

Financial Statements

**Science is Fun and Awesome Learning Academy
Charter School**

(A Non-Profit Organization)

*Year ended September 30, 2021
with Report of Independent Auditors*



Science is Fun and Awesome Learning Academy
Charter School
(A Non-Profit Organization)

Financial Statements

Year ended September 30, 2021

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Report of Independent Auditors

The Board of Trustees of
Science is Fun and Awesome Learning Academy Charter School

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the general fund, and fiduciary activities of Science is Fun and Awesome Learning Academy Charter School (SiFA), as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise Science is Fun and Awesome Learning Academy Charter School'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 audit. 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 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 SiFA as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Science is Fun and Awesome Learning Academy’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that SiFA will continue as a going concern. As discussed in Note 9 to the financial statements, SiFA has a working capital deficiency and has stated that substantial doubt exists about SiFA’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management’s plans regarding these matters also are described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, “Fiduciary Activities”

As discussed in Note 11, SiFA implemented GASB Statement No. 84, *Fiduciary Activities*, during the year ended September 30, 2021. Our opinion is not modified with respect to this matter.

Other matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management’s Discussion and Analysis on pages 5 through 26, and the Budgetary Comparison Schedule – Government Funds on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 Information

Our audit for the year ended September 30, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SiFA's basic financial statements. The supplementary comparative financial statement information for the year ended September 30, 2021 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary comparative financial statement information have been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended September 30, 2021, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary comparative financial statement information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of SiFA as of and for the year ended September 30, 2020 (not presented herein), and have issued our report thereon dated January 26, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the general fund and fiduciary activities. The comparative financial information for the year ended September 30, 2020 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The supplementary comparative financial statement information have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary comparative financial statement information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2022, on our consideration of Science is Fun and Awesome Learning Academy Charter School'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 Science is Fun and Awesome Learning Academy Charter School'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 Science is Fun and Awesome Learning Academy Charter School's internal control over financial reporting and compliance.

Ernst + Young LLP

January 7, 2022

Science is Fun and Awesome Learning Academy
Charter School
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Management's Discussion and Analysis

As management of Science is Fun and Awesome Learning Academy Charter School (SiFA), we offer readers of the financial statements this narrative overview and analysis of the financial activities of SiFA 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.

A. Financial Highlights

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

- The liabilities of SiFA exceeded its assets at the close of fiscal year by \$1,369,204 (*net position*).
- Enrollment at the end of School Year 2020 - 2021 is 346 students which is more than the 325 students as authorized by P.L. 35-99.

Overview of the Financial Statements

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

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.

Government-Wide Financial Statements

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

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

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

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Management’s Discussion and Analysis, continued

B. 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 SiFA, the liabilities exceeded assets by \$1,369,204 at the close of the fiscal year.

Although SiFA had been allocated a budget for 325 students for FY 2020-2021, current enrollment is 346 in which an additional \$150 per pupil was given.

We used part of the current funds to pay prior year obligations as authorized under PL 35-99, Chapter II, Sec. 4 which states that “All fiscal year 2021 funds appropriated to Charter School Fund may be used to support the payment of prior year obligations”.

Figure 1 provides a summary of SiFA’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	\$ 20,873	\$ 93,433	\$ 5,560
Accounts receivable	866,385	441,816	289,802
Other current asset	(670)	2,097	1,366
Depreciable capital assets	<u>109,386</u>	<u>---</u>	<u>---</u>
Total assets	<u>995,974</u>	<u>537,346</u>	<u>296,728</u>
Due to related party	1,943,338	2,649,000	1,306,392
Long-term liability	285,308	285,308	---
Accruals	38,910	28,370	26,565
Advances from related party	<u>97,622</u>	<u>134,500</u>	<u>164,706</u>
Total liabilities	<u>2,365,178</u>	<u>3,097,178</u>	<u>1,497,663</u>
Net position - unrestricted	\$(<u>1,369,204</u>)	\$(<u>2,559,832</u>)	\$(<u>1,200,935</u>)

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Management's Discussion and Analysis, continued

B. Government-Wide Financial Analysis, continued

P.L. 35-99 states that in School Year 2020-2021, the School is authorized to receive Six Thousand One Hundred Fifty (\$6,150) per enrollee not to exceed three hundred fifty (325) students. SiFA had a total of 346 enrollees due to having an approved budget of having a maximum of 350 for Fiscal Year 2021. Based on enrollment figures, SiFA was allotted an additional \$150 per pupil. Staffing pattern had been provided to cater for 350 students. Facilities have been provided to accommodate the 570 enrollees which is the maximum number of students which SiFA envisaged to enroll.

Figure 2 provides a summary and analysis of SiFA's revenues and expenses for the years ended September 30, 2021, 2020 and 2019.

Statement of Activities			
Figure 2			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUE			
Appropriation - Students	\$ 3,129,433	\$ 1,900,350	\$ 1,418,504
Grant	218,792	10,066	---
Other income	544,316	---	---
Fund raising revenue	<u>---</u>	<u>7,620</u>	<u>---</u>
Total revenue	<u>3,892,541</u>	<u>1,918,036</u>	<u>1,418,504</u>
EXPENSES			
Bank charges and fees	518	1,845	405
Contract services	1,672,207	2,400,000	1,680,000
Employee recruitment	---	---	14,035
Fund raising expenses	---	6,310	---
Professional services	13,800	10,327	2,948
Salaries and wages	903,599	848,325	809,247
Supplies and materials	110,235	10,066	---
Taxes and licenses	<u>1,554</u>	<u>60</u>	<u>61</u>
Total expenses	<u>2,701,913</u>	<u>3,276,933</u>	<u>2,506,696</u>
Increase (decrease) in net position	1,190,628	(1,358,897)	(1,088,192)
Net position at beginning of the year	(<u>2,559,832</u>)	(<u>1,200,935</u>)	(<u>112,743</u>)
Net position at end of the year	\$(<u>1,369,204</u>)	\$(<u>2,559,832</u>)	\$(<u>1,200,935</u>)

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Management’s Discussion and Analysis, continued

B. Government-Wide Financial Analysis, continued

Statement of Fiduciary Net Position

SiFA holds for safekeeping purposes the funds from various student organizations. Due to the COVID-19 Pandemic, there was no fundraising for Fiscal Year 2021.

**Statement of Fiduciary Net Position
For the Year Ended September 30, 2021**

	Custodial Funds	
	2021	2020
Assets:		
Cash	\$ 2,834	\$ 2,834
Total Asset	\$ 2,834	\$ 2,834
Net position - restricted for student activities	\$ 2,834	\$ 2,834

C. Governmental Fund Budget Analysis and Highlights

Financial Analysis of the Government’s Fund

Prior to the start of SiFA’s fiscal year, the Board of the Academy 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 Academy's budget.

