Outlook

Re: Messages & Communications Doc. No. 38GL-26-2693 through 2699

From Guam Legislature Clerks <clerks@guamlegislature.gov>
Date Wed 8/5/2026 1:55 PM
To 38th Committee On Rules <committeeonrules@guamlegislature.gov>

Håfa Adai,

Received, and thank you.

Elijah Untalan
Clerks Office
I Mina'trentai Ocho na Liheslaturan Guåhan
Guam Congress Building, 163 Chalan Santo Papa, *Hagåtña,* Guam 96910
Voice: (671) 472-3465/3460 Fax: (671) 472-3524
guamlegislature.gov

From: 38th Committee On Rules <committeeonrules@guamlegislature.gov>
Sent: Wednesday, August 5, 2026 12:13 PM
To: Guam Legislature Clerks <clerks@guamlegislature.gov>
Cc: Frank Blas Jr. <speakerblas@guamlegislature.gov>
Subject: Messages & Communications Doc. No. 38GL-26-2693 through 2699

Håfa Adai Clerks Office,

Please see attached, **Messages & Communications Doc. No. 38GL-26-2693 through 2699** for processing:

√	**38GL-26-2693**	Department of Education	Consolidated Expenditure Report FY2026 3rd Quarter*
√	**38GL-26-2694**	Guam Community College	Unaudited Revenues and Expenditures Report and Staffing Pattern as of June 30, 2026*
√	**38GL-26-2695**	Guam Community College	Board of Trustees Quarterly Attendance Report for April, May and June 2026*
√	**38GL-26-2696**	Office of Public Accountability - Guam	Guam Memorial Hospital Authority FY2025 Financial Statements, Reports on Compliance and Internal Controls, Management Letter and the Auditor's Communication with Those Charged with Governance.*
√	**38GL-26-2697**	Department of Agriculture	Acting Director Designation of Glen Takai, for the Department of Agriculture from August 3, 2026 to August 7, 2026*
√	**38GL-26-2698**	Guam Waterworks Authority	Filing of Creation of Position Re: Assistant Staff Attorney (Unclassified)*
√	**38GL-26-2699**	Department of Public Health and Social Services	Guam Department of Education (GDOE) Public Schools Variance Report for the month of July 2026*

Kindly reply to this email.

Si Yu'os ma'åse',
Marie Crisostomo
Committee on Rules Assistant
COMMITTEE ON RULES
Vice Speaker V. Anthony Ada, Chairperson
I Mina'trentai Ocho Na Liheslaturan Guåhan
38th Guam Legislature

Messages and Communications 38GL-26-2696*

2 messages

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov> Mon, Aug 3, 2026 at 3:03 PM
To: 38th Committee On Rules <committeeonrules@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>

Håfa adai,

Please see attached M&C Doc. No. 38GL-26-2696

38GL-26-2696	Office of Public Accountability- Guam	Guam Memorial Hospital Authority FY2025 Financial Statements, Reports on Compliance and Internal Controls, Management Letter and the Auditor's Communication with Those Charged with Governance.*

Si Yu'os Ma'åse'

Bernice Rivera

Administrative Assistant

Office of Speaker Frank F. Blas, Jr.

I Mina'trentai Ocho na Liheslaturan Guåhan 38th Guam Legislature

Guam Congress Building, 163 Chalan Santo Papa, Hagatña

(671)969-6456
speakerblas@guamlegislature.gov

---------- Forwarded message ---------
From: **Office of Public Accountability - Guam** <admin@guamopa.com>
Date: Sun, Aug 2, 2026 at 12:00 PM
Subject: Transmittal: Guam Memorial Hospital Authority FY 2025 Financial Audit Reports
To: Governor of Guam <governor@guam.gov>, <lt.governor@guam.gov>, Lt. Governor of Guam <joshua.tenorio@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, Senator Telo T. Taitague <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, Senator Sabina F. Perez <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, Joe S. San Agustin <senatorjoessanagustin@gmail.com>, V. Anthony Ada <vicespeakertonyada@guamlegislature.gov>, Office of Senator Frank Blas, Jr. <speakerblas@guamlegislature.gov>
Cc: Vincent Duenas <vduenas@guamopa.com>, Benjamin Cruz <bjcruz@guamopa.com>

Hafa adai,
The Office of Public Accountability has released the Guam Memorial Hospital Authority's (GMHA) FY 2025 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Auditor's Communication with Those Charged with Governance. You may visit our website at www.opaguam.org to download the reports.

6 attachments

- **GMHAml25.pdf** 36K
- **GMHAhighlights25.pdf** 185K
- **GMHAfs25.pdf** 204K
- **GMHAcomp25.pdf** 523K
- **GMHAgovernance25.pdf** 3716K
- **38GL-26-2696.pdf** 1612K

38th Committee On Rules <committeeonrules@guamlegislature.gov> Tue, Aug 4, 2026 at 8:42 AM
To: "Speaker Frank Blas Jr." <speakerblas@guamlegislature.gov>

Håfa Adai,

Received, and thank you.

Si Yu'os ma'åse',

Marie Crisostomo

Committee on Rules Assistant

COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guåhan

38th Guam Legislature

[Quoted text hidden]

THE GUAM LEGISLATURE

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Transmittal: Guam Memorial Hospital Authority FY 2025 Financial Audit Reports

3 messages

Office of Public Accountability - Guam <admin@guamopa.com> Sun, Aug 2, 2026 at 12:00 PM
To: Governor of Guam <governor@guam.gov>, lt.governor@guam.gov, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, "Office of Senator Frank Blas, Jr." <speakerblas@guamlegislature.gov>
Cc: Vincent Duenas <vduenas@guamopa.com>, Benjamin Cruz <bjcruz@guamopa.com>

Hafa adai,
The Office of Public Accountability has released the Guam Memorial Hospital Authority's (GMHA) FY 2025 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Auditor's Communication with Those Charged with Governance. You may visit our website at www.opaguam.org to download the reports.

5 attachments

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Doc Type: 38GL-26-2696
OFFICE OF THE SPEAKER
FRANK F. BLAS, JR.
August 2, 2026
Time: 12:00 PM
Received:

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov> Mon, Aug 3, 2026 at 9:33 AM
To: Office of Public Accountability - Guam <admin@guamopa.com>
Cc: Governor of Guam <governor@guam.gov>, lt.governor@guam.gov, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, Vincent Duenas <vduenas@guamopa.com>, Benjamin Cruz <bjcruz@guamopa.com>

Håfa Adai,

Confirming receipt of your email.

Si Yu'os Ma'åse'

Bernice Rivera

Administrative Assistant

Office of Speaker Frank F. Blas, Jr.

I Mina'trentai Ocho na Liheslaturan Guåhan 38th Guam Legislature

Guam Congress Building, 163 Chalan Santo Papa, Hagatña

(671)969-6456
speakerblas@guamlegislature.gov

[Quoted text hidden]

Office of Senator Shelly Calvo <officeofsenatorshellycalvo@guamlegislature.gov> Mon, Aug 3, 2026 at 9:59 AM

To: Office of Public Accountability - Guam <admin@guamopa.com>
Cc: Governor of Guam <governor@guam.gov>, lt.governor@guam.gov, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, "Office of Senator Frank Blas, Jr." <speakerblas@guamlegislature.gov>, Vincent Duenas <vduenas@guamopa.com>, Benjamin Cruz <bjcruz@guamopa.com>

Hafa adai,

Confirming receipt of your email.

Respectfully,

Jacqueline Munoz

Office of the People | Senator Shelly V. Calvo

Majority Whip & Chairwoman

Committee on Child Welfare, Youth Affairs, Senior Citizens, Women's Affairs, Disability Services, the Arts, Culture, Historic Preservation & Hagåtña Restoration

38th Guam Legislature
163 Chalan Santo Papa, Hagåtña, Guam 96910

T +1 (671) 989-5682
E officeofsenatorshellycalvo@guamlegislature.gov

On Sun, Aug 2, 2026 at 12:00 PM Office of Public Accountability - Guam <admin@guamopa.com> wrote:
[Quoted text hidden]

Management Letter

Guam Memorial Hospital Authority

Year ended September 30, 2025

Shape the future with confidence

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

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Shape the future with confidence

July 16, 2026

Management and the Board of Trustees
Guam Memorial Hospital Authority

In planning and performing our audit of the financial statements of Guam Memorial Hospital Authority (GMHA) as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America, 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 the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we noted the following deficiencies in internal control (as described above) and other matters:

Patient Receivable Management

Observation

As of September 30, 2025, GMHA has $6.6 million in Discharge Not Final Billed (DNFB) receivables, reflecting a 25% increase from $5.3 million as of September 30, 2024. As of March 31, 2026, GMHA has $14.1 million in DNFB receivables representing a 113% increase compared to the fiscal year-end September 30, 2025. This situation arises from GMHA's mandate to provide medical services to all individuals, regardless of patient condition or financial ability to pay, combined with the complexity of billing and collection processes amidst limited resources. The accumulation of DNFB receivables poses a risk to cash flows may result in disputed receivables.

Recommendation

We recommend GMHA to enhance its efforts to follow up on outstanding patient receivables and to diligently review existing collection measures and strategies. Additionally, responsible personnel should timely analyze receivables accounts. Finally, GMHA should take reasonable steps to improve the posting of charges to the revenue system and timely billing within the established period.

Timely Accrual of Expenses

Observation

During our audit of operating expenses, we identified that 7 out of 60 sampled invoices pertained to prior periods. These invoices, which should have been recognized in the prior year, were instead recorded in the current fiscal year due to processing delays, resulting in an overstatement of current year expenses.

In addition, we noted that 4 out of 60 sampled invoices had invoice dates preceding the related purchase order (PO) dates. This occurred due to delays in receiving the invoices, and as the original POs had already been closed for the relevant periods, new POs had to be created to process the transactions.

Recommendation

We recommend GMHA to enhance procedures and controls over the timely processing of invoices by ensuring that all invoices are promptly forwarded from receiving departments to Materials Management and Accounting. Cut-off procedures should be reinforced, including periodic monitoring to ensure expenses are recorded in the correct accounting period.

Additionally, controls over purchase order (PO) processing should be enhanced to ensure POs are created prior to incurring expenses, and that delays in invoice receipt are appropriately tracked and addressed.

Employee Documentation Management

Observation

During our review of census data for the Other Post-Employment Benefits (OPEB) liability, we noted several differences between the employee listing submitted to the Department of Administration (DOA) and the supporting personnel records maintained by GMHA, including a mismatch in employee gender in enrollment forms and the DOA listing, incomplete life insurance enrollment and change forms with pending employee signatures, and instances where enrollment forms were not available for review. These issues indicate deficiencies in the accuracy, completeness, and monitoring of employee documentation, which may impact the reliability of census data used in OPEB liability calculations.

Recommendation

We recommend that GMHA strengthen its controls by ensuring all enrollment forms are complete and properly maintained, verifying the accuracy of key employee data prior to submission to DOA, implementing procedures to ensure required signatures are obtained before processing, and performing periodic reconciliations between internal records and submitted census data to improve overall data integrity.

Management Letter – IT related

User Access Review
(reiteration of prior year comment)

Observation:

Per Policy, user access is to be reviewed regularly to ensure that access rights for each individual or entity who has access to GMHA's systems are consistent with the established policies, job roles, and functions. This periodic exercise is to allow GMHA to detect inappropriate or unauthorized user activity within the GMHA's systems. We were unable to verify whether user access review was performed as required by the policy.

Recommendation:

We recommend GMHA perform periodic user access reviews for all users for appropriateness of access. Department heads should perform the initial review of access for employees within their departments for appropriateness of access and should be further reviewed by IT as an added segregation of duties control. Unauthorized access or unauthorized elevated access rights may allow users to access data or perform modifications outside of their approved job responsibilities.

Privileged-level Access Review and Monitoring
(reiteration of prior year comment)

Observation:

Per Policy, GMHA is required to monitor and perform a periodic review of user activities of privileged user to prevent unauthorized changes to systems and mitigate risks of inappropriate modifications of financial and patient data. We were unable to verify that privileged users within GMHA were reviewed for appropriateness of access or that their account activities were reviewed/monitored for inappropriate modifications.

Recommendation:

We recommend GMHA to consider performing periodic privileged access reviews to determine appropriateness of access and user activities.

User Access Termination
(reiteration of prior year comment)

Observation:

Per Policy, terminated employees' access is to be deprovisioned within seven (7) days of termination. Our test of 5 sample terminated employees noted 3 samples had active access more than seven (7) days beyond termination date and 2 samples did not have any Termination Clearance Form.

Recommendation:

We recommend GMHA to review policies and procedures to ensure timely termination of user access and prevent unauthorized access to GMHA's system. Unauthorized user access creates risks for the GMHA as users may perform malicious actions or perform unauthorized modifications within applications.

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This communication is intended solely for the information and use of management, the board of trustees, others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

At this time, we would like to thank all the staff and management of GMHA for their cooperation extended to us during the course of our audit. We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

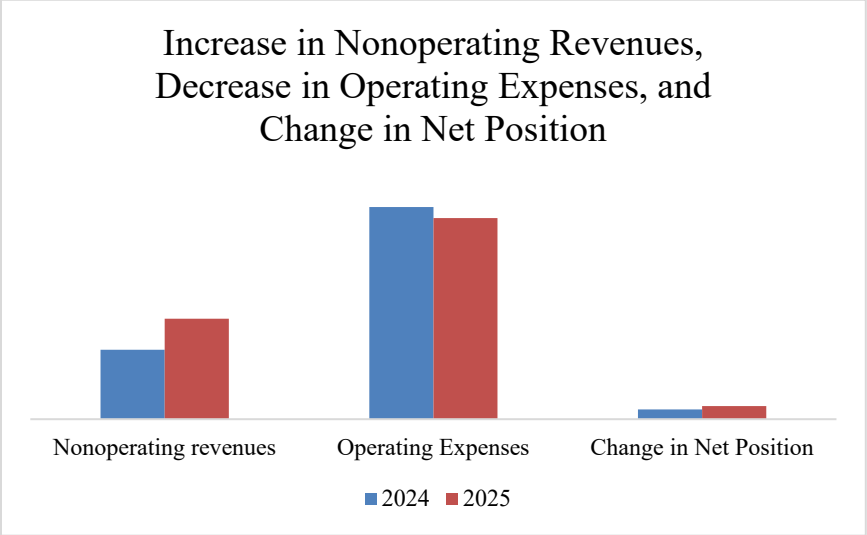
Ernst + Young LLP

Financial Highlights
Guam Memorial Hospital Authority Financial Audit
Fiscal Year 2025

August 2, 2026

The Guam Memorial Hospital Authority (GMHA) received an unmodified (clean) opinion 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). In the report on compliance for major federal programs, EY identified one significant deficiency and questioned costs totaling $91 thousand (K) related to the COVID-19 Coronavirus State and Local Fiscal Recovery Funds program due to non-compliance with procurement, suspension, and debarment requirements.

GMHA ended FY 2025 with an increase in net position of $13.8 million (M), from negative $308.7M in FY 2024 to negative $294.9M in FY 2025. The increase in net position was attributable to a $32.9M increase in total non-operating revenues, which include increases in transfers from GovGuam ($22.6M) and federal grants ($10.1M); and a $11.7M decrease in operating expenses, which include decreases in pension expense ($4.9M), professional support services ($2.6M), and administrative support ($3.5M).



Decrease in Total Current Liabilities and Liabilities

GMHA's current liabilities decreased by $9.1M from $51.0M in FY 2024 to $41.9M in FY 2025, mainly attributable to the repayments to Department of Administration (DOA) for advances for Medicaid receivables of $23.3M in FY 2023 and $5.6M in FY 2024; Pharmaceutical Fund advances of $5.0M in FY 2024; and payments to travel nurse services made on behalf of GMHA in the amount of $4.7M. DOA provided these advances to help GMHA mitigate cash flow issues and revenue shortfalls. DOA used certain amounts from Medicaid remittances to GMHA to recover the advances. At the end of FY 2025, the advances balance was $6.8M.

Doc. No. 38GL-26-2696.*

Overall, GMHA's total liabilities decreased by $81.1M, from $437.8M in FY 2024 to $356.7M in FY 2025, mainly due to decreases in total collective OPEB liability ($46.7M) and net pension liability ($24.4M).

Decreases in Operating Revenues and Expenses and Increase in Non-Operating Revenues

GMHA's total operating revenues decreased by $20.0M, primarily due to an increase in contractual allowances recorded for Medicare and Medicaid, which reduced net patient service revenue. Although GMHA increased room and board rates in November 2023, Medicare reimbursement continues to be based largely on fixed per diem rates rather than billed charges. As a result, the increase in gross charges widened the difference between billed amounts and expected collections, requiring higher contractual allowance adjustments. In addition, the Department of Administration (DOA) continued to recover Medicaid advances and other payments previously made on behalf of GMHA by withholding portions of Medicaid remittances. The original Medicaid advances were provided in FY 2023 to help offset cash flow disruptions caused by the prolonged hospital-wide network outage and Typhoon Mawar, which significantly delayed claims processing and reimbursement. While the FY 2023 Medicaid advances totaling $22.3 million had been fully repaid as of September 30, 2025, the DOA continued recovering other outstanding advances, leaving a remaining balance of $6.2 million at year-end.

Total operating expenses decreased by $11.7M, from $223.5M in FY 2024 to $211.9M in FY 2025, mainly due to decreases in actuarially determined amounts for pension expense and other post-employment benefits (OPEB).

