

Financial Statements

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

*Years ended September 30, 2019 and 2018
with Report of Independent Auditors*



**Building a better
working world**

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

Financial Statements

Years ended September 30, 2019 and 2018

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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, 2019 and 2018, 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 audit 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, 2019 and 2018, 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 20 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 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 March 20, 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

March 20, 2020

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

Management’s Discussion and Analysis

As management of iLearn Academy Charter School (the “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, 2019. We encourage readers to consider the information presented here in conjunction with the information presented within the body of the audited financial report.

A. School Activities and Highlights

Financial Highlights

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

- The liabilities of the School exceeded its assets at the close of fiscal year by \$ 74,965 (net position). The School’s substantial deficit from the prior year still has an ongoing effect on the financial statements even when we closed the current fiscal year on a positive balance.
- Enrollment at close of fiscal year is 622, invoicing at 620 as authorized by P.L. 34-116, Chapter II, Section 2.

By the end of School Year (SY) 2018-19, iLearn Academy Charter School’s (iLearn’s) enrollment was five hundred forty-eight (548) student scholars with one hundred thirty-six (136) students pre-enrolled for the following school year. iLearn started the SY2019-20 with an enrollment of six hundred twenty-two (622) students with iLearn absorbing the cost of the two students above the government appropriations. (source: End of Year Report SY2019)

Table 1. STUDENT DEMOGRAPHICS END OF SCHOOL YEAR 2018-19

<i>As of May 16, 2019</i>								
<i>Grade Level</i>		<i>Gender</i>	<i>#</i>	<i>%</i>	<i>Ethnicity</i>	<i>#</i>	<i>%</i>	
K5	121	Male	56	46%	Chamorro	148	27%	
		Female	65	54%	Filipino	307	56%	
1	119	Male	59	50%	Micronesian*	49	9%	
		Female	60	50%	Asian**	22	4%	
2	88	Male	45	51%	Caucasian	11	2%	
		Female	43	49%	Black	5	1%	
3	96	Male	54	56%	Other***	6	1%	
		Female	42	44%				
4	63	Male	35	56%				
		Female	28	44%				
5	61	Male	29	48%				
		Female	32	52%				
TOTAL	548	Male	278	51%	TOTAL	548	100%	
		Female	270	49%				

*Micronesian = Chuukese, Palauan, Pohnpeian, Yapese, Kosraean, RMI **Asian = Japanese, Chinese, Korean, Vietnamese, Indian
***Other = Hawaiian, Samoan

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

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Financial Highlights, continued

Table 2. STUDENT DEMOGRAPHICS BEGINNING OF SCHOOL YEAR 2019-20

<i>As of September 30, 2019</i>							
<i>Grade Level</i>		<i>Gender</i>	<i>#</i>	<i>%</i>	<i>Ethnicity</i>	<i>#</i>	<i>%</i>
K5	114	Male	53	46%	Chamorro	171	27%
		Female	61	54%	Filipino	348	56%
1	124	Male	60	48%	Micronesian*	55	9%
		Female	64	52%	Asian**	24	4%
2	127	Male	65	51%	Caucasian	12	2%
		Female	62	49%	Black	6	1%
3	93	Male	50	54%	Other***	6	1%
		Female	43	46%			
4	100	Male	54	54%			
		Female	46	46%			
5	64	Male	34	53%			
		Female	30	47%			
TOTAL	622	Male	316	51%	TOTAL	622	100%
		Female	306	49%			

*Micronesian = Chuukese, Palauan, Pohnpeian, Yapese, Kosraean, RMI **Asian = Japanese, Chinese, Korean, Vietnamese, Indian

***Other = Hawaiian, Samoa

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

A. School Activities and Highlights, continued

Student Academic Performance

The goal of iLearn Academy Charter School is that 75% of its students would perform at “Readiness” 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 and more collaboration with teachers to help improve the programs and identify the needs of our student scholars. In turn, iLearn adopted a science curriculum, Amplify Science, to help improve reading and writing performance as well as provide a real-world-problem-solving learning platform.

Graph 5.1. SY18-19 ACT Aspire Comparative Results: iLearn versus National Average.

Measure	Grade	English	Reading	Math
ACT Aspire Benchmark	3	413	413	413
iLearn	3	414	410	410
iLearn Readiness Level	3	Ready	In Need	Close
National Average	3	417	413	413
National Average Readiness Level	3	Ready	Ready	Ready
ACT Aspire Benchmark	4	417	417	416
iLearn	4	418	412	414
iLearn Readiness Level	4	Ready	Close	Close
National Average	4	420	416	416
National Average Readiness Level	4	Ready	Close	Ready
ACT Aspire Benchmark	5	419	420	418
iLearn	5	420	416	415
iLearn Readiness Level	5	Ready	Close	Close
National Average	5	423	417	418
National Average Readiness Level	5	Ready	Close	Ready

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.

While reading scores are not at the desired level, there is evidence that the majority of our scholars have improved their skills at a personal level. This is shown through the collection of data from Achieve 3000. This data is provided in Graphs 7-11.

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

A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 5.2. ACT Aspire Three Year Data Trend

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

ACT Aspire Trend Data 3-5 Years Schoolwide Writing Scores Average Score				
Grade	2016	2017	2018	2019
3	421C	N/A	*	
4	422C	N/A	*	
5	422C	N/A	*	

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

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

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

The above data demonstrates iLearn’s four-year performance. It takes three points of data to demonstrate trends and with a fourth point of data, the results clearly shows iLearn is steadily progressing towards its academic goals.

