



**Financial Highlights**  
**Maga'låhen Hurao-CHamoru Academy Charter School**  
**FY 2025 Financial Highlights**

March 9, 2025

The Maga'låhen Hurao-CHamoru Academy Charter School (Hurao) – Guam's first CHamoru language and culture immersion charter school – received an unmodified opinion on its Fiscal Year (FY) ended September 30, 2025, financial statements and report on compliance from independent auditors Ernst & Young, LLP (EY). EY did not identify any deficiencies in Hurao's internal control over financial reporting and on compliance that they considered to be a material weakness. However, auditors noted four deficiencies in relation to its internal control and financial reporting. Hurao closed FY 2025 with a \$219 thousand (K) net position. FY 2025 was the first year that the Office of Public Accountability oversaw Hurao's financial audit.

**Revenues and Expenditures**

For FY 2025, Hurao received and reported approximately \$1.4 million (M) in revenue from the Government of Guam, which represents 88% of total \$1.5M allocated (\$7.8K per pupil x 200 students); however, Hurao's expenditures were approximately \$1.3M, with salaries and wages as the biggest operating expenditure totaling \$676K (49%). Beginning school year 2024-2025 with 91 students in grades K3 through 5th grade, enrollment grew to 174 students at the start of school year 2025-2026, representing a 91% increase. As of September 30, 2025, Hurao has receivables of approximately \$530K from the GovGuam representing appropriations earned but not yet received.

**Related Party Transactions**

Hurao has transactions with Chief Hurao Academy, Inc. (CHA), a related nonprofit organization. CHA served as the applicant organization for the Hurao's charter, and its Board of Directors served as Hurao's Transitional Board from August 2024 through April 2025. As of September 30, 2025, three of seven board members serve on both Hurao and CHA organizations, with four independent members constituting a majority of Hurao's Board. During FY 2025, from November 1, 2024, to September 30, 2025, Hurao contracted with CHA to perform professional services related to CHamoru-medium curriculum development and teacher training totaling \$325K.

CHA also provided bridge financing to support startup operations before GovGuam appropriations were received. The emergency financial support to Hurao covered its first fiscal year in operation from August 2024 through approximately September 2025, or until Hurao established independent banking operations and received government appropriations sufficient for operations. As of September 30, 2025, the outstanding bridge loan balance was \$194K. The loan is non-interest-bearing.

### **Lease Agreement Overview**

Effective July 2024, Hurao operates in a facility leased from the Business Technology Endowment Foundation. Hurao leases a portion of the real property utilized as a school campus, which provides adequate space for the near-term operations. As enrollment approaches the 200-student capacity, Hurao will evaluate facility needs to accommodate continued growth. The lease contract, with a term of three years, includes a fixed monthly base rent of \$8.3K; rent payments totaled \$100K as of September 30, 2025. The total lease liability was \$168K, representing the present value of remaining lease payments at the end of FY 2025.

### **Report on Internal Control and Compliance and Management Letter**

For FY 2025, no significant deficiencies or material weaknesses were identified in the Report on Internal Control over Financial Reporting and Compliance. However, EY identified certain internal control matters for management consideration:

1. **Accounting for Leases:** EY's examination of the lease schedule noted that the calculation of the Right-of-Use Asset and Lease Liability is not in accordance with the requirements of Governmental Accounting Standards Board (GASB) No. 87, which resulted in the misstatement of the beginning balance and subsequent measurement of the related accounts. An audit adjustment was proposed to correct this misstatement. EY recommends Hurao maintain a lease schedule and continue to monitor any changes or modifications to the lease contracts to ensure ongoing compliance with GASB.
2. **Payroll Accrual:** EY's examination of payroll noted that payroll for the last pay period, September 19, 2025, through September 30, 2025, with a pay date of October 9, 2025, was not accrued, which resulted in an understatement in the current period of the payroll costs while overstating the subsequent year. An audit adjustment was proposed to correct this misstatement. EY recommends Hurao establish internal control procedures to ensure accrual of payroll and other expenditures/expenses when incurred.
3. **Enrollment Database:** EY's review of the student listing noted that the entire enrollment database is stored in Google Sheets. This condition exposes the database to access by unauthorized individuals, putting sensitive personal data of the students at risk and exposing Hurao to non-compliance with relevant data protection laws. EY recommends Hurao consider a more secure database storage system for its enrollment database, as this will help mitigate any risks associated with data breaches and unauthorized access.
4. **Continuous Professional Development:** EY noted that the accounting team is new, small in resource personnel, and still acquiring the necessary expertise to perform financial reporting. EY recommends Hurao continue to provide training and development to its personnel to improve and keep up to date with changing reporting and regulatory requirements.

For more details, refer to Hurao's FY 2025 Financial Statements and Report on Compliance and Internal Control, Management Letter, and Auditor's Communication With Those Charged With Governance at [www.opaguam.org](http://www.opaguam.org) and [www.magalahenhurao.org](http://www.magalahenhurao.org).