

*Financial Statements and Required Supplementary
Information*

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

*Years ended September 30, 2025 and 2024
with Report of Independent Auditors*



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iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Financial Statements

Years ended September 30, 2025 and 2024

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Report of Independent Auditors

Board of Trustees
iLearn Academy Charter School, Inc.

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of iLearn Academy Charter School, Inc. (the “Academy”), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements as listed in the table of contents (collectively referred to as “basic financial statements”).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund activities of the Academy at September 30, 2025 and 2024, and the respective changes in financial position thereof for the years 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 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*). 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 the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

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 one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 the Academy'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 the Academy'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 21 and the Budgetary Comparison Schedule – Governmental 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, who 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 GAAS, 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 have also issued our report dated January 23, 2026, 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 Academy'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

January 23, 2026

Management's Discussion and Analysis, continued

STUDENT DEMOGRAPHICS AS OF SEPTEMBER 30, 2025

Students

- **Total Enrollment** = 785 (As of September 30, 2025)
 - Kindergarten = 120 (Male = 55, Female = 65)
 - 1st Grade = 135 (Male = 62, Female = 73)
 - 2nd Grade = 140 (Male = 79, Female = 61)
 - 3rd Grade = 133 (Male = 69, Female = 64)
 - 4th Grade = 131 (Male = 58, Female = 73)
 - 5th Grade = 126 (Male = 64, Female = 62)

- **Villages Served** (Student reside)

iLearn's largest cluster of population comes from the northern villages.

- Dededo = 58%
- Yigo = 20%
- Tamuning/ Tumon = 9%
- Mangilao/ Barrigada/ Harmon = 11%
- Mongmong/ Toto/ Maite/ Agana/ Ordot/ Agat/ Merizo = 2%

- **Previous Schools attended**

Other than our returning students, our largest new enrollees are the incoming kindergarten students

- District School transfers = 2%
- Private School transfers = 3%
- Home School/ Off-island/ Charter School transfer = 2%
- In-coming Kindergarten Students = 15%
- Returning Students = 78%

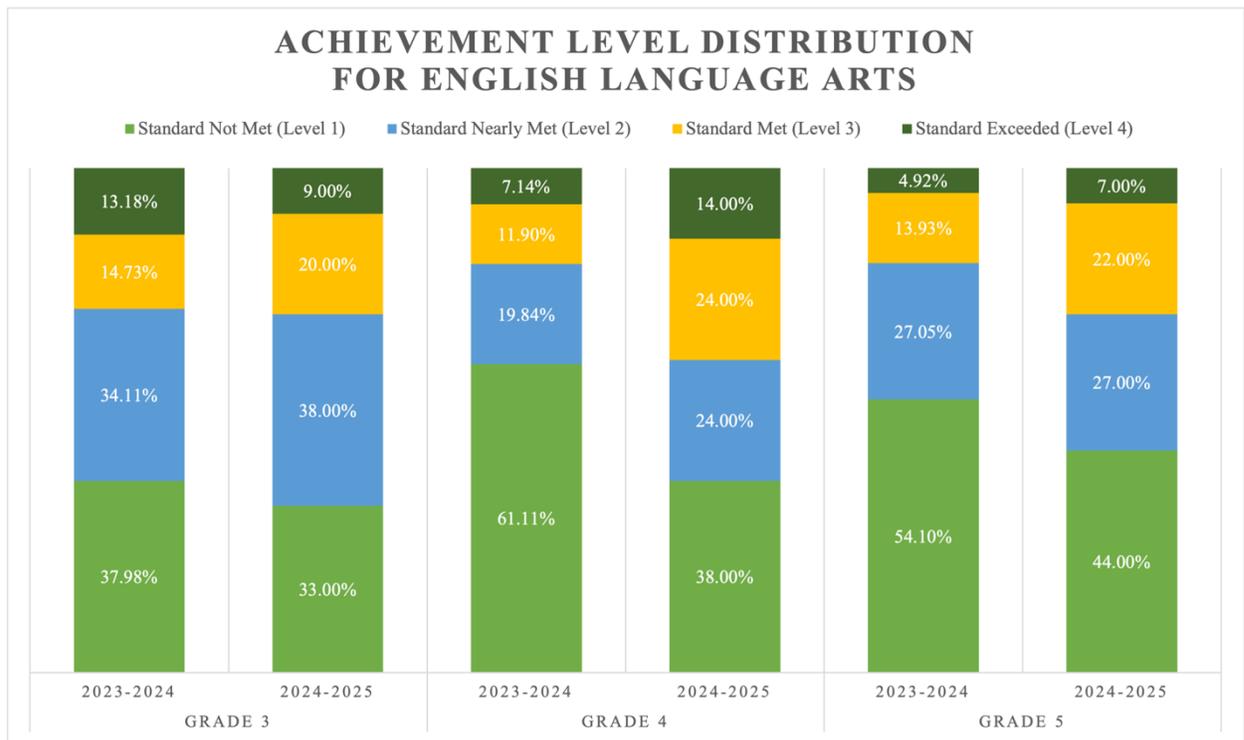
iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

SCHOLAR ACADEMIC PERFORMANCE

The goal of iLearn Academy Charter School is that 75% of its scholars would perform at the “Ready” or “Exceeding” levels. Although iLearn scholars have yet to achieve these goals, there is an indication of a slow but upward progression from the previous school year. It should be noted that a new assessment, Smarter Balanced, was implemented by the Guam Department of Education for school year 2023-2024 and it was the first year that iLearn completed the test through this program. While it is the intention to track progress over the years, at least three (3) data plot points from each year are needed to determine a trend. We will continue to monitor progress through the next two school years and will provide an update regarding progress in scholar learning by school year 2026-2027.

