

*Financial Statements*

**Career Tech High Academy Charter School**  
(A Non-Profit Organization)

*Year ended September 30, 2023*  
*with Report of Independent Auditors*



**Shape the future  
with confidence**

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Financial Statements

Year ended September 30, 2023

**Contents**

Report of Independent Auditors .....	1
Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Position.....	3
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities .....	4
Notes to Financial Statements.....	5
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Engagement to Audit the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16
Schedule of Findings and Responses .....	18



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

The Board of Trustees of  
Career Tech High Academy Charter School

### ***Disclaimer of Opinion***

We were engaged to audit the accompanying financial statements of the governmental activities and the general fund of Career Tech High Academy Charter School (the “Academy”), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the governmental activities and general fund of the Academy. Because of the significance of the matters described in the Basis for Disclaimer of Opinions, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### ***Basis for Disclaimer of Opinion***

The Academy has not provided supporting documentation to substantiate amounts recorded in the financial statements for the fiscal year ended September 30, 2023. The Academy did not provide supporting documents for the sampled bank reconciling items amounting to \$13,748; accordingly, we were unable to verify the cash balance of \$5,334. We were unable to verify the completeness of accounts payable as the Academy did not provide supporting documentation for subsequent disbursements totaling \$292,694. The Academy did not provide schedules, including the list of enrollees and the breakdown of uncategorized income, to verify revenues of \$501,336. In addition, due to the absence of supporting schedules, we were unable to perform substantive audit procedures over expenses of \$384,438 and payroll expenses of \$220,905. Further, we were unable to perform substantive audit procedures on the Academy’s net position due to lack of sufficient appropriate audit evidence to support the changes in net position since the previous fiscal year ended September 30, 2022. As a result, we were unable to determine whether any adjustments might have been necessary to the amounts presented in the basic financial statements.

### ***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 from 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 the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of the Academy's financial statements in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the Academy and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

### **Required Supplementary Information**

Management has omitted management's discussion and analysis and budgetary comparison information that GAAS requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025 on our consideration of the Academy'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 the Entity'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 the Academy's internal control over financial reporting and compliance.

*Ernst + Young LLP*

September 22, 2025

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash	\$ 5,334	\$ ---	\$ 5,334
Depreciable capital assets, net	<u>---</u>	<u>9,377</u>	<u>9,377</u>
Total assets	<u>\$ 5,334</u>	<u>\$ 9,377</u>	<u>\$ 14,711</u>
<b>Liabilities - accounts payable</b>			
	<u>\$ 57,798</u>	<u>---</u>	<u>57,798</u>
Fund balance unassigned	<u>(52,464)</u>	<u>52,464</u>	
Total liability and fund balances	<u>\$ 5,334</u>		
Net position – Unrestricted		<u>\$(43,087)</u>	<u>\$(43,087)</u>

*See accompanying notes.*

Career Tech High 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, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Expenditures/expenses:			
Instructional services:			
Payroll	\$ 220,905	\$ ---	\$ 220,905
Rent	172,325	---	172,325
Supplies	60,703	---	60,703
Contract services	58,168	---	58,168
Insurance	29,027	---	29,027
Utilities	21,392	---	21,392
Dues and subscriptions	3,225	---	3,225
Depreciation	---	2,759	2,759
Repairs and maintenance	2,292	---	2,292
Support services:			
Office expenses	4,439	---	4,439
Others	<u>30,108</u>	<u>---</u>	<u>30,108</u>
Total expenditures/expenses	602,584	2,759	605,343
General revenues - appropriations	<u>501,336</u>	<u>---</u>	<u>501,336</u>
Excess of revenues over expenditures	(101,248)	101,248	---
Increase in net position	---	(104,007)	(104,007)
Fund balance/net position:			
Beginning of year	<u>48,784</u>	<u>12,136</u>	<u>60,920</u>
End of year	\$( <u>52,464</u> )	\$( <u>9,377</u> )	\$( <u>43,087</u> )

See accompanying notes.

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements

Year ended September 30, 2023

**1. Organizations**

Career Tech High Academy Charter School, (the “Academy”) is a non-profit public benefit corporation designed to enrich student learning in all content areas with a special emphasis in science, technology, engineering, art and math. The Academy was incorporated under the laws of Guam in 2017.

The Academy is established for the purpose of operating an academy charter school which operates independently from the Guam Public School System for the purposes specifically set forth in 17 GCA §12102. The Academy is governed by a Board of Trustees. The Trustees are elected or selected pursuant to the Charter granted by the Guam Academy Charter Schools Act of 2009 (GACS). The Board of Trustees consists of not less than five (5) members and not more than nine (9) members. At least one member must be a parent or guardian of a student attending the Academy and one member must be from the general public an accounting or finance background.

