

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

Guam Community College

Year ended September 30, 2025



**Shape the future
with confidence**



Shape the future
with confidence

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June 9, 2026

Board of Trustees
Guam Community College

We have performed an audit of the financial statements of Guam Community College (the College), a component unit of the Government of Guam, as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated June 9, 2026.

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

REQUIRED COMMUNICATIONS

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

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated November 9, 2022 and at our audit planning meeting with management.

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

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

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

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

Our responsibilities are included in our audit engagement letter.

We issued an unmodified opinion on the College's financial statements as of and for the year ended September 30, 2025.

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

Our audit strategy is consistent with the plan communicated during the October 2025 meeting.

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

None.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about the College's ability to continue as a going concern.

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

- **Accounting policies**
- **Accounting estimates**
- **Financial statement disclosures**

Management has not selected or changed any significant policies or changed the application of those policies in the current year except for Government Accounting Standards Board (GASB) Statement 101, *Compensated Absences*.

A discussion of significant accounting policies and estimates has been included in footnote 1 of the financial statements.

Related party relationships and transactions

We noted no significant matters regarding the College's relationships and transactions with related parties other than disclosed in footnote 7 to the financial statements.

Significant unusual transactions

We are not aware of any significant unusual transactions entered into by the College.

New accounting pronouncements

We have not identified issues regarding management's planned application of new accounting pronouncements.

Independence matters

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

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the October 2025 meeting and at the update status meetings during the audit.

- Fraud and noncompliance with laws and regulations (illegal acts)
- Tips or complaints regarding the College's financial reporting
- Significant unusual transactions
- Subsequent events

Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management

We are not aware of any matters that require communication.

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

There were no difficulties encountered in dealing with management in performing the audit.

Management's consultations with other accountants

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

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

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

Material corrected misstatements related to accounts and disclosures

Refer to the "Summary of Corrected Misstatements" in Appendix A.

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

Current period uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if they are immaterial to the current period financial statements. Refer to the “Management Representations Letter” in Appendix B.

Deficiencies in internal control over financial reporting

In planning and performing our audit of the financial statements of the College as of and for the year ended September 30, 2025, we considered its internal control over financial reporting as a basis for designing our auditing procedures 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 College’s internal control. Accordingly, we do not express an opinion on the effectiveness of the College’s internal control. Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies might exist that were not identified.

Given these limitations, we did not identify any material weaknesses.

Representations we are requesting from management

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

Other information included in annual report

There was no other information available as of the date of our audit report.

AICPA ethics ruling regarding third-party service providers

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

Other matters

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

Engagement team’s involvement with preparation of the financial statements

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

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

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

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

Very truly yours,



Appendices

A – Summary of Corrected Misstatements

B – Management Representations Letter

A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Guam Community College Period ended: 30-Sep-2025 Currency: USD

Corrected misstatements No. W/P ref.	Account (misstatements are recorded as journal entries with a description)	Analysis of misstatements				Debit/(Credit)		Income statement effect of the current period	Non taxable
		Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI		
		Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	
AJE IUE1.11	To record retiree healthcare costs paid by DOA on behalf of GCC								
	Retiree healthcare costs						2,246,006	X	
	Government of Guam appropriation						(2,246,006)	X	
AJE IUA1.00	To correct the unearned revenue for receipt of funds in advance for services not yet rendered								
	Revenue						383,957	X	
	Unearned revenue			(383,957)					
Total of corrected misstatements before income tax		0	0	(383,957)	0	0	0	383,957	
Financial statement amounts		30,423,049	78,097,152	(8,033,421)	(125,505,336)	25,018,556		939,128	
Effect of corrected misstatements on F/S amounts		0.0%	0.0%	4.8%	0.0%	0.0%		40.9%	

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]

B – Management Representations Letter



OFFICE OF THE PRESIDENT

June 09, 2026

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

In connection with your audits of the financial statements of the Guam Community College (“the College” or “GCC”), as of September 30, 2025 and 2024 and for the periods then ended, and the related notes, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of Guam Community College and the respective changes in financial position and cash flows, where applicable, thereof, and the related notes (collectively referred to hereafter as the “basic financial statements”), in accordance with accounting principles generally accepted in the United States of America (US GAAP).