Smarter Balanced SY2024-2025: English Language Arts Overall Achievement



iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

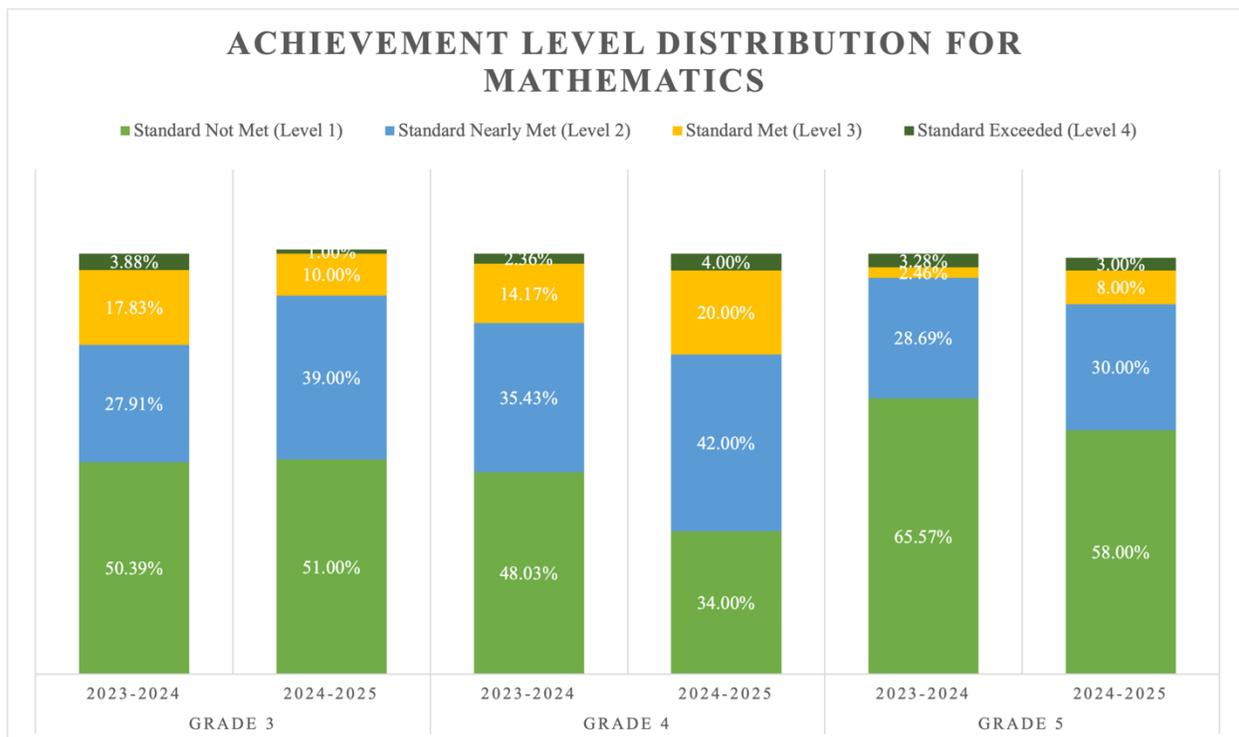
SCHOLAR ACADEMIC PERFORMANCE, continued

Smarter Balanced SY2024-2025: English Language Arts Overall Achievement, continued

Overall Achievement for English Language Arts						
Reporting Categories	Grade 3		Grade 4		Grade 5	
	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025
Number of Students Tested	129	126	126	128	122	130
Mean Scale Score	2398	2396	2418	2441	2443	2455
Achievement Level Score	Nearly Met	Nearly Met	Nearly Met	Nearly Met	Nearly Met	Nearly Met
Standard Not Met (Level 1)	37.98%	33.00%	61.11%	38.00%	54.10%	44.00%
Standard Nearly Met (Level 2)	34.11%	38.00%	19.84%	24.00%	27.05%	27.00%
Standard Met (Level 3)	14.73%	20.00%	11.90%	24.00%	13.93%	22.00%
Standard Exceeded (Level 4)	13.18%	9.00%	7.14%	14.00%	4.92%	7.00%
	Increase from 27% to 29%		Increase from 19% to 38%		Increase from 19% to 29%	

Results for 3rd-5th grades show overall improvement from 2023–2024 to 2024–2025, though all grades remain in the “Nearly Met” range. Scholars in 3rd grade showed a gain, with scholars meeting or exceeding standards rising from 27% to 29%, and fewer scholars scoring “Not Met” (38% down to 33%). Scholars in 4th grade demonstrated the most significant growth, with proficiency nearly doubling from 19% to 38% and a large drop in scholars “Not Met” (61% to 38%). Scholars in 5th grade also improved, with proficiency rising from 19% to 29% and “Not Met” declining from 54% to 44%. While challenges remain, the upward trends across all grades point to meaningful progress and a strong foundation for continued growth ahead.

Smarter Balanced SY2024-2025: Mathematics Overall Achievement



iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

SCHOLAR ACADEMIC PERFORMANCE, continued

Smarter Balanced SY2024-2025: Mathematics Overall Achievement, continued

Overall Achievement for Mathematics						
Reporting Categories	Grade 3		Grade 4		Grade 5	
	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025
Number of Students Tested	129	126	127	128	122	130
Mean Scale Score	2381	2377	2425	2440	2456	2441
Achievement Level Score	Nearly Met	Nearly Met	Nearly Met	Nearly Met	Nearly Met	Not Met
Standard Not Met (Level 1)	50.39%	51.00%	48.03%	34.00%	65.57%	58.00%
Standard Nearly Met (Level 2)	27.91%	39.00%	35.43%	42.00%	28.69%	30.00%
Standard Met (Level 3)	17.83%	10.00%	14.17%	20.00%	2.46%	8.00%
Standard Exceeded (Level 4)	3.88%	1.00%	2.36%	4.00%	3.28%	3.00%
	Decrease from 21% to 11%		Increase from 16% to 24%		Increase from 5% to 11%	

Results for 3rd-5th grades reflect both challenges and encouraging signs of progress. Scholars in 3rd grade saw a decline in scholars meeting or exceeding standards (21% to 11%), highlighting areas for renewed focus. Scholars in 4th grade, however, showed meaningful growth, with proficiency rising from 16% to 24% and a notable drop in scholars “Not Met” (48% to 34%). Scholars in 5th grade also improved, with proficiency more than doubling from 5% to 11% and fewer scholars scoring at the lowest level (66% to 58%).

While overall performance remains in the “Nearly Met” range, the gains in 4th and 5th grades demonstrate that targeted efforts are paying off and provide a hopeful foundation for continued growth in mathematics achievement.

iLearn Diagnostic Assessment: IXL

In conjunction with the Districtwide Assessment (Smarter Balanced), iLearn Academy administers diagnostic tests for all scholars in K-5th grades. These assessments are given at the beginning of the year, in the middle of the school year, and at the end of the year. Scholar achievement summaries in English Language Arts and Mathematics are provided below following each chart.