The Academy is subject to independent oversight by the Guam Academy Charter School Council (the Council). The Council is tasked with monitoring the Academy’s operations, compliance with applicable laws and the provisions of the charter granted; the progress of meeting student academic achievement expectations specified in the charter; and compliance with annual reporting requirements. The Academy follows the governmental reporting model as used by local education agencies because of the authority of the Council to terminate or revoke the charter with all assets reverting back to the Government of Guam Department of Education.

**2. Summary of Significant Accounting Policies**

The financial statements of the Academy are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing Governmental Accounting and Financial Reporting Principles.

The Academy is a special-purpose government that is engaged in governmental activities. Therefore, the financial statements are prepared in the same manner as general purpose governments.

The Academy’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Academy. These statements include the financial activities of the overall entity. These statements distinguish between the governmental and business-type activities of the Academy. Governmental activities generally are financed through appropriations from the Government of Guam and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**Fund Financial Statements**

The Academy uses a governmental fund to report on its financial position and results of operations. The operations of the governmental fund are accounted for with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

Separate financial statements are provided for Governmental funds. The Academy presents a balance sheet and a statement of revenues, expenditures and changes in fund balance for its government fund. The ending fund balance on the balance sheet is then reconciled to the ending governmental net position.

Adjustments required to reconcile total governmental fund balance to net position of governmental activities in the statement of net position are as follows.

	<u>Statement of Net Position</u>
Total fund balance - governmental funds	\$(52,464)
Add – Depreciable capital assets, net	<u>9,377</u>
Total net position - governmental activities	\$( <u>43,087</u> )

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Fund Financial Statements, 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, 2023 are as follows:

Net change in fund balances – governmental funds	\$(101,248)
--	-------------

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. These amounts consist of:

Depreciation	( <u>2,759</u> )
--------------	------------------

Change in net position of governmental activities	\$( <u>104,007</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 the Academy gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements of the Academy are accounted for using a flow of current financial resources measurement focus. The statement of governmental fund revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined and “available” means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred.

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**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 school's Board of Trustees, in consultation with teachers and administrators, shall determine the school's curriculum and develop the school's annual budget.

The Trustees must submit a copy of the budget for each fiscal year to the Guam Academy Charter Schools Council. The Council shall then submit, by June 15 of each year, the budgets of all charter schools and their respective enrollment data, to I Liheslaturan Guåhan. The amount appropriated by I Liheslaturan Guåhan for the operation of each charter school shall be available for expenditure by the Trustees for any lawful purpose, provided that expenditures do not exceed the approved budget.

Charter schools are authorized to spend federal grants and other external funds not included in the approved budget, but the Government of Guam will not subsidize any indebtedness incurred beyond the legislative appropriation.

**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**

The Academy receives financial support through allotments from the Government of Guam's General Fund, administered by the Department of Administration (DOA). Funds are provided on a reimbursable basis to cover administrative and operational expenses, including facility rentals, personnel salaries and wages, and other necessary operating costs. All reimbursement requests are subject to review by DOA for accuracy and completeness, based on the documentation and supporting invoices submitted by the Academy.

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Income Taxes**

The Academy is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Guam Territorial Income Tax Law. Therefore, the Academy has made no provision for income taxes in the accompanying financial statements. A Return of Organization Exempt from Income Tax is filed by the Academy. Forms 990 filed by the Academy are subject to examination by the Government of Guam Department of Revenue and Taxation for up to three years from the extended due date of each return.

**Deferred Outflows of Resources**

In addition to assets, the statements of financial position, will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. The Academy has no items that qualify for reporting under this category.

**Deferred Inflows of Resources**

In addition to liabilities, the statements of financial position, will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (addition of net position) until then. The Academy has no items that qualify for reporting under this category.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncement**

During the year ended September 30, 2023, the Academy implemented the following pronouncements:

- GASB Statement No. 91, *Conduit Debt Obligations*, which provides 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 debt 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. The implementation of this Statement did not have a material effect on the accompanying financial statements.
  
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The implementation of this Statement did not have a material effect on the accompanying financial statements.
  
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of this Statement did not have a material effect on the accompanying financial statements.
  
- GASB Statement No. 99, *Omnibus 2022*, which enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This Statement provides clarification of provisions in:

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncements, continued**

- 1) GASB Statement No. 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- 2) GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- 3) GASB Statement No. 96 related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

In addition, this Statement modifies accounting and reporting guidance in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, related to termination of hedge.

The implementation of this Statement did not have a material effect on the accompanying financial statements.

