

*Statement on Auditing Standards No. 114
The Auditor's Communication With Those Charged
With Governance*

**Department of Chamorro Affairs –
Non-Appropriated Funds**

Year ended September 30, 2013



**Building a better
working world**



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May 19, 2014

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

We have performed an audit of the financial statements of the Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF), and its discretely presented component unit, collectively a component unit of the Government of Guam, as of and for the year ended September 30, 2013, in accordance with U.S. generally accepted auditing standards 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 May 19, 2014.

This report to the Board of Trustees of the DCANAF summarizes our communications required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which the management of the DCANAF is responsible.

REQUIRED COMMUNICATIONS

Statement on Auditing Standards No. 114, *The Auditor's Communication With Those Charged With Governance*, and other professional standards require the auditor to provide the Board of Trustees (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board (or those charged with governance) in overseeing the financial reporting and disclosure processes which the management of the DCANAF is responsible. We summarize these required communications as follows:

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

The financial statements are the responsibility of the DCANAF's management. 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. We were not engaged to perform an audit of the DCANAF's internal control over financial reporting. Our responsibilities under the audit were communicated to management and outlined in an engagement letter dated November 28, 2012.

Auditors' Responsibilities under US GAAS and US GAGAS, continued

Our audit included 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 DCANAF'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.

As part of our audit, we considered the DCANAF's internal control over financial reporting as a basis for designing audit procedures that were appropriate in the circumstances.

As described in our engagement letter dated November 28, 2012, the objective of a financial statement audit performed in accordance with US GAAS and GAGAS is as follows:

1. To express an opinion on whether the basic financial statements and accompanying supplementary information, in relation to the basic financial statements as a whole, of the DCANAF are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.
2. To provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*.

The Adoption of, or a Change in Significant Accounting Policies

We determined that the Board is informed about the initial selection of, and any changes in significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.

There were no changes in the DCANAF's significant accounting policies during the year ended September 30, 2013.

Auditor's Judgments about the Quality of the DCANAF's Accounting Principles

We discussed our judgments about the quality, not just the acceptability, of the DCANAF's accounting principles as applied in its financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and related disclosures.

Sensitive Accounting Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.

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

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor DCANAF's operations. These budgets include determining how existing financial resources will be used in DCANAF's operations.
- Determining the adequacy of the recorded valuation of receivables, including the need for any reserve.
- Determining the need for any inventory obsolescence provision or adjustment to the lower of cost or market.

Significant Audit Adjustments

During our audit, we proposed adjusting and reclassifying entries, which DCANAF agreed to be reflected in the financial statements (see Appendix A - *Adjusting Journal Entries*).

Unadjusted Audit Differences Considered by Management to be Immaterial

Certain unadjusted audit differences accumulated by us (i.e. adjustments either identified by us or brought to our attention by management) were identified during the current audit and pertaining to the latest period presented, which were determined by the DCANAF's management to be immaterial, both individually and in the aggregate, to the financial statements as a whole (see Appendix B – *Summary of Uncorrected Audit Misstatements*)

Other Information in Documents Containing the Audited Financial Statements

We reviewed the Management's Discussion and Analyses and other supplementary schedules to the financial statements to ensure consistency with the audited financial statements.

Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants regarding any significant auditing and accounting matters during the fiscal year ended September 30, 2013.

Disagreements with Management on Financial Accounting and Reporting Matters

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

Major Issues Discussed with Management Prior to Retention

There were no major accounting issues discussed with DCANAF's management prior to our retention.

Methods of Accounting for Significant Unusual Transactions and for Controversial or Emerging Issues

We are not aware of any significant unusual transactions recorded by DCANAF, or of any significant accounting policies used by DCANAF related to controversial or emerging areas for which there is lack of authoritative guidance.

Serious Difficulties Encountered in Dealing with Management in Performing the Audit

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

Fraud and Illegal Acts

We are not aware of any matters that require communication. Furthermore, DCANAF's management has represented to us that they were not aware of any fraud or illegal acts for the period from October 1, 2012 to May 19, 2014 (see Appendix C – *Management's Representation Letter*).

Significant Deficiencies and Material Weaknesses in Internal Control

We have identified certain deficiencies in internal control during the course of our audit which has been included in our separately issued Management Letter dated May 19, 2014.

