

October 14, 2025

To the Boards of Trustees and Management of
Advanced Math and Science Academy Charter School and
Advanced Math and Science Academy 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, Advanced Math and Science Academy Soaring Eagles Foundation, Inc. (formerly known as STEM Soaring Eagles Foundation, Inc.) (a Massachusetts corporation, not for profit) (Foundation), (collectively, the Organization), for the year ended June 30, 2025, and have issued our report thereon dated October 14, 2025. 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 May 23, 2025. 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 2025, the Organization implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement establishes recognition and measurement guidance for all types of compensated absences, such as vacation, sick leave, and paid time off, earned by employees. The implementation did not materially impact the financial statements, as those continue to report compensated absences only when they are due and payable. The Organization also implemented GASB Statement No. 102, *Certain Risk Disclosures*, for the fiscal year ended June 30, 2025. This standard requires disclosure of certain concentrations and constraints that expose the government to significant financial risk if specific events occur. Accordingly, the implementation of GASB 102 did not have a material impact on the financial statements for the fiscal year ended June 30, 2025.

There were no other new accounting policies adopted and the application of existing policies was not changed during fiscal year 2025. 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.

Significant Audit Matters (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- The discount rate used to calculate the net present value of the School's lease and subscription liabilities, which is based on the School's estimated incremental borrowing rate.

We evaluated the methods, assumptions, and data used to develop these accounting 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.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in 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 misstatement detected as a result of audit procedures.

In addition, the attached schedule contains an uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole. The uncorrected misstatement or the underlying matters could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatement is immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 14, 2025.

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.

Other Matters for Your Information

Financial Reporting Model Improvements (GASB 103)

GASB has issued Statement No. 103 - *Financial Reporting Model Improvements* (GASB 103), a significant update intended to modernize and enhance the usefulness, clarity, and consistency of governmental financial statements. GASB 103 is effective for fiscal years beginning after June 15, 2025 (fiscal year 2026), and requires retroactive application to fiscal year 2025. This standard aims to streamline reporting and make financial statements more decision-useful.

The primary goals of GASB 103 are to:

- **Management's Discussion and Analysis (MD&A):** GASB 103 requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. GASB 103 requires comparison between current and prior year. Detailed analyses must explain reasons for changes, not just amounts or percentages. The analysis provided in MD&A should avoid unnecessary duplication and "boilerplate" language; focus on relevant information, focused on the primary government.
- **Unusual or Infrequent Items:** GASB 103 describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Unusual or infrequent items must be displayed separately as the last flows of resources before the net change in resource flows.
- **Proprietary Fund Nonoperating Revenues and Expenses:** GASB 103 requires that the Proprietary Fund distinguish between operating and nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. GASB 103 also requires subtotals for operating income (loss) and noncapital subsidies before other nonoperating revenues and expenses for Proprietary Funds.
- **Budget Comparisons:** GASB 103 shifts budget comparisons from the MD&A to Required Supplementary Information (RSI) to better emphasize budget-to-actual insights without cluttering core financial statements.
- **Major Component Unit Information:** Major component units should be presented separately in the reporting entity's financial statements if it does not reduce the readability of the financial statements. If the readability of the financial statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Other Matters for Your Information (Continued)

- **Statistical Information:** For governments engaged only in business-type activities or only business-type and fiduciary activities, align statistical section disclosures with the presentation format used in the basic financial statements distinguishing between operating, noncapital subsidies and other nonoperating revenues and expenses.

We encourage management and governance to discuss an implementation plan and potential policy, and system updates required to ensure a smooth transition.

Disclosure of Certain Capital Assets (GASB 104)

GASB has issued Statement No. 104 – *Disclosure of Certain Capital Assets* (GASB 104), which is effective for fiscal years beginning after June 15, 2025 (fiscal year 2026), and requires retroactive application to prior periods presented. The purpose of this standard is to enhance transparency by requiring certain types of capital assets to be disclosed separately, such as separate note disclosures for lease assets, intangible right-to-use assets (including subscription assets), and other intangible capital assets, allowing users of the financial statements to better understand the nature and classification of these assets.

Additionally, GASB 104 introduces new disclosure requirements for capital assets held for sale, including identification in each reporting period, along with presentation of their historical cost, accumulated depreciation, and related pledged debt. While the scope is relatively narrow, these changes require thoughtful updates to note disclosures and asset tracking. We recommend that management begin reviewing current capital asset categorization, updating policies, and coordinating with the finance team to ensure smooth and transparent implementation.

If you have any questions or need further assistance with the implementation of these standards, please contact a member of your audit service team.

Comments, Observations and Recommendations

Current Year Item

Cyber Health Review

The cybersecurity landscape is undergoing a significant transformation, driven by the rapid advancement of artificial intelligence and deepfake technologies. These tools are enabling cybercriminals to execute highly convincing social engineering attacks and generate fraudulent content, such as fake receipts and impersonated communications. This marks a new era of cyber threats that traditional defenses may not be equipped to handle.

We strongly recommend that management implement additional safeguards to address these emerging risks. This includes enhancing protection mechanisms, updating cybersecurity policies and procedures, and increasing employee awareness through targeted training.

Comments, Observations and Recommendations (Continued)

Cyber Health Review (Continued)

To stay ahead of these threats, we advise conducting an annual Cyber Health Review. This should encompass a comprehensive assessment of your organization's security posture, identification of vulnerabilities, and implementation of timely remediation strategies. We are available to support you in developing and executing a tailored cybersecurity review program to reduce your risk exposure.

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 the event the School exceeds \$1,000,000 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

ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL

Uncorrected Misstatements Report
June 30, 2025

Entity	PAJE #	Adjustment Accounts	Journal Entry		Description of Audit Difference	Financial Statement Effect			
			Debit	Credit		Total Assets	Total Liabilities	Total Net Position	Change in Net Position
AMSAC	1	Unrestricted net position	\$ -	\$ 247,819	To properly record depreciation related to land included in building basis for the period October 2021-June 30, 2025	\$ -	\$ -	\$ 247,819	\$ -
		Depreciation expense	-	99,128		-	-	-	99,128
		Accumulated depreciation	346,947	-		346,947	-	-	-
		Net Unadjusted Audit Differences - Current Year				<u>\$ 346,947</u>	<u>\$ -</u>	<u>\$ 247,819</u>	<u>\$ 99,128</u>