

Financial Statements

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

(A Non-Profit Organization)

*Year ended September 30, 2022
with Report of Independent Auditors*



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

Financial Statements

Year ended September 30, 2022

Contents

Report of Independent Auditors	1
Management’s Discussion and Analysis	4
Audited Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Position.....	21
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities.....	22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position.....	23
Notes to Financial Statements.....	24
Required Supplementary Information	
Budgetary Comparison Schedule – Governmental Funds	36
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Schedule of Findings and Responses	39

Report of Independent Auditors

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

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Science is Fun and Awesome Learning Academy Charter School (SiFA), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise SiFA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of SiFA at September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SiFA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

SiFA'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 12 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 12. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SiFA's ability to continue as a going concern for 12 months beyond the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SiFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SiFA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 20, and the Budgetary Comparison Schedule – Government Funds on page 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 also have issued our report dated April 4, 2023 on our consideration of SiFA'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 solely 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 SiFA'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 SiFA's internal control over financial reporting and compliance.

The logo for Ernst + Young LLP, featuring the company name in a stylized, handwritten-style script.

April 4, 2023

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

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, 2022. We encourage readers to consider the information presented here in conjunction with the information presented within the body of the audited financial report.

Financial Highlights

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

- The liabilities of SiFA exceeded its assets at the close of fiscal year by \$1,221,382 (*net position*).
- Enrollment at the end of School Year 2021 - 2022 is 343 students which is less than the 350 students as authorized by P.L. 36-54.

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 considered regardless of when cash is received or paid.

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

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 \$1,221,382 at the close of the fiscal year.

Figure 1 provides a summary of SiFA's net position as of September 30, 2022 and 2021:

Statement of Net Position		
Figure 1		
	2022	2021
Cash	\$ 46,486	\$ 20,873
Accounts receivable	1,003,500	866,385
Other current asset	31,282	(670)
Capital assets	1,794,780	---
Total assets	2,876,048	886,588
Accounts payable	888,562	1,943,338
Unearned revenues	45,194	---
Long-term liability	3,160,742	285,308
Accruals	2,932	38,910
Advances from related party	---	97,622
Total liabilities	4,097,430	2,365,178
Net position	\$(1,221,382)	\$(1,478,590)

P.L. 36-54 states in School Year 2021-2022, the School is authorized to receive Six Thousand Two Hundred (\$6,200) per enrollee not to exceed three hundred fifty (350) students. 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.

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

Management's Discussion and Analysis, continued

B. Government-Wide Financial Analysis, continued

Figure 2 provides a summary and analysis of SiFA's revenues and expenses for the years ended September 30, 2022 and 2021.

Statement of Activities
Figure 2

	<u>2022</u>	<u>2021</u>
REVENUE		
Appropriation - Students	\$ 2,105,334	\$ 3,129,433
Grant	828,209	60,373
Other income	<u>1,989,720</u>	<u>544,316</u>
Total revenue	<u>4,923,263</u>	<u>3,734,122</u>
EXPENSES		
Bank charges and fees	442	518
Contract services	---	1,672,207
Amortization expense	2,393,040	---
Interest	9,805	---
Professional services	11,588	13,800
Salaries and wages	1,415,561	903,599
Supplies and materials	832,144	61,202
Taxes and licenses	<u>3,475</u>	<u>1,554</u>
Total expenses	<u>4,666,055</u>	<u>2,652,880</u>
Increase in net position	257,208	1,081,242
Net position at beginning of the year, as restated	(<u>1,478,590</u>)	(<u>2,559,832</u>)
Net position at end of the year	\$(<u>1,221,382</u>)	\$(<u>1,478,590</u>)

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

Management's Discussion and Analysis, continued

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 2022, SiFA submitted a budget request for the full cap of 500 enrollees. Prior year met beyond the cap of 325 enrollees of having 346 students enrolled at the end of Fiscal Year 2021 in comparison to Fiscal Year 2022 of having 343 enrolled students. Appropriation had been granted for \$6,200 per enrollee based on 350 student cap for Fiscal Year 2022. SiFA's staffing pattern could accommodate 350 enrollees as well.

SiFA received grants for Fiscal Year 2022 such as the Educational Stabilization Fund Grant, American Rescue Plan, and Prugrãman i Pinilan i Famagu'on Guåhan. The grants received for the Fiscal Year provided After School Care, Summer Camp, school supplies, laptops, 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.

