

*The Auditor's Communication With Those Charged  
With Governance*

**Department of Chamorro Affairs**  
**Non-Appropriated Funds**  
(A Component Unit of the Government of Guam)

*Year Ended September 30, 2023*





Ernst & Young LLP  
231 Ypao Road  
Suite 201 Ernst & Young Building  
Tamuning, Guam 96913

Tel: +1 671 649 3700  
Fax: +1 671 649 3920  
ey.com

February 19, 2025

The Board of Trustees  
Department of Chamorro Affairs – Non-Appropriated Funds

We have performed an audit of the financial statements of the Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF), a component unit of the Government of Guam, as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated February 19, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

## **REQUIRED COMMUNICATIONS**

Professional standards require the auditor to provide Board of Trustees (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of DCANAF is responsible. We summarize these required communications as follows:

### **Overview of the planned scope and timing of the audit**

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated December 20, 2023 and at our audit planning meeting with management.

### **Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted *Government Auditing Standards* (GAGAS)**

The financial statements and supplementary information are the responsibility of DCANAF's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

### **Changes to the audit strategy, timing of the audit and significant risks identified**

Our audit strategy is consistent with the plan communicated during the December 2023 meeting.

### **Our views about the qualitative aspects of the entity's significant accounting practices, including:**

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

We are not aware of any significant accounting policies used by DCANAF in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

### **Related party relationships and transactions**

We noted no significant matters regarding DCANAF's relationships and transactions with related parties.

### **Changes to the terms of the audit with no reasonable justification for the change**

We are not aware of any matters that require communication.

### **Significant unusual transactions**

We are not aware of any significant unusual transactions executed by DCANAF.

**Difficult or contentious matters subject to consultation outside of the audit team**

There were no difficult or contentious matters that required consultation outside of the audit team.

**Material corrected misstatements related to accounts and disclosures**

Refer to “Management Representations Letter” in Appendix A.

**Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial**

Refer to “Management Representations Letter” in Appendix A.

**Significant deficiencies and material weaknesses in internal control over financial reporting**

We have identified material weaknesses in our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated February 19, 2025.

Management’s written responses to our comments have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

Other matters identified during the course of our audit have been included in our separately issued management letter dated February 19, 2025.

**Fraud and noncompliance with laws and regulations (illegal acts)**

We are not aware of any matters that require communication.

**Obtain information relevant to the audit**

Inquiries regarding matters relevant to the audit were performed during the December 2023 meeting and in the update status meetings during the audit.

**Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

### **New accounting pronouncements**

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102

### **Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention**

We are not aware of any matters that require communication.

### **Disagreements with management and significant difficulties encountered in dealing with management when performing the audit**

There were no material disagreements with DCANAF's management on financial accounting and reporting matters during the audit.

### **Management's consultations with other accountants**

We are not aware of any consultations made by management with other accountants or specialists.

### **Other material written communications with management**

None.

### **Other matters**

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

### **AICPA ethics ruling regarding third-party service providers**

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with DCANAF or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

**Representations from management**

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

**Engagement team’s involvement with preparation of the financial statements**

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraph 3.73-74 Provision of Non-audit Services to Audited Entities explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document consideration of management’s ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of DCANAF.
- The preparation of the financial statements is based on DCANAF’s trial balance with the understanding that underlying books and records are maintained by DCANAF’s accounting department and that the final trial balance prepared by DCANAF is complete.
- DCANAF’s President and Program Coordinator have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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This communication is intended solely for the information and use of the Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



## Appendix

A – Management Representations Letter

A – Management Representations Letter



LOURDES A. LEON GUERRERO  
*Maga'håga*

JOSHUA F. TENORIO  
*Sigundo Maga'låhi*

DIPĀTTAMENTON I KAOHAO GUINAHAN CHAMORU  
DEPARTMENT OF CHAMORU AFFAIRS  
193 Chalan Santo Papa Juan Pablo Dos  
Hagåtña, Guam 96910  
Tel: (671) 989-2426/4455 • Fax: (671) 989-7219



