BURGER · COMER · & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

March 20, 2026

The Board of Directors
Guam Preservation Trust

In planning and performing our audit of the financial statements of the Guam Preservation Trust (the Trust), as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We considered the Trust'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 the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 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.

During our audit, we noted the following matters that should be brought to your attention:

Prior Year Unresolved Matters

During our 2024 audit, we identified several matters that remain unresolved and warrant repeating in the current year. Where applicable, information has been updated to reflect the impact for the year under audit. Notably, several of these unresolved issues are directly attributable to the lack of a quorum within the Board of Directors during the current year, as outlined below:

Board of Directors Quorum

Comment: The Trust lacked a quorum of Board members after May 2024, and the quorum deficiency had not been resolved as of September 30, 2025. As a result, the Board's ability to formally approve contracts, adopt or amend policies, and carry out certain governance responsibilities may have been impaired. The prolonged absence of a quorum may also delay operational and strategic decision-making activities.

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Recommendation: We recommend that the Trust coordinate with the appropriate appointing authorities to ensure Board vacancies are filled timely as existing member terms expire or vacancies arise. Management and the Board should also monitor Board composition periodically to help ensure the Trust maintains sufficient membership to conduct official business and governance activities.

Permit Fees – Due from General Fund

Comment: Public Law 36-107 restored the Trust's entitlement to 100% of building permit fees collected effective October 1, 2022. However, quarterly remittances received from the Department of Administration (DOA) continue to differ from amounts reportedly collected for the corresponding periods. As of September 30, 2025, the Trust reported a gross receivable of approximately $1,775,150 related to unpaid permit fees, substantially all of which has been reserved through an allowance for doubtful accounts. Although the law requires these fees to be segregated and remitted to the Trust, the differences and delays in remittance remain unresolved.

Recommendation: We continue to recommend that the Trust actively coordinate with the Department of Administration and the Department of Public Works to perform a comprehensive reconciliation of permit fees collected, remitted, and outstanding. In addition, the Trust should establish formal monitoring and reconciliation procedures to improve accountability and support the accurate and timely remittance of permit fees in accordance with applicable laws and regulations.

Investment Policy/Restricted Funds

Comment: The Trust receives and administers funds restricted for specific purposes through donor restrictions and enabling legislation. As of September 30, 2024, the Trust reported approximately $2.8 million in restricted funds, while cash and cash equivalents totaled approximately $2.4 million, resulting in approximately $400,000 of restricted funds being invested and subject to market risk exposure. As of September 30, 2025, the amount of restricted funds exposed to market risk decreased to approximately $23,000. The Trust's current investment policy does not specifically address the investment of restricted funds or establish parameters governing acceptable risk exposure for such funds.

Recommendation: We recommend that the Trust evaluate whether investment of restricted funds is permissible under applicable grant agreements, donor restrictions, or enabling legislation. In addition, the Trust should revise its investment policy to specifically address the treatment of restricted funds, including permissible investments, acceptable risk exposure, monitoring procedures, and oversight responsibilities.

Travel Policy Section

During our audit, we noted several matters related to the Trust's travel policy and travel administration practices that warrant consideration by management and the Board to strengthen oversight, accountability, and consistency in the administration of travel expenditures.

1. Business First Class Travel – Lack of Documentation

Comment: A presenter participating in the World Heritage Workshop traveled to Guam using Business First class accommodations funded through a U.S. Department of the Interior grant. While federal regulations may permit certain upgraded airfare under specific circumstances, we noted no documentation evidencing approval, justification, or exception authorization for the upgraded accommodations in accordance with the Trust's travel policy.

Recommendation: We recommend that the Board revise the travel policy to clearly define the circumstances under which upgraded airfare accommodations are permissible. Any exceptions to standard travel accommodations should be formally approved and adequately documented prior to travel.

2. Inefficient Travel to Marianas History Conference

Comment: Three individuals traveled to Saipan one day prior to the start of the Marianas History Conference, although the conference did not begin until 6:00 p.m. the following day. Based on the relatively short travel duration and absence of significant travel constraints, the additional travel day may not represent the most cost-effective use of Trust resources.

Recommendation: We recommend that the travel policy establish clearer guidance regarding advance travel days, including consideration of travel efficiency, cost effectiveness, scheduling requirements, and operational necessity.

3. Extended Mainland Travel and Unrelated Side Trip

Comment: An individual attended two mainland conferences scheduled four days apart. During the intervening period, the traveler remained on the mainland and included an unrelated stop that increased airfare costs. Although the extended stay may have reduced the need for multiple round-trip flights to Guam, the Trust's current travel policy does not specifically address personal deviations, extended stays, or indirect travel arrangements.

Recommendation: We recommend that the travel policy be revised to address indirect travel routes, personal side trips, and extended travel periods. The policy should clearly establish which costs are reimbursable and require travelers to bear any incremental costs associated with personal travel deviations.

4. Travel Approval Authority

Comment: Under the Trust's current travel policy, the Chief Preservation Officer is authorized to approve staff travel, while Board approval is only required for Board member travel. The current approval structure may limit independent oversight of travel expenditures and related travel decisions.

Recommendation: We recommend that the Board evaluate whether additional oversight procedures over travel approvals are appropriate, including periodic Board review or formal documentation of significant travel expenditures and approvals.

5. Outdated Policies and Procedures

Comment: Several of the Trust's policies and procedures, including the travel policy, have not been formally reviewed or updated in more than ten years. Policies that are not periodically reviewed may become inconsistent with current operational practices, governance expectations, or applicable funding requirements.

Recommendation: We recommend that the Board establish a formal policy review process requiring periodic evaluation and updating of policies and procedures to ensure continued relevance, consistency, and alignment with current operational and governance practices.

These recommended actions aim to improve internal controls, enhance transparency, and ensure proper stewardship of public and grant funds.

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

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

Burger Comer & Associates

Tamuning, Guam