D. School Activities and Highlights

CURRICULUM FRAMEWORK

SiFA LACS aims to prepare students for the next grade level through relevant STEAM instruction and a focus on project-based learning. The school's program is designed with a scaffolding approach, meaning that students of all grade levels cover similar topics with varying degrees of difficulty.

The school's curriculum is also aligned with both Common Core Standards and Next Generation Science Standards (NGSS).

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

D. School Activities and Highlights, continued

CURRICULAR PROGRAM

During SY 2021-2022, SiFA LACS offered the following courses:

Core Subjects	Electives
<ul style="list-style-type: none"> • Science • Robotics • Mathematics • English Language Arts (ELA) • Social Studies • Health and Physical Education (HP) • Information and Communications Technology (ICT) 	<ul style="list-style-type: none"> • Art • Band • CHamoru Studies • Family Consumer Science

STUDENT PROFILE

As of May 23, 2022, the student population for SY 2021-2022 was as follows:

	6TH GRADE	7TH GRADE	8TH GRADE	TOTAL
MALE	76	65	58	199
FEMALE	49	45	49	143
TOTAL	125	110	107	342

By gender, the male population is the largest with 199 students (58%) and the female population has 143 students (42%).

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

GRADE LEVEL DISTRIBUTION

Participant	Students
Grade 6	125
Grade 7	110
Grade 8	107

By grade level, the largest population is 6th grade with 125 students (37%), followed by the 7th grade with 110 students (32%), then the 8th grade with 107 students (31%).

DEMOGRAPHICS

ETHNICITY	Students
Asian	113
Hawaiian/Pacific Islander	163
Black/African American	0
White	4
Hispanic/ Latino	1
Other/ Mixed	61
TOTAL	342

163 students (48%) classified as Hawaiian/Pacific Islander is the largest ethnic group, followed by those whom identified themselves as Asian with 113 students (33%), followed by those whom identified as Other/Mixed with 61 students (18%), then those whom identified as White with 4 students (1%).

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

PREVIOUS SCHOOLS

School	# of Students	Percentage
Abeka Academy, Florida	1	0.29%
Adacao Elementary School	10	2.92%
Agana Heights Elementary School	20	5.85%
Agueda I. Johnston Middle School	4	1.17%
Andersen Middle School	2	0.58%
B.P. Carbullido Elementary School	2	0.58%
Bishop Baumgartner Memorial Catholic School	7	2.05%
C.L. Taitano Elementary School	15	4.39%
Captain H. B. Price Elementary School	12	3.51%
Chief Brodie Memorial Elementary School	1	0.29%
Daniel L. Perez Elementary School	2	0.58%
F.B. Leon Guerrero Middle School	2	0.58%
Finegayan Elementary School	3	0.88%
Guahan Academy Charter School	24	7.02%
Harvest Christian Academy	2	0.58%
Home School	1	0.29%
Home School - Easy Peasy Home School	1	0.29%
iLearn Academy Charter School	110	32.16%
J.Q. San Miguel Elementary School	7	2.05%
Jose Rios Middle School	5	1.46%

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

School	# of Students	Percentage
Juan M. Guerrero Elementary School	6	1.75%
Liguan Elementary School	9	2.63%
Luis P. Untalan Middle School	3	0.88%
M.U. Lujan Elementary School	2	0.58%
Maplebrook Elementary School, Texas	1	0.29%
Maria A. Ulloa Elementary School	8	2.34%
Marine Jones Middle School, Texas	1	0.29%
Ministry Of Education, Palau	1	0.29%
Moen Elementary School, Chuuk	1	0.29%
Oceanview Middle School	1	0.29%
Ordot-Chalan Pago Elementary School	6	1.75%
Our Lady of Mount Carmel Catholic School	1	0.29%
Pedro C. Lujan Elementary School	4	1.17%
Penia and Peniesene Elementary School, Chuuk	1	0.29%
Saint Anthony Catholic School	3	0.88%
Saint Francis Catholic School	2	0.58%
Saint Mary's Academy of Guagua, Philippines	1	0.29%
San Vicente Catholic School	7	2.05%
Santa Barbara Catholic School	5	1.46%
Sequoia Pathway Academy, Arizona	1	0.29%
St. Anthony's Cannosian Primary School, Singapore	1	0.29%