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

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

Management’s responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated November 9, 2022, for the preparation and fair presentation of the financial statements in accordance with US GAAP applied on a basis consistent with that of the preceding periods, except for the effects of adopting new accounting standards.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity’s ability to continue as a going concern for twelve months beyond the financial statement date, including consideration of any currently known information that may raise substantial doubt shortly thereafter.

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

B – Management Representations Letter, continued

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Entity from whom you determined it necessary to obtain evidence

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

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

From October 1, 2024 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprise the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit and to the supplementary information.

In addition, to the extent that uncorrected misstatements (including those related to supplementary information) have been subsequently identified in the current period that affect prior period financial statements and/or supplementary information, we have evaluated the effect of correcting prior period financial statements and/or supplementary information and believe that the effects of the uncorrected misstatements summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit and supplementary information.

Please refer to Appendix A.

Financial reporting entity and net position

We have identified and accounted all component units as well as joint ventures with an equity interest, and properly disclosed all other joint ventures and other related organizations.

The basic financial statements include all fiduciary activities as required by Governmental Accounting Standards Board (GASB) Statement No.84.

B – Management Representations Letter, continued

We have identified and properly classified all funds and activities in accordance with GASB Statement No. 54—as amended. We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

All funds that meet the quantitative criteria in GASB Statement No. 34—as amended and GASB Statement No. 37—as amended, for presentation as major, are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved. We properly recognized, in accordance with our policy, whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Internal control

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

Minutes and contracts

The dates of meetings of directors, committees of directors and important management committees from the beginning of the period covered by the financial statements to the date of this letter are as follows:

<u>Date Meeting</u>	<u>Type</u>
October 21, 2024	Board of Trustees Meeting
December 5, 2024	Board of Trustees Meeting
January 9, 2025	Board of Trustees Meeting
February 7, 2025	Board of Trustees Meeting
March 13, 2025	Board of Trustees Meeting
April 25, 2025	Board of Trustees Meeting
June 16, 2025	Board of Trustees Meeting
July 18, 2025	Board of Trustees Meeting
August 22, 2025	Board of Trustees Meeting
September 19, 2025	Board of Trustees Meeting
October 21, 2025	Board of Trustees Meeting
November 10, 2025	Board of Trustees Meeting
December 15, 2025	Board of Trustees Meeting
January 20, 2026	Board of Trustees Meeting
February 6, 2026	Board of Trustees Meeting
March 19, 2026	Board of Trustees Meeting
May 11, 2026	Board of Trustees Meeting

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

B – Management Representations Letter, continued

We also have made available to you all significant agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that have a material effect on the basic financial statements.

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

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

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

Certain risk disclosures

There are no risks related to vulnerabilities due to material concentrations or constraints in accordance with the GASB Statement No. 102, *Certain Risk Disclosures*.

Ownership and pledging of assets

No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged, except as disclosed in the basic financial statements. All assets to which the College has satisfactory title appear on the statements of net position.

Receivables and revenues

Adequate provision has been made for any receivable as of the latest statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Inventories

Inventories, including goods that are defective, slow-moving, obsolete or unusable, are stated at amounts not in excess of their estimated market values.

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

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods subsequent to the latest statement of net position dates and none are contemplated.

Deposit, investment securities, and investment derivative risk disclosures

Information about deposits, investment securities and derivative transactions are presented and disclosed in accordance with the GASB requirements. Those balances with credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk have been properly disclosed in the basic financial statements.

B – Management Representations Letter, continued

Leases

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any renewal, termination or purchase options in those contracts. We also believe other relevant assumptions (e.g., economic life, fair value, and residual value) made for purposes of accounting for lease arrangements are reasonable and supportable estimates.

