

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION

FINANCIAL AUDIT

FISCAL YEAR ENDED SEPTEMBER 30, 2018

AUDIT REPORT NO. 003-19



POHNPEI OFFICE OF THE PUBLIC AUDITOR

**State Auditor
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**SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
AUDIT REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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POHNPEI STATE GOVERNMENT

OFFICE OF THE PUBLIC AUDITOR



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June 04, 2019

The Honorable Marcelo Peterson, Governor, State of Pohnpei
The Honorable Fernando Scaliem, Speaker, Pohnpei State Legislature
The Honorable Members of the Pohnpei State Legislature
The Honorable Board of Directors, Small Business Guarantee & Finance Corporation
Mr. Alpino Kerman Jr., Acting Executive Director, Small Business Guarantee & Finance Corp.

EXECUTIVE SUMMARY

We are pleased to submit the audit report of Small Business Guarantee and Finance Corporation (the Corporation), as of and for the fiscal year ended September 30, 2018. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit was also performed pursuant to Article 11, Section 8 (2) of the Pohnpei State Constitution and Pohnpei State Law No. 1L-10-79, and such other related laws enacted thereafter.

The objectives of our audit were: (1) the expression of an opinion concerning whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Small Business Guarantee and Finance Corporation, in conformity with accounting principles generally accepted in the United States of America, (2) reporting on the internal control relevant to an audit of the financial statements, and (3) reporting on the Corporation's compliance with laws and regulations, which could have a material effect on the financial statements. Also, as part of our audit, we conducted a review of management controls to determine whether there is reasonable assurance that management's objectives will be achieved efficiently and effectively.

The highlights of the report are as follows:

Auditor's Opinion

- The Corporation's financial statements present fairly, in all material respects, the financial position of the Corporation, as of September 30, 2018, and the results of its operations, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Financial Analysis

- The Corporation earned revenues of \$63,753 this fiscal year, a \$58,315 or 48% decrease as compared to \$122,068 in fiscal year 2017.
- At September 30, 2018, the Corporation's total operating expense was \$130,299. The amount is \$138,044 or 51% lower than last year's figure of \$268,343.
- The Corporation's net asset was decreased by \$17,217 to \$1,832,718 this year.
- The Corporation's loan accounts increased from a net of \$478,512 in fiscal year 2018 to a total net of \$534,389 in the current year. One contributing factor is the increase in loans with higher amount.

Findings and Recommendations

- There are six (6) findings this fiscal year, three (3) concerning non-compliance with laws, regulations, policies or procedures, and three (3) reportable conditions. For the findings, we have provided our recommendations if implemented, could improve the Corporation's operation.


The findings are fully discussed in the Schedule of Findings and Recommendations on pages 21 to 27.

As is customary, we have discussed the draft report with management of the Corporation and have requested for their response to our findings and recommendations. The Corporation's response is included in this report on pages 29 to 31.

The Pohnpei State Law No. 5L-08-00, requires the auditee to submit monthly report to OPA indicating corrective measures already taken or will be shortly implemented to clear the deficiencies cited in the audit report until all findings are satisfactorily resolved, which period shall not exceed six months. Accordingly, the first progress report from the Corporation should be due around July 2019.

In closing, we would like to extend our sincere appreciation to the Corporation's Executive Director and members of her workforce for their support and assistance extended to us during the course of our audit.

Sincerely,



Ihlen K. Joseph
State Auditor



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Small Business Guarantee and Finance Corporation:

We have audited the accompanying financial statements of Small Business Guarantee and Finance Corporation (the Corporation), a component unit of the State of Pohnpei, as of September 30, 2018 and for the fiscal year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Small Business Guarantee and Finance Corporation, as of September 30, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2 to 4 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.


Ihlen K. Joseph
State Auditor
25 March 2019

Small Business Guarantee and Finance Corporation

Management's Discussion and Analysis

Year Ended September 30, 2018

The Small Business Guarantee and Finance Corporation presents an overview of its financial performance as of and for the fiscal year ended September 30, 2018. This Management's Discussion and Analysis should be read in conjunction with the Corporation's financial statements, on pages 7 to 10 of this audit report.

Financial Highlights

- For the fiscal year ended September 30, 2018, the Corporation's total operating revenues decreased by \$58,315 or 48% over last year's figure.
- The net asset as of September 30, 2018 is \$1,832,718 which is lower than last year's amount of \$1,849,935.
- Net assets was decreased by \$17,217.
- During the year, total operating expense decreased by \$138,044 or 51%, as compared with prior year.
- The Corporation experienced an operating loss of \$66,546 in FY 2018.

Overview of the Financial Statements

The financial statements presented herein include all activities of the Small Business Guarantee and Finance Corporation. Included in this report are the statement of net assets, the statement of revenues, expenses, and changes in net assets, and statement of cash flows. These financial statements present the complete financial picture of the Corporation from the economic measurement focus using the accrual basis of accounting. It can be read from these statements whether the cash inflow of the Corporation is sufficient to take care of its financial obligations and commitments. These financial statements help management to measure company performance and determine flaws in its financial policies and consequently to assist management in determining the appropriate remedial measures.

