

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

**Guam Memorial Hospital Authority**  
(A Component Unit of the Government of Guam)

*Year Ended September 30, 2022*



September 29, 2023

The Board of Trustees  
Guam Memorial Hospital Authority

We have performed an audit of the financial statements of Guam Memorial Hospital Authority (the Authority), 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 September 29, 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 Authority's Board of Trustees and management and 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.

Very truly yours,



## **REQUIRED COMMUNICATIONS**

### **Auditors' Responsibilities 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 Authority'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.

### **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 Authority's ability to continue as a going concern.

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

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

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 has been included in footnote 1 of the financial statements.

We are not aware of any significant accounting policies used by the Authority 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 the Authority's operations. These budgets include determining how existing financial resources will be used in the Authority's operations.
- Determining the adequacy of the allowance and contractual adjustments for patient receivables.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

#### **Related party relationships and transactions**

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

#### **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 the Authority.

#### **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 "Management Representations Letter" in Appendix A.

#### **Significant deficiencies and material weaknesses in internal control over financial reporting**

Material weaknesses identified during the course of our audit have been included 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 September 29, 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**

Issues have been identified with regard to management's adoption of GASB Statement No. 87 – *Leases* and have been resolved during the audit.

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**

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 the Authority'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**

Our responsibilities are included in our audit engagement letter.

### **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 A.

### **Engagement team's involvement with preparation of the financial statements**

Under GAS 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 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 the Authority.
- The preparation of the financial statements is based on the Authority's trial balance with the understanding that underlying books and records are maintained by the Authority's accounting department and that the final trial balance prepared by the Authority is complete.
- The Authority's Chief Financial Officer and General Accounting Supervisor have the skill set to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

## Appendix

### A – Management Representations Letter

A – Management Representations Letter



## GUAM MEMORIAL HOSPITAL AUTHORITY

ATURIDAT ESPETAT MIMURIAT GUAHAN

850 Governor Carlos Camacho Road, Tamuning, Guam 96913  
Operator: (671) 647-2330 or 2552 | Fax: (671) 649-5508



September 29, 2023

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

In connection with your audit of the basic financial statements of the Guam Memorial Hospital Authority (GMHA) 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 financial position of the business-type activities of GMHA and the changes in financial position and cash flows thereof in conformity with US generally accepted accounting principles (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 24, 2022, 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 GMHA's ability to continue as a going concern for one year after the date that the financial statements are issued, 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.





A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

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 GMHA 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 October 1, 2021 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 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.

***Corrected misstatements***

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to GMHA's books.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), 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. In addition, to the extent that uncorrected misstatements have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to both the current and prior period financial statements.

***Internal control***

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

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

We have communicated to you all significant deficiencies 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 the Board of Trustees and important management committees from are as follows:

<u>Date of Meeting</u>	<u>Type</u>
October 27, 2021	Regular
November 23, 2021	Regular
December 29, 2021	Regular
January 26, 2022	Regular
February 23, 2022	Regular
March 29, 2022	Special
April 27, 2022	Regular
May 25, 2022	Regular
June 30, 2022	Regular
July 28, 2022	Regular
August 24, 2022	Regular
October 5, 2022	Regular
October 26, 2022	Regular
November 23, 2022	Regular
January 26, 2023	Regular
March 29, 2023	Regular

We have made available to you all minutes of the meetings of the Board of Trustees 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.

***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.

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

***Ownership and pledging of assets***

Except for right-to-use another entity's nonfinancial asset (the underlying asset), GMHA 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 GMHA 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 in respect of any sales and services rendered prior to that date 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.

***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 techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72 – as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72 – as amended.

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

***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.

***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 GMHA's debt agreements.

***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 statement of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

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

***Purchase commitments***

At September 30, 2022 GMHA 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 GMHA'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 GMHA'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 GMHA.

***Independence***

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

We are not aware of any business relationship between GMHA 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 GMHA's audit.

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

***Conflicts of interest***

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

***Effects of new accounting principles***

As discussed in Note 2 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

GMHA 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.

