

*Financial Statements, Required Supplementary
Information and Supplementary Information*

Guam Housing Corporation
(A Component Unit of the Government of Guam)

*Years ended September 30, 2025 and 2024
with Report of Independent Auditors*



**Shape the future
with confidence**

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and
Supplementary Information

Years ended September 30, 2025 and 2024

Contents

Report of Independent Auditors.....	1
Management’s Discussion and Analysis	4
Audited Basic Financial Statements	
Statements of Net Position.....	18
Statements of Revenues, Expenses and Changes in Net Position	20
Statements of Fiduciary Net Position	21
Statements of Changes in Fiduciary Net Position.....	21
Statements of Cash Flows.....	22
Notes to Financial Statements.....	24
Required Supplementary Information	
Schedule 1 – Schedule of Proportionate Share of the Net Pension Liability – Defined Benefit Plan.....	57
Schedule 2 – Schedule of Contributions – Defined Benefit Plan	58
Schedule 3 – Schedule of Proportionate Share of the Collective Total Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants	59
Schedule 4 – Schedule of Contributions – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants.....	60
Schedule 5 – Schedule of Proportionate Share of the Collective Total Pension Liability – Ad Hoc COLA Plan for DCRS Participants.....	61
Schedule 6 – Schedule of Contributions – Ad Hoc COLA Plan for DCRS Participants	62
Schedule 7 – Schedule of Proportionate Share of the Collective Total Other Postemployment Benefits Liability.....	63
Note to Required Supplementary Information.....	64
Supplementary Information	
Schedule 8 – Combining Statement of Net Position.....	65
Schedule 9 – Combining Statement of Revenues, Expenses and Changes in Net Position.....	66
Schedule 10 – Salaries, Wages and Benefits	68
Schedule 11 – First-time Homeowner Assistance Program	69
Compliance and Internal Control	
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 <i>Government Auditing Standards</i>	70

Report of Independent Auditors

The Board of Directors
Guam Housing Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Guam Housing Corporation (the Corporation), a component unit of the Government of Guam, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Corporation as of September 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the Management's Discussion and Analysis, the Schedules of Proportionate Share of the Net Pension Liability, the Schedule of Contributions, and the Schedule of Proportionate Share of Collective Total Other Postemployment Benefit Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position, the schedule of Salaries, Wages and Benefits, and the First-time Homeowner Assistance Program are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 3, 2026 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Ernst + Young LLP

June 3, 2026

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis

Years ended September 30, 2025 and 2024

As Management of the Guam Housing Corporation (GHC), we present this narrative overview of the Corporation's background, history and financial activities for the fiscal year (FY) ended September 30, 2025. We encourage you to consider this information in conjunction with the financial statistics provided in the following pages.

A. About the Corporation

GHC was established by Title 12 Chapter 4 of the Guam Code Annotated in 1965. Its mandate is to (a) Encourage and promote the private capital investment in low- and moderate-income residential housing in Guam. (b) Engage in residential housing land-use planning for the most economic and socially beneficial use of land, and encourage private sector alignment with such planning. (c) Encourage and engage in low- and moderate-income housing activities, including residential subdivision development, housing construction for rental or resale, and providing loans to qualified persons who cannot otherwise qualify as borrowers through conventional means.

GHC is managed by a seven-member Board of Directors, responsible for overall policymaking and general supervision.

Loan & Supplemental Funding Programs

Rising construction costs, home prices, and interest rates have eroded the purchasing power of first-time homebuyers. To address this, the GHC Board of Directors increased the maximum mortgage loan maturity to 38 years for the Regular and Six Percent Loan Programs and capped the Regular Loan Program interest rate at 6%. These actions aim to lower monthly payments and increase the qualifying loan amount, making first-time homeownership more attainable for residents.

First-time homebuyers may apply for GHC loan programs. However, applicants for the Regular and Six Percent Loan Program must first be denied by a financial institution. Prospective applicants are encouraged to meet with GHC for a prequalification interview to determine how GHC may assist the applicant with his/her financing needs. While both programs share similar eligibility and qualifying criteria, the Regular program's interest rate is two percent above the prevailing rate charged by loan lenders (with a 6% ceiling). The Six Percent Loan program's rate is the prevailing rate, with a minimum of 4% and a maximum of 6%.

Both loan programs may be utilized for the purchase or construction of a house. For construction purposes, the GHC loan structure includes only one closing fee charged at loan closing. Interest payments will be required during the construction period. Upon completion of the home, these payments will be converted to PITI (principal, interest, taxes, and insurance) payments. The loan will then mature up to thirty-eight years after the first full PITI payment.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Another loan program GHC offers is the Community Affordable Housing Action Trust known as the CAHAT loan program. This is an interest free second mortgage program designed to assist first-time homebuyers who lack the resources to purchase or construct a typhoon-resistant home.

A participating lender provides first mortgage financing of up to 80%, the CAHAT loan program provides 15% financing and the borrower provides the required 5% down payment. Eligible recipients can receive up to \$40,000 with a loan term of up to thirty years.

GHC partnered with Rural Development (RD), United States Department of Agriculture, to provide joint financing. The program is the Leverage Loan Program, whereby GHC would provide 20% financing from its Six Percent Loan Program as the first lienholder, and RD will provide 80% financing as the second lienholder. This program was established through a Memorandum of Understanding between GHC and RD on September 5, 2005, but is currently inactive due to lack of funding from RD.

GHC also administers the First Time Homeowners Assistance Program (FTHAP) established by P.L. 31-166 in January 2012. Eligible recipients of the program are provided up to \$10,000 or 4% of the total purchase and/or construction cost to assist with closing costs. The maximum cost should not exceed \$420,000, excluding closing costs, as amended by P.L. 36-29, Board Resolution 03-2022 dated May 27, 2022. There are twelve participating financial institutions to include GHC.

GHC collaborates with the Chamorro Land Trust Commission (CLTC) on housing initiatives. By virtue of Title 21, Chapter 75 of the Guam Code Annotated, GHC is, in most cases, the only authorized lender for Chamorro land trust property recipients seeking mortgage financing. In addition to GHC's loan programs, CLTC land lessees who are Veterans may also utilize the Direct loan program from the U.S. Veterans Administration under the Native American Loan Program.

For detailed information regarding program eligibility and qualifying criteria, please visit the GHC website at www.guamhousing.org.

Rental Division

GHC's Rental Division manages 115 homes in Lada Gardens, Dededo, two 12-unit apartment buildings in Yigo and 2 homes in Sagan Linahan. P.L. 31-215 enabled GHC to increase its affordable rental housing inventory by transferring ten single family units in Sagan Linahan from the Department of Land Management (DLM) to GHC.

In FY 2022, major renovations of 23 rental units in Lada Gardens began. The initial contract was awarded for \$1,358,775, with the Department of Public Works (DPW) serving as Construction Manager. Two Change Orders were approved, increasing the total contract amount to \$1,444,635 and extending the completion date to January 16, 2023. The occupancy permit for the units was issued on March 7, 2023 which was beyond the approved completion date of January 16, 2023. GHC advised the contractor of its intent to claim liquidated damages due to the missed completion deadline. Before the final anticipated payment of \$154K was made to the contractor, settlement

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

discussions were initiated. In FY 2025, a mutual release and settlement agreement was signed. Under this agreement, GHC issued a final payment of \$60K to the contractor and formally withdrew its claim for liquidated damages.

Partnerships

GHC has entered into various partnerships in support of our mission and operations.

Guam Housing and Urban Renewal Authority (GHURA) - GHC entered into a Memorandum of Agreement (MOA) with GHURA on December 23, 2024. Under the terms of the MOA, GHURA would assist GHC with procurement, contract administration, construction management, and post-construction activities related to the renovation of sixteen (16) units identified under Phase II of the Lada Gardens Renovation Project. As part of the MOA, GHC transferred \$1.5M in ARPA funds to GHURA. Project completion is expected to occur in FY2026.

GUAM HOMELESS COALITION – The Shelter Assistance for Elderly (SAFE) House program was designed to provide temporary, supportive shelter for elderly or disabled fully independent individuals who have been displaced from permanent housing or are transitioning out of medical facilities. The program’s primary objective is to stabilize these individuals by providing safe shelter, medical care, and case management as they move toward permanent housing solutions. Effective April 1, 2025, GHC entered into a Sub-Grant Agreement with the Guam Homeless Coalition to assist in providing the temporary shelter needed for the program. GHC’s responsibilities include acting as the landlord for the shelter site, maintaining the property, and overseeing the furnishing and upkeep of the residential unit. A 4-Bedroom unit in Lada Gardens has been identified and outfitted with appliances, furniture, utilities, etc.

GUAM COMMUNITY COLLEGE (GCC) – As part of its Construction Trades Programs, GCC offers industry workforce development programs such as the Youth Build Program. Under this program, participants receive the opportunity to earn their GED and obtain Construction Skills through a combination of classroom instruction and hands-on learning. GHC and GCC entered into a Memorandum of Agreement on July 14, 2024. Under the MOA, GHC agreed to provide a unit in Lada Gardens to serve as the “Living Lab” and the materials needed to accomplish the renovation. GCC is responsible for selecting the student participants and approving qualified-certified instructors to provide supervision and instruction during renovation of the “Living Lab”.

GUAM DEPARTMENT OF EDUCATION (GDOE) – With the closure of Simon Sanchez High School due to damage from Typhoon Mawar and the need to rebuild the campus in its entirety, GDOE requested the use of designated GHC property located at Guma As-Atdas in Yigo. GHC and GDOE entered into an MOA in which GHC agreed to provide the use of ten (10) acres at Guma As-Atdas for the temporary SSHS campus while their permanent campus is being rebuilt. GDOE will be responsible for the construction of twenty (20) temporary classrooms and the renovation of two (2) existing apartment buildings. Further, they will be responsible for all utility expenses and maintenance of all buildings, facilities, and grounds associated with both the classrooms and the twenty-four (24) GHC units. At the conclusion of GDOE’s use of the property,

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

the twenty (20) classrooms and two (2) apartment buildings will be transferred to GHC at no cost, in good working condition, with all repairs completed and in compliance with all relevant building and safety standards.

B. Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of two components: 1) The Corporation's financial statements and 2) notes to the financial statements. The report also contains additional required supplementary information.