**Upcoming Accounting Pronouncements**

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement contains guidance whose effective dates are in future periods. GASB Statement No. 99:

- 1) Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for the fiscal year ending September 30, 2024.
- 2) Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the fiscal year ending September 30, 2024.

Career Tech High 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*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections and requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. Requirements applicable to changes in accounting principles apply to the implementation of a new pronouncement if there is no specific transition guidance in the new pronouncement. The Statement also requires that aggregate amounts of adjustments to, and restatements of, beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. GASB Statement No. 100 will be effective for the fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. GASB Statement No. 101 will be effective for the fiscal year ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB Statement No. 102 will be effective for the fiscal year ending September 30, 2025.

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Pronouncements, continued**

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. GASB Statement No. 103 will be effective for the fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement also requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for the fiscal year ending September 30, 2026.

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

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**3. Economic Dependency**

The Academy 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 the Academy every five years, beginning on the date on which the charter is granted or renewed, to determine whether the charter should be revoked for material violations of laws and the terms of agreement or if the Academy fails to meet the goals and student academic achievement expectations.

**4. Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The Academy does not have a depository policy for custodial credit risk.

The Academy maintains two bank accounts with a financial institution. The Academy at times maintains cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Academy has not made any provisions as it has not incurred any losses due to exceeding insured amounts. All of the Academy's bank balances were fully insured as of September 30, 2023.

**5. Capital Assets, net**

The following is a summary of the changes in capital assets for the year ended September 30, 2023:

	Beginning Balance <u>October 1, 2022</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance <u>September 30, 2023</u>
Depreciable capital assets:				
Equipment	\$13,975	\$ ---	\$ ---	\$13,975
Less accumulated depreciation	( <u>1,839</u> )	( <u>2,759</u> )	---	( <u>4,598</u> )
Depreciable capital assets, net	<u>\$12,136</u>	<u>\$(2,759)</u>	<u>\$ ---</u>	<u>\$ 9,377</u>

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Notes to Financial Statements, continued

**6. Subsequent Events**

The Academy has evaluated subsequent events through September 22, 2025 which is the date the financial statements were available to be issued.



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 Based on an Engagement to Audit the Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees  
Career Tech High Academy Charter School

We were engaged to audit, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and general fund of Career Tech High Academy Charter School (the “Academy”) as of and for the year ended September 30, 2023, the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements, and our report dated September 22, 2025 expressed a disclaimer of opinion thereon. Our report disclaims an opinion on the financial statements because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report which indicates that the Academy has not provided supporting documentation to substantiate amounts recorded in the financial statements for the fiscal year ended September 30, 2023. The Academy did not provide supporting documents for the sampled bank reconciling items amounting to \$13,748; accordingly, we were unable to verify the cash balance of \$5,334. We were unable to verify the completeness of accounts payable as the Academy did not provide supporting documentation for subsequent disbursements totaling \$292,694. The Academy did not provide schedules, including the list of enrollees and the breakdown of uncategorized income, to verify revenues of \$501,336. In addition, due to the absence of supporting schedules, we were unable to perform substantive audit procedures over expenses of \$384,438 and payroll expenses of \$220,905. Further, we were unable to perform substantive audit procedures on the Academy’s net position due to lack of sufficient appropriate audit evidence to support the changes in net position since the previous fiscal year ended September 30, 2022. As a result, we were unable to determine whether any adjustments might have been necessary to the amounts presented in the basic financial statements, and we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

### **Report on Internal Control Over Financial Reporting**

In connection with our engagement to audit the financial statements of the Academy, we considered the Academy’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’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 a 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 a deficiency in internal control described in the accompanying Schedule of Findings and Responses as item 2023-001 that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy'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.

### **The Academy's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Academy's response to the findings identified in our engagement and described in the accompanying Schedule of Findings and Responses. The Academy's response was not subjected to the other auditing procedures applied in the engagement to audit 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 results 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 engagement to perform an audit 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*

September 22, 2025

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Schedule of Findings and Responses

Finding No.: 2023-001

Criteria

Government Auditing Standards and accounting principles generally accepted in the United States of America (US GAAP) require entities to maintain complete, accurate, and reliable accounting records and supporting documentation to substantiate transactions and balances reported in the financial statements.

Condition

During our audit of the Academy's financial statements for the fiscal year ended September 30, 2023, we noted the following limitations in obtaining sufficient appropriate audit evidence:

1. Cash – Supporting documentation was not provided for sampled bank reconciling items amounting to \$13,738.
2. Liabilities – Supporting documentation was not provided for sampled disbursements in fiscal year 2024 totaling \$292,694, preventing verification of the completeness of accounts payable.
3. Net Position – The team was unable to perform substantive audit procedures on the Academy's net position due to insufficient evidence supporting changes in net position since the previous fiscal year ended September 30, 2022.
4. Revenues – Supporting documentation was not provided to verify the completeness and accuracy of the schedules provided for revenues totaling \$478,516. In addition, breakdown of uncategorized income amounting to \$22,820 was not provided.
5. Expenses – The Academy did not provide schedules or documentation supporting recorded expenses of \$384,439.
6. Payroll Expenses – The Academy did not provide schedules to support payroll expenses of \$220,905.

