



**Financial Highlights**  
**University of Guam Financial Audit**  
**Fiscal Year 2025**

June 22, 2026

The University of Guam (UOG) received unmodified (clean) opinions on its fiscal year (FY) ended September 30, 2025, financial statements and report on compliance for major federal programs from independent auditors Ernst & Young LLP (EY). EY also opined that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole. EY did not identify any questioned costs related to UOG’s federal awards. However, EY identified one material weakness in internal control over financial reporting, and one material weakness plus one significant deficiency in UOG’s internal control over compliance with major federal programs; no questioned costs were reported. UOG is commended for qualifying as a low-risk status auditee.

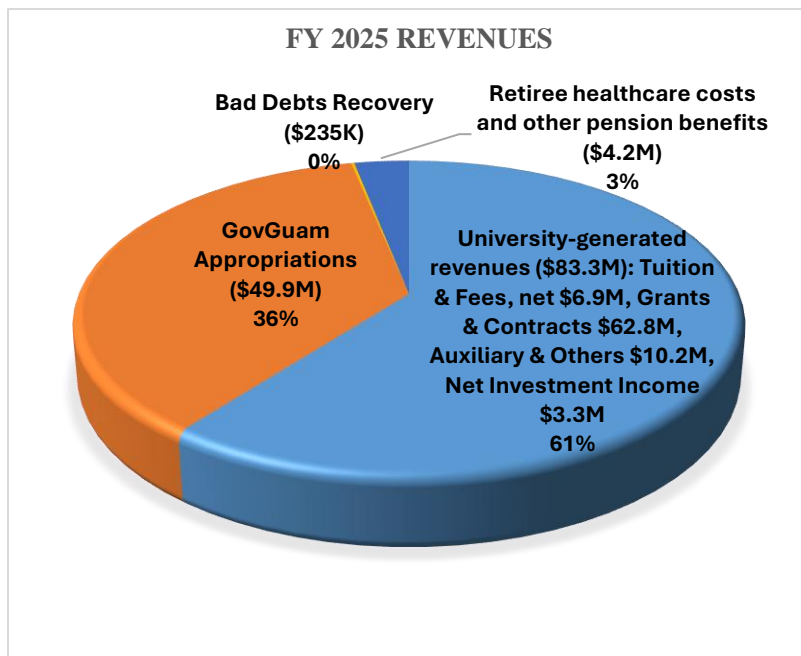
UOG closed FY 2025 with a positive change in net position of \$947 thousand (K), improving from FY 2024’s negative change in net position of \$5.4 million (M). UOG’s net position remained negative at \$109.7M in FY 2025, an improvement compared to FY 2024’s negative net position of \$110.7M. The application of government accounting standards pertaining to pensions and other post-employment benefits continues to significantly impact UOG’s financial statements for FY 2025.

**Increases in Revenues**

*Revenues Increased by \$8.1M*

UOG’s total revenues increased by \$8.1M, rising from \$129.4M in FY 2024 to \$137.6M in FY 2025. This increase was mainly attributable to University-generated revenues and Government of Guam (GovGuam) appropriations.

In FY 2025, University-generated revenues totaled \$83.3M, reflecting a \$2.3M increase from \$85.6M in FY 2024. Student tuitions and fees decreased to \$19.5M in FY 2025 from \$19.7M in FY 2024. GovGuam appropriations for operations increased to \$49.9M in FY 2025 from \$40.1M in FY 2024, while federal grants and contracts



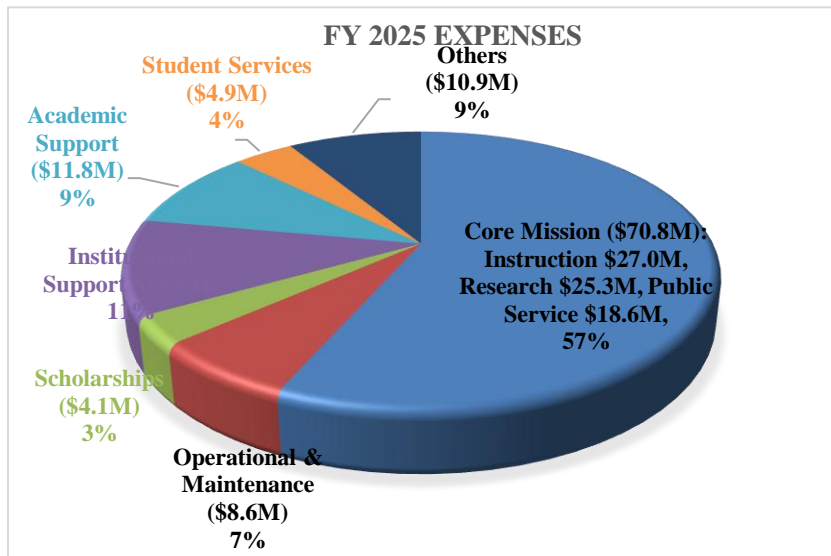
rose to \$57.6M in FY 2025 from \$53.4M in FY 2024. Net investment income declined to \$3.3M in FY 2025 from \$7.1M in FY 2024.