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

Management’s Discussion and Analysis, continued

D. School Activities and Highlights, continued

School	# of Students	Percentage
St. Paul Christian School	3	0.88%
Talofoto Elementary School	3	0.88%
Tamuning Elementary School	25	7.31%
Upi Elementary School	2	0.58%
Vicente S. A. Benavente Middle School	5	1.46%
Waynesville Wood Elementary School, Missouri	1	0.29%
Wettengel Elementary School	1	0.29%
Wrightson Ridge School, Arizona	1	0.29%
Ville St. John Academy, Phillipines	1	0.29%
Unspecified	4	1.17%
Total	342	100.00%

The majority of our student population came from GDOE schools with 158 students (46.2%), followed by those from charter schools with 134 students (39.2%), followed by those from private schools with 30 students (8.8%), followed by those from off-island schools with 12 students (3.5%), then those from DODEA with 2 students (0.6%). A small group (4 students or 1.2%) did not specify their previous schools.

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

VILLAGES

VILLAGE	Students	Percentage
Agat	1	0.29%
Asan	2	0.58%
Barrigada	23	6.73%
Chalan Pago	13	3.80%
Dededo	115	33.63%
Hagatna	5	1.46%
Hagatna Heights	7	2.05%
Maina	1	0.29%
Maite	3	0.88%
Mangilao	35	10.23%
Mongmong	10	2.92%
Ordot	2	0.58%
Other	1	0.29%
Piti	3	0.88%
Santa Rita	1	0.29%
Sinajana	12	3.51%
Talofofu	5	1.46%
Tamuning	41	11.99%
Toto	9	2.63%
Tumon	3	0.88%
Yigo	47	13.74%
Yona	3	0.88%
TOTAL	342	100%

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

The majority of the population comes from Dededo with 115 students (33.63%), followed by Yigo with 47 students (13.74%), followed by Tamuning with 41 students (11.99%), followed by Mangilao with 35 students (10.23%). Other village groups each make up 7% or less of the population.

Special Population (IEP students)

Total number of students: 6

Total number of 6th graders: 4

Total number of 7th graders: 0

Total number of 8th graders: 2

CLASS SCHEDULE

Required Core Subject Classes for All Grades for SY 2021-2022:

- ELA (English Language Arts)
- Science
- Social Studies
- Mathematics
- ICT (Information Computer Technology)
- Robotics
- Physical Education

Electives (choice of one for the year):

- Art
- Band
- CHamoru Studies
- FCS (Family Consumer Sciences)

ATTENDANCE

Due to the ongoing pandemic, the school offered two modes of learning during SY 2021-2022: virtual and in-person. Both modes of learning had methods of recording attendance, and the results are listed below.

Average Daily Attendance: 90.4%

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

ABSENCES

Total number of students with 10 or less absences: 85

Reasons: sick and other accepted excused absences.

Total number of students with 11-15 absences: 8

Reasons: Suspension, pre-arranged off island.

Total number with 16-20 absences: 0

TARDIES

Total number of students with 5 or less tardies: 48

Total number of students with 6 or more tardies: 1

TESTING

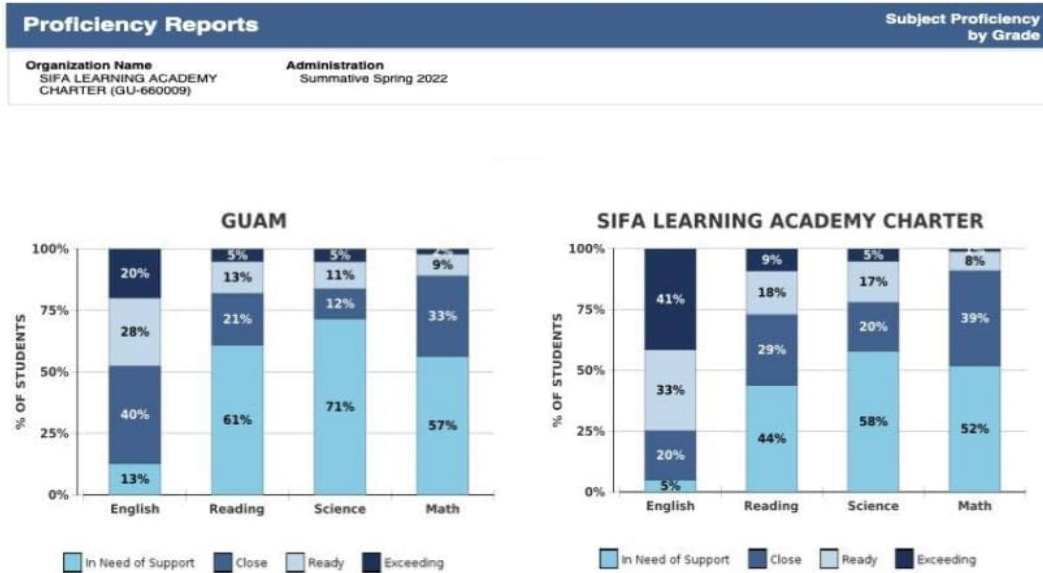
Due to the ongoing pandemic and abrupt mandated switch to virtual and hybrid instruction during the first semester, the ELA and math departments were unable to properly administer the Brigance and WRAT tests. However, the school was able to participate in the district-wide ACT Aspire (Grades 6 and 7) and Pre-ACT (Grade 8 only) testing in May 2022. The results are detailed below.