Subscription-Based Information and Technology Arrangements (SBITA)

We have identified and accounted for all contracts that meet the criteria to be accounted for as a SBITA under GASB Statement, 96—as amended. We have appropriately considered any modifications or terminations in the contract.

To measure the SBITA liability, we used the rate the SBITA vendor charges us or the rate implicit in the SBITA. When the interest rate could not be readily determined, we estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the SBITA term.

Capital assets

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

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72—as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72—as amended.

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the basic financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72—as amended.

Related party relationships and transactions

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

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

Long-lived assets (asset groups) to be held and used, including amortizable intangible assets

B – Management Representations Letter, continued

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets (asset groups) to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

Side agreements and other arrangements

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

Arrangements with financial institutions

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

Contingencies and other liabilities

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

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

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

There are no other liabilities considered material, individually or in the aggregate, that are required to be accrued or disclosed. There are also no other gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies that are not in conformity with the provisions of GASB Statement No. 62—as amended.

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

Oral or written guarantees

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

Purchase commitments

As of September 30, 2025 and 2024, the College had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2025 and 2024 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Pension benefits

B – Management Representations Letter, continued

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

The actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes, including prescribed assumptions, represent our best estimate of future conditions and are appropriate in the circumstances.

All pension assets qualify as plan assets under GASB Statement No. 67—as amended.

We are responsible for the estimation methods and assumptions used in measuring pension plan assets reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 67—as amended.

Postemployment benefits other than pensions

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

The actuarial assumptions and methods used to measure OPEB liabilities and costs for financial accounting purposes, including prescribed assumptions, represent our best estimate of future conditions and are appropriate in the circumstances.

All OPEB plan assets qualify as plan assets under GASB Statement No. 74—as amended.

We are responsible for the estimation methods and assumptions used in measuring OPEB plan assets reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 74.

Classification and allocation of revenues and expenses

We have distinguished between operating and nonoperating revenues and expenses based on our policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and we apply the policy consistently from period to period.

Expenses have been appropriately classified in or allocated to functions and programs in the statements of revenues and expenses and changes in net position, and allocations have been made on a reasonable basis.

Non-compliance with laws and regulations, including fraud

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

B – Management Representations Letter, continued

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

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

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

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

Independence

We have communicated to you the names of the Entity's affiliates, as defined in the AICPA Code of Professional Conduct ET section 1.224.020 State and Local Government Client Affiliates, officers and directors, or individuals who serve in such capacity for the College.

We are not aware of any business relationship between the College's and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

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

Conflicts of interest

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

Effects of adopting new accounting principles standards

We have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB), as discussed in Note 1.

- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104
- GASB Statement No. 105

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

Required supplementary information

B – Management Representations Letter, continued

We acknowledge our responsibility for the required supplementary information on the management's discussion and analysis, the schedule of proportionate share of net pension liability the schedule of contributions, and the schedule of proportionate share of other postemployment benefits liability, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

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

We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the "supplementary information") and its form and content in conformity with the GASB.

- Schedule 8 - Salaries and Wages (Cash Basis)
- Schedule 9 – Expenditures by Function and Object Code

We believe the supplementary information, including its form and content, is fairly stated in all material respects in conformity with the GASB. The supplementary information complies, in all material respects, with the GASB.

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

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

Amendment to the Building 100 lease agreement with the Guam Community College Foundation (the Foundation)

We have made available to you the amendment to the community facilities loan between the Foundation and the United States Department of Agriculture which reduced the annual loan repayment of the Foundation to \$200,400. The loaned amount was utilized by the Foundation in the construction of Building 100. Concurrently, the Foundation executed an agreement to lease Building 100 to the College. We are of understanding that such amendment to the loan is also the supporting documentation for the amendment reducing the annual lease payments of the College to the Foundation to \$200,400.

Additional representations

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

B – Management Representations Letter, continued

- We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
- The basic financial statements include a component unit.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Investments are properly valued.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statements of revenues, expenses and changes in net position.
- Risk disclosures associated with deposits and investment securities and derivatives transactions are presented in accordance with GASB requirements.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.

