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iLearn Academy Charter School – FY 2021 Financial Highlights

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iLearn Academy Charter School (iLACS) ended the fiscal year (FY) 2021 with \$735 thousand (K) in net position, an increase of \$578K from the previous year. The receipt of the Guam Department of Education Consolidated (GDOE) Grant and the Education Stabilization Fund (ESF) I and II bolstered iLACS' financials, which resulted in a favorable ending balance. Independent auditors, Ernst & Young, LLP (EY) rendered an unmodified (clean) opinion on iLACS' financial statements, however, they noted one finding related to the recording of assets.

iLACS Admits 127 Students Over the Authorized Enrollment Cap

iLACS admitted about 747 students as of FY 2021, which is 127 more than the authorized 620 student enrollment at \$6.15K per enrollee. iLACS expected that the legislature would increase this cap to 740, however, with the COVID-19's impact on the local economy, the number of enrollees remained the same compared to the previous year.

Distance Learning Assistance

iLACS received the GDOE Grant and ESF I & II for COVID-19 safety protocol and distance learning. While there is no cash transfer, iLACS received a total value of \$790K in school supplies, educational equipment, and other assets. These items helped iLACS move to online learning during the COVID-19 case resurgence. GDOE was the recipient of these grants and handled the purchases.

\$991K Increase in Revenues

FY 2021 total revenues of \$5.09 million (M) increased by \$991K, or 24%, from \$4.1M in FY 2020. The Government of Guam (GovGuam) appropriation continues to be iLACS' main revenue source. iLACS reported GovGuam appropriation of \$4M in FY 2021. In addition to the approved per-student cost of \$6.15K at 620 students, or \$3.8M, iLACS also received \$161K from the Guam Charter School Council to pay for prior year obligations. iLACS also reported an increase in grant revenues, going from \$165K in the previous year to \$1.1M in FY 2021.

\$645K Increase in Expenses

FY 2021 total expenses of \$4.51M increased by \$645K, or 17%, from \$3.9M in FY 2020. Contract services were the biggest expense at \$2.1M or 46% of the total expenses. iLACS' payment for its A+ contract with Saint Paul Christian School (SPCS), an independent contractor, in FY 2021 totaled \$2M. Under this contract, SPCS is the sole provider of the facility, fixed assets and related equipment, utilities, services, and supplies.

iLACS reported \$2.07M in salaries and benefits, which made up 44% of the total expenses. The increase of \$334K, or 20%, from the previous year is attributed to the employment of additional teachers to accommodate students exceeding the authorized student enrollment.

New Campus Ready for the Coming School Year

iLACS' current campus lacks additional classrooms and other facilities for its students. The newly built school located near SPCS would provide the needed rooms. The construction of a permanent campus for iLACS was through the assistance of obtaining a grant by the Governor's Office and the Guam Housing and Urban Renewal Authority, and the collaborative effort of SPCS and the Learning Institute Inc. An agreement between SPCS and iLACS is being discussed as this relocation may alter the A+ contract.

Audit Adjustment of \$191K Due to Non-Compliance with Policy

The independent auditors noted one deficiency about iLACS' non-compliance with their policy of recording equipment costing \$500 or more per unit on their books. The total value of these equipment received from GDOE Grant and ESF I & II exceeded the capitalization threshold, but the per-unit cost of each asset is below this threshold, which iLACS should have expensed. Instead, they recorded the equipment on their books. This inflated their depreciable capital assets by \$191K. The independent auditors made an audit adjustment in regards to this. iLACS responded that their understanding of per-unit includes the main device and its included accessories.

For more details on iLACS's operations, see the Management's Discussion and Analysis in the audit report at www.opaguam.org and ilearnacademycharterschool.com.