

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

Guahan Academy Charter School, Inc.
(A Non-Profit Organization)

Year ended September 30, 2025



**Shape the future
with confidence**

March 31, 2026

The Board of Trustees
Guahan Academy Charter School, Inc.

We have performed an audit of the financial statements of Guahan Academy Charter School, Inc. (the Academy) 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 March 31, 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 of Trustees 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 Academy 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 27, 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 Academy'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.

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.

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 Academy'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.

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.

Related party relationships and transactions

We noted no significant matters regarding the Academy'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 Academy.

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 the “Summary of Corrected Misstatements” in Appendix A.

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

Refer to the “Management Representations Letter” in Appendix B.

Significant deficiencies and material weaknesses in internal control over financial reporting

Significant deficiencies 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 March 31, 2026.

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 2025 meeting and at the update status meetings during the audit.

Independence matters

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

New accounting pronouncements

No issues have been identified with regard to management’s planned application of new accounting pronouncements.

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 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.

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

There are no significant matters arising from the audit that required us to subcontract portions of the Audit Services to other EY firms and that required participation of personnel from an affiliate of EY or another EY firm or any of their respective affiliates, of from independent third-party service providers.

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 B.

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 Academy's trial balance with our understanding that the Academy's underlying books and records are maintained by the Academy's accounting department and that the final trial balance prepared by the Academy is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Academy.
- The Academy'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 – Summary of Corrected Misstatements

B – Management Representations Letter

A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements

Entity:

Period ended:

Currency:

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)	Non taxable
1	UE1.06	To record the revenues related to the FEMA eligible expenditures incurred in FY 2025 and prior years								
		Receivable from federal agencies	209,051							
		Grants							(209,051)	
2	UE1.06a	To record AmeriCorps revenue accrual for the month of September 2025								
		Receivable from federal agencies	32,602							
		Grants							(32,602)	
Total of corrected misstatements before income tax			241,653	0	0	0	0	0	(241,653)	
Financial statement amounts			1,770,201	1,963,618	(362,311)	0	(3,371,508)		(675,507)	
Effect of corrected misstatements on F/S amounts			13.7%	0.0%	0.0%	0.0%	0.0%		35.8%	

B – Management Representations Letter

BOARD OF TRUSTEES

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Rosie R. Tainatongo, Vice-Chairwoman
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March 31, 2026

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

In connection with your audits of the basic financial statements of Guahan Academy Charter School, Inc. ("The Academy" or "GACS") as of September 30, 2025 and 2024 (referred to hereafter as the "balance sheet dates") and for years then ended, and the related notes (collectively referred to hereafter as 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 respective financial position of the governmental activities and General Fund of the Academy and the respective changes in financial position 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 27, 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 periods.

In preparing the basic financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for one year after the basic financial statement date.

B – Management Representations Letter, continued

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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 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 Academy 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 1, 2024 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 comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in the accompanying schedule (Appendix A), 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 and to the supplementary information.

In addition, to the extent that uncorrected misstatements (including those related to supplementary information) have been subsequently identified in the current period that affect prior period financial statements and/or supplementary information, we have evaluated the effect of correcting prior period

B – Management Representations Letter, continued

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financial statements and/or supplementary information and believe that the effects of the uncorrected misstatements, summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit and supplementary information.

Internal control

We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since the latest balance sheet date.

Minutes and contracts

The dates of meetings of shareholders, directors, committees of directors and important management committees from October 1, 2024 to February 24, 2026 are as follows:

- October 15, 2024
- November 19, 2024
- December 7, 2024
- January 21, 2025
- February 18, 2025
- February 25, 2025
- March 26, 2025
- May 9, 2025
- June 2, 2025
- July 28, 2025
- August 26, 2025
- September 23, 2025
- October 23, 2025
- January 27, 2026
- February 24, 2026

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 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 financial statements.

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

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

B – Management Representations Letter, continued

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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.

Ownership and pledging of assets

Except for assets accounted for in accordance with Government Accounting Standards Board (GASB) Statements No. 87, 94 and 96—as amended, for which we were provided a right-to-use another entity's nonfinancial asset (the underlying asset), the Academy 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. All assets to which the Academy has satisfactory title appear in the statements of net position.