***Going concern***

In preparing the financial statements, we evaluated the entity’s ability to continue as a going concern for twelve months after the date that the financial statements are issued, and provide appropriate financial statement disclosure, 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.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on the management’s discussion and analysis on pages 5 through 23, schedule of proportionate share of



A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

net pension liability on pages 71 through 73, the schedule of pension contributions on page 74, the schedule of proportionate share of OPEB liability on page 75, the schedule of OPEB Employer contributions on page 76 and note to required supplementary information on page 77, 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.

We believe that the separate presentation of the schedule of changes in total pension liability and related ratios related to GASB statement No. 73 is not significant. The required information is combined with schedules required under GASB Statement No. 68.

***Supplementary and other information***

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

- Schedule 7 – Schedule of Expenses
- Schedule 8 – Schedule of Patient Service Revenues by Patient Classification
- Schedule 9 – Schedule of Billings and Collections and Reconciliation of Billings to Gross Patient Revenues
- Schedule 10 – Schedule of Full Time Employee (FTE) count

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.

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

***Non exchange transactions***

GMHA received \$14,422,502 in FY2022 from US Treasury for the Coronavirus Relief Fund – US HHS Stimulus – Part 4, \$1,640,527 of which is currently recorded as Due to US Federal Government pending expending based on eligibility requirements.

***Other Representations***

- We recognize that we are responsible for GMHA’s compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

have identified and disclosed to your representatives all laws, regulations, provisions of contracts and grant agreements 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.
- 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.
- There have been no instances of abuse that have occurred or are likely to have occurred that could be quantitatively or qualitatively material to the financial statements.
- 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 followed applicable laws and regulations in adopting, approving and amending budgets, debt limits and covenants, deposits and investments, including collateral requirements on depository accounts and investments.
- Components of net position (net investments in capital assets, restricted; and unrestricted) are properly classified and, if applicable, approved.
- Capital assets are properly capitalized, reported and, if applicable, depreciated.

***Other matters***

We have received a draft copy of our financial statements as of and for the year 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.



A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

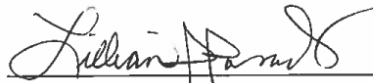
***Subsequent events***

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 GMHA'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 cash flows of GMHA.

\* \* \* \* \*

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 GMHA 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,



Lillian Perez – Posadas, MN, RN  
Hospital Administrator/ Chief Executive Officer



Yukari Hechanova, MAcc, CPA, CIA, CGFM  
Chief Financial Officer

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

Appendices

A - Schedule of Corrected Misstatements

B - Schedule of Uncorrected Misstatements

C – Subsequent Events Questionnaire

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Guam Memorial Hospital Authority		Period ended: 30-Sep-2022	Currency: USD						
Corrected misstatements			Analysis of misstatements Debit/Credit						
No.	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
(misstatements are recorded as journal entries with a description)			Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit
AJE 1/E0300 To derecognize amounts due from FEMA related to a grant awarded in FY2022 expenditures in accordance with GASB 1150									
UA02		Non operating revenues - Federal Grants		6,248,564					5,246,564
		Other receivables							X
AJE 2/UA02 To adjust retiree healthcare costs based on DOA confirmation									
		Non operating revenues - Transfers from GovGuam							751,413
		Operating expenses - Retiree healthcare costs and other pension benefits							(751,413)
									X
AJE 3/P0200 To adjust Pension liability									
		DEFERRED OUTFLOWS FROM PENSION	386,729						
		NET PENSION LIABILITY				(2,566)			
		Operating expenses - Pension expense - Nursing				(152,246)			
		Operating expenses - Pension expense - Professional Support							(128,638)
		Operating expenses - Pension expense - Fiscal Services							(47,873)
		Operating expenses - Pension expense - Administration							(15,828)
		Operating expenses - Pension expense - Medical Staff							(38,102)
									(3,476)
AJE 4/P0300 To adjust OPEB liability									
		DEFERRED OUTFLOWS OF RES-OPEB	15,673,789						
		OPEB LIABILITY				(21,323,161)			
		DEFERRED OUTFLOWS OF RESOURCES				19,084,842			
		Operating expenses - Retiree OPEB Expense							7,912,108
									X
AJE 5/P0200 To record other pension benefits (COLASP) paid on behalf of GMHA									
		Retiree Ad hoc COLA and supplemental benefits							1,670,689
		Transfers from GovGuam - Ad hoc COLA and supplemental benefits							(1,670,689)
									X
AJE 6/UA0200 To adjust DOC subsidy cooperating revenues									
		DOC Subsidy							2,611,143
									X

