



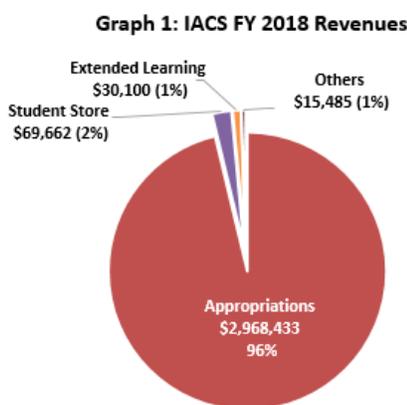
# OFFICE OF PUBLIC ACCOUNTABILITY

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## iLearn Academy Charter School – FY 2018 Financial Highlights

March 26, 2019

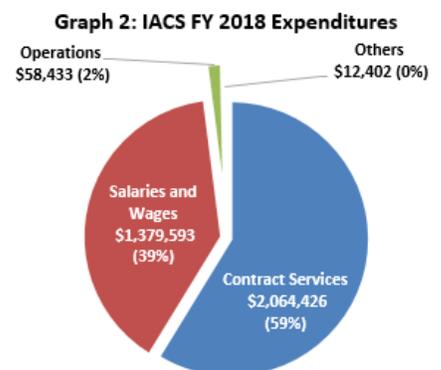
Hagåtña, Guam – The Office of Public Accountability has released the iLearn Academy Charter School’s (IACS) financial statements, report on compliance and internal control, management letter, and the auditor’s communication with those charged with governance for fiscal year (FY) 2018. Independent Auditors Ernst & Young, LLP rendered an unmodified (clean) opinion on IACS’s FY 2018 financial statements.



IACS closed FY 2018 with a negative \$424 thousand (K) net position. The Tax Cuts and Jobs Act of 2017 resulted in a \$278K decrease in IACS’s FY 2018 appropriations from the Government of Guam (GovGuam). IACS anticipated 620 students, but was only granted appropriations for 500 students. FY 2018 total revenues comprised \$3 million (M) from GovGuam appropriations, \$70K from the student store, \$30K from extended learning, and \$15K from other sources.

IACS’s operating expenditures increased by \$154K, from \$3.36M in FY 2017 to \$3.51M in FY 2018. Salaries and wages comprised 39% of the total expenditures and increased by \$270K or 24%, from \$1.1M in FY 2017 to \$1.4M in FY 2018. The increase was because of additional teachers hired.

In July 2018, IACS entered an A+ Contract where they paid a lease to an academic partner for providing a furnished school facility, utilities, services, and supplies. This allows IACS to focus on providing educational services to students since the lease provides all infrastructural support. The A+ Contract will expire in June 2023. IACS records the lease as contract services, which comprised 59% of the total expenditures. IACS disclosed related party transactions as certain members of IACS are also officers or board members of the A+ Contract contractor.



### Report on Internal Control and Management Letter

The independent auditors did not identify any material weaknesses or significant deficiencies on IACS’s Report on Internal Control over Financial Reporting and Compliance. The auditors issued a Management Letter that identified five deficiencies: (1) lack of segregation of duties involving the business office manager performing almost all accounting duties; (2) improper recording of payroll liabilities; (3) inaccurate student enrollment reports; (4) lack of proper documentation for hourly employment rates; and (5) missing register of proposal from procurement file.

For more details on IACS’s operations, see the Management’s Discussion and Analysis in the audit report at [www.opaguam.org](http://www.opaguam.org) and [www.ilearnacademycharterschool.com](http://www.ilearnacademycharterschool.com).