In comparison to the national average for English Language Arts, 48% of iLearn scholars placed above the national average at the start of the year and finished the year with 58% of iLearn scholars placing above the national average. For mathematics, although the national average data was unavailable, 50% of iLearn scholars placed on level at the start of the year and finished the year with 52% of iLearn scholars placing on level.

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Management's Discussion and Analysis, continued

English Language Arts

Grades Kinder to Fifth (Combined)

	Start of Year	Mid-Year	End of Year
Above and On	397 (51%)	481 (62%)	502 (66%)
Below	276 (35%)	192 (25%)	166 (22%)
Far Below	98 (14%)	101 (14%)	92 (12%)

Grades Kinder to Fifth (Above National Average)

Start of Year	Mid-Year	End of Year
378 (48%)	404 (52%)	450 (58%)

Kinder

	Start of Year	Mid-Year	End of Year
Above and On	64 (57%)	81 (71%)	84 (75%)
Below	49 (43%)	33 (29%)	25 (22%)
Far Below	0 (0%)	0 (0%)	3 (3%)

Kinder (Above National Average)

Start of Year	Mid-Year	End of Year
48 (41%)	60 (51%)	59 (51%)

First

	Start of Year	Mid-Year	End of Year
Above and On	78 (53%)	103 (70%)	99 (70%)
Below	57 (39%)	34 (23%)	37 (26%)
Far Below	12 (8%)	9 (7%)	6 (4%)

First (Above National Average)

Start of Year	Mid-Year	End of Year
67 (46%)	68 (46%)	73 (50%)

Second (Above National Average)

Start of Year	Mid-Year	End of Year
64 (49%)	86 (66%)	104 (80%)

iLearn Academy Charter School Inc.
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Management's Discussion and Analysis, continued

English Language Arts, continued

Grades Kinder to Fifth (Combined), continued

Third

	Start of Year	Mid-Year	End of Year
Above and On	67 (53%)	82 (64%)	80 (63%)
Below	49 (38%)	29 (23%)	35 (28%)
Far Below	11 (10%)	17 (13%)	11 (9%)

Third (Above National Average)

Start of Year	Mid-Year	End of Year
67 (52%)	79 (62%)	80 (63%)

Fourth

	Start of Year	Mid-Year	End of Year
Above and On	65 (51%)	53 (41%)	82 (65%)
Below	35 (27%)	42 (33%)	22 (17%)
Far Below	28 (22%)	32 (26%)	23 (18%)

Fourth (Above National Average)

Start of Year	Mid-Year	End of Year
71 (55%)	53 (41%)	84 (66%)

Fifth

	Start of Year	Mid-Year	End of Year
Above and On	45 (36%)	55 (42%)	49 (39%)
Below	41 (32%)	33 (25%)	26 (20%)
Far Below	41 (32%)	42 (32%)	52 (41%)

Fifth (Above National Average)

Start of Year	Mid-Year	End of Year
61 (47%)	58 (45%)	51 (39%)

iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

English Language Arts Overall Performance (Grades K–5):

English Language Arts results show encouraging growth overall, with scholars at or above grade level climbing from 51% to 66% and those above the national average increasing from 48% to 58%.

Scholars in Kindergarten and 1st grade built strong foundations, while 2nd grade achieved an outstanding leap, reaching 87% proficiency and eliminating its “Far Below” group entirely. Both 3rd and 4th grade made steady progress, with 4th rebounding strongly after a slight dip mid-year. While 5th grade continues to face the greatest challenges, the adoption of the Boost Reading program offers a timely and focused strategy to provide scholars with the extra support they need. With these gains and new resources in place, there is strong momentum for continued improvement in the current school year.

Mathematics

Grades Kinder to Fifth (Combined)

	Start of Year	Mid-Year	End of Year
Above and On	394 (50%)	332 (45%)	394 (52%)
Below	110 (14%)	114 (16%)	105 (14%)
Far Below	264 (36%)	286 (39%)	259 (34%)

Kinder

	Start of Year	Mid-Year	End of Year
Above and On	102 (93%)	111 (97%)	110 (98%)
Below	8 (7%)	3 (3%)	1 (1%)
Far Below	0 (0%)	0 (0%)	1 (1%)

First

	Start of Year	Mid-Year	End of Year
Above and On	135 (92%)	132 (92%)	121 (85%)
Below	7 (5%)	6 (4%)	13 (9%)
Far Below	5 (3%)	6 (4%)	9 (6%)

Second

	Start of Year	Mid-Year	End of Year
Above and On	93 (71%)	57 (44%)	109 (57%)
Below	28 (22%)	44 (34%)	32 (25%)
Far Below	8 (7%)	29 (22%)	25 (19%)

Third

	Start of Year	Mid-Year	End of Year
Above and On	30 (24%)	22 (18%)	38 (31%)
Below	35 (27%)	28 (23%)	26 (21%)
Far Below	62 (49%)	70 (59%)	60 (48%)

iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

Mathematics, continued

Grades Kinder to Fifth (Combined), continued

Fourth

	Start of Year	Mid-Year	End of Year
Above and On	26 (20%)	30 (24%)	38 (31%)
Below	22 (17%)	20 (16%)	20 (17%)
Far Below	80 (63%)	75 (60%)	63 (52%)

Fifth

	Start of Year	Mid-Year	End of Year
Above and On	8 (7%)	7 (6%)	13 (10%)
Below	10 (8%)	13 (10%)	13 (10%)
Far Below	109 (86%)	106 (84%)	101 (80%)

Mathematics Overall Performance (Grades K–5):

Scholar performance reflected both challenges and resilience over the year. While mid-year dips were seen across several groups, steady growth by the end of the year led to more than half of scholars performing at or above grade level. Early grades, especially Kindergarten and 1st grade, continued to show strong foundations, while 2nd and 3rd grade made promising gains by the end of the year. Though 4th and 5th grades still face significant hurdles, their steady progress highlights the potential for growth with focused support. Overall, the data shows that with sustained effort and targeted interventions, especially in the upper grades, continued improvement is well within reach.

To address this identified learning need, iLearn adopted a brand-new math curriculum through the i-Ready program, which has been ranked as one of the top mathematics programs in the country. Scholar progress will be monitored throughout this current school year.