GMHA's non-operating revenues increased by $32.7M, from $73.2M in FY 2024 to $105.9M in FY 2025, due to a $22.6M increase in transfers from GovGuam via legislative appropriations and federal American Rescue Plan Act (ARPA) grants. In FY 2025, GMHA received $10.0M in ARPA funds for vendor payments.

GMHA closed FY 2025 with a $13.8M change in net position from negative $308.7M in FY 2024 to negative $294.9M in FY 2025.

Decrease in Total Assets and Deferred Outflows of Resources

In FY 2025, GMHA ended with a $5.8M increase in total assets, from $89.9M in FY 2024 to $95.7M in FY 2025. The increase was mainly due to movements in cash and receivables. Cash increased by $9.6M, as a result of increased legislative appropriations to support GMHA operations, and net patient accounts receivable decreased by $4.6M due to additional allowances for doubtful accounts. GMHA's current assets totaled $62.9M, a $5.0M increase from $57.9M in FY 2024.

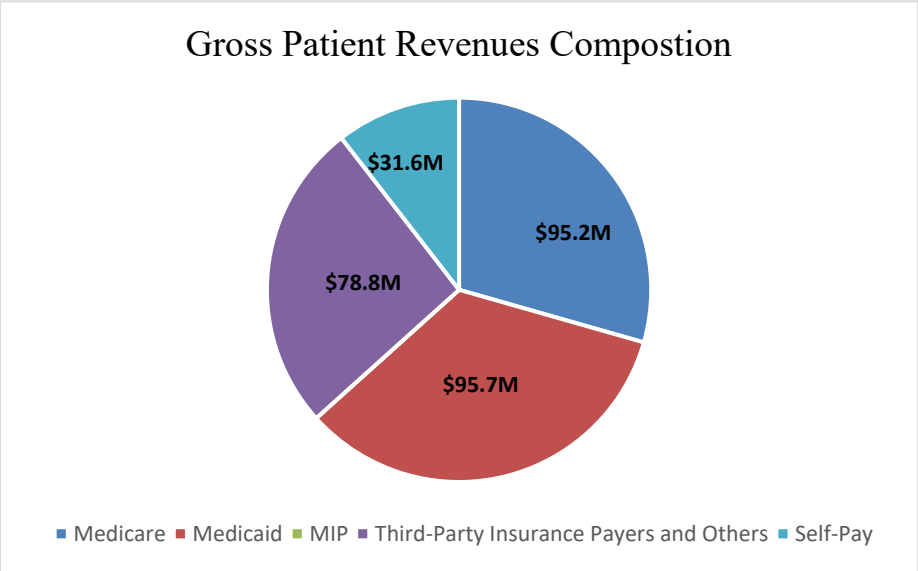
Furthermore, deferred outflows of resources decreased by $20.9M, from $97.3M in FY 2024 to $76.4M in FY 2025, resulting in total assets and deferred outflows of resources of $172.1M in FY 2025, a $15.1M decrease from $187.2M in FY 2024. This was mainly attributable to decreases in pension ($10.9M) and OPEB ($10.1M).

Billings and Collections Decreased

GMHA's billings decreased by $7.8M, from $329.6M in FY 2024 to $321.8M in FY 2025. Collections also decreased by $10.9M, from $118.5M in FY 2024 to $107.5M in FY 2025, mainly due to DOA reclaiming $10.7M in Medicaid advances and increased claim denials from third-party payers. To combat this, GMHA is actively incorporating solutions by revising payer agreements and exploring technology for improved insurance verification and clinical documentation. In addition, GMHA is seeking expertise in denial management solutions.

GMHA's mandate to provide healthcare to all patients regardless of one's insurance coverage or ability to pay has resulted in the continual growth of self-pay patient receivables. GMHA collects an average of 33 cents per dollar billed to self-pay patients. For the last five years, self-pay patients were billed an average of $29.8M per year for healthcare, and the likelihood of collections remains low due to the increasing costs of healthcare and the inability of these patients to pay. As of September 30, 2025, $77.5M of patient accounts were referred to the Department of Revenue and Taxation for tax refund garnishments while $3.2M was collected.

Furthermore, gross patient revenues increased by $12.1M, from $289.2M in FY 2024 to $301.2M in FY 2025. This is comprised of the 3M's: Medicare ($95.2M), Medicaid ($95.7M), and Medically Indigent Program (MIP) ($0.0M), followed by third-party insurance payers and others ($78.8M), and self-pay ($31.6M).



Achieving Accreditation

GMHA's goal is to achieve and sustain national accreditation through the Center for Improvement in Healthcare Quality (CIHQ), a CMS-recognized accrediting organization. CIHQ supports GMHA through mock surveys, compliance reviews, staff education, and continuous quality improvement programs that help identify and fix gaps in areas such as infection control, documentation, facility safety, and patient care processes. The partnership also supports broader hospital modernization efforts and helps ensure all patients have access to a safe, federally compliant healthcare facility. A mock survey is planned for the second quarter of FY 2026 to prepare GMHA for full a survey.

Cybersecurity and Information Technology
GMHA leadership prioritizes information technology and cybersecurity throughout FY 2026, particularly following federal oversight requirements and system reliability challenges. Based on previous unauthorized IT access incidents, GMHA completed a comprehensive cybersecurity Risk Analysis through ISSQUARED, Inc., which was accepted by the U.S. Department of Health and Human Services Office for Civil Rights, and subsequently developed a Risk Management Plan to strengthen protections for patient health information. Full implementation of the cybersecurity improvement plan will cost $5 million annually over a five-year period.

GMHA's financial sustainability strategy includes a combination of cost-containment measures, operational efficiencies, and revenue enhancement initiatives designed to reduce its structural deficit while maintaining quality patient care. One of the major components of this strategy is the planned outsourcing of the Revenue Cycle Management functions to improve billing accuracy, accelerate claims processing, reduce denials, strengthen collections, and maximize reimbursement from Medicare, Medicaid, private insurers, and self-pay accounts. Additionally, GMHA's establishment of reserve accounts and ongoing operational reviews are initiatives to improve cash flow, increase revenue capture, reduce operating costs, and place GMHA on a more sustainable long-term financial footing.

Capital Improvements
As of September 30, 2025, GMHA's net investment in capital assets was $28.8M with no long-term debt. FY 2025 capital improvement additions include:

- $0.1M for liquid oxygen tanks funded by the American Rescue Plan Funds
- $0.3M for medical equipment funded by the Hospital Preparedness Program grant
- $0.3M for solar panel replacement funded by Typhoon Mawar insurance proceeds
- $0.4M for endoscopy system, ultrasound system, and two vehicles donated by the GMH Volunteers Association
- $0.6M for medical equipment for specialty services such as gastroenterology, surgery, and cardiology funded by Public Law 36-107
- $4.2M for medical equipment such as hemodialysis machines, stretchers, defibrillators, bladder scanners, glidescopes, ventilators, and components for CT scanners and angiosuite. Other equipment additions include vehicles, air conditioning, and a medical waste shredder as well as a picture archiving and communications system for the radiology department.

The GMHA 5-Year CIP Plan includes projects to address the Army Corps of Engineers 2019 Facilities Condition Assessment that deemed the hospital's infrastructure in a state of failure due to age, environmental exposure, lack of financial resources, and lack of previous facilities design adherence to building codes and that extensive repair and replacement was necessary. In addition, GMHA lacked space to meet long-term needs of the patient population.

Report on Internal Control and Compliance
EY identified one significant deficiency relative to GMHA's compliance for major federal programs, with questioned costs totaling $91K, due to noncompliance with federal requirements

of the COVID-19 Coronavirus State and Local Fiscal Recovery Funds related to procurement, suspension and debarment. Specifically, the auditors found:

- ***Suspension & Debarment:*** For 1, (or 12.5%), of the 8 samples tested by EY, GMHA did not properly document that verification was performed to identify if the selected person or entity in the covered transaction was not suspended or debarred prior to transacting with them. GMHA lacked effective monitoring to ensure that vendors and entities that are debarred, suspended, or excluded from or ineligible for participation in Federal assistance programs or activities are restricted from Federal awards, subawards, and contracts. As a result, EY identified $91K in questioned costs.

Management Letter

EY issued a management letter identifying the following deficiencies in internal control and other matters:

1. ***Patient Receivable Management:*** As of September 30, 2025, GMHA has $6.6M in Discharge Not Final Billed (DNFB) receivables, reflecting a 25% increase from $5.3M as of September 30, 2024. As of March 31, 2026, GMHA has $14.1M in DNFB receivables, representing a 113% increase compared to the fiscal year-end of September 30, 2025. This situation arises from GMHA's mandate to provide medical services to all individuals, regardless of patient condition or financial ability to pay, combined with the complexity of billing and collection processes amidst limited resources. The accumulation of DNFB receivables poses a risk to cash flows and may result in disputed receivables.
2. ***Timely Accrual of Expenses:*** EY identified that 7 out of 60 sampled invoices pertained to prior periods. These invoices, which should have been recognized in the prior year, were instead recorded in the current fiscal year due to processing delays, resulting in an overstatement of current year expenses. Furthermore, EY noted that 4 out of 60 sampled invoices had invoice dates preceding the related purchase order (PO) dates. This occurred due to delays in receiving the invoices, and as the original POs had already been closed for the relevant periods, new POs had to be created to process the transactions.
3. ***Employee Documentation Management:*** EY reviewed the census data for the Other Post-Employment Benefits (OPEB) liability and noted several differences between the employee listing submitted to DOA and the supporting personnel records maintained by GMHA, including mismatch in employee gender in enrollment forms and the DOA listing; incomplete life insurance enrollment and change forms with pending employee signatures; and instances where enrollment forms were not available for review. These issues indicate deficiencies in the accuracy, completeness, and monitoring of employee documentation, which may impact the reliability of census data use in OPEB liability calculations.

For more details, refer to GMHA's FY 2025 Financial Statements, Reports on Compliance and Internal Control, Management Letter, and The Auditor's Communication with Those Charged with Governance at www.opaguam.org and www.gmha.org.

Financial Statements, Required Supplementary Information, and Supplementary and Other Information

Guam Memorial Hospital Authority

(A Component Unit of the Government of Guam)

Years Ended September 30, 2025 and 2024
with Report of Independent Auditors

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

Financial Statements, Required Supplementary Information,
and Supplementary and Other Information

Years ended September 30, 2025 and 2024

Contents

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Shape the future with confidence

Report of Independent Auditors

Board of Trustees
Guam Memorial Hospital Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the GMHA's basic financial statements as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of GMHA as of September 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GMHA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GMHA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GMHA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportional Share of the Net Pension Liability, the Schedule of Pension Contributions and the Schedule of the Proportionate Share of the Total OPEB Liability be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise GMHA's basic financial statements. We previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements as of and for the years ended September 30, 2023 and 2022, (none of which are presented herein), and expressed an unmodified opinion on those financial statements. The schedules of expenses, patient service revenues by patient classification, and billings and collections and reconciliation of billings to gross patient revenues are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for billings and collections and reconciliation of billings to gross patient revenues for the year ended September 30, 2021, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for billings and collections and reconciliation of billings to gross patient revenues for the year ended September 30, 2021, the schedules of expenses, patient service revenues by patient classification, and billings and collections and reconciliation of billings to gross patient revenues are fairly stated, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Full Time Employee (FTE) Count but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2026, on our consideration of GMHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GMHA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GMHA's internal control over financial reporting and compliance.

Ernst + Young LLP

July 16, 2026

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

Management's Discussion and Analysis

Years ended September 30, 2025 and 2024

The Management's Discussion & Analysis (MD&A) provides an overview of the Guam Memorial Hospital Authority's (GMHA) activities and financial performance for the fiscal year (FY) ended September 30, 2024. The MD&A should be read in conjunction with the GMHA audited financial statements and accompanying notes.

I. Organization

GMHA was created in 1977 pursuant to Public Law (P.L.) 14-29 as an autonomous agency of the Government of Guam. GMHA owns and operates the Guam Memorial Hospital (the "Hospital") which is Guam's only civilian, public acute care hospital with 175 acute care beds, and 36 beds at the Skilled Nursing Facility (SNF). GMHA is supported by six divisions – Administration, Operations, Fiscal Services, Medical Services, Nursing, and Professional Support – to provide healthcare services to all patients regardless of their ability to pay. These services include inpatient adult acute, emergency room, skilled nursing, labor & delivery, obstetrics, nursery, neonatal ICU, pediatric ICU, operating room/post-anesthesia care, laboratory, radiology, pharmacy, hemodialysis, rehabilitative, and respiratory care. The Hospital's medical specialties include cardiology, pulmonology, gastroenterology, and interventional radiology.

GMHA also provides outpatient clinic services to Department of Corrections (DOC) detainees and inmates pursuant to a September 2015 cooperative agreement. The agreement arose from the Government of Guam's efforts to comply with a court order related to a federal civil case. Inpatient services are not included in this agreement and are billed to DOC as detainees and inmates are hospitalized and/or brought to the Emergency Room. DOC is required to remit payments for clinical services, however, subject to availability of DOC funding.

GMHA is governed by the Board of Trustees (BOT) composed of nine voting members representing backgrounds in healthcare, allied health, nursing, medicine, management, and finance. The GMH Volunteers Association President is an ex-officio member. Trustees serve staggered six-year terms after their appointment by the Governor of Guam and the Guam Legislature's consent. As of September 30, 2025, there were seven BOT voting members and two vacancies.

GMHA's Chief Executive Officer/Administrator is hired by and reports to the BOT to have full charge and control of the operations and maintenance of the Hospital, which is guided by the 2023-2027 strategic plan and mission statement.

Committed to compassionate, forward-thinking, quality-driven, and safe health care that honors the community.

The CEO is responsible for ensuring GMHA meets its strategic goals:

- Achieve Financial Viability
- Enhance Infrastructure & Technology
- Transform Healthcare Services
- Engage the Healthcare Workforce
- Engage Physicians
- Engage & Partner with the Community

GMHA's core values are the driving force behind GMHA's actions and attitudes and espouse **Community, Compassion, Innovation, Resiliency, Trust, and Patient Safety**. These values guide GMHA to fulfill its mission.

II. Financial Highlights

GMHA ended FY 2025 with a change in net position of $13.8M, an increase of 234.1% or $24.2M, compared to FY 2024. This was due to increases in non-operating revenues and decreases in operating expenses. Non-operating revenues increased by $32.9M of which $22.6M was attributed to transfers from GovGuam and $10.1M was attributed to federal grants. The main source of GMHA's non-operating revenues is legislative appropriations. Operating expenses decreased by $11.7M, or 5.2%, compared to FY 2024 due to decreases in pension expense, professional support services, and operational support services.

III. Overview of the Financial Statements

A comparative analysis is provided for FY 2025 and FY 2024 Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows.

Summarized Statements of Net Position

	FY 2025	FY 2024	FY 2023	$ Change FY 2024 to FY 2025	% Change FY 2024 to FY 2025
ASSETS					
Current Assets	$ 62,933,703	$ 57,913,107	$ 57,947,736	$ 5,020,596	8.7%
Noncurrent Assets	32,770,497	31,955,968	34,546,832	814,529	2.5%
Total assets	95,704,200	89,869,075	92,494,568	5,835,125	6.5%
Deferred outflows of resources	76,383,281	97,308,239	103,875,694	(20,924,958)	-21.5%
Total assets and deferred outflows of resources	$172,087,481	$187,177,314	$196,370,262	$(15,089,833)	-8.1%
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities	$ 41,872,433	$ 50,981,506	$ 61,672,018	$(9,109,073)	-17.9%
Noncurrent liabilities	314,819,235	386,837,909	360,060,998	(72,018,674)	-18.6%
Total liabilities	356,691,668	437,819,415	421,733,016	(81,127,747)	-18.5%
Deferred inflows of resources	110,272,936	58,082,005	73,036,186	52,190,931	89.9%
Net position:					
Net investment in capital assets	28,798,903	26,972,114	28,572,865	1,826,789	6.8%
Unrestricted	(323,676,026)	(335,696,220)	(326,971,805)	12,020,194	3.6%
Total net position	(294,877,123)	(308,724,106)	(298,398,940)	13,846,983	4.5%
Total liabilities, deferred inflows of resources and net position	$ 172,087,481	$187,177,314	$196,370,262	$(15,089,833)	-8.1%

GMHA's FY 2025 total net position increased by 4.5%, or $13.8M, to negative $294.9M from negative $308.7M in FY 2024. The increase in total net position is due to significant changes in pension and other post-employment benefits. GMHA's FY 2024 total net position decreased by 3.5%, or $10.3M mainly due to increasing operating costs.

In FY 2025, total assets increased 6.5%, or $5.8M. The increase was mainly attributed to movements in cash and receivables. Cash increased $9.6M due to increased legislative appropriations to support GMHA operations and accounts receivable decreased $4.6M, or 8.6%, due to additional allowances for doubtful accounts. Allowances were increased to account for lower collections for patient accounts by $10.9M, or 9.2%. Conversely, in FY 2024 collections increased 10.1% from increased billing from efforts to recover from negative effects from an extended network outage and a major typhoon that occurred in FY 2023. GMHA provides an allowance for doubtful accounts based on historical collection patterns as well as payor agreements. Outstanding receivables meeting certain criteria may be periodically written off.

FY 2024 noncurrent assets decreased by $2.6M due to depreciation of capital assets and amortization of subscription based IT assets. The initial GASB 96 capitalization of subscription based IT assets was recorded in FY 2023 for $6.5M for GMHA's electronic health records, patient accounting, and financial management systems.

Deferred outflows of resources decreased 21.5%, or $20.9M in FY 2025 and 6.3%, or $6.6M in FY 2024. A major factor in these changes is due to changes in actuarial assumptions for other post-employment benefits (OPEB) and pensions.

