

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

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

Year ended September 30, 2022





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

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

August 18, 2023

The Board of Directors
Guam Housing Corporation

We have performed an audit of the financial statements of Guam Housing Corporation (the Corporation), 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 of America (GAAS), 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 August 18, 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 Directors 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

Professional standards require the auditor to provide the Board of Directors (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 Corporation 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 October 2, 2020 and at our audit planning meeting with management.

Auditor's responsibility under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable

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 the Corporation'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 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.

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.

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 Corporation's ability to continue as a going concern.

Our views about the qualitative aspects of the Corporation'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 other than the adoption of Government Accounting Standards Board Statement No. 87 – *Leases* as disclosed in Note 1 of the basic financial statements.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

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.

Significant findings and issues arising during the audit relating to related parties

We noted no significant matters regarding the Corporation's relationships and transactions with related parties.

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

None.

Significant unusual transactions

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

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

None.

Material corrected misstatements, related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

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

Refer to the "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

No material weaknesses have been identified.

Fraud and illegal acts

We are not aware of any matters that require communication.

Independence matters

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

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB Statements:

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

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

None.

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

None.

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 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.

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 Company 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 we are requesting from management

Refer to “Management Representations Letter” in Appendix A.

Engagement team’s involvement with preparation of the financial statements

Under GAS 2011 Revision, 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 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 Corporation’s trial balance with our understanding that the Corporation’s underlying books and records are maintained by the Corporation’s accounting department and that the final trial balance prepared by the Corporation is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Corporation.
- The Corporation’s Accounting Manager has the skill sets 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 – Management Representations Letter

Appendix A – Management Representations Letter



GUAM HOUSING CORPORATION

P.O. Box 3457, Hagåtña, Guam 96932

August 18, 2023

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

In connection with your audit of the basic financial statements Guam Housing Corporation (the Corporation) as of September 30, 2022 and for the year then ended, and the related notes to the financial statements, 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 the Corporation 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 October 2, 2020, 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 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 Corporation'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.

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:

Appendix A – 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, 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 Corporation 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 16, 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, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Ernst & Young LLP assisted in drafting the format of the financial statement footnotes and the formatting of the various fund financial statements that appear in the Corporation's financial statements in accordance with standards of the Governmental Accounting Standards Board (GASB). Management accepts responsibility for the fund financial statements that appear in the Corporation's financial statements as our own and have prepared the source documents for all transactions and have maintained accounting control.

We have made available to your representatives all financial records and related data.

Governmental entities

We recognize that we are responsible for the Corporation's compliance with laws, regulations, and provisions of contracts that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have 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 informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

Appendix A – Management Representations Letter, continued

Uncorrected misstatement

We believe that the effects of any uncorrected misstatement (including those related to supplementary information), summarized in the accompanying schedules, accumulated by you during the current audit are immaterial, both individually and in the aggregate, to the financial statements as a whole and to the supplementary information.

Refer to the “Schedule of Uncorrected Misstatement” in Appendix A.

Corrected misstatement

We have reviewed and approved the adjustment, summarized in the accompanying schedule, and reflected this adjustment in the financial statements.

Refer to the “Schedule of Corrected Misstatement” in Appendix B.

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, 2022.

Minutes and contracts

The dates of meetings of shareholders, directors, committees of directors and important management committees from October 1, 2021 to August 18, 2023 are as follows:

- October 1, 2021
- October 29, 2021
- December 10, 2021
- January 26, 2022
- March 25, 2022
- April 29, 2022
- May 27, 2022
- June 24, 2022
- July 29, 2022
- August 26, 2022
- September 30, 2022
- October 18, 2022
- October 28, 2022
- November 30, 2022
- December 30, 2022
- January 27, 2023
- February 24, 2023
- March 24, 2023
- April 28, 2023
- June 30, 2023
- July 28, 2023

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

Appendix A – Management Representations Letter, continued

in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

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-of-use assets, the Corporation has satisfactory title to all assets appearing in the statements of net position as of September 30, 2022. 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 financial statements. All assets to which the Corporation has satisfactory title appear in the statements of net positions.

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 statement of net position dates, goods shipped on consignment, or other types of arrangements not constituting sales. 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 dates in respect of sales and services rendered prior to that 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 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.