Other matters

We have received a draft copy of our financial statements as of and for the years ended September 30, 2025 and 2024. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

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

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

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

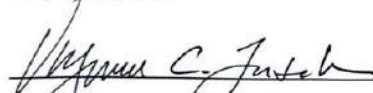
B – Management Representations Letter, continued

Subsequent events

Subsequent to the latest statement of net position date, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the College's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the College. Please refer to Appendix B.

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

Very truly yours,



Virginia C. Tudela, Ph.D.
Interim President



Clarissa A.T. Padua, MAcc, PMBA
Vice President of Finance and Administration



Edwin Limtuatco
Controller

B – Management Representations Letter, continued

Appendices

A – Schedule of Uncorrected Misstatements

B – Subsequent Event Questionnaire

B – Management Representations Letter, continued

Appendix A– Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements		Period Ended: 30-Sep-2025	Currency: USD	Income statement effect of the prior period		
Ends: Guam Community College		Analysis of misstatements Debit/(Credit)		Prior period Debit/(Credit)	Non-Isable	
Uncorrected misstatements	Account (Note 1)	Assets Current (Note 2)	Liabilities Non-current (Note 2)	Equity components Debit/(Credit) (Note 2)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the prior period Debit/(Credit)
No. W/P ref	(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Non-Isable
Factual misstatements:						
SAD.01	E.02 To reclass the credit balances under Accounts Receivable that were a result of overpayments. Tuition Receivable 153,582 Accounts Payable (153,582)		(153,582)			
SAD.02	HD1.00 To reclassify the cash and cash equivalent from investments. Cash and cash equivalent 170,649 Investments (170,649)	170,649				
SAD.03	LRE.02 To recognize lease accounts in accordance with GASB 87 for certain long-term equipment contracts. Lease asset: 202,198 Lease liability (202,198) Rent expense (179,730) X Lease liability 179,730 Depreciation expense 231,081 X Accumulated depreciation (231,081)					(134,797) 173,311
SAD.04	PTX.00 To record the understatement of deferred outflow of resources as a result of difference between actual and expected contributions. Deferred outflow of resources 856,009 Pension expense (856,009) X					(856,159)
SAD.05	E.01 To record the bad debt recovery that was initially recorded under other revenue. Other revenues 346,637 X Bad debt recovery (346,637) X					
SAD.06	E.01 To correct allowance for doubtful accounts for outstanding balance exceeding one year. Bad debt expense 306,038 X Allowance for doubtful accounts - other (306,038)					
Projected misstatements:						
SAD.05	PAL.00 To correct the projected overstatement of compensated absences accrued liability due to error in date of hire. Accrued sick leave 443,317					

B – Management Representations Letter, continued

Appendix B – Subsequent Event Questionnaire

Guam Community College Subsequent Events Questionnaire Coverage: For the period from October 1, 2024 to Audit Report Date	
Question	
1	Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?
2	Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements? Have any other significant unusual transactions been entered into?
3	Have any significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?
4	Have any significant changes occurred in trends in sales/revenues or costs that could affect accounting estimates (e.g., valuation of receivables or inventories, realization of deferred charges, provisions for warranties or employee benefits or unearned income)?
5	Have any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?
6	Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?
7	Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?
8	Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?
9	Have there been any changes in the entity's related parties?
10	Have any significant new related party transactions occurred?
11	Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?
12	Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the audited financial statements other than those that are already been provided to EY (if any).
13	Did GCC provide all of minutes of BOT meeting that were held subsequent to the balance sheet date?
14	Are you aware of any fraud or suspected fraud affecting GCC involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?
15	Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of GCC?
16	Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?
17	Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?
18	Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?
19	Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?
20	Are you aware of any going concern indicators (such negative working capital, significant losses, significant credit deterioration of major customers) subsequent to balance sheet date?
21	Are you aware of any journal entries that would have a material effect on the financial statements as of the balance sheet date?