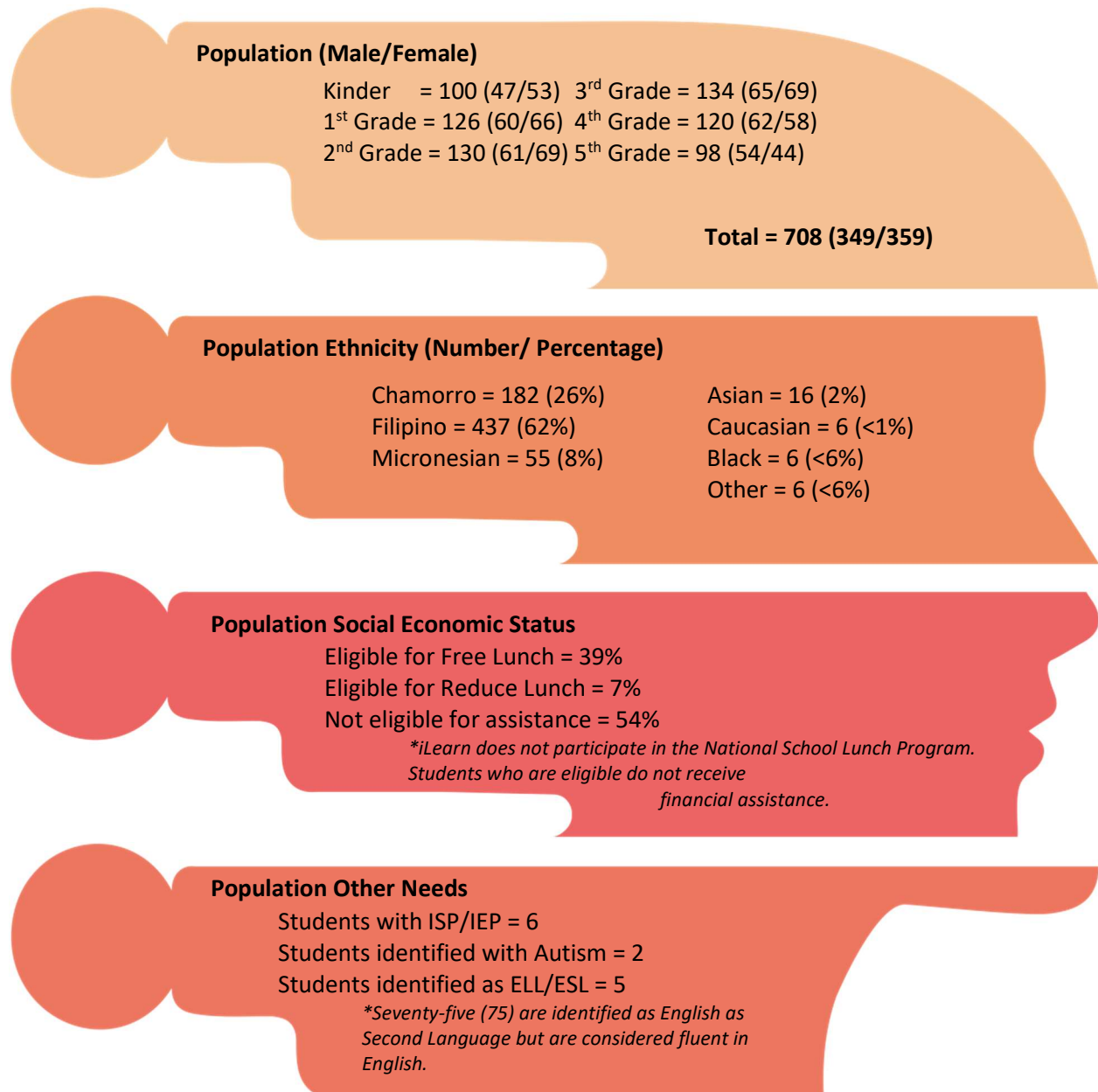
*Rationale for over-enrollment: The 35<sup>th</sup> Guam Legislature passed PL 35-99 on September 2020. In initial talks, the Guam Academy Charter School Council tentatively approved enrollment cap to 740. However, due to COVID-19's negative impact on the local economy, the budget was passed with iLearn earmarked for only 620 student enrollment.*

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

Management's Discussion and Analysis, continued

STUDENT DEMOGRAPHICS

Graph 1. STUDENT DEMOGRAPHICS AS OF SEPTEMBER 30, 2021



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

Management's Discussion and Analysis, continued

As of September 30, 2021, iLearn has a total of seven hundred eight (708) students enrolled. We started SY2021-22 with approximately seven hundred forty-seven (747) students. iLearn began the school year with one hundred percent of our students (100%) attending with the face-to-face module. When the number of COVID community spread increased, several parents requested for online and iLearn was able to accommodate their requests.

Although there was a significant drop in enrollment, iLearn's average enrollment exceeded the allowable amount covered by the FY2021 budget law. The law only covered the budgetary cost of 620 enrolled students at six thousand, one hundred, fifty dollars per student.

### **SOCIO-ECONOMIC DEMOGRAPHIC**

Although iLearn does not participate in the National School Lunch Program, iLearn tracks the needs of its students. With the "Beginning of the Year Demographic Survey" as a tool of measurement, it has been found that thirty-nine percent (39%) of our students would have qualified for free lunch and seven percent (7%) would have qualified for partially reduced lunch. This demonstrates an eleven-point significant increase in student needs. There is not enough data to indicate if this is a direct impact to COVID.

iLearn regularly monitor students to identify students whose economic status may have changed and is demonstrated in nutritional needs. If a student is found without means, the school covers 100% of the cost to feeding the student. To date, ninety-nine percent of our students either pack school lunch or purchase prepared school lunches without the assistance of the National School Lunch Program. Parents have been able to sufficiently provide with only a few students needing intervention.

COVID-19 and online classes has made it difficult for iLearn to ensure that all student's nutritional needs are met.

### **STUDENT ATTENDANCE**

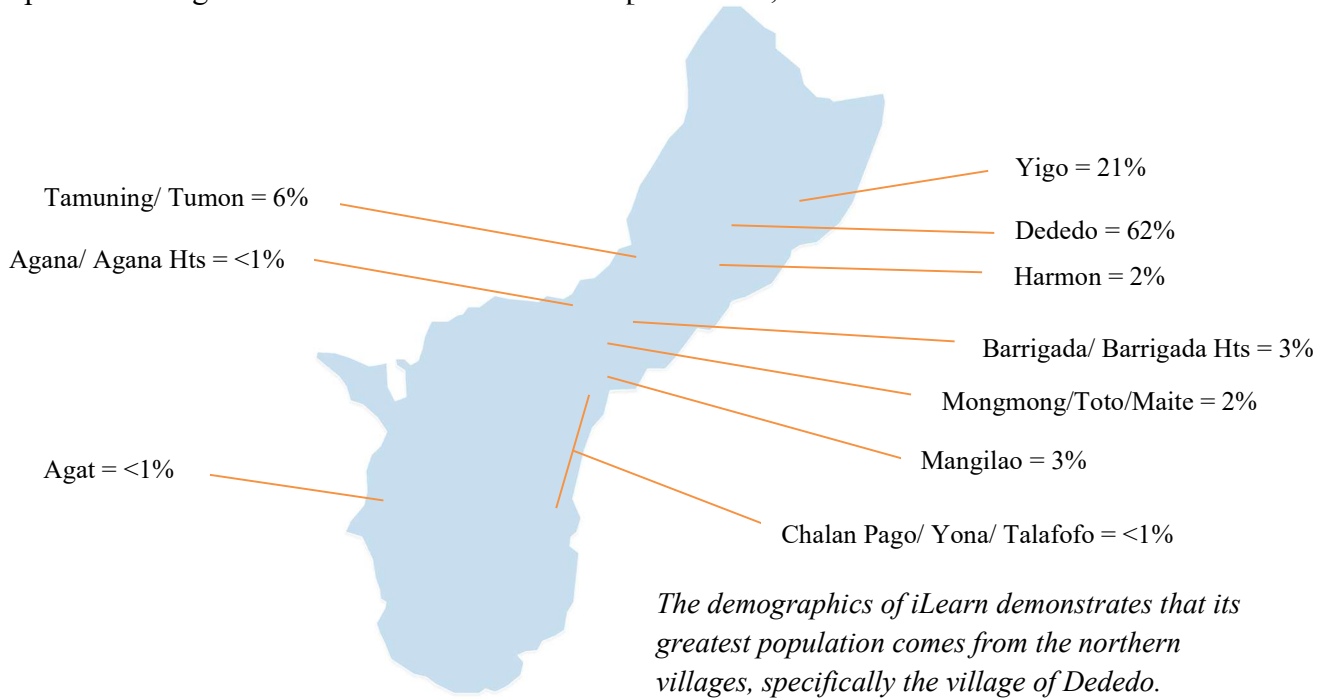
From August 2020 to January 2021, all students attended online classes via zoom. For students who were not able to login regularly, they were able to complete independent studies through google classroom. Attendance was not tracked. Completion of assignments were prioritized over attendance. The rationale for this was to give students and families as much flexibility as possible while ensuring that each student was able to fulfill quality academic experience.

