

*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, 2025



**Shape the future
with confidence**

July 16, 2026

Board of Trustees
Guam Memorial Hospital Authority

We have performed an audit of the financial statements of Guam Memorial Hospital Authority, a component unit of the Government of Guam, as of and for the year ended September 30, 2025, 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 July 16, 2026.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Board with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of the Authority 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 24, 2022 and at our audit planning meeting with management.

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

The financial statements, required supplementary information and supplementary information are the responsibility of the Authority's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

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.

Our responsibilities are included in our audit engagement letter.

We issued an unmodified opinion on the Company's financial statements as of and for the year ended September 30, 2025.

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 2025 meeting.

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

None.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

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**
- **Financial statement disclosures**

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 estimates has been included in footnote 2 of the financial statements.

Related party relationships and transactions

We noted no significant matters regarding the Authority's relationships and transactions with related parties other than disclosed in footnote 14 to the financial statements.

Significant unusual transactions

We are not aware of any significant unusual transactions entered into by the Company.

New accounting pronouncements

During the year ended September 30, 2025, the Company implemented the following pronouncements:

- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*

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

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- GASB Statement No. 105, *Subsequent Events*

We have not identified issues regarding management's planned application of new accounting pronouncements.

Independence matters

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

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the October 2025 meeting and at the update status meetings during the audit.

- Fraud and noncompliance with laws and regulations (illegal acts)
- Tips or complaints regarding the Company's financial reporting
- Significant unusual transactions
- Subsequent events

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

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 difficulties encountered in dealing with management in performing the audit.

Management's consultations with other accountants

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

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

There were no difficult or contentious matters that required consultation outside of the audit team.

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

Current period uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if they are immaterial to the current period financial statements. Refer to “Management Representations Letter” in Appendix A.

Deficiencies in internal control over financial reporting

In planning and performing our audit of the financial statements of the Company as of and for the year ended September 30, 2025, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control. Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies might exist that were not identified.

Given these limitations, we did not identify any material weaknesses.

We have identified certain deficiencies in internal control during the course of our audit which have been included in our separately issued management letter dated July 16, 2026.

Representations we are requesting 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.

Other information included in annual report

There was no other information available as of the date of our audit report.

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.

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.

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraphs 3.73-74 explains that the audit team should make consideration of management's ability to effectively oversee the non-audit services to be provided. 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 Company's trial balance with our understanding that the Company's underlying books and records are maintained by the Company's accounting department and that the final trial balance prepared by the Company is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Company.
- The Company's Accounting Manager has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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,

Ernst & Young LLP

Appendices

A – Management Representations Letter

A – Management Representations Letter



GUAM MEMORIAL HOSPITAL AUTHORITY

ATURIDÁT ESPETÁT MIMURIÁT GUĀHĀN

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



July 16, 2026

Ernst & Young LLP
Ernst & Young Building
231 Ypao Road, Suite 201
Tamuning, Guam 96931

In connection with your audits of the financial statements of Guam Memorial Hospital Authority (“the Authority”), a component unit of the Government of Guam, as of September 30, 2025 and 2024 and for the periods 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 Authority and the respective changes in financial position and cash flows, where applicable, thereof, and the related notes (collectively referred to hereafter as the “basic financial statements”), 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 24, 2022, for the preparation and fair presentation of the financial statements in accordance with US GAAP applied on a basis consistent with that of the preceding periods.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for twelve months beyond the financial statement date, including consideration of any currently known information that may raise substantial doubt shortly thereafter.

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

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and

A – Management Representations Letter, continued

additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.

- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Authority 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.

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

From October 6, 2025, 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 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 comprise 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.

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 summarized in the accompanying schedules, are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit.

Refer to the “Schedule of Uncorrected Misstatements” in Appendix B.

Corrected misstatements

We have reviewed and approved the adjustments, summarized in the accompanying schedule, and reflected these adjustments in the financial statements. Refer to the “Schedule of Corrected Misstatements” in Appendix A.

Financial reporting entity and net position/fund balance

Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved. We properly recognized, in accordance with our policy, whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A – Management Representations Letter, continued

Internal control

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 latest statement of net position date.