It is iLearn’s desire to eventually compile a STEM composite score to help indicate a more comprehensive evaluation of our overall program. In order to obtain this score, the subtests for English, Writing, Reading, Math, and Science need to be taken. iLearn initially took the Writing subtest as we had purchased our own assessments in 2016. In 2017, iLearn joined GDOE in the state-wide assessment but only three subtests were taken. We have collaborated with GDOE and they will be including the science subtest in the spring of 2020 and the writing subtest in the spring of 2021.

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

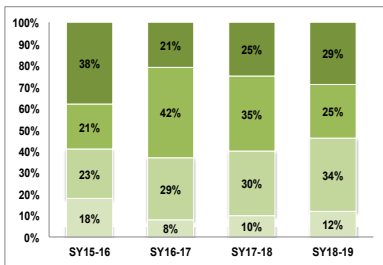
A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 5.3 ACT Aspire percentage by grade level.

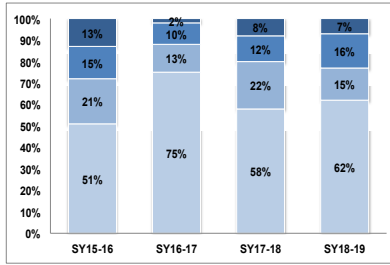
ACT Aspire Assessment Results
Percentages by Year

ACT Aspire Assessment Results
3rd Grade English



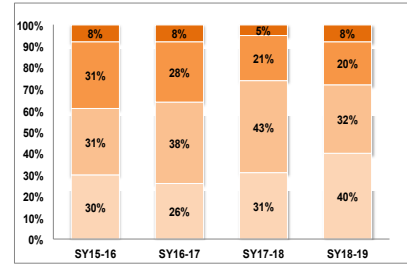
School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	18%	23%	21%	38%	100%
SY16-17	8%	29%	42%	21%	100%
SY17-18	10%	30%	35%	25%	100%
SY18-19	12%	34%	25%	29%	100%

ACT Aspire Assessment Results
3rd Grade Reading



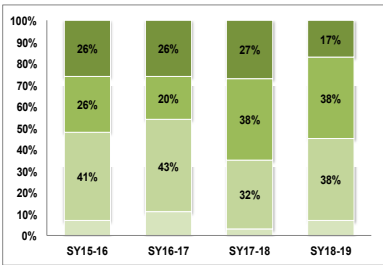
School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	51%	21%	15%	13%	100%
SY16-17	75%	13%	10%	2%	100%
SY17-18	58%	22%	12%	8%	100%
SY18-19	62%	15%	16%	7%	100%

ACT Aspire Assessment Results
3rd Grade Math



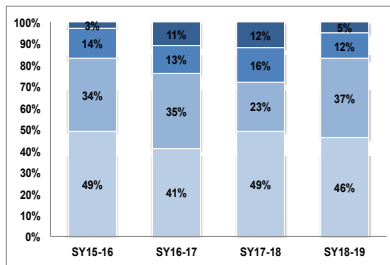
School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	30%	31%	31%	8%	100%
SY16-17	26%	38%	28%	8%	100%
SY17-18	31%	43%	21%	5%	100%
SY18-19	40%	32%	20%	8%	100%

ACT Aspire Assessment Results
4th Grade English



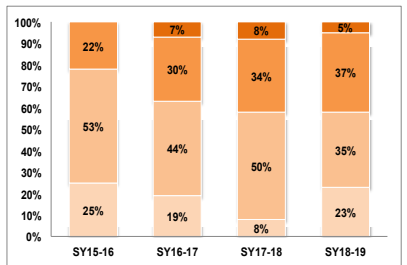
School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	7%	41%	26%	26%	100%
SY16-17	11%	43%	20%	26%	100%
SY17-18	3%	32%	38%	27%	100%
SY18-19	7%	38%	38%	17%	100%

ACT Aspire Assessment Results
4th Grade Reading



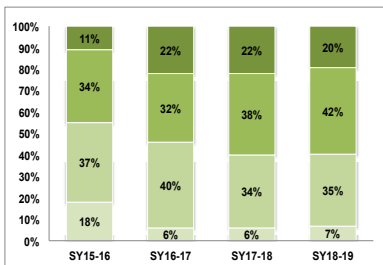
School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	49%	34%	14%	3%	100%
SY16-17	41%	35%	13%	11%	100%
SY17-18	49%	23%	16%	12%	100%
SY18-19	46%	37%	12%	5%	100%

ACT Aspire Assessment Results
4th Grade Math



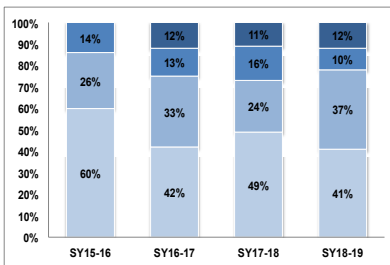
School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	25%	53%	22%	100%	
SY16-17	19%	44%	30%	7%	100%
SY17-18	8%	50%	34%	8%	100%
SY18-19	23%	35%	37%	5%	100%

ACT Aspire Assessment Results
5th Grade English



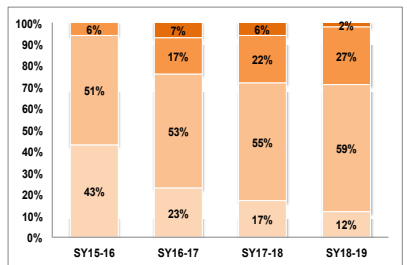
School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	18%	37%	34%	11%	100%
SY16-17	6%	40%	32%	22%	100%
SY17-18	6%	34%	38%	22%	100%
SY18-19	7%	35%	42%	20%	100%

ACT Aspire Assessment Results
5th Grade Reading



School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	60%	26%	14%	3%	100%
SY16-17	42%	33%	13%	12%	100%
SY17-18	49%	24%	16%	11%	100%
SY18-19	41%	37%	10%	12%	100%