For Fiscal Year 2021, SiFA submitted a budget request for the full cap of 500 enrollees. Prior year failed to meet cap of 350 enrollees and approval for Fiscal Year 2021 was lowered to 325. Appropriation had been granted for \$6,150 per enrollee based on 325 student cap. SiFA’s staffing pattern could accommodate 350 enrollees as well.

SiFA received a grant for Fiscal Year 2021 which is the Educational Stabilization Fund Grant and the school received school supplies, books, and Pandemic Protective Equipment.

Contractual Services constitute a significant part of the budget. We have a PLEASE contract with Eagle Land Holdings, LLC. wherein they will provide a fully furnished facility, utilities, services and supplies. This allows SiFA to concentrate in providing quality education to its students without having to worry about facility and operational costs. Our current facility could accommodate 570 students.

Science is Fun and Awesome Learning Academy
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Management's Discussion and Analysis, continued

C. Governmental Fund Budget Analysis and Highlights, continued

**SiFA Learning Academy Charter School
Budgetary Comparison Schedule - Government Funds**

	Year Ended September 30, 2021				Year Ended September 30, 2020			
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures:								
Salaries and wages	\$786,094	\$782,060	\$903,599	(\$121,539)	\$693,300	\$792,776	\$848,325	(\$55,549)
Employee benefits	61,000	63,036	63,036	0	58,200	30,507	30,507	0
Professional development / travel	0	0	13,800	0	0	0	0	0
Contractual service	99,200	17,327	1,672,207	(1,654,880)	97,800	30,300	10,327	19,973
Office space rental	1,900,000	1,073,239	1,073,239	1,073,239	1,800,000	1,147,000	2,400,000	(1,253,000)
Supplies & Materials	68,000	0	110,235	(110,235)	42,500	37,100	10,066	27,034
Equipment	140,000	0	0	0	130,000	40,000	40,000	0
Miscellaneous	115,000	14,338	1,564	12,784	108,900	25,338	6,370	18,968
Utilities	151,200	0	0	0	100,800	49,000	49,000	0
Workman's Compensation	12,000	0	0	0	10,000	0	1,845	(1,845)
Bank Charges	0	0	518	(518)	0	0	0	0
Extended Learning	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0
Total expenditures	\$3,332,494	\$1,950,000	\$2,701,913	(\$738,113)	\$3,041,500	\$2,152,021	\$3,276,933	(\$1,124,912)
General revenues:								
Appropriation - students	\$3,382,500	\$1,998,750	\$3,129,433	\$1,130,683	\$3,044,000	\$2,152,500	\$1,900,350	\$252,150
Grant			\$218,792	(\$218,792)			\$10,066	(\$10,066)
Other income			\$544,316	(\$44,316)				
Fund Raising revenue				(218,792)			7,620	(7,620)
Excess of expenditures over revenues	\$3,382,500	\$1,998,750	\$3,892,541	\$148,783	\$3,044,000	\$2,152,500	\$1,918,036	\$234,464
Decrease in net position	\$50,006	\$48,750	\$1,190,628	(\$886,896)	(\$2,500)	(\$479)	\$1,358,897	(\$1,359,376)
Fund balance/net position:								
Beginning of year	\$50,006	\$48,750	\$1,190,628	(\$886,896)	(\$2,500)	(\$479)	\$1,358,897	(\$1,359,376)
End of year	(\$1,308,781)	(\$1,358,787)	(\$2,559,832)	\$0	(\$1,201,045)	(\$1,201,045)	(\$1,200,935)	(\$110)
	(\$1,308,781)	(\$1,310,037)	(\$1,369,204)	(\$886,896)	(\$1,203,545)	(\$1,201,524)	(\$2,559,832)	(\$1,359,486)

Science is Fun and Awesome Learning Academy
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Management’s Discussion and Analysis, continued

C. Governmental Fund Budget Analysis and Highlights, continued

Going Concerns

SiFA has developed plan of actions to obtain sufficient cash flows to meet its obligations. The plans shall include the following:

- a. Request for additional funding to the Legislature through the Guam Charter Schools Council;
- b. Request to increase enrollment cap from 350 to 550;
- c. Offer after school programs;
- d. Apply for more grants; and
- e. Renegotiate the PLEASE contract with the vendor

D. School Activities and Highlights

Student Profile

Demographics as of September 2021

Grade Level & Gender Enrollment as of September 2021

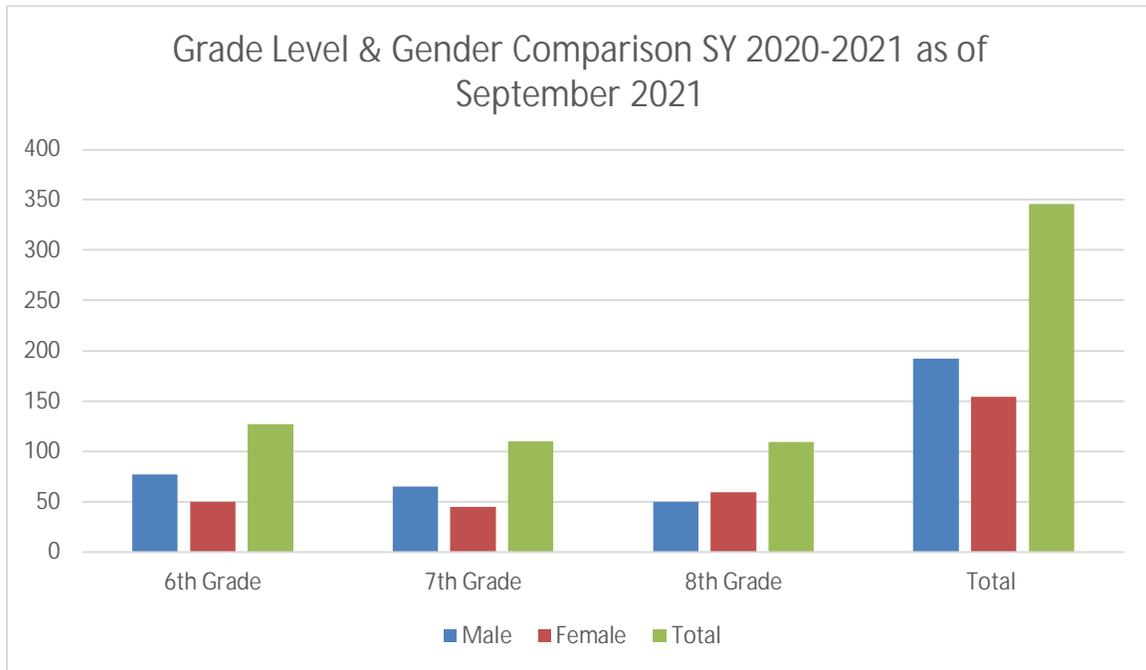
Grade	Females	Males
6	50.00	77.00
7	45.00	65.00
8	59.00	50.00
Total	154	192

