



## OFFICE OF PUBLIC ACCOUNTABILITY

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### Guam Preservation Trust – FY 2020 Financial Highlights

January 28, 2021

Hagåtña, Guam – The Office of Public Accountability (OPA) released the Guam Preservation Trust (GPT) financial statements, report on compliance and internal control, and the auditor’s communication with those charged with governance for fiscal year (FY) 2020. Independent auditors, Ernst & Young LLP rendered an unmodified (clean) opinion on GPT’s financial statements, for which no material weaknesses and no significant deficiencies were identified. GPT closed FY 2020 with a decrease in net position (net loss) of \$38 thousand (K), which was less than FY 2019’s net loss of \$122K. For FY 2020, OPA recognized<sup>1</sup> GPT for achieving a status similar to “low-risk” for three consecutive years.

#### Novel Coronavirus (COVID-19) Pandemic

GPT took steps to assess finances and evaluate programs and projects in preparation for the uncertainties due to the pandemic and the spiral effects that would have impacted the community, the nation, and globally. Strategies were developed to minimize the impact to GPT’s operations and programs. GPT continues to provide for education and outreach in various formats. These activities were postponed or changed to virtual formats.

Due to the continued uncertainties surrounding the extent and duration of the COVID-19 outbreak and its impact on Guam’s economy, GPT is unable to reasonably estimate the potential future impact on its financial statements.



#### GPT Revenues Decreased by \$483K

GPT’s total revenues decreased by \$483K, from \$1.2 million (M) in FY 2019 to \$706K in FY 2020 due to a decrease in building permit fees and grants.

GPT receives most of its revenues from the Building Permit Fees administered by the Department of Public Works (DPW). For FY 2020, building permit fees decreased to \$505K in FY 2020 from \$820K in FY 2019 due to the decrease in construction activity. In addition,

the COVID-19 pandemic limited services provided by DPW’s Building Permit Section and the Treasurer of Guam cashiers. Construction activity can be as large as hotel development or as small

<sup>1</sup> OPA recognizes entities not subject to a Single Audit that achieved a similar “low-risk” status. OPA’s criteria for such recognition requires that for three consecutive periods (fiscal years 2018, 2019, and 2020), the entity issued its financial audit within six months of the fiscal year and received an unmodified “clean” opinion on its financial statements with no material weaknesses, significant deficiencies, or questioned costs.

as renovations on a home or existing small structure. This does not include military-related construction activities because DPW does not have oversight over such projects.

Grants and other support significantly decreased to \$59K in FY 2020 from \$302K in FY 2019. New grant proposals or requests for event sponsorship were minimal due to the pandemic. The extension of existing projects prevented the submission of new proposals. However, new proposals are anticipated next fiscal year.

GPT received a \$10K approved grant during FY 2020 for the Humanities Guahan–Ekungok I Estoria-ta (Part II). The overall project includes the story narrative in the CHamoru language of ten historic sites and professional development for CHamoru teachers to introduce the learning method. For each historic site, CHamoru songs will be produced and video vignette for virtual field trips will be created.



Interest income significantly increased by \$75K, from \$67K in FY 2019 to \$142K in FY 2020. The increase was attributed to no drawdowns to pay for capital improvement projects. GPT anticipated the pandemic’s impact on financials, capital projects, and overall operations and prioritized expenditures.

### **GPT Expenditures Decreased by \$467K**

In FY 2020, overall expenditures were \$744K, a 39% decrease from FY 2019’s \$1.2M. This was due to the significant decrease in program services. New grant proposals and requests for event sponsorship were minimal because of the pandemic.

In addition, the decrease attributed to the adherence of strategies from the GPT COVID-19 Response and Guidance. In April 2020, GPT drafted a Financial Analysis to Address Economic Impact Due to COVID-19 Pandemic. This analysis provided strategic alternatives with actionable objectives and austerity measures. For example, one strategic objective was operational austerity action, which allowed staff to function on austerity mode and prioritize operational budget items.

For more details on GPT’s operations, refer to the Management’s Discussion and Analysis in the audit report at [www.opaguam.org](http://www.opaguam.org) and [www.guampreservationtrust.org](http://www.guampreservationtrust.org).