The Corporation utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principal Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

The *Statement of Net Positions* presents information on all the Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net positions. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating. The *Statement of Revenues, Expenses and Changes in Net Positions* present information showing how the Corporation's net positions changed during the most recent fiscal year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation, and earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Corporation's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Corporation's financial statements report on the function of the Corporation that is principally supported by intergovernmental revenues. The Corporation's function is to help first-time homeowner individuals and families secure mortgage financing who cannot otherwise qualify as borrowers through other conventional financing means and provide and administer low-cost housing rental projects. The Corporation's financial statements can be found on pages 18 through 71 of this report.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

A summary of the Corporation's statements of net position at September 30, 2025, 2024 and 2023 is shown below.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current Assets			
Unrestricted assets			
Cash & cash equivalents	\$6,785,706	\$ 6,684,102	\$ 7,118,449
Loans receivable, other receivables, prepaid exp., & inventory	1,110,896	1,155,423	1,105,264
Foreclosed assets held for resale	241,321	102,082	102,082
Total unrestricted assets	<u>8,137,923</u>	<u>7,941,607</u>	<u>8,325,795</u>
Restricted Assets			
Cash & cash equivalents	3,769,581	4,385,351	5,322,448
Investments	161,916	168,168	220,543
Loans receivable, current	90,908	83,704	85,999
Total restricted assets	<u>4,022,405</u>	<u>4,637,223</u>	<u>5,628,990</u>
Total current assets	12,160,328	12,578,830	13,954,785
Noncurrent assets			
Unrestricted loans receivable	20,237,139	21,652,917	21,050,301
Due from GHURA	1,495,588	---	---
Restricted loans receivable	1,945,829	1,817,180	1,707,024
Capital Assets	<u>6,433,807</u>	<u>6,707,877</u>	<u>6,887,222</u>
Total Assets	<u>42,272,691</u>	<u>42,756,804</u>	<u>43,599,332</u>
Deferred outflows of resources – pension & OPEB	<u>3,031,105</u>	<u>2,657,741</u>	<u>2,672,391</u>
Total assets & deferred outflows of resources	<u>\$45,303,796</u>	<u>\$45,414,545</u>	<u>\$ 46,271,723</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Statements of Net Position, continued:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current liabilities			
Payable from unrestricted assets			
Accounts payable & accrued expenses	\$ 382,088	\$ 514,056	\$ 552,433
Deposits by borrowers & security deposit	86,426	110,287	---
Total payable from unrestricted assets	<u>468,514</u>	<u>624,343</u>	<u>552,433</u>
Payable from restricted assets			
Deferred Revenue	1,525,694	1,566,850	1,547,000
Bonds payable, current	295,000	275,000	260,000
Accrued interest payable	9,655	10,973	12,219
Deposits by borrowers	---	---	149,216
Rebate liability	97,573	92,666	---
Total payable from restricted assets	<u>1,927,922</u>	<u>1,945,489</u>	<u>1,968,435</u>
Total current liabilities	<u>2,396,436</u>	<u>2,569,832</u>	<u>2,520,868</u>
Non-current liabilities			
Non-current portion of accrued compensated absences	120,417	145,935	144,461
Lease liabilities, noncurrent	6,577	12,365	17,806
Bonds payable	1,720,000	2,015,000	2,290,000
Net Pension & OPEB Liability	9,863,968	11,265,853	10,445,642
Total non-current liabilities	<u>11,710,962</u>	<u>13,439,153</u>	<u>12,897,909</u>
Total Liabilities	<u>\$14,107,398</u>	<u>\$16,008,985</u>	<u>\$ 15,418,777</u>
Deferred inflows of resources – pension & OPEB	<u>4,111,543</u>	<u>2,424,464</u>	<u>3,442,120</u>
Invested in capital assets, net of related debt	6,433,807	6,707,877	6,887,222
Restricted	5,776,212	4,719,385	5,419,255
Unrestricted	<u>14,874,836</u>	<u>15,553,834</u>	<u>15,104,349</u>
Total net position	<u>\$27,084,855</u>	<u>\$26,981,096</u>	<u>\$ 27,410,826</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Statements of Revenues, Expenses and Changes in Net Position:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues:			
Interest income on loans receivable	\$ 1,188,207	\$ 1,151,012	\$ 1,128,894
Rental Income	1,163,653	1,188,358	973,044
Interest income on deposit	183,488	204,388	145,960
Miscellaneous revenue	174,175	119,740	86,110
Gain on sale of assets	62,918	---	---
Interest income on investments held by bond trustee	4,295	---	105,356
Total operating revenues	<u>2,776,736</u>	<u>2,663,498</u>	<u>2,439,364</u>
Operating Expenses:			
Salaries	1,472,642	1,437,109	1,296,143
Other	630,731	652,005	493,261
Retiree supplemental & health benefits	371,625	(70,974)	(574,895)
Retirement & Medicare contributions	272,821	550,437	361,384
Employee benefits, other than retirement	229,992	164,164	117,276
Depreciation & amortization	224,932	238,281	190,057
Rent	130,386	127,062	115,028
Interest expense on borrowings	126,476	141,642	156,089
Professional services	72,540	54,572	78,826
Contractual services	63,848	76,303	64,994
Maintenance	51,835	37,879	50,018
Bond trustee fees	16,206	16,029	16,170
Amortization of right-of use assets	5,485	5,485	5,027
Director fees	2,500	550	2,450
Interest expense on lease liability	958	1,286	1,451
Loss on investments held by bond trustees	---	73,703	---
Total operating expenses	<u>3,672,977</u>	<u>3,505,533</u>	<u>2,373,279</u>
Operating (loss) income	<u>(896,241)</u>	<u>(842,035)</u>	<u>66,085</u>
Non-Operating Revenues	<u>1,000,000</u>	<u>412,305</u>	<u>277,939</u>
Increase (decrease) in net position	103,759	(429,730)	344,024
Total net position at beginning of year	<u>26,981,096</u>	<u>27,410,826</u>	<u>27,066,802</u>
Total net position at end of year	<u>\$27,084,855</u>	<u>\$26,981,096</u>	<u>\$ 27,410,826</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

C. Financials at a Glance

Net Position and Income

The Corporation concluded FY 2025 in net income of \$104 thousand (K) bringing the net position to \$27.1 million (M), up from the \$27M in FY 2024. The increase was primarily driven by the receipt of \$1M for the First-Time Homeowners Assistance Program (FTHAP) from the general fund in accordance with Public Law 37-135. Of these funds, \$504K was disbursed and expensed leaving a remaining balance of \$496K.

Operating Revenues

Operating revenues increased by 4% or \$113K totaling \$2.8M in FY 2025 compared to \$2.7M in FY 2024. Key drivers included:

- 1) The gain of \$63K on the sale of a foreclosed property located in Santa Rita in FY 2025.
- 2) Miscellaneous revenues increased by \$54K or 45% from \$120K in FY 2024 to \$174K in FY 2025 this was due to the disbursement of \$67K of American Rescue Plan Act (ARPA) funds for the FTHAP grants (\$42K) and for the Lada Phase II (\$25K) project.
- 3) Interest on loans receivable increased by \$37K or 3% from \$1.15M in FY 2024 to \$1.19M in FY 2025 resulting from a \$36K adjustment to decrease the reserve for loan losses and allowance for legal uncollectibles.

This was offset by a decrease of \$25K or 2% from \$1.19M in FY 2024 to \$1.16M in FY 2025 in rental income due to an \$24K adjustment to increase the allowance for tenant receivables and a decrease in interest income on deposit of \$21K or 10% from \$204K in FY 2024 to \$183K in FY 2025 due to the decrease of the interest rates for time certificates of deposits.

Operating Expenses

Operating expenses increased by 5% or \$167K from \$3.5M in FY 2024 to \$3.7M in FY 2025.

Significant factors included:

- 1) Retirement supplemental and health benefits increased by \$443K or 624% from credit balance of \$71K in FY 2024 to \$372K in FY 2025. Based on the Actuarial reports for the Other Post Employment Benefits (OPEB), an adjustment of \$301K was made to decrease expenses in FY 2024 and increase expenses by \$105,611 in FY 2025 due to the changes of assumptions.
- 2) Employee benefits, other than retirement, increased by \$66K or 40% from \$164K in FY 2024 to \$230K in FY 2025. The employer's share for medical insurance under the Government of Guam's self-insured health insurance plan rose by 20% to 41%, depending on the plan, over the previous fiscal year.
- 3) Salaries increase by \$36K or 2% from \$1.4M in FY 2024 to \$1.5M in FY 2025 due to increments.
- 4) Professional services increased by \$18K or 33% from \$55K in FY 2024 to \$73K in FY 2025. This was driven by legal expenses for the Phase I contract and increased audit expense estimates related to ARPA funds for the Lada Phase II renovations.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

- 5) Maintenance expenses increased by \$14K or 37% from \$38K in FY 2024 to \$52K in FY 2025 due to materials purchased for the Living Lab project unit at Lada Gardens in partnership with Guam Community College (GCC).

The increase was offset by a decrease in retirement and Medicare contributions of \$278K or 50% from \$550K in FY 2024 to \$273K in FY 2025. Based on the Actuarial report for the Pension liability, inflows and outflows, an adjustment was made to increase expenses by \$118K in FY 2024 and decrease expenses by \$194K in FY 2025.

Non-Operating Revenues

Non-operating revenues increased by 143% or \$588K rising from \$412K in FY 2024 to \$1M in FY 2025. This is attributed to the \$1M received through the FY 2025 supplemental budget, public law 37-135, for the FTHAP, compared to the \$412K in FTHAP in ARPA-funded grants disbursed in the previous fiscal year.

D. Financial Highlights

The loan portfolio has decreased by \$1.3M from \$25M in FY 2024 to \$24M in FY 2025. Principal disbursements decreased \$1.5M from \$2M in FY 2024 to \$551K in FY 2025, pay offs increased from 6 loans totaling \$174K in FY 2024 to 11 loans totaling \$562K in FY 2025.

GHC encourages individuals to continue their efforts to secure a contractor who can construct a dwelling within their prequalified amount. This remains a significant challenge for those who qualify for low-to-moderate loan amounts. The corporation continues to work with the Chamoru Land Trust Commission to refer clients for prequalification. Additionally, for those seeking to purchase an existing home, the inventory priced below \$250,000 remains limited.

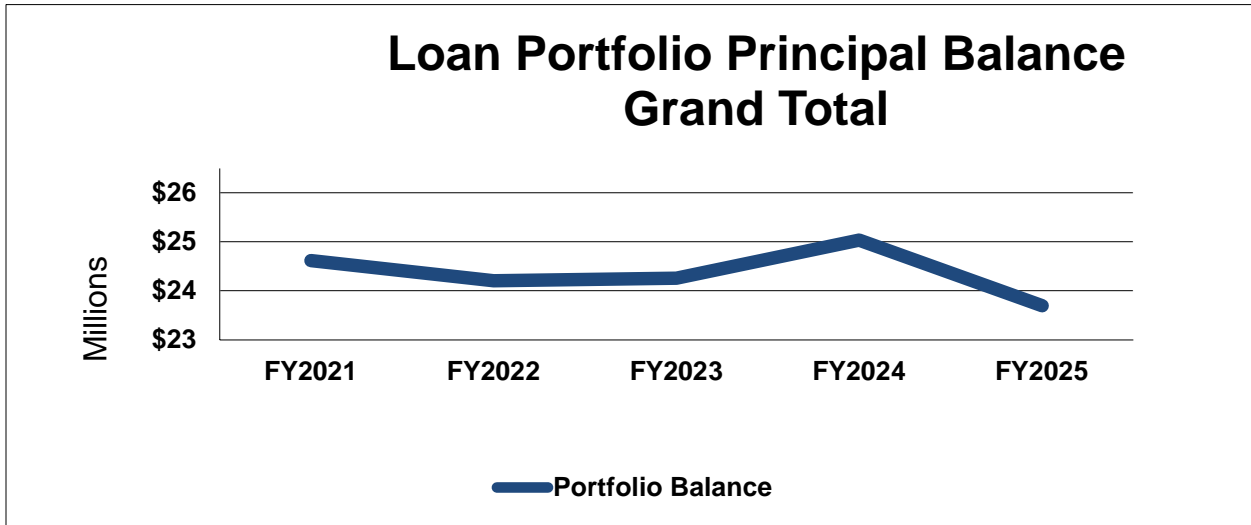
Despite these challenges, GHC remains committed to marketing all available programs and assisting potential borrowers with the goal of loan closing and home ownership. In FY 2025, GHC interviewed 79 applicants, of whom only 10 pursued the application process and 8 were approved and 7 closed. GHC closed one loan totaling \$141K under the Direct Loan Program, no loans under the Six Percent Loan Program, and six loans totaling \$232K under the CAHAT loan program in FY 2025.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Loan Portfolio Principal Balance

FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
\$24,610,846	\$24,205,232	\$24,256,591	\$25,035,122	\$23,694,319
Total Number of Loans				
318	300	289	296	290