Current liabilities decreased 17.9%, or $9.1M in FY 2025, and 17.3%, or $10.7M, in FY 2024 due to GMHA's repayment of amounts due to the Department of Administration for advances for Medicaid receivables of $23.3M in FY 2023 and $5.6M in FY 2024, for Pharmaceutical Fund advances of $5.0M in FY 2024, and payments to travel nurse services made on behalf of GMHA of $4.7M. The advances were made to GMHA to mitigate cash flow issues and revenue shortfalls mainly from the FY 2023 events mentioned above. The Department of Administration recovered the advances by withholding certain amounts from Medicaid remittances to GMHA. As of September 30, 2025, the balance of such advances was $6.8M.

Capital Assets

As of September 30, 2025, GMHA's net investment in capital assets was $28.8M with no long-term debt. FY 2025 capital improvement additions include

- $0.1M for liquid oxygen tanks funded by American Rescue Plan Funds
- $0.3M for medical equipment funded by Hospital Preparedness Program grant
- $0.3M for solar panel replacement funded by Typhoon Mawar insurance proceeds
- $0.4M for endoscopy system, ultrasound system, and two vehicles donated by the GMH Volunteers Association
- $0.6M for medical equipment for specialty services such as gastroenterology, surgery, and cardiology funded by Public Law 36-107
- $4.2M for medical equipment such as hemodialysis machines, stretchers, defibrillators, bladder scanners, glidescopes, ventilators, and components for CT scanners and angiosuite. Other equipment additions include vehicles, air conditioning, and medical waste shredder as well as a picture archiving and communications system for the radiology department.

The GMHA 5-Year CIP Plan includes projects to address the Army Corps of Engineers 2019 Facilities Condition Assessment that deemed the Hospital's infrastructure in a state of failure due to age, environmental exposure, lack of financial resources, and lack of previous facilities design adherence to building codes and that extensive repair and replacement was necessary. The Hospital also lacked space to meet long term needs of the patient population.

Summarized Statements of Revenues, Expenses, and Changes in Net Position

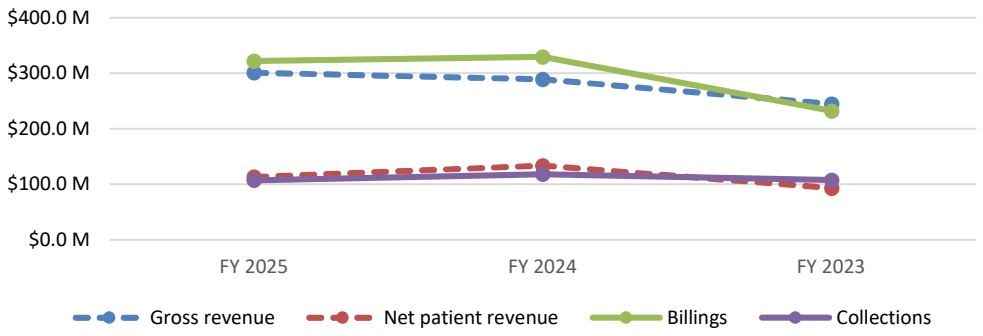
	FY 2025	FY 2024	FY 2023	$ Change FY 2024 to FY 2025	% Change FY 2024 to FY 2025
Total operating revenues	$119,782,633	$ 139,789,449	$ 97,791,124	$(20,006,816)	-14.3%
Total operating expenses	211,880,259	223,534,234	195,650,888	(11,653,975)	-5.2%
Operating Loss	(92,097,626)	(83,744,785)	(97,859,764)	(8,352,841)	10.0%
Total non-operating revenues	106,232,983	73,344,108	54,731,687	32,888,875	44.8%
Total non-operating expenses	(345,074)	(117,171)	(393,018)	(227,903)	194.5%
Total capital grants and contributions	56,700	192,682	2,587,665	(135,982)	-70.6%
Change in net position	$ 13,846,983	$(10,325,166)	$(40,933,430)	$ 24,172,149	234.1%

Operating Revenues and Collections

Operating revenues decreased by 14.3% ($20.0 million) in FY 2025, primarily due to an increase in contractual allowances recorded for Medicare and Medicaid, which reduced net patient service revenue. Although GMHA increased room and board rates in November 2023, Medicare reimbursement continues to be based largely on fixed per diem rates rather than billed charges. As a result, the increase in gross charges widened the difference between billed amounts and expected collections, requiring higher contractual allowance adjustments. In addition, the Department of Administration (DOA) continued to recover Medicaid advances and other payments previously made on behalf of GMHA by withholding portions of Medicaid remittances. The original Medicaid advances were provided in FY 2023 to help offset cash flow disruptions caused by the prolonged hospital-wide network outage and Typhoon Mawar, which significantly delayed claims processing and reimbursement. While the FY 2023 Medicaid advances totaling $22.3 million had been fully repaid as of September 30, 2025, the DOA continued recovering other outstanding advances, leaving a remaining balance of $6.2 million at year-end.

GMHA's FY 2024 operating revenues increased by $42.0M, or 42.9%, due to increases in net patient revenues from improved billings. Net patient revenues increased $40.4M, or 43.2%, from $93.5M in FY 2023 to $133.9M in FY 2024, while gross revenues increased 18.0% due to increased room and board rates effective November 2023.

Gross Revenues, Net Revenues, Billings, & Collections



	FY 2025	FY 2024	FY 2023
% of billings to gross	106.8%	114.0%	94.9%
% of collections to net	94.9%	88.5%	115.1%
% of collections to gross	35.7%	41.0%	43.9%

FY 2025 DOC clinic revenues increased by $0.5M to $4.7M and in FY 2024, $0.6M to $4.2M due to increases in salaries and supplies. All amounts billed to DOC in FY 2025 and FY 2024 was collected.

FY 2025 collections decreased by 9.2%, or $10.9M, from $118.5M in FY 2024 to $107.5M mainly due to clawbacks from DOA for Medicaid advances of $10.7M, and increased claim denials from third party payers. GMHA is actively incorporating solutions by revising payer agreements and exploring technology for improved insurance verification and clinical documentation, as well as seeking expertise in denial management solutions.

FY 2024 collections increased by 10.1%, or $10.8M, from $107.6M in FY 2023 to $118.5M mainly due to increases in collections from third party payers of $17.2M and Medicare of $7.9M. These increases were offset by decreases in Medicaid collections of $17.9M from clawbacks for advances paid to GMHA in FY 2023.

Patient Collections

		FY 2025	FY 2024	FY 2023	$ Change FY 2024 to FY 2025	% Change FY 2024 to FY 2025
Medicare	$	21.0M	23.0M	15.1M	(2.0M)	-8.7%
Medicaid/MIP		22.1M	25.4M	42.8M	(3.3M)	-13.0%
3rd party payers		55.7M	59.5M	42.4M	(3.8M)	-6.4%
Self-pay		7.8M	9.7M	7.3M	(1.9M)	-19.6%
DOC/GovGuam		0.9M	0.9M	0.0M	0.0M	0.0%
Total patient collections	**$**	**107.5M**	**118.5M**	**107.6M**	**(11.0M)**	**-9.3%**

		FY 2025	FY 2024	FY 2023	$ Change FY 2024 to FY 2025	% Change FY 2024 to FY 2025
Medicare	$	21.0M	23.0M	15.1M	(2.0M)	-8.7%
Medicaid/MIP		22.1M	25.4M	42.8M	(3.3M)	-13.0%
3rd party payers		55.7M	59.5M	42.4M	(3.8M)	-6.4%
Self-pay		7.8M	9.7M	7.3M	(1.9M)	-19.6%
DOC/GovGuam		0.9M	0.9M	0.0M	0.0M	0.0%
Total patient collections	**$**	**107.5M**	**118.5M**	**107.6M**	**(11.0M)**	**-9.3%**

GMHA's mandate to provide healthcare to all patients regardless of one's insurance coverage or ability to pay has resulted in the continual growth of self-pay patient receivables. GMHA collects an average of 33 cents per dollar billed to self-pay patients. For the last five years, self-pay patients were billed an average of $29.8M per year for healthcare and the likelihood of collections remains low due to the increasing costs of healthcare and the inability of these patients to pay. As of September 30, 2025, $62.1M in receivables are attributed to long-stay patients. These patients are known as "social cases" and are uninsured and/or underinsured patients who can be discharged but do not have responsible parties willing to accept and support the patient.

As of September 30, 2025, $77.5M of patient accounts were referred to the Department of Revenue and Taxation for tax refund garnishments while $3.2M, or 4.1%, was collected. As of September 30, 2024, $99.3M of patient accounts were referred to the Department of Revenue and Taxation for tax refund garnishments while $4.4M, or 4.4%, was collected. Patient account guarantors do not consistently file taxes nor receive tax refunds which limits GMHA's collection amounts. For its self-pay patients, GMHA offers an online payment system, payment plans to suit all needs, public assistance applications to help cover the costs of their hospital bills, and discounts per a sliding fee scale based on federal poverty levels. An amnesty program was implemented from October 1, 2024 to December 31, 2024 and offered 50% discounts for eligible self-pay accounts and resulted in $0.6M collected.

Overall FY 2025 gross patient revenues increased by $12.1M, or 4.2%, from $289.2M in FY 2024 to $301.2M in FY 2025. Inpatient revenues increased 4.8% or $10.7.M. The increase was attributable to an annual 5% increase in hospital fees. Gross revenues for Skilled Nursing increased 4.1%, or $0.5M, and outpatient revenues increased 1.7%, or $0.9M mainly in Gastroenterology ($2.6M, or 146.5%), Cardiology ($2.3M, or 210.5%), and Pulmonology ($0.5M. or 187.7%). GMHA provides a proportionately high number of inpatient services to outpatient services wherein 81.9% of gross revenues are attributed to inpatient services and 18.1% for outpatient services.

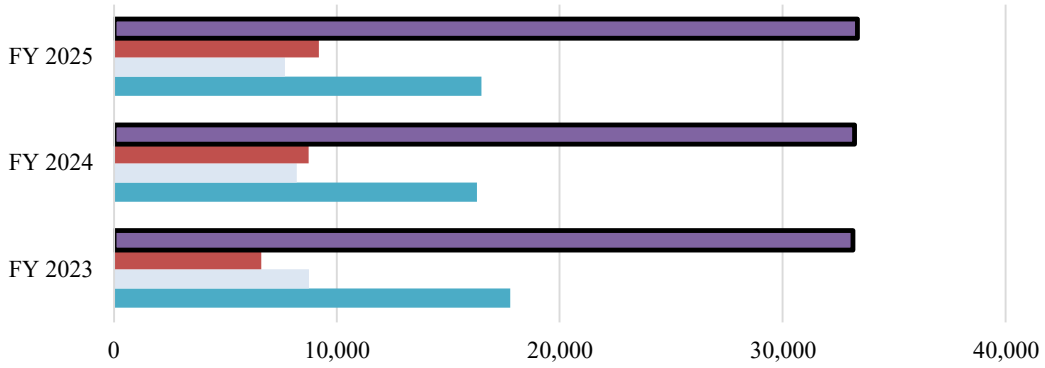
In FY 2024, overall gross patient revenues increased by $44.2M, or 18.0%, from $245.0M in FY 2023 to $289.2M in FY 2024. Inpatient revenues increased 18.5% or $35.0M. The increase was attributable to increases in room and board rates in November 2023. Gross revenues for Skilled Nursing increased 35.5%, or $3.1M, and outpatient revenues increased 12.8%, or $6.1M mainly in Surgery & Recovery, Gastroenterology, and Cardiology.

		FY 2025	FY 2024	FY 2023	$ Change FY 2024 to FY 2025	% Change FY 2024 to FY 2025
Inpatient	$	234,334,827	223,645,382	188,660,774	10,689,445	4.8%
Skilled Nursing		12,315,233	11,830,351	8,732,811	484,882	4.1%
Outpatient		54,573,683	53,676,371	47,571,357	897,312	1.7%
	$	301,223,743	289,152,104	244,964,942	12,071,639	4.2%

FY 2025 inpatient admissions declined by 6.1% while patient days increased by 4.0%. The average length of stay also increased by 9.6% compared to FY 2023. The average end-of-month inpatient census for FY 2024 was 142 versus 147 in FY 2023.

Management's Discussion and Analysis, continued

Patient Census



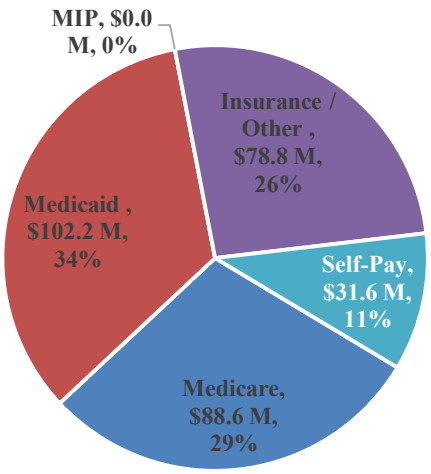
	FY 2023	FY 2024	FY 2025
Total	33,156	33,232	33,355
Outpatient	6,608	8,732	9,194
Inpatient	8,757	8,207	7,669
Emergency Room	17,791	16,293	16,492

*Inpatient includes SNF

In FY 2025, 63.4% of GMHA's $301.2M of gross patient revenues is comprised of the 3M's:

- Medicare - $88.6M, 29.4%
- Medicaid - $102.2M, 33.9%
- Medically Indigent Program (MIP) - $0.0M, 0.0%

Followed by third-party insurance payers and others at $78.8M, 26.2%, and self-pay at $31.6M, 10.5%.



Compared to FY 2024, there is a 6.5% increase in patients covered by 3M's, mainly for Medicaid, and a 3.0% decrease in self-pay. To decrease the number of patients who have no insurance coverage, since FY 2019, GMHA has assisted these patients with applications for Medicaid or MIP coverage through a collaboration with the Department of Public Health and Social Services. As a result, Medicaid now accounts for 33.9% of GMHA's payer mix compared to 21.3% in FY 2019.

Tax Equity and Fiscal Reimbursement Act (TEFRA)

GMHA is reimbursed for medical services provided to Medicare patients as a TEFRA hospital exempted from Medicare's prospective payment system (PPS). The PPS is common for almost all U.S. hospitals and pays a predetermined, fixed amount for a particular service based on its classification system, such as diagnostic-related groups for inpatient hospitals. On the other hand, TEFRA hospitals are reimbursed based on the cost of treating Medicare patients as determined by the annual Medicare Cost Report with an aggregate per discharge limit (or cap) based on the facility's cost of care in the base year. The discharge limit is increased each year by a hospital market basket index determined by Medicare to account for inflation, which averages 3% per year.

This limits GMHA's reimbursements from 3M's to a per diem rate for inpatient charges. In FY 2025, GMHA received $1,341 per day for an inpatient stay regardless of charges incurred. In FY 2024, the per diem rate was $1,689. The per diem rate is calculated periodically by the Medicare Administrative Contractor considering allowable costs and the length of a Medicare patient's inpatient stay. Medicaid reimbursements follow the Medicare per diem rate. With increases in labor and non-labor costs, this has a significant financial impact on GMHA.

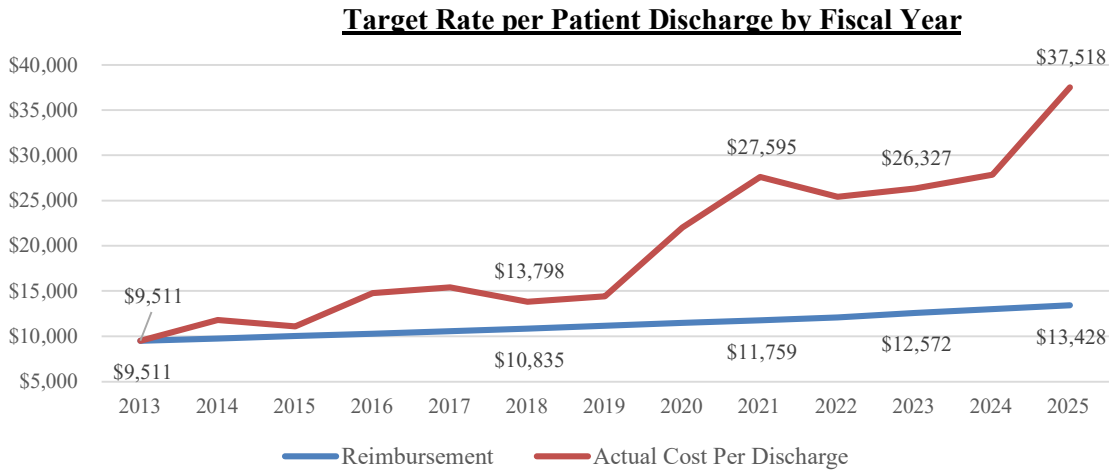
GMHA's reimbursements for Medicare and Medicaid claims are significantly lower than actual charges resulting in a substantial entry for contractual allowances. In FY 2025, Medicare contractual allowances were $54.9M or 61.9% of actual charges, while Medicaid allowances were $84.4M, or 82.6% of actual charges. The allowances are calculated by GMHA based on historical collection performance.

In January 2019, after many years, CMS approved GMHA's request to rebase (or reset) the discharge rate retroactively to October 1, 2013 costs from 1992-1994 costs. At the time, this brought reimbursements closer to current costs.