MELVIN WON PAT-BORJA  
*Mås Ge'helo*

February 19, 2025

Ernst & Young LLP  
231 Ypao Road  
Suite 201 Ernst & Young Building  
Tamuning, Guam 96913

In connection with your audits of the basic financial statements of the Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF), a component unit of the Government of Guam as of September 30, 2023 and 2022 and for years then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position of the business-type activities of DCANAF and the changes in financial position and cash flows, thereof in conformity with US generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

***Management's responsibilities***

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated December 20, 2023, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding years. In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DCANAF's ability to continue as a going concern for one year after the date that the financial statements are issued (or available to be issued, if applicable), and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

We acknowledge our responsibility for the design, implementation and maintenance of the system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:





A – Management Representations Letter, continued

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the DCANAF from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From May 17, 2023 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

***Corrected misstatements***

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the DCANAF's books.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

***Internal control***

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We have communicated to you all significant deficiencies in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2023.

***Minutes and contracts and internal audit reports***

The dates of meetings of shareholders, directors, committees of directors and important management committees October 1, 2022 to audit report date as follows:

<b><u>Type of meeting</u></b>	<b><u>Date</u></b>
Board of Trustee's regular meeting	December 1, 2022
Board of Trustee's regular meeting	February 15, 2023
Board of Trustee's regular meeting	March 10, 2023
Board of Trustee's regular meeting	October 19, 2023
Board of Trustee's regular meeting	November 9, 2023

A – Management Representations Letter, continued

Board of Trustee’s regular meeting	December 14, 2023
Board of Trustee’s regular meeting	January 18, 2024
Board of Trustee’s regular meeting	September 12, 2024
Board of Trustee’s regular meeting	December 5, 2024

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

We have also made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

***Methods, significant assumptions, and data used in making accounting estimates***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

***Ownership and pledging of assets***

The DCANAF has satisfactory title to all assets appearing in the statements of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the DCANAF has satisfactory title appear in the statements of net position.

***Receivables and revenues***

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position dates in respect of any sales and services rendered prior to those dates and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at those dates.

***Inventories***

Physical counts and measurements of inventories were made by competent employees under the supervision of management and book records were appropriately adjusted after giving recognition to cut-off for materials received and products shipped.

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods subsequent to September 30, 2023 and none are contemplated.

A – Management Representations Letter, continued

***Leases***

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

***Related party relationships and transactions***

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

***Side agreements and other arrangements***

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

***Arrangements with financial institutions***

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

***Contingent liabilities***

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62 as amended, *Contingencies*—nor are there any accruals for loss contingencies included in the balance sheet(s) or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

We have not consulted legal counsel concerning litigation, claims or assessments.

There are no oral or written guarantees including guarantees of the debt of others.

A – Management Representations Letter, continued

***Purchase commitments***

At September 30, 2023 and 2022 the DCANAF had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that (those) date(s).

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2023 and 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

***Non-compliance with laws and regulations, including fraud***

We acknowledge that we are responsible to determine that the DCANAF's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the DCANAF's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the DCANAF.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

***Independence***

We have communicated to you the names of DCANAF's affiliates, officers and directors, or individuals who serve in such capacity for the DCANAF.

We are not aware of any business relationship between the DCANAF and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the DCANAF's audits.

***Conflicts of interest***

There are no instances where any officer or employee of the DCANAF has an interest in a DCANAF with which the DCANAF does business that would be considered a "conflict of interest." Such an interest would be contrary to DCANAF's policy.

A – Management Representations Letter, continued

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on management’s discussion and analysis, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

***Supplementary information***

We are responsible for the preparation and fair presentation of the Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Changes in Net Position (the “supplementary information”).

We believe the supplementary information, including its form and content, is fairly stated in all material respects.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

***Effects of new accounting principles***

As discussed in Note 1 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the following codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Errors Correction – An Amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*

DCANAF is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

***Other representations***

We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions

A – Management Representations Letter, continued

of contracts and grant agreements where the noncompliance could have a direct and material effect on the financial statements.

