



Financial Highlights
Guahan Academy Charter School Financial Audit
Fiscal Year 2024

March 21, 2025

The Guahan Academy Charter School (GACS) received unmodified (clean) opinions from independent auditors, Ernst & Young, LLP, on their fiscal year (FY) 2024 financial statements. In addition, independent auditors did not identify any material weaknesses in their reporting on internal control over financial reporting and on compliance. GACS closed FY 2024 with a positive net position of \$2.7 million (M), a \$540 thousand (K) increase (or 25%), in contrast to an \$88.4K increase in FY 2023's net position.

Revenues Increased by \$1.6M, Expenditures Increased by \$1.1M

In FY 2024, GACS reported total revenues of \$7.1M, marking an increase of \$1.6M (or 29%) from FY 2023's total revenues of \$5.5M. This notable increase can primarily be attributed to a substantial gain in (1) federal grant revenue, which increased by \$378K (or 217%), and (2) other revenue, which increased by \$430K (or 1,277%) in FY 2024.

GACS' FY 2024 total expenses of \$6.5M increased by \$1.1M (or 21%) compared to \$5.4M in FY 2023. These increases were attributed mainly to an increase in (1) contractual services of proposed facility programming consulting services by \$502K (72%) and (2) an increase in materials/misc. supplies due to Typhoon Mawar and books/online expenses for online learning resources and subscriptions by \$174K (88%).

Long-Outstanding Payable

A long-term payable amounting to \$419K, recorded as of September 2023, consisting of \$400K in construction services and \$19K in legal services, was written off in FY 2024 based on the GACS Legal Counsel's recommendation and Guam's statute of limitations, which limits debt enforcement actions to four years. Since the liability exceeded this period, the possibility of the vendors establishing a valid claim was deemed significantly remote. After writing off this unenforceable amount, the total outstanding payables for FY 2024 amounted to \$509K, of which \$449K was settled in FY 2025.

Continued Reliance on Government of Guam (GovGuam) Funding

GACS continues to rely significantly on GovGuam funding, receiving \$4.9M in Per Pupil Allocation, which constituted approximately 70% of its total annual revenue, of which the FY 2024 unexpended balance from the appropriation was \$786K. By year-end, GACS boasted a student enrollment of 785, a 20-student increase from 765.

In accordance with Public Law (P.L.) 37-125, the Fiscal Year 2025 budget provided GACS with funding to enroll 765 students, with per-student funding rising to approximately \$7.8K from \$7.5K. Moreover, P.L. 37-124 provided funding for an additional fifteen students, totaling approximately \$18.8K. This results in an upcoming total for FY 2025 allocation of approximately \$6M for 780 students. However, any substantial changes in per-pupil reimbursements will have an adverse impact on GACS' ability to operate due to its funding dependency on GovGuam.

In addition to funding per pupil, GovGuam allows GACS' use of Buildings C, D, and E in Tiyan at no cost under a Memorandum of Agreement (MOA), which was initially established in August 2013 and revised in May 2021. The lease, valued at \$79K per month or \$953K annually, was set to expire on June 30, 2023. In March 2023, GACS requested an extension, and in August 2023, the Office of the Governor (OOG) confirmed that GACS could remain despite delays in processing a new agreement. As of the report date, OOG, the government entity with entitlement to possession, has not taken any steps to proceed with an unlawful detainer, has not sought any rent, and has not interrupted GACS' peaceful possession of the property. GACS has requested continued use while securing financing for a new facility, subject to maintaining a valid charter and compliance with MOA terms.

Should GACS vacate the Tiyan premises, the MOA requires GACS to incur certain expenses to restore those premises. As of September 30, 2024, GACS has estimated \$89K as the attendant cost of vacating the Tiyan premises, but given its current financial situation, it is not currently possible to predict if such costs will be incurred and therefore, given the materiality of this balance, it has not been recorded as an expense and as a liability in the accompanying financial statements.

Proposed Facility Expansion & Redesign

In an effort to move forward with their proposed plan for facility expansion to accommodate a larger student body, GACS issued a Request for Proposal (RFP) for Programming and Architecture & Engineering (A&E) Consulting Services on December 22, 2023. Phase I of the consulting services, which focused on the programming aspect and included stakeholder input, was conducted in June 2024. The Phase I deliverables for concept designs were completed in January 2025 and 30% cost estimates are expected to be completed by the end of March 2025. As of the date of this report, recent requests for design changes have been sought to reduce the cost of construction.

Federal Government Funding Support

GACS continues to benefit from federal funding through Consolidated Grants and ARP-SEA grants under the CARES Act. GACS was allocated federal grants through the Guam Department of Education's Education Stabilization Fund II (ESF II) and the American Rescue Plan (ARP) to support its operations and initiatives. The total allocation to GACS under ESF II was just over \$2.1M, while the ARP allocation amounts to slightly over \$4.1M. The FY 2023 ESF II balance of roughly \$918K has been reallocated to the current FY 2024 ARP balance of approximately \$2.9M to maximize the utilization of federal resources. Although ARP expired on September 30, 2024, vendor deliveries are extended until September 30, 2025. Any remaining balances not converted to purchase orders can no longer be encumbered.

In May 2023, GACS submitted a financial assistance application to the Federal Emergency Management Agency (FEMA) to address damages caused by Typhoon Mawar, a declared disaster. The application was successfully approved, covering multiple project categories, including Debris Removal (Category A), Emergency Protective Measures (Category B), Buildings, Content, and Equipment (Category E), and Management Costs (Category Z). The reimbursements are expected to be collected in FY 2025.

For a detailed discussion on GACS's operations, refer to the Management's Discussion and Analysis or view the reports in their entirety on our website at www.opaguam.org.