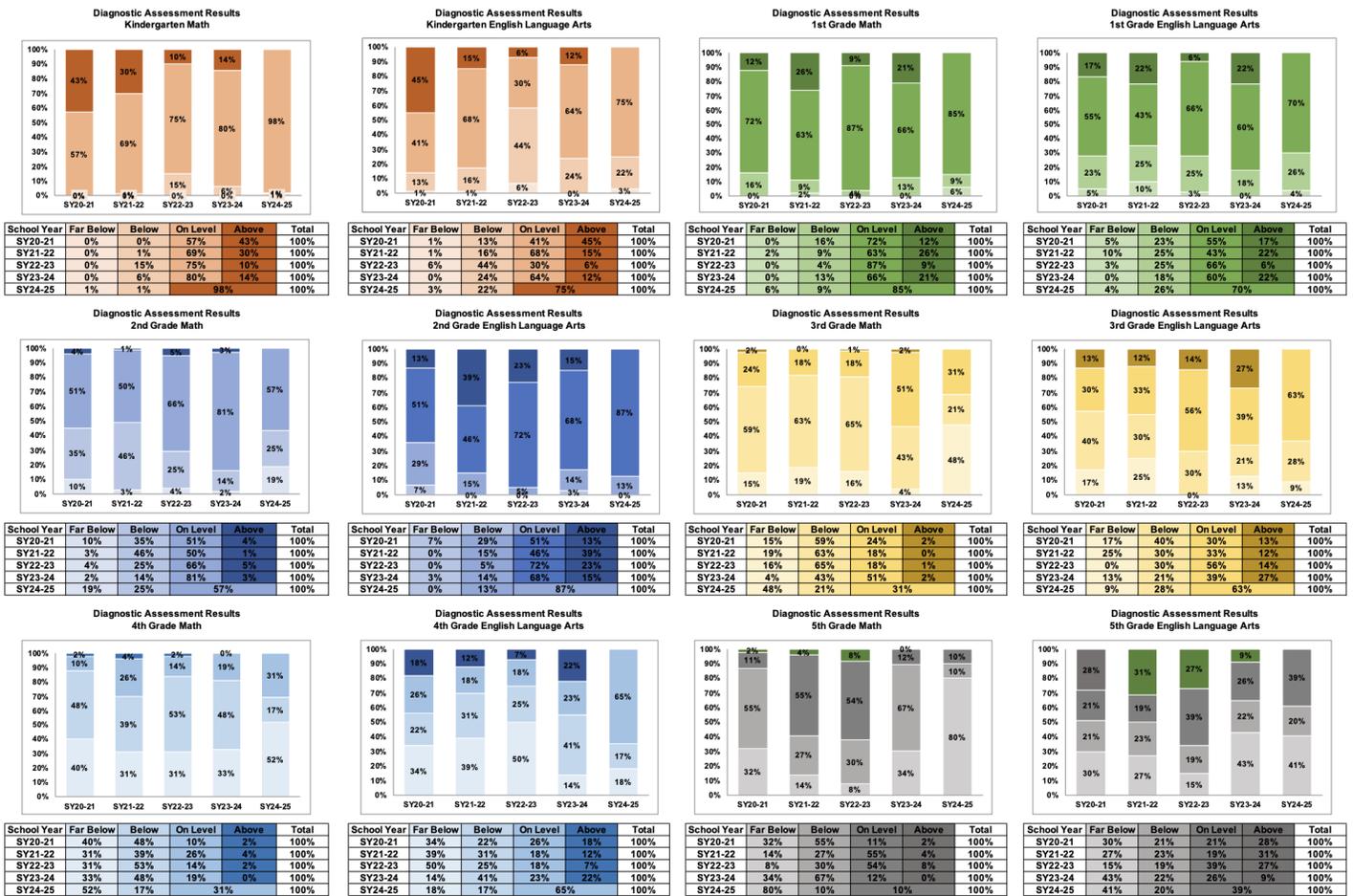
iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

Mathematics Overall Performance (Grades K–5), continued:

Kindergarten thru 5th Grades Diagnostic Year-Round Results

The graph below provides Diagnostic Assessment results by percentages that map out scholar achievement over the last five (5) school years.



Events & Activities



- **Back to School Assembly, September 6:** Students were briefed on behavior expectations in class and on campus. All faculty and staff were introduced to the students and each team participated in a relay race.
- **Anti Bullying Month (October):** “Garden of positivitrees” project where students wrote a positive message on a leaf that adorned trees lining the main hallway. Mr. Pamplona (principal) conducted anti-bully presentations for individual classes and grade-level groups.
- **International Week, October 25 Assembly:** Students showcased their assigned countries by representing various cities through classroom door decorations, art projects, and an in-school parade of nations.
- **Annual Trick or Treating event, Oct 31:** Parents generously donated candies and treats for students to receive. Event time was from 8:30am-9:30am. All members of faculty and staff participated.
- **Deck the Halls Christmas Event, December 16-20:** Teachers and Administrative/Office staff participated in decorating the school hallways for Christmas. Themes this year were Marvel, Sanrio, Mario, Star Wars and Narnia. We had our very first “Christmas Village” Contest, where students submitted different 3D models of homes and shops for a large scale display. Parents were then invited to stroll down each hallway to experience Christmas at iLearn.
- **iLearn’s 10 Year Anniversary, January 27:** The entire school celebrated this momentous occasion with a School-wide assembly. Special guests included the LT. Governor as well as other members of the 37th Guam Legislature. The dance club led the students in a pep rally, followed by dance performances. Members of faculty and staff were awarded for their continued loyalty over the past 10 years. A professional video was filmed and created by Dawson Arceo to showcase our school through the eyes of teachers and students. Additionally, Mr. Pamplona edited a special “lip-dub” video, which was also showcased that day. Teachers participated in a fun relay race and students ended their day by completing a special STEM project called “The Baby Lion”.