January 2021 to May 2021, fifty percent of students attended a hybrid schedule and the other fifty percent attend classes online. Attendance was loosely monitored to allow flexibility for families dealing with COVID related issues such as childcare and internet connectivity.

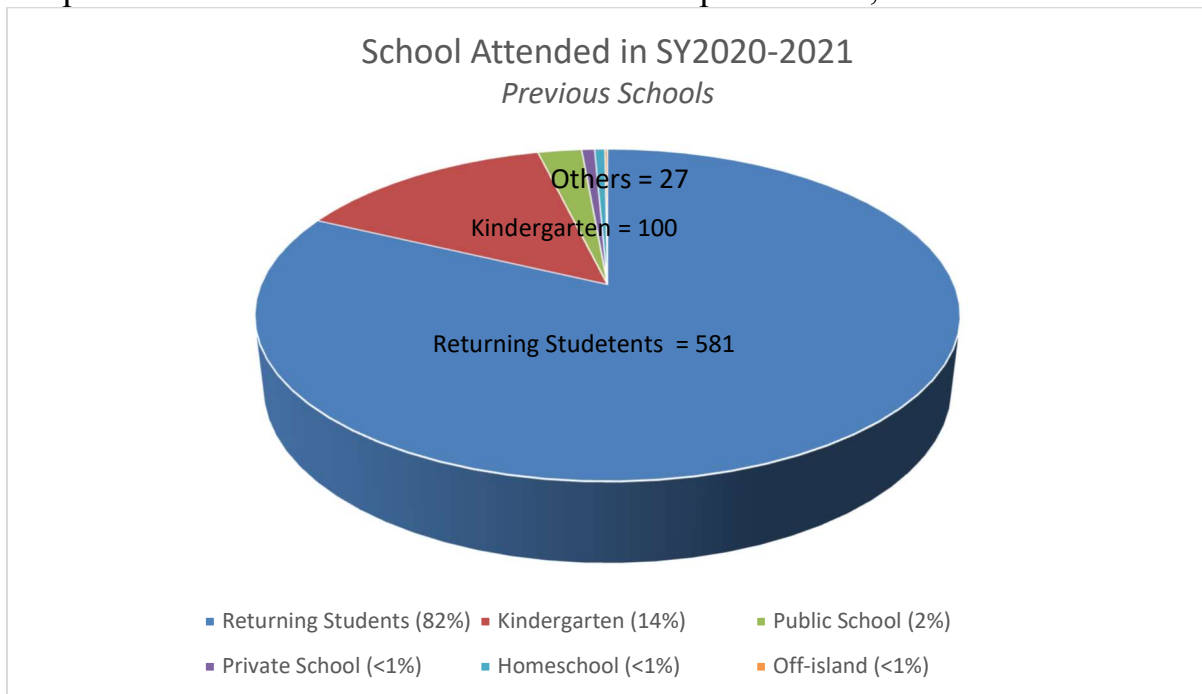
iLearn Academy Charter School Inc.  
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

Graph 2. Villages of student enrollment as of September 30, 2021



Graph 3. Feeder Schools for iLearn as of September 30, 2021.



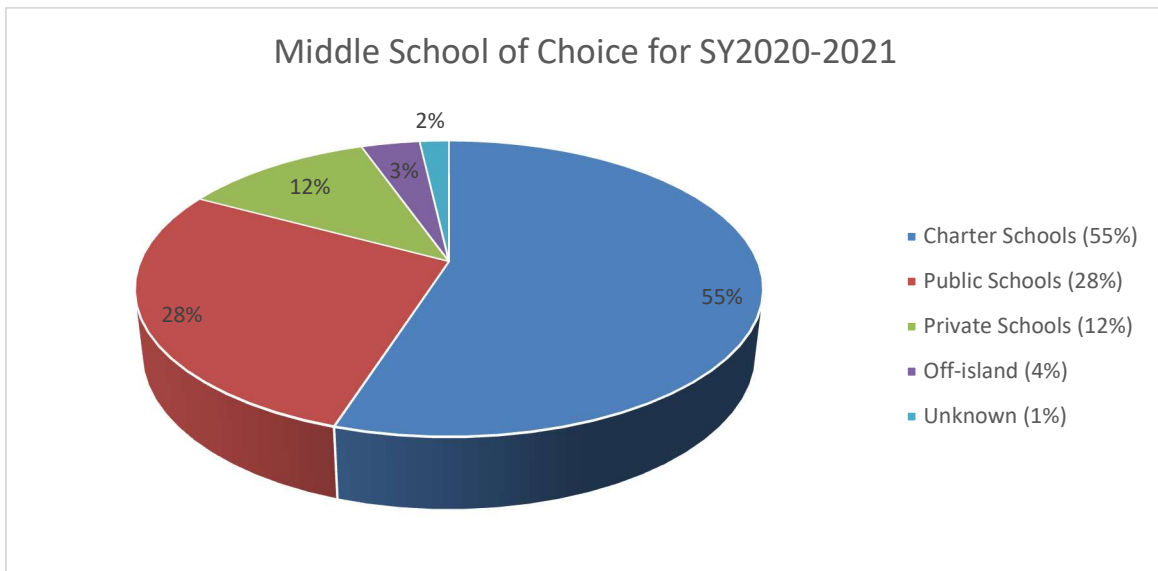


iLearn Academy Charter School Inc.  
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Management’s Discussion and Analysis, continued

iLearn experienced its lowest transfer rates entering SY2020-2021. Only four percent of students are classified as transfer students. There was a decrease of kindergarten enrollment. The past two school years, iLearn’s kindergarten enrollment would cap at one hundred twenty (120) students. Because the budget law for FY2021 still placed iLearn at a maximum enrollment of six hundred twenty (620) students, iLearn felt it would be financially safer to close kindergarten at one hundred (100) students as opposed to the annual enrollment of one hundred twenty (120) students. This left iLearn with approximately forty-five (45) kindergarten potentials remaining on a waiting list.

Graph 4. Middle School Choice for graduates May 27, 2021.



Fifty-five percent (55%) of iLearn graduates chose to continue with charter school and is now currently enrolled at SIFA Academy Charter School and Guahan Academy Charter School. This was an increase to last year’s forty-three percent (43%). Twenty-eight percent (28%) of iLearn graduates chose to return to their district and is currently enrolled in the following public schools: Benavente Middle School, Agueda Johnston, Astumbo Middle School, FBLG Middle School, and Untalan Middle School. This was a decrease to last year’s thirty-four percent (34%). Only twelve (12%) of iLearn graduates chose to move to private school. This was a decrease to last year’s eighteen percent (18%).

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

Management’s Discussion and Analysis, continued

**STUDENT ACADEMIC PERFORMANCE**

The goal of iLearn Academy Charter School is that 75% of its students would perform at the “Ready” or “Exceeding” levels. Although iLearn students have yet to achieve these goals, there is an indication of a slow but upward progression from the previous school year. As a result, iLearn incorporated additional professional development sessions and provided additional time for collaboration among teachers to address two items: to identify the learning needs of our student scholars and to integrate instructional strategies to improve student learning. Additionally, iLearn adopted the Amplify CKLA program to assist in helping to improve reading and writing performance.