Science is Fun and Awesome Learning Academy
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Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

Student Profile, continued



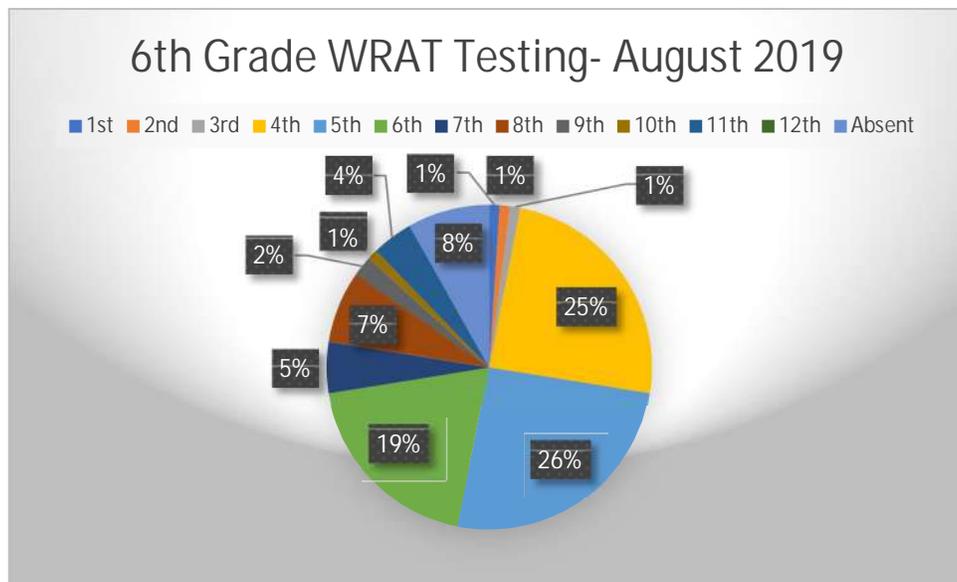
- Male population is the largest with 192 students, followed by the female population with 154 students.
- 6th grade population is the largest with 127 students, followed by 7th grade with 110 students, and 109 8th grade students.

Science is Fun and Awesome Learning Academy
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Management’s Discussion and Analysis, continued

WRAT testing
6TH Grade WRAT Testing

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Absent
1	1	1	24	25	19	5	7	2	1	4	8	



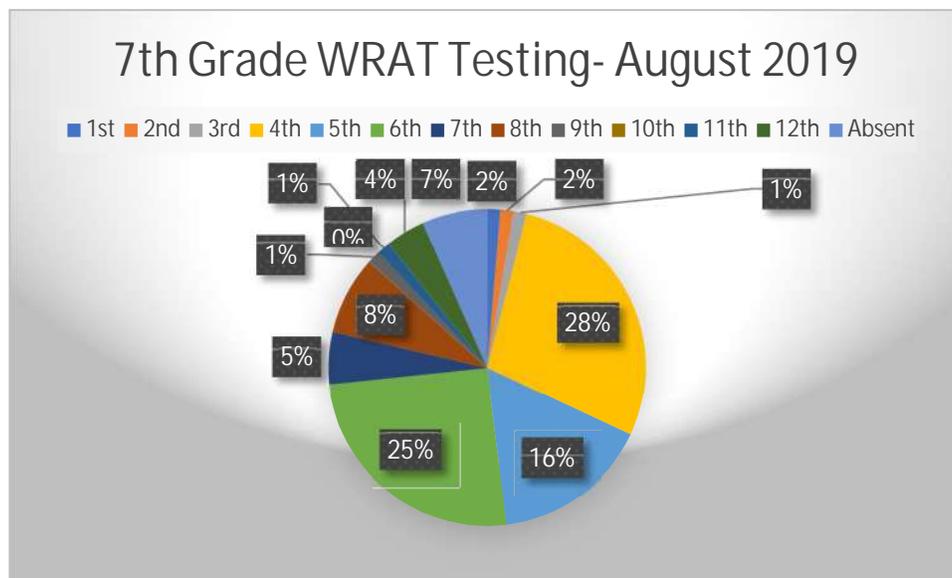
- 6th grade initial testing shows 26% of the total 6th grade population ranked in the 5th grade level. Followed by 25% in the 4th grade level, 19% in the 6th grade level, 5% in the 7th grade level, 7% in the 8th grade level, 4% in the 11th grade level, 2% in the 9th grade level, 1% in the 10th grade level, and 1% in the 1st , 2nd , and 3rd grade levels.
- Those students who came in towards the middle of the school year were considered absent for the testing, amounting to 8%.

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Management’s Discussion and Analysis, continued

7TH Grade WRAT Testing

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Absent
1	1	1	21	12	19	4	6	1	0	1	3	5



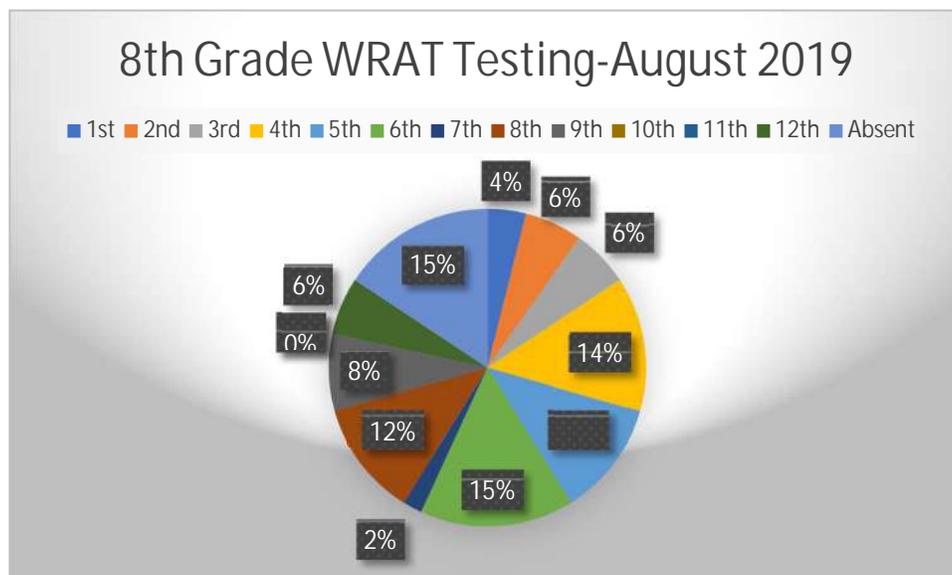
- 7th grade initial testing shows 28% of the total 7th grade population ranked in the 4th grade level. Followed by 25% in the 6th grade level, 16% in the 5th grade level, 8% in the 8th grade level, 5% in the 7th grade level, 4% in the 12th grade level, 2% in the 1st and 2nd grade level. Lastly, 1% in the 3rd, 9th, and 11th grade levels.
- Those students who came in towards the middle of the school year were considered absent for the testing, amounting to 7%.