ACT Aspire Assessment Results
5th Grade Math



School Year	In Need	Close	Ready	Exceeding	Total
SY15-16	43%	51%	6%	100%	
SY16-17	23%	53%	17%	7%	100%
SY17-18	17%	55%	22%	6%	100%
SY18-19	12%	59%	27%	2%	100%

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

Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 6. Kindergarten diagnostic year-round results

KINDERGARTEN			
Proficiency Percentage	Proficiency Percentage		
	Fall	Winter	Spring
Letter Fluency			
Proficient	44%	54%	66%
Approaching	13%	21%	19%
Below	44%	26%	15%
Phonemic Awareness			
Proficient		21%	26%
Approaching		38%	39%
Below		41%	35%
Phonological Awareness			
Proficient		23%	36%
Approaching		10%	31%
Below		67%	33%
Spelling			
Proficient		29%	21%
Approaching		21%	16%
Below		50%	63%

FIRST GRADE			
Proficiency Percentage	Proficiency Percentage		
	Fall	Winter	Spring
Phonemic Awareness			
Proficient	28%	67%	60%
Approaching	43%	23%	27%
Below	28%	9%	13%
Phonological Awareness			
Proficient	33%	73%	74%
Approaching	15%	9%	8%
Below	52%	18%	18%
Word Fluency			
Proficient	45%	46%	53%
Approaching	18%	13%	22%
Below	37%	41%	25%
Spelling			
Proficient	42%	57%	69%
Approaching	33%	20%	18%
Below	26%	23%	13%
Oral Fluency			
Proficient			87%
Approaching			9%
Below			4%
CLOZE			
Proficient			22%
Approaching			41%
Below			37%

SECOND GRADE			
Proficiency Percentage	Proficiency Percentage		
	Fall	Winter	Spring
Reading Comprehension			
Proficient	6%	11%	11%
Approaching	17%	29%	47%
Below	77%	61%	42%
Oral Fluency			
Proficient	55%	62%	67%
Approaching	19%	14%	12%
Below	26%	24%	21%
CLOZE			
Proficient	71%	77%	82%
Approaching	9%	7%	5%
Below	20%	17%	13%
Spelling			
Proficient	19%	27%	33%
Approaching	32%	30%	33%
Below	49%	44%	34%

THIRD GRADE			
Proficiency Percentage	Proficiency Percentage		
	Fall	Winter	Spring
Reading Comprehension			
Proficient	7%	15%	16%
Approaching	21%	30%	31%
Below	72%	55%	53%
Oral Fluency			
Proficient	59%	59%	61%
Approaching	12%	24%	17%
Below	29%	17%	22%
CLOZE			
Proficient	67%	68%	66%
Approaching	9%	11%	11%
Below	24%	21%	23%
Spelling			
Proficient	49%	56%	49%
Approaching	27%	22%	22%
Below	24%	22%	29%

FOURTH GRADE			
Proficiency Percentage	Proficiency Percentage		
	Fall	Winter	Spring
Reading Comprehension			
Proficient	12%	19%	23%
Approaching	25%	28%	34%
Below	63%	53%	43%
Oral Fluency			
Proficient	68%	68%	65%
Approaching	18%	21%	23%
Below	14%	11%	12%
CLOZE			
Proficient	83%	83%	77%
Approaching	13%	11%	17%
Below	4%	6%	6%
Spelling			
Proficient	51%	41%	74%
Approaching	31%	40%	20%
Below	18%	19%	6%

FIFTH GRADE			
Proficiency Percentage	Proficiency Percentage		
	Fall	Winter	Spring
Reading Comprehension			
Proficient	2%	8%	4%
Approaching	30%	29%	41%
Below	68%	63%	55%
Oral Fluency			
Proficient	88%	86%	96%
Approaching	3%	7%	2%
Below	8%	7%	2%
CLOZE			
Proficient	77%	80%	76%
Approaching	14%	12%	15%
Below	9%	8%	9%
Spelling			
Proficient	83%	87%	58%
Approaching	10%	10%	33%
Below	7%	3%	9%

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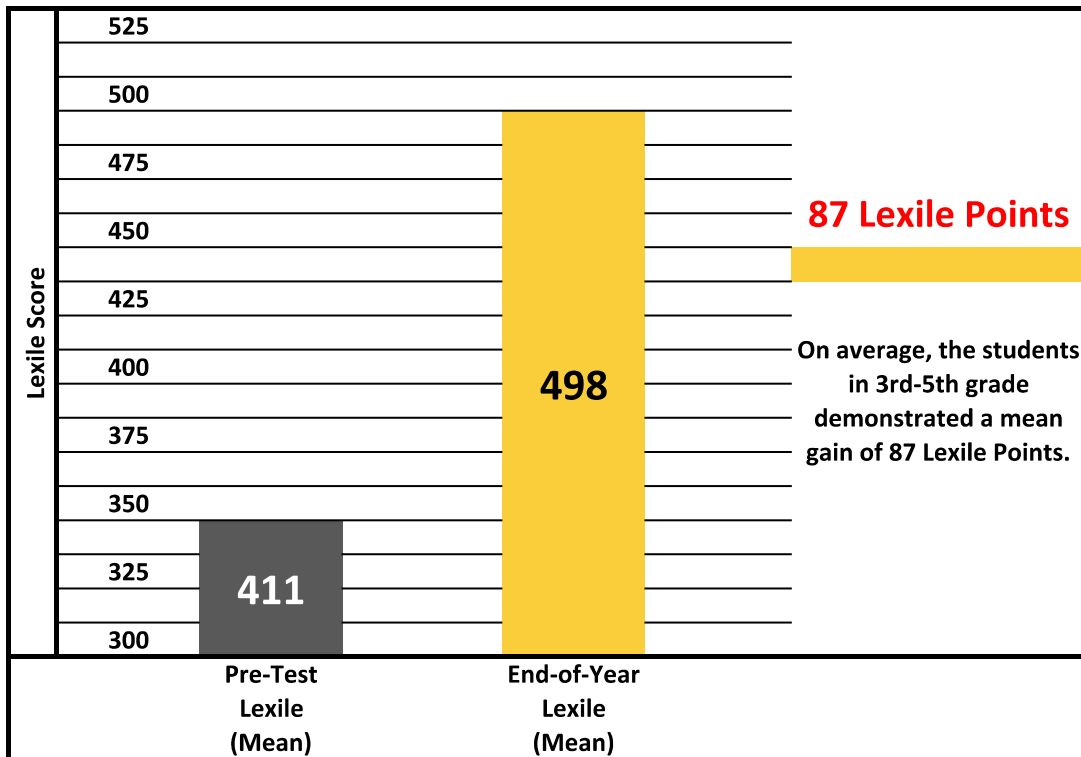
Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 7. Achieve 3000 (Differentiated Reading Program)