Although rebasing has helped GMHA collect more on Medicare claims, GMHA is still reimbursed significantly less than the cost of discharge especially since FY 2020, the COVID-19 pandemic. As of the FY 2025 Medicare Cost Report[1], the cost of discharge was $37,518 while the reimbursement per discharge was capped at $13,428, a difference of $14,872. In FY 2025, there were 956 Medicare patient discharges.

[1] The Medicare Cost Report is subject to CMS audit and desk review.

For TEFRA hospitals, annual adjustment requests can increase the allowable target amount when the hospital can demonstrate that its costs increased for reasons beyond normal inflation. GMHA received $6.3M in April 2019 for retroactive rate adjustments for FY 2014 – FY 2016, and $2.4M in June 2022 for FY 2017 and FY 2018. Adjustment requests for fiscal years beyond 2018 have been submitted. These adjustments help grow reimbursements to TEFRA hospitals beyond market basket increases, which often lag behind actual operating costs.



Operating Expenses

Overall operating expenses in FY 2025 decreased 5.2%, or $11.6M, from $223.5M in FY 2024 to $211.9M in FY 2025. The main drivers for the decrease were reductions in actuarially determined amounts for pension expense and other post-employment benefits.

- Overall salaries increased 8.5%, or $7.7M compared to FY 2024 due to increases in the Nurse Pay Plan that occurred in April 2024, which raised base pay by 18%.
- Benefits decreased 20.8%, or $7.8M primarily due to decreases in pension expense of $13.1M, offset by increases in retirement contributions of $2.5M, and medical and dental insurance benefits of $2.7M.
- Retiree healthcare and other pension benefits decreased $4.9M due to OPEB expense reduction, which is calculated by the retirement fund actuary.
- Contractual services decreased by 14.3%, or $6.8M mainly due to decreases in contracts for travel nurses from 31 at the end of FY 2024, to 12 as of FY 2025 as a result of ongoing Nursing recruitment and retention efforts.
- Supplies and materials decreased 8.3%, or $1.7M due to supply chain and inventory challenges.

Overall operating expenses in FY 2024 increased 14.3%, or $27.9M, from $195.7M in FY 2023 to $223.5M in FY 2024. The divisions with the highest increases were Nursing and Medical Services.

- Overall Salaries increased 9.6%, or $8.0M compared to FY 2023 due to base salary increases from the Nurse Pay Plan and the 2023 General Pay Plan, which raised certain salaries by 22%.
- Benefits increased 29.9%, or $8.7M due to increases in GASB 68 and 73 pension expense of $4.5M, retirement contributions of $2.5M, and medical and dental insurance benefits of $1.7M.
- Retiree healthcare and other pension benefits increased $6.1M due to increases in other postemployment benefits.
- Contractual services increased by 14.5%, or $6.0M mainly due to increases in contract physician costs of $5.2M and travel nurses of $2.5M.
- Supplies and materials increased 9.4%, or $1.8M due to increases in the cost of medical supplies.

Non-operating Revenue and Expenses

Non-operating revenues in FY 2025 increased 44.8%, or $32.9M compared to FY 2024 due to increases in transfers from the Government of Guam via legislative appropriations and federal ARPA grants. GMHA received $10.0M in American Rescue Plan Act funds for vendor payments.

GMHA Appropriations

Non-operating revenues are revenues other that those related to patient care and healthcare operations. The Guam Legislature appropriates funding from the Government of Guam General Fund to support GMHA operations. The GMHA Pharmaceuticals Fund is appropriated through Title 11 Guam Code Annotated § 26208 which allocates 6.19% of Guam's Business Privilege Tax collections to GMHA to fund pharmaceuticals, medical supplies, medical equipment, and medical equipment. The Legislature has also appropriated supplemental funding through various public laws.

FY 2023 – FY 2025 Legislative Appropriations

	FY 2025	FY 2024	FY 2023	$ Change FY 2024 to FY 2025
Pharmaceutical Fund	$24,202,064	$21,714,329	$19,631,513	$ 2,487,735
General Fund	13,528,360	8,491,370	7,402,709	5,036,990
P.L. 36-107 Hospital Capital Imp Fund	-	-	15,000,000	-
P.L. 36-107 specialty doctors recruitment	-	-	5,000,000	-
P.L. 37-43 emergency funding	-	30,000,000	-	(30,000,000)
P.L. 37-123 merit bonus funding	-	973,063	-	(973,063)
P.L. 37-135 supplemental appropriations	20,000,000	-	-	20,000,000
P.L. 38-59 operational costs and CIP	40,000,000	-	-	40,000,000
Total Appropriations	$97,730,424	$61,178,762	$47,034,222	$36,551,662

In addition to the General Fund and Pharmaceutical Fund appropriations, for FY 2025, Public Law (P.L.) 37-135 appropriated $20.0M to GMHA from FY 2024 Government of Guam general fund revenues in excess of adopted levels. Further, P.L. 38-59 appropriated $40.0M to GMHA from the Government of Guam general fund for operational costs and capital improvements.

Similar supplemental funding was appropriated to GMHA in FY 2024 and FY 2023. Public Law 37-43 appropriated $30.0M to GMHA as emergency funding to pay vendors, and in July 2024, P.L. 37-123 appropriated $1.0M for unpaid employee merit bonuses earned from 2012 to 2020. Additionally, P.L. 36-107 appropriated $20.0M from the FY 2022 audited surplus fund balance to recruit and retain specialty doctors and for priority capital improvement projects, such as the GMHA maternal and child health renovation project.

Capital grants from the federal government decreased by $0.1M in FY 2025, and $2.4M in FY 2024 for US Department of Interior funded CIP projects due to project closure.

Summarized Statement of Cash Flows

	FY 2025	FY 2024	FY 2023	$ Change FY 2024 to FY 2025	% Change FY 2024 to FY 2025
Net cash used for operating activities	$(77,279,242)	$(66,116,214)	$(71,570,454)	$(11,163,028)	16.9%
Net cash provided by noncapital financing activities	95,156,329	69,436,742	69,942,766	25,719,587	37.0%
Net cash (used for) provided by capital and related financing activities	(8,237,085)	(3,964,253)	(630,073)	(4,272,832)	107.8%
Net change in cash	$ 9,640,002	$(643,725)	$(2,257,761)	$ 10,283,727	1597.5%

Net change in cash as of FY 2025, was positive $9.6M and negative $0.6M in FY 2024. Cash flow improved in FY 2025 compared to FY 2024, due to increased legislative appropriations and federal ARPA grants. Net cash provided by noncapital financing activities comprised mainly of contributions from the Government of Guam and federal grants. FY 2024 federal grants decreased considerably in FY 2024 due to the end of the COVID-19 pandemic. As a result, GovGuam subsidies increased.

IV. Outlook

Achieving Accreditation

GMHA's forward-looking goal is to achieve and sustain national accreditation through the Center for Improvement in Healthcare Quality (CIHQ), a CMS-recognized accrediting organization. CIHQ supports GMHA through mock surveys, compliance reviews, staff education, and continuous quality improvement programs that help identify and fix gaps in areas like infection control, documentation, facility safety, and patient care processes. The partnership also supports broader hospital modernization efforts and helps ensure all patients have access to a safe, federally compliant public healthcare facility. A mock survey is planned for the second quarter of FY 2026 to prepare GMHA for full survey.

Cybersecurity and Information Technology

Information technology and cybersecurity will remain a significant focus of GMHA leadership throughout FY 2026, particularly following federal oversight requirements and system reliability challenges. GMHA completed a comprehensive cybersecurity Risk Analysis through ISSQUARED, Inc., which was accepted by the U.S. Department of Health and Human Services Office for Civil Rights (HHS/OCR), and subsequently developed a Risk Management Plan to strengthen protections for patient health information. These efforts were necessary following previous unauthorized IT access incidents. Full implementation of the cybersecurity improvement plan will require approximately $5 million annually over a five-year period. GMHA will continue efforts to advance technology modernization projects, including the Access Control System upgrade, PACS-RIS implementation, Pyxis automated medication dispensing system deployment, and other infrastructure improvements designed to enhance security, operational efficiency, and continuity of patient care services.

Financial Sustainability Strategy

GMHA's financial sustainability strategy includes a combination of cost-containment measures, operational efficiencies, and revenue enhancement initiatives designed to reduce its structural deficit while maintaining quality patient care. Key efforts include reducing dependence on high-cost travel nurses through improved recruitment and retention, implementing staffing flexibilities based on patient census, strengthening case management practices, negotiating vendor and service contracts, standardizing physician agreements, and evaluating organizational rightsizing and outsourcing opportunities. A major component of this strategy is the planned outsourcing of Revenue Cycle Management (RCM) functions to improve billing accuracy, accelerate claims processing, reduce denials, strengthen collections, and maximize reimbursement from Medicare, Medicaid, private insurers, and self-pay accounts. Together with the establishment of reserve accounts, and ongoing operational reviews, these initiatives are intended to improve cash flow, increase revenue capture, reduce operating costs, and place GMHA on a more sustainable long-term financial footing.

Ongoing discussions for Medicare rebasing or other hospital designations are planned with Congressional involvement as well as Medicaid Certified Public Expenditures as a means of increasing reimbursements to the Hospital.

V. Contacting GMHA Executives

The Management's Discussion and Analysis is designed to provide citizens, taxpayers, patients, and stakeholders a general overview of GMHA's finances. It should also demonstrate GMHA's stewardship and accountability of funds received and spent.

If you have any questions about this report, please contact Joleen M. Aguon, MD, Interim CEO/Administrator, or Yukari Hechanova, Chief Financial Officer, at 647-2330, or visit our website at www.gmha.org.

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

Statements of Net Position

	September 30, 2025	2024
Assets and deferred outflow of resources		
Current assets:		
Cash	$ 10,252,107	$ 612,105
Patient accounts receivable, net	48,072,075	52,623,619
Due from Government of Guam, net	609,563	891,562
Inventory, net	2,890,685	2,799,351
Prepaid expenses	454,517	522,938
Other receivables	654,756	463,532
Total current assets	62,933,703	57,913,107
Depreciable capital assets, net	24,594,202	24,096,580
Non-depreciable capital assets	4,204,701	2,875,534
Subscription-based IT asset, net	3,553,604	4,565,864
Other noncurrent assets	417,990	417,990
Total noncurrent assets	32,770,497	31,955,968
Total assets	95,704,200	89,869,075
Deferred outflows of resources:		
Deferred outflows from pension	29,849,778	40,724,461
Deferred outflows from OPEB	46,533,503	56,583,778
Total deferred outflows of resources	76,383,281	97,308,239
Total assets and deferred outflows of resources	$172,087,481	$187,177,314

See accompanying notes.

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

Statements of Net Position, continued

	September 30, 2025	2024
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	$ 23,781,023	$ 21,715,143
Accrued payroll and benefits	3,626,260	3,691,217
Current portion of accrued annual leave	2,642,838	2,494,541
Due to US Federal Government	3,500,000	3,500,000
Due to Government of Guam	6,812,142	18,070,735
Short-term subscription liability	950,170	950,170
Other current liabilities	560,000	559,700
Total current liabilities	41,872,433	50,981,506
Accrued annual leave, net of current portion	3,505,286	3,473,250
Accrued sick leave	4,163,915	3,942,208
Subscription liability, net of current portion	3,006,887	4,103,642
Net pension liability	130,912,279	155,356,324
Total collective OPEB liability	173,230,868	219,962,485
Total non-current liabilities	314,819,235	386,837,909
Total liabilities	356,691,668	437,819,415
Deferred inflows of resources:		
Deferred inflows from Pension	16,672,706	6,645,336
Deferred inflows from OPEB	93,600,230	51,436,669
Total deferred inflows of resources	110,272,936	58,082,005
Net position:		
Net investment in capital assets	28,798,903	26,972,114
Unrestricted	(323,676,026)	(335,696,220)
Total net position	(294,877,123)	(308,724,106)
Total liabilities, deferred inflows of resources and net position	$172,087,481	$187,177,314

See accompanying notes.

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

Statements of Revenues, Expenses and Changes in Net Position

	Years ended September 30, 2025	2024
Operating revenues:		
Net patient service revenue (net of contractual adjustments and provision for bad debts of $187,952,142 and $155,250,565)	$ 113,271,601	$ 133,907,056
Other operating revenues:		
Cafeteria food sales	479,025	557,109
Other revenue	6,032,007	5,325,284
Total operating revenues	119,782,633	139,789,449
Operating expenses:		
Nursing	71,978,772	72,424,635
Professional support	43,541,286	46,188,658
Medical staff	41,700,691	42,499,013
Administrative support	21,224,942	24,766,603
Retiree healthcare costs and other pension benefits	12,027,554	16,933,229
Fiscal services	8,795,131	8,054,141
Administration	6,389,901	6,919,460
Depreciation and amortization	6,221,982	5,748,495
Total operating expenses	211,880,259	223,534,234
Operating loss	(92,097,626)	(83,744,785)
Nonoperating revenues (expenses):		
Transfers from Government of Guam	93,930,017	71,335,654
Federal grants	11,915,985	1,810,621
Other income, net	386,981	197,833
Interest and penalties	(52,771)	(4,618)
Federal program expenditures	(47,289)	(56,121)
Loss from disposal of fixed asset	(245,014)	(56,432)
Total nonoperating revenues	105,887,909	73,226,937
Earnings (loss) before capital grants and contributions	13,790,283	(10,517,848)
Capital grants from the United States Government	56,700	192,682
Change in net position	13,846,983	(10,325,166)
Net position at the beginning of the year	(308,724,106)	(298,398,940)
Net position at the end of the year	$(294,877,123)	$(308,724,106)

See accompanying notes.

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

Statements of Cash Flows

	Years ended September 30, 2025	2024
Cash flows from operating activities:		
Receipts from and on behalf of patients	$123,855,152	$138,149,057
Receipts from sales and other services	287,801	350,232
Payments to suppliers and contractors	(62,439,489)	(80,207,625)
Payments to employees	(138,982,706)	(124,407,878)
Net cash used in operating activities	(77,279,242)	(66,116,214)
Cash flows from noncapital financing activities:		
Federal grants received	11,915,985	1,810,621
Contributions from the Government of Guam	82,953,423	67,489,024
Other receipts	334,210	193,218
Payments made under federal programs	(47,289)	(56,121)
Net cash provided by noncapital financing activities	95,156,329	69,436,742
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(8,293,785)	(4,156,935)
Federal grants received	56,700	192,682
Net cash used in capital and related financing activities	(8,237,085)	(3,964,253)
Net change in cash	9,640,002	(643,725)
Cash at beginning of year	612,105	1,255,830
Cash at end of year	$ 10,252,107	$ 612,105

See accompanying notes.

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

Statements of Cash Flows, continued

	Years ended September 30, 2025	2024
Reconciliation of operating loss to net cash used in:		
operating activities:		
Operating loss	$(92,097,626)	$(83,744,785)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Contractual adjustments and provisions for uncollectible accounts	187,952,142	155,250,565
Depreciation	6,221,982	5,748,495
Non-cash OPEB cost	12,491,090	15,657,201
Non-cash pension cost	18,495,134	27,778,806
(Increase) decrease in assets:		
Patient accounts receivable, net	(183,400,598)	(156,333,848)
Other receivables	(191,224)	(206,877)
Inventory, net	(91,334)	679,586
Prepaid expenses	68,421	(371,129)
Increase (decrease) in liabilities:		
Accounts payable - trade	2,065,880	(7,300,861)
Accrued payroll and benefits	(64,957)	892,352
Accrued annual leave and sick leave	402,040	(1,473,921)
Subscription liability	(84,495)	198,109
Other current liabilities	300	(91,780)
Total OPEB liability	(7,008,871)	(4,538,587)
Net pension liability	(22,037,126)	(18,259,540)
Net cash used in operating activities	$(77,279,242)	$(66,116,214)

See accompanying notes.

1. Reporting Entity

The Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam (GovGuam), was created in 1977 under Public Law No. 14-29 as an autonomous agency of the Government of Guam. GMHA owns and operates the Guam Memorial Hospital (the Hospital). The Hospital has 175 acute care beds and 36 beds for long-term care at the Skilled Nursing Unit (SNU). The hospital provides standard acute care services and certain specialty services primarily to the residents of Guam and neighboring islands, such as Saipan, Tinian, Rota, Palau, and Micronesia. These include adult and pediatric, clinical and ancillary medical services; and 24-hour emergency services. The Hospital derives a significant portion of its revenues from third-party payors, including Medicare, GovGuam's Medically Indigent Program (MIP), Medicaid and commercial insurers.

GMHA operates under the authority of a nine-member Board of Trustees, all of whom were appointed by the Governor of Guam with the advice and consent of the Guam Legislature.

GMHA's financial statements are incorporated into the financial statements of GovGuam as a component unit.

2. Summary of Significant Accounting Policies

GMHA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The financial statements of GMHA have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions. GMHA considers revenues and costs that are directly related to patient and other healthcare operations to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating.

Net Position

Net position represents the residual interest in GMHA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of the following sections:

- Net investment in capital assets - includes capital assets restricted and unrestricted, net of accumulated depreciation reduced by outstanding debt net of debt service reserve.

2. Summary of Significant Accounting Policies, continued

Net Position, continued

- Restricted nonexpendable - net position subject to externally imposed stipulations that require GMHA to maintain the position permanently.
- Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GMHA pursuant to those stipulations or that expire with the passage of time.
- Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Custodial credit risk is the risk that, in the event of a bank failure, GMHA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name.

