



Financial Highlights
iLearn Academy Charter School, Inc.
FY 2025 Financial Highlights

January 27, 2026

The Office of Public Accountability has released iLearn Academy Charter School, Inc.'s (iLACS) Financial Statements, Reports on Compliance and Internal Control, Management Letter, and Letter to Those Charged with Governance for Fiscal Year (FY) 2025. Independent auditors, Ernst & Young, LLP (EY), issued an unmodified (clean) opinion on iLACS' financial statements. In the Report on Internal Control over Financial Reporting, no material weaknesses or significant deficiencies were identified. However, auditors noted three deficiencies in relation to its internal control and financial reporting.

iLACS closed FY 2025 with a decrease in net position (net loss) of \$1.3 million (M), from negative \$2.1M in FY 2024 to negative \$3.4M in FY 2025.

Expenses Increase by 4%

Overall expenses increased by approximately 4%, with notable increases across several categories in FY 2025. Contract Services more than doubled, increasing by 102% from \$22 thousand (K) in FY 2024 to \$44K in FY 2025, primarily due to higher audit fees¹ and legal costs. Salaries and Wages increased by 9%, from \$2.7M in FY 2024 to \$2.9M in FY 2025, reflecting annual staff increments and employee reclassifications based on newly submitted degrees and credentials. Additionally, Operating Expenses rose 10%, from \$1.9M in FY 2024 to \$2.1M in FY 2025, driven mainly by higher building lease maintenance and other service-related costs.

Revenues Decrease by 3%

At the close of FY 2025, iLACS reported a \$234K (3%) decrease in total revenues, from \$7.2M in FY 2024 to \$6.9M in FY 2025. This slight decrease in overall revenues can be attributable to the decrease in Grant revenues of \$557K (59%), from \$949K in FY 2024 to \$391K in FY 2025. The majority of Grants received this year were from the Guam Homeland Nonprofit Security Grant (\$150K) and the Guam Economic Development Authority's 2024 Community Care Summer Grant Program (\$200K). Other Grants received were from the Department of Public Health and Social Services' Block Grant (\$32K) and remaining ARP Grant funds (\$9K).

Revenues from Extended Learning increased by \$54K (37%), from \$147K in FY 2024 to \$200K in FY 2025. This increase is due to higher attendance in iLACS' After School Program, along with the addition of specialty programs such as the Lion All Star Dance, Basketball Clinic, Cognition Tutoring, and many more. Additionally, revenue from the Student Store grew by \$13K (14%), from \$91K in FY 2024 to \$105K in FY 2025, driven by more students purchasing school lunch.

¹ Increase in audit fees for FY 2025 is due to the Uniform Guidance (UG) audit of FY 2024 Schedule of Expenditures of Federal Awards (SEFA) of iLACS. Note that a UG audit is not needed for FY 2025 SEFA.

FY 2024 Appropriations Increase by \$234K

iLACS was appropriated \$6.1M in FY 2025, a \$234K increase from their \$5.9M FY 2024 allocation. Pursuant to Public Law 37-42, Chapter II, Part II, Section 3 and Chapter XI, Section 17, the school is authorized to receive \$7.8K per enrollee, not to exceed seven hundred forty (780) students. Student enrollment at the close of the fiscal year was 785, the maximum number of students permitted for funding.

Lease Agreement Overview

iLACS leases its school campus, which includes classrooms, administrative offices, a cafeteria, and a gymnasium. The lease, effective August 1, 2022, has an initial term of five years, with an option to extend up to a total of 25 years. The contract provides for fixed annual base rent payments ranging from approximately \$1.9M to \$3.4M. In addition to base rent, iLACS pays fixed annual additional rent ranging from approximately \$400K to \$1.1M. Additional rent reimburses the landlord for costs related to property maintenance, insurance, asset management, audit and legal fees, and a maintenance reserve. The lease allows the landlord to adjust additional rent payments at any time. For FYs 2025 and 2024, additional rent payments totaled \$665K and \$648K, respectively.

Future lease and additional rent payments are projected through 2047, totaling \$59M in lease payments, consisting of approximately \$40M in principal and \$19M in interest. Over the same period, additional rent payments are expected to total \$19.5M.

Management Letter

EY noted three matters in relation to iLACS' internal control and financial reporting:

- EY found that iLACS did not receive supporting documentation for monthly lease invoices from The Learning Institute (TLI) related to utilities, communication, and trash food services. EY recommends requesting detailed supporting schedules to verify the reasonableness of the charges.
- EY identified \$150K in interbank transfers that were incorrectly recorded during the year. The error was corrected through an adjusting entry, and EY recommends adding preparation and review of closing entries to year-end closing procedures.
- EY noted that certain leasehold improvements were expensed instead of capitalized despite meeting capitalization criteria. Adjusting entries were made to correct this and EY recommends that iLACS strengthen their review and approval processes. Specifically, management should ensure that all leasehold improvements and similar items meeting the capitalization thresholds and criteria outlined in iLACS' policy are identified and recorded as capital assets rather than expenses.

For a more detailed discussion of iLACS' operations, please refer to the Management's Discussion and Analysis in the audit report at www.opaguam.org and www.ilearnacademycharterschool.com.