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Management’s Discussion and Analysis, continued

8TH Grade WRAT Testing

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Absent
2	3	3	7	6	8	1	6	4	0	0	3	8



- 8th grade initial testing shows 15% of the total 8th grade population ranked in the 6th grade level. Followed by 14% in the 4th grade level, 12% in the 5th grade level, 12% in the 6th grade level, 8% in the 9th grade level, 6% in the 2nd, 3rd, and 12th grade levels, and 4% in the 1st grade level. Lastly, 2% in the 7th grade level.
- Those students who came in towards the middle of the school year were considered absent for the testing, amounting to 15%.

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Management’s Discussion and Analysis, continued

ACT Aspire Testing

ACT SY 20-21 REPORT

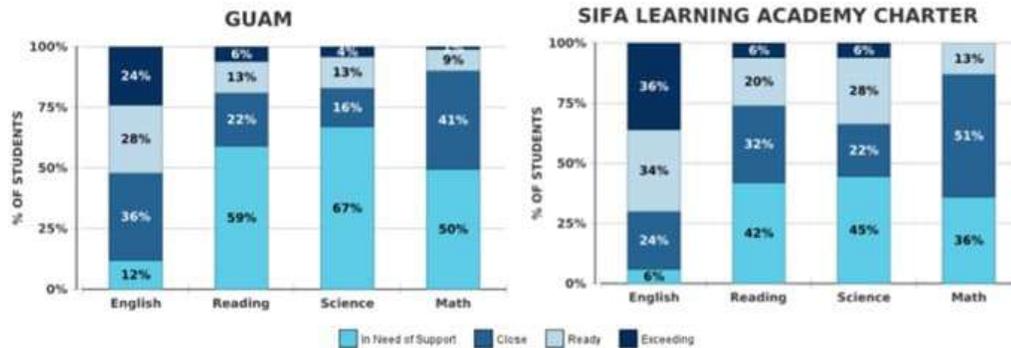
Out of 303 students, an average of 152 took part in the SY20-21 ACT Aspire Testing from April 26, 2021 – May 6, 2021. Due to the Covid-19 Pandemic, only half of the student population participated in the end-of-the-year summative testing.

Total # of student participation:

Math: 154
Reading: 149
English: 155
Science: 149

Grade 6	Grade 7	Grade 8
Math: 67	Math: 45	Math: 42
Reading: 65	Reading: 41	Reading: 43
English: 67	English: 45	English: 43
Science: 65	Science: 41	Science: 43

Grade 6 Proficiency Report

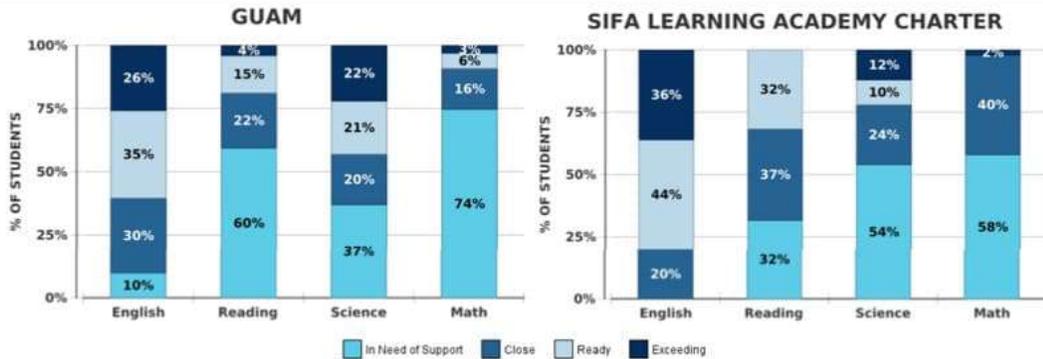


Organization Name	Subject	In Need of Support	Close	Ready	Exceeding
SIFA LEARNING ACADEMY CHARTER	English	4 6%	16 24%	23 34%	24 36%
SIFA LEARNING ACADEMY CHARTER	Reading	27 42%	21 32%	13 20%	4 6%
SIFA LEARNING ACADEMY CHARTER	Science	29 45%	14 22%	18 28%	4 6%
SIFA LEARNING ACADEMY CHARTER	Math	24 36%	34 51%	9 13%	0 0%
GUAM	English	112 12%	320 36%	251 28%	218 24%
GUAM	Reading	535 59%	200 22%	118 13%	50 6%
GUAM	Science	589 67%	142 16%	112 13%	37 4%
GUAM	Math	445 50%	364 41%	77 9%	11 1%

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Management’s Discussion and Analysis, continued

Grade 7 Proficiency Report



Organization Name	Subject	In Need of Support	Close	Ready	Exceeding
SIFA LEARNING ACADEMY CHARTER	English	0 0%	9 20%	20 44%	16 36%
SIFA LEARNING ACADEMY CHARTER	Reading	13 32%	15 37%	13 32%	0 0%
SIFA LEARNING ACADEMY CHARTER	Science	22 54%	10 24%	4 10%	5 12%
SIFA LEARNING ACADEMY CHARTER	Math	26 58%	18 40%	0 0%	1 2%
GUAM	English	89 10%	275 30%	323 35%	244 26%
GUAM	Reading	562 60%	204 22%	141 15%	33 4%
GUAM	Science	88 37%	47 20%	50 21%	52 22%
GUAM	Math	698 74%	152 16%	59 6%	31 3%

Grade 8 Proficiency Report



Organization Name	Subject	In Need of Support	Close	Ready	Exceeding
SIFA LEARNING ACADEMY CHARTER	English	4 9%	8 19%	12 28%	19 44%
SIFA LEARNING ACADEMY CHARTER	Reading	10 23%	10 23%	17 40%	6 14%
SIFA LEARNING ACADEMY CHARTER	Science	23 53%	8 19%	5 12%	7 16%
SIFA LEARNING ACADEMY CHARTER	Math	25 60%	11 26%	3 7%	3 7%
GUAM	English	231 23%	226 23%	260 26%	269 27%
GUAM	Reading	439 44%	270 27%	212 21%	73 7%
GUAM	Science	129 46%	68 24%	43 15%	43 15%
GUAM	Math	733 74%	171 17%	62 6%	30 3%