Events & Activities Continued



- **3rd Annual Science Fair/ First Robotics Expo (Lego/VEX), February 27-28:** 40 students and teams participated this year Science Fair which was inline with the Lego FIRST Robotics “Submerge” theme. iLearn’s First Robotics Competition and Expo took place the next day. In this all day event, students competed in real world problem solving activities, oral presentations, and timed robotics tasks.
- **Mes CHamoru Week, March 17-21:** Teachers were assigned a specific village/ place for door decorations. Chamorro phrases were taught each day with the week ending in a school wide assembly and fiesta.
- Guam Football Association, The Guam Police Department, and The Guam Airport Authority partnered with iLearn for an **Anti-bullying outreach, April 8, 2025** : Various members of the Guam Junior National Team (GFA) spoke about how they respect themselves and how they achieved their goals. iLearns Soccer Team members were honored.
- **Field Day – May 16, 2025:** Organized by our incredible PE Department, Field Day was a high-energy celebration of teamwork, sportsmanship, and school spirit! Students from all grade levels competed in a variety of fun relays and athletic events, cheering each other on and enjoying a day of friendly competition and excitement.
- **Elementary Insterscholastic Sports:**
 - Soccer - Sponsored by GFA
 - Basketball - Sponsored by GDOE
 - Volleyball - Sponsored by GDOE

iLearn Academy Charter School Inc.
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Management's Discussion and Analysis, continued

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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 ANALYSIS

Net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the liabilities exceeded assets by **\$3,392,184** (net position) at the close of the fiscal year.

iLearn Academy Charter School Inc.
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Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Figure 1 provides a summary of the School's net position as of September 30, 2025, 2024, and 2023.

Net Position

Figure 1

	2025	2024	2023
Current Assets	\$ 192,837	\$ 349,186	\$ 559,696
Capital Assets, net	36,980,036	38,547,710	40,277,919
Total Assets	37,172,873	38,896,896	40,837,615
Current liabilities	910,080	660,535	1,210,749
Noncurrent liabilities	39,654,977	40,377,010	41,025,875
Net Position	(3,392,184)	(2,140,649)	(1,399,009)
Total Liabilities and Net Position	\$ 37,172,873	\$ 38,896,896	\$ 40,837,615

iLearn Academy Charter School Inc.
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Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Figure 2 provides summary and analysis of the School's revenues and expenses for the years ended September 30, 2025, 2024, and 2023 as follows:

Statement of Activities

Figure 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues:			
General revenues			
Appropriations	\$ 6,084,000	\$ 5,850,000	\$ 5,550,000
Grants	391,428	948,551	45,931
Miscellaneous	109,091	80,782	74,458
Fundraising	37,593	34,946	53,644
In-kind revenues	-	-	22,010
Program revenues			
Extended learning	200,238	146,629	105,749
Student store	104,570	91,462	112,439
Total Revenues	6,926,920	7,152,370	5,964,231
Expenses:			
Instructional services			
Salaries and wages	2,906,226	2,678,433	2,550,146
Contract services	43,578	21,522	19,000
Support services			
Operations	2,099,475	1,900,872	1,682,299
Amortization	1,692,516	1,692,516	1,690,018
Interest	1,366,741	1,387,268	1,405,072
Miscellaneous	31,472	28,146	56,818
Travel and meetings	16,469	22,174	182
Insurance	12,300	12,210	10,152
In-kind expenses	9,398	150,651	22,010
Bank Charges	280	218	142
Total Expenses	8,178,455	7,894,010	7,435,839
Change in net position	(1,251,535)	(741,640)	(1,471,608)
Net position, beg of year	(2,140,649)	(1,399,009)	72,599
Net position, end of year	\$ (3,392,184)	\$ (2,140,649)	\$ (1,399,009)

FY 2025 Appropriation total is \$ 6,084,000 due to Public Law P.L. 37-125 Chapter II, Part II, Section 3: the School is authorized to receive Seven Thousand Eight Hundred Dollars (\$7,800) per enrollee not to exceed seven hundred eighty (780) students for the iLearn Academy Charter School.

iLearn Academy Charter School Inc.
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Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Statement of Activities, continued

For Extended Learning, the increase is attributed to increased attendance in After School Program. We also added specialty programs such as Lion All Star Dance, Basketball Clinic, Cognition Tutoring, and etc.

For Student Store, it increased cause more students are purchasing the school lunch.

For Fundraising, we successfully raised funds via Box Tops, Read-A-Thon, and etc. The proceeds were used to offset operational costs such as improvement of classrooms.

For Grants, we received funds from 2024 Community Care Summer Grant Program and the Guam Homeland Nonprofit Security Grant –each grant had a specific capital improvement project tied to its allocation.

For Contract Services, the invoices for auditors and legal went in this category.

For Salaries and Wages, the increase is attributed to annual increments and some reclassification of employees submitting their degrees and other credentials.

For Operations, the increase in expenditures is attributed to the building lease maintenance and other services.

For Interest and Amortization expense, this is attributed to the lease agreement. GASB 87 requires the right to use lease asset to be amortized over the lease term. It also requires recording of interest expense on subsequent entries.

For Travel and Meetings, our Chiefs and Principals traveled to Orlando for National Charter School Conference. Faculty also went through training and professional development.

iLearn Academy Charter School Inc.
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Management’s Discussion and Analysis, continued

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School’s fiscal year, the Board of the School 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 School’s budget.

For fiscal year 2025, the School received 100% of its appropriations.

	Governmental Fund 2025		
	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Local Govt. Appropriations	\$ 6,084,000	\$ 6,084,000	\$ -
Total Revenues	\$ 6,084,000	\$ 6,084,000	\$ -
EXPENSES			
Salaries, Wages, & Benefits	\$ 2,708,448	\$ 2,906,226	\$ (197,778)
Professional Devt./Travel	-	16,469	(16,469)
Contractual	1,643,154	43,578	1,599,576
Worker’s Compensation and Group Liability	3,600	12,300	(8,700)
Office Space Rental (amortization and interest)	1,973,125	3,059,257	(1,086,132)
Total Expenses	\$ 6,328,327	\$ 6,037,830	\$ 290,497

Capital Assets and Long-term Debt

Capital Assets

The School’s capital assets pertain to leasehold improvements and right-of-use asset relating to leasing of the school campus. Please refer to Notes 5 and 6 in the accompanying financial statements for additional information regarding the School’s capital asset and lease arrangement.

Long-term Debt

The School’s long-term debt pertains to lease liability relating to leasing of the school campus. Please refer to Note 6 in the accompanying financial statements for additional information regarding the School’s lease liability and long-term obligation.

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Management's Discussion and Analysis, continued

Future Outlook

iLearn Academy Charter School is committed to responding to the needs and priorities of its students, families, and community stakeholders. Consistent feedback has demonstrated strong demand for the continuation of iLearn's unique educational programs beyond the elementary level. In response, iLearn Academy Charter School is actively exploring the expansion of its academic program to include middle school grades, allowing students to continue benefiting from iLearn's instructional model and supportive learning environment.

iLearn Academy Charter School's current facility lease expires in July 2027 and includes an option to renew for an additional five years, with the potential to extend occupancy for up to twenty years. While this provides long-term stability, the existing facility is not equipped to accommodate a middle school program and does not allow for a significant increase in student population. As a result, expansion into middle school will require careful evaluation of facility options that align with programmatic and enrollment growth.