UOG’s federal grant activity remained strong in FY 2025 and continued to benefit from major awards, including the \$20M National Science Foundation (NSF) Established Program to Stimulate Competitive Research (EPSCoR) grant, the \$10M U.S. Department of Agriculture NextGen grant, and new NSF EPSCoR Collaborations for Optimizing Research Ecosystems and E-RISE II awards received in 2025. Federal capital support also continued for the Dr. Lucio C. Tan Student Success Center (SSC), the School of Engineering building (SENG), the Water and Environmental Research Institute facility (WERI), and the Margaret Perez Hattori-Uchima School of Health (SOH) Nursing Annex.

**Decreases in Expenses**

*Operating Expenses Decreased by \$9.1M*

UOG’s total operating expenses decreased by \$9.1M, going from \$134.1M in FY 2024 to \$125.0M in FY 2025. Despite the overall decrease, operating expenses continued to reflect significant spending toward UOG’s core mission and institutional support function. In FY 2025, UOG spent \$70.8M towards its core mission, consisting of \$26.9M for research, \$25.3M for instruction, and \$18.6M for public service compared to approximately \$75.6M in FY 2024.



The FY 2025 decrease in operating expenses was largely due to lower public service decreasing from \$24M to \$18M, operations and maintenance decreasing from \$11.7M to \$8.6M, scholarships and fellowships decreasing from \$5.8M to \$4.1M, and auxiliary enterprise costs decreasing from \$2.1M to \$1.2M, although institutional support increased from \$12.3M to \$13.9M.

**Major Construction Projects in Progress**

In FY 2025, UOG continued progressing on four major construction projects backed by federal and local support. Total net capital assets increased to \$82.6M in FY 2025 from \$77.4M in FY 2024. This increase is attributed to the ongoing construction projects for WERI and the SOH Nursing Annex. UOG reported that the WERI and SOH Annex projects were supported by a \$12.8M federal grant from the U.S. Economic Development Administration and \$2.5M from the U.S. Department of the Interior, with construction anticipated to be completed in FY 2026.

The expanded SSC and the SENG facilities, financed through a United States Department of Agriculture (USDA)-backed financing via the UOG Endowment Foundation, were finalized in

October 2023. The SSC serves as a one-stop center for students, addressing the needs of both current and future generations of students, while the SENG was designed to prepare graduates to meet the growing demand for engineering expertise. Groundbreaking for those projects occurred in FY 2024, and construction was completed in the second quarter of FY 2026.

### **Report on Compliance and Internal Control**

EY rendered an unmodified opinion in the auditor's report issued on compliance for major federal programs. However, the auditors identified one material weakness in internal control over financial reporting, one material weakness and one significant deficiency in UOG's internal control over compliance with major federal programs, with no questioned costs. UOG agreed with the audit findings and provided its Corrective Action Plan.

1. **2025-001 - Significant Unusual Related Party Transactions:** In October 2023, the Foundation entered into a Community Facilities direct loan agreement of \$21.7M with the USDA. During the year ended September 30, 2025, UOG started receiving loan proceeds from the Foundation which UOG improperly recognized as loan payable to the Foundation amounted to \$16.3M, as opposed to reduction of Receivable from the Foundation. UOG corrected the FY 2023 and FY 2024 misstatements as of and for the year ended September 30, 2024, which resulted in the restatement of the prior year financial statements. EY recommended that UOG develop and implement a policy for documenting internal memorandums for unusual and complex transactions and events. Such memorandums should include: (1) a detailed description of the transaction or event, (2) relevant supporting documents (agreements, primary documents, e-mails, bank statements etc), (3) related calculation and analysis of accounting treatment under applicable financial reporting framework and other relevant information, if any, and (4) conclusion reached.
2. **2025-002 - Economic Adjustment Assistance:** Of 56 key line items tested, 2 (or 4%) key line items from the Federal Financial Report (FFR) for the reporting period September 30, 2024, differ from the amounts per underlying accounting records and not in accordance with the FFR instructions. However, the errors were corrected by the University in the subsequent FFR. In addition, of 56 key line items tested, 3 (or 5%) key line items from the FFR for the reporting period March 31, 2025, differ from amounts per underlying accounting records and are not in accordance with the FFR instructions. EY recommended that UOG revisit its internal controls and procedures in place over the preparation of the FFR in accordance with the underlying accounting records and FFR instructions, and should prepare the FFR consistent with the elected accounting policy when preparing the form.
3. **2025-003 – Economic Adjustment Assistance:** For 3 out of 8 samples tested, the University lacked procedures and controls over timely receipt of certified payroll submissions from the prime contractor and subcontractors. EY recommended that UOG establish and implement effective internal control to comply with the requirements of 29 CFR 5.5.

### **UOG Endowment Foundation**

UOG reports the financial statements of its component unit, the UOG Endowment Foundation, Inc., a legally separate, tax-exempt private corporation. While UOG does not control the Foundation, the resources and income of the Foundation can only be used for the benefit of UOG.

The UOG Endowment Foundation, Inc., reported total net assets of \$35.3M at the end of calendar year (CY) 2024, up from \$28.7M at the end of CY 2023. This marks a positive change in net assets of \$6.6M, significantly improving from \$4.2M change in CY 2023. The Foundation's activity included in-kind donations of \$5.8M, net investment income of \$1.5M, and fundraising activities of \$1.3M.

For more details, refer to UOG's FY 2025 Financial Statements, Report on Internal Control Over Financial Reporting and On Compliance, Report on Compliance for Each Major Federal Program and Internal Control Over Compliance, and Auditor's Communication With Those Charged With Governance at [www.opaguam.org](http://www.opaguam.org) and [www.uog.edu](http://www.uog.edu).