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

Management’s Discussion and Analysis, continued

D. School Activities and Highlights, continued

ACT ASPIRE PROFICIENCY REPORT (OVERALL)



The ACT Aspire data shows that overall SiFA LACS students score higher than their counterparts in most subject areas.

- English: 74% of SiFA LACS students are at the ready or exceeding level, compared to the school’s counterpart who has 48% students at the ready or exceeding level.
 - 25% of SiFA LACS students are at the close or in need of support level, compared to the school’s counterpart who has 53% students at the close or in need of support level.
- Reading: 27% of SiFA LACS students are at the ready or exceeding level, compared to the school’s counterpart who has 18% students at the ready or exceeding level.
 - 73% of SiFA LACS students are at the close or in need of support level, compared to the school’s counterpart who has 82% students at the close or in need of support level.
- Science: 22% of SiFA LACS students are at the ready or exceeding level, compared to the school’s counterpart who has 16% students at the ready or exceeding level.
 - 78% of SiFA LACS students are at the close or in need of support level, compared to the school’s counterpart who has 83% students at the close or in need of support level.

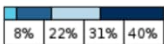
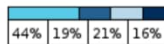
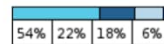
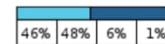
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Charter School
(A Non-Profit Organization)

Management’s Discussion and Analysis, continued

D. School Activities and Highlights, continued

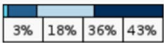
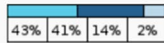
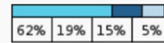
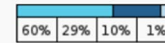
- Math: 9% of SiFA LACS students are at the ready or exceeding level, compared to the school’s counterpart who has 11% students at the ready or exceeding level.
 - 91% of SiFA LACS students are at the close or in need of support level, compared to the school’s counterpart who has 89% students at the close or in need of support level.

GRADE 6 PROFICIENCY REPORT

Grade	English	Reading	Science	Math
Grade 6	 8% 22% 31% 40%	 44% 19% 21% 16%	 54% 22% 18% 6%	 46% 48% 6% 1%

- For students in Grade 6, the Act Aspire data shows the following:
 - English: 71% of the students are at the exceeding or ready level. 22% are close and 8% are in need of support.
 - Reading: 37% of the students are at the exceeding or ready level. 19% are close and 44% are in need of support.
 - Science: 24% of the students are at the exceeding or ready level. 22% are close and 54% are in need of support.
 - Math: 7% of the students are at the exceeding or ready level. 48% are close and 46% are in need of support.

GRADE 7 PROFICIENCY REPORT

Grade	English	Reading	Science	Math
Grade 7	 3% 18% 36% 43%	 43% 41% 14% 2%	 62% 19% 15% 5%	 60% 29% 10% 1%

- For students in Grade 7, the Act Aspire data shows the following:
 - English: 79% of the students are at the exceeding or ready level. 18% are close and 3% are in need of support.
 - Reading: 16% of the students are at the exceeding or ready level. 41% are close and 43% are in need of support.
 - Science: 20% of the students are at the exceeding or ready level. 19% are close and 62% are in need of support.
 - Math: 11% of the students are at the exceeding or ready level. 29% are close and 60% are in need of support.

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

GRADE 8 Pre-ACT 8/9

8th Grade students for School Year 2021-2022 were assessed by taking the Pre-ACT 8/9 in which students may score between 1-30. A score of 1 is the lowest possible score to receive and 30 the highest. The following scores are based on the class body:

- Math: 15
- Science: 15
- STEM: 15
- English: 14
- Reading: 16

PLANS TO INCREASE TEST SCORES

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

Major student accolades and achievements listed below.

