

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

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

Year ended September 30, 2022





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May 17, 2023

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

We have performed an audit of the financial statements of the Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, 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 May 17, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *“The Auditor’s Communication With Those Charged With Governance”*, and other applicable auditing standards.

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,

REQUIRED COMMUNICATIONS

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

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on DCANAF's financial statements as of and for the year ended September 30, 2022.

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 will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

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 2022 meeting.

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

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

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in footnote 2 of the financial statements.

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

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

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 allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

Related party relationships and transactions

We are not aware of any matters that require communication.

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

We are not aware of any matters that require communication.

Significant unusual transactions

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

Material corrected misstatements related to accounts and disclosures

Refer to “Schedule of Corrected Misstatements” in Appendix A.

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

Refer to “Management Representations Letter” in Appendix B.

Significant deficiencies and material weaknesses in internal control over financial reporting

We have identified material weaknesses in our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated May 17, 2023.

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

Other matters identified during the course of our audit have been included in our separately issued management letter dated May 17, 2023.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the October 2022 meeting and in the update status meetings during the audit.

Independence matters

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

New accounting pronouncements

No issues have been identified with regard to management’s adoption of GASB Statement No. 87 – *Leases*.

Significant issues discussed with management in connection with the auditor’s initial appointment or recurring retention

We are not aware of any matters that require communication.

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

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

Management’s consultations with other accountants

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

Other material written communications with management

None.

Other matters

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

AICPA ethics ruling regarding third-party service providers

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

Representations from management

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

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

We are not aware of any matters that require communication.

Engagement team’s involvement with preparation of the financial statements

Under GAS 2011 Revisions, Chapter 3 General Standards, Paragraph 3.34 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management’s ability to oversee non-audit services to be performed.

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

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

Other findings or issues regarding the oversight of the financial reporting process

There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

Appendix

A – Summary of Corrected Misstatements

B – Management’s Representation Letter

A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Department of Chamorro Affairs – Non-Appropriated Funds Period ended: 30-Sep-2022 Currency: USD

Corrected misstatements	Analysis of misstatements Debit/(Credit)									
	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Non taxable
No.		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	
RJE01	E0100	To reclassify accounts receivable credit balances to accounts payable.								
		Accounts receivable	5,200							
		Accounts payable			(5,200)					
AJE02	N0100	To reclassify accounts payable with debit balances to accounts receivables.								
		Accounts receivable	3,293							
		Accounts payable			(3,293)					
AJE03	T0100	To adjust the beginning balance of net position for the President's Office to match that of the ending balance per the audited financial statements.								
		Accounts receivable: Other receivables	203,852							
		Miscellaneous expense							(831)	X
		Net position at beginning of year					(203,021)			
AJE04	T0100	To adjust the beginning balance of net position for the Chamorro Village to match that of the ending balance per the audited financial statements.								
		Net position at beginning of year					143,107			
		Accounts Payable			15,235					
		Other income							1,053	X
		Cash	(5,947)							
		Accounts receivable	(27,279)							
		Trade receivables: Allowance for doubtful accounts	(75,197)							
		Other Assets	(45,000)							
		Inventory	(5,972)							
AJE05	T0100	To adjust the beginning balance of net position for RPT to match that of the ending balance per the audited financial statements.								
		Inventory	361							
		Other income							(81)	X
		Net position at beginning of year					(280)			

A – Summary of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: Department of Chamorro Affairs - Non-Appropriated Funds