For purposes of the statements of net position and of cash flows, cash is defined as cash on hand, cash held in demand accounts, and time certificates of deposit maturing within ninety days. As of September 30, 2025 and 2024, cash is $10,252,107 and $612,105, and the corresponding bank balances amounted to $10,247,407 and $605,405, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2025 and 2024, bank deposits in the amount of $250,000 are FDIC insured. In accordance with 5 GCA 21, *Investments and Deposits*, GMHA requires collateralization of deposits in excess of depository insurance limits at 100%. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged or such other securities as may be approved by GMHA. As of September 30, 2025 and 2024, all of GMHA's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GMHA's name.

2. Summary of Significant Accounting Policies, continued

Patient Accounts Receivable

Accounts receivable for services provided to patients covered under the Medicare, MIP and Medicaid programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors (including self-pay) are recorded at their estimated realizable values based on contractual billing rates or GMHA's standard fees for non-contract payors. A provision for uncollectible accounts is based on management's evaluation of the collectability of current accounts and historical trends. Finance charges or interest is not accrued for past due accounts. Uncollectible accounts are written-off against the provision for the specific insurance or payor program.

Management believes there are no significant credit risks associated with the net receivables from government programs. Receivables from managed care programs and others are from various payors who are subject to differing economic conditions. They do not represent any concentrated credit risk to the Hospital. Management continually monitors and adjusts the estimated allowances for contractual adjustments and uncollectible accounts.

Due from Government of Guam, net

Amounts due from GovGuam consists of receivables from local appropriations, reimbursable expenditures from Federal grant awards, and receivables from Department of Corrections (DOC) for outpatient clinic services to detainees and inmates. GMHA recorded an estimated allowance for uncollectible accounts of $1,719,042 for its receivable from DOC for the fiscal years ended September 30, 2025 and 2024.

Inventory

Inventory consists of pharmaceutical and other hospital supplies. GMHA reports inventory at the lower of cost, determined using an average historical cost, or market and is shown net of a provision for obsolescence commensurate with known or estimated exposures.

Capital Assets

Capital assets consist of building and land improvements, long-term care facilities and movable equipment. Building and land improvements acquired prior to June 30, 1978, are recorded at their appraised values at June 30, 1978 with subsequent additions recorded at cost. GMHA capitalizes all expenditures of property and equipment at the time of acquisition that equal or exceeds $5,000 with a minimum useful life of at least three years.

2. Summary of Significant Accounting Policies, continued

Capital Assets, continued

Major renewals and betterments are capitalized, while maintenance and repairs, which do not improve or extend the life of an asset, are charged to expense. Donated capital assets are recorded at their fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Useful lives for capital assets are based on the American Hospital Association Guide, *Estimated Useful Lives of Depreciable Hospital Assets*, as follows:

Building and land improvements	10 - 40 years
Long - term care facilities	10 - 40 years
Movable equipment	3 - 20 years

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GMHA has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, changes in actuarial assumptions or other inputs, pension and OPEB contributions made subsequent to the measurement date and changes in proportion and differences between GMHA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. GMHA has determined the differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions or other inputs, and changes in proportion and differences between GMHA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Due to Government of Guam

Amounts due to GovGuam consists of payments made by GovGuam on behalf of GMHA to various vendors and cash advances.

2. Summary of Significant Accounting Policies, continued

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. Except as discussed below, no liability is accrued for non-vesting sick leave benefits. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Employees who have accumulated annual leave in excess of three hundred twenty (320) hours may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Members of the Defined Contribution Retirement System (DCRS) receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement. At September 30, 2025 and 2024, GMHA has accrued an estimated sick leave liability of $4,163,915 and $3,942,208. However, this amount is an estimate and the actual payout may be materially different from the estimate.

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GMHA recognizes a net pension liability for the defined benefit pension plan it participates in, which represents GMHA's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GMHA's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

2. Summary of Significant Accounting Policies, continued

Pensions and Other Postemployment Benefits (OPEB), continued

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GMHA recognizes a net OPEB liability for the defined benefit OPEB plan it participates in, which represents GMHA's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis. Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Net Patient Service Revenues

GMHA has a fee schedule applicable for all providers, however, third-party payors such as Medicare, Medicaid and MIP have payment arrangements at amounts different from GMHA's established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments under reimbursement agreements and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services were rendered and adjusted in future periods as final settlements are determined.

Contributions from the Government of Guam

GMHA receives financial support from GovGuam in the form of supplemental appropriations and subsidies, including on-behalf payments. As these supplemental appropriations and subsidies are for noncapital purposes, regardless of restrictions, they are classified as noncapital contributions and are included as nonoperating revenues in the statements of revenues, expenses and changes in net position. GovGuam contributions that are restricted for acquiring or improving capital assets are reported as capital grants and contributions in the statements of revenues, expenses and changes in net position.

2. Summary of Significant Accounting Policies, continued

Federal Grant Award Revenues and Contributions

Revenues from federal awards and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Federal awards and contributions may be restricted either for specific operating purposes or for capital acquisitions. Amounts restricted to capital replacement and expansions are reported as capital grants and contributions in the statements of revenues, expenses and changes in net position.

Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims, and claims incurred but not reported.

Risk Management

GMHA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. GMHA is self-insured for medical malpractice claims and judgments.

Recently Adopted Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The adoption of this statement does not have material effect on the financial statements.

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The adoption of this statement does not have material effect on the financial statements.

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for fiscal years ending September 30, 2026.

In December 2025, GASB issued Statement No. 105, *Subsequent Events.* The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. GASB Statement No. 105 will be effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

GMHA is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

3. Patient Accounts Receivable, net

GMHA grants credit without collateral to its patients, many of whom are Guam residents and are insured under third-party payor agreements. Patient accounts receivable, net at September 30, 2025 and 2024 consist of:

	2025	2024
Collection agencies and other	$121,633,437	$94,759,652
Account referrals – Department of Revenue and Taxation	77,488,208	99,358,388
Medicaid assistance program	65,569,523	51,846,750
Self-pay patients	63,144,371	47,311,246
Medicare	42,792,224	36,368,249
Local third-party payor and other	39,445,586	35,277,112
Medically indigent program	(227,565)	(209,625)
	409,845,784	364,711,772
Less allowance for uncollectible accounts	361,773,709	312,088,153
	$ 48,072,075	$ 52,623,619

Patient accounts receivable from "Local third-party payor and other" includes receivables from GovGuam for healthcare services of $10,124,010 and $11,989,746, as of September 30, 2025 and 2024, respectively. During fiscal years 2025 and 2024, GMHA collected $3,164,246 and $4,363,679, respectively, from accounts referred to the Department of Revenue and Taxation.

4. Inventory, net

Inventory, net at September 30, 2025 and 2024 consists of the following:

	2025	2024
Pharmaceuticals, drugs and medicine	$2,180,147	$2,100,832
Medical and pharmaceutical supplies	1,204,060	1,192,041
	3,384,207	3,292,873
Less allowance for obsolescence	493,522	493,522
	$2,890,685	$2,799,351

5. Capital Assets, net

Capital assets activity for the year ended September 30, 2025 are as follows:

	Balance October 1, 2024	Additions	Transfers and Deletions	Balance September 30, 2025
Depreciable capital assets:				
Building and land improvements	$ 75,883,322	$ 337,000	$(349,200)	$ 75,871,122
Long-term care facility	11,224,746	---	---	11,224,746
Movable equipment	35,193,931	5,615,360	(1,720,907)	39,088,384
	122,301,999	5,952,360	(2,070,107)	126,184,252
Accumulated depreciation and amortization	(97,805,419)	(5,209,723)	1,825,092	(101,190,050)
Allowance for impairment	(400,000)	---	---	(400,000)
	(98,205,419)	(5,209,723)	1,825,092	(101,590,050)
	24,096,580	742,637	(245,015)	24,594,202
Non-depreciable capital assets:				
Construction-in-progress	2,875,534	1,329,167	---	4,204,701
Subscription-based IT asset:				
Subscription-based IT assets	6,579,716	---	---	6,579,716
Accumulated amortization	(2,013,852)	(1,012,260)	---	(3,026,112)
	4,565,864	(1,012,260)	---	3,553,604
Total capital assets, net	$ 31,537,978	$1,059,544	$(245,015)	$ 32,352,507

5. Capital Assets, net, continued

Capital assets activity for the year ended September 30, 2024 are as follows:

	Balance October 1, 2023	Additions	Transfers and Deletions	Balance September 30, 2024
Depreciable capital assets:				
Building and land improvements	$ 75,845,772	$ 37,550	$ ---	$ 75,883,322
Long-term care facility	11,224,746	---	---	11,224,746
Movable equipment	35,137,127	3,135,565	(3,078,761)	35,193,931
	122,207,645	3,173,115	(3,078,761)	122,301,999
Accumulated depreciation and amortization	(96,091,514)	(4,736,234)	3,022,329	(97,805,419)
Allowance for impairment	(400,000)	---	---	(400,000)
	(96,491,514)	(4,736,234)	3,022,329	(98,205,419)
	25,716,131	(1,563,119)	(56,432)	24,096,580
Non-depreciable capital assets:				
Construction-in-progress	2,856,734	18,800	---	2,875,534
Subscription-based IT asset:				
Subscription-based IT assets	6,510,327	69,389	---	6,579,716
Accumulated amortization	(1,001,592)	(1,012,260)	---	(2,013,852)
	5,508,735	(942,871)	---	4,565,864
Total capital assets, net	$ 34,081,600	$(2,487,190)	$(56,432)	$ 31,537,978

6. Long-Term Liabilities

The changes in long-term liabilities for the years ended September 30, 2025 and 2024, are as follows:

	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025	Due Within One Year
Compensated absences	$ 9,909,999	$ 402,040	$ ---	$ 10,312,039	$2,642,838
Net Pension liability	155,356,324	---	(24,444,045)	130,912,279	---
OPEB liability	219,962,485	---	(46,731,617)	173,230,868	---
	$385,228,808	$ 402,040	$(71.175,662)	$314,455,186	$2,642,838

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024	Due Within One Year
Compensated absences	$ 11,383,920	$ 5,561,306	$(7,035,227)	$ 9,909,999	$2,494,541
Net Pension liability	163,291,078	---	(7,934,754)	155,356,324	---
OPEB liability	183,003,125	36,959,360	---	219,962,485	---
	$357,678,123	$42,520,666	$(14,969,981)	$385,228,808	$2,494,541

7. Medical Malpractice/Employment and Personnel Claims

GMHA is self-insured for malpractice. GMHA's exposure under malpractice claims is limited to $500,000 per claim by the Government Claims Act. GMHA is the defendant in claims, including claims for employment and personnel matters, which are pending review or are expected to go to litigation. While GMHA intends to pursue an aggressive defense of these cases and claims, the possibility exists that some may result in material monetary damages being awarded to claimants or plaintiffs. Hospital management is of the opinion that resolution of these claims will not have a material impact on the accompanying financial statements.

8. Pensions

GMHA is statutorily responsible for providing pension benefits for GMHA employees through the GovGuam Retirement Fund (GGRF).

8. Pensions, continued

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GMHA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018 are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2019 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

8. Pensions, continued

A. General Information About the Pension Plans, continued:

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of $2,300 for 2025 and 2024, respectively. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans: the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the "election window", to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

8. Pensions, continued

A. General Information About the Pension Plans, continued:

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2022 and 2021 actuarial valuation was used for determining the years ended September 30, 2025 and 2024 statutory contributions.

The Authority's statutory contribution rates were 30.77% and 29.43% for the years ended September 30, 2025 and 2024, respectively. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2025 and 2024.

GMHA's contributions to the DB Plan for the years ended September 30, 2025 and 2024, was $9,325,650 and $7,405,774, respectively, which were equal to the required contributions for the year ended.

GMHA's recognized supplemental annuity benefit payments and the COLA payments as transfers from GovGuam for the years ended September 30, 2025 and 2024 amounting to $1,826,569 and $1,844,965, respectively, which were equal to the statutorily required contributions for the year then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

8. Pensions, continued

A. General Information About the Pension Plans, continued:

Statutory employer contributions for the DCRS plan for the years ended September 30, 2025 and 2024 is determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

GMHA's contributions to the DCRS Plan for the years ended September 30, 2025 and 2024 were $12,169,810 and $11,385,533, respectively, which were equal to the required contributions for the year then ended. Of these amounts, $9,727,933 and $8,979,679, respectively, was contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2025 and 2024.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2025 and 2024, GMHA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2023 and September 30, 2022, respectively, which is comprised of the following:

	2025	2024
Defined Benefit Plan	$104,198,924	$130,405,807
Ad Hoc COLA/supplemental annuity Plan for DB retirees	19,703,186	17,374,986
Ad Hoc COLA Plan for DCRS retirees	7,010,169	7,575,531
	$130,912,279	$155,356,324

GMHA's proportion of the GovGuam net pension liabilities was based on GMHA's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units.

Pension expense: For the years ended September 30, 2025 and 2024, GMHA recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	2025	2024
Defined Benefit Plan	$16,533,392	$24,352,120
Ad Hoc COLA/supplemental annuity Plan for DB retirees	1,510,048	1,793,603
Ad Hoc COLA Plan for DCRS retirees	(451,694)	1,633,083
	$17,591,746	$27,778,806

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Deferred Outflows and Inflows of Resources: At September 30, 2025 and 2024, GMHA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 139,778	$ 777,212	$ 953,260	$333,690	$ 733,815	$ 81,043
Net difference between projected and actual investment earnings on pension plan investments	---	13,224,126	---	---	---	---
Changes of assumptions	---	416,976	433,170	---	1,474,291	1,142,905
Contributions subsequent to the measurement date	19,053,582	---	1,486,169	---	340,400	---
Changes in proportion and difference between GMHA contributions and proportionate share of contributions	4,296,876	631,849	10,418	14,974	928,019	49,931
	$23,490,236	$15,050,163	$2,883,017	$348,664	$3,476,525	$1,273,879

	2024					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,339,004	$1,466,863	$ ---	$ 703,696	$ 742,204	$ 97,458
Net difference between projected and actual investment earnings on pension plan investments	16,972,127	---	---	---	---	---
Changes of assumptions	---	786,976	266,185	885,224	1,466,627	1,341,126
Contributions subsequent to the measurement date	16,385,453	---	1,511,465	---	333,500	---
Changes in proportion and difference between GMHA contributions and proportionate share of contributions	694,133	1,263,699	71,252	29,949	942,511	70,345
	$35,390,717	$3,517,538	$1,848,902	$1,618,869	$3,484,842	$1,508,929

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2025 will be recognized in pension expense as follows:

Year Ending September 30	Defined Benefit Plan	Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2026	$(530,510)	$ 467,423	$ 211,468
2027	4,236,597	580,761	211,466
2028	(7,939,915)	---	219,236
2029	(6,379,681)	---	209,754
2030	---	---	94,999
Thereafter	---	---	915,323
	$(10,613,509)	$1,048,184	$1,862,246

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (9.58 years remaining as of September 30, 2023)
Asset Valuation Method:	3-year phase-in of gains/losses relative to interest rate assumption
Inflation:	2.50% per year
Total Payroll Growth:	2.50% per year (after September 30, 2024)
Salary Increases:	6% per year for the first 5 years of service, 4.5% for over 5 to 10 years, and 3.0% for service over 10 years.

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire.
Mortality:	PUB-2010 General Retiree table, 130% before age 80 (males +4, females +2). PUB-2010 General Contingent Survivors table, 130% before age 80 (males +3, females +4). Both tables projected generationally using 50% of Scale MP-2020 from 2010.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of an actuarial experience study for the period October 1, 2015 to September 30, 2020. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ.

The investment return rate assumption as of September 30, 2024 was 7%, net of investment expenses. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Nominal Return	Component Return
U.S. Equities (large cap)	26.0%	7.83%	2.05%
U.S. Equities (small cap)	4.0%	9.32%	0.37%
Non-U.S. Equities	17.0%	10.12%	1.72%
Non-U.S. Equities (emerging markets)	3.0%	11.79%	0.35%
U.S. Fixed Income (aggregate)	22.0%	4.86%	1.07%
Risk Parity	8.0%	6.53%	0.52%
High Yield Bonds	8.0%	6.54%	0.52%
Global Real Estate (REITs)	2.5%	9.34%	0.23%
Global Equity	7.5%	8.59%	0.64%
Global Infrastructure	2.0%	8.42%	0.17%

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Expected arithmetic mean (1 year)	7.64%
Expected geometric mean (30 years)	6.91%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2024 and 2023 was 3.81% and 4.09%, respectively, which is equal to the rate of return of a high quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$136,509,498	$104,198,924	$76,381,825

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 2.81%	Current Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
Total collective pension liability	$ 21,501,228	$ 19,703,186	$ 18,137,427

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 2.81%	Current Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
Total collective pension liability	$ 7,866,714	$ 7,010,169	$ 6,284,068

8. Pensions, continued

C. Payables to the Pension Plans:

As of September 30, 2025 and 2024, respectively, GMHA recorded payables to GGRF of $1,271,737 and $1,185,869, representing statutorily required contributions unremitted as of year-end, and is included in the accounts payable - trade in the accompanying statements of net position.

9. Other Post Employment Benefits (OPEB)

GMHA participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

A. General Information About the OPEB Plan

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Benefits Provided: The OPEB Plan provides post-employment medical, dental and life insurance benefits to GMHA retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GMHA contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard islandwide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

9. Other Post Employment Benefits (OPEB), continued

A. General Information About the OPEB Plan, continued

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the years ended September 30, 2025 and 2024, GMHA recognized certain on-behalf payments as transfers from GovGuam, totaling $4,718,766 and $3,969,651, respectively, representing certain healthcare benefits that GovGuam's General Fund paid directly on behalf of GMHA retirees and were equivalent to the required contribution for those years.