The Corporation's budget that is subsidized partly by Pohnpei State is prepared annually by the management and transmitted through the Board of Directors for approval of the Pohnpei State Legislature. The budget contains the projected revenues, expenses and capital expenditures.

Small Business Guarantee and Finance Corporation

Management's Discussion and Analysis

Year Ended September 30, 2018

Financial Analysis of the Corporation as Whole

Changes in Net Assets

The statement of net assets presents the financial position or condition of the Corporation and it shows the information on all of the Corporation's assets and liabilities, with the difference between the two reported as net assets or net liabilities. The passage of time and/or increases or decreases in net assets may serve as an indicator whether the financial position of the Corporation is improving or deteriorating.

The following table summarizes the changes in net assets of the Corporation for FY2018 and FY2017.

	<u>2018</u>	<u>2017</u>	<u>% Increase/ (Decrease)</u>
Current assets	1,292,778	\$1,372,016	(6%)
Capital assets, net	12,648	8,390	51%
Other non-current assets	<u>534,389</u>	<u>478,512</u>	<u>12%</u>
Total assets	<u>1,839,815</u>	<u>1,858,918</u>	<u>(1%)</u>
Current liabilities	<u>7,097</u>	<u>8,983</u>	<u>(21%)</u>
Net assets:			
Invested in capital assets	12,648	8,391	51%
Restricted	1,762,472	1,792,601	(2%)
Unrestricted	<u>57,598</u>	<u>48,943</u>	<u>18%</u>
Total net assets	<u>1,832,718</u>	<u>1,849,935</u>	<u>(.9%)</u>

Operating Activities

The Corporation charges 1% guarantee fee per annum on the guaranteed outstanding loan based on the diminishing balance thereof and payable one (1) prepayment period in advance.

On the Micro Loan Program, the Corporation charges 15% interest per annum and 2% penalty fee for delinquent loans, based on the monthly amortization in the event an installment is made after the fifteenth (15th) day of the due date. Upon closing of the loan, the Corporation charges 0.5%

processing fee and a 35% agent's commission on every credit life insurance premium the Corporation issues on each loan. The loan ceiling is \$25,000.

In fiscal year 2018, about 34% of the Corporation's operation was subsidized by the State Government, while the remaining 66% was provided through the Corporation's project income and other revenues. Interest income from the \$1.5 million capitalization accrues to the benefit of the Corporation.

The result of the operation for the period as compared to last year is summarized below:

	<u>2018</u>	<u>2017</u>	<u>% Increase/ (Decrease)</u>
Operating revenues	\$ 63,753	\$ 122,068	(48%)
Operating expenses	130,299	268,343	(51%)
Operating income (loss)	(66,546)	(146,275)	(55%)
Non-operating revenues	49,329	46,350	6%
Capital Contribution from PSG	-	335,980	(100%)
Net income (loss)	\$ (17,217)	236,055	(107%)

Capital Assets and Debt Administration

Capital assets

As of September 30, 2018, the Corporation's investment in capital assets is \$12,648 (net of accumulated depreciation). The Corporation's capital assets include office furniture and equipment, software and vehicles.

Contacting the Corporation's Financial Management

This Management's Discussion and Analysis is designed to provide the customers, creditors, investors, board of directors and other interested parties, with a general overview of the Corporation's financial activities. Questions concerning any of the information provided in this discussion and analysis or requests for additional information should be addressed to the Executive Director, Small Business Guarantee and Finance Corporation at P.O. Box 1751 Kolonia, Pohnpei, FM 96941, or call (691) 320-2968 or (691) 320-3264.

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION

Statement of Net Assets

September 30, 2018

(With Comparative totals for September 30, 2017)

ASSETS	2018	2017
Current assets:		
Cash and equivalents – unrestricted (note 2)	\$ 800	\$ 800
Cash and equivalents – restricted (note 2)	1,228,083	978,109
Prepaid Insurance	345	-
Accounts receivable, net (note 3)	631	631
Employee loans receivable (4)	15,496	9,293
Advances, net (note 5)	400	180
Interest receivable (note 6)	47,023	47,023
Due from PSG	-	335,980
Total current assets	<u>1,292,778</u>	<u>1,372,016</u>
Non-current assets:		
Property and equipment, net (note 7)	12,648	8,390
Notes receivable – restricted (note 8)	534,389	478,512
Total non-current assets	<u>547,037</u>	<u>486,902</u>
Total assets	<u>\$ 1,839,815</u>	<u>\$ 1,858,918</u>
 LIABILITIES		
Current liabilities:		
Social security payable	\$ 1,882	\$ 2,548
Withholding tax payable	1,106	788
Credit life insurance payable	649	4,995
Accrued expense	3,445	638
Accounts payable	14	14
Total liabilities	<u>\$ 7,097</u>	<u>\$ 8,983</u>
 NET ASSETS		
Invested in capital assets, net of related debt	\$ 12,648	\$ 8,391
Restricted for capital stock and business development project	1,757,898	1,783,051
Restricted for employee loan program	4,574	9,550
Unrestricted net assets	57,598	48,943
Total liabilities and net assets	<u>\$ 1,839,815</u>	<u>\$ 1,858,918</u>

See accompanying notes to financial statements.

