

*Financial Statements and
Supplementary Information*

Guam Preservation Trust

(A Component Unit of the Government of Guam)

Year ended September 30, 2022

with Report of Independent Auditors



Guam Preservation Trust
(A Component Unit of the Government of Guam)

Financial Statements and
Supplementary Information

Year ended September 30, 2022

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Report of Independent Auditors

The Board of Directors
Guam Preservation Trust

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Guam Preservation Trust (the Trust), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinions, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Trust at September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 12, and Budgetary Comparison Schedule – Governmental Funds on page 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The supplementary comparative financial statement information for the year ended September 30, 2022 included in pages 28 and 29, and the Schedule of Grant Projects Reserved for Encumbrances included in page 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary comparative financial statement information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Trust as of and for the year ended September 30, 2021 (not presented herein), and have issued our report thereon dated January 10, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities and the general fund of the Trust. The comparative financial information for the year ended September 30, 2021 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The supplementary comparative financial statements information have been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary comparative financial statement information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2021.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trust's internal control over financial reporting and compliance.

Ernst + Young LLP

November 3, 2022

Guam Preservation Trust

Management's Discussion and Analysis Year ended September 30, 2022

The Management's Discussion and Analysis (MD&A) of the Guam Preservation Trust's financial performance provides an overall review of the Trust's financial activities for the fiscal year ended September 30, 2022. This presentation is provided to better understand the Trust and its financial status in accordance with United States generally accepted accounting principles promulgated by the Standards of the Government Accounting Standards Board (GASB).

Introduction

The Guam Preservation Trust (the Trust) was created in 1990 as a non-profit, public corporation governed by a Board of Directors. It is dedicated to preserving Guam's historic sites and culture as well as educating the public about those issues. Although primarily tasked with restoring historic structures, which are listed in the Guam Register of Historic Places and/or the National Register of Historic Places, the Guam Preservation Trust also supports various types of heritage projects.

Management

The Trust is a 501(c) 3 Non-profit Corporation comprised of ten board members representing five disciplines (Archaeology, Architecture, Chamorro Culture, Community Planning, and History). Each discipline is represented by a primary and an alternate Board Member. Board Members appointed by the Governor and approved by the Legislature to the Historic Review Board of the Guam Department of Parks and Recreation, automatically sit on the Trust Board. The Board of Directors conducts its regular monthly meeting on the second Wednesday of the month at 3:00pm. In Fiscal Year 2022, a total of seven (7) Trust Board of Directors meetings were conducted and a total of twenty (20) board resolutions were made. Attendance of Board Members representing four of the five disciplines constitute a quorum.



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Management’s Discussion and Analysis, continued

Management, continued

The Trust Board Members by discipline are:

<u>Discipline</u>	<u>Primary Members</u>	<u>Alternate Members</u>
<i>Architecture</i>	Michael Makio, AIA (Board Chair)	(Vacant)
<i>Archaeology</i>	David Atienza	(Vacant)
<i>Chamorro Culture</i>	Zina Ruiz	(Vacant)
<i>History</i>	Eric Forbes	Vincent Leon Guerrero
<i>Planning</i>	Dave Lotz	Edwin Reyes

The Trust is currently staffed by Joseph Quinata, Chief Program Officer; Ruby Santos, Administrative Services Coordinator; Andrew Tenorio, Program Officer, Dietrix Duhaylonsod, Program Officer, and Lawrence Borja, Development Officer. The Trust personnel are non-government employees and are governed by the Trust’s personnel handbook. Legal and accounting services are contracted by the Trust.

The Trust Vision

Historic Preservation on Guam is a public responsibility that is shared through education, cooperation, and advocacy all linking to Guam’s Cultural Heritage.

The Trust Mission

The Trust will preserve and protect Guam’s historic sites, culture, and perspectives for the benefit of our people and our future.

2022 Highlights

The year 2022 gave the preservation community many blessings from two major government initiatives that allocated \$3.5 million for the rehabilitation of the F.Q. Sanchez School in Humåtak, and the full restoration of the building permit fees to the Guam Preservation Trust that will project an estimated \$500,000 toward saving places that matter to the people of Guam and empowerment programs for our community. Another fusion of \$200,000 from the Attorney General’s Office from the Marbo Cave Settlement toward preservation and conservation work on Trust properties.

