

**Guam Economic Development and Commerce Authority**  
**FY 2005 Financial Highlights**

**June 7, 2006**

The fiscal year 2005 audited financial statements, prepared by Deloitte & Touche, indicate the Guam Economic Development Commerce Authority (GEDCA) expensed \$800,000 for the motion picture *Max Havoc: Curse of the Dragon*. GEDCA guaranteed the repayment of a loan to Guam Motion Pictures Company. Principal payment on the loan becomes due in June 2006. GEDCA provided for the guarantee by transferring cash of \$800,000 from the Guam Development Fund, which is administered by GEDCA. The current management requested that the transfer be recorded as a loan loss reserve.

For regular operations, GEDCA ended fiscal year 2005 with a net loss of \$460,000. GEDCA's previous reported loss was three years ago in 2002. During fiscal years 2003 and 2004, the authority benefited from revenue sources from typhoon reimbursements, the sale of Shipyard equipment and the Big 8 dock.

GEDCA's net loss of \$460,000 was primarily due to the increase of \$278,000 in professional services going from \$166,000 to \$444,000, and the significant increase of \$609,000 in property valuation, going from \$23,000 to \$632,000. The increase in the allowance was the result of a write down of foreclosed property valued at \$1.2 million but appraised at only \$573,000. Were it not for these two increases GEDCA would have ended the year with an increase in net assets.

Operating revenues at GEDCA were marginally the same during the year; rental income slightly increased by \$48,000, going from \$1.7 million to \$1.75 million. Revenues derived from the Qualifying Certificate program decreased by \$75,000, from \$246,000 to \$171,000.

The Independent Auditors' expressed an unqualified opinion and there were no reportable conditions identified in internal controls over financial reporting. The FY 2005 audit marks the sixth consecutive year, GEDCA did not realize any questioned costs or findings for federal expenditures, therefore, GEDCA continues to qualify as a low-risk auditee, making them one of only a few Government of Guam entities to obtain this status in FY 2005.

A separate management letter identified one finding of unsupported travel for \$1,196. For a more detailed commentary of GEDCA's operations, refer to the Management Discussion and Analysis in the audit report.