Period ended: 30-Sep-2022

Currency: USD

Corrected misstatements	Analysis of misstatements									
	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Non taxable
No.		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	
AJE06	T0100	To adjust the beginning balance of net position for Guam Museum to match that per the audited financial statements								
		Accounts receivables	90,501							
		Cash	734							
		Net position at beginning of year				(29,564)				
		Accounts receivables: Allowance for doubtful accou	(60,220)							
		Inventories	(1,451)							
RJE02	VD0100	To reclassify water usage charged to Chamorro Village Food tenants as CV does not have an principal/agent relationship with GWA.								
		Utilities expense							21,899	X
		Other income							(21,899)	X
AJE07	UA0100	To correctly recorded the collection of outstanding receivables from Galaide Corp. to its proper account								
		Other income							21,603	X
		Accounts receivable	(21,603)							
Total of corrected misstatements before income tax			61,272	0	6,742	0	(89,756)	0	21,744	
Financial statement amounts			955,930	0	(317,341)	0	(638,589)		(113,301)	
Effect of corrected misstatements on FIS amounts			6.4%	0.0%	-2.1%	0.0%	14.1%		-19.2%	

We have reviewed, agreed and approved the foregoing proposed adjusting entries as listed above and have reflected those in the consolidated financial statements:

Melvin-Won Pat-Bojja, President
 Marilyn Reyes, Program Coordinator III

B – Management’s Representations Letter



LOURDES A. LEON GUERRERO
Maga'hága

JOSHUA F. TENORIO
Sigundo Maga'láhi

DIPATTAMENTON I KAOHAO GUINAHAN CHAMORU
DEPARTMENT OF CHAMORU AFFAIRS
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MELVIN WON PAT-BORJA
Más Ge'helo

May 17, 2023

Ernst & Young LLP
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Tamuning, Guam 96931

In connection with your audit of the basic financial statements of the Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF), a component unit of the Government of Guam, as of September 30, 2022 and for the year 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 respective financial position of the business-type activities of the DCANAF and the respective changes in financial position and cash flows, where applicable, in conformity with US generally accepted accounting principles.

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

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

Management’s responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated April 26, 2021, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding years. In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DCANAF’s ability to continue as a going concern for one year after the date that the financial statements are issued (or available to be issued, if applicable), and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.



B – Management’s Representations Letter, continued

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, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the DCANAF from whom you determined it necessary to obtain evidence

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

From March 8, 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises 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, 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.

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.

Minutes and contracts and internal audit reports

The dates of meetings of shareholders, directors, committees of directors and important management committees October 1, 2021 are as follows:

- November 15, 2021
- December 2, 2021
- February 3, 2022
- March 3, 2022
- April 14, 2022
- August 4, 2022

B – Management’s Representations Letter, continued

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

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

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

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

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

Ownership and pledging of assets

Except for right-to-use another entity’s nonfinancial asset (the underlying asset), the DCANAF has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the DCANAF has satisfactory title appear in the statement of net position.

Receivables and revenues

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

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

Inventories

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

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods subsequent to September 30, 2022 and none are contemplated.

B – Management’s Representations Letter, continued

Leases

Our calculation of the cumulative effect of initially applying GASB 87 as of the beginning of the period of adoption is in accordance with our accounting policies established under GASB 87—as amended. The initial adoption does not have an impact on the beginning balance of net position.

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB 87—as amended. We have appropriately considered any renewal, termination or purchase options in the contract.

Related party relationships and transactions

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

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

Side agreements and other arrangements

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

Contingent liabilities

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

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

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

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

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

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

B – Management’s Representations Letter, continued

Purchase commitments

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

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

Non-compliance with laws and regulations, including fraud

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

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

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

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

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

Independence

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

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

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

Conflicts of interest

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

B – Management’s Representations Letter, continued

Required supplementary information

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

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 Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Changes in Net Position (the “supplementary information”). We believe the supplementary information, including its form and content, is fairly stated in all material respects.

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

Effects of new accounting principles

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

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

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

Other Representations

We have identified and disclosed to you, all laws, regulations and provisions of contracts and grant agreements 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 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.

B – Management’s Representations Letter, continued

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

All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and GASB Statement No. 37, 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, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

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

Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.

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

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

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

We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

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

From October 1, 2021 to September 30, 2022, the management team for the Department of Chamorro Affairs agreed that utility expenditures for Chamorro Village will be paid by the DCA appropriated fund.