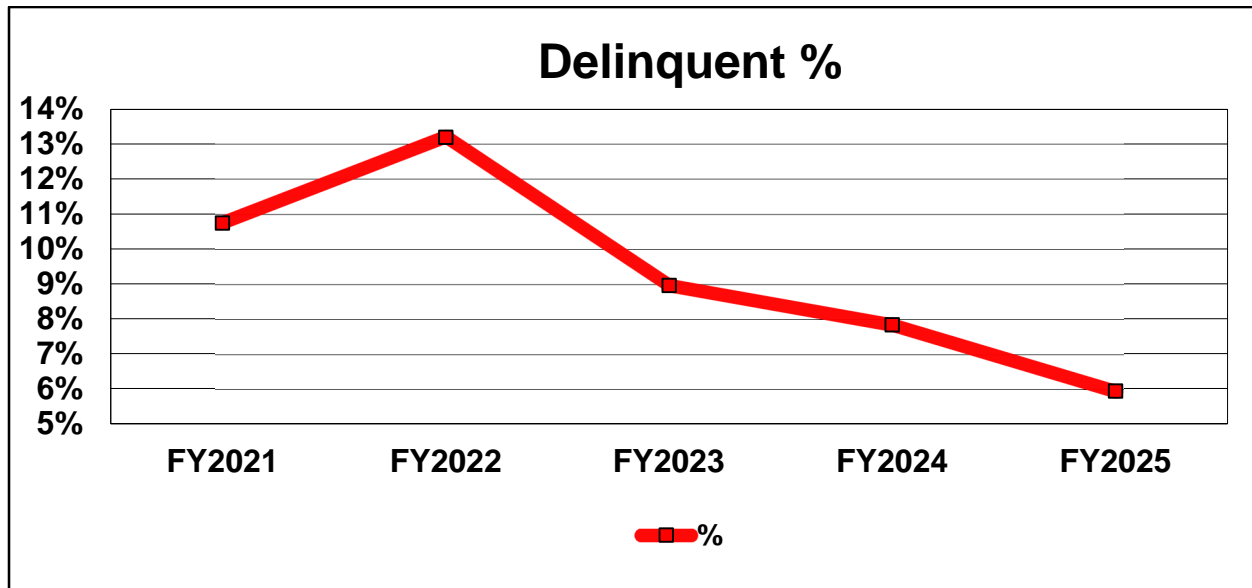


Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Delinquency

FY2021	FY2022	FY2023	FY2024	FY2025
Delinquent %				
10.75%	13.21%	8.96%	7.83%	5.94%
Principal Balance				
\$2,632,551	\$3,181,388	\$2,164,166	\$1,952,553	\$1,400,458
Total Number of Loans				
31	34	23	18	14



GHC offers mortgage loans to qualified applicants who have been denied financing from conventional financial institutions for the construction or purchase of their new homes. As a result, the Corporation assumes a higher lending risk from the outset. Delinquent loans 30 days and over decreased by \$552K from \$2M in FY 2024 to \$1.4M in FY 2025. Overall, loans delinquent 30 days and over decreased from 8% in FY 2024 to 6% in FY 2025.

GHC’s policy mandates that all accounts past 90 days be reviewed and referred to legal counsel for further action. However, each account is also reviewed by the Credit and Collection Committee to determine if a workout agreement to reduce the Corporation’s loss would be in the Corporation’s best interest rather than pursuing foreclosure. In some cases, the current market value of the secured property may be lower than the payoff amount. If the borrower is committed and has demonstrated the ability to service the workout amount, the Corporation will authorize the workout. However, this does not eliminate the possibility of foreclosure should the borrower fail to adhere to the approved payment arrangement.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

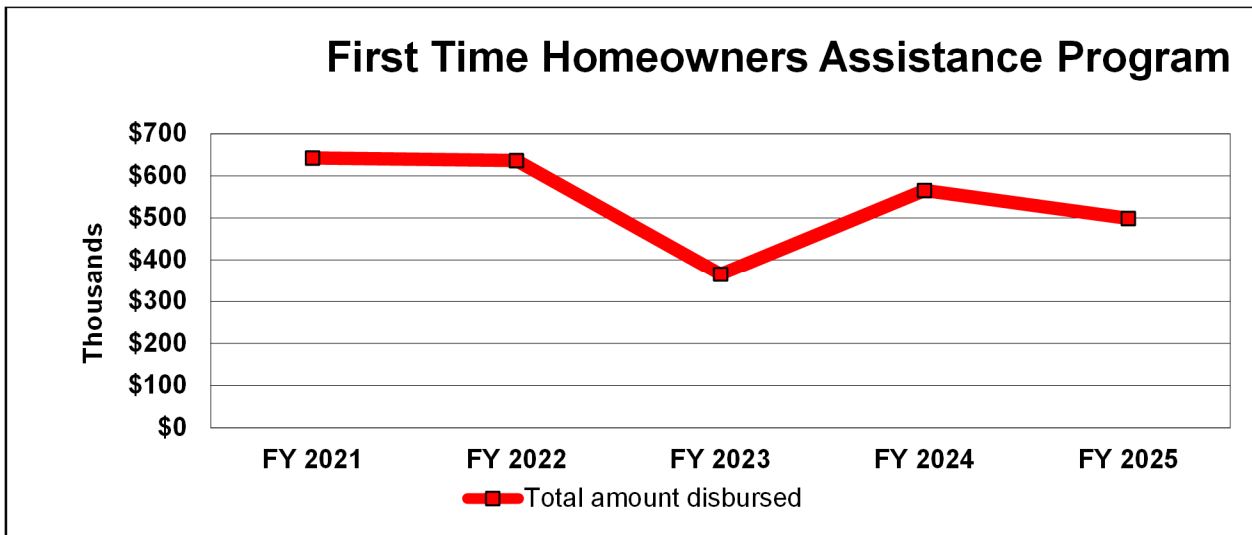
First-Time Homeowners Assistance Program

	FY2021	FY2022	FY2023	FY2024	FY2025
Total amount disbursed	\$642,952	\$636,618	\$365,899	\$565,688	\$499,815
Total number of grants	71	69	38	59	53

GHC funds	\$0	\$0	\$0	\$0	\$0
Number of grants (GHC)	0	0	\$1,510	\$0	\$0

Escheated funds	\$642,952	\$636,618	\$364,389	\$153,383	\$0
Number of grants (Escheated funds)	71	69	38	16	\$0

ARPA funds				\$412,305	\$42,240
Number of grants (ARPA funds)				43	4
P.L. 37-135 Funds					\$457,575
Number of grants (P.L. 37-135)					49



The total number of FTHAP grants disbursed have decreased from 59 in FY 2024 to 53 in FY 2025. GHC received \$500K of ARPA funds in FY 2024 and \$1M, in accordance with public law 37-135, in FY 2025. The program continues to be well received by the public.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Foreclosed Assets Held for Resale

During FY 2025, GHC foreclosed on two properties, one Chamoru Land Trust property in Dededo and one property in Yona, with a combined book value of \$241K. Additionally, one foreclosed property in Santa Rita was sold for \$165K, resulting in a gain on sale of \$63K.

Restricted Cash, Cash Equivalents and Time Certificates of Deposit (TCD).

The restricted cash, cash equivalents and time certificates of deposit decreased 14% or \$616K from \$4.4M in FY 2024 to \$3.8M in FY 2025. This reduction is primarily due to the transfer of \$1.5M in ARPA funds, restricted for Phase II of the Lada renovation, to Guam Housing and Urban Renewal Authority (GHURA). This decrease was partially offset by an increase of \$544K in cash for the Six Percent Loan Program, as no loans were originated under this program during FY 2025. Additionally, funds for the FTHAP increased by \$452K, representing the remaining \$496K balance of the \$1M allocation received pursuant to Public Law 37-135.

Restricted Receivable from GHURA

Pursuant to the memorandum of agreement signed between GHURA and GHC, GHC transferred the \$1.5M in ARPA funds restricted for Phase II of the Lada renovations and established a restricted receivable from GHURA. The receivable balance is equal to the restricted ARPA payables for the project. GHURA is responsible for the procurement of the contractor and all services necessary to project completion. As disbursements are made both the restricted receivable from GHURA and the restricted ARPA payables will be reduced accordingly.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses decreased by 48% or \$144K from \$299K in FY 2024 to \$155K in FY 2025. The FY 2024 balance included \$154K in disputed payables to the Phase I project contractor. Following a settlement agreement in FY 2025, GHC agreed to pay \$60K of the \$154K balance. This payment was completed in December 2024.

Restricted Net Position

Restricted net position increased by 22% or \$1M from \$4.7M in FY 2024 to \$5.8M in FY 2025, due to the increase of \$544K and \$452K in cash for the Six Percent Loan Program, and the FTHAP respectively.

Interest Income and Loss on Investment Held by Bond Trustee

Interest income and loss on investment held by bond trustee increased by 106% or \$78K from a loss of \$74K in FY 2024 to a gain of \$4K in FY 2025. Adjustments were made to increase the rebate liability by \$93K and \$5K in FY 2024 and FY 2025 respectively, based on the Interim Arbitrage Rebate Analysis completed by Orrick, Herrington & Sutcliffe LLP.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Other Expense

Other expenses decreased by 3%, or \$21K, from \$652K in FY 2024 to \$631K in FY 2025. This was primarily due to a reduction in FTHAP grants disbursed; 53 grants totaling \$500K were issued in FY 2025, compared to 59 grants totaling \$566K in FY 2024. The decrease was partially offset by \$20K in expenses related to the establishment of a Safe House unit at Lada Gardens pursuant to a Subgrant Agreement with the Guam Homeless Coalition.

E. Future Events

GHC continues to pursue its mission despite numerous challenges. The ability to secure lending capital at affordable rates is an immediate concern for achieving many of our goals.

To that end, Guam Housing Corporation has established the following goals to complete in FY 2026:

1. Complete major renovations of 16 units identified under Phase II of the Lada Gardens Renovation Project utilizing \$1,547,000 in American Rescue Plan funds.
2. Submit a grant application to obtain funding for the installation of shutters for housing units at Lada Gardens under the Community Development Block Grant – Disaster Recovery program being administered by GHURA.
3. Continue partnering with the Guam Community College in the Youth Build Program with the goal of completing renovation of the “Living Lab” at Lada Gardens.
4. Partner with the Guam Department of Education in the construction of twenty (20) classrooms and the renovation of twenty-four (24) units at Guma As-Atdas to be used as a temporary campus for SSHS students, faculty, and staff while their school is re-built.
5. Continue partnering with the Guam Homeless Coalition in the SAFE House Program to provide temporary, supportive shelter for elderly or disabled fully independent individuals who have been displaced from permanent housing or are transitioning out of medical facilities.
6. Continue working as a member of the Governor's Interagency Council on Homelessness to examine challenges associated with homelessness and develop and implement strategies and programs for a coordinated, effective response.

F. Contacting the Corporation's Financial Management

The Management Discussion and Analysis report aims to provide information regarding known facts and conditions that may affect the Corporation's operations. This financial report is designed to provide a general overview of the Corporation's finances and demonstrate its ability to manage its resources. For additional information concerning this report, please contact the President of Guam Housing Corporation, at (671) 647-4143, 590 S. Marine Corps Drive, Suite 514 ITC Building, Tamuning, Guam 96931 or visit the website at www.guamhousing.org.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30,	
	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents (<i>Note 2</i>)	\$ 4,095,795	\$ 3,967,619
Time certificate of deposits (<i>Note 2</i>)	1,622,000	1,704,000
Self-insurance fund (<i>Notes 2 and 8</i>)	1,067,911	1,012,483
Loans receivable, net (<i>Note 3</i>)	946,558	980,618
Tenants receivable, net	6,318	16,943
Accrued interest receivable	81,257	97,836
Prepaid expenses and other	76,763	60,026
Foreclosed assets held for resale (<i>Note 5</i>)	<u>241,321</u>	<u>102,082</u>
Total unrestricted assets	8,137,923	7,941,607
Restricted assets:		
Cash and cash equivalents (<i>Note 2</i>)	3,189,581	4,038,351
Time certificate of deposits (<i>Note 2</i>)	580,000	347,000
Investments (<i>Note 2</i>)	161,916	168,168
Loan receivable, net (<i>Note 3</i>)	<u>90,908</u>	<u>83,704</u>
Total restricted assets	<u>4,022,405</u>	<u>4,637,223</u>
Total current assets	12,160,328	12,578,830
Loans receivable, net (<i>Note 3</i>)	20,237,139	21,652,917
Due from GHURA - restricted	1,495,588	---
Restricted other receivables	1,945,829	1,817,180
Depreciable capital assets (<i>Note 4</i>)	3,499,580	3,773,650
Non-depreciable capital assets (<i>Note 4</i>)	<u>2,934,227</u>	<u>2,934,227</u>
Total assets	42,272,691	42,756,804
Deferred outflows of resources		
Pension (<i>Note 7</i>)	848,925	1,095,449
Other postemployment benefits (<i>Note 7</i>)	<u>2,182,180</u>	<u>1,562,292</u>
Total deferred outflows of resources	3,031,105	2,657,741
Total assets and deferred outflows of resources	<u>\$45,303,796</u>	<u>\$45,414,545</u>

