

October 26, 2007

CONFIDENTIAL

The Board of Directors of
Guam Preservation Trust

We have compiled the financial statements of Guam Preservation Trust for the three and twelve months ended September 30, 2007, and have issued our report thereon dated October 26, 2007. A compilation is limited to presenting, in the form of financial statements, information that is the representation of management, and does not contemplate obtaining an understanding of or finding deficiencies in the Company's internal control. Accordingly, we do not provide any assurance on the Company's internal control. In connection with our compilation of the financial statements, we present the following comments concerning matters and recommendations that came to our attention.

SIGNIFICANT DEFICENCIES

We noted certain matters involving the internal control and its operations that we consider to be significant deficiencies. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Trust's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the Trust's financial statements that is more than inconsequential will not be prevented or detected.

Significant Deficiency No. 1 – Uncontrolled Vouchers

Criteria: To ensure all revenues are recorded accurately, sequentially numbered receipts should be used.

Condition: One Stop is currently utilizing an unnumbered manual Inter-Office memorandum in place of preprinted sequentially numbered receipts. Since there is no control over the number of receipts issued by One Stop, no audit trail is available for days when no receipts are reported as being issued or when issued receipts are not filed and recorded. Completeness of revenue recorded is uncertain.

Cause: The change to an unnumbered memorandum rather than a pre-numbered receipt resulted in the absence of any control over receipt issuances.

Effect: Lack of internal controls creates the possibility of fraudulent or illegal acts. This condition may result in misstated or unrecorded revenue.

Recommendation: To ensure all receipts are recorded and to reduce the risk of misstatement, error, fraud and illegal acts, the use of forms containing preprinted control numbers is strongly recommended.

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Significant Deficiency No. 2 – Lack of Consistency and Supporting Documents

Criteria: A system should be used to ensure that forms issued can be reconciled with cash receipts. Having a system which does not connect issuance of documents and receipts makes reconciliation of recorded revenue virtually impossible.

Condition: Issuing and filing of receipts were inconsistent and supporting documents were not attached.

Cause: There appear to be weak internal controls over ensuring that all receipts are accounted for. There was no system in place to ensure that from the beginning of a transaction to the filing of the Treasurer of Guam (TOG) receipt, an audit trail connects the payment to the receipt of cash. TOG does not print a duplicate copy of the automated receipt for a customer to submit to One-Stop as an attachment to the inter-office memo.

Effect: Since there is no population control and no confirmation of receipts from TOG, completeness of recorded revenue cannot be verified. Also, when receipts are filed without an attached TOG receipt, it is not possible to verify that these funds were deposited with the Treasurer of Guam.

Recommendation: To ensure all revenues generated from Building Permits for the Trust are accounted for, receipts with preprinted sequential numbers should be used for all transactions and should be filed with TOG generated cashier receipts. An issuance log should be used to record the physical location of forms.

This report is intended solely for the information and use of the Board of Directors and management of Guam Preservation Trust.

We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the recommendations.

Very truly yours,