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

B – Management’s Representations Letter, continued

Other matters

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

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

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

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

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

Subsequent events

Subsequent to September 30, 2022, 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 DCANAF’s affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of DCANAF.

* * * * *

We understand that your audit was 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 was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of DCANAF and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.


MELVIN WON PAT-BORJA
President


MARILYN Q. REYES
Program Coordinator III

B – Management’s Representations Letter, continued

Communication schedule for uncorrected misstatements

Entity: Department of Chamorro Affairs - Non-Appropriated Funds Period Ended: 30-Sep-2022 Currency: USD

No.	WIP ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)				Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit)	Income statement effect of the prior period Debit/(Credit)
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)			
Factual misstatements:									
SAD01	F0100	To reclassify those furnitures and fixtures such as folding chairs and table tops/covers to its proper account.		8,556					
		Furnitures and fixtures							
		Inventories	(8,556)						
SAD03	LRO010	To reclass those outstanding receivables related to those uncollected leases							
		Lease receivable	7,578						
		Accounts receivable	(7,578)						
SAD05	LRO010	To record an adjustment related to lease receivable and deferred inflow							
		Deferred inflow			10,096				
		Lease receivable	(10,096)						
SAD06	CO100	To record an adjustment related to stale checks							
		Accounts payable			(182)				
		Cash	7,401				(7,219)		X
		Other income							
Judgmental misstatements:									
SAD02	F0100	To recognize depreciation expense for those assets that were reclassified to PPE							
		Depreciation expense						2,852	X
		Accumulated depreciation		(2,852)					

B – Management’s Representations Letter, continued

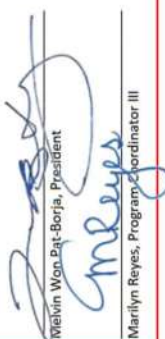
Communication schedule for uncorrected misstatements

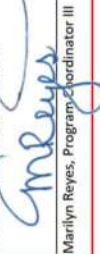
Entity: Department of Chamorro Affairs – Non-Appropriated Funds

Period Ended: 30-Sep-2022 Currency: USD

No.	W/P ref.	Account (Note 1)	Assets		Liabilities		Equity		Effect on the current period OCI	Income statement effect of the current period	
			Current	Non-current	Current	Non-current	Current	Non-current		Debit/(Credit)	Debit/(Credit)
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		Debit/(Credit)	Debit/(Credit)
Projected misstatements:			(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)		(Note 2)	(Note 2)
SAD04	LR0010	To reclass those outstanding receivables related to those uncollected leases									
		Lease receivable	20,697								
		Accounts receivable	(20,697)								
Total of uncorrected misstatements before income tax			(11,251)	5,704	9,914	0	0	0	0	(4,367)	0
Total of uncorrected misstatements			(11,251)	5,704	9,914	0	0	0	0	(4,367)	0
Financial statement amounts			955,930	(317,343)	(638,589)					(113,301)	(174,479)
Effect of uncorrected misstatements on F/S amounts			-1.2%	0.0%	-3.1%	0.0%	0.0%	0.0%	0.0%	3.9%	0.0%
Memo: Total of non-taxable items (marked 'X' above)										(4,367)	0
Uncorrected misstatements before income tax										(4,367)	0
Less: Tax effect of misstatements at current year marginal rate										21%	0
Uncorrected misstatements in income tax										0	0
Cumulative effect of uncorrected misstatements after tax but before turnaround										(4,367)	0
Turnaround effect of prior period uncorrected misstatements										0	0
All actual and projected misstatements: Judgmental misstatements (Note 3):										0	0
Cumulative effect of uncorrected misstatements, after turnaround effect										(4,367)	0
Current year income before tax										(113,301)	0
Current year income after tax										(113,301)	0

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 consolidated financial statements as a whole:


 Melvin Weng Pat-Borja, President


 Marilyn Reyes, Program Coordinator III