We have identified a significant deficiency in internal control, which has been included in our separately issued Compliance and Internal Control Report dated May 19, 2014.

Independence

We are not aware of any relationships between Ernst & Young and our related entities, and DCANAF, or any other matters that in our professional judgment, may reasonably be thought to bear on our independence.

We confirm that we are independent with respect to DCANAF within the meaning of the applicable published rules and pronouncements, its interpretations and rulings.

This report is intended solely for the use of DCANAF's board of trustees and management, the Office of Public Accountability of Guam, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

We would be happy to discuss the contents of this report and answer any questions you may have about these or any other audit related matters.

Very truly yours,

Ernst + Young LLP

Appendices

A – Adjusting Journal Entries

B – Summary of Uncorrected Audit Misstatements

C – Management’s Representation Letter

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

Appendix A - Adjusting Journal Entries

Department of Chamorro Affairs
 Year End: September 30, 2013
 Adjusting Journal Entries
 Date: 10/1/2012 To 9/30/2013

Prepared by	Reviewed by

AJE

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence
Net Income (Loss) Before Adjustments							(6,066.00)		
AJE01	9/30/2013	Inventory	300 DCA5	F0100 DCA5	6,341.00				
AJE01	9/30/2013	Retained earnings	501 DCA5	F0100 DCA5		6,341.00			
To correctly record the FY2012 audit adjustments(CAHA).					6,341.00	6,341.00	(6,066.00)	0.00	
AJE02	9/30/2013	Retained earnings	501 DCA5	T0100 DCA5		551.00			
AJE02	9/30/2013	Miscellaneous income	604 DCA5	T0100 DCA5	551.00				
To correct beginning retained earnings (CAHA).					551.00	551.00	(6,617.00)	(551.00)	
AJE03	9/30/2013	Retained Earnings	3040 DCA2	T0110 DCA2	8,665.00				
AJE03	9/30/2013	Other Income	4080 DCA2	T0110 DCA2	2,395.00				
AJE03	9/30/2013	Other Income	4080 DCA2	T0110 DCA2		101.00			
AJE03	9/30/2013	Advertising	6000 DCA2	T0110 DCA2		1,912.00			
AJE03	9/30/2013	Office Supplies Expense	6076 DCA2	T0110 DCA2	1,660.00				
AJE03	9/30/2013	Miscellaneous	7095 DCA2	T0110 DCA2	1,341.00				
AJE03	9/30/2013	Power	60171 DCA2	T0110 DCA2		3,773.00			
AJE03	9/30/2013	Allowance for doubtful accounts	EY2012-001 DCA2	T0110 DCA2		8,275.00			
To record FY2012 audit adjustments and to correct beginning balance of net position (CV).					14,061.00	14,061.00	(6,227.00)	390.00	
AJE04	9/30/2013	Inventory	14200 DCA3	F0101 DCA3	11,768.00				
AJE04	9/30/2013	Miscellaneous expense	64000 DCA3	F0101 DCA3	300.00				
AJE04	9/30/2013	Cost of goods sold	41000A DCA3	F0101 DCA3	2,932.00				
AJE04	9/30/2013	Donations	EY2013-01 DCA3	F0101 DCA3		15,000.00			
To record donation from GEDA and correct inventory balance/cost of books sold (RPT).					15,000.00	15,000.00	(9,459.00)	(3,232.00)	
AJE05	9/30/2013	Checking: Bank of Guam-FESTPAC	102 DCA5	C0210 DCA5	8,917.71				
AJE05	9/30/2013	Accounts payable	400 DCA5	C0210 DCA5		8,917.71			
To revert unreleased check as of 09/30/2013 back to cash (CAHA).					8,917.71	8,917.71	(9,459.00)	0.00	
AJE06	9/30/2013	Accounts receivable	11000 DCA3	UA110 DCA3		750.00			
AJE06	9/30/2013	Sales - books	41000 DCA3	UA110 DCA3	750.00				
To correct the double booking of book sales (RPT).					750.00	750.00	(10,209.00)	(750.00)	
AJE07	9/30/2013	Accounts Receivable	1100 DCA2	UA.01 DCA2		660.00			
AJE07	9/30/2013	CV Lease Stall	4020 DCA2	UA.01 DCA2	660.00				
To reverse double recording of income from Tery's Fastfood. (CV).					660.00	660.00	(10,869.00)	(660.00)	