Capacity Building, Education, and Outreach

The Guam Preservation Trust continues to provide for education and outreach such as the ***Pacific Preservation Summit*** that brought together about 150 local and regional preservation stakeholders to share and inspire with best practices and new findings. The annual ***Guam History Day*** (www.guamhistoryday.weebly.com) competition for middle and high school students that was conducted virtually in place of the traditional face-to-face event. ***Ekungok Estoria-ta*** (www.pacificpreservation.org/eie) professional development workshop for CHamoru teachers resumed face-to-face to complete the workshop objectives and the overall project goals. Series II manuscripts for ten additional historic sites were completed. ***Marianas History Conference*** was held virtually with sponsorship assistance from the Guam Preservation Trust. ***I Hinanao-ta 500 Años – Our Journey, 500 Years*** scripts were completed with an exhibition held at the Historic Lujan House and soon to held at the Guam Museum. ***Archaeology Fieldwork Technician Certificate Course*** was conducted with 25 participants completing the certificate program and

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Management’s Discussion and Analysis, continued

being given the opportunity to work with Cultural Resource Management firms on island. ***Cultural Resource Management Course*** provided much needed capacity building for our community.

Restoration, Rehabilitation, and Reconstruction of Historic Structures

The Architectural and Engineering Design Plans for the George Flores House in Inalåhan and the Rosario House in Hagåtña are completed which will bring a total of four (4) historic structures that will be shovel-ready for the construction phase.

Community Partnerships and Investments

In 2022, the Trust partnered with over 30 public and private organizations, and individuals from the community to oversee grants and projects to accomplish our *proposed outcomes* (Goals) for the year. All have been successful in their respective delivery to the community for their benefit and appreciation.

Regional, National, and International Support

The Trust made strides in developing partnerships with technical and professional resources in the preservation arena. These resources are invaluable and contribute to the capacity building of our community in advancing preservation on Guam. The following are preservation partners in the region, the nation, and international:

Friends of the Mariana Trench, Palau Conservation Society, Micronesia Conservation Trust, Conservation Society of Pohnpei, St. Croix Crucian Heritage and Nature Tourism, Asian & Pacific Islanders American for Historic Preservation (APIAHiP); National History Day, Inc. (NHD); The National Trust for Historic Preservation (NTHP); National Park Service; Association for Preservation Technology International (APT); U.S. Department of Interior (OIA/TAP); National Preservation Partners Network; University of Pompeu Fabra Barcelona, Spain.

Trust Standards of Success (Goals)

Guam’s preservation stakeholders presented the Trust Five-Year Historic Preservation Strategic Plan as a statement of our community’s bold step towards taking action to preserve and protect our heritage for all to benefit. Today, the Trust presents its report as a testimony of the diligence and dedication of the Trust Board of Directors, staff, and the preservation community in accomplishing this year’s *proposed outcomes* and achieving the *standards of success* or goals expected by the community.

The Guam Preservation Trust Goals

1. Historic Property Documentation and Register Nomination

The Trust will provide opportunities for the documentation of the historic significance of places, objects, structures, buildings, and sites, and is in the formal process for registration and nomination for listing on the Guam and/or National Register of Historic Places.

Action Outcomes

No proposals were received in this category; therefore, no funding was approved for FY22.

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Management's Discussion and Analysis, continued

2. Public Interpretation and Presentation

The Trust will assist historians and other writers in the interpretation and presentation of historic properties for public education and appreciation.

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2022
Teaching With Historic Places	8/13/15	\$14,400	\$6,303	\$8,097
Capital Development Campaign	7/10/17	\$20,000	\$266	\$19,734
Latte In the Marianas	10/15/18	\$5,428	\$5,415	\$13
Learning Chamoru- Discovering Guam's History	8/9/19	\$9,950	\$7,960	\$1,990
Section 106 Training	1/17/20	\$7,000	\$0	\$7,000
Board Orientation	3/11/20	\$800	\$0	\$800
Modern Guam Rises Above Destruction 1945-1970	11/10/20	\$37,962	\$34,096	\$3,866
Five Year Strategic Plan	2/9/22	\$25,000	\$1,781	\$23,219
Internship Program	3/9/22	\$16,000	\$4,000	\$12,000
The Lanchu Project	5/17/22	\$15,500	\$12,400	\$3,100

3. Architectural Research

The Guam Preservation Trust, in collaboration with architectural engineering organizations, will develop architectural research and documentation of historic structures for use in rehabilitation, renovation, restoration, or re-construction.