2022

- 2nd Place – Guam Contractors Association Pizza Pop and Power Tools Competition (Individual)

2021

- 1st Place - MathCounts Guam State Competition (Individual)
- 1st Place - Island-wide Science Fair 2021: Human Medical category (Individual)
- 2nd Place – Island-wide Science Fair 2021: Ecology Earth Science and Sustainability category (Individual)
- 3rd Place - Island-wide Science Fair 202: Physical Sciences category (Individual)

2020

- 3rd Place – First Lego League Competition (Team)
- 3rd Place - MathCounts Chapter Competition (Team)
- 2nd Place – i-Civics COVID-19 Educational Challenge (Individual)

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

2019

- 1st Place - Pacific Territories Geography Bee (Individual)
- Top Ten – National Geography Bee (Individual)
- 2nd Place – First Lego League Competition (Team)
- 4th Place - MathCounts Chapter Competition (Team)
- 4th - Place MathCounts State Competition (Team)
- 1st Place - Guam National History Day Documentary (Individual)
- 2nd Place – Guam National History Day Website (Individual)
- 1st Place – 8th Grade Math Kangaroo Group (Team)
- 2nd Place – 6th Grade Math Kangaroo Group (Team)
- 1st Place – 8th grade Math Kangaroo (Individual)
- 2nd Place – 6th Grade Math Kangaroo (Individual)

PROFESSIONAL DEVELOPMENT ACTIVITIES

2022

- STEAM Training (incorporating STEAM into the classroom)(All faculty)
- Classroom Instruction That Works (All faculty)
- Google Classroom Trainings (All faculty)
- RenWeb Trainings (All faculty and staff)
- SPed Trainings (All faculty)
- First Aid and CPR Training (Team)
- VEX Robotics Training (Team)
- ACS WASC Accreditation Training (Team)

2021

- STEAM Training (incorporating STEAM into the classroom)(All faculty)
- Classroom Instruction That Works (All faculty)
- Google Classroom Trainings (All faculty)
- RenWeb Trainings (All faculty and staff)
- SPed Trainings (All faculty)
- First Aid and CPR Training (Team)
- Literacy Strategies (Team)
- SPARKS PE (Team)
- TCEA Certification for SPIKE Prime Robotics (Team)
- ACS WASC Accreditation Training (All faculty and staff)

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

Management's Discussion and Analysis, continued

D. School Activities and Highlights, continued

2020

- STEAM Training (incorporating STEAM into the classroom)(All faculty)
- Classroom Instruction That Works (All faculty)
- Google Classroom Trainings (All faculty)
- RenWeb Trainings (All faculty and staff)
- SPed Trainings (All faculty)
- First Aid and CPR Training (Team)

2019

- STEAM Training (incorporating STEAM into the classroom)(All faculty)
- Classroom Instruction That Works (All faculty)
- Kagen Cooperative Learning (All faculty)
- RenWeb Trainings (All faculty and staff)
- SPed Trainings (All faculty)
- First Aid and CPR Training (All faculty and staff)
- Guam National History Day Workshop (Team)
- SPARKS PE (All faculty)
- 7th Annual Service Learning Conference (Team)
- IODP School of Rock Science Education Seminar (Individual)

2018

- STEAM Training (incorporating STEAM into the classroom)(All faculty)
- Classroom Instruction That Works (All faculty)
- RenWeb Trainings (All faculty)
- Kagen Cooperative Learning (All faculty)
- SPed Trainings (All faculty)
- First Aid and CPR Training (All faculty and staff)
- Guam National History Day Workshop (Team)
- Art in the Classroom (Individual)

OTHER ACCOMPLISHMENTS

2022

- Submission of application and school description to Accrediting Commission for Schools, Western Association of Schools and Colleges (ACS WASC) (March)
- Virtual visit with the ACS WASC team (May)
- Initial Accreditation granted by the Accrediting Commission for Schools, Western Association of Schools and Colleges (July)
- Principal selected as a delegate for the 2022 Young Pacific Leaders Conference, a US Department of State program (July)