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

Appendix A - Adjusting Journal Entries, continued

Department of Chamorro Affairs
 Year End: September 30, 2013
 Adjusting Journal Entries
 Date: 10/1/2012 To 9/30/2013

Prepared by	Reviewed by

AJE-1

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence
					46,280.71	46,280.71	(10,869.00)	(4,803.00)	

Approved by:



Ms. Juanita Quentanilla
 Administrative Service Officer

Appendix B - Summary of Uncorrected Audit Misstatements

Entity: Department of Chamorro Affairs
 Period Ended: 30-Sep-2013
 Currency: USD

No.	W/P ref.	Account	Analysis of misstatements				Income statement effect of the current period		Income statement effect of the prior period	
			Assets Current	Liabilities Current	Liabilities Non-current	Equity components	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)	Non taxable
Uncorrected misstatements										
(misstatements are recorded as journal entries with a description)										
Factual misstatements:										
SAD01	E0120	To reclassify the credit balances in AR to liabilities (Chamorro Village). Dr. 1100 Accounts receivable Cr. 1800 Accounts payable	797	(797)						
SAD02	N0110	To record liabilities in the proper period (Chamorro Village). Dr. 6041 Wednesday Night Market Cr. 1800 Accounts payable		(700)			700			
SAD04	VD0110	To record pest control for the months of August and September 2013 (Chamorro Village). Dr. 6062 Pest control contract Cr. 1800 Accounts payable		(600)			600			
SAD 05	C0110	To reconcile cash in bank (Chamorro Village). Dr. 1800 Accounts payable Cr. 1040 Bank of Guam	(1,015)	1,015						
SAD 06	C0100	To correct undeposited fund account (CAHA). Dr. 101 DCAS Checking Cr. Miscellaneous income	830							(830)



Appendix B - Summary of Uncorrected Audit Misstatements, continued

Entity: Department of Chamorro Affairs Period Ended: 30-Sep-2013 Currency: USD

Communication schedule for uncorrected misstatements

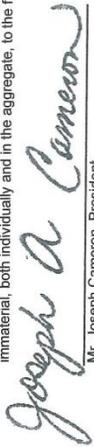
Uncorrected misstatements No.	WIP ref.	Account	Assets		Liabilities		Equity		Effect on the		Income statement effect		
			Current	Non-current	Current	Non-current	components	OCI	of the current period	of the prior period			
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Prior period	Non taxable							
Reclassification misstatements:											Debit/(Credit)	taxable	
SAD 03	VD70	To reclassify expense into the proper account.											
		Dr. 6085 Professional fees											
		Cr. 6041 Wednesday night market											
Total of uncorrected misstatements before income tax			612	0	(1,082)	0	0	0	0	0	0	0	0
Total of uncorrected misstatements			612	0	(1,082)	0	0	0	0	0	0	0	0
Financial statement amounts			223,919		(68,735)		(165,184)						
Effect of uncorrected misstatements on F/S amounts			0.3%	0.0%	1.5%	0.0%	0.0%				0.0%		
Memo: Total of non-taxable items (marked 'X' above)													
Uncorrected misstatements before income tax													
Less: Tax effect of misstatements at current year marginal rate													
Uncorrected misstatements in income tax													
Cumulative effect of uncorrected misstatements after tax but before turnaround													
Turnaround effect of prior period uncorrected misstatements													
All factual and projected misstatements:													
Judgmental misstatements:													
Cumulative effect of uncorrected misstatements, after turnaround effect													
Current year income before tax													
Current year income after tax													



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

Appendix B - Summary of Uncorrected Audit Misstatements, continued

We believe that the effects of the uncorrected misstatements above accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.


Mr. Joseph Cameron, President


Ms. Juanita Quentania, Administrative Services Officer

Appendix C - Management Representation Letter



DIPĀTTAMENTON I KAOHAO GUINAHAN CHAMORRO
DEPARTMENT OF CHAMORRO AFFAIRS

Honorable Edward J.B. Calvo
Governor of Guam

Joseph Artero-Cameron
President, DCA

Raymond S.Tenorio
Lieutenant Governor of Guam



May 19, 2014



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



GUAM MUSEUM

In connection with your audits of the basic financial statements of Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF), and its discretely presented component unit, collectively a component unit of the Government of Guam as of September 30, 2013 and 2012, and for the years then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of DCANAF in conformity with US generally accepted accounting principles.