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION

Statement of Revenues, Expenses, and Changes in Net Assets

September 30, 2018

(With Comparative totals for September 30, 2017)

	<u>2018</u>	<u>2017</u>
Operating revenues		
Interest income (note 9)	\$ 50,544	\$ 61,170
Loan processing fee	2,893	2,514
Loan restructuring fee	250	350
Income – CLI commission	1,035	2,206
Recovery of loans PDLF	9,031	55,828
Total operating revenues	<u>\$ 63,753</u>	<u>\$ 122,068</u>
Operating expenses		
Bad debt expense	-	\$ 141,807
Salaries	74,032	57,919
Employee benefit program	1,308	\$ 4,174
Retirement Plan Employer	2,450	-
Social security tax	5,476	4,602
Cost of living allowance	3,660	3,210
Travel	5,113	17,977
Depreciation	3,831	4,149
Office supplies	5,784	6,072
Telephone and communication	3,014	3,020
Utilities	3,943	3,430
Annual dues	3,400	-
Gasoline	1,579	1,039
Representation and entertainment	4,285	4,380
Repairs and maintenance	781	1,807
Janitorial and cleaning	2,050	2,060
Bank charges	2,027	1,701
Meeting allowance	1,400	1,760
Membership fee	792	1,189
Security service	4,320	4,320
Other Expense	205	3,151
Insurance Expense	382	-
Miscellaneous	467	576
Total operating expenses	<u>\$ 130,299</u>	<u>\$ 268,343</u>
Operating loss	<u>\$ (66,546)</u>	<u>\$ (146,275)</u>

Non-operating revenues

Transfers in (note 10)	44,000	44,000
Interest Income (note 9)	1,695	1,209
Other income (note 12)	2,387	706
Interest income - employee loan	1,247	435
Total non-operating revenues	<u>49,329</u>	<u>46,350</u>
Contributed Capital	-	335,980
Increase (decrease) in net assets	(17,217)	236,055
Net assets (liabilities) – beginning of year	<u>1,849,935</u>	<u>1,613,880</u>
Net assets (liabilities) – end of year	<u>\$ 1,832,718</u>	<u>\$ 1,849,935</u>

See accompanying notes to financial statements.

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION

Statement of Cash Flows

September 30, 2018

Cash flows from operating activities:

Receipts from customers	\$ 665,345
Payments to suppliers and employees	(456,612)
Net cash provided by operating activities	<u>208,733</u>

Cash flows from non-capital financing activities:

Transfers in	44,000
Interest income	2,942
Other income	2,387
Net cash provided by non-capital financing activities	<u>49,329</u>

Cash flows from capital and related financing activities:

Purchase of capital asset	(8,088)
Net cash provided by capital and related financing activities	<u>(8,088)</u>

Net cash and equivalents increase for the year 249,973

Cash and equivalents at beginning of year 978,909

Cash and equivalents at end of year \$ 1,228,883

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating loss	\$ (66,546)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	3,831
(Increase) decrease in assets:	
Accounts receivable	-
Prepaid Insurance	(345)
Advances	(220)
Interest receivable	-
Employee loans receivable	(6,203)
Due from PSG	335,980
Notes receivable	(55,877)
Increase (decrease) in liabilities:	
Accounts payable	-
Accrued expense	2,807
Credit life insurance payable	(4,346)
Social security tax payable	(666)
Withholding tax payable	318

Net cash provided by operating activities \$ 208,733

See accompanying notes to financial statements.

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Notes to Financial Statements
September 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Corporation was established by Pohnpei State Law No. 3L-86-95 on February 14, 1995. However, it officially started its operation on October 1, 1999 when the accounting system was transferred from the Department of Treasury and Administration to the Corporation. The Corporation's mission is to provide, promote, develop and widen in both scope and service, reach various alternative modes of financing for small enterprises, including, but not limited to, direct and indirect project lending, venture capital, financial leasing, and secondary mortgage and/or rediscounting of loan papers to small businesses.

Pursuant to Pohnpei State Law No. 5L-14-00 (Executive Reorganization Act of 2000), the Corporation shall be attached to the Pohnpei State Government's Office of Economic Affairs, and shall be under the policy, program, and administrative supervision of the Small Enterprise Development (SED) Council. It shall exercise all the general powers conferred by law upon corporations as are incidental or conducive to the attainment of the Business Development Act of 1994, including the power to promulgate articles of incorporation, bylaws, rules and regulations, guiding programs and policies. Its main function is to guarantee loans to qualified small enterprises, local and/or regional associations' small enterprises and industries, private voluntary organizations and/or cooperatives. It may guarantee loans up to 85% and may also provide second guarantees on the credit and/or investment guarantees made by credit guarantee associations and other institutions in support of small enterprises.