Graph 5: SY20-21 ACT Aspire Comparative Results: iLearn vs National

Measure	Grade	English	Reading	Science	Math	STEM
<b>ACT Aspire Benchmark</b>	<b>3</b>	<b>413</b>	<b>415</b>	<b>418</b>	<b>413</b>	<b>420</b>
<b>iLearn</b>	<b>3</b>	<b>414</b>	<b>410</b>	<b>411</b>	<b>410</b>	<b>411</b>
<b>iLearn Readiness Level</b>	<b>3</b>	<b>Ready</b>	<b>In Need</b>	<b>In Need</b>	<b>Close</b>	
<b>National Average</b>	<b>3</b>	<b>417</b>	<b>413</b>	<b>415</b>	<b>413</b>	<b>N/A</b>
<b>National Average Readiness Level</b>	<b>3</b>	<b>Ready</b>	<b>Close</b>	<b>Close</b>	<b>Ready</b>	<b>N/A</b>
<b>ACT Aspire Benchmark</b>	<b>4</b>	<b>417</b>	<b>417</b>	<b>420</b>	<b>416</b>	<b>422</b>
<b>iLearn</b>	<b>4</b>	<b>420</b>	<b>414</b>	<b>416</b>	<b>412</b>	<b>414</b>
<b>iLearn Readiness Level</b>	<b>4</b>	<b>Ready</b>	<b>Close</b>	<b>Close</b>	<b>Close</b>	
<b>National Average</b>	<b>4</b>	<b>420</b>	<b>415</b>	<b>418</b>	<b>416</b>	<b>N/A</b>
<b>National Average Readiness Level</b>	<b>4</b>	<b>Ready</b>	<b>Close</b>	<b>Close</b>	<b>Ready</b>	<b>N/A</b>
<b>ACT Aspire Benchmark</b>	<b>5</b>	<b>419</b>	<b>420</b>	<b>422</b>	<b>418</b>	<b>425</b>
<b>iLearn</b>	<b>5</b>	<b>422</b>	<b>415</b>	<b>417</b>	<b>413</b>	<b>415</b>
<b>iLearn Readiness Level</b>	<b>5</b>	<b>Ready</b>	<b>Close</b>	<b>Close</b>	<b>Close</b>	
<b>National Average</b>	<b>5</b>	<b>423</b>	<b>417</b>	<b>420</b>	<b>418</b>	<b>N/A</b>
<b>National Average Readiness Level</b>	<b>5</b>	<b>Ready</b>	<b>Close</b>	<b>Close</b>	<b>Ready</b>	<b>N/A</b>

The data above demonstrates iLearn’s performance against the national average. In all grade levels, iLearn’s scholars scored a few points above the ACT Aspire Benchmark for English. In all grade levels, iLearn’s scholars scored a few points below the ACT Aspire Benchmark for Math. In all grade levels, iLearn’s scholars scored below the Benchmark for Reading.

This is the first school year that iLearn has participated in completing the Science sub test and while in all grade level, iLearn’s scholars scored a few points below the ACT Aspire Benchmark for Science, we look forward to tracking student progress on an annual basis.

While reading scores are not at the desired level, there is evidence that the majority of our scholars have improved their scores on a personal level. This is evidenced through the collection of data from Achieve 3000.

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

Graph 6: ACT Aspire Five-Year Data Trend

ACT Aspire Trend Data Schoolwide English Scores Average Score					
Grade	2016	2017	2018	2019	2021
3	415R	414R	414R	414R	414R
4	418R	418R	419R	418R	420R
5	418C	421R	420R	420R	422R

ACT Aspire Trend Data Schoolwide Reading Scores Average Score					
Grade	2016	2017	2018	2019	2021
3	411C	409S	410C	410C	410C
4	412C	413C	413C	414C	414C
5	413S	416C	415C	415C	415C

ACT Aspire Trend Data Schoolwide Mathematics Scores Average Score					
Grade	2016	2017	2018	2019	2021
3	411C	411C	410C	410C	410C
4	413C	414C	415C	412C	412C
5	412C	415C	415C	416C	413C

ACT Aspire Trend Data Schoolwide Science Scores Average Score					
Grade	2021				
3	411S				
4	415C				
5	417C				

ACT Aspire Trend Data Schoolwide STEM Scores Average Score					
Grade	2021				
3	411				
4	414				
5	415				

KEY	
E	Exceeding
R	Ready
C	Close
S	In Need of Support

It should be noted that due to the COVID pandemic, iLearn (along with the rest of the nation) does not have scores for school year 2019-2020.

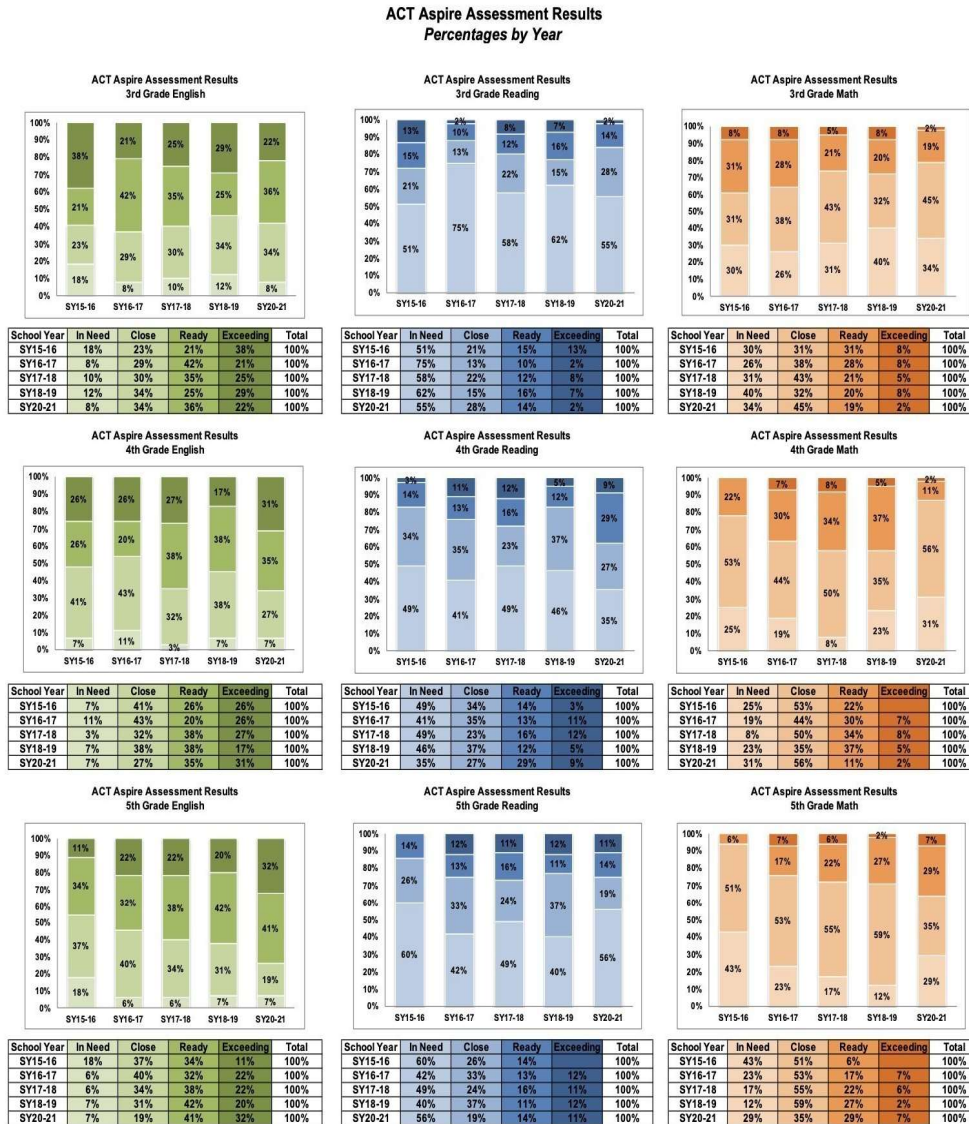
The above data demonstrated iLearn’s five-year performance. It takes three points of data to demonstrate learning trends and the results above clearly show iLearn is steadily progressing towards its academic goals.

Because iLearn completed the Science subtest this school year, a STEM composite score was compiled. Having this score will help iLearn have a better understanding and a more comprehensive evaluation of our overall program. A total of 10% of students who participated in the ACT Aspire Assessment scored as ready in STEM. We look forward to tracking student progress in this area on an annual basis.