Cause

There is no established adequate accounting processes, record-keeping systems, or internal controls to ensure that accounting records and supporting documentation are maintained and readily available for audit purposes.

Career Tech High Academy Charter School  
(A Non-Profit Organization)

Schedule of Findings and Responses, continued

Finding No.: 2023-001, continued

Effect or potential effect

Due to the absence of sufficient appropriate audit evidence, we were unable to verify the existence, completeness, occurrence, and measurement of significant financial statement balances, including cash, liabilities, net position, revenues, expenses, and payroll. This limitation resulted in a disclaimer of opinion on the Academy's financial statements for the fiscal year ended September 30, 2023. Additionally, the lack of adequate financial records increases the risk of undetected misstatements, errors, or irregularities.

Recommendation

We recommend that the Academy establish and maintain comprehensive accounting records and supporting documentation for all financial transactions. Specifically, management should:

- Implement proper procedures for timely bank reconciliations and maintain supporting bank confirmations and statements.
- Ensure that assets, liabilities, revenues, and expenses are supported by adequate documentation and schedules.
- Strengthen internal controls and assign responsibilities to ensure records are complete, accurate, and available for audit.
- Consider engaging qualified accounting personnel or external accounting support to establish appropriate record-keeping and financial reporting processes.

Views of responsible officials

Management acknowledges the auditor's finding and recognizes the importance of maintaining complete, accurate, and auditable financial records. The Academy concurs that deficiencies in documentation, reconciliations, and supporting schedules contributed to the inability of the auditors to obtain sufficient appropriate evidence.

It should be noted that the Academy experienced challenges in transitioning between fiscal years due to limited staffing capacity and reliance on part-time or contractual accounting services. These transitional gaps contributed to delays in record preparation and retention. However, management has already initiated corrective measures to strengthen financial oversight, improve internal controls, and ensure timely submission of supporting schedules.

Management emphasizes that these issues are not reflective of misappropriation but rather of insufficient processes and capacity, which are being systematically addressed.



# Career Tech High

ACADEMY CHARTER SCHOOL

681 N Rt. 2 Hågat Bay, Guam 96928 - Mobile Phone 1-671-727-TECH (8324)

September 22, 2025

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

## Corrective Action Plan (CAP)

**Condition Addressed:** Lack of adequate documentation and internal controls to support financial transactions and balances.

### Planned Actions:

#### Accounting Personnel and Training

Recruit or contract qualified accounting staff to provide consistent financial reporting support. Require staff training on GAAP requirements, DOA reimbursement procedures, and internal documentation standards.

#### Bank Reconciliations

Implement monthly reconciliations with supporting documentation retained (e.g., bank statements, confirmations).

Reconciliations will be done by recruited or contract qualified accounting staff, and reviewed by management prior to filing.

#### Documentation Standards

Develop and implement a standardized checklist for supporting documents required for revenues, expenses, payroll, and liabilities.

Maintain organized electronic and physical files accessible for audit purposes.

#### Internal Controls & Oversight

Assign clear roles for financial data entry, review, and approval to establish segregation of duties.



# Career Tech High

ACADEMY CHARTER SCHOOL

681 N Rt. 2 Hågat Bay, Guam 96928 - Mobile Phone 1-671-727-TECH (8324)

Require quarterly reviews by the Finance Committee of the Board of Trustees to ensure accountability and oversight.

## External Support & Systems Upgrade

Engage external accounting services on a temporary basis to assist with backlog reconciliation and audit preparation.

Adopt an accounting software system that integrates payroll, disbursements, and reporting to streamline compliance.

**Responsible Party:** Principal and Finance Committee of the Board of Trustees, with the contracted Accountant providing direct oversight of implementation.

## Timeline for Implementation:

Immediate measures (hiring/accounting support, reconciliations, document checklist) will be initiated in FY26 Q1.

Full corrective measures (software adoption, quarterly Board oversight reviews) are expected to be operational by FY26 Q2.

## Plan for Monitoring:

Progress will be reviewed quarterly by the Board's Finance Committee, with updates documented in meeting minutes. Any unresolved issues will be reported to the Board and corrective steps adjusted accordingly.

Very truly yours,

\_\_\_\_\_  
Steven McManus, Chairman of the Board of Trustees

\_\_\_\_\_  
William Castro, Principal