Lexile Gains: Pre-Test to End-of-Year				
	3rd	4th	5th	Total
Overall Lexile Growth Total:	8410	6010	4315	18735
Overall Lexile Growth Average:	89	99	74	262
Overall Lexile Total PreTest:	24055	23730	34070	81855
Overall Lexile Total PreTest Average:	256	389	587	411
Overall Lexile Total PostTest:	32465	29740	38385	100590
Overall Lexile Total PostTest Average:	345	488	662	498



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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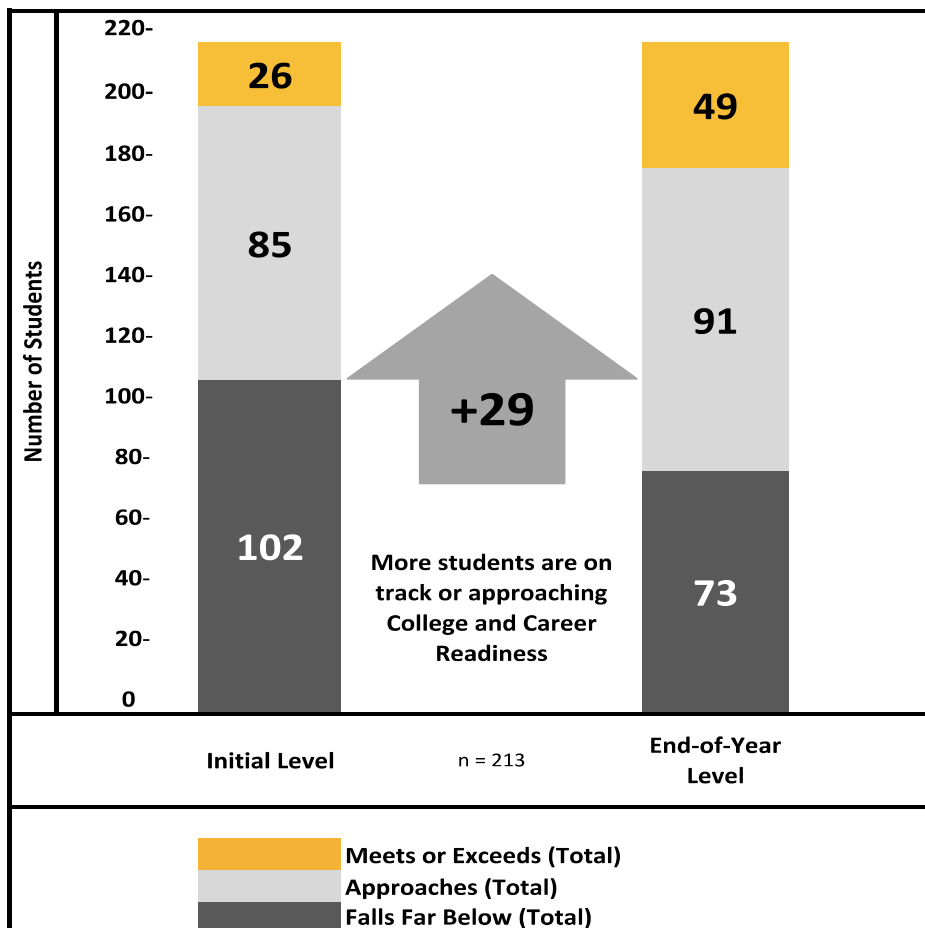
Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 8. 3rd – 5th Grade College Readiness Indicator