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

Management’s Discussion and Analysis, continued

Graph 7: ACT Aspire Percentage by Grade Level



In conjunction with the ACT Aspire Assessment, iLearn Academy administers diagnostic tests for all students in K-5<sup>th</sup> grades. These tests are given at the beginning of the year, in the middle of the school year, and at the end of the year. Results indicate that substantial growth occurred across all grade levels when comparing pre-test diagnostic results to the end-of-the-year results. These findings support the results we received on the ACT Aspire. Additionally, the Grade Level Score Ranges are provided below.

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

Management’s Discussion and Analysis, continued

Graph 8: Kindergarten thru 5<sup>th</sup> Grades Diagnostic Year-Round Results

Diagnostic Levels - Kindergarten				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	120	120	149	+29
ELA	120	107	149	+42

Diagnostic Levels - First Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	133	131	181	+50
ELA	133	118	172	+54

Diagnostic Levels - Second Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	139	188	230	+42
ELA	139	171	251	+80

Diagnostic Levels - Third Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	130	238	288	+50
ELA	130	270	332	+62

Diagnostic Levels - Fourth Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	104	295	332	+37
ELA	104	344	395	+51

Diagnostic Levels - Fifth Grade				
	Students	Pre-Test Diagnostic (Mean)	End-of-Year Diagnostic (Mean)	Actual Growth (Mean)
Math	111	370	449	+79
ELA	111	405	530	+125

Grade Level Score Ranges

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

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

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

Management’s Discussion and Analysis, continued

Graph 9: Kindergarten thru 5<sup>th</sup> Grades Diagnostic Year-Round Results  
(Students within Categories by Percentage)

Kindergarten						
Mathematics						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	0%	14%	55%	31%	86%	100%
End-of-Year	0%	0%	57%	43%	100%	100%
Pre-Test vs EOY	0	-14	+2	+12	+14	
English Language Arts						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	5%	9%	56%	30%	86%	100%
End-of-Year	1%	13%	41%	45%	86%	100%
Pre-Test vs EOY	-4	+4	-15	+15	0	

1st Grade						
Mathematics						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	5%	53%	35%	7%	42%	100%
End-of-Year	0%	16%	72%	12%	84%	100%
Pre-Test vs EOY	-5	-37	+37	+5	+42	
English Language Arts						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	22%	44%	26%	8%	34%	100%
End-of-Year	5%	23%	55%	17%	72%	100%
Pre-Test vs EOY	-17	-21	+29	+9	+38	

2nd Grade						
Mathematics						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	10%	68%	20%	2%	22%	100%
End-of-Year	10%	35%	51%	4%	55%	100%
Pre-Test vs EOY	0	-33	+31	+2	+33	
English Language Arts						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	31%	48%	18%	3%	21%	100%
End-of-Year	7%	29%	51%	13%	64%	100%
Pre-Test vs EOY	-24	-19	+33	+10	+43	

3rd Grade						
Mathematics						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	33%	51%	14%	2%	16%	100%
End-of-Year	15%	59%	24%	2%	26%	100%
Pre-Test vs EOY	-18	+8	+10	0	+10	
English Language Arts						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	22%	49%	26%	3%	29%	100%
End-of-Year	17%	40%	30%	13%	43%	100%
Pre-Test vs EOY	-5	-9	+4	+10	+14	

4th Grade						
Mathematics						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	70%	27%	3%	0%	3%	100%
End-of-Year	40%	48%	10%	2%	12%	100%
Pre-Test vs EOY	-30	+21	+7	+2	+9	
English Language Arts						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	51%	26%	15%	8%	23%	100%
End-of-Year	34%	22%	26%	18%	44%	100%
Pre-Test vs EOY	-17	-4	+11	+10	+21	

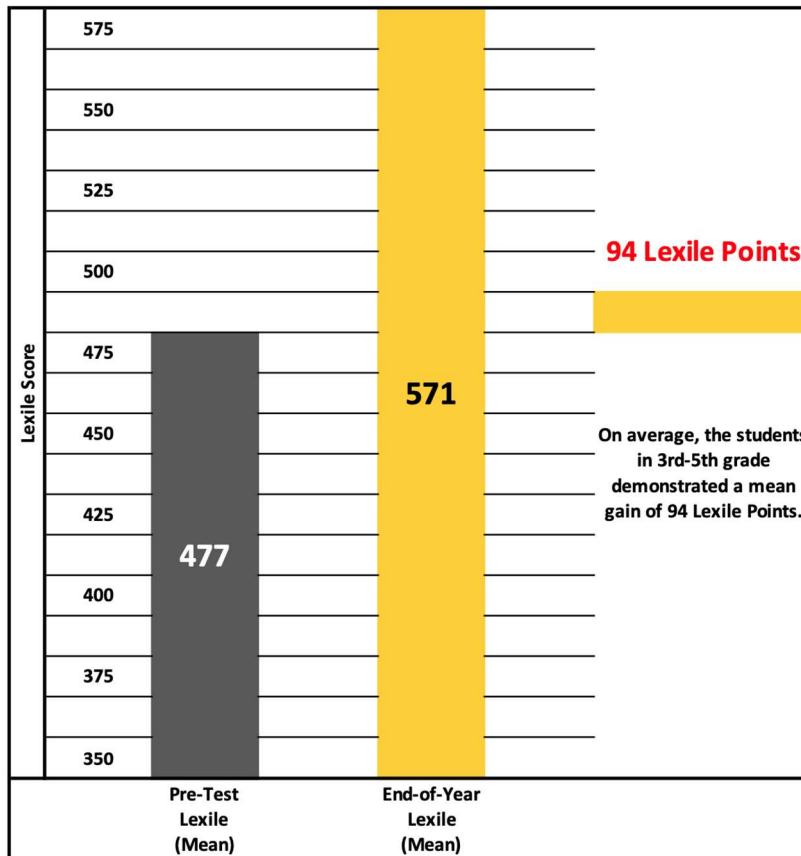
5th Grade						
Mathematics						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	70%	25%	4%	1%	5%	100%
End-of-Year	32%	55%	11%	2%	13%	100%
Pre-Test vs EOY	-38	+30	+7	+1	+8	
English Language Arts						
	Far Below	Below	On Level	Above	On + Above	Total
Pre-Test	57%	22%	11%	10%	21%	100%
End-of-Year	30%	21%	21%	28%	49%	100%
Pre-Test vs EOY	-27	-1	+10	+18	+28	

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

Management’s Discussion and Analysis, continued

Graph 10: Achieve 3000 (Differentiated Reading Program) Lexile Gains for Grades 3-5

<b>Lexile Gains: Pre-Test to End-of-Year</b>				
	3rd	4th	5th	Total
<b>Overall Lexile Growth Total:</b>	16015	7845	8880	32740
<b>Overall Lexile Growth Average:</b>	<b>122</b>	<b>79</b>	<b>80</b>	<b>94</b>
<b>Overall Lexile Total PreTest:</b>				
	46720	48405	63580	158705
<b>Overall Lexile Total PreTest Average:</b>	<b>374</b>	<b>484</b>	<b>573</b>	<b>477</b>
<b>Overall Lexile Total PostTest:</b>				
	62735	56250	72460	191445
<b>Overall Lexile Total PostTest Average:</b>	<b>496</b>	<b>563</b>	<b>653</b>	<b>571</b>



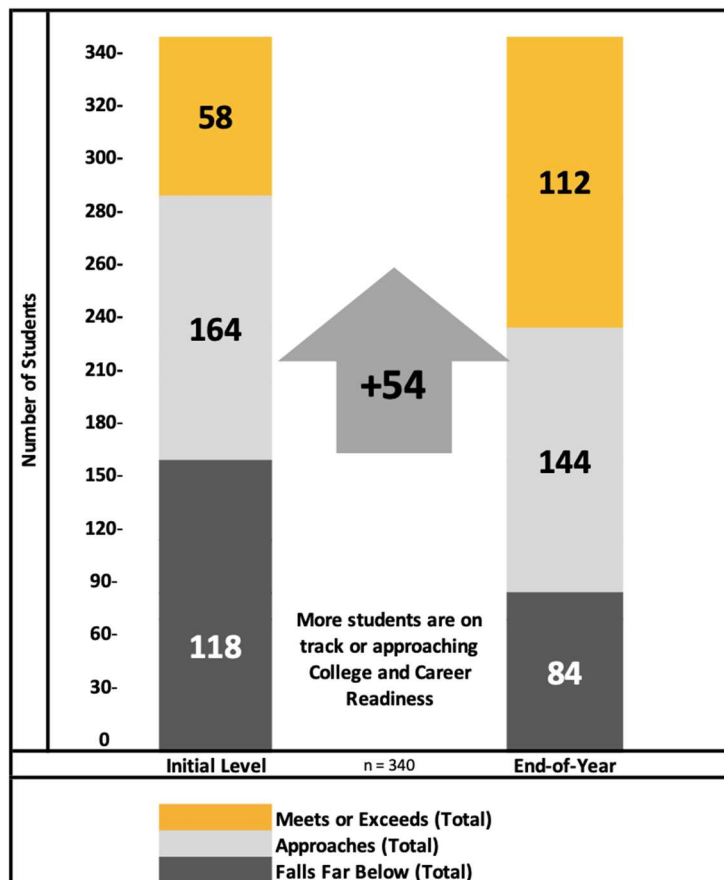
The Achieve 3000 scores show growth in individual skills. The program allows student scholars to confidently participate in class discussions as they read materials from the same article but at their grade level. Scholars work towards personal goals and celebrate each personal milestone.