B. Total Collective OPEB Liability

Total OPEB liability at the fiscal year presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

	2025	2024
Reporting Date	September 30, 2025	September 30, 2024
Measurement Date	September 30, 2024	September 30, 2023
Valuation Date	September 30, 2024	September 30, 2023

Collective total OPEB liability as of September 30, 2025 and 2024 is $173,230,868 and $219,962,485, respectively.

Proportionate share of total OPEB liability at September 30, 2025 and 2024 is 7.91% and 8.05%, respectively.

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.6% per year
Discount rate:	3.81%, compounded annually, based on a tax-exempt, high quality municipal bond rate. Previously 4.09%, as of September 30, 2023.
Amortization rate:	Level dollar amount over 30 years on an amortization period for pay-as-you-go funding.

9. Other Post Employment Benefits (OPEB), continued

B. Total Collective OPEB Liability, continued:

Salary increases: 6.0% per year for the first 5 years of service, 4.5% for 6- 10 years, 3% for over 10 years.

Healthcare cost trend rates:

Fiscal Year	Claims	Retiree Contributions	Medicare Premiums
2025	7.00%	0.00%	8.76%
2026	6.50%	0.00%	7.62%
2027	6.00%	0.00%	7.00%
2028	5.50%	0.00%	7.00%
2029	5.00%	0.00%	7.00%
2030	4.50%	0.00%	7.00%
2031-2034	4.10%	0.00%	7.00%
2035	4.10%	0.00%	6.50%
2036	4.10%	0.00%	6.00%
2037	4.10%	0.00%	5.50%
2038	4.10%	0.00%	5.00%
2039	4.10%	0.00%	4.50%
Ultimate	4.10%	0.00%	4.10%

Health care trend assumptions begin at current levels and grade down over a period of years to lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components is expected to decline year by year. Medical trend rates applied to projected claims costs.

Previously, retiree contribution trend rates were the same as the trend rates shown for claims.

Previously, Medicare premium trend rates were 4.25% per year in all years.

9. Other Post Employment Benefits (OPEB), continued

B. Total Collective OPEB Liability, continued:

Dental trend rates:	For claims, 4.25% per year. For retiree contributions, 0% per year. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. The 0% retiree contribution increases reflect recent Guam plan experience.
Mortality rates:	Active employees: PUB-2010 General employees Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020. Healthy retirees: PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020. Disabled retirees: PUB-2010 General Disabled Retiree Headcount-Weighted Mortality Table. Set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020. Survivors: PUB-2010 General Contingent Survivor Headcount-Weighted Mortality Table, set forward 3 years and 4 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

9. Other Post Employment Benefits (OPEB), continued

B. Total Collective OPEB Liability, continued:

Mortality rates, continued: The actuarial valuation is performed using a mortality table used by Milliman, the current pension actuary, based on an actuarial experience study of the experience from 2016 to 2020 which justified the use of the current mortality tables. The mortality tables used by Milliman are weighted by amount (salary for active employees and benefit amount for those in payment status).

For this retiree medical valuation, the headcount-weighted mortality tables are used, which are more appropriate for the measurement of obligations with benefit structures uncorrelated with income.

C. Changes in the Total OPEB Liability:

Discount rate: The discount rate used to measure the total OPEB liability was 3.81%. The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 3.81% municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate 2.81%	Current Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
Total OPEB Liability	$201,233,302	$173,230,868	$150,553,499

9. Other Post Employment Benefits (OPEB), continued

C. Changes in the Total OPEB Liability, continued:

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$147,807,708	$173,230,868	$205,723,795

For the years ended September 30, 2025 and 2024, GMHA reported total OPEB expense of $12,491,090 and $15,657,201, respectively, for its proportionate share of the GovGuam total OPEB expense. At September 30, 2025 and 2024, GMHA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflowsof Resources
Changes of assumptions	$ 9,755,139	$28,920,325	$ 7,432,731	$42,147,105
Differences between expected and actual experience	24,175,269	61,112,344	33,656,150	9,289,564
Contributions subsequent to the measurement date	4,718,766	---	3,969,651	---
Changes in proportion and difference between employer contributions and proportionate share of contributions	7,884,329	3,567,561	11,525,246	---
	$46,533,503	$93,600,230	$56,583,778	$51,436,669

9. Other Post Employment Benefits (OPEB), continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2025 will be recognized in OPEB expense as follows:

Year ending September 30	
2026	$(8,862,239)
2027	(9,206,932)
2028	(10,777,975)
2029	(10,777,975)
2030	(4,466,403)
Thereafter	(7,693,969)
	$(51,785,493)

10. Net Patient Service Revenue

GMHA has a fee schedule applicable for all providers, however, third-party payors such as Medicare, Medicaid and MIP have payment arrangements at amounts different from GMHA's established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare - Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. Rates for the long-term care facility vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. GMHA is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by GMHA and audits thereof by the Medicare fiscal intermediary.

- Medicaid Assistance Program and MIP - GMHA is reimbursed for the cost of inpatient and outpatient services rendered under the programs administered by the GovGuam Department of Public Health and Social Services. During each fiscal year, GMHA is reimbursed on a per diem rate for in-patient and percentage charges for outpatient.

10. Net Patient Service Revenue, continued

Gross patient revenue percentage from the Medicaid, Medicare, and MIP programs of GMHA's gross patient revenue for the years ended September 30, 2025 and 2024 have been determined as follows:

	2025	2024
Medicaid	31.76%	32.42%
Medicare	31.59%	29.53%
MIP	0%	0.04%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, actual results could differ from recorded estimates.

Patient service revenues for the years ended September 30, 2025 and 2024 is as follows:

	2025	2024
Services provided to Medicaid patients	$ 95,675,790	$ 93,741,439
Services provided to Medicare patients	95,165,163	85,393,081
Services provided to Self-pay patients	31,574,567	32,561,427
Services provided to MIP patients	8,432	123,103
Services provided to other patients	78,799,791	77,338,571
	301,223,743	289,157,621
Less contractual adjustments and provisions for uncollectible accounts	187,952,142	155,250,565
Net patient service revenue	$113,271,601	$133,907,056

11. Transfers from the Government of Guam

During the years ended September 30, 2025 and 2024, GovGuam passed supplemental appropriations in public laws from the General Fund and various special revenue funds for certain specific programs and financial assistance, which are summarized as follows:

	2025	2024
Pharmaceuticals Fund	$24,202,064	$21,714,329
General Fund	13,528,360	8,491,370
General Fund – Operational Costs and Capital Improvements	26,530,857	---
FY24 Excess Revenues	19,998,323	---
General Fund – On behalf payments	6,545,335	6,794,929
Healthcare Trust and Development Fund	2,416,943	---
FY22 Audited Surplus Fund	708,135	3,361,963
Emergency Fund	---	30,000,000
Merit Bonus	---	973,063
	$93,930,017	$71,335,654

In accordance with Public Law 37-125, GovGuam appropriated $24.2 million from the GMHA Pharmaceuticals Fund and $13.5 million from the General Fund for the year ended September 30, 2025.

In accordance with Public Law 37-42, GovGuam appropriated $21.7 million from the GMHA Pharmaceuticals Fund and $8.5 million from the General Fund for the year ended September 30, 2024.

In accordance with Public Law 38-59, GovGuam appropriated $40.0 million from the General Fund to fund GMHA's operational costs and capital improvements of which $26.5 million was received for the year ended September 30, 2025.

In accordance with Public Law 37-135, GovGuam appropriated $20.0 million from the FY24 excess revenues for GMHA's operations for the year ended September 30, 2025.

During the years ended September 30, 2025 and 2024, GMHA recognized certain on-behalf payments as transfers from GovGuam, totaling $6.5 million and $6.8 million, respectively, representing certain healthcare benefits and other pension benefits that GovGuam's General Fund paid directly on behalf of Hospital retirees.

In accordance with Public Law 32-60, GovGuam established GMHA Healthcare Trust And Development Fund of which funds shall be allocated to GMHA for the purpose of subsidizing the establishment and operation of an Urgent Healthcare Center within GMHA or its delivery of healthcare services. For the year ended September 30, 2025, GMHA recognized revenue totaling $2.4 million related to this funding.

11. Transfers from the Government of Guam, continued

In accordance with Public Law 36-107, GovGuam appropriated $5.0 million from the FY22 audited surplus fund balance for recruitment and hiring of specialty care physicians of which $0.71 million and $3.4 million was received for the year ended September 30, 2025 and 2024, respectively.

In accordance with Public Law 37-43, GovGuam appropriated $30.0 million emergency fund for GMHA for the year ended September 30, 2024 to use for vendor payments and perform necessary building repairs. In addition, in accordance with Public Law 37-123, GovGuam appropriated $1.0 million merit bonus for the year ended September 30, 2024.

In accordance with Public Law 36-107, GovGuam appropriated $15.0 million from the Hospital Capital Improvement Fund for GMHA' s capital improvement projects or renovations of GMHA's delivery ward. No amount was received for the years ended September 30, 2025 and 2024.

12. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of who are residents of Guam and are either insured under third-party payor agreements or uninsured. The mix of receivables from patients and third-party payors at September 30, 2025 and 2024 follows:

	2025	2024
Self-pay patients	64%	66%
Medicaid assistance program	16%	10%
Medicare	11%	14%
Local third-party payor and other	10%	11%
Medically indigent program	(1%)	(1%)
	100%	100%

13. Commitments and Contingencies

Medicare

The GovGuam and its component units, including GMHA, began withholding and remitting funds to the U.S. Social Security System for the health insurance component of its salaries and wages effective October 1998 for employees hired after March 31, 1986. Prior to October 1998, the GovGuam did not withhold or remit Medicare payments to the U.S. Social Security System. If the Government is found to be liable for such amounts, an indeterminate liability could result. It is the opinion of GMHA and all other component units of the GovGuam that this health insurance component is optional prior to October 1998. Therefore, no liability for any amount which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

13. Commitments and Contingencies, continued

Facility Condition Assessment

In November 2019, the US Army Corps of Engineers (ACOE) conducted a facility condition assessment of the hospital building. The report recommended GMHA to construct a new multi-story hospital of equivalent size on a suitable site on the island, with an estimated cost of $743 million. Site selection for the new hospital is being evaluated.

Although new construction will be pursued, the ACOE recommended that GMHA immediately begin work to repair the Hospital's critical life safety items to include roof replacement, exterior building repairs, HVAC repairs, and other life safety repairs. The final report estimated the cost of immediate repairs at $21 million to support the reaccreditation of the facility. In October 2023, GovGuam committed $20 million from the American Rescue Plan Act funds for GMHA capital improvements to address the ACOE assessment. In December 2023, due to unforeseen circumstances, the $20 million commitment for CIPs was amended to $10 million for GMHA vendor payments to alleviate revenue losses and decreased cash flows. Other funding sources for CIP include federal grants and $15.0M for the Hospital's maternal child healthcare renovation project from P.L. 36-107 in 2022. Other funding sources, to include GMHA operations funds, will be used for capital improvement commitments.

Funds through U.S. Department of Homeland Security

In March 2022, DOA paid approximately $5 million directly to a travel nurse vendor on behalf of GMHA. The payment was recorded by GMHA as a liability due to DOA, with the expectation that DOA would be reimbursed from future Federal Emergency Management Agency (FEMA) reimbursements for eligible travel nurse costs. GMHA was not aware that the DOA payment had been funded with American Rescue Plan Act (ARPA) funds until DOA provided written confirmation of the funding source during the fiscal year 2023 audit.

FEMA reimbursed GMHA approximately $3,500,000 (representing the eligible 70% share) for the same travel nurse expenditures, resulting in a potential duplication of federal benefits. As a result, management has recorded this as liability starting September 30, 2023. The amount is presented as Due to the U.S. Federal Government in the accompanying statements of net position as of September 30, 2025 and 2024. The liability will be offset by pending future FEMA reimbursements that are yet to be adjudicated. However, the ultimate resolution of this matter remains subject to review by the applicable federal agencies.

Litigation

GMHA is involved in litigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the accompanying financial statements.

14. Related Party Transactions

Dependency on the Government of Guam

Funds subsidy and assistance from the Government of Guam

GMHA management has taken the following actions and measures to address losses from operations and negative cash flows from operations:

- FY 2025 transfers from GovGuam of $93.9M and federal grants of $11.9M subsidized GMHA net revenues for GMHA's operational expenses resulting in a positive change in net position of $13.8M.

- Expected FY 2026 appropriations from GovGuam are $97.5M inclusive of $19.7M for capital improvement. These government subsidies augment net revenues. As of April 30, 2026, GMHA operating losses are $42.0M while transfers from GovGuam are $50.4M and federal grants are $1.0M resulting in a positive change in net position of $11.6M.

- FY 2027 budget request was submitted to the Guam Legislature on March 31, 2026. The budget projected a shortfall of $36.3M for operations. On April 30, 2026, GMHA presented its budget request to the Committee on Finance and Government Operations at the Guam Legislature. After extensive discussion during the public hearing, the Legislature took the request under advisement until the Legislature convenes for session to discuss the bill on FY 2027 appropriations. GMHA feels fairly confident in the receiving a portion of the requested amount. However, various cuts in expenses are planned if GMHA is underfunded. These cuts are focused on mainly reducing costs for contractual services such as travel nurses, physician contracts, and others, and exploring outsourcing of certain non-clinical areas such as revenue cycle management, dietary, housekeeping, and security. Workforce reduction will also be considered.

Medicare & Medicaid

- GMHA is continuing the work with our Legislative Chairperson for the Committee on Health and Veterans Affairs and our Congressman to increase Medicare and Medicaid reimbursements. For Medicare, discussions have revolved around rebasing and Critical Access Hospital or other appropriate designation as possible means for increasing GMHA's current rate as a TEFRA hospital. TEFRA hospitals are reimbursed based on the cost of treating Medicare patients as determined by the annual Medicare Cost Report with an aggregate per discharge limit (or cap) based on the facility's cost of care in the base year. The discharge limit is increased each year by a hospital market basket index determined by Medicare to account for inflation, which averages 3% per year.

14. Related Party Transactions, continued

Dependency on the Government of Guam, continued

Medicare & Medicaid, continued

- Medicaid currently reimburses GMHA on the same capped per diem rate as Medicare. GMHA is actively working with the Department of Public Health and Social Services to consider and adopt Certified Public Expenditures approach to reimburse GMHA for medical services provided to Medicaid patients. Certified Public Expenditures (CPEs) are a Medicaid financing mechanism that allows publicly operated healthcare providers, such as GMHA, to use eligible costs incurred in delivering Medicaid-covered services as the non-federal share required to draw down federal Medicaid matching funds. Under a CPE program, GMHA would certify its allowable expenditures for services provided to Medicaid beneficiaries, and those certified costs could then be used to obtain additional federal reimbursement without requiring a separate local cash appropriation. For GMHA, effective utilization of CPEs represents an opportunity to increase Medicaid funding, improve reimbursement for uncompensated or underfunded services, strengthen cash flow, and support the hospital's long-term financial sustainability while continuing to provide essential healthcare services to Guam's Medicaid population.

- Additionally, GMHA is reaching out to leadership in the FSM to help remove barriers from Compact of Free Association (COFA) citizens applying for Medicaid coverage for medical services in Guam. Common barriers to completing Medicaid applications include obtaining required vital statistics documentation from COFA citizens. This effort also reduces the number of self-pay patients.

Being the only civilian public acute care hospital in Guam, GMHA will continue to exist despite negative operating losses and negative cash from operating activities. Accordingly, the financial statements were prepared as a going concern entity.

Due to the Government of Guam

During the years ended September 30, 2025 and 2024, Due to the Government of Guam pertains to various transactions, which are summarized as follows:

	2025	2024
Advances to Medicaid	$6,222,801	$ 3,405,881
Advances to offset withholding taxes	502,522	1,829,124
On behalf payments for Pharmaceutical purchases	---	4,993,410
On behalf payments made for nursing services	---	4,674,181
On behalf payments for medical and dental insurance	---	3,168,139
Others	86,819	---
	$6,812,142	$18,070,735

14. Related Party Transactions, continued

COVID-19 Funds through the Government of Guam

For the year ended September 30, 2025, GMHA received payroll and vendor support which amounted to $10,414,316 that were fully incurred and collected as of September 30, 2025 and is included in the Federal grants in the accompanying statements of revenues, expenses and changes in net position.

15. Subscription-based IT Arrangements

On April 8, 2020, GMHA entered into a 5-year Master License and Subscription Agreement for Electronic Health Records (EHRs) system, and financial and revenue cycle management (RCM) solutions with Medsphere Systems Corporation ("Medsphere"). The agreement, originally set to expire on April 8, 2025, has been extended by an additional three (3) years, resulting in a total term of eight (8) years from the original effective date, and is now effective through April 8, 2028. The agreement requires the payment of subscription service fees to Medsphere.

GASB 96 requires the use of the interest rate the Subscription-based IT Arrangements (SBITA) vendor charges the government, which may be the interest rate implicit in the SBITA. As the implicit rate is rarely determinable, GMHA used the Guam Business Privilege Tax Refunding Bonds interest rate with a similar term as the incremental borrowing rate upon initial adoption. The remaining subscription term and discount rate are as follows:

Remaining subscription term	3.58 years
Discount rate	5.00%

The following table provides the maturities of the subscription liability at September 30, 2025:

Year ending September 30,	Principal	Interest	Total
2026	$ 950,170	$222,338	$1,172,508
2027	1,054,386	124,635	1,179,021
2028	1,088,027	97,625	1,185,652
2029	864,474	21,612	886,086
	$3,957,057	$466,210	$4,423,267

16. Subsequent Event

In July 2026, Super Typhoon Bavi passage to the Mariana Islands region impacted Guam. As of the date of issuance of these financial statements, the Hospital is assessing the extent of any damage to facilities and equipment, as well as storm-related response and recovery costs. The Hospital is unable to reasonably estimate the potential impact on its future financial statements at this time.