Science is Fun and Awesome Learning Academy
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Management's Discussion and Analysis, continued

- English
 - 6th Grade: 70% of the 6th graders are at the exceeding or ready level. 24% are close and 6% are in need of support.
 - 7th Grade: 80% of the 7th graders are at the exceeding or ready level. 20% are close and 0% are in need of support.
 - 8th Grade: 72% of the 8th graders are at the exceeding or ready level. 19% are close and 9% are in need of support.
- Reading
 - 6th Grade: 26% of the 6th graders are at the exceeding or ready level. 32% are close and 42% are in need of support.
 - 7th Grade: 32% of the 7th graders are at the exceeding or ready level. 37% are close and 32% are in need of support.
 - 8th Grade: 54% of the 8th graders are at the exceeding or ready level. 23% are close and 23% are in need of support.
- Science
 - 6th Grade: 34% of the 6th graders are at the exceeding or ready level. 22% are close and 45% are in need of support.
 - 7th Grade: 22% of the 7th graders are at the exceeding or ready level. 24% are close and 54% are in need of support.
 - 8th Grade: 28% of the 8th graders are at the exceeding or ready level. 19% are close and 53% are in need of support.
- Math
 - 6th Grade: 13% of the 6th graders are at the exceeding or ready level. 51% are close and 36% are in need of support.
 - 7th Grade: 2% of the 7th graders are at the exceeding or ready level. 40% are close and 58% are in need of support.

8th Grade: 14% of the 8th graders are at the exceeding or ready level. 26% are close and 60% are in need of support.

Plans to Increase ACT Scores:

Goals from the previous year will remain until we are able to participate in the ACT Aspire testing.

Goals:

- Curriculum review of all subject areas taking the test.
- Reading: infuse more reading programs and balance between Language Arts and Reading.

Science is Fun and Awesome Learning Academy
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Management's Discussion and Analysis, continued

- Science: curriculum was based on NGSS and does not focus on CCSS. Discrepancies between the test results will show because of the focus of the curriculum.
- Math: curriculum revision and switching of teachers.

Accolades

1st Place, 2nd Place & 3rd Place – Island Wide Science Fair

3rd & 5th out of 58 – Math Counts Chapter Competition

4th & 8th out of 15 – Math Counts Chapter Invitational

1st out of 15 – Math Counts State Competition

All other Competitions have been cancelled due to the mandated COVID19 Lockdown

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Management’s Discussion and Analysis, continued

Professional Development Activities

DATE	ACTIVITY / FACILITATOR	VENUE	Learning Expectations
July 27- August 10, 2020	Professional Development	SiFA; Online	
August 11, 2021	In- Service Training: FERPA	SiFA; Online	FERP A
February 12, 2021	Faculty Meeting	SiFA; Online	
March 16, 2021	Professional Development	SiFA; Online	Mental Health & Stress Management

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Management's Discussion and Analysis, continued

Other School Activities

May 21, 2021

Due to COVID-19, The first Lego League Competition was canceled. In place of the competition, SiFA LAC had their own in-house Robotics Competition held on May 21, 2021, on the school campus with stringent social distancing guidelines.



May 8, 2021

SiFA Robotics Showcase at the Micronesia Mall was held on Saturday, May 8, 2021. The program will run from 12 pm to 5 pm at the Mall Center Court. SiFA LACS Clubs showcased their talents as well.



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Management's Discussion and Analysis, continued

April 16, 2021

SiFA LACS Students participated in an online webinar workshop held in the SiFA Houses virtual platform on Friday, April 16, 2021. Students learned about Strengthening their four Macro Skills.



April 10, 2021

SiFA LACS Students participated in the 43rd Island-Wide Science Fair held virtually on April 10, 2021.

Chloe Allison Vidallon, 8th grade, participated in the 43rd Guam Island Wide Science Fair. She earned 1st place in the Human and Medical category with her winning title, "Keeping it Moist: The Quest for the Best Moisturizing Lotion for your Skin."

Tahníe-Joie Sablan, 8th grade, participated in the 43rd Guam Island Wide Science Fair. She earned 2nd place in the Ecology Earth Science and Sustainability category with her winning title, "The Importance of Guam's Northern Aquifer."

Cara Alexa Vidallon, 6th grade, participated in the 43rd Guam Island Wide Science Fair. She earned 3rd place in the Physical Sciences, Computers, and Math category with her winning title, "Parabolic Spot: Focusing Signals for a boost in your Wireless Network."



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Management's Discussion and Analysis, continued

March 26, 2021

On March 26, 2021, SiFA's Mathcounts club had two students participating in the State Competition. This year, Justin Park and Taga Blas both qualified after participating in the Chapter Competition and Chapter Invitational Competition.

Out of 15 of Guam's competitor's qualified students, Justin Park ranked #1 and thus qualified for the Mathcounts National Competition. The competition will be held on May 8-10, 2021, online.

#sifalacs #onegoal #oneschool #holidayseason #igdaily #daily #selfie #post #allgrownupnow
#instagramers #instagrammers #instagramhub



March 8- 12, 2021

In celebration of Mes Chamoru SiFA, LACS created a Virtual House Event for all students. The virtual scavenger hunt contained things they would find around our island. All participants would receive house points towards their SiFA House for each task completed.



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Management's Discussion and Analysis, continued

March 10-April 10, 2021

SiFA virtual 5K event started on March 10 and ended on April 5, 2021. Students were able to run, walk, skate, swim, bike, and treadmill! All proceeds went to the SiFA 8th grade class of 2021 for their promotion. All stakeholders were involved. Our SiFA LACS PTO hosted the fundraiser.



February 26, 2021

SiFA LACS was showcased on the Brighterside with Pauly Suba. The interview showcased how well we adapted to life with COVID-19 as a small school. The principal and three other teachers attended the virtual interview. Students were able to call in and participate in answering questions about the school.



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Management's Discussion and Analysis, continued

November 23- December 4, 2020

The SiFA LACS Annual Canned Food Drive. All stakeholders came together to support the annual canned food drive for the holidays. SiFA LACS partnered with The SalvationArmy of Guam to donate canned foods during the holiday season to feed those lessfortunate. SiFA Houses were able to do a project called The Gift that Keeps on Giving.