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	September 30,	
	<u>2025</u>	<u>2024</u>
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	\$ 155,071	\$ 298,577
Current portion of accrued compensated absences (<i>Notes 7 and 9</i>)	127,362	123,726
Unearned revenue	66,543	60,036
Security deposits	63,744	61,073
Deposits by borrowers	22,682	49,214
Lease liabilities	5,790	5,440
Due to fiduciary fund	<u>27,322</u>	<u>26,277</u>
Total payable from unrestricted assets	<u>468,514</u>	<u>624,343</u>
Payable from restricted assets:		
Deferred revenue	1,525,694	1,566,850
Bonds payable (<i>Notes 6 and 9</i>)	295,000	275,000
Accrued interest payable	9,655	10,973
Rebate liability	<u>97,573</u>	<u>92,666</u>
Total payable from restricted assets	<u>1,927,922</u>	<u>1,945,489</u>
Total current liabilities	<u>2,396,436</u>	<u>2,569,832</u>
Non-current liabilities:		
Payable from unrestricted assets:		
Non-current portion of accrued compensated absences (<i>Notes 7 and 9</i>)	120,417	145,935
Net pension liability (<i>Notes 7 and 9</i>)	3,391,685	3,985,260
Lease liabilities	6,577	12,365
Total collective other postemployment benefit liability (<i>Notes 7 and 9</i>)	6,472,283	7,280,593
Payable from restricted assets - Bonds payable (<i>Notes 6 and 9</i>)	<u>1,720,000</u>	<u>2,015,000</u>
Total non-current liabilities	<u>11,710,962</u>	<u>13,439,153</u>
Total liabilities	<u>14,107,398</u>	<u>16,008,985</u>
Deferred inflows of resources		
Pension (<i>Note 7</i>)	535,915	382,645
Other postemployment benefits (<i>Note 7</i>)	<u>3,575,628</u>	<u>2,041,819</u>
Total deferred inflows of resources	<u>4,111,543</u>	<u>2,424,464</u>
Commitments and contingencies (<i>Note 8</i>)		
Net position:		
Net investment in capital assets	6,433,807	6,707,877
Restricted for lending activities	5,776,212	4,719,385
Unrestricted	<u>14,874,836</u>	<u>15,553,834</u>
Total net position	<u>\$27,084,855</u>	<u>\$26,981,096</u>

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30,	
	<u>2025</u>	<u>2024</u>
Operating revenues:		
Interest income on loans receivable	\$ 1,188,207	\$ 1,151,012
Rental income	1,163,653	1,188,358
Interest income on deposits	183,488	204,388
Miscellaneous revenues	174,175	119,740
Gain on sale of foreclosed assets	62,918	---
Interest income on investments held by bond trustee	<u>4,295</u>	<u>---</u>
Total operating revenue	<u>2,776,736</u>	<u>2,663,498</u>
Operating expenses:		
Salaries	1,472,642	1,437,109
Other	630,731	652,005
Retiree supplemental and health benefits	371,625	(70,974)
Retirement and Medicare contributions	272,821	550,437
Employee benefits, other than retirement	229,992	164,164
Depreciation and amortization (<i>Note 4</i>)	224,932	238,281
Rent (<i>Note 8</i>)	130,386	127,062
Interest expense on borrowings	126,476	141,642
Professional services	72,540	54,572
Contractual services	63,848	76,303
Maintenance	51,835	37,879
Bond trustee fees	16,206	16,029
Amortization of right-of use asset	5,485	5,485
Director fees	2,500	550
Interest expense on lease liability	958	1,286
Loss on investments held by bond trustees	<u>---</u>	<u>73,703</u>
Total operating expenses	<u>3,672,977</u>	<u>3,505,533</u>
Operating loss	<u>(896,241)</u>	<u>(842,035)</u>
Nonoperating revenue – transfers from Department of Administration	<u>1,000,000</u>	<u>412,305</u>
Increase (decrease) in net position	103,759	(429,730)
Net position at beginning of year	<u>26,981,096</u>	<u>27,410,826</u>
Net position at end of year	<u>\$ 27,084,855</u>	<u>\$26,981,096</u>

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Fiduciary Net Position

	September 30,	
	<u>2025</u>	<u>2024</u>
Assets:		
Cash	\$ 93,363	\$166,292
Investments	322,000	304,000
Other receivables	<u>27,322</u>	<u>26,277</u>
Total assets	<u>\$442,685</u>	<u>\$496,569</u>
Net position:		
Restricted for lending activities	<u>\$442,685</u>	<u>\$496,569</u>

Statements of Changes in Fiduciary Net Position

	Year ended September 30,	
	<u>2025</u>	<u>2024</u>
Additions		
Deposits by borrowers	\$315,232	\$350,830
Deductions		
Insurance premiums paid	<u>369,116</u>	<u>324,489</u>
Net change in fiduciary assets	(53,884)	26,341
Fiduciary net position at beginning of year	<u>496,569</u>	<u>470,228</u>
Fiduciary net position at end of year	<u>\$442,685</u>	<u>\$496,569</u>

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Year ended	
	September 30,	
	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,586,601	\$ 1,437,708
Others	360,334	320,539
Cash paid to suppliers for goods and services	(574,672)	(394,026)
Benefits paid to participants	(504,799)	(566,242)
Cash paid to employees	<u>(2,459,638)</u>	<u>(2,267,052)</u>
Net cash provided by (used in) operating activities	<u>407,826</u>	<u>(1,469,073)</u>
Cash flows from capital and related financing activities-		
Acquisition of capital assets	(56,911)	(70,821)
Proceeds from sale of capital assets	<u>94,168</u>	<u>---</u>
Net cash provided by (used in) operating activities	<u>37,257</u>	<u>(70,821)</u>
Cash flows from investing activities:		
(Increase) decrease in time certificate of deposits	10,547	(21,328)
Increase in self-insurance fund	(55,428)	(26,387)
Proceeds from sale of foreclosed assets	165,000	---
Increase in foreclosed assets	(241,321)	---
(Decrease) increase in investments	<u>(1,646,588)</u>	<u>180,000</u>
Net cash (used in) provided by investing activities	<u>(1,767,790)</u>	<u>132,285</u>
Cash flows from noncapital financing activities:		
Cash received from DOA	1,000,000	500,000
Increase of rebate liability	4,907	92,666
Repayment of bonds payable	(275,000)	(260,000)
Interest paid on bonds payable	<u>(127,794)</u>	<u>(142,888)</u>
Net cash provided by noncapital financing activities	<u>602,113</u>	<u>189,778</u>
Net decrease in cash and cash equivalents	(720,594)	(1,217,831)
Cash and cash equivalents at beginning of year	<u>8,005,970</u>	<u>9,223,801</u>
Cash and cash equivalents at end of year	<u>\$ 7,285,376</u>	<u>\$ 8,005,970</u>
Consisting of:		
Unrestricted	\$ 4,095,795	\$ 3,967,619
Restricted	<u>3,189,581</u>	<u>4,038,351</u>
	<u>\$ 7,285,376</u>	<u>\$ 8,005,970</u>

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Cash Flows, continued

	Year ended September 30,	
	<u>2025</u>	<u>2024</u>
Reconciliation of change in net position to net cash provided by (used in)operating activities:		
Operating loss	\$(896,241)	\$(842,035)
Adjustments to reconcile increase (decrease) in net position to net cash used in operating activities:		
Non-cash pension costs	342,868	563,252
Non-cash other postemployment benefit cost	356,704	101,794
Interest expense on borrowings reported as operating expenses	126,476	141,642
Depreciation and amortization	230,417	243,766
Gain on sale of foreclosed asset	(62,918)	---
Reversal of provision for doubtful rental receivables	(23,564)	(11,202)
(Reversal of) provision for loan losses	(26,816)	15,570
Interest (income) loss on investments held by bond trustees	(4,295)	73,703
Decrease (increase) in assets:		
Loans receivable, net	1,476,654	(670,669)
Tenants receivable, net	34,189	20,478
Accrued interest receivable	16,579	1,235
Prepaid expenses and other assets	(16,737)	(8,187)
Other receivables	(135,853)	(107,861)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(143,506)	(4,260)
Accrued compensated absences	(21,882)	(2,971)
Unearned revenue	6,507	(35,422)
Security deposits	2,671	(3,589)
Deposits by borrowers - insurance premiums and real estate taxes	(26,532)	(35,340)
Lease liabilities	958	1,286
Due to fiduciary fund	1,045	5,423
Deferred revenue	(41,156)	(67,845)
Net pension liability	(536,649)	(444,937)
Total collective other postemployment benefit liability	(251,093)	(402,904)
Net cash provided by (used in) operating activities	\$ <u>407,826</u>	\$ <u>(1,469,073)</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest expense during the year	\$ <u>127,794</u>	\$ <u>142,888</u>

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Years ended September 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies

Organization

Guam Housing Corporation (the Corporation or primary government), a component unit of the Government of Guam (GovGuam), was created by Public Law 8-80 to promote the general welfare of the Territory of Guam by encouraging investment in and development of low cost housing and providing low cost housing rental units. The Corporation provides for its operating needs by charging interest on its loans and rent from its tenants. As a governmental entity created by public law, the Corporation is not subject to taxes.

The Corporation consists of two divisions: housing division and rental division. The housing division is engaged in lending activities of the Corporation while the rental division is engaged in the rental of housing and apartment complexes known as Lada Gardens, Guma As-Atdas and Sagan Linahyan. During the normal course of operations, transactions have occurred between the housing and rental divisions of the Corporation. These receivables and payables are eliminated in the accompanying financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and statement of revenues, expenses and changes in net position. Fiduciary activities are not included in the government-wide financial statements.

Fiduciary Fund Financial Statements

Separate financial statements are provided for fiduciary funds. Fiduciary fund financial statements include assets for which the Corporation has been legally designated to control but the Corporation itself is not a beneficiary. These custodial activities include the Taxes and Insurance (T&I) collected from borrowers.

Basis of Accounting

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Net Position

Net position represents the residual of all other elements presented in the statement of net position and is presented in the following categories:

Net investment in capital assets

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted for lending activities

Nonexpendable – Net position subject to externally imposed stipulations that require the Corporation to maintain them permanently.

Expendable – Net position whose use by the Corporation is subject to externally imposed stipulations that can be fulfilled by actions of the Corporation pursuant to those stipulations or that expire with the passage of time.

All of the Corporation's restricted net position at September 30, 2025 and 2024 is expendable.

Unrestricted

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the statement of net position and the statement of cash flows, cash and cash equivalents is defined as cash on hand, deposits in banks and time certificates of deposit with original maturities of three months or less.

Loans Receivable

The Corporation is permitted to make loans for the purchase, construction, or purchase of land and construction of homes not to exceed the loan limit established by the U.S. Department of Housing and Urban Development. The loan limit for FY2025 and FY2024 is \$563,500, for single-unit dwellings.

The Corporation accepts loan applications only for single-unit dwellings. Public Law 26-123 states that the Board of Directors may adjust the rate of interest; however, it cannot assess a rate of interest greater than two (2) points over its cost of funds. The current interest rate for this program is 2% above the prevailing rate charged by local lenders with a ceiling of six percent (6%).

