

Management Letter

Maga'låhen Hurao-CHamoru Academy Charter School
(A Non-Profit Organization)

Year ended September 30, 2025



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March 6, 2026

The Board of Directors
Maga'låhen Hurao-CHamorú Academy Charter School

In planning and performing our audit of the financial statements of the governmental activities and the General Fund of the Maga'låhen Hurao-CHamorú Academy Charter School (the "Academy") as of and for the year ended September 30, 2025, 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, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 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 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.

During our audit, we noted the following other matters that should be brought to your attention:

Accounting for Leases

Condition: During our examination of the lease schedule, we 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.

Recommendation: We recommend the Academy maintain a lease schedule and continue to monitor any changes or modifications to the lease contracts to ensure ongoing compliance with GASB.

Payroll Accrual

Condition: During our examination of payroll, we noted that payroll for the last pay period September 19, 2025 through September 30, 2025 with pay date October 9, 2025 was not accrued. This 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.

Recommendation: We recommend the Academy establish internal control procedures to ensure accrual of payroll and other expenditures/expenses when incurred.

Enrollment Database

Condition: During our review of the student listing, we 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 the Academy to non-compliance with relevant data protection laws.

Recommendation: We recommend the Academy 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.

Continuous Professional Development

Condition: We noted that the accounting team is new, small in resource personnel, and still acquiring the necessary expertise to perform financial reporting.

Recommendation: We recommend the Academy continue to provide training and development to its personnel to improve and keep up to date with changing reporting and regulatory requirements.

This communication is intended solely for the information and use of management and the Board of Directors, others within the organization, and the Office of Public Accountability - Guam and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Sincerely,