Minutes and contracts

The dates of meetings of directors, committees of directors and important management committees, from the beginning of the period covered by the basic financial statements to the date of this letter are as follows:

<u>Date of meeting</u>	<u>Type</u>
October 30, 2024	Regular
November 26, 2024	Regular
January 29, 2025	Regular
February 26, 2025	Regular
March 26, 2025	Regular
April 23, 2025	Regular
May 28, 2025	Regular
June 25, 2025	Regular
July 30, 2025	Regular
August 27, 2025	Regular
September 24, 2025	Regular
October 30, 2025	Regular
November 24, 2025	Regular
January 21, 2026	Regular
February 25, 2026	Regular
March 25, 2026	Regular
April 29, 2026	Regular

We have made available to you all minutes of the meetings of 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 agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that have a material effect on the basic financial statements.

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 fair value measurements, are reasonable and supportable.

A – Management Representations Letter, continued

Certain risk disclosures

There are no risks related to vulnerabilities due to material concentrations or constraints in accordance with the GASB Statement No. 102, *Certain Risk Disclosures*.

Ownership and pledging of assets

Except for asset accounted for in accordance with GASB Statements No. 96 — as amended, for which we were provided a right-to-use another entity's nonfinancial asset (the underlying asset), the Authority has satisfactory title to all assets appearing in the statements 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 except as disclosed in the basic financial statements. All assets to which the Authority has satisfactory title appear on the statements of net position.

Receivables and revenues

Adequate consideration has been given to, and appropriate provision has been made for estimated adjustments to revenue, such as for denied claims and changes to diagnosis-related group (DRG) and ambulatory payment classifications (APC) assignments.

Recorded valuation allowances are necessary, appropriate and properly supported. All reports and information from peer review organizations, Medicare Administrative Contractors and third-party payors have been made available to you.

Deposit risk disclosures

Information about deposits are presented and disclosed in accordance with the GASB requirements. Those balances with credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk have been properly disclosed in the basic financial statements.

Subscription-Based Information and Technology Arrangements (SBITA)

We have identified and accounted for all contracts that meet the criteria to be accounted for as a SBITA under GASB Statement, 96—as amended. We have appropriately considered any modifications or terminations in the contract.

To measure the SBITA liability, we used the rate the SBITA vendor charges us or the rate implicit in the SBITA. When the interest rate could not be readily determined, we estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the SBITA term.

Capital assets

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

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 and disclosures have been made in the

A – Management Representations Letter, continued

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 basic financial statements.

Contingencies and other 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 are no violations or possible violations of laws or regulations, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including the Anti-Kickback Act, Limitations on Certain Physician Referrals (commonly referred to as the “Stark Law”) and the False Claims Act, in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Billings to third-party payors comply in all material respects with applicable coding guidelines (e.g., ICD-10, CPT) and laws and regulations (including those dealing with Medicare and Medicaid antifraud and abuse). Billings reflect only charges for goods and services that were medically necessary, properly approved by regulatory bodies (e.g., the Food and Drug Administration), if required, and properly rendered.

There have been no internal investigations or communications (oral or written) from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction (including those related to the Medicare and Medicaid antifraud and abuse statutes), noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities considered material, individually or in the aggregate, that are required to be accrued or disclosed. There are also no other 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 that are not in conformity with the provisions of GASB Statement No. 62—as amended.

All known asserted and unasserted claims and incidents have been reported to the Authority’s risk management department. Adequate and reasonable provisions have been made for losses related to asserted and unasserted malpractice, health insurance, worker’s compensation and other self-insured claims.

The actuarial assumptions and methods used to measure self-insurance liabilities and costs for financial reporting purposes are appropriate in the circumstances.

A – Management Representations Letter, continued

Oral or written guarantees

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

Purchase commitments

As of the statement of net position dates, the Authority had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at the statement of net position dates as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

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.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws, regulations, and provisions of contracts and grant agreements and that we are responsible for identifying and addressing any non-compliance with applicable laws, regulations, and provisions of contracts and grant agreements, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls 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 disclosed to you all known actual or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority'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") that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

A – Management Representations Letter, continued

Independence

We have communicated to you the names of the Authority's affiliates, as defined in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for the Authority.

We are not aware of any business relationship between the Authority and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Authority's audits.

Conflicts of interest

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

Compensated absences

The assumptions used in our compensated absence balance represent our best estimates as of the statement of net position dates. We have applied consistent and appropriate assumptions and evaluated the accuracy and completeness of the data used in making the accounting estimate.

Effects of new accounting standards

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) Statements, as enumerated below, as discussed in Note 2:

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- GASB Statement No. 105, *Subsequent Events*

The Authority 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 statement is adopted.