The powers of the Corporation shall be vested upon a seven-member Board of Directors. The Administrator of the Office of Economic Affairs shall serve as Chairman, with the other six members appointed by the Governor upon recommendation of the SED Council with the advice and consent of the Legislature. Three members shall come from the private sector and the other three members are from the public sector. The Board consists of seven (7) members, including its Chairman. Effective March 17, 2019 a new State Law No. 9L-103-19, provides that "The members of the Board shall elect a chairman of the Board during the first meeting of the Board, following the most recent amendment to this section of the Code, who shall serve a term of chairman as set forth in the bylaws of the Corporation."

The Corporation is managed by an Executive Director, appointed by the Board of Directors and who reports directly to the Board. The Director is charged with the responsibility of ensuring smooth operation of the Corporation in line with the policies

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

established by the Board of Directors. He is also in charge of the implementation of the guarantee program.

B. Financial Statements

The financial statements of Small Business Guarantee and Finance Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial

Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principle Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989.

The Corporation has implemented the general provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", pursuant to paragraph 142 of the Statement. The financial statements in this report include the Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

C. Fund Structure, Measurement Focus, and Basis of Accounting

The accounts of the Corporation are organized as a proprietary fund-component unit of Pohnpei State Government. Proprietary funds are used by governmental units to account for operations that are financed and operated in a manner similar to private business enterprises. The purpose of a proprietary fund is to provide periodic determination of revenues, expenses and net income as well as the maintenance of capital.

Proprietary funds are accounted for on a flow of economic resources measurement focus, whereby all assets and liabilities associated with the operations of the funds are included in the statement of net assets. Net asset is segregated into three (3) components: invested in capital assets, restricted, and unrestricted. The operating statement for proprietary funds is the statement of revenues, expenses, and changes in fund net assets. Revenues are reported by major sources and distinguished between operating and non-operating revenues.

Basis of accounting refers to when revenues and expenses are recorded in the accounts and reported in the financial statements. The Corporation utilizes the accrual basis of

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when cash is received or payment is made.

D. Budget

The Corporation operates on an annual budget determined and appropriated by the Pohnpei State Legislature (PSL). The Corporation, upon approval by the Board of Directors, may also use certain revenues generated by its activities to supplement its annual budget.

E. Cash and Equivalents

For the purpose of the statement of net assets and statement of cash flow, cash and equivalents are defined as cash on hand and cash in banks, including time certificates of deposit that mature within one year. Of these amounts, \$250,000 is insured through the FDIC, with the remaining balance exceeding insurable limits. The Corporation does not require collateralization of its deposits by its banks. Therefore, the amounts, which exceed the FDIC insurable limits, are characterized as uncollateralized.

F. Capital Assets

Assets with value of \$1,000 or more are capitalized and recorded at cost less accumulated depreciation. Depreciation is based on the straight-line method over the estimated useful lives of the respective assets.

G. Revenues

Annual operating subsidies to the Corporation, which finance either capital or current operations, are reported as non-operating revenues based on GASB Statement No. 33.

H. Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefit accrues to employees. In accordance with the provisions of FASB Statement No. 43-Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The related sick pay expense is recorded when the benefit is actually taken.

I. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 reports could differ from those estimates.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

J. Net Assets

The Corporation complied with the requirements of GASB Statement No. 34, regarding the presentation of net assets in the financial statements. The difference between the assets and liabilities is displayed as “net assets”, which is further segregated into three (3) components: “invested in capital assets”, “restricted”, and “unrestricted”. The restricted component of net assets includes cash, notes receivable and investment where the fund source has been restricted for capital stock and business development projects. The unrestricted component of net assets includes unrestricted cash, other current assets and liabilities that are not restricted for use by the Corporation.

K. New Accounting Standards

During the year, the Corporation implemented the following pronouncements:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment to GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses how to account for and report service concession arrangements (SCAs), type of public-private or public-public partnership that state and local governments are increasingly entering into. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of Small Business Guarantee and Finance Corporation.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. New Accounting Standards, Continued

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, which is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Corporation.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of Small Business Guarantee and Finance Corporation.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management has not yet determined the effect of implementation of this statement on the financial statements of the Corporation.

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of Small Business Guarantee and Finance Corporation.

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of the Corporation.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. New Accounting Standards, Continued

In June 2012, GASB issued Statement No. 67, Financial Reporting for Pension Plans, which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, Accounting and Financial Reporting for Pensions, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements on the Corporation's financial statements.

(2) CASH AND EQUIVALENTS

The Corporation's cash and equivalents at September 30, 2018 is summarized below:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Petty cash	\$	800	800
Cash in bank – Savings ITA	5,532		5,532
Cash in bank – BOG	466,064		466,064
Cash in bank - PDLF Savings	506,740		506,740
Cash in bank - Employee Loan Program	4,574		4,574
Cash in bank – Direct Loan Program	44,961		44,961
Cash in bank- TCD	200,212		200,212
Total cash and equivalents	\$ 1,228,083	800	1,228,883

The restricted cash represents balances of cash in banks arising from the following:

- The Original capitalization of \$1,000,000;
- Business development projects fund of \$500,000 received by the Corporation in fiscal year 2000;
- A transfer of \$102,700 from the defunct Development Loan Fund. (See also Note 10); and,
- Initial employee loan fund of \$10,000.

