

Management Letter

Guam Economic Development Authority

Year ended September 30, 2020





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The Board of Directors
Guam Economic Development Authority

In planning and performing our audit of the financial statements of the Guam Economic Development Authority (GEDA) as of and for the year ended September 30, 2020, 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, we considered its internal control over financial reporting (internal control) 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 GEDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the GEDA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a matter that we wish to bring to your attention.

Provision for Doubtful Accounts

Condition:

GEDA's accounts receivable at September 30, 2020 included reimbursable costs from Fiscal Years ended 2019 and prior of approximately \$445,000; of which approximately \$324,000 is provided with an allowance for doubtful accounts. In addition, GEDA has provided rent relief to certain tenants who are having financial difficulties as a result of COVID-19.

Recommendation:

Management should improve its analysis of the adequacy of the allowance for all types of receivables. We also recommend that management consider modifying its current methodology in providing allowance for doubtful accounts based on the current economic conditions presented by COVID-19.

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This communication is intended solely for the information and use of management and the Board of Directors of GEDA, others within the organization, and the Guam Office of Public Accountability, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matter or to respond to any questions, at your convenience.

Ernst + Young LLP