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

Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2022

	General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
Assets:			
Cash	\$ 46,486	\$ ---	\$ 46,486
Accounts receivable	1,003,500	---	1,003,500
Other current assets	31,282	---	31,282
Depreciable capital assets, net	<u>---</u>	<u>1,794,780</u>	<u>1,794,780</u>
Total assets	<u>\$1,081,268</u>	<u>\$1,794,780</u>	<u>\$2,876,048</u>
Liabilities:			
Accounts payable	\$ 888,562	\$ ---	\$ 888,562
Accrued expenses and other current liabilities	2,932	---	2,932
Unearned revenues	45,194	---	45,194
Long-term liability			
Due within one year	<u>---</u>	<u>3,160,742</u>	<u>3,160,742</u>
Total liabilities	<u>936,688</u>	<u>3,160,742</u>	4,097,430
Fund balance unassigned	<u>144,580</u>	(<u>144,580</u>)	
Total liabilities and fund balances	<u>\$1,081,268</u>		
Net position – Unrestricted		<u>\$(1,221,382)</u>	<u>\$(1,221,382)</u>

See accompanying notes.

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

Statement of Governmental Fund Revenues, Expenditures and Changes in Fund
Balance/Statement of Activities

Year ended September 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Expenditures/expenses:			
Instructional services:			
Lease expenditure	\$4,187,820	\$(4,187,820)	\$ ---
Salaries	1,415,561	---	1,415,561
Amortization expense	---	2,393,040	2,393,040
Interest	---	9,805	9,805
Support services:			
Operations	847,207	---	847,207
Bank charges	<u>442</u>	<u>---</u>	<u>442</u>
Total expenditures/expenses	<u>\$6,451,030</u>	<u>\$(1,784,975)</u>	<u>\$4,666,055</u>
General revenues:			
Appropriations	\$2,105,334	\$ ---	\$2,105,334
Grants	828,209	---	828,209
Other income	667,529	1,322,191	1,989,720
Other financing resources	<u>4,187,820</u>	<u>(4,187,820)</u>	<u>---</u>
Total general revenues	<u>7,788,892</u>	<u>(2,865,629)</u>	<u>4,923,263</u>
Excess of revenues over expenditures	1,337,862	(1,337,862)	
Increase in net position		<u>257,208</u>	<u>257,208</u>
Fund balance/net position:			
Beginning of year, as restated	<u>(1,193,282)</u>	<u>(285,308)</u>	<u>(1,478,590)</u>
End of year	<u>\$ 144,580</u>	<u>\$(1,365,962)</u>	<u>\$(1,221,382)</u>

See accompanying notes.

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

Statement of Fiduciary Net Position

September 30, 2022

Assets	
Cash	<u>\$7,370</u>
Total assets	<u>\$7,370</u>
Net position	
Restricted for student activities	<u>\$7,370</u>
Total net position	<u>\$7,370</u>

Statement of Changes in Fiduciary Net Position

	Year ended September 30, <u>2022</u>
Addition	
Student activity fund raising	\$7,373
Deductions	
Student activity expenses	<u>2,837</u>
Net change in fiduciary net position	4,536
Fiduciary net position at beginning of year	<u>2,834</u>
Fiduciary net position at end of year	<u>\$7,370</u>

See accompanying notes.

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

Notes to Financial Statements

Year ended September 30, 2022

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 Guam Code Annotated (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 (GDOE).

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.

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

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.

	<u>Statement of net position</u>
Total fund balance - governmental funds	\$ 144,580
Add – Lease asset, net	1,794,780
Less - Lease liability	<u>(3,160,742)</u>
Total net position - governmental activities	<u>\$(1,221,382)</u>

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

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, 2022 are as follows:

Net change in fund balances – governmental funds	\$1,337,862
--	-------------

Forgiveness of PPP loan	285,308
-------------------------	---------

In the governmental funds, lease assets additions are reported as expenditure and other financing resources while principal and interest portions are reported as lease services when the lease payments are due. However, in the statement of activities, lease payments reduces the lease liability by the principal portion and lease assets are amortized over shorter of their useful lives or lease term.

These amounts consist of:

Lease expenditure	4,187,820
Other financing resources	(4,187,820)
Amortization of right of use asset	(2,393,040)
Interest expense on lease liability	(9,805)
Other income related to discount on lease liability	<u>1,036,883</u>

Change in net position of governmental activities	\$ <u>257,208</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.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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

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.