(3) ACCOUNTS RECEIVABLE

The Corporation's accounts receivable at September 30, 2018 is **\$631**.

(4) EMPLOYEE LOANS RECEIVABLE

The total balance of employees' loans with the Corporation at September 30, 2018 is **\$15,496**.

(5) ADVANCES

The summary of the Corporation's advances at September 30, 2018 is as follows:

Total amount of advances	\$3,441
Allowance for doubtful accounts	<u>(3,041)</u>
Net	<u>400</u>

(6) INTEREST RECEIVABLE

The Corporation charges 15% on its direct loans and the loans from the defaulted guarantees. At September 30, 2018, the loans have accrued interests of **\$47,023**.

(7) CAPITAL ASSETS

The capital assets' activities as of and for the fiscal year ended September 30, 2018 are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decrease)</u>	<u>Ending Balance</u>
Vehicles	\$ 20,596	6,632	(12,696)	\$ 14,532
Office equipment	17,187	1,457		18,644
Software	101,064			101,064
Total cost	<u>\$138,848</u>	<u>8,088</u>	<u>(12,696)</u>	<u>134,240</u>
(Less) accumulated depreciation for:				
Vehicles				\$ (3,386)
Office equipment				(17,142)
Software				(101,064)
Total accumulated depreciation				<u>\$ (121,592)</u>
Capital assets, net				<u>12,648</u>

(8) NOTES RECEIVABLE

The account represents two (2) promissory notes arising from defaulted loan guarantees and one hundred five (105) promissory notes ensuing from the Micro Loan Program.

(8) NOTES RECEIVABLE, CONTINUED

A summary of the notes receivable at September 30, 2018 is as follows:

Description	Gross Amount	Allowance for Bad Debts	Net Amount
Micro Loan Program (105accounts)	\$ 663,482	\$ (129,093)	\$ 534,389
Defaulted Loan Guarantees (2accounts)	166,429	(166,429)	0.00
PDLF	276,986	(276,986)	0.00
Total	\$ 1,106,897	\$ (572,508)	\$ 534,389

RELATED PARTY TRANSCATIONS

Of the above amount, three (3) loans are for individuals who are either related to an official or employee of the Corporation. Related party loans at September 30, 2018 is \$56,738.

(9) INTEREST INCOME

The amounts represent 15% interests earned on the direct loans under Micro Loan Program (MLP) and the loans from the defaulted guarantees (DLG) for the year ended September 30, 2018.

(10) TRANSFERS-IN

The Pohnpei State Legislature appropriated \$44,000 to subsidize the Corporation's operation for the fiscal year 2018. The amount is recorded as non-operating revenue.

11) POHNPEI DEVELOPMENT LOAN FUND (PDLF)

In December 2013 the Governor signed into law S. L. No. 8L-36-13 authorizing the transfer of \$100,000 of the liquid capital of the defunct Development Loan Fund (the Fund) and all the outstanding loan portfolio of the Fund to the Corporation. The fund is contributed as capital for the Corporation for the purpose of providing government assistance to qualifying businesses. The capital including payments/interests in the total amount of \$102,700 was recorded in the Corporation's books in June 2014 and named as Pohnpei Development Loan Fund.

(12) OTHER INCOME

The amounts represent interest earned on operation bank accounts maintained by the Corporation and interest earned on employees' loans for the year ended September 30, 2018.

(13) CONTINGENCIES

Risk Management

The Corporation does not purchase commercial insurance covering its potential risks. Management is of the opinion that no material losses have been sustained as a result of this practice.

Claims

There is currently no outstanding lawsuit or claim filed or threatened to be filed against the Corporation.

Guarantees

Pursuant to the Corporation's enabling act [PSL No. 3L-86-95, Section 15 (3)], the Corporation shall become liable under its guarantees upon proof that the loan has become past due under such terms and guidelines adopted by its Board and printed on the contract of guarantee. The Corporation did not enter into new loan guarantees during the fiscal year 2018.

SMALL BUSINESS GUARANTEE & FINANCE CORPORATION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

YEAR ENDED SEPTEMBER 30, 2018



OFFICE OF THE PUBLIC AUDITOR

POHNPEI STATE GOVERNMENT

P.O. Box 370

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED UPON THE AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Chairman

Board of Directors

Small Business Guarantee and Finance Corporation:

We have audited the accompanying financial statements of Small Business Guarantee and Finance Corporation (the Corporation), as of and for the year ended September 30, 2018, and have issued our report thereon dated March 25, 2019. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such as opinion. The result of our tests disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Recommendations (page 21-23) as finding Numbers 2018-001 to 2018-003 that is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and do not provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Corporation's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described

in the accompanying Schedule of Findings and Recommendations (page 23-27) as finding 2018-004 to 2018-006

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that item Numbers 2018-004 to 2018-006, identified as reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management of the Corporation, federal awarding agencies, pass-through entities, the cognizant audit and other federal agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.