We have followed all applicable laws and regulations in deposits and investments, including collateral requirements on depository accounts.

The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54 — as amended.

Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.

Revenues are appropriately classified in the statement of revenues and expenses and changes in net position.

Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.

Provisions for uncollectible receivables have been properly identified and recorded. We believe that the amount recorded as receivable related to the operations of Guam Museum is supported by the facts outlined in written agreements with the Operator of the Guam Museum. We believe that the allowance provided to the difference between the recorded receivable and the amount received from the Operator is reasonable based on the current uncertainty of collection and ongoing dispute with the Operator.

Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.

Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.

Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

From October 1, 2022 to September 30, 2023, the management team for the Department of Chamorro Affairs agreed that utility expenditures for Chamorro Village will be paid by the DCA appropriated fund.

P.L. 33-66 established the Guam Museum Fund and states that it shall maintain separate and apart from other funds, the records of which shall be kept and maintained by the Trustees. Twenty-five percent (25%) of all building permit fees collected by the Department of Administration pursuant to § 66408 of Article 4, Chapter 66 of Division 2, Title 21 GCA is currently being subject to appropriations.

A – Management Representations Letter, continued

***Other matters***

We have received a draft copy of our financial statements as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries in Appendix A, posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

We acknowledge that we have reviewed them and taken responsibility for them.

***Subsequent events***

Subsequent to September 30, 2023, no events or transactions as outlined in “Subsequent Events” in Appendix C have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the DCANAF’s affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, results of operations or cash flows of DCANAF.


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A – Management Representations Letter, continued

We understand that your audits were conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and were, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of DCANAF and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,

  
\_\_\_\_\_  
Mr. Melvin Won Pat Borja, President

  
\_\_\_\_\_  
Ms. Marilyn Reyes, Program Coordinator III



A – Management Representations Letter, continued

Appendices

- A – Schedule of Corrected Misstatements
- B – Schedule of Uncorrected Misstatements
- C – Subsequent Events

A – Management Representations Letter, continued

A – Schedule of Corrected Misstatements

**Communication schedule for corrected misstatements**

Entity: Department of Chamorro Affairs - Non-Appropriated Funds      Period ended: 30-Sep-2023      Currency: USD

No.	WIP ref.	Account	Analysis of misstatements Debit/(Credit)						Income statement effect of the current period	
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI		
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable	
AJIE01	T0100	To adjust the beginning balance of net position for the President's Office to match that of the ending balance per the audited financial statements.								
		Accounts receivable - Other receivables	203,852					(203,852)		
		Net position at beginning of year								
AJIE02	T0100	To adjust the beginning balance of net position for RPT to match that of the ending balance per the audited financial statements								
		Inventory, net	361					(361)		
		Net position at beginning of year								
AJIE03	T0100	To adjust the beginning balance of net position for Guam Museum to match that per the audited financial statements								
		Accounts receivables	68,898							
		Cash	734							
		Net position at beginning of year						(7,961)		
		Accounts receivables: Allowance for doubtful accou	(60,220)							
		Inventories	(1,451)							
RJIE01	E0100	To reclassify accounts receivable credit balances to accounts payable.								
		Accounts receivables	5,200					(5,200)		
		Accounts payable								
RJIE02	N0100	To reclassify accounts payable with debit balances to accounts receivables.								
		Accounts receivables	3,216							
		Accounts payable						(3,216)		
RJIE03	VD0100	To reclassify water usage charged to Chamorro Village Food tenants as CV does not have an principal/agent relationship with GWA.								
		Utilities								19,354
		Other income								(19,354)
AJIE04	FS.01	To book audited FY22 adjustments related to GASB 87 adoption, not carried over by client								
		Lease receivable	234,527							
		Deferred inflow of resources						(234,527)		
<b>Total of corrected misstatements before income tax</b>			455,117					(242,943)	0	(212,174)
									0	0