Receivables and revenues

Adequate provision has been made for any receivable as of the statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Revenues and other governmental fund financial resources are recognized in the period in which they became both measurable and available to finance expenditures of the fiscal period.

Prepayments

We believe that all material expenses for which recognition has been deferred to future periods are 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.

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.

B – Management Representations Letter, continued

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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 the Academy's debt agreements.

Purchase commitments

As of the balance sheet dates, the Academy 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 balance sheet dates 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 Academy'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 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.

B – Management Representations Letter, continued

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

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Academy'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 Academy.

Conflicts of interest

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

Effects of new accounting principles

As discussed in Note 2, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in:

- GASB Statement No. 103
- GASB Statement No. 104
- GASB Statement No. 105

The Academy 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 amendments are adopted.

Oral or written guarantees

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

B – Management Representations Letter, continued

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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*.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on Management's Discussion and Analysis, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

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

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

Independence

We have communicated to you the names of the Academy's affiliates, as described 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 Academy.

We are not aware of any business relationship between the Academy 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 the Academy's audits.

Other representations

- We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the basic financial statements.
- 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

B – Management Representations Letter, continued

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investments, including collateral requirements on depository accounts and investments and tax levies and refunds.

- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54—as amended.
- All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and GASB Statement No. 37, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (restricted, assigned, and unassigned) are properly classified and, if applicable, approved.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- Risk disclosures associated with deposits transactions are presented in accordance with GASB requirements.
- Capital 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 position is available is appropriately disclosed and net position was properly recognized under the policy.
- We are following either our established accounting policy regarding which resources (that is, restricted, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

Subsequent events

Subsequent to the balance sheet 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 Guahan Academy Charter School, Inc.'s affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, and changes in financial position of the Academy, which is disclosed in the notes to the basic financial statements.

B – Management Representations Letter, continued

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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 opinion on the basic financial statements of the Academy 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,

A handwritten signature in black ink, appearing to read 'asantiago', is written over a horizontal line.

Ann Santiago, Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Blacap', is written over a horizontal line.

Bernadette Lacap, Chief Accountant

A handwritten signature in black ink, appearing to read 'Hentrick', is written over a horizontal line.

Mr. Hentrick Eveluck
Board of Trustees, Treasurer

A large, stylized handwritten signature in black ink is written over a horizontal line.

Ms. Fe Valencia-Ovalles
Board of Trustees, Chairwoman

Cc: Board of Trustees

B – Management Representations Letter, continued

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Appendix

A- Uncorrected Misstatements Schedule

B – Management Representations Letter, continued

Communication schedule for uncorrected misstatements

Entity: Guahan Academy Charter School Period Ended: 30-Sep-2025 Currency: USD

Uncorrected misstatements		Analysis of misstatements Debit/(Credit)								Income statement effect of the current period		Income statement effect of the prior period	
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 current period	Non taxable	Prior period Debit/(Credit)	Non taxable	
		(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)	Debit/(Credit)				
Factual misstatements:													
1	FS.00	To reverse previously recorded in-kind contributions which is not in accordance with Government Accounting Standards Board framework											
		In-kind contributions							1,085,362				
		Operating expenses							(1,085,362)				
2	UE1.06.1	To record the revenues related to the FEMA grant awarded to GACS in FY2024 which is equal to eligible expenditures incurred in FY 2023 and FY 2024											
		Receivable from federal agencies											
		Grants									(177,212)		
3	N.01.1	To reduce the payable to a vendor equal to services not rendered in FY2025											
		Accounts payable and accrued expenses			31,500								
		Operating expenses									(31,500)		
4	KG1.00	To correct incorrect entry of asset disposal in PY 2024											
		Operating expenses									10,301		
		Capital Asset, net		(10,301)									
5	PAL.00	To record the compensated absences liability recognized upon the first adoption of GASB Statement No. 101											
		Operating expenses									54,791		
		Accounts payable and accrued expenses											
6	VE1.00	To correct expenses for amounts equivalent to services not rendered in PY 2024											
		Operating expenses									(108,284)		
		Accounts payable and accrued expenses											
7	C.02.1	To reverse the long-outstanding check that has been voided by the Academy subsequently											
		Cash	55,000										
		Accounts payable and accrued expenses			(55,000)								
8	VE1.03	To record accrual of utilities at year-end											
		Operating expenses									20,624		