Ihlen K. Joseph
State Auditor
25 March 2019

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Schedule of Findings and Recommendations
Fiscal Year Ended September 30, 2018

Finding No. 2018-001 Non-Compliance with Payroll Policy

Criteria: Section 5.8 of the Small Business Guarantee and Finance Corporation's Operation Manual allows, under certain circumstances, the "Executive Director to authorize advance release of pay checks for designated employees" and that the "advances shall be made when" the "employee has accrued wages." In addition, the Corporation has presented an approved schedule of payroll that sets the pay period covered and the payroll released date.

Condition: We selected 12 pay periods for testing during our review of the Corporation's payrolls. We noted that the Corporation was allowing advance release of paychecks to employees. Further review revealed that certain employees were allowed payroll advance that include hours which they have not earned, as follows:

Employee ID.	Pay Period No.	Hours Not Earned But Paid
Employee A	PP #03	16 hours
Employee B	PP #03	16 hours
Employee C	PP #03	16 hours
Employee D	PP #03	16 hours

Cause: The condition happened because the Executive Director allowed it.

Effect: The condition resulted in noncompliance with the Corporation's policies and is not a prudent practice to receive payment for services not yet performed by employees.

Recommendation: We recommend that the Executive Director should be prudent in her responsibility and make sure that all policies and procedures of the Corporation are complied with. The Executive Director should not allow advance payment of employee hours that have not been earned. Also, those "certain circumstances" for which employee pay checks are released ahead of scheduled dates should be documented.

Auditee Response: Please refer to Exhibit I on pages 29-31 of this report

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Schedule of Findings and Recommendations
Fiscal Year Ended September 30, 2018

Finding No. 2018-002 Deficiencies in the Documentation of Loans

Criteria: Chapter Five (5) of the Corporation's lending manual provides that "Disbursement shall commence only after the borrower has complied will all conditions laid down in the approval, including: Compliance/submission of documents or information that maybe required".

Condition: We reviewed 22 borrowers' files and found that loan disbursements were made even though loan files were not complete, as follows:

- 8 instances where there is no business license on file;
- 2 instances where purchases were inclusive of alcoholic beverages and yet business license for sale of such was not on file;
- One (1) instance where commitment letter not signed by borrower;
- One (1) instance where personal financial statement is blank;
- 1 instance where pledged vehicle was registered to a different name and not the loanee;
- Two (2) loans involving construction (house and store building) do not have floor plan or material list on file.

Cause: The condition happened due to lack of proper management oversight review and monitoring eventually following policies and procedures became lax.

Effect: The condition is not in compliance with the Corporation's lending manual and may result to serious matters including loss of loan funds if not corrected timely.

Recommendation: We recommend that the Board and the Executive Director should institute diligent review and regular monitoring of loans and related documents, matters and activities to ensure compliance with all the requirements set forth in the Corporation's lending manual. The Executive Director should direct the responsible employee to make sure that borrowers submit all required documents and have complied with all conditions described in the approval checklist prior to release of loan disbursements.

Auditee Response: Please refer to Exhibit I on pages 29-31 of this report

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Schedule of Findings and Recommendations
Fiscal Year Ended September 30, 2018

Finding No. 2018-003 Unauthorized use of PDLF

Criteria: The Pohnpei legislature authorized funds through S.L. No. 3L-44-93, the Comprehensive Budget Act for Fiscal Year 1994, as amended, to Small Business Guarantee and Finance Corporation for the purpose of financing small enterprises. Similarly, S.L No. 8L-36-13 transferred portion of the Pohnpei Development Loan Fund (PDLF) to the Corporation for the purpose of providing government assistance to qualified people of Pohnpei who wish to engage in development projects. The funds are specifically for business loans and should not be used for other purposes without Legislatures approval.

Condition: Our review disclosed that the Board approved the transfer of \$35,000 from PDLF to finance the Corporation's operation. However, the transfer was not approved by the Legislature.

Cause: The corporation lacked sufficient budget to support its operation due to budget cut in 2016.

Effect: The condition is not in compliance with the intent of PDLF.

Recommendation: We recommend that the Board should ensure that the use of PDLF for the Corporation's operation is approved by Legislature.

Auditee Response: Please refer to Exhibit I on pages 29-31 of this report

Finding No. 2018-04 Control Weaknesses in the Financial Reporting and Supporting Accounting Records

Criteria: As a governmental entity that operates in a manner similar to private business enterprise, it is imperative that the Corporation has a suitable system of accounting and financial reporting to provide timely and accurate financial records and reports to facilitate management oversight and decision making. In addition, all pertinent supporting schedules and accounts should be reviewed regularly to ensure they reflect accurate information and records. This would enable preparation of the Corporation's financial statements in conformity with the generally accepted accounting principles and also would enable timely audits.

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Schedule of Findings and Recommendations
Fiscal Year Ended September 30, 2018

Finding No. 2018-04 Control Weaknesses in the Financial Reporting and Supporting Accounting Records, Continued

Equally important is to have proper management oversight to ensure the system continues to function properly.