Cost reports filed with third parties

All required Medicare, Medicaid and similar cost reports have been properly filed in a timely manner.

We recognize that as members of management of the Authority, we are responsible for the accuracy and propriety of all cost reports filed with Medicare, Medicaid or other third parties. We believe that all costs reflected in such reports are appropriate and allowable under the applicable reimbursement rules and regulations. All such costs are patient-related and properly allocated to applicable payors. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations. Adequate consideration has been given to, and appropriate

A – Management Representations Letter, continued

provisions have been made in the cost reports to reflect applicable prior audit adjustments by intermediaries, third-party payors or regulatory agencies. We have fully disclosed in the cost report all items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal.

Third-party settlements recorded in the Authority's financial statements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based on historical experience or new or ambiguous regulations that may be subject to different interpretations. While we believe the Authority is entitled to all the amounts claimed on its cost reports, we believe the amounts of these differences are appropriate.

Recipients of federal financial assistance and/or audits performed in accordance with Government Auditing Standards

We recognize that we are responsible for the Entity's compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to you all laws, regulations, provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.

We have provided you 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 basic 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.

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

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

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

We are responsible for the presentation of the Schedule of Expenditures of Federal Awards ("the SEFA") in accordance with the Uniform Guidance, 2 CFR 200.510(b). We believe the SEFA, including its form and content, is presented in accordance with the Uniform Guidance, 2 CFR 200.510(b). There have been no changes in the methods of measurement or presentation of the SEFA from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the SEFA.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, schedule of the proportionate share of the net pension liability, the schedule of contributions, the schedule of the proportionate share of the net OPEB liability, and

A – Management Representations Letter, continued

the notes to required supplementary information, which have been measured and presented in accordance 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 information

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

- Schedule 6 – Schedule of Expenses
- Schedule 7 – Schedule of Net Patient Service Revenues by Patient Classification
- Schedule 8 – Schedule of Billings and Collections and Reconciliation of Billings to Gross Patient Revenues
- Schedule 9 – Schedule of Full Time Employees (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.

Other matters

We have received a draft copy of our financial statements as of and for the years ended September 30, 2025 and 2024. 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

A – Management Representations Letter, continued

- 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.

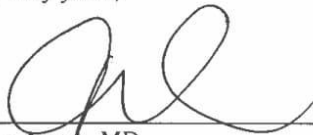
We acknowledge that we have reviewed them and taken responsibility for them.

Subsequent events

Subsequent to the latest statement of net position date, 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 the Authority'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 the Authority, except for the effect of Super Typhoon Bavi, which is disclosed in the notes to the basic financial statements.

We understand that your audits were 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 were, therefore, designed primarily for the purpose of expressing an opinions on the basic financial statements of the Authority 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,



Joleen Aguon, MD
Interim Hospital Administrator/ Chief Executive Officer



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

A – Management Representations Letter, continued

Appendices

- A – Schedule of Corrected Misstatements
- B – Schedule of Uncorrected Misstatements
- C – Subsequent Events Questionnaire

A – Management Representations Letter, continued

Appendix A – Corrected Misstatements

Communication schedule for uncorrected misstatements									
Entity:		Guam Memorial Hospital Authority		Period Ended:		30-Sep-2025		Currency: USD	
Uncorrected misstatements									
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the prior period
(misstatements are recorded as journal entries with a description)			Debit(Credit) (Note 2)	Debit(Credit) (Note 2)	Debit(Credit) (Note 2)	Debit(Credit) (Note 2)	Debit(Credit)	Debit(Credit)	Prior period Debit(Credit)
Factual misstatements:									
SAO01 LRE 03 To properly state balances relate to SBITA as a result of difference in discount rates and subscription costs									
SAO04 PY		Accumulated Amortization - Right-to-Use Subscription		313,169		668,130			
		Long-term Subscription Liability							
		Right-to-Use Subscription Asset		(146,423)					
		Short-term Subscription Liability			(68,624)				
		Subscription Expense						(771,252)	X
SAO03 IUA 01 To recognize receivable and revenue for late charges of patient revenues									
SAO05 PY		Net Patient Service Revenue							851,797 X
		Patient accounts receivable, net	(851,797)						(1,088,680) X
Judgmental misstatements:									
SAO02 E 05.1 To adjust Allowance for contractual adjustment based on E's estimates									
		Net Patient Service Revenues (Contractual Adjustments)							3,604,579 X
		Patient accounts receivable, net	(2,500,000)						
Projected misstatements:									
SAO 04 VO 01.1 To correct misstatement in expense									
SAO 03 PY		Unrestricted Retained Earnings, Beginning							937,787 X
		Contractual services expenses							
Total of uncorrected misstatements before income tax									
			(13,351,797)	172,746	(68,624)	668,130	0	0	2,640,910
Total of uncorrected misstatements									
			(13,351,797)	172,746	(68,624)	668,130	0	0	2,640,910
Financial statement amounts									
			62,933,703	109,153,778	(41,822,433)	(425,092,171)	294,877,120		10,325,166
Effect of uncorrected misstatements on FIS amounts									
			-5.3%	0.2%	0.2%	-0.2%	0.0%		27.5%
									-18.6%