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Management’s Discussion and Analysis, continued

Graph 11: College and Career Readiness Indicator for Grades 3-5

College and Career Readiness				
Levels	3	4	5	Total
Below	42	36	40	118
Below	27	27	30	84
Approach	62	49	53	164
Approach	46	46	52	144
Exceeds	25	15	18	58
Exceeds	56	27	29	112
				Up 54



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 2020-2021 school year

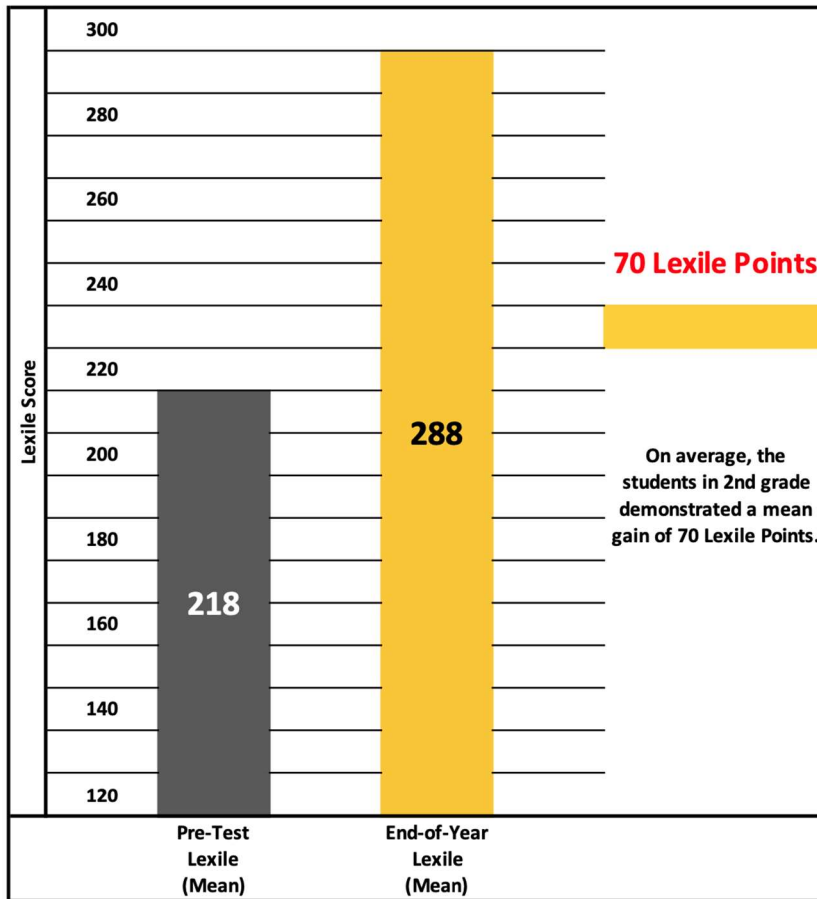


iLearn Academy Charter School Inc.  
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Management’s Discussion and Analysis, continued

Graph 12: Achieve 3000 (Differentiated Reading Program) Lexile Gains for Grade 2

<b>Lexile Gains: Pre-Test to End-of-Year</b>		
	2nd	Total
Overall Lexile Growth Total:	9415	9415
<b>Overall Lexile Growth Average:</b>	<b>70</b>	<b>70</b>
<b>Overall Lexile Total PreTest:</b>		
Overall Lexile Total PreTest:	29475	29475
<b>Overall Lexile Total PreTest Average:</b>	<b>218</b>	<b>218</b>
<b>Overall Lexile Total PostTest:</b>		
Overall Lexile Total PostTest:	38890	38890
<b>Overall Lexile Total PostTest Average:</b>	<b>288</b>	<b>288</b>



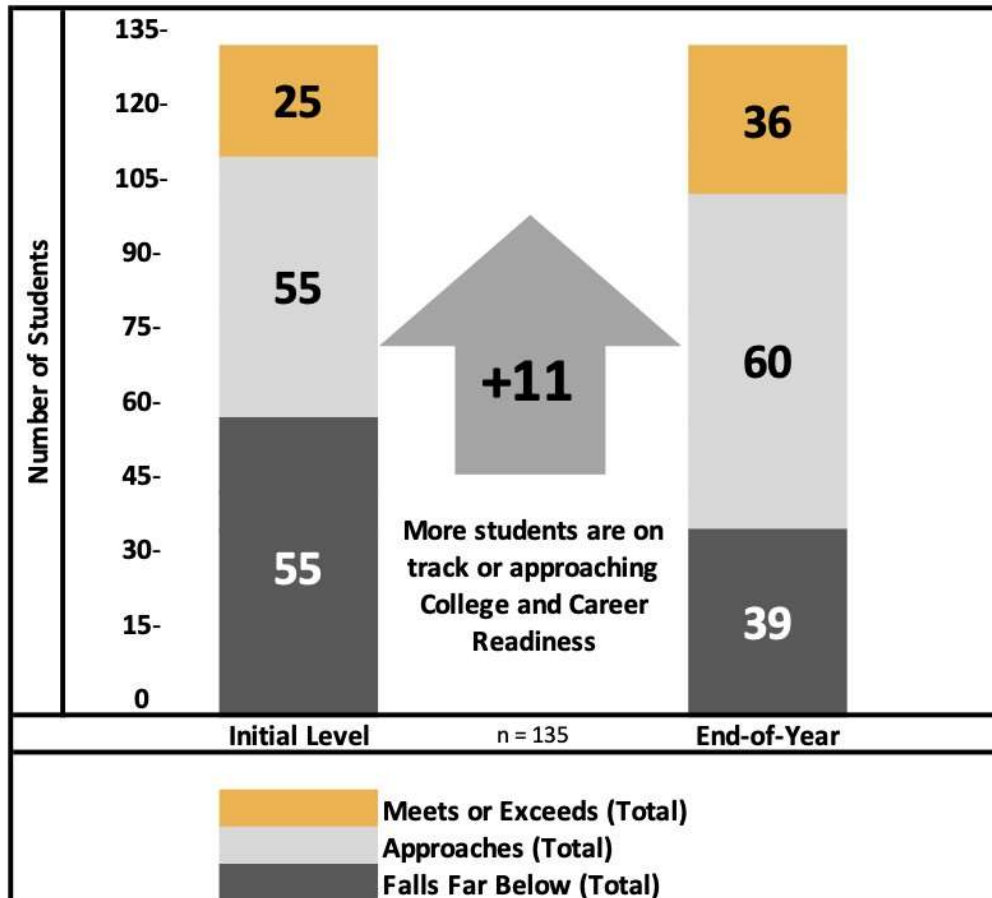
Second Grade starts this program in the middle of the school year. Prior to this program, all second-grade student scholars work on a lower primary version of Achieve 3000 called Smarty Ants.