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 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.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

Pursuant to Public Law 36-54, the cost per pupil was \$6,200 for the fiscal year ending September 30, 2022. Student enrollment shall not exceed 350 students during Fiscal Year 2022. The number of enrolled students was multiplied by the FY 2022 Government of Guam General Appropriations Act approved amount of \$6,200 per student enrollee. For the fiscal year ended September 30, 2022, 343 students were enrolled in SiFA. SiFA received government appropriations totaling \$2,105,334 for the fiscal year ended September 30, 2022.

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.

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.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

Recently Adopted Accounting Pronouncement

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. Upon adoption, of this standard, SiFA recorded a right-of-use asset, net of accumulated depreciation, of \$1.75 million, and a lease liability of \$3.16 million at September 30, 2022.

Upcoming Accounting Pronouncement

In May 2019, GASB issued Statement No. 91, *Conduit debt obligations*. The primary objectives of this statement are to provide a single method reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In March 2020, GASB issued Statement No. 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.

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 April 2022, GASB issued Statement No. 99, *Omnibus 2022*. 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. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 will be effective for fiscal year ending September 30, 2023.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.

In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

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 under 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.

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

Notes to Financial Statements, continued

4. Related Party Transactions

In 2021, SiFA’s Chairwoman, who held voting rights, is a sibling of the President of Operations of Eagle. Effective SY 2021-2022, SiFA’s Chairwoman stepped down from this position.

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. Future commitments under the Eagle contract amounts to \$2.4 million in 2023.

In 2023, Eagle gave SiFA a discount reducing SiFA’s previously recorded contract expenditures for SY 2020-2021. The reduction is attributed to the unused space of the school building and additional discounts amounted to \$661,887 and is reflected as a component of other income.

Eagle periodically provides unsecured, non-interest-bearing cash advances to SiFA. As of September 30, 2022, SiFA recorded \$1,743 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, 2022.

6. Capital Assets, net

The following is a summary of the changes in lease assets for the year ended September 30, 2022:

	Beginning Balance <u>October 1, 2021</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance <u>September 30, 2022</u>
Lease assets:				
Buildings and facilities	\$ ---	\$4,187,820	\$ ---	\$4,187,820
Less accumulated amortization	<u>---</u>	<u>(2,393,040)</u>	<u>---</u>	<u>(2,393,040)</u>
Lease assets, net	<u>\$ ---</u>	<u>\$1,794,780</u>	<u>\$ ---</u>	<u>\$1,794,780</u>

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

Notes to Financial Statements, continued

7. Lease

SiFA leases a school campus which includes classrooms and administrative offices. The lease agreement also includes provision of fixed assets and related equipment, utilities and services and supplies to SiFA. The lease contact was effective on June 1, 2018 for a term of 5 years.

As part of adopting GASB Statement No. 87 *Leases*, SiFA recognized a right of use asset and a lease liability amounting to \$4,187,270 at October 1, 2021.

The lease contract includes fixed monthly payments with an annual amount of \$2.4 million. For the year ended September 30, 2022, SiFA recognized a discount on its lease contract amounting to \$1,036,883 and is reflected as a component of other income.

Future lease payments until 2023 amount to \$3.2 million, \$3,160,742 applying to principal and \$7,000 to interest.

8. 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.

The Company received the notice of forgiveness of the PPP loan from SBA for the full amount during 2022 as reported in the statement of governmental fund revenues, expenditures and statement of activities.

9. Long-term Debts

The following is a summary of the changes in long-term debts for the year ended September 30, 2022:

	Beginning Balance <u>October 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	Ending Balance <u>September 30, 2022</u>	<u>Current</u>	<u>Non-current</u>
Lease liability	\$ ---	\$3,160,742	\$ ---	\$3,160,742	\$3,160,742	\$ ---
Note payable	<u>285,308</u>	<u>---</u>	<u>(285,308)</u>	<u>---</u>	<u>---</u>	<u>---</u>
Long term liability	<u>\$285,308</u>	<u>\$3,160,742</u>	<u>\$(285,308)</u>	<u>\$3,160,742</u>	<u>\$3,160,742</u>	<u>\$ ---</u>

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

Notes to Financial Statements, continued

10. Risk and Uncertainties

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.