GUAM MUSEUM FOUNDATION INCORPORATED

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.



Guam Public Library

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



HAGÁTÑA MUNICIPAL GOVERNMENT

Management's responsibilities



PBS GUAM

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated November 28, 2012, for the preparation and fair presentation of the financial statements (including disclosures) in conformity with US generally accepted accounting principles (US GAAP) applied on a basis consistent with that of the preceding years.

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

- 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
- Additional information that you have requested from us for the purpose of the audit

"Department of Chamorro Affairs is an Equal Opportunity Provider and Employer"

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Appendix C - Management Representation Letter, continued

Management's responsibilities, continued

We recognize that we are responsible for the DCANAF's compliance with the laws, regulations, grant agreements and contracts that are applicable to it. We have identified and disclosed to your representatives all laws and regulations, grant agreements and contracts that have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

We have a process to track the status of audit findings and recommendations.

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported.

Uncorrected misstatements

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

Internal control

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

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2013.

Appendix C - Management Representation Letter, continued

Minutes and contracts

The dates of meetings of shareholders, directors, committees of directors and important management committees are as follows:

October 18, 2012	November 29, 2012	January 24, 2013
March 21, 2013	April 18, 2013	May 16, 2013
September 19, 2013		

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

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

Significant assumptions

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and supportable.

Risks and uncertainties

There are no risks and uncertainties related to significant estimates and current vulnerabilities due to material concentrations that have not been disclosed in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 275, *Risks and Uncertainties*.

Ownership and pledging of assets

DCANAF has satisfactory title to all assets appearing in the statements of net position. All assets to which DCANAF has satisfactory title appear in the statements of net position.

Receivables and revenues

Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the dates of the statements of net position.

All revenue recognized as of the dates of the statements of net position has been realized (or is realizable) and earned. Revenue has not been recognized before (1) persuasive evidence of an arrangement exists, (2) goods have been delivered or services rendered, (3) consideration to be received is fixed or determinable and (4) collectability is reasonably assured.

Appendix C - Management Representation Letter, continued

Receivables and revenues, continued

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

We have adequately disclosed a description of our major revenue-generating products and services, the types of arrangements (including multiple-element arrangements) used to deliver these products or services, and a description of the revenue recognition policies applicable to these products or services.

We have disclosed to you all sales terms (both expressed and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.

Inventories

Inventories, including goods that are defective, slow-moving, obsolete or unusable, are stated at amounts not in excess of their estimated net realizable 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 September 30, 2013 and none are contemplated.

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with ASC 450-20, *Contingencies – Loss Contingencies*.

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 concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the financial statements.

Appendix C - Management Representation Letter, continued

Contingent liabilities, continued

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by ASC 450, *Contingencies*, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of ASC 450.

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

At September 30, 2013, DCANAF had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2013 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Fraud

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

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the DCANAF's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements.

We have 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 allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by "whistle-blowers") where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the DCANAF.

Independence

We are not aware of any capital lease, material cooperative arrangement or other business relationship between DCANAF and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

Appendix C - Management Representation Letter, continued

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

Conflicts of interest

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

Subsequent events

Subsequent to September 30, 2013, no events or transactions have occurred or are pending that would have a material effect on the financial statements at that date or for the period then ended, or that are of such significance in relation to the Government of Guam's affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, results of operations or cash flows of the Company.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, which have been measured and presented in conformity with the guidelines established by the applicable Financial or Governmental Accounting Standards Board 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 presentation of the combining schedules (the "supplementary information") in accordance with U.S. GAAP. We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. There have been no changes in the methods of measurement or presentation of the 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 supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

Appendix C - Management Representation Letter, continued

* * * * *

We understand that your audits were conducted in accordance with auditing standards generally accepted in the United States 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 and were, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of DCANAF as a whole, and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



Mr. Joseph Artero-Cameron, President



Ms. Juanita Quintanilla, Administrative Services Officer