Facility limitations also present financial considerations. Without the ability to increase enrollment, the school may face challenges in sustainably absorbing the landlord's scheduled lease rate increases. Expanding student capacity through appropriate facilities would support long-term financial stability while ensuring the school can continue to deliver high-quality educational programming.

Looking ahead, iLearn Academy Charter School will continue to engage stakeholders, assess facility solutions, and pursue strategic planning efforts that balance program expansion, fiscal responsibility, and the school's mission to serve students effectively. The school remains focused on securing a sustainable path forward that supports both academic continuity and organizational growth.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School and to show accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Helen Nishihira or Mrs. Nina Field at iLearn Academy Charter School at 201 S. Ukudo, Street, Dededo, Guam 96929 or by telephone at (671) 989-3789.

iLearn Academy Charter School Inc.
(A Non-Profit Organization)

Governmental Funds Balance Sheets/Statements of Net Position

	September 30,					
	2025			2024		
	General Fund	Adjustments	Statement of Net Position	General Fund	Adjustments	Statement of Net Position
Assets:						
Cash	\$ 156,150	\$ ---	\$ 156,150	\$ 298,615	\$ ---	\$ 298,615
Accounts receivable	466	---	466	8,802	---	8,802
Inventory	9,025	---	9,025	41,769	---	41,769
Other current assets	27,196	---	27,196	---	---	---
Lease asset - building, net	---	36,853,192	36,853,192	---	38,545,708	38,545,708
Depreciable capital assets, net	---	126,844	126,844	---	2,002	2,002
Total assets	\$ 192,837	36,980,036	37,172,873	\$ 349,186	38,547,710	38,896,896
Liabilities and Fund Balance/Net Position:						
Accounts payable and accrued expenses	\$ 188,004	---	188,004	\$ 11,611	---	11,611
Long term liability:						
Due within one year	---	722,076	722,076	---	648,924	648,924
Due after one year	---	39,654,977	39,654,977	---	40,377,010	40,377,010
Total liabilities	188,004	40,377,053	40,565,057	11,611	41,025,934	41,037,545
Fund balance: unassigned	4,833	(4,833)		337,575	(337,575)	
Total liabilities and fund balances	\$ 192,837			\$ 349,186		
Net position:						
Unrestricted		(3,392,184)	(3,392,184)		(2,140,649)	(2,140,649)
Total net position		\$(3,392,184)	\$(3,392,184)		\$(2,140,649)	\$(2,140,649)

See accompanying notes.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

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

	Year Ended September 30,					
	2025			2024		
	General Fund	Adjustments	Statement of Activities	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:						
Instructional services:						
Salaries and wages	\$ 2,906,226	\$ ---	\$ 2,906,226	\$ 2,678,433	\$ ---	\$ 2,678,433
Contract services	43,578	---	43,578	21,522	---	21,522
Support services:						
Operations	2,067,104	32,371	2,099,475	1,860,510	40,362	1,900,872
Amortization	---	1,692,516	1,692,516	---	1,692,516	1,692,516
Interest	---	1,366,741	1,366,741	---	1,387,268	1,387,268
Miscellaneous	37,159	(5,687)	31,472	28,813	(667)	28,146
Travel and meetings	16,469	---	16,469	22,174	---	22,174
Insurance	12,300	---	12,300	12,210	---	12,210
In-kind expense	9,398	---	9,398	150,651	---	150,651
Bank charges	280	---	280	218	---	218
Capital expenditures	151,526	(151,526)	---	2,002	(2,002)	---
Debt Service:						
Interest	1,366,741	(1,366,741)	---	1,387,268	(1,387,268)	---
Principal	648,881	(648,881)	---	667,277	(667,277)	---
<u>Total expenditures/expenses</u>	<u>7,259,662</u>	<u>918,793</u>	<u>8,178,455</u>	<u>6,831,078</u>	<u>1,062,932</u>	<u>7,894,010</u>
General revenues:						
Appropriations	6,084,000	---	6,084,000	5,850,000	---	5,850,000
Grant	391,428	---	391,428	948,551	---	948,551
Miscellaneous	109,091	---	109,091	80,782	---	80,782
Fundraising	37,593	---	37,593	34,946	---	34,946
<u>General revenues</u>	<u>6,622,112</u>	<u>---</u>	<u>6,622,112</u>	<u>6,914,279</u>	<u>---</u>	<u>6,914,279</u>
Program revenues:						
Extended learning	200,238	---	200,238	146,629	---	146,629
Student store	104,570	---	104,570	91,462	---	91,462
<u>Program revenues</u>	<u>304,808</u>	<u>---</u>	<u>304,808</u>	<u>238,091</u>	<u>---</u>	<u>238,091</u>
(Deficiency) excess of revenues (under) over expenditures	(332,742)	332,742		321,292	(321,292)	---
Change in net position		(1,251,535)	(1,251,535)	---	(741,640)	(741,640)
Fund balance/net position:						
Beginning of year	337,575	(2,478,224)	(2,140,649)	16,283	(1,415,292)	(1,399,009)
End of year	<u>\$ 4,833</u>	<u>\$ (3,397,017)</u>	<u>\$ (3,392,184)</u>	<u>\$ 337,575</u>	<u>\$ (2,478,224)</u>	<u>\$ (2,140,649)</u>

See accompanying notes.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements

Years ended September 30, 2025 and 2024

1. Organization

iLearn Academy Charter School, Inc. (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 and math. The Academy was incorporated under the laws of Guam on December 5, 2014. The Academy began student enrollment during January 2015.

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.

The current campus includes classrooms, administrative offices, a gymnasium, and a cafeteria. The initial term of the facility agreement with The Learning Institute (TLI) is five years, expiring on July 31, 2027. The agreement includes an automatic five-year renewal option, continuing in successive five-year terms through 2047, unless either party provides written notice of termination at least one year prior to the end of the then-current term.

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 Guam Department of Education (GDOE).