October 15, 2021

SiFA LACS participated in the island-wide Guam ShakeOut.



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Management's Discussion and Analysis, continued

September 23, 2020

SiFA LACS Virtual STUCO elections were held on September 23, 2020, for the newly appointed officers for SY 20-21.



August 16-19, 2020

SiFA LACS Parent and Student orientations were held:

6th-Grade Parent Orientation

Mon August 17, 2020, 10 am – 11 am (Chamorro Standard Time)

6TH-Grade Student Orientation

Mon August 17, 2020, 1 pm – 2 pm (Chamorro Standard Time)

=====
7th-Grade Parent Orientation

Tue August 18, 2020, 10 am – 11 am (Chamorro Standard Time)

7th-Grade Student Orientation

Tue August 18, 2020, 1 pm – 2 pm (Chamorro Standard Time)

=====
8th-Grade Parent Orientation

Wed August 19, 2020, 10 am – 11 am (Chamorro Standard Time)

8th-Grade Student Orientation

Wed August 19, 2020, 1 pm – 2 pm (Chamorro Standard Time)

Science is Fun and Awesome Learning Academy
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Management's Discussion and Analysis, continued

July 27, 2020- August 14, 2020

Faculty and Staff Professional Development was held from July 27, 2020- August 14, 2020. The training covered virtual training, virtual platform, communication, STEAM curriculum, curricular compliance, and introduction to the new schedule. Information was also shared by the office of HR, Counseling, and the Office of the COO. COVID-19 protocols were observed throughout the training.



Science is Fun and Awesome Learning Academy
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Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash	\$ 20,873	\$ ---	\$ 20,873
Accounts receivable	866,385	---	866,385
Other current assets	(670)	---	(670)
Depreciable capital assets	<u>---</u>	<u>109,386</u>	<u>109,386</u>
Total assets	<u>\$ 886,588</u>	<u>\$ 109,386</u>	<u>\$ 995,974</u>
Liabilities:			
Due to related party	\$ 1,943,338	\$ ---	\$ 1,943,338
Accrued expenses	38,910	---	38,910
Advances from related party	97,622	---	97,622
Long-term liability			
Due in one year	<u>---</u>	<u>285,308</u>	<u>285,308</u>
Total liabilities	<u>2,079,870</u>	<u>285,308</u>	<u>2,365,178</u>
Fund balance: unassigned	(<u>1,193,282</u>)	<u>1,193,282</u>	
Total liabilities and fund balances	<u>\$ 886,588</u>		
Net position - Unrestricted		\$(<u>1,369,204</u>)	\$(<u>1,369,204</u>)

Science is Fun and Awesome Learning Academy
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Statement of Governmental Fund Revenues, Expenditures and Changes in Fund
Balance/Statement of Activities

Year ended September 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Instructional services:			
Contract services	\$ 1,672,207	\$ ---	\$ 1,672,207
Salaries and wages	903,599	---	903,599
Support services:			
Operations	76,556	49,033	125,589
Bank charges	518	---	518
Total expenditures/expenses	<u>2,652,880</u>	<u>49,033</u>	<u>2,701,913</u>
General revenues:			
Appropriations	3,129,433	---	3,129,433
Grants	60,373	158,419	218,792
Other income	544,316	---	544,316
Total general revenues	<u>3,734,122</u>	<u>158,419</u>	<u>3,892,541</u>
Excess of revenues over expenditures	1,081,242	(1,081,242)	
Increase in net position		<u>1,190,628</u>	1,190,628
Fund balance/net position:			
Beginning of year	(<u>2,274,524</u>)	<u>---</u>	(<u>2,559,832</u>)
End of year	\$(<u>1,193,282</u>)	\$ <u>---</u>	\$(<u>1,369,204</u>)

See accompanying notes.

Science is Fun and Awesome Learning Academy
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Statement of Fiduciary Net Position

September 30, 2021

	Custodial Funds
Asset:	
Cash	\$ <u>2,834</u>
Total asset	\$ <u><u>2,834</u></u>
Net position:	
Restricted for student activities	\$ <u>2,834</u>
Total net position	\$ <u><u>2,834</u></u>

Statement of Changes in Fiduciary Net Position

	Year ended September 30, 2021
Addition	
Student activity fund raising	\$ ---
Deductions	
Student activity expenses	<u>---</u>
Total deductions	<u>---</u>
Net change in fiduciary net position	---
Fiduciary net position at beginning of year	<u>2,834</u>
Fiduciary net position at end of year	\$ <u><u>2,834</u></u>

See accompanying notes.

Science is Fun and Awesome Learning Academy
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Notes to Financial Statements

Year ended September 30, 2021

1. Organizations

Science is Fun and Awesome Learning Academy Charter School, (SiFA) is a non-profit public benefit corporation designed to enrich student learning in all content areas with a special emphasis in science, technology, engineering, art and math. SiFA was incorporated under the laws of Guam on October 7, 2017. SiFA began student enrollment during May 2018.

SiFA 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. SiFA 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 SiFA and one member must be from the general public.

SiFA retains a contractor, Eagle Land Holdings, LLC (Eagle), under the Partnership for Learning Support in Education Through Lease, Utilities, Supplies and Services (PLEASE) contract for five successive years expiring in June 2023. Under the terms of agreement, Eagle is the sole provider of the facility, fixed assets and related equipment, utilities, services, and supplies to SiFA. In return, SiFA is obligated to pay monthly contract dues invoiced by Eagle.

SiFA is subject to independent oversight by the Guam Academy Charter School Council (the Council). The Council is tasked with monitoring SiFA'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. SiFA 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 SiFA 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 GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments, SiFA 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.

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

SiFA'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.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about SiFA. These statements include the financial activities of the overall entity. These statements distinguish between the governmental and business-type activities of SiFA. 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

SiFA 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. SiFA 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 are as follows.

Total fund balance - governmental funds	\$ (1,193,282)
Add - Depreciable capital assets	109,386
Less - Long-term liability	<u>(285,308)</u>
Total net position - governmental activities	\$ <u>(1,369,204)</u>

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Fund Financial Statement, continued

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, 2021 are as follows:

Net change in fund balances – governmental funds	\$1,081,242
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. These amounts consist of:	
Depreciation expense	(49,033)
In-kind grant contribution	<u>158,419</u>
Change in net position of governmental activities	\$ <u>1,190,628</u>

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 SiFA 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 SiFA 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.

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Measurement Focus/Government-wide and Fund Financial Statements, continued

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 SiFA shall be available for expenditure by SiFA’s Board of Trustees.

Cash

For the purpose of presentation in the Governmental Funds balance sheet/statement of net position, cash consists of cash balances deposited in banks.