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

Graph 13: College and Career Readiness Indicator for Grade 2

College and Career Readiness		
Levels	2	Total
Below	55	55
Below	39	39
Approach	55	55
Approach	60	60
Exceeds	25	25
Exceeds	36	36
		Up 11



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 2020-2021 school year

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

Management’s Discussion and Analysis, continued

Graph 14: Overall Achieve 3000 Findings

<b>Findings that Count</b>				
<b>Findings That Count:</b>				
<b>Student Performance Across 2nd Grade</b>				
<b>Grade</b>	<b>Users with Valid Test Scores</b>	<b>Pre-Test Lexile (Mean)</b>	<b>End-Of-Year Lexile (Mean)</b>	<b>Actual Growth (Mean)</b>
<b>2</b>	135	218	288	70
<b>Overall</b>	<b>135</b>	<b>218</b>	<b>288</b>	<b>70</b>

<b>Findings that Count</b>				
<b>Findings That Count:</b>				
<b>Student Performance Across the 3rd-5th Grade Levels</b>				
<b>Grade</b>	<b>Users with Valid Test Scores</b>	<b>Pre-Test Lexile (Mean)</b>	<b>End-Of-Year Lexile (Mean)</b>	<b>Actual Growth (Mean)</b>
<b>3</b>	129	374	496	122
<b>4</b>	100	484	563	79
<b>5</b>	111	573	653	80
<b>Overall</b>	<b>340</b>	<b>477</b>	<b>571</b>	<b>94</b>

Overall, iLearn’s student scholars have not met school goals for reading levels. However, they have met personal goals and achieved personal growths. This is an indicator that Achieve 3000 is beneficial to student progress. Longevity of usage is necessary to acquire school goals of readiness.

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

Management's Discussion and Analysis, continued

**OTHER STUDENT ACCOMPLISHMENTS**

The greatest accomplishment our students and teachers encounter in school year 2020-2021 was their ability to maneuver through a very different academic scenario. Students adapted quickly in an ever-changing situation which demonstrated their leadership, social personal, and critical thinking skills.

**PROFESSIONAL DEVELOPMENT**

- A. Achieve 3000
- B. Smarty Ants
- C. Amplify Science
  - WASC steering committee

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

Management's Discussion and Analysis, continued

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

The government-wide financial states are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on the School's net position and how it has changed. Net position is the difference between the School's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

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

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 \$ 734,788 (net position) at the close of the fiscal year, attributed to Consolidated Grant and ESF I and ESF II assets.

Figure 1 provides a summary of the School's net position as of September 30, 2021, 2020 and 2019

**Net Position**

Figure 1

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 98,813	\$371,591	\$ 193,152
Accounts Receivable	74,401	97,077	150,815
Prepaid Expense	37,413	81,200	61,710
Grant Equipment ( <i>net of depreciation</i> )	465,299	175,261	33,812
Other Current Assets	137,786	8,698	1,575
<b>Total Assets</b>	<b>\$813,712</b>	<b>\$733,827</b>	<b>\$441,064</b>
Accounts Payable	\$ 78,924	\$ 48,690	\$205,636
Notes- Prior Year Obligations	---	290,753	310,393
Notes- PPP Loan	---	237,766	---
<b>Total Liabilities</b>	<b>78,924</b>	<b>577,209</b>	<b>516,029</b>
Temporarily Restricted			
Unrestricted	734,788	156,618	(74,965)
<b>Total Net Position</b>	<b>\$734,788</b>	<b>\$156,618</b>	<b>\$(74,965)</b>

\*Rounding off variance

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

Management's Discussion and Analysis, continued

In FY 2021, the School was granted Assets in the form of equipment and consumables as part of the Education Stabilization Fund (ESF). Additionally, the Paycheck Protection Program was fully forgiven and thus converted into a grant.

The Guam Charter School Council also had remaining monies that were split among the Charter Schools thus allowing us to pay off all of our prior year obligations.

Figure 2 provides summary and analysis of the School's revenues and expenses for the years ended September 30, 2021, 2020 and 2019 follows:

**Statement of Activities**

Figure 2

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>			
Appropriation- Students	\$3,974,489	\$3,813,000	\$3,774,560
Extended Learning	9,500	26,575	41,900
Miscellaneous	308,548	17,046	3,711
Other Income:			
Student Store	3,378	46,008	86,145
Fundraising	---	26,279	21,535
Donations	---	120	25,917
Grant (CG, ESF)	789,725	165,264	38,038
<b>Total Revenues</b>	<b>5,085,640</b>	<b>4,094,292</b>	<b>3,991,806</b>
<b>EXPENSES</b>			
Contract services	2,073,489	2,060,501	2,058,290
Salaries and Benefits	1,973,833	1,639,796	1,485,546
Operations	383,148	127,685	70,290
Interest	3,620	16,939	9,832
Insurance (WC and Group Liability)	9,969	8,889	7,991
Travel and meetings	224	7,808	10,236
Other Expense	63,187	1,091	484
<b>Total Expenses</b>	<b>4,507,470</b>	<b>3,862,709</b>	<b>3,642,669</b>
Change in Net Position	578,170	231,583	349,137
Net Position at Beginning of Year	156,618	(74,965)	(424,102)
Prior Year Adjustment to Net Position			
<b>Net Position at End of Year</b>	<b>\$734,788</b>	<b>\$156,618</b>	<b>\$(74,965)</b>

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

Management's Discussion and Analysis, continued

Public Law 35-99, Chapter II, Part II, Section 3 states that in School Year 2020-2021, 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 Appropriation- Students, the increase in appropriations is due to monies received from the Guam Academy Charter School Council in order to pay off our prior year obligations.

The additional monies is the carryover from Fiscal Year 2020 – unexpended funds from other charter schools' shortage in enrollment.

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. Even when face-to-face resumed, we did not open the snack shack for safety reasons.

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. Additionally, our teachers received differential pay due the impact that the pandemic has had on our employees.

For Operations, the increase in expenditures is attributed to purchase of additional curriculum to supplement online learning.



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

Management’s Discussion and Analysis, continued

**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND**

**Governmental Fund Budget Analysis and Highlights**

Prior to the start of the School’s fiscal year, the Board of the School adopted an annual budget that is submitted to the Guam Academy Charter School Council. The Council, in turn, submits the budget from the charter schools to the Legislature. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School’s budget.

	<u>Governmental Fund 2021</u>		
	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Local Govt. Appropriations	\$ 3,813,000	\$ 3,974,489	\$161,489
<b>Total Revenues</b>	<b>3,813,000</b>	<b>3,974,489</b>	<b>161,489</b>
EXPENSES			
Salaries, Wages, & Benefits	1,747,982	1,973,833	(225,851)
Professional Devt./Travel	---	224	(224)
Contractual Service	29,200	13,779	15,421
Miscellaneous (Operations)	2,460	459,924	(457,464)
A+ Contract (Educational Infrastructure Contract)	2,040,000	2,059,710	(19,710)
<b>Total Expenses</b>	<b>\$3,819,642</b>	<b>\$4,507,470</b>	<b>\$(687,828)</b>

For fiscal year 2021, the School received 100% of its appropriations as well as additional monies from Guam Academy Charter School Council.

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

Management's Discussion and Analysis, continued

**COVID IMPACT ON OPERATIONS**

On March 16, 2020, all schools were shut down due to COVID-19. The school closure mandate continued into the school year 2020-2021. iLearn was fully equipped to support approximately 740 students in a virtual classroom setting. Utilizing all student iPads, mifi, and zoom licenses purchased through Consolidated Grants RLIS (CG-RLIS) and the Education Stimulus Funds I & II (ESF), teachers and students met daily to complete academic hours. The state-wide assessment indicated that COVID-19 did not have any adverse effects on iLearn's academic performance.

In June 2020, iLearn's enrollment was at six hundred twenty (620) students and pre-enrollment was an additional one hundred twenty (120). The one hundred twenty remained on a waiting list until the beginning of August. At two separate meetings (June and July 2020) the legislature provided assurances that they were in support of iLearn increasing enrollment to seven hundred forty (740) students. Two weeks after students were officially placed into enrollment status, the legislature requested to meet with iLearn to inform them that the budget would only fund six hundred twenty (620) students.

The Fiscal Year 2021 budget increased per pupil cost from \$6088 to \$6150. This slight increase per pupil lessened the blow of having one hundred twenty (120) unfunded students. iLearn also applied for the federal Payroll Protection Plan (PPP) which was approved for the amount of \$290,000. iLearn delayed the use of PPP to align with the fiscal budget of 2021. iLearn had an additional savings when we were unable to open our after school program. These all helped iLearn meet the needs of the teachers and students in the midst of COVID-19 and bridge the potential shortfall of 120 unfunded students.

