

*Management Letter*

**Guam Economic Development Authority**

*Year Ended September 30, 2024*



June 17, 2025

**The Board of Directors  
Guam Economic Development Authority**

In planning and performing our audit of the financial statements of the Guam Economic Development Authority (GEDA) as of and for the year ended September 30, 2024, 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, we considered its internal control over financial reporting (internal control) 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 GEDA's internal control. Accordingly, we do not express an opinion on the effectiveness of GEDA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified other matters that we wish to bring to your attention.

## **Allowance for Doubtful Accounts**

### Observation:

GEDA does not have an established policy in place for evaluating and determining the allowance for doubtful accounts in relation to its loan receivables. The Authority currently estimates its allowance using general assumptions rather than basing the amount on historical data, aging analysis, or other supportable metrics. As a result, the estimate lacks a clear, consistent, and substantiated methodology.

### Recommendation:

GEDA should establish a formal policy for assessing the collectability of the loan receivables and determining the allowance for doubtful accounts. The policy should be based on objective and supported data such as historical collection trends, aging of receivables, and known risks. Developing a consistent procedure will enhance the reliability of the estimate and ensure compliance with accounting standards.

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This communication is intended solely for the information and use of management and the Board of Directors of GEDA, others within the organization, and the Guam Office of Public Accountability, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matter or to respond to any questions, at your convenience.

*Ernest & Young LLP*