Funding

SiFA 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 PLEASE contract, salaries and wages, and other miscellaneous operational expenses. The actual amounts remitted to SiFA are determined by the GDOE’s Internal Auditors through the validation of submitted invoices.

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Funding, continued

Pursuant to Guam Bill No. 282-35, the cost per pupil was \$6,150 for the fiscal year ending September 30, 2021. Student enrollment shall not exceed 325 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, 325 students were enrolled in SiFA. SiFA received government appropriations totaling \$1,998,750 for the fiscal year ended September 30, 2021.

Pursuant to Guam Bill No. 282-35, Fiscal Year 2019 and 2020 unexpended funds may be used to support payment of prior Year obligations. After submitting a request, Department of Administration awarded SiFA an additional \$1,130,700 to assist SiFA pay for their prior year obligations.

Fundraising and Donations

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

Income Taxes

SiFA 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, SiFA has made no provision for income taxes in the accompanying financial statements. A Return of Organization Exempt from Income Tax is filed by SiFA. Forms 990 filed by SiFA 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 SiFA 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.

Estimated useful lives for depreciable assets are as follows:

Computer equipment	3 years
Class equipment	2 years

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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. SiFA 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. SiFA 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.

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. 95 postponed the effective date of GASB 87 to 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. 95 postponed the effective date of GASB 89 to fiscal year ending September 30, 2022.

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of 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. 95 postponed the effective date of GASB 91 to fiscal year ending September 30, 2023.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates by either (a) changing the reference rate or (b) adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, consistency, and comparability of reported information. GASB Statement No. 95 postponed the effective date of GASB 93 to fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Public-private and public-public partnerships, collectively referred to hereinafter PPPAs, comprise a wide variety of arrangement between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure governmental services. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPAs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPAs and APAs. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. It has become common for governments to enter into subscription-based contracts to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs. The objective of this Statement is to better meet the information needs of the financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (a) 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; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (c) 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.

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

3. Economic Dependency

SiFA receives approximately 100% of its annual revenue from the Guam Legislature through the Guam Academy Charter School Act under a five-year charter agreement. Under such agreement, the Council will review SiFA 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 SiFA fails to meet the goals and student academic achievement expectations.

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Notes to Financial Statements, continued

4. Related Party Transactions

SiFA's Chairwoman, who holds voting rights, is a sibling of the President of Operations of Eagle.

Pursuant to the terms and conditions of the PLEASE Contract, Eagle is the sole provider of the facility, equipment, utilities, services and supplies to SiFA in exchange for annual compensation totaling \$2.4 million. The agreement expires in June 2023 unless otherwise terminated by the parties.

Eagle gave SiFA a discount reducing SiFA's contract expenditures for SY 2020-2021. The reduction is attributed to the unused space of the school building and additional discounts amounted to \$728,001. For the year ended September 30, 2021 total expenses related to the PLEASE contract amounted \$1,672,207 and is reported as contract services expense.

In 2021, Eagle also gave SiFA a credit memo reducing SiFA's obligation for SY 2019-2020. The reduction is attributed to the unused space of the school building and additional discounts amounting to \$544,316 and is reported as other income.

Future commitments under the Eagle contract is as follows:

Year ending September 31,

2022	\$2,400,000
2023	<u>2,400,000</u>
	<u>\$4,800,000</u>

Eagle periodically provides unsecured, non-interest-bearing cash advances to SiFA. As of September 30, 2021, SiFA recorded \$97,622 due to Eagle as a result of these cash advances.

5. Concentration of Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, SiFA'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. SiFA does not have a depository policy for custodial credit risk.

SiFA maintains two bank accounts with a financial institution. SiFA at times maintains cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC). SiFA has not made any provisions as it has not incurred any losses due to exceeding insured amounts. All of SiFA's bank balances were fully insured as of September 30, 2021.

Science is Fun and Awesome Learning Academy
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Notes to Financial Statements, continued

6. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>October 1,</u> <u>2020</u>	<u>Additions</u>	<u>Transfers and</u> <u>Deletions</u>	<u>September 30,</u> <u>2021</u>
Depreciable capital assets:				
Computer equipment	\$ ---	\$ 147,900	\$ ---	\$ 147,900
Class equipment	---	10,519	---	10,519
	---	158,419	---	158,419
Less accumulated depreciation	(---)	(49,033)	---	(49,033)
	<u>\$ ---</u>	<u>\$ 109,386</u>	<u>\$ ---</u>	<u>\$ 109,386</u>

7. Paycheck Protection Program loan

In May 2020, SiFA was approved with a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan amounting to \$285,308, bearing interest of 1% per annum and matures in two (2) years with six (6) months initial deferment period. The loan is designed to provide a direct incentive to small businesses to keep their workers on payroll. SBA will forgive the loan if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interests, and utilities. As of September 30, 2021, the PPP loan has not been forgiven and remains outstanding.

A summary of future maturities of the PPP loan is as follows:

<u>Year ending September 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ <u>285,308</u>	\$ <u>3,691</u>	\$ <u>288,999</u>

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Notes to Financial Statements, continued

7. Paycheck Protection Program loan, continued

A summary of changes in long-term liability during fiscal year 2021 is as follows:

	Outstanding October 1, 2020	Increase	Decrease	Outstanding September 30, 2021	Current	Noncurrent
PPP loan payable	\$ 285,308	\$ ---	\$ ---	\$ 285,308	\$ 285,308	\$ ---

8. Risk and Uncertainties

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. Due to continued uncertainties surrounding the extent and duration of the COVID-19 outbreak and its impact on the economy of Guam, SiFA is unable at this time to reasonably estimate the potential future impact on its financial statements.

SiFA is exposed to various risks of loss related to student or employee injury for which SiFA carries workers compensation insurance. SiFA maintains workmen’s compensation insurance to provide for claims arising from these risks through the terms of the PLEASE contract with Eagle.

9. Going Concern

During the year ended September 30, 2021, SiFA’s operations did not provide a sufficient amount of cash inflows. Accordingly, as of the audit report date, certain liabilities remain unpaid including approximately \$1.94 million owed to Eagle for services under the PLEASE contract and \$98 thousand in unpaid cash advances owed to Eagle. As of September 30, 2021, SiFA recorded a deficit net position of approximately \$1.37 million.

SiFA acknowledges that the annual \$2.4 million commitment owed to Eagle under the PLEASE contract plus payroll related expenses is expected to exceed annual GDOE appropriations leading to continued deficits.

Because of the conditions and events described in the aforementioned paragraph, there is substantial doubt about SiFA’s ability to continue as a going concern and to meet its obligations as they become due within one year after the date that the financial statements are issued.