Loans receivable are stated at principal amount outstanding less allowance for loan and lease losses. Interest on receivables is accrued and credited to income based on the principal amount outstanding. The accrual of interest is discontinued when principal or interest payments are delinquent for 90 days or more, or when in the opinion of management, there is an indication that the borrower may be unable to meet payments as they come due. Upon such discontinuance, all unpaid interest is transferred to overdue receivables account. Unpaid accrued interest is not reversed. Instead, a specific allowance is provided to cover unpaid accrued interest. Principal is reduced only to the extent cash payments are received after the accrued interest is recovered. Income is subsequently recognized only to the extent cash payments are received and until, in management's opinion, the borrower's ability to make periodic interest and principal payments is back to normal, in which case the loan is returned to accrual status.

The allowance for loan and lease losses is maintained at a level, which in management's judgment is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loans receivable including the nature of the loan portfolio, estimated value of underlying collateral, credit concentration, trends in historical loss experience, specific delinquent loans, economic conditions, and other risks inherent in the portfolio. The allowance is increased by a provision for loan and lease losses and reversal of allowance. Because of the uncertainties inherent in the estimation process, management's estimate of credit losses in the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Capital Assets

Capital assets, whether purchased or constructed, are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation and amortization of capital assets is computed using the straight-line method over estimated useful lives of 5 to 50 years for buildings and improvement, 2 to 10 years for vehicles and office furniture and equipment, and over the length of the lease term for leasehold improvements.

The Corporation generally capitalizes all expenditures for capital assets in excess of \$5,000 with a useful life exceeding one year. Major renewals and betterments are charged to the capital assets, while maintenance and repairs which do not improve or extend the life of an asset are charged to expense. The cost of capital assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to other income or expenses, respectively.

Impairment of Capital Assets

In accordance with GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* the Corporation evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred.

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value.

Investments

Investments and related investment earnings are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Compensated Absences

In accordance with Public Law 27-005 and Public Law 28-068, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service as follows:

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service.
2. Three-fourths day (6 hours) for each full bi-weekly pay period in the case of employees with five (5) years of service but less than fifteen (15) years of service.
3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with fifteen (15) years or more service.

The statutes reduce the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law 27-106 amended subsection (c) of 4 Guam Code Annotated §4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any excess unused leave from February 28, 2003 shall be lost. Accrued annual leave up to 320 hours is converted to pay upon termination of employment. The full unused balance is considered a liability under GASB 101 as employees have earned the right to payment.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement. For Defined Benefit (DB) plan participants, sick leave is not paid at retirement; instead, it is converted to service credit therefore no liability for compensated absences was computed.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. The Corporation recognizes a net pension liability for the pension plan in which it participates, which represents the Corporation's proportionate share of total pension liability (actuarially calculated) over the pension plan assets, measured as of the fiscal year end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Other Post-employment Benefits

Other post-employment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting. The Corporation recognizes a total collective OPEB liability for the OPEB plan in which it participates, which represents the Corporation's proportionate share of total collective OPEB liability (actuarially calculated) measured as of the fiscal year end. Changes in the total collective OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. As required by GASB Statements No. 68, 71, 73 and 75 the Corporation reports deferred outflows of resources for pension-related and OPEB related amounts: payments since the measurement date, changes in assumptions, and for difference between projected and actual earnings.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources until then. As required by GASB Statements No. 68 and 75, the Corporation reports deferred inflows of resources for pension-related and OPEB related amounts: for its share of the difference between expected and actual earnings, for its share of the difference between its contributions and its proportionate share of contributions, and for the difference between expected and actual experience. The Corporation also reports deferred inflows of resources for the difference between the carrying amount and the reacquisition price of refunded bonds.

Operating and Non-operating Revenue and Expenses

The Corporation was created with the authority to invest in and develop low cost housing and provide low cost housing rental units. The primary operating revenues are the interest income on outstanding loans receivable and income from rental properties. The primary operating expenses include interest on borrowings, property maintenance, and general and administrative expenses directly related to the operations. Non-operating revenues and expenses result from financing activities and certain other non-recurring income and expenses.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Risk Management

The Corporation is exposed to various risks of loss; theft of, damage to, and destruction of assets; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is provided for claims arising from most of these matters.

Recently Adopted Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The implementation of this statement did not have a material effect on the accompanying financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The implementation of this statement did not have a material effect on the accompanying financial statements.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

In December 2025, GASB issued Statement No. 105, Subsequent Events. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained.

That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. GASB Statement No. 105 will be effective for fiscal year ending September 30, 2027.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

The Corporation is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

2. Deposits and Investments

At September 30, 2025 and 2024, bank deposits were comprised of the following:

	<u>2025</u>	<u>2024</u>
<i>Primary Government</i>		
FDIC Insured	\$ 4,155,880	\$ 4,295,413
Uncollateralized	<u>6,399,407</u>	<u>6,774,040</u>
Total deposits	<u>\$10,555,287</u>	<u>\$11,069,453</u>
<i>Fiduciary Fund</i>		
FDIC Insured	\$ 181,003	\$ 304,769
Uncollateralized	<u>234,359</u>	<u>165,523</u>
Total deposits	<u>\$ 415,362</u>	<u>\$ 470,292</u>

These deposits were insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). The Corporation does not require collateralization of its cash deposits.

Cash and cash equivalents, investments, and time certificate of deposits at September 30, 2025 and 2024 are restricted as follows:

	<u>2025</u>	<u>2024</u>
Restricted cash and cash equivalents:		
Revolving Loan Fund	\$2,422,901	\$1,879,243
First-time Homeowner Assistance Program (FTHAP)	511,072	58,586
Hazard Mitigation Program	163,229	163,229
Community Affordable Housing Action Trust (CAHAT)	62,150	202,109
LADA SAFE House Program	30,106	---
Foreclosure Protection Fund (FPF)	123	214,798
American Reserve Plan funds for renovation	<u>---</u>	<u>1,520,386</u>
Total restricted cash and cash equivalents	3,189,581	4,038,351
Restricted investments - Held by Bond Trustees	161,916	168,168
Restricted time certificate of deposits - FPF	<u>580,000</u>	<u>347,000</u>
Total restricted cash, cash equivalents, time certificate of deposits, and investments	<u>\$3,931,497</u>	<u>\$4,553,519</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Deposits and Investments, continued

The restricted cash, cash equivalents and investments are restricted for specific uses as required from 12 GCA Chapter 4 §4108, §4209 and Article 10, for the Revolving Loan Fund and related trust funds, the FTHAP, CAHAT, the Mortgage Revenue Bonds and self-imposed restrictions on tenant security deposits and borrower’s deposits.

The Corporation also maintains restricted time certificate of deposit for its Foreclosure Protection Fund of \$580,000 and \$347,000 for the years ended September 30, 2025 and 2024, respectively. The Foreclosure Protection Fund is used by the Corporation to protect the interest of Guam’s CAHAT program as holder of the second mortgage and is used exclusively for the purpose of paying off the first mortgage upon foreclosure.

The Mortgage Revenue Bond Indenture requires the establishment of special funds and accounts to be held and administered by the Corporation’s trustees for the accounting of the bond proceeds. The Bank of New York Mellon manages the Corporation’s investments by investing in U.S. securities, U.S. government agencies, money market funds and certificates of deposits insured by the FDIC. The U.S. securities are low risk investments as they are guaranteed by the full faith and credit of the U.S. government. While U.S. government agencies are not guaranteed, they are backed by the U.S. government and are recognized as low-risk investments as well. All investment securities are within the requirements of the mortgage revenue bond indenture.

At September 30, 2025 and 2024, the Corporation’s restricted investments held by trustee are as follows:

	<u>Moody’s Credit Rating</u>	<u>2025</u>	<u>2024</u>
Federal Home Loan			
Mortgage Corporation	Aaa	\$141,947	\$167,174
Blackrock Liquidity T-Fund	Aaa	<u>19,968</u>	<u>994</u>
		<u>\$161,915</u>	<u>\$168,168</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Deposits and Investments, continued

The maturities of the Corporation's restricted investments at September 30, 2025 were:

	Investment Maturities (In Years)				Total
	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Greater than 10</u>	
Federal Home Loan Mortgage Corporation	\$ ---	\$ ---	\$141,947	\$ ---	\$141,947
Blackrock Liquidity T-Fund	<u>19,968</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>19,968</u>
	<u>\$ 19,968</u>	<u>\$ ---</u>	<u>\$141,947</u>	<u>\$ ---</u>	<u>\$161,915</u>

The maturities of the Corporation's restricted investments at September 30, 2024 were:

	Investment Maturities (In Years)				Total
	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Greater than 10</u>	
Federal Home Loan Mortgage Corporation	\$ ---	\$ ---	\$167,174	\$ ---	\$167,174
Blackrock Liquidity T-Fund	<u>994</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>994</u>
	<u>\$ 994</u>	<u>\$ ---</u>	<u>\$167,174</u>	<u>\$ ---</u>	<u>\$168,168</u>

Custodial credit risk is the risk that the Corporation will not be able to recover the value of investments or collateral securities held by a third-party custodian, in the event that the custodian defaults. Based on negotiated trust and custody contracts, all of these investments were held in the Corporation's name by the Corporation's custodial financial institutions at September 30, 2025 and 2024.

The deposits and investment policies of the Corporation are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with the applicable mortgage revenue bond indenture. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificates of, or bankers' acceptances issued by, any eligible financial institution; corporate debt obligations, including commercial paper; certain money market funds; state and local government securities, including municipal bonds; and repurchase and investment agreements.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Deposits and Investments, continued

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. In compliance with the bond indenture, the Corporation minimized the interest rate risk, by limiting maturity of investments. A majority of the Corporation's investment securities have maturities of 5 years or less. This reduces the impact of interest rate movements seen with longer maturity investments.

Concentration of risk for investments is the risk of loss attributable to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in one issuer that represents five percent (5%) or more of total investments for the Corporation. In compliance with the mortgage revenue bond indenture, the Corporation minimized credit risk loss by limiting investments to the safest types of securities.

Investments Measured at Fair Value

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following tables set forth by fair value hierarchy level the Corporation's assets carried at fair value:

	At September 30, 2025			
	Level 1	Level 2	Level 3	
Investments by fair value level:				
Debt security -Federal Home Loan Mortgage Corporation (FHLMC)	\$ 141,947	\$ ---	\$ 141,947	\$ ---
Equity security - Blackrock Liquidity T-Fund	<u>19,968</u>	<u>19,968</u>	<u>---</u>	<u>---</u>
Total investments by fair value level	<u>\$ 161,915</u>	<u>\$ 19,968</u>	<u>\$ 141,947</u>	<u>\$ ---</u>

	At September 30, 2024			
	Level 1	Level 2	Level 3	
Investments by fair value level:				
Debt security -Federal Home Loan Mortgage Corporation (FHLMC)	\$ 167,174	\$ ---	\$ 167,174	\$ ---
Equity security - Blackrock Liquidity T-Fund	<u>994</u>	<u>994</u>	<u>---</u>	<u>---</u>
Total investments by fair value level	<u>\$ 168,168</u>	<u>\$ 994</u>	<u>\$ 167,174</u>	<u>\$ ---</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

3. Receivables

At September 30, 2025 and 2024, loans receivable of the Corporation are as follows:

	<u>2025</u>	<u>2024</u>
Unrestricted	\$21,657,583	\$23,134,237
Less: Allowance for loan and lease losses	<u>473,886</u>	<u>500,702</u>
	21,183,697	22,633,535
Less: Current portion	<u>946,558</u>	<u>980,618</u>
	<u>\$20,237,139</u>	<u>\$21,652,917</u>

Loans to employees totaled \$289,244 and \$299,695 at September 30, 2025 and 2024, respectively. These loans meet the same criteria as all real estate loans made to non-related individuals by the Corporation. At September 30, 2025 and 2024, loans and other receivables in arrears three months or more, or referred to an attorney for collection totaled \$252,178 and \$682,722, respectively.