Required Supplementary Information

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

Schedule 1
Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability - Defined Benefit Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GMHA's proportionate share of the net pension liability	$ 104,198,924	$ 130,405,807	$ 141,311,415	$ 89,839,485	$ 111,975,847	$ 105,391,734	$ 103,815,783	$ 103,946,075	$ 123,668,997	$ 133,213,450
GMHA's proportion of the net pension liability	9.89%	9.34%	9.50%	9.32%	8.98%	8.68%	8.80%	9.10%	9.04%	9.27%
GMHA's covered payroll*	$ 62,685,481	$ 55,716,150	$ 52,770,724	$ 49,646,005	$ 48,500,356	$ 44,214,485	$ 45,240,661	$ 46,255,958	$ 45,750,624	$ 47,411,059
GMHA's proportionate share of the net pension liability as percentage of its covered payroll	166.22%	234.15%	267.66%	180.96%	230.88%	238.36%	229.47%	224.72%	270.31%	280.98%
Plan fiduciary net position as a percentage of the total pension liability	69.68%	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%

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

Schedule 2
Required Supplemental Information (Unaudited)
Schedule of Proportionate Share on Net Pension Liability - Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GMHA's proportionate share of the net pension liability	$ 19,703,186	$ 17,374,986	$ 16,614,544	$ 19,756,393	$ 20,465,583	$ 20,629,361	$ 18,580,907	$ 18,350,836	$ 14,608,250	$ 14,882,725
GMHA's proportion of the net pension liability	6.47%	6.46%	6.48%	6.41%	6.36%	6.36%	6.41%	6.37%	6.37%	6.31%

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

Schedule 3
Required Supplemental Information (Unaudited)
Schedule of Proportionate Share on Net Pension Liability - Ad Hoc COLA Plan for DCRS Retirees
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GMHA's proportionate share of the net pension liability	$ 7,010,169	$ 7,575,531	$ 5,365,119	$ 6,006,578	$ 5,376,463	$ 4,676,440	$ 3,738,860	$ 4,780,154	$ 4,908,140	$ 4,126,989
GMHA's proportion of the net pension liability	9.82%	9.67%	8.92%	8.51%	8.10%	7.81%	7.58%	7.65%	7.96%	7.92%

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

Schedule 4
Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily determined contribution	$ 16,610,223	$ 13,817,923	$ 13,112,724	$ 11,764,172	$ 10,868,116	$ 10,893,064	$ 10,600,286	$ 11,773,474	$ 10,797,566	$ 12,606,829
Contribution in relation to the statutorily determined contribution	19,053,583	16,385,454	12,269,026	11,660,111	10,325,295	10,548,744	11,960,259	11,400,176	11,242,339	12,470,651
Contribution (excess) deficiency	$ (2,443,360)	$ (2,567,531)	$ 843,698	$ 104,061	$ 542,821	$ 344,320	$ (1,359,973)	$ 373,298	$ (444,773)	$ 136,178
GMHA's covered payroll *	$ 62,685,481	$ 55,716,150	$ 52,770,724	$ 49,646,005	$ 48,500,356	$ 44,214,485	$ 45,240,661	$ 46,255,958	$ 45,750,624	$ 47,411,059
Contribution as a percentage of covered payroll	30.40%	29.41%	23.25%	23.49%	21.29%	23.86%	26.44%	24.65%	24.57%	26.30%

* Covered payroll data from the actuarial valuation date with one-year lag.

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

Schedule 5
Required Supplemental Information (Unaudited)
Schedule of the Proportionate Share of the Total OPEB Liability
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
GMHA's proportionate share of the total OPEB Liability	173,230,868	219,962,485	183,003,125	211,965,288	190,642,127	$ 182,956,947	$ 134,276,729	$ 178,049,315	$ 183,586,849
GMHA's proportion of the total OPEB Liability	7.91%	8.05%	7.97%	7.65%	7.57%	7.16%	7.16%	7.32%	7.25%

* This data is presented for those years for which information is available.

Changes of Assumptions – Pension Plans

Amounts reported in the 2024 actuarial valuation reflected an assumption related to administrative expenses to increase to $7,402,000 per year.

Amounts reported in the 2023 actuarial valuation reflected an assumption related to administrative expenses to increase to $6,798,000 per year.

Amounts reported in the 2022 actuarial valuation reflected an assumption related to administrative expenses to increase to $6,565,000 per year.

Amounts reported in the 2021 actuarial valuation reflected an assumption related to administrative expenses to increase to $6,565,000 per year.

Amounts reported in the 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,439,000 per year.

Amounts reported in the 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,860,000 per year.

Amounts reported in the 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to $7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change of assumption for payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expenses reflected an increase to $6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in the 2016 actuarial valuation reflect a change of assumption for administrative expenses to $6,078,000 per year rather than $5,806,000.

Amounts reported in the 2015 actuarial valuation reflect a change of assumption for payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015.

Other Postemployment Benefits Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary and Other Information

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

Schedule 6
Schedule of Expenses
Years ended September 30, 2025 and 2024

	2025	2024
NURSING:		
Salaries	$ 34,239,532	$ 29,557,366
Overtime	1,976,459	1,530,458
Other pay	14,739,623	11,952,659
Fringe benefits	13,141,309	15,493,310
Total personnel costs	64,096,923	58,533,793
Contractual services	3,513,518	8,957,479
Supplies and materials	4,170,334	4,814,726
Miscellaneous	197,997	118,637
	$ 71,978,772	$ 72,424,635

	2025	2024
PROFESSIONAL SUPPORT:		
Salaries	$ 17,377,878	$ 17,141,732
Overtime	329,756	325,079
Other pay	3,697,138	3,521,777
Fringe benefits	7,062,858	9,128,100
Total personnel costs	28,467,630	30,116,688
Supplies and materials	12,382,404	12,868,092
Contractual services	2,519,584	3,059,214
Utilities	23,160	29,785
Miscellaneous	148,508	114,879
	$ 43,541,286	$ 46,188,658

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

Schedule 6
Schedule of Expenses, continued

	2025	2024
ADMINISTRATIVE SUPPORT:		
Salaries	$ 8,682,480	$ 8,876,767
Overtime	425,521	498,954
Other pay	318,331	352,256
Fringe benefits	3,655,423	4,659,459
Total personnel costs	13,081,755	14,387,436
Supplies and Materials	2,321,287	2,770,349
Utilities	3,830,118	4,184,959
Contractual Services	1,888,048	3,240,619
Miscellaneous	103,734	183,240
	$ 21,224,942	$ 24,766,603

	2025	2024
FISCAL SERVICES:		
Salaries	$ 5,249,605	$ 5,029,240
Overtime	48,464	65,527
Other Pay	258,139	415,253
Fringe Benefits	2,446,133	3,092,754
Annual Leave Lump Sum Pay	180,254	388,279
Sick Leave (DC Plan)	221,707	(1,862,199)
Total personnel costs	8,404,302	7,128,854
Contractual Services	306,714	721,592
Supplies and Materials	77,777	165,759
Miscellaneous	6,338	37,936
	$ 8,795,131	$ 8,054,141

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

Schedule 6
Schedule of Expenses, continued

	2025	2024
ADMINISTRATION:		
Salaries	$ 3,654,451	$ 3,488,540
Overtime	610	11,353
Other pay	187,437	155,939
Fringe benefits	1,486,820	1,820,346
Total personnel costs	5,329,318	5,476,178
Contractual services	819,205	1,003,828
Supplies and materials	24,754	38,146
Miscellaneous	216,624	401,308
	$ 6,389,901	$ 6,919,460

	2025	2024
MEDICAL STAFF:		
Salaries	$ 7,588,741	$ 8,127,736
Overtime	810	1,499
Other pay	273,922	264,057
Fringe benefits	1,989,361	3,402,940
Total personnel costs	9,852,834	11,796,232
Supplies and materials	175,585	224,657
Contractual services	31,615,979	30,476,671
Miscellaneous	56,293	1,453
	$ 41,700,691	$ 42,499,013
Total actual expenses, without depreciation, impairment, and retiree healthcare costs and other pension benefits	$ 193,630,723	$ 200,852,510

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

Schedule 7
Schedule of Net Patient Service Revenues by Patient Classification
Years ended September 30, 2025 and 2024

	2025	2024
Gross Patient Service Revenue:		
Medicaid patients	$ 95,675,790	$ 93,741,439
Medicare patients	95,165,163	85,393,081
MIP patients	8,432	123,103
Other patents	78,799,791	77,338,571
Self-pay patients	31,574,567	32,561,427
	$ 301,223,743	$ 289,157,621
Contractual Adjtments and Provision for Bad Debts:		
Contractual adjustments:		
Medicaid patients	$ 80,269,202	$ 59,773,608
Medicare patients	59,025,014	43,036,595
MIP patients	15,059	281,929
Other patients	8,582,056	(7,211,209)
Provision for bad debts:		
Self-pay patients	40,060,811	59,369,642
	$ 187,952,142	$ 155,250,565
Net Patient Service Revenue:		
Medicaid patients	$ 15,406,588	$ 33,967,831
Medicare patients	36,140,149	42,356,486
MIP patients	(6,627)	(158,826)
Other patents	70,217,735	84,549,780
Self-pay patients	(8,486,244)	(26,808,215)
	$ 113,271,601	$ 133,907,056

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

Schedule 8
Schedule of Billings and Collections and Reconciliation of Billings to Gross Patient Revenues
Years ended September 30, 2025, 2024, 2023, 2022, and 2021

	Medicaid, Medicare and MIP				Self Pay and Government - DOC and Others			Third-Party Payors										
2025	Medicaid	Medicare	MIP	Subtotal	Self Pay	Government - DOC and Others	Subtotal	Subtotal	Payor A	Payor B	Payor C	Payor D	Payor E	Payor F	Subtotal	Grand Total	Timing Differences and Adjustments	Gross Patient Revenues
Billings	$ 102,477,204	$ 89,404,717	$ 21,122	$ 191,903,043	$ 46,072,087	$ 2,390,128	$ 48,462,215	$ 240,365,258	$ 3,324,252	$ 16,182,951	$ 44,015,047	$ 4,969,638	$ 568,342	$ 12,384,665	$ 81,444,895	$ 321,810,153	$ (20,586,410)	$ 301,223,743
Collections	$ 22,116,489	$ 21,030,025	$ -	$ 43,146,514	$ 7,735,943	$ 904,004	$ 8,639,947	$ 51,786,461	$ 2,731,352	$ 10,830,462	$ 31,257,885	$ 3,275,008	$ 475,591	$ 7,146,589	$ 55,716,887	$ 107,503,348		
Percentage of collections over billings	22%	24%	0%	22%	17%	38%	18%	22%	82%	67%	71%	66%	84%	58%	68%	33%		
2024																		
Billings	$ 108,205,801	$ 89,257,621	$ 112,089	$ 197,575,511	$ 49,248,016	$ 4,509,837	$ 53,757,853	$ 251,333,364	$ 4,758,747	$ 15,546,596	$ 40,395,901	$ 5,524,899	$ 1,469,682	$ 10,561,769	$ 78,257,594	$ 329,590,958	$ (40,433,337)	$ 289,157,621
Collections	$ 25,331,116	$ 22,984,544	$ 46,355	$ 48,362,015	$ 9,692,081	$ 855,022	$ 10,547,103	$ 58,909,118	$ 4,243,424	$ 18,007,943	$ 27,449,092	$ 3,622,053	$ 327,851	$ 5,892,534	$ 59,542,897	$ 118,452,015		
Percentage of collections over billings	23%	26%	41%	24%	20%	19%	20%	23%	89%	116%	68%	66%	22%	56%	76%	36%		
2023																		
Billings	$ 78,858,709	57,940,940	$ 412,017	$ 137,211,666	$ 28,687,997	$ 2,067,555	$ 30,755,552	$ 167,967,218	$ 4,463,169	24,549,664	22,651,751	5,971,529	300,915	6,535,844	$ 64,472,872	$ 232,440,090	$ 12,524,852	$ 244,964,942
Collections	$ 42,696,334	15,092,546	$ 102,593	$ 57,891,473	$ 7,357,455	$ -	$ 7,357,455	$ 65,248,928	$ 3,019,419	13,488,132	16,588,460	3,929,860	213,222	5,125,135	$ 42,364,228	$ 107,613,156		
Percentage of collections over billings	54%	26%	25%	42%	26%	0%	24%	39%	68%	55%	73%	66%	71%	78%	66%	46%		
2022																		
Billings	$ 71,577,950	$ 67,786,756	$ 3,948,834	$ 143,313,540	$ 43,467,545	$ 1,348,993	$ 44,816,538	$ 188,130,078	$ 2,550,257	$ 18,966,871	$ 23,804,791	$ 6,431,972	$ 4,571,216	$ 8,522,592	$ 64,847,699	$ 252,977,777	$ (6,436,629)	$ 246,541,148
Collections	$ 28,465,067	$ 19,218,456	$ 4,433,615	$ 52,117,138	$ 10,901,667	$ -	$ 10,901,667	$ 63,018,805	$ 2,509,251	$ 17,098,323	$ 19,680,011	$ 5,428,636	$ 5,789,708	$ 2,548,706	$ 53,054,635	$ 116,073,440		
Percentage of collections over billings	40%	28%	112%	36%	25%	0%	24%	33%	98%	90%	83%	84%	127%	30%	82%	46%		
2021																		
Billings	$ 49,691,289	$ 48,313,497	$ 14,884,049	$ 112,888,835	$ 33,428,665	$ 1,703,225	$ 35,131,890	$ 148,020,725	$ 2,382,355	$ 11,222,209	$ 9,458,851	$ 7,562,619	$ 20,293,656	$ 10,259,645	$ 61,179,335	$ 209,200,060	$ (5,664,388)	$ 203,535,672
Collections	$ 21,540,733	$ 13,774,552	$ 7,583,527	$ 42,898,812	$ 13,047,378	$ -	$ 13,047,378	$ 55,946,190	$ 2,063,489	$ 5,747,682	$ 8,637,789	$ 5,313,587	$ 17,993,305	$ 2,918,536	$ 42,674,388	$ 98,620,578		
Percentage of collections over billings	43%	29%	51%	38%	39%	0%	37%	38%	87%	51%	91%	70%	89%	28%	70%	47%		

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

Schedule 9
Schedule of Full Time Employee (FTE) Count
Years ended September 30, 2025 and 2024

Department	2025	2024
Actual FTE count		
Nursing	586	548
Professional Support	222	224
Administrative Support	151	165
Fiscal Services	139	149
Administration	39	39
Medical Staff	31	31
DOC	24	24
	1,192	1,180
Budgeted FTE count	1,304	1,272

Report on Internal Control and Compliance

Guam Memorial Hospital Authority

(A Component Unit of the Government of Guam)

Year Ended September 30, 2025

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

Report on Internal Control and Compliance

Year Ended September 30, 2025

Contents

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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*

Management and the Board of Trustees
Guam Memorial Hospital Authority

We have audited, 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 (*Government Auditing Standards*), the financial statements of Guam Memorial Hospital Authority (GMHA) as of September 30, 2025 and for the year then ended, and the related notes (collectively referred to as the "basic financial statements"), and our report dated July 16, 2026 expressed an unmodified opinion thereon.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GMHA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GMHA's internal control. Accordingly, we do not express an opinion on the effectiveness of GMHA's internal control.

A *deficiency in internal control* over financial reporting (internal control) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GMHA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

July 16, 2026

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Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Management and the Board of Trustees
Guam Memorial Hospital Authority

Report of Independent Auditors on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Guam Memorial Hospital Authority's (GMHA's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on GMHA's major federal program for the year ended September 30, 2025. GMHA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, GMHA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GMHA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for the major federal program. Our audit does not provide a legal determination of GMHA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to GMHA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GMHA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GMHA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GMHA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GMHA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GMHA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001 for the procurement, suspension and debarment requirement of ALN 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on GMHA's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. GMHA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on GMHA's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. GMHA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of GMHA as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise GMHA's basic financial statements. We have issued our report thereon dated July 16, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

July 16, 2026

Guam Memorial Hospital Authority
(a component unit of the Government of Guam)

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

Federal AL #	Pass-through Entity Identifying Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Expenditures
		U.S. Department of the Treasury:	
		Pass-Through From the Office of the Governor of Guam:	
21.027	None	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	$ 10,428,163
		Total U.S. Department of the Treasury	10,428,163
		U.S. Office of Homeland Security:	
		Pass-Through From the Office of the Governor of Guam:	
97.036	None	FEMA Alternate Care Site - With 10% Cost Share	756,445
		Total U.S. Department of Health and Human Services	756,445
		U.S. Department of Health and Human Services:	
		Pass-Through From the Office of the Governor of Guam:	
93.889	6 U3REP190565-01-01	COVID-19 National Bioterrorism Hospital Preparedness Program	724,154
		Total U.S. Department of Health and Human Services	724,154
		U.S. Department of the Interior:	
		Pass-Through From the Office of the Governor of Guam:	
15.875	D20AP00010	Economic, Social and Political Development of the Territories	56,700
15.875	D24AP00185	Economic, Social and Political Development of the Territories	32,560
		Total U.S. Department of the Interior	89,260
		U.S. Department of Defense:	
		Pass-Through From the Office of the Governor of Guam:	
12.027	None	Defense Community Infrastructure Program	14,320
		Total Corporation for National and Community Service	14,320
		Total Expenditures of Federal Awards	$ 12,012,342

See accompanying notes to the Schedule of Expenditures of Federal Awards

Guam Memorial Hospital Authority
(a component unit of the Government of Guam)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

1. Scope of Audit

Guam Memorial Hospital Authority (GMHA) is a component unit of the Government of Guam (GovGuam), a governmental entity created on July 26, 1977, under Public Law No. 14-29 as an autonomous agency of GovGuam. Only the transactions of GMHA are included within the scope of the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of GMHA under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*)*. Because the Schedule presents only a selected portion of the operations of GMHA, it is not intended to and does not present the net position, changes in net position or cash flows of GMHA.