A – Management Representations Letter, continued

B – Schedule of Uncorrected Misstatements

Entity: Department of Chamorro Affairs - Non-Appropriated Funds  
 Period Ended: 30-Sep-2023  
 Currency: USD

No.	W/P ref.	Account (Note 1)	Analysis of misstatements Debit/(Credit)				Effect on the current period OCI	Income statement effect of the current period	Income statement effect of the prior period
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current			
(misstatements are recorded as journal entries with a description )			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	
<b>Unrecorded misstatements:</b>									
SAD01	FO100	To reclassify those furnitures and fixtures parts to its proper account.		14,263					
		Furniture and fixtures	(14,263)						
		Inventories							
SAD02	C 00 WP	To record an adjustment related to to stale checks			(182)				
	PY SAD06	Accounts Payable							
		Cash	7,401						
		Other Income							(7,219)
SAD04	NO100	To record contractual expenses that occurred in the fiscal year.			6,701				
		Accounts payable							
		Contractual expenses							(6,701)
<b>Judgmental misstatements:</b>									
SAD03	FO100	To recognize depreciation expense for those assets that were reclassified to PPE							
	PY SAD02	Depreciation expense							4,754
		Accumulated depreciation	(4,754)						
<b>Total of uncorrected misstatements before income tax</b>			(6,852)	9,502	6,519	0	0	0	2,852
<b>Total of uncorrected misstatements</b>			(6,852)	9,502	6,519	0	0	0	(4,367)
<b>Financial statement amounts</b>			744,876	(91,033)	(152,254)	653,843	60.1%	(113,301)	3.9%
<b>Effect of uncorrected misstatements on F/S amounts</b>			-0.9%	0.0%	-7.2%	0.0%	60.1%	0.0%	0
Memo: Total of non-taxable items (marked 'X' above)									
<b>Uncorrected misstatements before income tax</b>									(4,367)
<b>Less: Tax effect of misstatements at current year marginal rate</b>							0%		0
<b>Uncorrected misstatements in income tax</b>									0
<b>Cumulative effect of uncorrected misstatements after tax but before turnaround</b>							60.1%		(4,367)
<b>Turnaround effect of prior period uncorrected misstatements</b>									0
<b>All factual and projected misstatements: Judgmental misstatements (Note 3):</b>									905
<b>Cumulative effect of uncorrected misstatements, after turnaround effect</b>							-5.9%		905

A – Management Representations Letter, continued

C – Subsequent Events

Questions	
1	Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?
2	Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements?  Have any other significant unusual transactions been entered into?
3	Have there been any new significant contingent liabilities or commitments that arisen, except as disclosed in the financial statements?
4	Have there been any significant changes that occurred in trends of sales/revenue or costs/expense that could affect accounting estimates (e.g. valuation of receivables or inventories, realization for deferred charges, provisions for warranties or employee benefits, provisions for warranties or employee benefits or unearned income, or reserve for losses and loss adjustment expense)?
5	Have there been any significant changes that occurred, or are pending, in the capital accounts, long-term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?
6	Have there been any significant changes that occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?
7	Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?
8	Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?
9	Have there been any changes in the entity’s related parties?
10	Have any significant new related party transactions occurred?
11	Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the financial statements?
12	Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the financial statements other than those that are already been provided to EY (if any).
13	Did <b>Department of Chamorro Affairs – Non-Appropriated Funds</b> provide all of minutes meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings that were held subsequent to the balance sheet date?
14	Are you aware of any fraud or suspected fraud affecting <b>Department of Chamorro Affairs – Non-Appropriated Funds</b> involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements up to report date?

A – Management Representations Letter, continued

15	Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of <b>Department of Chamorro Affairs – Non-Appropriated Funds</b> ?
16	Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?
17	Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?
18	Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?
19	Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?
20	Are you aware of any journal entries posted after September 30, 2023 that would have a material effect on the financial statements as of the balance sheet date?