A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
Letter of Representations

Appendix A – Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity:Guam Memorial Hospital Authority

Period ended:30-Sep-2022

Currency:USD

Corrected misstatements			Analysis of misstatements Debit/(Credit)						Income statement effect of the current period	
No.	WIP ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Debit/(Credit)	Non taxable
(misstatements are recorded as journal entries with a description)										
RJ-E2110210		To record current portion of annual leave								
		6310 LT Debt - Accrued annual leave			2,763,596	(2,763,596)				
		Current portion of accrued annual leave								
RJ-E31UA0200		To reclass amounts received from Grantors per GASB 150 118								
		Deferred Revenues			17,422,502					
		Due to US Federal Government			(14,422,502)					
		Due to Government of Guam			(3,000,000)					
RJ-E4110110		To reclassify payable to Gov/Guam (DOA) for various payments made on behalf of GAMA								
		Trade Payables			4,813,873					
		Due to the Government of Guam			(4,813,873)					
AJ-E6110110		To derecognize expenses that were paid for by Department of Administration using ARPA Funds								
		Trade payable			5,000,000					
		Nursing - Other Direct Expenses							(5,000,000)	X
AJ-E71UA0200		To reverse the 30% of \$5M payment made by DOA from ARPA fund included in the \$14.38M US HHS Part 4								
		Non operating revenues - Federal Grants							1,500,000	X
		Due to the US Federal Government			(1,500,000)					
Total of corrected misstatements before income tax			(16,506,624)	(27,323,163)	25,713,616	(2,763,596)	0	0	9,428,755	
Financial statement amounts			58,385,450	108,011,460	(34,124,247)	(386,738,202)	257,465,513		1,816,788	
Effect of corrected misstatements on F/S amounts			-18.0%	-19.7%	-73.9%	0.7%	0.0%		519.0%	

Guam Memorial Hospital Authority  
Letter of Representations

## Communication schedule for uncorrected misstatements

[illegible]

Guam Memorial Hospital Authority  
Letter of Representations

## Appendix B – Schedule of Uncorrected Misstatements, continued

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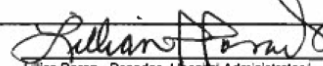
A – Management Representations Letter, continued

Guam Memorial Hospital Authority  
September 30, 2022 audit  
Subsequent Events Questionnaire

Coverage

For the period from October 1, 2021 to audit report date

Question	Response Yes or No	If yes, please provide additional information
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 financial statements? Have any other significant unusual transactions been entered into?	NO	
2 Have any significant contingent liabilities or commitments arisen, except as disclosed in the audited financial statements?	NO	
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)?	NO	
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 financial statements?	NO	
5 Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?	NO	
6 Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?	NO	
7 Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?	NO	
8 Have there been any changes in the entity's related parties?	NO	
9 Have any significant new related party transactions occurred?	NO	
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.	NO	
11 In connection with the preceding inquiries, obtain and review any significant new contracts or agreements (including amendments) and written communications with the SEC or other regulatory agencies (if applicable) with which the entity files financial statements, that could have an effect on the audited financial statements. List below or in a separate attachment the documents read.	NO	
12 Any meetings held subsequent to the balance sheet date, for which minutes are not yet available? If yes, please provide minutes of the meeting. If no minutes are not yet available, please provide us a summary of matters discussed.	NO	
13 Are you aware of any fraud or suspected fraud affecting Guam Memorial Hospital Authority 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?	NO	
14 Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of Guam Memorial Hospital Authority?	NO	
15 Are you aware whether conditions or events have occurred, that individually or collectively, may raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time?	NO	
16 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.)?	NO	

  
Lilian Perez - Posadas, Hospital Administrator /  
Chief Executive Officer

September 29, 2023  
Date

  
Yukari Hecchenova, Chief Financial Officer

September 29, 2023  
Date