**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.  
(A Non-Profit Organization)

Governmental Funds Balance Sheets/Statements of Net Position

September 30,

	2021			2020		
	General Fund	Adjustments	Statement of Net Position	General Fund	Adjustments	Statement of Net Position
<b>Assets:</b>						
Cash	\$ 98,813	\$ ---	\$ 98,813	\$ 371,591	\$ ---	\$ 371,591
Accounts receivable	74,401	---	74,401	97,077	---	97,077
Prepaid expenses	37,413	---	37,413	81,200	---	81,200
Depreciable capital assets, net	---	465,299	465,299	---	175,261	175,261
Other current assets	130,228	---	130,228			
Inventory	7,558	---	7,558	8,698	---	8,698
	<u>\$ 348,413</u>	<u>\$ 465,299</u>	<u>\$ 813,712</u>	<u>\$ 558,566</u>	<u>\$ 175,261</u>	<u>\$ 733,827</u>
<b>Liabilities and Fund Balance/Net Position:</b>						
Accounts payable and accrued expenses	\$ 78,924	\$ ---	\$ 78,924	\$ 48,690	\$ ---	\$ 48,690
Notes payable:						
Due within one year	---	---	---	---	101,608	101,608
Due after one year	---	---	---	---	426,911	426,911
	<u>78,924</u>	<u>---</u>	<u>78,924</u>	<u>48,690</u>	<u>528,519</u>	<u>577,209</u>
Fund balance: unassigned	<u>269,489</u>	( <u>269,489</u> )		<u>509,876</u>	( <u>509,876</u> )	
	<u>\$ 348,413</u>			<u>\$ 558,566</u>		
<b>Net position:</b>						
Invested in capital assets		465,299	465,299		175,261	175,261
Unrestricted		<u>269,489</u>	<u>269,489</u>		( <u>18,643</u> )	( <u>18,643</u> )
		<u>\$ 734,788</u>	<u>\$ 734,788</u>		<u>\$ 156,618</u>	<u>\$ 156,618</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,					
	2021			2020		
	General Fund	Adjustments	Statement of Activities	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:						
Instructional services:						
Contract services	\$ 2,073,489	\$ ---	\$ 2,073,489	\$ 1,769,748	\$ 290,753	\$ 2,060,501
Salaries and wages	1,973,833	---	1,973,833	1,639,796	---	1,639,796
Support services:						
Operations	267,946	115,202	383,148	137,682	( 9,997 )	127,685
Miscellaneous	62,605	---	62,605	491	---	491
Insurance	9,969	---	9,969	8,889	---	8,889
Interest	3,620	---	3,620	16,939	---	16,939
Bank charges	582	---	582	600	---	600
Travel and meetings	224	---	224	7,808	---	7,808
Debt service	237,766	( 237,766 )	---	72,627	( 72,627 )	---
Total expenditures/expenses	<u>4,630,034</u>	<u>( 122,564 )</u>	<u>4,507,470</u>	<u>3,654,580</u>	<u>208,129</u>	<u>3,862,709</u>
General revenues:						
Appropriations	3,974,489	---	3,974,489	3,813,000	---	3,813,000
Grant	384,485	695,993	1,080,478	---	165,264	165,264
Miscellaneous	17,795	---	17,795	17,046	---	17,046
Fundraising	---	---	---	26,279	---	26,279
Donation	---	---	---	120	---	120
	<u>4,376,769</u>	<u>695,993</u>	<u>5,072,762</u>	<u>3,856,445</u>	<u>165,264</u>	<u>4,021,709</u>
Program revenues:						
Extended learning	9,500	---	9,500	26,575	---	26,575
Student store	3,378	---	3,378	46,008	---	46,008
	<u>12,878</u>	<u>---</u>	<u>12,878</u>	<u>72,583</u>	<u>---</u>	<u>72,583</u>
(Deficiency) excess of revenues (under) over expenditures	( 240,387 )	240,387		274,448	( 274,448 )	
Change in net position		578,170	578,170		231,583	231,583
Fund balance/net position:						
Beginning of year	<u>509,876</u>	<u>( 353,258 )</u>	<u>156,618</u>	<u>235,428</u>	<u>( 310,393 )</u>	<u>( 74,965 )</u>
End of year	<u>\$ 269,489</u>	<u>\$ 465,299</u>	<u>\$ 734,788</u>	<u>\$ 509,876</u>	<u>\$( 353,258 )</u>	<u>\$ 156,618</u>

See accompanying notes.

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

Statements of Fiduciary Net Position

	Custodial Funds September 30,	
	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
Cash	\$ <u>1,391</u>	\$ <u>1,391</u>
Total asset	\$ <u><u>1,391</u></u>	\$ <u><u>1,391</u></u>
<b>Net position:</b>		
Restricted for student activities	\$ <u>1,391</u>	\$ <u>1,391</u>
Total net position	\$ <u><u>1,391</u></u>	\$ <u><u>1,391</u></u>

Statements of Changes in Fiduciary Net Position

	Year ended September 30,	
	<u>2021</u>	<u>2020</u>
<b>Addition</b>		
Student activity fund raising	\$ ---	\$ ---
<b>Deductions</b>		
Student activity expenses	<u>---</u>	<u>---</u>
Total deductions	<u>---</u>	<u>---</u>
Net change in fiduciary net position	---	---
Fiduciary net position at beginning of year	<u>1,391</u>	<u>1,391</u>
Fiduciary net position at end of year	\$ <u><u>1,391</u></u>	\$ <u><u>1,391</u></u>

See accompanying notes.

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

Notes to Financial Statements

Years ended September 30, 2021 and 2020

**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 statements of net position as of September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Fund balance – governmental funds	\$269,489	\$509,876
Add:		
Depreciable capital assets	561,093	203,302
Accumulated depreciation	(95,794)	( 28,041)
Less – notes payable	<u>---</u>	<u>(528,519)</u>
	<u>465,299</u>	<u>(353,258)</u>
Net position - governmental activities	<u>\$734,788</u>	<u>\$156,618</u>

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

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Fund Financial Statements, continued**

Adjustments required to reconcile net change in total governmental fund balance to change in net position of governmental activities in the statements of activities for the years ended September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Net change in fund balances – governmental funds	\$(240,387)	\$274,448
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. These amounts consist of:</p>		
Capital outlays, net	405,240	165,264
Depreciation expense	(115,202)	9,997
<p>Some income reported in the statement of activities do not affect the current financial resources and therefore are not reported as income and expenditures in the governmental funds. This amount consists of:</p>		
PPP loan forgiveness	290,753	---
<p>The incurrence of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These amounts consist of:</p>		
Repayment of notes payable	237,766	72,627
Proceeds from notes payable	<u>---</u>	<u>(290,753)</u>
Change in net position of governmental activities	<u>\$578,170</u>	<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.

**Custodial Funds**

Custodial 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 35-99, the cost per pupil was \$6,150 for the fiscal year ending September 30, 2021. The maximum number of students to be funded by the General Fund is not to exceed 620 students during Fiscal Year 2021. The number of enrolled students was multiplied by the FY 2021 Government of Guam General Appropriations Act approved amount of \$6,150 per student enrollee. For the fiscal year ended September 30, 2021, a total of 708 students were enrolled, however the Academy only received funding for 620 students as stated by Guam Public Law 35-99. The Academy received government appropriations totaling \$3,974,489 and \$3,813,000, respectively, for the fiscal years ended September 30, 2021 and 2020.

**Grants**

The Academy receives grants from the U.S. Department of Education. For the fiscal year ended September 30, 2021, the Academy received grants in the form of school supplies, educational equipment, and other fixed assets funded by the Education Stabilization Fund – Outlying Areas grant and Consolidated Grant to the Outlying Areas grant. The determination of allowable expenditures as well as the cash management, procurement and purchase of these assets are performed by the Guam Department of Education (“GDOE”) who is the direct recipient of the grants. The Academy received assets with a total value of \$789,725 for the fiscal year ended September 30, 2021 and is included as a component of depreciable capital assets and other current assets.

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

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Compensated Absences**

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

**Income Taxes**

The Academy is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Guam Territorial Income Tax Law. Therefore, the Academy has made no provision for income taxes in the accompanying financial statements. A Return of Organization Exempt from Income Tax is filed by the Academy. Forms 990 filed by the Academy are subject to examination by the Government of Guam Department of Revenue and Taxation for up to three years from the extended due date of each return.