Appendix A – Corrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity:

Siam Memorial Hospital Authority

Period Ended:

30-Sep-2025

Currency:

USD

No.	W/o ref.	Incorrect misstatements		Analysis of misstatements Debit/(Credit)						Income statement effect of the prior period	
		Account (Note 1)	(misstatements are recorded as journal entries with a description)	Assets		Liabilities		Equity components	Effect on the current period OCI	Debit/(Credit)	Non taxable
				Current	Non-current	Current	Non-current				
				Debit/(C credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)				
Memo: Total of non-taxable items (marked 'X' above)											
								-18.6%		2,540,916	
								0%		0	
										0	
								-18.6%		2,540,545	
										2,540,916	
Uncorrected misstatements before income tax											

A – Management Representations Letter, continued

Appendix B – Uncorrected Misstatements

Communication schedule for corrected misstatements

Entity:		Guam Memorial Hospital Authority		Period ended:	30-Sep-2025	Currency:	USD		
Corrected misstatements		Analysis of misstatements Debit/(Credit)							
N.o.	WIP 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)	Non taxable
RJE 01	N.03	To reclassify travel nurses costs reimbursed by FEHIA but already paid for by DOA							
		Other Accounts Payable			3,500,000				
		Due to the U.S. Federal Government			(3,500,000)				
RJE 02	PAL 00	To record current portion of annual leave							
		Accrued annual leave, net of current portion			2,842,838				
		Current portion of accrued annual leave				(2,842,838)			
Total of corrected misstatements before income tax			0	0	2,842,838	(2,842,838)	0	0	0
Financial statement amounts			62,933,703	109,153,778	(41,872,433)	(425,092,171)	294,877,123		(13,846,583)
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	-6.3%	0.6%	0.0%		0.0%

A – Management Representations Letter, continued

Appendix C – Subsequent Events Questionnaire

Guam Memorial Hospital Authority

Subsequent Events Questionnaire

Coverage: For the period from October 1, 2025 to the audit report date

Question	Response (Yes/No)	If yes, please provide additional information
1. Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?	No	
2. 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	
3. Have there been any new significant contingent liabilities or commitments that arisen, except as disclosed in the audited financial statements?	No	
4. Have there been any significant changes that occurred in trends of grant revenue or expense that could affect accounting estimates (e.g., valuation of receivables, provisions for liabilities or unearned income)?	No	
5. Have there been any significant changes that 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?	No	
6. 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?	No	
7. Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?	No	
8. Have there been any communications, written or oral, occurred with the regulatory agencies (including Federal granting agencies and the Government of Guam or any of its agencies) with which the entity files financial statements or seeks federal assistance/grants form?	No	
9. Have there been any changes in the entity's related parties?	No	
10. Have any significant new related party transactions occurred?	No	
11. 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?	No	
12. Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the audited	No	

A – Management Representations Letter, continued

financial statements other than those that are already been provided to EY (if any).		
13. Did Guam Memorial Hospital Authority provide all of minutes of BOD meeting that were held subsequent to the balance sheet date?	Yes	
14. 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 financial statements up to audit report date?	No	
15. 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	
16. Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?	No	
17. Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?	No	
18. Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?	No	
19. Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?	No	
20. Are you aware of any going concern indicator as of audit report date (liquidity, litigation, BOD plans) that could raise a substantial doubt for the Authority to operate within one year and one day?	No	
21. Are you aware of any journal entries posted after September 30, 2025 that would have a material effect on the financial statements as of the balance sheet date?	No	