3. Summary of Significant Accounting Policies

Basis of Accounting

Expenditures reported in the Schedule are reported on the accrual basis of accounting, consistent with the manner in which GMHA maintains its accounting records. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements. All expenses and capital outlays are reported as expenditures. Pass-through entity identifying numbers are presented where available.

Matching Costs

Matching costs, i.e., the non-federal share of certain program costs, are not included in the Schedule.

Indirect Cost Rate

GMHA does not elect to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

Guam Memorial Hospital Authority
(a component unit of the Government of Guam)

Schedule of Findings and Questioned Costs

Year Ended September 30, 2025

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		**Yes**	X	**No**
Significant deficiency(ies) identified?		**Yes**	X	**None reported**
Noncompliance material to financial statements noted?		**Yes**	X	**No**

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?		**Yes**	X	**No**
Significant deficiency(ies) identified?	X	**Yes**		**None reported**
Type of auditor's report issued on compliance for major federal programs: ALN 21.027	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	**Yes**		**No**

Identification of major federal programs:

Assistance Listing number	**Name of federal program or cluster**
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000			
Auditee qualified as low-risk auditee?		**Yes**	X	**No**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Assistance Listing Number	Finding	Questioned Cost
2025-001	21.027	Suspension and Debarment	$91,089

Finding No.: **2025-001**
Federal Agency: U.S. Department of Treasury
AL Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Requirement: Procurement, Suspension and Debarment
Questioned Costs: $91,089

Criteria:

2 CFR section 180.300 requires entities that enter into a covered transaction must verify that the entity or person with whom they intend to do business is not excluded or disqualified by:

(a) Checking SAM.gov Exclusions; or

(b) Collecting a certification from that person; or

(c) Adding a clause or condition to the covered transaction with that person.

Condition:

For 1, (or 12.5%), of 8 procurement samples tested, GMHA did not properly document that verification was performed to identify if the selected person or entity in the covered transaction was not suspended or debarred prior to transacting with them.

Cause:

GMHA lacked effective monitoring to ensure that vendors and entities that are debarred, suspended, or excluded from or ineligible for participation in Federal assistance programs or activities are restricted from Federal awards, subawards and contracts.

Effect:

GMHA is in noncompliance with the applicable requirement.

Identification as a Repeat Finding: Finding 2024-001

Recommendation:

GMHA should revisit and implement its procedures to ensure that vendors and entities that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities are restricted from Federal awards, subawards and contracts. Procedures performed should be adequately maintained in the procurement files.

Views of Responsible Officials:

Refer to GMHA's corrective action plan.

GUAM MEMORIAL HOSPITAL AUTHORITY
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CORRECTIVE ACTION PLAN

Finding No. 2025-001 – Suspension and Debarment

In April 2024, GMHA began requiring the Certificate Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion for Covered Contracts and Grants for Invitation for Bids and Request for Proposals. To ensure the suspension and debarment verifications are performed for all federal expenditures, the Accounting Department and Materials Management Department will ensure invoices that are later converted to federal funding contain the certificate.

Name of Contact Person(s) Responsible for Corrective Action:
Amacris Legaspi, General Accounting Supervisor
Audrey Paulino, Hospital Materials Management Assistant Administrator, Acting

Anticipated Completion Date: Completed.

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Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025

Finding No.	Assistance Listing No.	Requirement	Status at September 30, 2025
2024-001 2023-003	21.027	Suspension and Debarment	Corrected. The Materials Management and Accounting departments will ensure any federal funds disbursements include the Certificate Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion for Covered Contracts and Grants prior to releasing funds.
2024-002	21.027	Procurement	Due to changes in Guam law, the finding is no longer applicable. Public Law 38-60 Chapter 12 Section 45 increased GMHA's procurement threshold for small purchases to $250,000.

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

Ernst & Young LLP
231 Ypao Road
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Fax: +1 671 649 3920
ey.com

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

GUAM MEMORIAL HOSPITAL AUTHORITY
ATURIDÅT ESPETÅT MIMURIÅT GUÅHÅN
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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

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.

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:

Date of meeting	Type
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.

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

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.

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.

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

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

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

- 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

Appendices

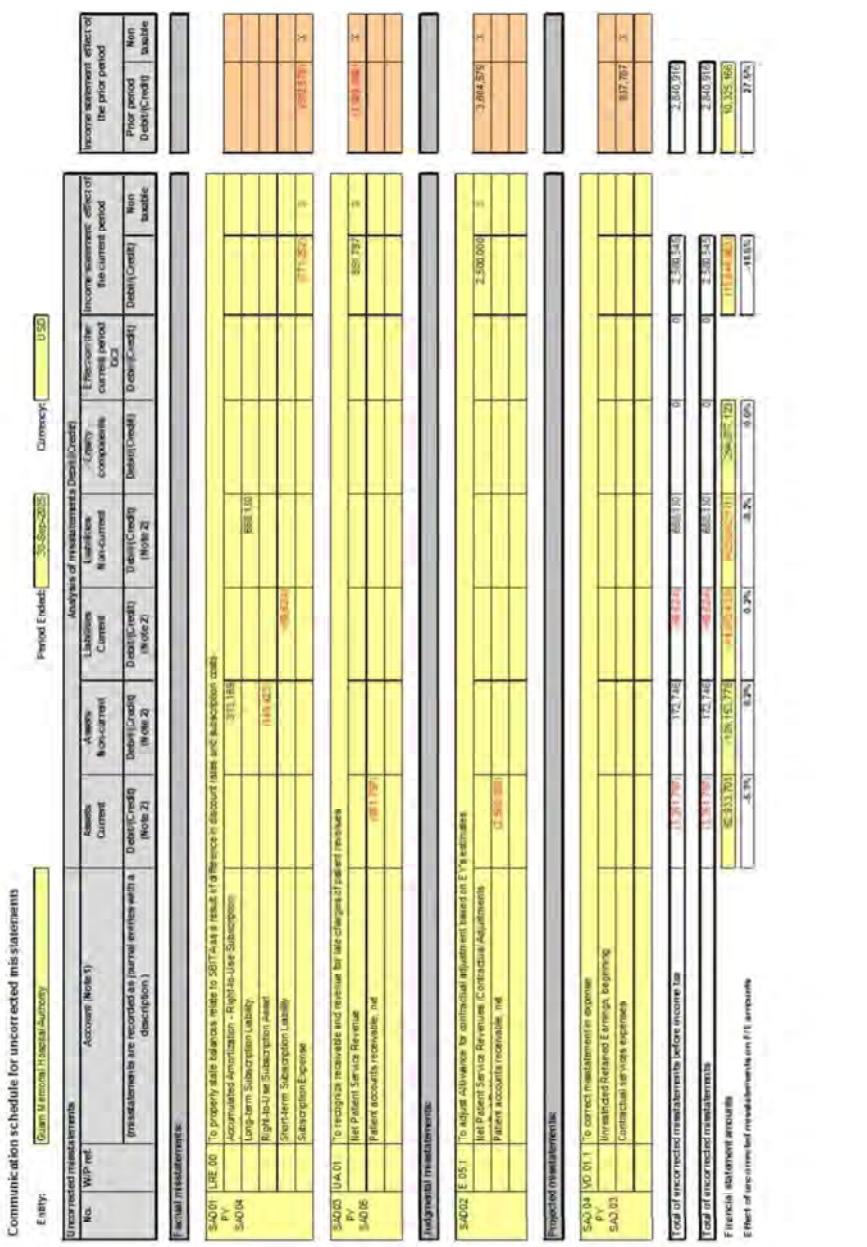
A – Schedule of Corrected Misstatements

B – Schedule of Uncorrected Misstatements

C – Subsequent Events Questionnaire

A – Management Representations Letter, continued

Appendix A – Corrected Misstatements



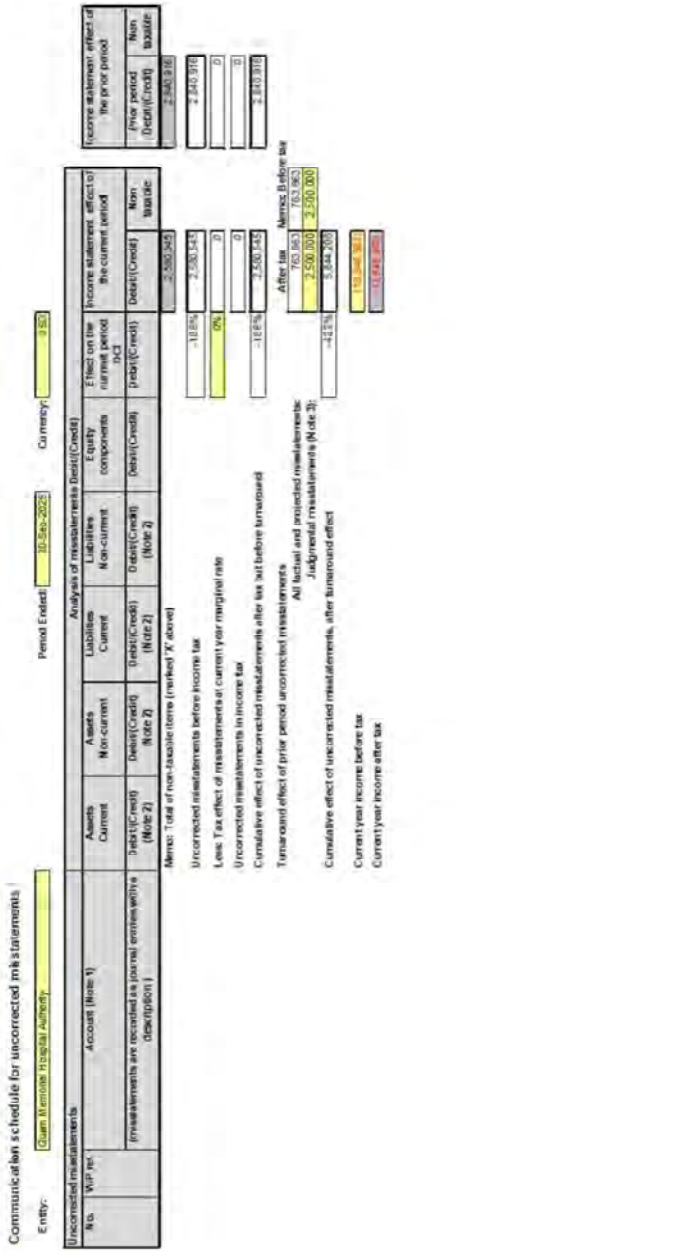
Communication schedule for uncorrected misstatements

Entity: Guam Memorial Hospital Authority | Period Ended: 9/30/2025 | Currency: USD

Uncorrected misstatements				Analysis of misstatements Debit/(Credit)									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 from the current period (Note 3)	Income statement effect of the current period		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)	Non taxable		
Factual misstatements:												
SA.01 FY SA.04	LRE.06	To properly state balances relate to GASB 87 as a result of a difference in discount rates and subscription costs										
		Accumulated Amortization - Right-to-Use Subscription										
		Long-term Subscription Liability										
		Right-to-Use Subscription Asset										
		Short-term Subscription Liability										
		Subscription Expense										
SA.03 FY SA.05	UA.01	To recognize receivable and revenue for late charges of patient revenues										
		Net Patient Service Revenue										
		Patient accounts receivable, net										
Judgmental misstatements:												
SA.02	E.05.1	To adjust Allowance for contractual adjustment based on EY's estimates										
		Net Patient Service Revenues (Contractual Adjustments										
		Patient accounts receivable, net										
Projected misstatements:												
SA.04 FY SA.03	UO.01.1	To correct misstatement in expense										
		Unrestricted Retained Earnings, beginning										
		Contractual services expenses										
Total of uncorrected misstatements before income tax												
Total of uncorrected misstatements												
Financial statement amounts												
Effect of uncorrected misstatements on FS amounts												

A – Management Representations Letter, continued

Appendix A – Corrected Misstatements, continued



Communication schedule for uncorrected misstatements

Entity: Guam Memorial Hospital Authority

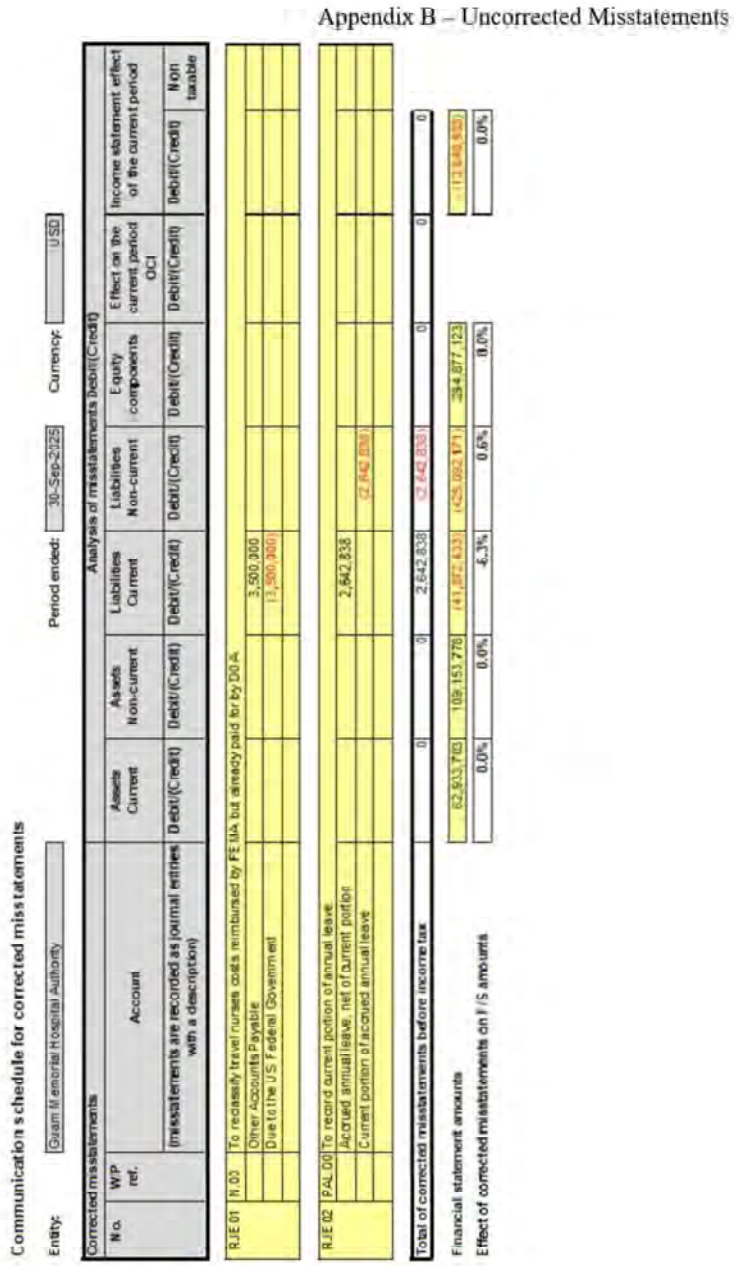
Period Ended: 30-Sep-2025

Currency: USD

Uncorrected misstatements																	
			Analysis of misstatements Debit/(Credit)												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		Prior period Debit/(Credit)	Non-taxable
		misstatements are recorded as journal entries within Description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non-taxable		
		Memo: Total of non-taxable items (marked "X" above)							2,580,945		2,840,918	
		Uncorrected misstatements before income tax						-18.8%	2,580,945		2,840,918	
		Less: Tax effect of misstatements at current year marginal rate						0%	0		0	
		Uncorrected misstatements in income tax							0		0	
		Cumulative effect of uncorrected misstatements after tax but before turnaround						-18.8%	2,580,945		2,840,918	
		Turnaround effect of prior period uncorrected misstatements								After tax	Memo: Before tax	
		All factual and projected misstatements								763,963	763,963	
		Judgmental misstatements (Note 3):								2,500,000	2,500,000	
		Cumulative effect of uncorrected misstatements, after turnaround effect						-44.1%	3,344,200			
		Current year income before tax								153,946,361		
		Current year income after tax								150,446,361		

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)								
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
RJE 01	N.03	To reclassify travel nurses costs reimbursed by FEMA but already paid for by DOA								
		Other Accounts Payable			3,500,300					
		Due to the US Federal Government			(3,500,300)					
RJE 02	PAL.00	To record current portion of annual leave								
		Accrued annual leave, net of current portion			2,642,838					
		Current portion of accrued annual leave				(2,642,838)				
Total of corrected misstatements before income tax			0	0	2,642,838	(2,642,838)	0	0	0	
Financial statement amounts			62,913,765	109,151,778	(41,872,633)	(425,062,171)	284,877,123		(113,846,553)	
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	-6.3%	0.6%	0.0%		0.0%	

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	

financial statements other than those that are already been provided to EY (if any).		
13. Did **Guam Memorial Hospital Authority p**rovide 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	