**Capital Assets**

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the Academy as assets with an initial cost of more than \$500 or the anticipated life or useful value of said property is more than one year. Donated property and equipment are valued at the estimated fair market value as of the date received. Assets funded by federal grants are valued based on the initial cost.

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

**Deferred Outflows of Resources**

In addition to assets, the statements of financial position, will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. The Academy has no items that qualify for reporting under this category.

**Deferred Inflows of Resources**

In addition to liabilities, the statements of financial position, will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (addition of net position) until then. The Academy has no items that qualify for reporting under this category.

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

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncements**

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 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.

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. 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.

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 majority of its annual revenue from the Guam Legislature under the Guam Academy Charter School Funds under a six-year agreement. Under such agreement, the Council will review the Academy every six years, beginning on the date on which the charter is granted or renewed, to determine whether the charter should be revoked for material violations of laws and the terms of agreement or if the Academy fails to meet the goals and student academic achievement expectations.

**4. Related Party Transactions**

The Academy considered transactions and assessed its relationship with non-governmental organizations during the year. Based on the assessment, the Academy determined that there are no related party transactions and no identified related parties for fiscal year ended September 30, 2021.

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

Notes to Financial Statements, continued

**5. Notes Payable**

*Paycheck Protection Program (PPP)*

In July 2020, the Academy obtained an unsecured loan under the PPP totaling \$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. Loan forgiveness is eligible and approved by the United States Small Business Administration. As of September 30, 2021, the PPP loan has been fully forgiven and no loan amount remains outstanding.

*SPCS*

The Academy has an unsecured note payable to SPCS. Interest is at 6% per annum with monthly payments totaling \$6,573 inclusive of interest. The loan was fully paid in 2021.

Changes in notes payable for the year ending September 30, 2021 are as follows:

	Outstanding October 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding September 30, <u>2021</u>	<u>Current</u>	<u>Noncurrent</u>
SPCS	\$237,766	\$ ---	\$ 237,766	\$ ---	\$ ---	\$ ---
PPP loan	<u>290,753</u>	<u>---</u>	<u>290,753</u>	<u>---</u>	<u>---</u>	<u>---</u>
	<u>\$528,519</u>	<u>\$ ---</u>	<u>\$528,519</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

Changes in notes payable for the year ending September 30, 2020 are as follows:

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

**6. Property and Equipment**

The following is a summary of the changes in capital assets for the year ended September 30, 2021:

	Beginning Balance <u>October 1, 2020</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance <u>September 30, 2021</u>
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$203,302	\$405,240	\$(47,400)	\$561,142
Less accumulated depreciation	( 28,041)	(115,202)	47,400	(95,843)
Net capital assets depreciated	<u>\$175,261</u>	<u>\$290,038</u>	<u>\$ ---</u>	<u>\$465,299</u>

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

Notes to Financial Statements, continued

**6. Property and Equipment, continued**

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>

**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, 2021 and 2020.

**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.



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

Notes to Financial Statements, continued

**8. Risk and Uncertainties, continued**

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 February 23, 2022, 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

	2021				2020			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
	Years ended September 30,							
Expenditures:								
Salaries and wages	\$ 1,675,982	\$ 1,675,982	\$ 1,864,253	\$( 188,271 )	\$ 1,429,373	\$ 1,429,373	\$ 1,639,796	\$( 210,423 )
Employee benefits	72,000	72,000	109,580	( 37,580 )	---	---	8,889	( 8,889 )
Professional development / travel	---	---	224	( 224 )	10,706	10,706	7,808	2,898
Contractual service	29,200	29,200	13,779	15,421	49,660	49,660	20,501	29,159
Miscellaneous	460	460	62,605	( 62,145 )	70,000	70,000	128,176	( 58,176 )
Operations	---	---	383,148	( 383,148 )	---	---	---	---
Extended learning	---	---	---	---	200,806	200,806	---	200,806
A+ Contract (Educational Infrastructure Contract)	2,040,000	2,040,000	2,059,710	( 19,710 )	2,040,000	2,040,000	2,040,000	---
Workers Compensation	2,000	2,000	9,969	( 7,969 )	2,000	2,000	---	2,000
Interest	---	---	3,620	( 3,620 )	---	---	16,939	( 16,939 )
Bank charges	---	---	582	( 582 )	---	---	600	( 600 )
Total expenditures	<u>3,819,642</u>	<u>3,819,642</u>	<u>4,507,470</u>	<u>( 687,828 )</u>	<u>3,802,545</u>	<u>3,802,545</u>	<u>3,862,709</u>	<u>( 60,164 )</u>
General revenues:								
Appropriation - students	3,813,000	3,813,000	3,974,489	161,489	3,813,000	3,813,000	3,813,000	---
Grant Revenue	---	---	1,080,478	1,080,478	---	---	165,264	165,264
Fundraising	---	---	---	---	---	---	26,279	26,279
Miscellaneous	---	---	17,795	17,795	---	---	17,046	17,046
Donations	---	---	---	---	---	---	120	120
	<u>3,813,000</u>	<u>3,813,000</u>	<u>5,072,762</u>	<u>1,259,762</u>	<u>3,813,000</u>	<u>3,813,000</u>	<u>4,021,709</u>	<u>208,709</u>
Program revenues:								
Student store	---	---	3,378	3,378	---	---	46,008	46,008
Extended learning	---	---	9,500	9,500	---	---	26,575	26,575
	---	---	12,878	12,878	---	---	72,583	72,583
Excess of revenues over expenditures	<u>6,642</u>	<u>6,642</u>	<u>578,170</u>	<u>584,812</u>	<u>10,455</u>	<u>10,455</u>	<u>231,583</u>	<u>221,128</u>
Increase in net position	( 6,642 )	( 6,642 )	578,170	584,812	10,455	10,455	231,583	221,128
Fund balance/net position:								
Beginning of year	<u>156,618</u>	<u>156,618</u>	<u>156,618</u>	---	( 74,965 )	( 74,965 )	( 74,965 )	---
End of year	<u>\$( 149,976 )</u>	<u>\$( 149,976 )</u>	<u>\$ 734,788</u>	<u>\$ 584,812</u>	<u>\$( 64,510 )</u>	<u>\$( 64,510 )</u>	<u>\$ 156,618</u>	<u>\$ 221,128</u>

## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees  
iLearn Academy Charter School, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the aggregate remaining fund information of iLearn Academy Charter School, Inc. (“the Academy”), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements, and have issued our report thereon dated February 23, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Academy’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a deficiency in internal control described in the accompanying schedule of finding and response as item 2021-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and response as item 2021-001.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ernst + Young LLP*

February 23, 2022

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

Schedule of Finding and Response

**Section II – Financial Statement Findings**

Findings No.: 2021-001

Criteria

The Academy's capitalization policy requires that items to be recorded as depreciable capital assets should have a useful life of more than one (1) year and have a per-unit cost of \$500 or more.

Condition

The Academy did not comply with the capitalization policy and recorded items with a per-unit cost below \$500 as depreciable capital assets during fiscal year ended September 30, 2021.

Cause

The Academy received assets from the Education Stabilization Fund and Guam Department of Education Consolidated Grant. The total value of these assets exceed the capitalization threshold of \$500 established by the Academy; however, the per-unit cost of each asset is below the threshold. The Academy recorded these assets as depreciable capital assets.

Effect or potential effect

An audit adjusting journal entry totaling \$191,195 was recorded to remove assets that do not meet the capitalization threshold.

Recommendation

We recommend the Academy to follow its capitalization policy. Otherwise, excessive time may be incurred to monitor fixed asset schedules for items that individually are not material.

View of responsible officials

The Academy's initial determination was to consider an asset and its accessories as one whole unit thus exceeding the per unit cost (i.e. iPad and its accessories) but moving forward, the Academy will review the purchase order and take into consideration each line item's per unit cost and useful life. The Academy will update the tracking sheet to flag purchase orders that are over the capitalization threshold of per unit cost of over \$500 and useful life of more than one (1) year. When the asset arrives, the Academy shall continue to verify that the purchase order details match the vendor invoice and the receiving report. At fiscal year-end, we will capitalize the assets that we have flagged for capitalization.