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

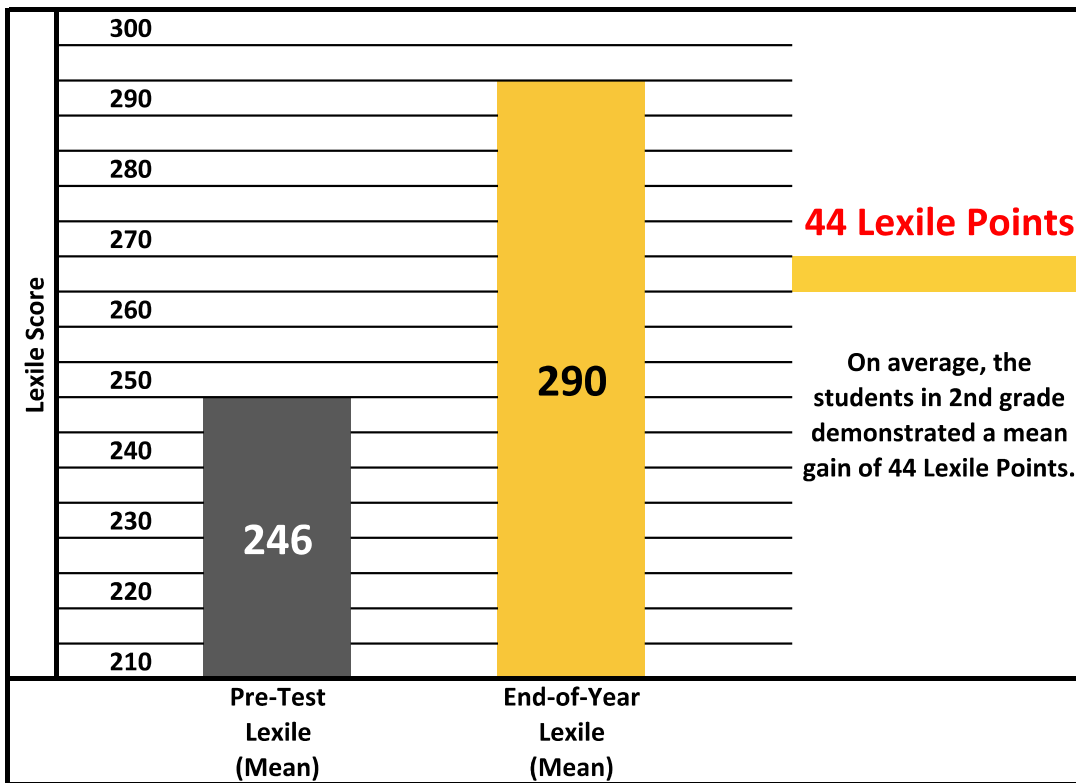
Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 9. Second Grade Achieve 3000 Results

Lexile Gains: Pre-Test to End-of-Year		
	2nd	Total
Overall Lexile Growth Total:	3805	3805
Overall Lexile Growth Average:	45	45
Overall Lexile Total PreTest:		
Overall Lexile Total PreTest:	20875	20875
Overall Lexile Total PreTest Average:	246	246
Overall Lexile Total PostTest:		
Overall Lexile Total PostTest:	24680	24680
Overall Lexile Total PostTest Average:	290	290



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.

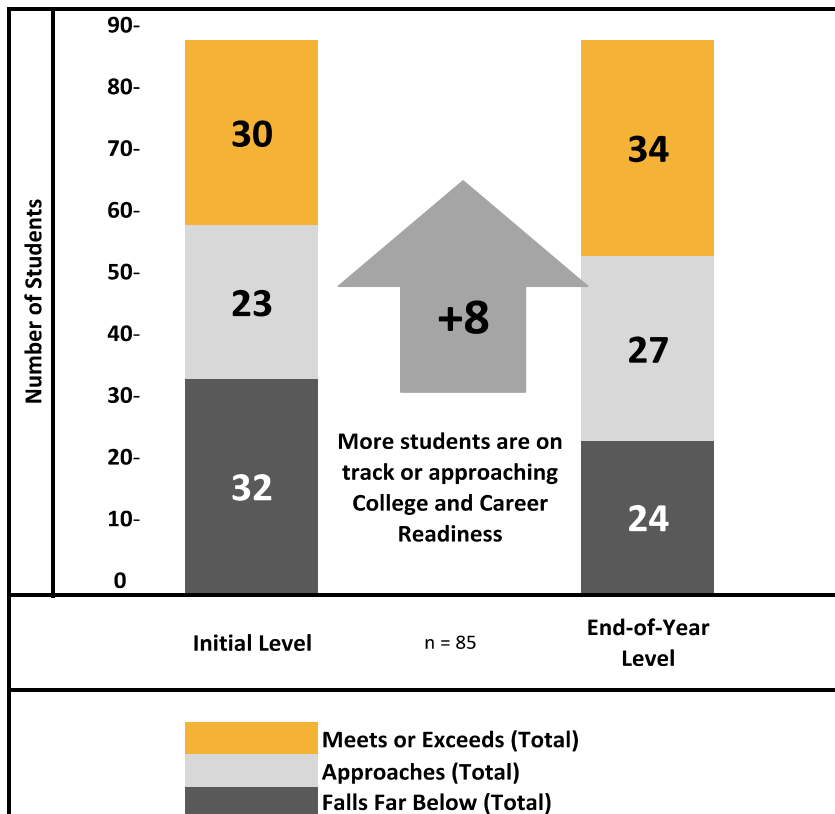
Management’s Discussion and Analysis, continued

A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 10. 2nd Grade College Readiness Indicator

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

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

A. School Activities and Highlights, continued

Student Academic Performance, continued

Graph 11. Overall Achieve 3000 Findings.

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	94	256	345	89
4	61	389	488	99
5	58	587	662	74
Overall	213	411	498	87

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	85	246	290	44
Overall	85	246	290	44

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.
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Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

OTHER STUDENT ACCOMPLISHMENTS

- A. Math Olympiad – iLearn Academy ranked third overall.
- B. Script Spelling Bee
- C. International Week
- D. Chamorro Month Celebration
- E. Annual Spring Concert
- F. Annual Spring Dance Presentation
- G. 3rd Annual NEHS Induction
- H. Spring Lego Robotics Competition
- I. Service Learning with AmeriCorps (Agriculture)



Upper: 5th Graduating Class, Germinating, Service Learning (Building Planters with AmeriCorps)
Lower: Fieldtrip to AAFB, Chamorro Week, 1st 5K (*Suess on the Loose*)



Upper Left: National Elementary Honor Society Lion's Chapter's newly elected officers.
Lower Left: Called to serve their school.
Upper Right: Math Olympiad wins 3rd place overall.