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.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

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 as of September 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Fund balance - governmental funds	\$ 4,833	\$ 337,575
Add:		
Lease asset, net	36,853,192	38,545,708
Depreciable capital assets, net	126,844	2,002
Less:		
Lease liability – current	(722,076)	(648,924)
Lease liability – noncurrent	<u>(39,654,977)</u>	<u>(40,377,010)</u>
Net position - governmental activities	<u>\$ (3,392,184)</u>	<u>\$ (2,140,649)</u>

iLearn Academy Charter School, Inc.
(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 statements of activities for the years ended September 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Net change in fund balances – governmental funds	\$(332,742)	\$ 321,292

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:

Capital outlays, net	151,526	2,002
Depreciation expense	(32,371)	(40,362)

Some income and expenses reported in the statement of activities do not affect the current financial resources and therefore are not reported as income and expenditures in the governmental funds. This amount consists of miscellaneous expenses.

	5,687	667
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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 principal payments	648,881	667,277
Lease amortization	(1,692,516)	(1,692,516)

Change in net position of governmental activities	\$(<u>1,251,535</u>)	\$(<u>741,640</u>)
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iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

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

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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 in monthly allotments from the General Fund of the Government of Guam via the Department of Administration (DOA) to finance administrative and general expenses on a reimbursable basis. Such expenses mainly consist of contract dues under the A+ Contract, salaries and wages, and Extended Learning wages due to after school teachers. The actual amounts remitted to the Academy are determined by the DOA's Internal Auditors through the validation of submitted invoices.

Pursuant to Guam Public Law 37-125 and 36-107, the cost per pupil was \$7,800 and \$7,500 for the fiscal years ended September 30, 2025 and 2024, respectively. The maximum number of students to be funded by the General Fund is not to exceed 780 students during Fiscal Years (FY) 2025 and 2024. In FY2025 and FY2024, the maximum number of enrolled students was multiplied by the Government of Guam General Appropriations Act approved amount of \$7,800 and \$7,500 per student enrollee, respectively. For the fiscal years ended September 30, 2025 and 2024, a total of 784 and 788 students, respectively, were enrolled and the Academy received government appropriations totaling \$6,084,000 and \$5,850,000, respectively.

Grants

For the fiscal year ended September 30, 2025, the Academy is a sub-recipient of grants from the U.S. Department of Education, Department of Homeland Security (DHS), Guam Economic Development Authority (GEDA) and Department of Public Health and Social Services (DPHSS). The Academy received education supplies and equipment from the American Rescue Plan – Outlying Areas grant. DHS awarded the Academy with the Nonprofit Security Grant Program (NSGP) which provided funding support for target hardening and other physical security enhancements. GEDA awarded the Academy with the Community Care Summer Grant Program which provided funding for facility needs and program costs. DPHSS awarded the Academy with Child Care Development Fund for reimbursement of qualified expenditures.

For the fiscal year ended September 30, 2024, the Academy is a sub-recipient of grants from the U.S. Department of Education. The Academy received grants in the form of educational supplies and equipment, rent reimbursements, and cost-of-living adjustments for faculty members funded by the Education Stabilization Fund – Outlying Areas and American Rescue Plan – Outlying Areas grant. The determination of allowable expenditures as well as the cash management, procurement and purchase of these assets are performed by the Guam Department of Education (“GDOE”) who is the direct recipient of the grants.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Grants, continued

The Academy received grants with a total value of \$391,428 and \$948,551 for the years ended September 30, 2025 and 2024, respectively, and is included as a component of support services in the statements of governmental fund revenues, expenditures and changes in fund balance.

Compensated Absences

Permanent employees of the Academy earn paid sick leave and personal leave in accordance with employee contracts and personnel policies. Eligible employees accrue four hours of sick leave and three hours of personal leave each pay period. Accumulated leave balances are subject to maximum limits of fifty-six hours of sick leave and twenty-four hours of personal leave within a school year. Accumulated unused sick and personal leave is payable upon separation from employment at approximately fifty percent of the employee's current contractual rate multiplied by the number of unused hours, subject to applicable limits. The Academy records a liability for compensated absences for leave attributable to past service that accumulates and is payable upon separation. The liability is measured using employee pay rates in effect as of the financial statement date.

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.

Capital Assets

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the Academy as assets with an initial cost of more than \$500 or the anticipated life or useful value of said property is more than one year. Donated property and equipment are valued at the estimated fair market value as of the date received. Assets funded by federal grants are valued based on the initial cost.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives of 1 to 5 years.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Deferred Outflows of Resources

In addition to assets, the statements of financial position, will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. 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.

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2025, the Academy implemented the following pronouncements.

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

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain 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 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. The implementation of this Statement did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. 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. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

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 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. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 105 will be effective for fiscal year ending September 30, 2026.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

3. Economic Dependency

The Academy receives majority of its annual revenue from the Guam Legislature under the Guam Academy Charter School Funds under a six-year agreement. Under such agreement, the Council will review the Academy every six 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. Concentration of Credit Risk

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. At September 30, 2025 and 2024, the Academy has balances of \$223,203 and \$521,382, respectively, deposited in two bank accounts with a financial institution of which \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balances in 2024 are not insured.

5. Capital and Lease Assets

The following is a summary of the changes in capital and lease assets for the year ended September 30, 2025:

	<u>Beginning Balance</u> <u>October 1, 2024</u>	<u>Additions</u>	<u>Transfers</u> <u>and</u> <u>Deletions</u>	<u>Ending Balance</u> <u>September 30, 2025</u>
Depreciable capital assets:				
Furniture, fixtures, and equipment	\$ 130,275	\$ ---	\$(890)	\$ 129,385
Leasehold improvements	---	150,414	---	150,414
Less accumulated depreciation	(<u>128,273</u>)	(<u>24,682</u>)	---	(<u>152,955</u>)
Depreciable capital assets, net	\$ <u>2,002</u>	\$ <u>125,732</u>	\$(<u>890</u>)	\$ <u>126,844</u>
Lease assets:				
Building	\$42,212,991	\$ ---	\$ ---	\$42,212,991
Less accumulated amortization	(<u>3,667,283</u>)	(<u>1,692,516</u>)	---	(<u>5,359,799</u>)
Lease assets, net	\$ <u>38,545,708</u>	\$ (<u>1,692,516</u>)	\$ ---	\$ <u>36,853,192</u>

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

5. Capital and Lease Assets, continued

The following is a summary of the changes in capital and lease assets for the year ended September 30, 2024:

	<u>Beginning Balance</u> <u>October 1, 2023</u>	<u>Additions</u>	<u>Transfers</u> <u>and</u> <u>Deletions</u>	<u>Ending Balance</u> <u>September 30, 2024</u>
Depreciable capital assets:				
Furniture, fixtures, and equipment	\$ 128,273	\$ 2,002	\$ ---	\$ 130,275
Less accumulated depreciation	(88,578)	(44,896)	(5,201)	(128,273)
Depreciable capital assets, net	<u>\$ 39,695</u>	<u>\$(42,894)</u>	<u>\$(5,201)</u>	<u>\$ 2,002</u>
Lease assets:				
Building	\$42,212,991	\$ ---	\$ ---	\$42,212,991
Less accumulated amortization	(1,974,767)	(1,692,516)	---	(3,667,283)
Lease assets, net	<u>\$40,238,224</u>	<u>\$(1,692,516)</u>	<u>\$ ---</u>	<u>\$38,545,708</u>

6. Lease

The Academy leases a school campus which includes classrooms, administrative offices, a cafeteria and a gymnasium. The lease contract was effective on August 1, 2022 for an initial term of 5 years, with an option to extend the lease agreement for up to a total of 25 years. The lease contract includes fixed payments for the annual base rent, ranging from approximately \$1.9 million to \$3.4 million.

The lease contract also includes fixed annual payments for additional rent, ranging from approximately \$0.4 million to \$1.1 million. The additional rent is intended to reimburse the landlord for its cost related to the premises and operations thereof, including maintenance, insurance, asset management, audit and legal fees and a maintenance reserve. The lease contract permits the lessor to increase the amount of additional rent payments at any time. For the fiscal years ended September 30, 2025 and 2024, additional rent payments totaled \$664,703 and \$648,491, respectively. Additional rent payments are considered nonlease components and were not included in the measurement of the lease asset and liability.

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Notes to Financial Statements, continued

6. Lease, continued

The opening and closing balance of the lease liability are as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$41,025,934	\$41,693,211
Principal payment	<u>(648,881)</u>	<u>(667,277)</u>
End-of-year balance	<u>\$40,377,053</u>	<u>\$41,025,934</u>

A summary of future lease payments and additional rent payments is as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Additional</u> <u>Rent</u>
2026	\$ 722,076	\$ 1,343,411	\$ 2,065,487	\$ 681,320
2027	798,973	1,318,189	2,117,162	698,354
2028	877,067	1,290,331	2,167,398	715,813
2029	959,092	1,259,706	2,218,798	733,708
2030	1,048,095	1,226,172	2,274,267	752,677
2031 – 2035	6,737,630	5,515,525	12,253,155	4,056,325
2036 – 2040	9,713,744	4,149,576	13,863,320	4,589,360
2041 – 2045	13,462,218	2,222,855	15,685,073	5,192,439
2046 – 2047	<u>6,058,158</u>	<u>198,272</u>	<u>6,256,430</u>	<u>2,071,150</u>
	<u>\$40,377,053</u>	<u>\$18,524,037</u>	<u>\$58,901,090</u>	<u>\$19,491,146</u>

Required Supplementary Information

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Budgetary Comparison Schedule – Governmental Funds
(Unaudited)

	Year Ended September 30,							
	2025				2024			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Expenditures:								
Salaries and wages	\$ 2,708,448	\$ 2,708,448	\$ 2,906,226	\$(197,778)	\$ 2,300,444	\$ 2,300,444	\$ 2,678,433	\$(377,989)
Operations	14,588	14,588	2,067,104	(2,052,516)	---	---	1,860,510	(1,860,510)
In-kind expenses	---	---	9,398	(9,398)	---	---	150,651	(150,651)
Miscellaneous	---	---	66,208	(216,208)	---	---	63,415	(63,415)
Contractual service	1,643,154	1,643,154	43,578	1,599,576	1,374,068	1,374,068	21,522	1,352,546
Capital expenditures	---	---	151,526	(151,526)	---	---	2,002	(2,002)
A+ Contract (Educational Infrastructure Contract)	1,973,125	1,973,125	---	1,973,125	1,925,000	1,925,000	---	1,925,000
Workers Compensation	3,600	3,600	---	---	---	---	---	---
Debt Service:								
Interest	---	---	1,366,741	(1,366,741)	---	---	1,387,268	(1,387,268)
Principal	---	---	648,881	(648,881)	---	---	667,277	(667,277)
Total expenditures	<u>6,342,915</u>	<u>6,342,915</u>	<u>7,259,662</u>	<u>(916,747)</u>	<u>5,599,512</u>	<u>5,599,512</u>	<u>6,831,078</u>	<u>(1,231,566)</u>
General revenues:								
Appropriations	6,342,915	6,342,915	6,084,000	(258,915)	5,599,512	5,599,512	5,850,000	250,488
Grant	---	---	391,428	391,428	---	---	948,551	948,551
Miscellaneous	---	---	109,091	109,091	---	---	80,782	80,782
Fundraising	---	---	37,593	37,593	---	---	34,946	34,946
	<u>6,342,915</u>	<u>6,342,915</u>	<u>6,622,112</u>	<u>1,364,566</u>	<u>5,599,512</u>	<u>5,599,512</u>	<u>6,914,279</u>	<u>1,364,566</u>
Program revenues:								
Extended learning	---	---	200,238	200,238	---	---	146,629	146,629
Student store	---	---	104,570	104,570	---	---	91,462	91,462
	<u>---</u>	<u>---</u>	<u>304,808</u>	<u>304,808</u>	<u>---</u>	<u>---</u>	<u>238,091</u>	<u>238,091</u>
Excess (deficiency) of revenues over (under) expenditures	---	---	(332,742)	332,742	---	---	321,292	(321,292)
Fund balance:								
Beginning of year	(333,624)	(333,624)	337,575	(671,199)	(523,624)	(523,624)	16,283	(539,907)
End of year	<u>\$(333,624)</u>	<u>\$(333,624)</u>	<u>\$ 4,833</u>	<u>\$(338,457)</u>	<u>\$(523,624)</u>	<u>\$(523,624)</u>	<u>\$ 337,575</u>	<u>\$(861,199)</u>



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
iLearn Academy Charter School, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of iLearn Academy Charter School, Inc. (“the Academy”), which comprise the statement of financial position as of September 30, 2025, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated January 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

January 23, 2026