As of September 30, 2025 and 2024, loans receivable due from borrowers for loans under the CAHAT and Down Payment and Closing Cost Assistance (DPCCA) programs consisted of the following:

	<u>2025</u>	<u>2024</u>
CAHAT	\$ 1,926,006	\$1,789,737
DPCCA	<u>110,731</u>	<u>111,147</u>
	<u>\$2,036,737</u>	<u>\$1,900,884</u>

The CAHAT was funded by appropriations received from GovGuam through Public Law 21-99. The DPCCA program was funded by the Guam Housing and Urban Renewal Authority (GHURA) with monies received from the U.S. Department of Housing and Urban Development. The repayments received by the Corporation from its borrowers are remitted monthly to GHURA.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

4. Capital Assets

A summary of changes in net capital assets for the years ended September 30, 2025 and 2024 is as follows:

	Beginning Balance October 1, <u>2024</u>	Transfers-in and <u>Additions</u>	Transfers-out and <u>Disposals</u>	Ending Balance September 30, <u>2025</u>
Capital assets depreciated and amortized:				
Buildings and improvements	\$8,478,905	\$ ---	\$(94,168)	\$ 8,384,737
Office furniture and equipment	283,148	11,423	(2,392)	292,179
Vehicles	187,196	---	---	187,196
Land improvements	64,749	---	---	64,749
Leasehold improvements	29,445	---	---	29,445
Lease assets	27,422	---	---	27,422
Other – renovations in progress	<u>26,615</u>	<u>39,092</u>	<u>---</u>	<u>65,707</u>
Total capital assets depreciated and amortized	9,097,480	50,515	(96,560)	9,051,435
Less accumulated depreciation and amortization	<u>(5,323,830)</u>	<u>(230,417)</u>	<u>2,392</u>	<u>(5,551,855)</u>
Net capital assets depreciated and amortized	3,773,650	(179,902)	(94,168)	3,499,580
Capital asset not depreciated and amortized - land	<u>2,934,227</u>	<u>---</u>	<u>---</u>	<u>2,934,227</u>
	<u>\$6,707,877</u>	<u>\$(179,902)</u>	<u>\$(94,168)</u>	<u>\$ 6,433,807</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

4. Capital Assets, continued

	Beginning Balance October 1, <u>2023</u>	Transfers-in and <u>Additions</u>	Transfers-out and <u>Disposals</u>	Ending Balance September 30, <u>2024</u>
Capital assets depreciated and amortized:				
Buildings and improvements	\$8,463,181	\$ 15,724	\$ ---	\$ 8,478,905
Office furniture and equipment	283,148	---	---	283,148
Vehicles	157,615	29,581	---	187,196
Land improvements	64,749	---	---	64,749
Leasehold improvements	29,445	---	---	29,445
Lease assets	27,422	---	---	27,422
Other – renovations in progress	<u>7,499</u>	<u>19,116</u>	<u>---</u>	<u>26,615</u>
Total capital assets depreciated and amortized	9,033,059	64,421	---	9,097,480
Less accumulated depreciation and amortization	<u>(5,080,064)</u>	<u>(243,766)</u>	<u>(---)</u>	<u>(5,323,830)</u>
Net capital assets depreciated and amortized	3,952,995	(179,345)	---	3,773,650
Capital asset not depreciated and amortized - land	<u>2,934,227</u>	<u>---</u>	<u>---</u>	<u>2,934,227</u>
	<u>\$6,887,222</u>	<u>\$(179,345)</u>	<u>\$ ---</u>	<u>\$ 6,707,877</u>

5. Foreclosed Assets Held for Resale

A summary of the activities in the foreclosed assets held for resale as of September 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Foreclosed assets held for resale at beginning of year	\$102,082	\$102,082
Foreclosures during the year	241,321	---
Foreclosed assets sold during the year	<u>(102,082)</u>	<u>---</u>
	<u>\$241,321</u>	<u>\$102,082</u>

At September 30, 2025 and 2024, foreclosed assets held for resale represent residential units acquired by the Corporation due to the borrowers' default on their mortgages. A foreclosed asset sold in 2025 resulted in a gain on sale of \$62,918 presented in the accompanying 2025 statement of revenues, expenses and changes in net position.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

6. Mortgage Revenue Bonds Payable

	<u>October 1, 2024</u>	<u>Payments</u>	<u>September 30, 2025</u>	<u>Due Within One Year</u>
Single Family Mortgage Revenue Bonds 1998 Series A, with interest rate of 5.75% per annum payable semi- annually on March 1 and September 1 and matures on September 1, 2031. Semi-annual principal installments totaling from \$115,000 to \$190,000	<u>2,290,000</u>	<u>275,000</u>	<u>2,015,000</u>	<u>295,000</u>
	<u>\$ 2,290,000</u>	<u>\$ 275,000</u>	<u>\$ 2,015,000</u>	<u>\$ 295,000</u>
	<u>October 1, 2023</u>	<u>Payments</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>
Single Family Mortgage Revenue Bonds 1998 Series A, with interest rate of 5.75% per annum payable semi- annually on March 1 and September 1 and matures on September 1, 2031. Semi-annual principal installments totaling from \$115,000 to \$190,000	<u>2,550,000</u>	<u>260,000</u>	<u>2,290,000</u>	<u>275,000</u>
	<u>\$ 2,550,000</u>	<u>\$ 260,000</u>	<u>\$ 2,290,000</u>	<u>\$ 275,000</u>

On April 15, 1998, the Corporation issued \$50,000,000 (Guaranteed Mortgage-Backed Securities Program) 1998 Series A tax-exempt Single Family Mortgage Revenue Bonds. The bonds were issued for the purpose of providing money to engage in a home-financing program within the Territory of Guam. Principal installments and interest due on the bonds are payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 1998 at various rates indicated in the preceding paragraph.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

6. Mortgage Revenue Bonds Payable, continued

The Corporation is required to calculate rebatable arbitrage as of the last day of any Bond year pursuant to the provisions of the U.S. Department Treasury Regulation Section 1.148. The arbitrage provisions require the Corporation to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond indenture, this amount has been recorded as "Rebate Liability" for the benefit of the federal government and will be paid as required by applicable regulations. As of September 30, 2025 and 2024, the rebate liability totaled \$97,573 and \$92,666, respectively. The bonds are limited obligations of the Corporation payable from the revenues and other assets pledged for the payment thereof and are not a lien or charge upon the funds of the Corporation, except to the extent of the pledge and assignment set forth in the Indenture and in the bonds. The bonds do not constitute indebtedness or a loan of credit of the GovGuam or the United States of America, within the meaning of the Organic Act of Guam or statutory provisions. Neither the faith and credit nor the taxing power of the GovGuam is pledged to the payment of the principal of, or interest on the bonds. The Corporation has no taxing authority.

The bonds are not debts, liabilities or obligations of the GovGuam and the GovGuam is not liable for the payment should the Corporation default on the loan.

The bonds maturing on September 1, 2031 are not subject to optional redemption prior to maturity.

The Bond Indenture contains certain restrictive covenants, including restrictions on the use of bond funds. Management of the Corporation is of the opinion that the Corporation is in compliance with all significant covenants of the mortgage revenue bonds as of September 30, 2025 and 2024.

Future bond principal and mandatory sinking fund installments payable by the Corporation to the bond trustees are as follows:

Year ending September 30,	Principal	Interest	Total
2026	\$ 295,000	\$ 111,694	\$ 406,694
2027	305,000	94,588	399,588
2028	325,000	76,763	401,763
2029	345,000	57,788	402,788
2030	365,000	37,663	402,663
2031	380,000	16,388	396,388
	\$ 2,015,000	\$ 394,884	\$ 2,409,884

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits

General Pension Plan Descriptions

Defined Benefit Plan (DB Plan)

The DB Plan is a single-employer plan. A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. The Government of Guam Retirement Fund (GGRF) issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

In accordance with Public Law 33-186, the Defined Benefit 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

The DB Plan is administered by the GGRF, to which the Corporation contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

Membership: Employees of the Corporation hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the Defined Contribution Retirement System (DCRS). Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and the Corporation are established and may be amended by the GGRF.

The Corporation's statutory contribution rates were 30.77% and 29.43% for the years ended September 30, 2025 and 2024, respectively. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2025 and 2024.

The Corporation's contributions to the DB Plans for the years ended September 30, 2025 and 2024 were \$277,423 and \$243,015, respectively, which is equal to the statutory required contributions for the years then ended.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Benefits: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.0% for fiscal year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6 to 10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire.
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80.

Discount Rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Expected Remaining Service Lives: Under GASB Statement No. 68, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period.

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.83%	2.03%
U.S. Equities (small cap)	4.0%	9.32%	0.37%
Non-U.S. Equities	17.0%	10.12%	1.72%
Non-U.S. Equities (emerging markets)	3.0%	11.79%	0.35%
U.S. Fixed Income (aggregate)	22.0%	4.86%	1.07%
Risk Parity	8.0%	6.53%	0.52%
High Yield Bonds	8.0%	6.54%	0.52%
Global Real Estate (REITs)	2.5%	9.34%	0.23%
Global Equity	7.5%	8.59%	0.64%
Global Infrastructure	2.0%	8.42%	0.17%
Expected arithmetic mean (1 year)			7.64%
Expected geometric mean (30 years)			6.91%

The discount rate assumption of 7.0% is about equal to the expected geometric mean over 30 years, but lower than the average arithmetic return for one year. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. If investments fail to achieve the assumed interest rate, future required contributions will increase.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

Membership: The plan membership is the same as the DB Plan described above.

Benefits: The supplemental annuity is an amount which, when added to a retiree's annuity increases the annual annuity up to \$40,000.

The COLA payment is \$2,300 per DB retiree.

Contributions: The Corporation's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to \$40,000.

The Corporation's contribution to the COLA payment of the Plan is \$2,300 per DB retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation	2.50% per year
Payroll growth:	4.0% for fiscal year 2024; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire.
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, continued

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 3.81% and 4.09% for the years ended September 30, 2025 and 2024, respectively. This rate was used as the benefits are not funded with the accumulated assets; they are funded historically through appropriations from the Government of Guam.

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

Membership: Employees hired after September 30, 1995, are members of the DCRS.

Benefits: Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

Contributions: The Corporation's contribution to the COLA payment of the Plan is \$2,300 per DCRS retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation	2.50% per year
Payroll growth:	4.0% for fiscal year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	5% of employees assumed to retire each year for ages 55 to 64, 10% of employees per year thereafter from age 65 until age 74, at which time all remaining employees are assumed to retire
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

Discount Rate: The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability at the fiscal years presented for the aforementioned plans were measured on and was determined by actuarial valuations as of the following dates:

Reporting date	September 30, 2025	September 30, 2024
Measurement date:	September 30, 2024	September 30, 2023
Valuation date:	September 30, 2023	September 30, 2022

Net pension liability as of September 30, 2025 and 2024 for the aforementioned plans are as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	\$2,317,873	\$2,921,256
Ad hoc COLA/SA Plan for DB Participants	735,390	665,292
Ad hoc COLA Plan for DCRS Participants	<u>338,422</u>	<u>398,712</u>
	<u>\$3,391,685</u>	<u>\$3,985,260</u>

Proportionate share of net pension liabilities at September 30, 2025 and 2024 for the aforementioned plans are as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	0.22%	0.21%
Ad hoc COLA/SA Plan for DB Participants	0.24%	0.25%
Ad hoc COLA Plan for DCRS Participants	0.47%	0.51%

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Pension expense for the years ended September 30, 2025 and 2024 for the aforementioned plans are as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	\$305,188	\$421,258
Ad hoc COLA/SA Plan for DB Participants	60,446	55,089
Ad hoc COLA Plan for DCRS Participants	<u>(22,766)</u>	<u>86,905</u>
	<u>\$342,868</u>	<u>\$563,252</u>

Deferred outflows and Inflows of resources: At September 30, 2025 and 2024, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025					
	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,175	\$(17,655)	\$ 35,579	\$(12,454)	\$ 35,426	\$(3,912)
Net difference between projected and actual earnings on pension plan investments	---	(300,399)	---	---	---	---
Corporation's contributions subsequent to the measurement date	411,502	---	58,713	---	16,100	---
Changes in assumption	---	(9,472)	16,167	---	71,173	(55,175)
Changes in proportion and difference between the Corporation's contributions and proportionate share of contributions	<u>120,308</u>	<u>(55,648)</u>	<u>---</u>	<u>(11,293)</u>	<u>80,782</u>	<u>(69,907)</u>
	<u>\$534,985</u>	<u>\$(383,174)</u>	<u>\$110,459</u>	<u>\$(23,747)</u>	<u>\$203,481</u>	<u>\$(128,994)</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