Condition: During our audit the Corporation did not submit timely its financial statements and supporting schedules to our office. The accounting records and financial reports also reflected errors that needed further auditing hours to review and analyzed. For example:

- a. The Working Trial Balance was only submitted on March 13, 2019 along with the corrected Schedule of Notes Receivable.
- b. Accrued payrolls and Notes receivable-PDLF were not recorded and there were misclassifications of some expense accounts; and,
- c. Fixed assets listing submitted by the Corporation was incomplete and contained errors.

Similar finding has been reported in the prior years' audits and only improved when the DOTA Financial Advisor assisted in the reviewing and the preparation of the Corporation's financial reports.

Cause: Management has not taken appropriate action to recruit a qualified person to do the financial accounting and reporting of the Corporation and the current Accountant has not been trained adequately to assume the duties and responsibilities.

Effect: As a result, we proposed adjusting entries in the total amount of \$80,659.81 that if not corrected would have misstated the Corporation's financial statements. Also, the late submission of the financial statements affected timely completion of our audit work.

Recommendation: We recommend that management should do its responsibility to ensure that the Corporation is properly accounting and reporting its financial transactions and information. Management should recruit a qualified person to account and report on the financial activities of the Corporation and train the current Accountant to eventually assume the duties and responsibilities.

Auditee Response: Please refer to Exhibit I on pages 29-31 of this report

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Schedule of Findings and Recommendations
Fiscal Year Ended September 30, 2018

Finding No. 2018-005 Internal Control Weaknesses in Loan Disbursement

Criteria: The Corporation's lending manual provides as follows:

5.1 Disbursement of loan will be supervised and funds released on a need basis or on a draw down basis requiring documentation where necessary. This is to provide assurance that funds are actually used for purposes of the loan; and,

5.6.1 Notations/Deviations and changes to the approved loan may become necessary during the project implementation. If such deviations are justified in terms of project implementation and concurred by the borrower and the Corporation such deviations will be built into the loan disbursements.

Condition: During our audit, we noted three (3) loans with purchase not related to the intended purpose of the loan and not appropriately justified.

1. Loan No. MLP18-09 – purpose of the loan is fishing, yet a sewing machine was also purchased with the proceeds.
2. Loan No. MLP18-02 - purpose of the loan is for Used Tire Shop but \$1,000 of the loan was used to purchase a pig.
3. Loan number MLP 18-12 - loan was for laundromat but proceed of the loan was also used to purchase glass door beverage ice box.

Cause: This condition happened because management bypassed and did not comply with the Corporation's loan disbursement related policies and procedures. Management allowed the transactions even though there was lack of documentation justifying proper authorization.

Effect: The condition resulted in questionable purchases as well as non-compliance with the Corporation's lending policies and procedures. In addition, the Corporation could lose the right to these purchases in case of loan default. Also, this practice of bypassing prudent practice can become a norm if left uncorrected.

Recommendation: We recommend that the Board and the Executive Director should ensure strict compliance with all policies and procedures, requirements or conditions regarding loans and related matters. The Executive Director should direct the responsible employee to follow established procedures on how to properly document the processing of loans and related disbursements. All required documents needed to support loan application, loan disbursement process and any change thereof must be obtained, prepared as appropriate, and filed in loanee's file.

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Schedule of Findings and Recommendations
Fiscal Year Ended September 30, 2018

Finding No. 2018-005 Internal Control Weaknesses in Loan Disbursement, Continued

We also recommend that the Corporation should, as much as reasonable, only disbursed funds for the intended purpose of the loan and should ensure that all disbursements or purchases are legitimate.

Auditee Response: Please refer to Exhibit I on pages 29-31 of this report

Finding No. 2018-006 Unresolved Prior Year's Finding:

Criteria: Pursuant to Pohnpei State Law No. 5L-08-00, the Authority is required to submit to the Public Auditor a report on its progress in clearing the deficiencies cited in the audit report until such time that all the deficiencies have been cleared, which period shall not exceed six (6) months.

Condition:

The table that follows shows the status of the implementation of prior year's recommendations:

Audit Findings	Status of Implementation of Recommendation	Auditor's Remarks
Finding No. 2011-02 Advance not properly approved is still outstanding. This advances should be settled by management.	Still outstanding	Partly resolved

Cause:

Management did not develop and implement corrective measures to resolve all prior year audit findings. The condition reflects unconcerned attitude of management not taking action that would improve the operation as well as protect the Corporation's interest.

Effect:

The non-resolution of the prior years' audit findings will continue to hinder the effective maintenance of a suitable internal control system as well as Corporation's compliance with applicable laws and regulations.

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION
Schedule of Findings and Recommendations
Fiscal Year Ended September 30, 2018

Finding No. 2018-006 Unresolved Prior Year's Finding, Continued

Recommendation:

We recommend the Corporation to resolve all prior years' audit findings. The Board should ensure that the Executive Director develops and implements suitable corrective measures that would satisfactory resolve the audit findings to improve the internal control system and compliance issues of the Corporation.