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

Management's Discussion and Analysis, continued

A. School Activities and Highlights, continued

PROFESSIONAL DEVELOPMENT

- A. First Aid/ CPR
- B. Crisis Prevention
- C. Achieve 3000
- D. Smarty Ants
- E. Amplify Science
- F. Singapore Math
- G. Employee Ethics and Harassment
- H. Future Focus Learning (Personalized and Socio-Emotional Learning)

B. 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

C. Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the liabilities exceeded assets by \$ 74,965 (net position) at the close of the fiscal year but this is attributed to the prior year's deficit.

Figure 1 provides a summary of the School's net position as of September 30, 2019, 2018 and 2017:

Net Position				
Figure 1				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	2019% increase (decrease) from 2018
Cash (net of fiduciary funds)	\$ 193,152	\$ 10,398	\$ 69,993	1757.59%
Accounts Receivable	150,815	-	287,639	100.00%
Prepaid Expense	61,710	-	-	100.00%
Grant Equipment (net of depreciation)	33,812	-	-	100.00%
Other Current Assets	1,575	-	-	100.00%
Total Assets	<u>441,064</u>	<u>10,398</u>	<u>357,632</u>	4141.82%
Accounts Payable	205,636	392,000	350,560	-47.54%
Due to related party	-	42,500	-	-100.00%
Notes Payable- Prior Year Obligations	310,393	-	-	100.00%
Total Liabilities	<u>516,029</u>	<u>434,500</u>	<u>350,560</u>	18.76%
Unrestricted	<u>(74,965)</u>	<u>(424,102)</u>	<u>7,072</u>	-82.32%
Total Net Position	<u>(74,965)</u>	<u>(424,102)</u>	<u>7,072</u>	-82.32%

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

Management’s Discussion and Analysis, continued

C. Government-Wide Financial Analysis, continued

The budget cut in prior year due to Tax Cuts and Jobs Act of 2017 still has effects in Fiscal year 2019. Prior year obligations that were not met in the year incurred were converted into Notes Payable. We used our remaining funds to pay the 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.”

Figure 2 provides summary and analysis of the School’s revenues and expenses for the years ended September 30, 2019, 2018 and 2017 follows:

Statement of Activities				
Figure 2				
	2019	2018	2017	2019% increase (decrease) from 2018
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues				
Appropriations - Students	\$ 3,774,560	\$ 2,968,433	\$ 3,246,147	27.16%
Extended Learning	41,900	30,100	26,480	39.20%
Miscellaneous	3,711	298	12,198	1145.30%
Student Store	86,145	69,662	---	23.66%
Fundraising	21,535	2,336	155	821.88%
Donations	25,917	12,851	1,790	101.67%
Grant (In-Kind Contribution Equipment)	38,038	---	---	---
Grant Revenue	---	---	63,708	---
In-Kind Contribution	---	---	9,984	---
Total Revenues	<u>3,991,806</u>	<u>3,083,680</u>	<u>3,360,462</u>	29.45%
Expenses				
Contract services	2,058,290	2,064,426	2,115,001	-0.30%
Salaries and wages	1,485,546	1,379,593	1,109,454	7.68%
Operations	70,290	58,433	92,291	20.29%
Travel and meetings	10,236	633	38,453	1517.06%
Other Expense	18,307	11,769	6,137	55.55%
Total Expenses	<u>3,642,669</u>	<u>3,514,854</u>	<u>3,361,336</u>	3.64%
Change in Net Position	349,137	(431,174)	(874)	-180.97%
Net Position at Beginning of Year	(424,102)	7,072	7,946	-6096.92%
Net Position at End of Year	<u>\$ (74,965)</u>	<u>\$ (424,102)</u>	<u>\$ 7,072</u>	-82.32%

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

Management’s Discussion and Analysis, continued

C. Government-Wide Financial Analysis, continued

Public Law 34-116, Chapter II, Section 2 states that in School Year 2018-2019, the School is authorized to receive Six Thousand Eighty-eight Dollars (\$6,088) per enrollee not to exceed six hundred twenty (620) students for the iLearn Academy Charter School. For Salaries and Wages, the increase is attributed to personnel increments and the inclusion of After School Program stipends such as Extended Learning, Math Olympiad, Dance Club, Music Club, Art Club, WAVE, and Robotics.

For Operations, the increase in expenditures is attributed to purchase materials for the expansion of academic programs.

For Travel and meetings, the administration participated in off island conventions such as National Charter School Conference and EdSurge.

D. Governmental Fund Budget Analysis and Highlights

Financial Analysis of the Government’s Fund

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 2019</u>		
	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Local Govt. Appropriations	\$ 3,774,560	\$ 3,774,560	\$ ---
Non-Appropriated Fund	---	217,246	(217,246)
Total Revenues	<u>\$3,774,560</u>	<u>\$3,991,806</u>	<u>\$(217,246)</u>
EXPENSES			
Salaries, Wages, & Benefits	1,540,564	1,485,546	55,018
Professional Devt./Travel	10,706	10,236	470
Contractual Service	68,000	18,290	49,710
Curriculum-Supplemental	---	26,196	(26,196)
Miscellaneous-Operations	62,400	62,401	(1)
A+ Contract (Educational Infrastructure Contract)	2,040,000	2,040,000	---
Total Expenses	<u>\$3,721,670</u>	<u>\$3,642,669</u>	<u>\$79,001</u>

For Fiscal Year 2019, the School received 100% of its appropriations. The School was able to participate in professional development training on and off island. The School also implemented supplemental curriculum such as Achieve 3000, Smarty Ants, Amplify Science, and Nearpod. The School’s Non-Appropriated Fund (composed of student store, donations, and fundraising) was used to offset operating expenses.