11. Net Position Beginning Balance Adjustment

Adjustment to the beginning balance of net position amounting to \$109,386 pertains to the correction of capitalization of depreciable capital assets not owned by SiFA. Net position, as restated, at September 30, 2022 is as follows:

Net position at beginning of year	\$(1,369,204)
Adjustment	(<u>109,386</u>)
Net position, as restated	\$(<u>1,478,590</u>)

12. Going Concern

During the year ended September 30, 2022, 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 \$2.40 million owed to Eagle for services under the PLEASE contract and \$1,743 in unpaid cash advances owed to Eagle. As of September 30, 2022, SiFA recorded a deficit net position of approximately \$1.22 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.

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

Notes to Financial Statements, continued

12. Going Concern, continued

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

- 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;
- Apply for grants; and
- Seek additional funding from local businesses.

13. Subsequent Events

SiFA has evaluated subsequent events through April 4, 2023 which is the date the financial statements were available to be issued.

Required Supplementary Information

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

Budgetary Comparison Schedule – Government Funds
(Unaudited)

Year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures:				
Salaries and wages	\$ 950,000	\$ 954,935	\$ 1,230,582	\$(275,647)
Employee benefits	84,000	86,364	184,979	(98,615)
Contractual service and rental	1,116,000	1,108,424	---	1,108,424
Supplies and materials	---	---	828,517	(828,517)
Miscellaneous	20,000	20,277	18,690	1,587
Workman's compensation	12,000	---	---	---
Bank charges	---	---	442	(442)
Total expenditures	2,182,000	2,170,000	2,263,210	(93,210)
General revenues:				
Appropriation - students	2,170,000	2,170,000	2,105,334	(64,666)
Grant - In - Kind	---	---	828,209	828,209
Other income	---	---	667,529	667,529
	2,170,000	2,170,000	3,601,072	1,431,072
Excess (deficiency) of revenues over expenditures	(12,000)	---	1,337,862	1,337,862
Fund balance/net position:				
Beginning of year, as restated	(1,369,204)	(1,369,204)	(1,193,282)	---
End of year	\$(1,381,204)	\$(1,369,204)	\$ 144,580	\$ 1,337,862



Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

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 of America 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 (SiFA) (a non-profit organization), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise SiFA's basic financial statements, and have issued our report thereon dated April 4, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SiFA's internal control over financial reporting (internal control) as basis for designing 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 SiFA's internal control. Accordingly, we do not express an opinion on the effectiveness of SiFA'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SiFA'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*.

SiFA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on SiFA's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. SiFA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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

April 4, 2023

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

Schedule of Findings and Responses

Findings No.: 2022-001

Criteria

GASB Statement No. 87 requires a lessee to recognize a lease liability and an intangible right-to-use lease asset.

Condition

Management did not initially recognize lease liability and an intangible right-to-use lease asset at yearend.

Cause

SiFA did not have timely training to prepare for the adoption of GASB Statement No. 87. The preliminary worksheet did not include appropriate assumptions, including lease term and discount rate to compute present value of lease payments.

Effect or potential effect

Adjustments were identified to record a right-of-use asset, net of accumulated depreciation, of \$1.75 million, and a lease liability of \$3.16 million at September 30, 2022.

Recommendation

We recommend timely training of personnel to ensure compliance with new and upcoming GASB Statements.

View of responsible officials

SiFA is committed to be in compliance with the adoption of GASB 87 in future recording of leases.

Science is Fun and Awesome Learning Academy
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Schedule of Findings and Responses, continued

Findings No.: 2022-002

Criteria

Generally Accepted Accounting Principles require that cut off procedures be accurately performed such that transactions and events have been recorded in the correct accounting period.

Condition

Adjusted cash balance per bank reconciliation did not reconcile general ledger cash balance. We noted a negative cash balance (overdraft) at yearend. The accounts payable aging schedule did not reconcile with the accounts payable balance, as confirmed by the vendor.

Cause

We observed that SiFA's financial statement closing process did not:

- include proper reconciliation of its accounts payable aging schedule to the general ledger, and
- reconcile the cash in bank balance to the adjusted book balance.

Effect or potential effect

We have identified adjustments to the financial statements including reclassification of a bank overdraft (credit balance in cash) and reconciliation of payable balance to a vendor.

Recommendation

We recommend that management perform monthly reconciliation of supporting schedules to General Ledger balances. Material differences should be investigated and reconciled in a timely manner.

View of responsible officials

SiFA recognizes Finding No. 2022-002 and the recommendations for compliance. We are in the process of implementing the related policy and procedures to address this matter and ensure compliance is met for the current fiscal year.