

October 26, 2023

To the Boards of Directors and Management of
Advanced Math and Science Academy Charter School and
STEM Soaring Eagles Foundation, Inc.:

We have audited the financial statements of the business-type activities of Advanced Math and Science Academy Charter School (a Massachusetts charter school) (the School) and its blended component unit, STEM Soaring Eagles Foundation, Inc. (a Massachusetts corporation, not for profit) (STEM Foundation), (collectively, the Organization), for the year ended June 30, 2023, and have issued our report thereon dated October 26, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. During fiscal year 2023, the Organization adopted Governmental Accounting Standards Board's (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance to increase the transparency and comparability of subscription-based information technology agreement transactions. No other new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The estimated useful lives of capital assets and right-to-use lease assets, which are based on management's expectation of the period of time the class of asset will provide future economic benefit to the Organization.
- The valuation of in-kind transportation, pension and goods, which is based on rates provided by the City of Marlborough, actuarial calculations from the Commonwealth of Massachusetts, Department of Elementary and Secondary Education, and amounts determined by the donor, respectively.
- Revenue recognition of grants, which is based on donor stipulations that limit the use of the gift or spending requirements for government grants.
- The discount rate used to calculate the net present value of the School's lease liabilities, which is based on the School's estimated incremental borrowing rate.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Matters (Continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected the attached misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 26, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information, the Management's Discussion and Analysis, accompanying the financial statements that is solely for additional analysis and is not a required part of the basic financial statements, this information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we provide no assurance and have not expressed an opinion on it.

Comments, Observations and Recommendations

Prior Year Items Addressed

- The School created new general ledger accounts to properly record lease related activity.
- During fiscal year 2023, the Organization updated several of its policies and procedures over IT General Controls.

Prior Year Item in Progress

Procurement Policy

As part of compliance with procedures and policies, the Organization should review its current procurement policy to ensure it is in accordance with Uniform Guidance standards in case the School exceeds \$750,000 in Federal expenditures.

This information is intended solely for the use of the Finance Committee, the Boards of Trustees and management of the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

AAFCPAs, Inc.
Certified Public Accountants