	2024					
	<u>DB Plan</u>		<u>COLA/SA Plan for DB Participants</u>		<u>COLA Plan for DCRS Participants</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,995	\$(32,860)	\$ ---	\$(26,945)	\$ 39,063	\$(5,129)
Net difference between projected and actual earnings on pension plan investments	380,197	---	---	---	---	---
Corporation's contributions subsequent to the measurement date	376,813	---	56,413	---	16,100	---
Changes in assumption	---	(17,629)	10,192	(33,895)	77,191	(70,586)
Changes in proportion and difference between the Corporation's contributions and proportionate share of contributions	---	(137,970)	<u>13,181</u>	<u>(599)</u>	<u>96,304</u>	<u>(57,032)</u>
	<u>\$787,005</u>	<u>\$(188,459)</u>	<u>\$79,786</u>	<u>\$(61,439)</u>	<u>\$228,658</u>	<u>\$(132,747)</u>

Deferred outflows of resources at September 30, 2025 and 2024, resulting from the Corporation's employer contributions for the following plans are as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	\$411,502	\$376,813
Ad hoc COLA/SA Plan for DB Participants	58,713	56,413
Ad hoc COLA Plan for DCRS Participants	<u>16,100</u>	<u>16,100</u>
	<u>\$486,315</u>	<u>\$449,326</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30,</u>	
2026	\$(5,432)
2027	114,080
2028	(168,708)
2029	(134,343)
2030	1,915
Thereafter	<u>26,026</u>
	<u>\$(166,462)</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Sensitivity analysis: The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

DB Plan

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Net pension liability	<u>\$3,036,612</u>	<u>\$2,317,873</u>	<u>\$1,699,090</u>

Ad Hoc COLA/SA for DB Participants

	1% Decrease <u>2.81%</u>	Current Discount <u>3.81%</u>	1% Increase <u>4.81%</u>
Total collective pension liability	<u>\$ 802,499</u>	<u>\$ 735,390</u>	<u>\$ 676,951</u>

Ad Hoc COLA for DCRS Participants

	1% Decrease <u>2.81%</u>	Current Discount <u>3.81%</u>	1% Increase <u>4.81%</u>
Total collective pension liability	<u>\$ 379,772</u>	<u>\$ 338,422</u>	<u>\$ 303,369</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Detailed information about the DB Plan's fiduciary net position is available in the separately issued GGRF financial report.

DCRS

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam on or after October 1, 1995. Contributions into the DCRS, by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the years ended September 30, 2025 and 2024 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 6.2% of the member's regular base pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

During the years ended September 30, 2025 and 2024, contributions made and amounts accrued under the DCRS amounted to \$168,635 and \$170,004, respectively. Of these amounts, \$134,632 and \$134,165 were contributed towards the unfunded liability of the DB Plan for the years ended September 30, 2025 and 2024, respectively.

Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 6.2% of the employee's base salary while employer contributions are actuarially determined.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

Other Post-employment Benefit (OPEB) Plan Description

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2nd Floor, ITC Building, 590 South Marine Corps Drive, or by visiting the Guam Department of Administration website – <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports>.

Membership: All employees of the Corporation who are members of the GGRF are members of the OPEB Plan.

Contributions: The Corporation is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

Benefits: GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.60% per year.
Healthcare cost trend rate:	For both non-Medicare and Medicare claims, 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. For both Medicare and non-Medicare retiree contributions, 0% for all years.
Dental trend rates:	For claims, 4.25% per year. For retiree contributions, 0% per year. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. The 0% retiree contribution increases reflect recent Guam plan experience.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

OPEB Plan Description, continued

Mortality rates:

Active employees: PUB-2010 General employees Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Healthy retirees: PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Disabled retirees: PUB-2010 General Disabled Retiree Headcount-Weighted Mortality Table. Set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Survivors: PUB-2010 General Contingent Survivor Headcount-Weighted Mortality Table, set forward 3 years and 4 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

The actuarial valuation is performed using a mortality table used by Milliman, the current pension actuary, based on an actuarial experience study of the experience from 2016 to 2020 which justified the use of the current mortality tables. The mortality tables used by Milliman are weighted by amount (salary for active employees and benefit amount for those in payment status).

For this retiree medical valuation, the headcount-weighted mortality tables are used, which are more appropriate for the measurement of obligations with benefit structures uncorrelated with income.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

OPEB Plan Description, continued

Discount Rate: The discount rate used to measure the total OPEB liability was 3.81% and 4.09% for the years ended September 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefits of current plan members. Therefore, the municipal bond rate at each year end was applied to all periods to determine the total OPEB liability.

OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

Expected Remaining Service Lives: Under GASB Statement No. 75, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period was calculated at 6.91 years. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

Total OPEB liability at the fiscal year presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting Date:	September 30, 2025	September 30, 2024
Measurement Date:	September 30, 2024	September 30, 2023
Valuation Date:	September 30, 2024	September 30, 2022

The Corporation's total OPEB liability as of September 30, 2025 and 2024 is \$6,472,283 and \$7,280,593, respectively.

The Corporation's proportionate share of collective total OPEB liability as of September 30, 2025 and 2024 is 0.30% and 0.27%, respectively.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

For the years ended September 30, 2025 and 2024, the Corporation recognized OPEB expense reductions of \$359,704 and \$101,794, respectively.

As of September 30, 2025 and 2024, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2025</u>		<u>2024</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 903,241	\$(2,283,290)	\$ 1,113,993	\$(307,478)
Corporation contributions subsequent to the measurement date	191,201	---	157,623	---
Changes in assumption	364,473	(1,080,526)	246,018	(1,395,038)
Changes in proportion and difference between the Corporation contributions and proportionate share of contributions	<u>723,265</u>	<u>(211,812)</u>	<u>44,658</u>	<u>(339,303)</u>
	<u>\$ 2,182,180</u>	<u>\$(3,575,628)</u>	<u>\$ 1,562,292</u>	<u>\$(2,041,819)</u>

Deferred outflows of resources at September 30, 2025 and 2024, resulting from the Corporation's employer contributions totaled \$191,201 and \$157,623, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>	
2026	\$(369,385)
2027	(297,006)
2028	(358,528)
2029	(358,529)
2030	(43,544)
Thereafter	<u>(157,657)</u>
	<u>\$(1,584,649)</u>

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

Sensitivity analysis: The following presents the total OPEB liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	1% Decrease <u>2.81%</u>	Current Discount <u>3.81%</u>	1% Increase <u>4.81%</u>
Total OPEB liability	<u>\$7,518,515</u>	<u>\$6,472,283</u>	<u>\$5,625,007</u>

The following presents the total OPEB liability calculated using a healthcare cost trend rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$5,522,418</u>	<u>\$6,472,283</u>	<u>\$7,686,290</u>

Accrued Sick Leave

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. As of September 30, 2025 and 2024, the Corporation has accrued an estimated liability of \$79,867 and \$86,464, respectively, which is reported as a component of accrued compensated absences in the accompanying statement of net position. However, this amount is an estimate and actual payout could differ from those estimates.

8. Commitments and Contingencies

Commitments

As of September 30, 2025 and 2024, the Corporation has loan commitments totaling \$945,047 and \$2,088,162 respectively.

The Corporation leases office space from the Guam Economic Development Authority (GEDA) which calls for a monthly rental payment of \$10,057 for the years ended September 30, 2025 and 2024, respectively. Lease is a year to year contract.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

8. Commitments and Contingencies, continued

Litigation

The Corporation is involved in certain litigation and management is of the opinion that liabilities of a material nature will not be realized.

As of September 30, 2025 and 2024, the Corporation reported claims under legal procedures for approximately \$0 and \$337,059, respectively, in which foreclosure, litigation or bankruptcy is involved. These claims are at various stages and the ultimate outcome is uncertain. Therefore, no additional provision for any potential liability that may result from these claims has been made in the accompanying financial statements.

Self-Insurance

The Corporation self-insures for all risks to Lada Gardens and Guma As-Atdas. A separate account was established to fund any damages that may arise in the future, to be increased on a monthly basis by the weighted-average yield of the Corporation's checking account. This amount is primarily invested in time certificate of deposits with original maturities greater than 90 days. Excess of losses over the fund is recognized in the year realized. At September 30, 2025 and 2024, the self-insurance fund totaled \$1,067,911 and \$1,012,483, respectively, as reported in the accompanying statements of net position.

9. Long-Term Liabilities

A summary of changes in long-term liabilities during fiscal years 2025 and 2024 is as follows:

	October 1, 2024	Increases	Decreases	September 30, 2025	Current	Noncurrent
Accrued compensated absences	\$ 269,661	\$ 152,902	\$ 174,784	\$ 247,779	\$ 127,362	\$ 120,417
Net pension liability	3,985,260	---	593,575	3,391,685	---	3,391,685
Lease liabilities	17,805	---	5,438	12,367	5,790	6,577
Total collective other						
post-employment benefit liability	7,280,593	---	808,310	6,472,283	---	6,472,283
Bonds payable	2,290,000	---	275,000	2,015,000	295,000	1,720,000
	<u>\$ 13,843,319</u>	<u>\$ 152,902</u>	<u>\$ 1,857,107</u>	<u>\$ 12,139,114</u>	<u>\$ 428,152</u>	<u>\$ 11,710,962</u>

	October 1, 2023	Increases	Decreases	September 30, 2024	Current	Noncurrent
Accrued compensated absences	\$ 272,632	\$ 147,064	\$ 150,035	\$ 269,661	\$ 123,726	\$ 145,935
Net pension liability	4,291,805	---	306,545	3,985,260	---	3,985,260
Lease liabilities	22,919	---	5,114	17,805	5,440	12,365
Total collective other						
post-employment benefit liability	6,153,837	1,126,756	---	7,280,593	---	7,280,593
Bonds payable	2,550,000	---	260,000	2,290,000	275,000	2,015,000
	<u>\$ 13,291,193</u>	<u>\$ 1,273,820</u>	<u>\$ 721,694</u>	<u>\$ 13,843,319</u>	<u>\$ 404,166</u>	<u>\$ 13,439,153</u>

Required Supplementary Information

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
(Unaudited)

Defined Benefit Plan

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Corporation's proportion of the net pension liability	0.22%	0.21%	0.22%	0.23%	0.23%	0.24%	0.24%	0.23%	0.24%	0.24%
Corporation's proportionate share of the net pension liability	\$ 2,317,873	\$ 2,921,256	\$ 3,329,795	\$ 2,231,269	\$ 2,916,016	\$ 2,902,759	\$ 2,823,658	\$ 2,616,172	\$ 3,256,011	\$ 3,472,473
Corporation's covered payroll	1,411,851	1,212,899	1,209,245	1,198,782	1,218,275	1,224,691	805,614	1,197,094	1,266,692	1,354,686
Corporation's proportionate share of the net pension liability as a percentage of its covered payroll	164.17%	240.85%	275.36%	186.13%	239.36%	237.02%	350.50%	218.54%	257.00%	256.00%
Plan fiduciary net position as a percentage of total pension liability	69.68%	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of Contributions
(Unaudited)

Defined Benefit Plan

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 413,504	\$ 379,435	\$ 310,162	\$ 309,592	\$ 293,040	\$ 289,541	\$ 291,780	\$ 187,900	\$ 278,104	\$ 297,444
Contribution in relation to the contractually required contribution	<u>411,502</u>	<u>376,813</u>	<u>309,539</u>	<u>308,345</u>	<u>291,849</u>	<u>297,486</u>	<u>293,201</u>	<u>194,684</u>	<u>276,288</u>	<u>296,576</u>
Contribution excess (deficiency)	\$(<u>2,002</u>)	\$(<u>2,622</u>)	\$(<u>623</u>)	\$(<u>1,247</u>)	\$(<u>1,191</u>)	<u>7,945</u>	<u>1,421</u>	<u>6,784</u>	\$(<u>1,816</u>)	\$(<u>868</u>)
Corporation's covered payroll	906,907	869,037	642,353	627,837	704,033	718,892	684,407	230,135	310,135	304,556
Contribution as a percentage of the covered payroll	45.37%	43.36%	48.19%	49.11%	41.45%	41.38%	42.84%	84.60%	89.09%	97.38%