Loans and allowance for credit losses in the loan portfolio

Appropriate provision has been made for credit losses in the Corporation's loan portfolio that has been incurred as of the statement of net position dates. Our estimate of expected credit losses includes consideration of past events, current conditions and forecasts of future economic conditions. Significant assumptions used by us in estimating the allowance for credit losses are reasonable and supportable.

The Corporation has no loans in the financial statements that should be classified as held for sale. The Corporation has the positive intent and ability to hold for the foreseeable future or until maturity or payoff all loans that are classified as held for investment.

Appendix A – Management Representations Letter, continued

Loans are correctly described in the financial statements, in all material respects, and represent valid claims against the debtors indicated arising on or before the dates indicated in the financial statements. Our disclosures related to the credit quality of financing receivables and the allowance for credit losses are complete and adequate.

Long-lived assets to be held and used, including amortizable intangible assets

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

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 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. 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.

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.

Transactions with related parties as defined in GASB Statement No. 56—as amended, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration have been properly recorded and disclosed in the 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.

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 financial statements.

Events of default under debt agreements

No events of default have occurred with respect to any of the Corporation's debt agreements.

Appendix A – Management Representations Letter, continued

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 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.

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, 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 GASB Statement No. 62—as amended.

Oral or written guarantees

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

Purchase commitments

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

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.

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 Corporation’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

Appendix A – Management Representations Letter, continued

allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Corporation.

Independence

We have communicated to you the names of all the Corporation’s affiliates, officers and directors.

We are not aware of any business relationship between the Corporation 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 considered to be independent for purposes of the Corporation’s audit.

Conflicts of interest

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

Effects of new accounting principles

We have completed the process of evaluating the effects that will result from adopting GASB Statement No. 87, Leases, as discussed in Note 8. The estimates of the quantitative effects that adopting the statement will have on the financial position and the results of operations are reasonable and supportable. The significant judgments made by us as part of this assessment are reasonable and supportable. The process of evaluating the effects of the adoption of the statement and the related disclosures are subject to our internal controls over financial reporting. We have also included qualitative information to assist the reader in understanding the effect that the standard has on the Corporation’s financial statements.

As discussed in Note 1, 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):

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

As discussed in Note 1, the Corporation is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the results of its operations when such statements are adopted.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management’s discussion and analysis on pages 4 through 13, schedule of proportionate share of net pension liability on pages 50, 52 and 54, the schedule of contributions on pages 51, 53, 55 and

Appendix A – Management Representations Letter, continued

57 and the schedule of proportionate share of other postemployment benefits liability on page 56, which have been measured and presented in conformity with the guidelines established by the GASB 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.

Other Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the “supplementary information”):

- Schedule 9 – Combining Statement of Net Position
- Schedule 10 – Combining Statement of Revenues, Expenses and Changes in Net Position
- Schedule 11 – Salaries, Wages and Benefits
- Schedule 12 – First-time Homeowner Assistance Program

We believe the supplementary information, including its form and content, is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Going concern

The Corporation’s ability to continue as a going concern was evaluated and appropriate disclosures are made in the financial statements as necessary under GASB requirements.

Pension benefits

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.

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.

Other representations

We have identified and disclosed to you, all provisions of laws and regulations that could have a

Appendix A – Management Representations Letter, continued

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.

The financial statements include all fiduciary activities as required by GASB Statement No.84.

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

Provisions for uncollectible receivables have been properly identified and recorded.

Special and extraordinary items are appropriately classified and reported.

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

Investments, and land and other real estate held are properly valued.

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

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 assets are available is appropriately disclosed and net assets were properly recognized under the policy.

The Corporation is in compliance with post issuance requirements as specified in the Internal Revenue Code, including but not limited to the areas of arbitrage and private business use, for each of its outstanding bond issues.

Other matters

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

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

- The Corporation's underlying books and records are maintained by the Corporation's accounting department and that the final trial balance prepared by the Corporation is complete; and

Appendix A – Management Representations Letter, continued

- Management of the Corporation has designated a competent representative to oversee our services and that there are Corporation personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

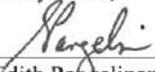
We acknowledge that we have reviewed the draft financial statements for accuracy and completeness and we take responsibility for them.

Subsequent events

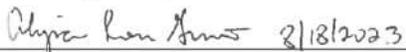
Subsequent to September 30, 2022, no events or transactions as outlined in “Subsequent Events” in Appendix C have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Corporation’s affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, results of operations or cash flows of the Corporation, except for the potential impact of super typhoon Mawar on the Corporation’s future financial statements, which is disclosed in the notes to the financial statements.