Auditee Response: Please refer to Exhibit I on pages 29-31 of this report

SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION

AUDITEE RESPONSE (EXHIBIT I)

YEAR ENDED SEPTEMBER 30, 2018

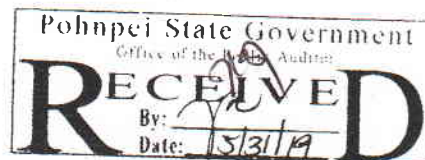


SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION

P.O. Box 1751 Kolonia, Pohnpei FM 96941

May 28, 2019

Honorable Iso Ihlen K. Joseph
State Public Auditor
Office of the Public Auditor
Pohnpei State Government
Pohnpei, FM 96941



RE: Response to FY-2018 Audit Findings

Maing Honorable Iso:

It is an honor for me to transmit herewith the above referenced report highlighting corrective actions deemed necessary in addressing findings as provided below.

Finding No. 2018-01 Non-Compliance with Payroll Policy

Auditor's Recommendation

Executive Director should be prudent in his/her responsibilities:

- (a) Make sure that all policies and procedures of the Corporation are complied with;
- (b) Should not allow advance payment of employees hours that have not been **earned**;
- (c) Make sure those "certain circumstances" for which employee pay checks are released ahead of scheduled dates should be **documented**.

Auditee Response

Auditor's finding and recommendation are well noted. The Executive Director and management will ensure that all the above recommendations are implemented.

Finding No. 2018-02 Deficiencies in the Documentation of Loans

Auditor's Recommendation

The Board and the Executive Director should institute diligent review and regular monitoring of loans and related documents, matters and activities to ensure compliance with all the requirements set forth in the Corporation's lending manual. The Executive Director should direct the responsible employee to make sure that borrowers submit all required documents and have complied with all conditions described in the approval checklist prior to release of loan disbursements.

Auditee Response

Auditor's Finding and Recommendation are well noted. The Board and Executive Director/Management will ensure that all required documents are attached, signed and fully completed before the loan disbursements. Management will set up a time line to do file reconciliation and update.

Finding No. 2018-03 Unauthorized use of PDLF**Auditor's Recommendation**

We recommend that the Board should ensure that the use of PDLF for the Corporation's operation is approved by Legislature.

Auditee Response

Audit finding and recommendation are well noted. The Board and management will try to resolve this with the Legislature.

Finding No. 2018-04 Control Weaknesses in the Financial Reporting and Supporting Accounting Records**Auditor's Recommendation**

Recommend that management should do its responsibility to ensure that the Corporation is properly accounting and reporting its financial transactions and information. Management should recruit a qualified person to account and report on the financial activities of the Corporation and train the current Accountant to eventually assume the duties and responsibilities.

Auditee Response

Audit finding and recommendation are well noted. Management will make sure to find a qualified person to account and report on the financial activities. The qualified person will at the same time train the Accountant to be assume all duties and responsibilities.

Finding No. 2018-05 Internal Control Weaknesses in Loan Disbursement**Auditor's Recommendation**

We recommend that the Board and the Executive Director should ensure strict compliance with all policies and procedures, requirements or conditions regarding loans and related matters. The Executive Director should direct the responsible employee to follow established procedures on how to properly document the processing of loans and related disbursements. All required documents needed to support loan application, loan disbursement process and any change thereof must be obtained, prepared as appropriate, and filed in loanee's file. We also recommend that the Corporation should, as much as reasonable, only disbursed funds for the intended purpose of the loan and should ensure that all disbursements or purchases are legitimate.

Auditee Response

Audit finding and recommendation are well noted. Management will ensure strict compliance of policies and procedures, requirements or conditions regarding loan process and documentation. Management will set a timeline for loan files update to make sure that all required documents are in place, signed and file.

Finding No. 2018-06 Unresolved Prior Year's Finding:

Auditor's Recommendation


We recommend the Corporation to resolve all prior years' audit findings. The Board should ensure that the Executive Director develops and implements suitable corrective measures that would satisfactory resolve the audit findings to improve the internal control system as well as Corporation's compliance with applicable laws and regulations.

Auditee Response

Audit finding and recommendation are well noted. The Board and management will implements suitable corrective measures to resolve this prior year finding.

The Board and management will resolve these findings in a more detail report. So, if there should be any inquiries regarding this communication, please don't hesitate to contact us.

Ni wahu,


Nihcolson Solomon
Chairman, BOD

cc: Board of Directors
File

IMPORTANT MESSAGE

The Pohnpei Office of the Public Auditor (POPA), actively solicits and welcomes allegations of any insufficient and wasteful practices, fraud, and corruption in the Pohnpei Government. Fraud, waste, mismanagement, misuse, abuse or any allegation or sign of corruption in the government should be a concern of everyone in Pohnpei. You can report allegations of fraud and corruption by contacting the Pohnpei Office of the Public Auditor at the following addresses:

Mail: Pohnpei Office of the Public Auditor
P.O. Box 370
Kolonias, Pohnpei State, FM 96941

Phone: (691) 320-2638

Hotline: (691) 320-8497 (24-hours)

Email: opsa_psa@mail.fm

Web-site: www.opapni.fm