Guam Housing Corporation
 (A Component Unit of the Government of Guam)

Required Supplementary Information
 Schedule of Proportionate Share of the Collective Total Pension Liability
 (Unaudited)

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Corporation's proportionate share of the net pension liability	\$ 735,390	\$ 665,292	\$ 635,438	\$ 723,904	\$ 837,705	\$ 799,484	\$ 644,322	\$ 600,954	\$ 518,756	\$ 522,556
Corporation's proportion of the net pension liability	0.24%	0.25%	0.25%	0.23%	0.26%	0.25%	0.22%	0.21%	0.23%	0.22%

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of Contributions
(Unaudited)

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 58,713	\$ 56,413	\$ 60,952	\$ 54,952	\$ 54,952	\$ 59,280	\$ 54,981	\$ 57,400	\$ 53,879	\$ 54,078
Contribution in relation to the contractually required contribution	<u>58,713</u>	<u>56,413</u>	<u>60,952</u>	<u>54,952</u>	<u>54,952</u>	<u>59,280</u>	<u>55,191</u>	<u>57,190</u>	<u>53,879</u>	<u>54,078</u>
Contribution excess (deficiency)	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>210</u>	\$(<u>210</u>)	\$ <u>---</u>	\$ <u>---</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of Proportionate Share of the Collective Total Pension Liability
(Unaudited)

Ad Hoc COLA Plan for DCRS Participants

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Corporation's proportionate share of the net pension liability	\$ 338,422	\$ 398,712	\$ 326,572	\$ 353,328	\$ 350,369	\$ 194,852	\$ 157,980	\$ 227,627	\$ 260,379	\$ 173,951
Corporation's proportion of the net pension liability	0.47%	0.51%	0.54%	0.50%	0.53%	0.33%	0.32%	0.36%	0.42%	0.33%

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of Contributions
(Unaudited)

Ad Hoc COLA Plan for DCRS Participants

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 16,100	\$ 16,100	\$ 15,400	\$ 12,000	\$ 12,000	\$ 12,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Contribution in relation to the contractually required contribution	<u>16,100</u>	<u>16,100</u>	<u>15,400</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Contribution excess (deficiency)	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of Proportionate Share of the
Collective Total Other Postemployment Benefit Liability
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Corporation's proportion of the collective total other postemployment benefit liability	0.30%	0.27%	0.27%	0.28%	0.27%	0.29%	0.30%	0.46%	0.47%	0.49%
Corporation's proportionate share of the collective total other postemployment benefit liability	\$ 6,472,283	\$ 7,280,593	\$ 6,153,837	\$ 7,696,588	\$ 6,918,351	\$ 7,429,975	\$ 5,676,959	\$ 11,223,930	\$ 11,881,411	\$ 10,443,665

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Note to Required Supplementary Information
(Unaudited)

Changes in Assumptions – Pension Plans

Amounts reported in 2024 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,402,000 per year.

Amounts reported in 2023 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,798,000 per year.

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Other Postemployment Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary Information

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Combining Statement of Net Position

September 30, 2025

	<u>Housing</u>	<u>Rental</u>	<u>Combined Total</u>
Assets			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$ 3,286,008	\$ 809,787	\$ 4,095,795
Time certificate of deposits	1,622,000	---	1,622,000
Self-insurance fund	---	1,067,911	1,067,911
Loans receivable, net	946,558	---	946,558
Tenants receivable, net	0	6,318	6,318
Accrued interest receivable	63,324	17,933	81,257
Prepaid expenses and other	1,293	75,470	76,763
Foreclosed assets held for resale	241,321	---	241,321
Interdivision	<u>1,121,353</u>	<u>(1,121,353)</u>	<u>---</u>
Total unrestricted assets	<u>7,281,857</u>	<u>856,066</u>	<u>8,137,923</u>
Restricted assets:			
Cash and cash equivalents	3,159,475	30,106	3,189,581
Time certificate of deposits	580,000	---	580,000
Investments	161,916	---	161,916
Loans receivable, current	<u>90,908</u>	<u>---</u>	<u>90,908</u>
Total restricted assets	<u>3,992,299</u>	<u>30,106</u>	<u>4,022,405</u>
Total current assets	11,274,156	886,172	12,160,328
Loans receivable, net	20,237,139	---	20,237,139
Restricted other receivables	1,945,829	---	1,945,829
Depreciable capital assets	41,387	3,458,193	3,499,580
Non-depreciable capital assets	---	2,934,227	2,934,227
Other receivables - Due from GHURA	<u>---</u>	<u>1,495,588</u>	<u>1,495,588</u>
Total assets	33,498,511	8,774,180	42,272,691
Deferred outflows of resources			
Pension	522,248	326,677	848,925
Other postemployment benefits	<u>1,152,918</u>	<u>1,029,262</u>	<u>2,182,180</u>
Total deferred outflow of resources	<u>1,675,166</u>	<u>1,355,939</u>	<u>3,031,105</u>
Total assets and deferred outflows of resources	<u>\$ 35,173,677</u>	<u>\$ 10,130,119</u>	<u>\$ 45,303,796</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Combining Statement of Net Position, continued

September 30, 2025

	<u>Housing</u>	<u>Rental</u>	<u>Combined Total</u>
Liabilities			
Current liabilities:			
Payable from unrestricted assets:			
Accounts payable and accrued expenses	\$ 91,578	\$ 63,493	\$ 155,071
Current portion of accrued compensated absences	79,915	47,447	127,362
Unearned revenue	52,694	13,849	66,543
Security deposits	---	63,744	63,744
Deposits by borrowers	22,682	---	22,682
Lease liabilities, current	5,147	643	5,790
Due to fiduciary fund	<u>27,322</u>	<u>---</u>	<u>27,322</u>
Total payable from unrestricted assets	<u>279,338</u>	<u>189,176</u>	<u>468,514</u>
Payable from restricted assets:			
Deferred revenue	---	1,525,694	1,525,694
Bonds payable	295,000	---	295,000
Accrued interest payable	9,655	---	9,655
Rebate liability	<u>97,573</u>	<u>---</u>	<u>97,573</u>
Total payable from restricted assets	<u>402,228</u>	<u>1,525,694</u>	<u>1,927,922</u>
Total current liabilities	<u>681,566</u>	<u>1,714,870</u>	<u>2,396,436</u>
Non-current liabilities:			
Payable from unrestricted assets:			
Non-current portion of accrued compensated absences	51,947	68,470	120,417
Net pension liability	2,073,676	1,318,009	3,391,685
Lease liabilities	5,957	620	6,577
Total collective other postemployment benefit liability	3,491,815	2,980,468	6,472,283
Payable from restricted assets - Bonds payable	<u>1,720,000</u>	<u>---</u>	<u>1,720,000</u>
Total non-current liabilities	<u>7,343,395</u>	<u>4,367,567</u>	<u>11,710,962</u>
Total liabilities	<u>8,024,961</u>	<u>6,082,437</u>	<u>14,107,398</u>
Deferred inflows of resources			
Pension	327,659	208,256	535,915
Other postemployment benefits	<u>1,929,061</u>	<u>1,646,567</u>	<u>3,575,628</u>
Total deferred inflow of resources	<u>2,256,720</u>	<u>1,854,823</u>	<u>4,111,543</u>
Net position			
Net investment in capital assets	41,387	6,392,420	6,433,807
Restricted for lending activities	5,776,212	---	5,776,212
Unrestricted	<u>19,074,397</u>	<u>(4,199,561)</u>	<u>14,874,836</u>
Total net position	<u>\$ 24,891,996</u>	<u>\$ 2,192,859</u>	<u>\$ 27,084,855</u>

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30, 2025

	<u>Housing</u>	<u>Rental</u>	<u>Combined Total</u>
Operating revenues:			
Interest on loans receivable	\$ 1,188,207	\$ ---	\$ 1,188,207
Rental income	---	1,163,653	1,163,653
Interest income on deposits	135,908	47,580	183,488
Gain on sale of foreclosed assets	62,918	---	62,918
Interest income on investments held by bond trust	4,295	---	4,295
Miscellaneous revenues	122,374	51,801	174,175
	<u>1,513,702</u>	<u>1,263,034</u>	<u>2,776,736</u>
Total operating revenues			
Operating expenses:			
Salaries	861,631	611,011	1,472,642
Other	573,089	57,642	630,731
Retiree supplemental and health benefits	254,111	117,514	371,625
Retirement and medicare contributions	232,735	40,086	272,821
Employee benefits, other than retirement	123,975	106,017	229,992
Depreciation and amortization	8,020	216,912	224,932
Rent	130,386	---	130,386
Interest expense on borrowings	126,476	---	126,476
Professional services	48,969	23,571	72,540
Contractual services	38,948	24,900	63,848
Maintenance	---	51,835	51,835
Bond trustee fees	16,206	---	16,206
Amortization of right-of use asset	4,876	609	5,485
Director fees	2,500	---	2,500
Interest expense on lease liability	874	84	958
	<u>2,422,796</u>	<u>1,250,181</u>	<u>3,672,977</u>
Total operating expenses			
Operating (loss) income	(909,094)	12,853	(896,241)
Nonoperating revenue - transfers from			
Department of Administration	1,000,000	---	1,000,000
Increase in net position	90,906	12,853	103,759
Net position at beginning of year	24,801,090	2,180,006	26,981,096
Net position at end of year	\$ 24,891,996	\$ 2,192,859	\$ 27,084,855

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Salaries, Wages and Benefits

	Year ended September 30,	
	<u>2025</u>	<u>2024</u>
Salaries, wages and benefits:		
Salaries	\$ 1,472,642	\$ 1,437,109
Retiree supplemental and health benefits	371,625	(70,974)
Retirement and Medicare contributions	272,821	550,437
Employee benefits, other than retirement	<u>229,992</u>	<u>164,164</u>
Total salaries, wages and benefits	<u>\$ 2,347,080</u>	<u>\$ 2,080,736</u>
Employees at end of year	22	23

Guam Housing Corporation
(A Component Unit of the Government of Guam)

First-time Homeowner Assistance Program

Year ended September 30, 2025

	Number of Grantees	Balance at September 30, 2024	Total Fund Allocated	Total Amount Disbursed	Interest Earned	Administration Fee	Others	Balance at September 30, 2025
American Rescue Plan Act	5	\$ 46,464	\$ ---	\$(42,240)	\$ ---	\$(4,224)	\$ ---	\$ ---
Department of Administration	49	12,121	1,000,000	(462,559)	781	(46,256)	4,985	509,072
Total	54	\$ 58,585	\$ 1,000,000	\$(504,799)	\$ 781	\$(50,480)	\$ 4,985	\$ 509,072

Year ended September 30, 2024

	Number of Grantees	Balance at September 30, 2023	Total Fund Allocated	Total Amount Disbursed	Interest Earned	Administration Fee	Others	Balance at September 30, 2024
American Rescue Plan Act	43	\$ ---	\$ 500,000	\$(412,305)	\$ ---	\$(41,231)	\$ ---	\$ 46,464
Department of Administration	16	182,496	---	(153,937)	402	(15,394)	(1,446)	12,121
Total	59	\$ 182,496	\$ 500,000	\$(566,242)	\$ 402	\$(56,625)	\$(1,446)	\$ 58,585

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*

Management and the Board of Directors
Guam Housing Corporation

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the business-type activities and fiduciary activities of the Guam Housing Corporation (the Corporation), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements (collectively referred to as the "financial statements"), and have issued our report thereon dated June 3, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

June 3, 2026