We understand that your audits were conducted in accordance 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 and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of the Corporation 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,



Ms. Edith Pangelinan, President



Ms. Alysia Leon Guerrero, Controller

Appendix A – Management Representations Letter, continued

Appendices

A – Schedule of Uncorrected Misstatement

B – Schedule of Corrected Misstatement

C – Subsequent Events

Appendix A – Management Representations Letter, continued

Appendix A – Schedule of Uncorrected Misstatement

Communication schedule for uncorrected misstatements

Entity: Guam Housing Corporation Period End: 30-Sep-2022 Currency: USD

No.	WFP 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)			
S-01 01	PO100	To recess tax and insurance trust fund as fiduciary funds in accordance to GASB 84				473,900			
		Deposits by borrowers	(289,000)						
		Treasury deposits	(135,711)						
		Cash and cash equivalents							
		Due to Fiduciary Fund Tax & Insurance	(29,129)						
Total of uncorrected misstatements before income tax			(473,900)	0	473,900	0	0	0	0
Total of uncorrected misstatements			(473,900)	0	473,900	0	0	0	0
Financial statement amounts			14,059,146	29,990,918	(2,897,239)	(17,065,129)	(24,118,683)	(363,536)	(433,536)
Effect of uncorrected misstatements on F/S amounts			-3.4%	0.0%	-16.4%	0.0%	0.0%	0.0%	0.0%

Memor: 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 (Note 3):

Cumulative effect of uncorrected misstatements, after turnaround effect

Current year income before tax

Current year income after tax

Appendix A – Management Representations Letter, continued

Appendix B – Schedule of Corrected Misstatement

Communication schedule for corrected misstatements

Entity: <u>Guam Housing Corporation</u>		Period ended: <u>30-Sep-2022</u>	Currency: <u>USD</u>	Analysis of misstatements							
Wip ref.	Account	Assets		Liabilities		Equity components		Effect on the current period OCI		Income statement effect of the current period	
		Current	Non-current	Current	Non-current	Debit/(C)credit	Debit/(C)credit	Debit/(C)credit	Debit/(C)credit	Debit/(C)credit	Mon taxable
(misstatements are recorded as journal entries with a description)											
AJEO 190600	To adjust the OPEB balances based on the audited actuarial reports of KMS for Plan year ended September 30, 2021										
	Deferred Outflow - OPEB		(76,562)								
	Deferred Inflow - OPEB			1,522,439							
	Total collective OPEB liability			(778,237)							(667,640)
	Retiree supplemental and health benefits										
Total of corrected misstatements before income tax		0	(76,562)	0	744,202	0	0	0	0	0	(667,640)
Financial statement amounts		14,059,148	29,980,918	(2,892,239)	(17,069,129)	(24,118,698)					(363,536)
Effect of corrected misstatements on F/S amounts		0.0%	-0.3%	0.0%	-4.4%	0.0%					183.7%

Appendix A – Management Representations Letter, continued

Appendix C – Subsequent Events

Guam Housing Corporation Subsequent Events Questionnaire Coverage:		For the period from October 1, 2022 to report date
Question		
1	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 audited financial statements?	
2	Have there been any new significant contingent liabilities or commitments that arisen, except as disclosed in the audited financial statements?	
3	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)?	
4	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 audited financial statements?	
5	Have there been any significant changes that occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?	
6	Were there any significant, unusual or nonrecurring adjustments that have been recorded (or are necessary)?	
7	Were there any communications, written or oral, that occurred with the SEC or other regulatory agencies (e.g Revenue and Taxation, Guam Insurance Commissioner) with which the entity files the audited financial statements?	
8	Have there been any changes in the entity's related parties?	
9	Have any significant new related party transactions occurred?	
10	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? This includes appropriate inquiries regarding subsequent events of material investees accounted for by the equity method.	
11	Are you aware of any fraud or suspected fraud affecting Guam Housing Corporation 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 audited financial statements?	
12	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 audited financial statements or otherwise affect the financial reporting of Guam Housing Corporation?	
13	Are you aware of any close relationships, or business, employment or other relationships that could bear on EY's independence (e.g. business/financial relationships, litigation with EY, family relationship, employment, loans, cooperative arrangements, etc.)?	