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

Management's Discussion and Analysis, continued

E. 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

	Years ended September 30,					
	2019			2018		
	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:						
Cash	\$ 193,152	\$ ---	\$ 193,152	\$ 10,398	\$ ---	\$ 10,398
Accounts receivable	150,815	---	150,815	---	---	---
Prepaid expenses	61,710	---	61,710	---	---	---
Equipment, net accumulated depreciation	33,812	---	33,812	---	---	---
Inventory	<u>1,575</u>	<u>---</u>	<u>1,575</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total assets	<u>\$ 441,064</u>	<u>\$ ---</u>	<u>\$ 441,064</u>	<u>\$ 10,398</u>	<u>\$ ---</u>	<u>\$ 10,398</u>
Liabilities and Fund Balance/Net Position:						
Accounts payable and accrued expenses	\$ 205,636	\$ ---	\$ 205,636	\$ 392,000	\$ ---	\$ 392,000
Long-term notes payable due to related parties:						
Due within one year	---	61,939	61,939	42,500	---	42,500
Due after one year	<u>---</u>	<u>248,454</u>	<u>248,454</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total liabilities	<u>205,636</u>	<u>310,393</u>	<u>516,029</u>	<u>434,500</u>	<u>---</u>	<u>434,500</u>
Fund balance: unassigned	<u>235,428</u>	<u>(310,393)</u>	<u>---</u>	<u>(424,102)</u>	<u>424,102</u>	<u>---</u>
Total liabilities and fund balances	<u>\$ 441,064</u>			<u>\$ 10,398</u>		
Net position:						
Unrestricted		<u>(310,393)</u>	<u>(74,965)</u>	<u>(424,102)</u>	<u>(424,102)</u>	
Total liabilities and net position		<u>\$ ---</u>	<u>\$ 441,064</u>	<u>\$ ---</u>	<u>\$ 10,398</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,					
	2019			2018		
	General Fund	Adjustments	Statement of Activities	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:						
Instructional services:						
Contract services	\$ 1,747,897	\$ 310,393	\$ 2,058,290	\$ 2,064,426	\$ ---	\$ 2,064,426
Salaries and wages	1,485,546	---	1,485,546	1,379,593	---	1,379,593
Support services:						
Operations	70,290	---	70,290	58,433	---	58,433
Travel and meetings	10,236	---	10,236	633	---	633
Interest	9,832	---	9,832	---	---	---
Insurance	7,991	---	7,991	5,465	---	5,465
Bank charges	484	---	484	328	---	328
Miscellaneous	---	---	---	5,976	---	5,976
Total expenditures/expenses	<u>3,332,276</u>	<u>310,393</u>	<u>3,642,669</u>	<u>3,514,854</u>	<u>---</u>	<u>3,514,854</u>
General revenues:						
Appropriations	3,774,560	---	3,774,560	2,968,433	---	2,968,433
Grant	38,038	---	38,038	---	---	---
Donations	25,917	---	25,917	12,851	---	12,851
Fundraising	21,535	---	21,535	2,336	---	2,336
Miscellaneous	3,711	---	3,711	298	---	298
	<u>3,863,761</u>	<u>---</u>	<u>3,863,761</u>	<u>2,983,918</u>	<u>---</u>	<u>2,983,918</u>
Program revenues:						
Student store	86,145	---	86,145	69,662	---	69,662
Extended learning	41,900	---	41,900	30,100	---	30,100
	<u>128,045</u>	<u>---</u>	<u>128,045</u>	<u>99,762</u>	<u>---</u>	<u>99,762</u>
Excess (deficiency) of revenues over (under) expenditures	659,530	(659,530)		(431,174)	431,174	
Change in net position		349,137	349,137		(431,174)	(431,174)
Fund balance/net position:						
Beginning of year	(424,102)	<u>---</u>	(424,102)	<u>7,072</u>	<u>---</u>	<u>7,072</u>
End of year	\$(<u>235,428</u>)	<u>\$ ---</u>	\$(<u>74,965</u>)	\$(<u>424,102</u>)	<u>\$ ---</u>	\$(<u>424,102</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>2019</u>	<u>2018</u>
Assets:		
Cash	\$ <u>2,662</u>	\$ <u>2,086</u>
Total asset	\$ <u><u>2,662</u></u>	\$ <u><u>2,086</u></u>
Liability:		
Others	\$ <u>2,662</u>	\$ <u>2,086</u>
Total liability	\$ <u><u>2,662</u></u>	\$ <u><u>2,086</u></u>

See accompanying notes.

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

Notes to Financial Statements

Years ended September 30, 2019 and 2018

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.

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, 2019 are as follows:

Fund balance – governmental funds	\$ 235,428
Less – notes payable	<u>(310,393)</u>
Net position of governmental activities	<u>\$ (74,965)</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, 2019 are as follows:

Net change in fund balances – governmental funds	\$659,530
--	-----------

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

	<u>310,393</u>
Change in net position of governmental activities	<u>\$349,137</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 Superintendent of Education of the Government of Guam’s Department of Education (GDOE) which in turn incorporates such as part of its budget submitted 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 GDOE 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 GDOE's Internal Auditors through the validation of submitted invoices.

Pursuant to Guam Public Law 34-116, the cost per pupil was \$6,088 for the fiscal year ending September 30, 2019. Student enrollment is not to exceed 620 students during Fiscal Year 2019. The number of enrolled students was multiplied by the FY 2019 Government of Guam General Appropriations Act approved amount of \$6,088 per student enrollee. For the fiscal year ended September 30, 2019, the maximum of 620 students were enrolled in the Academy. The Academy received government appropriations totaling \$3,774,560 and \$2,968,433, respectively, for the fiscal years ended September 30, 2019 and 2018.