To alleviate doubt, management has developed plans to obtain sufficient cash flows to meet the SiFA’s obligations. The plans include:

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Notes to Financial Statements, continued

9. Going Concern, continued

- Renegotiate the PLEASE contract with the vendor;
- Request forgiveness of prior year obligations;
- Request for additional funding to the Legislature through the Guam Charter Schools council;
- Request to increase enrollment cap from 325 to 350;
- Apply for grants; and
- Seek additional funding from local businesses.

10. Subsequent Events

SiFA has evaluated subsequent events through January 07, 2022, which is the date the financial statements were available to be issued.

11. Recently Adopted Accounting Pronouncements

SiFA adopted GASB 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 establishing specific criteria for identifying activities that should be reported as fiduciary activities. As a result of adopting Statement no. 84, an additional Statement of Changes on Fiduciary Net Position was included in the basic financial statements. There were no changes to SiFA's net position.

Required Supplementary Information

Science is Fun and Awesome Learning Academy
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Budgetary Comparison Schedule – Government Funds
(Unaudited)

Year ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Salaries and wages	\$ 786,094	\$ 782,060	\$ 854,698	\$ (72,638)
Employee benefits	61,000	63,036	48,901	14,135
Contractual service	99,200	17,327	13,800	3,527
Office space rental	1,900,000	1,073,239	1,672,207	(598,968)
Supplies & Materials	68,000	-	60,164	(60,164)
Equipment	140,000	-	49,033	(49,033)
Miscellaneous	115,000	14,338	2,592	11,746
Utilities	151,200	-	-	-
Workman's Compensation	12,000	-	-	-
Bank Charges	-	-	518	(518)
Total expenditures	<u>3,332,494</u>	<u>1,950,000</u>	<u>2,701,913</u>	<u>(751,913)</u>
General revenues:				
Appropriation - students	3,382,500	1,998,750	1,998,750	-
Prior Year Obligations	-	-	1,130,683	1,130,683
Grant - In - Kind	-	-	218,792	218,792
Other income	-	-	544,316	544,316
	<u>3,382,500</u>	<u>1,998,750</u>	<u>3,892,541</u>	<u>1,893,791</u>
Excess of revenues over expenditures	50,006	48,750	1,190,628	1,141,878
Fund balance/net position:				
Beginning of year	<u>(1,358,787)</u>	<u>(1,358,787)</u>	<u>(2,559,832)</u>	<u>(1,201,045)</u>
End of year	<u>\$ (1,308,781)</u>	<u>\$ (1,310,037)</u>	<u>\$ (1,369,204)</u>	<u>\$ (59,167)</u>

Supplementary Information

Science is Fun and Awesome Learning Academy
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Governmental Funds
Balance Sheet/Statement of Net Position
September 30, 2021
(With comparative totals as of September 30, 2020)

	General Fund <u>2021</u>	General Fund <u>2020</u>	Statement of Net Position <u>2021</u>	Statement of Net Position <u>2020</u>
Assets:				
Cash	\$ 20,873	\$ 93,433	\$ 20,873	\$ 93,433
Accounts receivable	866,385	441,816	866,385	441,816
Other current assets	(670)	2,097	(670)	2,097
Depreciable capital assets	<u>---</u>	<u>---</u>	<u>109,386</u>	<u>---</u>
Total assets	<u>\$ 886,588</u>	<u>\$ 537,346</u>	<u>\$ 995,974</u>	<u>\$ 537,346</u>
Liabilities:				
Due to related party	\$ 1,943,338	\$ 2,649,000	\$ 1,943,338	\$ 2,649,000
Accrued expenses	38,910	28,370	38,910	28,370
Advances from related party	97,622	134,500	97,622	134,500
Long-term liability:				
Due in one year	---	---	285,308	157,976
Due after one year	<u>---</u>	<u>---</u>	<u>---</u>	<u>127,332</u>
Total liabilities	<u>2,079,870</u>	<u>2,811,870</u>	<u>2,365,178</u>	<u>3,097,178</u>
Fund balance: unassigned	(<u>1,193,282</u>)	(<u>2,274,524</u>)		
Total liabilities and fund balances	<u>\$ 886,588</u>	<u>\$ 537,346</u>		
Net position:				
Unrestricted			(<u>1,369,204</u>)	(<u>2,559,832</u>)
Total liabilities and net position			<u>\$ 995,974</u>	<u>\$ 537,346</u>

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Governmental Funds
Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
September 30, 2021
(With comparative totals for the year ended September 30, 2020)

	General Fund <u>2021</u>	General Fund <u>2020</u>	Statement of Activities <u>2021</u>	Statement of Activities <u>2020</u>
Expenditures/expenses:				
Instructional services:				
Contract services	\$ 1,672,207	\$ 2,400,000	\$ 1,672,207	\$ 2,400,000
Salaries and wages	903,599	563,017	903,599	848,325
Support services:				
Operations	76,556	20,393	125,589	20,393
Fundraising	---	6,310	---	6,310
Bank charges	518	1,905	518	1,905
Total expenditures/expenses	<u>2,652,880</u>	<u>2,991,625</u>	<u>2,701,913</u>	<u>3,276,933</u>
General revenues:				
Appropriations	3,129,433	1,900,350	3,129,433	1,900,350
Grants	60,373	10,066	218,792	10,066
Fundraising	---	7,620	---	7,620
Other income	544,316	---	544,316	---
Total general revenues	<u>3,734,122</u>	<u>1,918,036</u>	<u>3,892,541</u>	<u>1,918,036</u>
Excess of revenues over expenditures	<u>1,081,242</u>	(<u>1,073,589</u>)		
Increase (decrease) in net position			1,190,628	(1,358,897)
Fund balance/net position:				
Beginning of year	(<u>2,274,524</u>)	(<u>1,200,935</u>)	(<u>2,559,832</u>)	(<u>1,200,935</u>)
End of year	\$(<u><u>1,193,282</u></u>)	\$(<u><u>2,274,524</u></u>)	\$(<u><u>1,369,204</u></u>)	\$(<u><u>2,559,832</u></u>)



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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
Science is Fun and Awesome Learning Academy Charter School

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 Science is Fun and Awesome Learning Academy Charter School (a non-profit organization), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Science is Fun and Awesome Learning Academy Charter School's basic financial statements, and have issued our report thereon dated January 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Science is Fun and Awesome Learning Academy Charter School'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Science is Fun and Awesome Learning Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Science is Fun and Awesome Learning Academy Charter School'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Science is Fun and Awesome Learning Academy Charter School'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control or on 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

January 7, 2022