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. At September 30, 2019 and 2018 accrued compensated absences totaled \$0 and \$24,000, respectively, and is included as a component of accounts payable and accrued expenses.

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

Recently Adopted Accounting Pronouncements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of this statement. The implementation of this statement did not have a material effect on the accompanying financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement did not have a material effect on the accompanying financial statements.

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, 2020.

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, 2021.

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, 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 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, 2020.

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, 2022.

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, 2020.

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

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

Notes to Financial Statements, continued

3. Economic Dependency

The Academy receives approximately 100% of its annual revenue from the Guam Department of Education under a five-year charter agreement. Under such agreement, the Council will review the Academy every five 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

Certain board members of the Academy are 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 the years ended September 30, 2019 and 2018 amounts paid to SPCS totaled \$1,870,000 and \$1,685,800, respectively. At September 30, 2019 and 2018, the Academy recorded \$170,000 and \$340,000, respectively, payable to SPCS. This amount is included as a component of accounts payable and accrued expenses.

For July 1, 2019 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

Notes Payable

	<u>2019</u>	<u>2018</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	\$ 310,393	\$ ---
Unsecured note payable due to a board member. Interest at 6.0% per annum.	<u>---</u>	<u>42,500</u>
	310,393	42,500
Less current installments	<u>61,939</u>	<u>42,500</u>
	<u>\$ 248,454</u>	<u>\$ ---</u>

iLearn Academy Charter School, Inc.
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Notes to Financial Statements, continued

4. Related Party Transactions, continued

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

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 61,939	\$ 16,939	\$ 78,878
2021	65,759	13,119	78,878
2022	69,815	9,062	78,877
2023	74,121	4,756	78,877
2024	38,759	681	39,440
	<u>\$ 310,393</u>	<u>\$ 44,557</u>	<u>\$ 354,950</u>

5. Long-Term Liabilities

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

	<u>Outstanding October 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding September 30, 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>

A summary of changes in long-term liabilities during fiscal year 2018 is as follows:

	<u>Outstanding October 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding September 30, 2018</u>	<u>Current</u>	<u>Noncurrent</u>
Notes payable to related parties	<u>\$ ---</u>	<u>\$42,500</u>	<u>\$ ---</u>	<u>\$42,500</u>	<u>\$42,500</u>	<u>\$ ---</u>

iLearn Academy Charter School, Inc.
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Notes to Financial Statements, continued

6. 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, 2019 and 2018.

7. Risk Management

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.

8. Subsequent Events

The Academy has evaluated subsequent events through March 31, 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,							
	2019				2018			
	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	\$ 1,324,774	\$ 1,428,968	\$ 1,485,546	\$(56,578)	\$ 1,267,832	\$ 1,267,832	\$ 1,379,593	\$(111,761)
Employee benefits	35,640	---	7,991	(7,991)	36,000	36,000	5,465	30,535
Professional development / travel	10,706	10,706	10,236	470	20,000	20,000	633	19,367
Contractual service	68,000	68,000	18,290	49,710	46,719	46,719	10,530	36,189
Miscellaneous	61,200	61,200	70,290	(9,090)	19,600	19,600	58,433	(38,833)
Extended learning	180,150	138,928	---	138,928	30,780	30,780	43,872	(13,092)
A+ Contract (Educational Infrastructure Contract)	2,040,000	2,040,000	2,040,000	---	2,040,000	2,040,000	2,016,000	24,000
Workers Compensation	1,200	1,200	---	1,200	---	---	---	---
Interest	---	---	9,832	(9,832)	---	---	---	---
Bank charges	---	---	484	(484)	---	---	328	(328)
Total expenditures	<u>3,721,670</u>	<u>3,749,002</u>	<u>3,642,669</u>	<u>106,333</u>	<u>3,460,931</u>	<u>3,460,931</u>	<u>3,514,854</u>	<u>(53,923)</u>
General revenues:								
Appropriation - students	3,774,560	3,774,560	3,774,560	---	3,250,000	2,990,000	2,968,433	(21,567)
Grant Revenue	---	---	38,038	38,038	---	---	---	---
Donations	---	---	25,917	25,917	---	---	12,851	12,851
Fundraising	---	---	21,535	21,535	---	---	2,336	2,336
Miscellaneous	---	---	3,711	3,711	---	---	298	298
Total general revenues	<u>3,774,560</u>	<u>3,774,560</u>	<u>3,863,761</u>	<u>89,201</u>	<u>3,250,000</u>	<u>2,990,000</u>	<u>2,983,918</u>	<u>(6,082)</u>
Program revenues:								
Student store	---	---	86,145	86,145	---	---	69,662	69,662
Extended learning	---	---	41,900	41,900	---	---	30,100	30,100
Total program revenues	<u>---</u>	<u>---</u>	<u>128,045</u>	<u>128,045</u>	<u>---</u>	<u>---</u>	<u>99,762</u>	<u>99,762</u>
Excess (deficiency) of revenues over expenditures	<u>52,890</u>	<u>25,558</u>	<u>349,137</u>	<u>323,579</u>	<u>(210,931)</u>	<u>(470,931)</u>	<u>(431,174)</u>	<u>39,757</u>
Increase (decrease) in net position	52,890	25,558	349,137	323,579	(210,931)	(470,931)	(431,174)	39,757
Fund balance/net position:								
Beginning of year	(424,102)	(424,102)	(424,102)	---	7,072	7,072	7,072	---
End of year	<u>\$(371,212)</u>	<u>\$(398,544)</u>	<u>\$(74,965)</u>	<u>\$ 323,579</u>	<u>\$(203,859)</u>	<u>\$(463,859)</u>	<u>\$(424,102)</u>	<u>\$ 39,757</u>