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2022
FQ Sanchez Facility – A&E	12/18/14	\$208,054	\$207,554	\$500
Amendment 1 -Update Certification	5/12/21	\$51,913	\$50,123	\$1,789
Guam Historic Courthouse Restoration Planning	9/6/19	\$50,000	\$50,000	\$0
FQ Sanchez Facility – A&E Amendment 2 -	7/12/22	\$189,450	\$0	\$189,450

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Management’s Discussion and Analysis, continued

4. *Ethnography and Oral History*

The Guam Preservation Trust, in collaboration with organizations involved in ethnography and oral history, will dedicate resources, the research and documents: 1) Historic places; and 2) Traditional cultural values and practices significant to Guam.

Action Outcomes

No proposals were received in this category; therefore, no funding was approved in FY22.

5. *Repair, Rehabilitation, Restoration, or Renovation of Historic Buildings and Structures*

The Guam Preservation Trust, in collaboration with other organizations and property owners, will dedicate resources for the care and treatment of deteriorating historic structures and buildings.

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2022
Guam Congress/Legislature	5/18/15	\$2,783,379	\$2,758,379	\$25,000
Rosario/San Nicolas House	1/13/18	\$179,706	\$217,844	\$(38,138)
Amendment	10/14/20	\$38,138	\$0	\$38,138
Archbishop Flores House Fencing	4/13/18	\$10,000	\$7,493	\$2,507
George Flores House	11/12/20	\$93,936	\$0	\$93,936
Amendment - HSR	2/9/22	\$18,028	\$0	\$18,028
Cliff Unit Renovation	7/8/20	\$9,000	\$9,000	\$0
Amendment	3/10/21	\$4,840	\$3,840	\$1,000

6. *Archaeological Research*

The Guam Preservation Trust will work with the archaeological organizations to provide for archaeological research to better understand Guam’s history.

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2022
Guam Rock Art Study	8/9/19	\$12,000	\$9,600	\$2,400
Archaeological Field School Training - Atantano	7/8/20	\$2,500	\$0	\$2,500
Archaeology Technician Certificate	5/12/21	\$2,500	\$1,819	\$681

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Management’s Discussion and Analysis, continued

7. Archival Research

The Guam Preservation Trust, in collaboration with archival organizations, will develop and provide archival research that focuses on specific historic places or broad patterns of events significant in Guam’s history for public education and appreciation.

Action Outcomes

No proposals received in this category; therefore, no funding was approved for FY22.

8. Grants Awarded to GPT

The Guam Preservation Trust applied and was awarded grants from local, federal, and national institutions to fund community outreach programs in preservation.

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2022
Ayuda Foundation – Latte In the Marianas	10/15/18	\$1,700	\$1,700	\$0
Take Care Grant – Heritage Communities are Healthy Communities	1/11/19	\$3,000	\$2,027	\$973
Dept. of Interior – Pacific Preservation Technology	4/29/19	\$94,801	\$94,301	\$500
Dept. of Interior – World Heritage Training & Workshop Opportunities	9/6/19	\$63,217	\$42,029	\$21,188
GEDA – Ekungok I Estoriata	10/30/20	\$6,563	\$6,145	\$418
Dept. of Interior – Atantano Heritage Preserve	6/5/21	\$200,000	\$1,050	\$198,950
Guam Museum I Hinanao-ta Exhibit	9/16/21	\$33,599	\$14,485	\$19,114
GEDA Cannon Refurbishing	12/16/21	\$25,000	\$0	\$25,000
Dept. of Navy – Hila’an Survey & Appraisal	9/23/21	\$150,000	\$0	\$150,000
AIA – Pacific Preservation Technology Sponsorship	5/2/22	\$3,000	\$3,000	\$0

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Management's Discussion and Analysis, continued

Financial Analysis

Our analysis is based on the following condensed financial data for the years ended September 30, 2022 and 2021.

	September 30, 2022	September 30, 2021	2022 % increase (decrease) from 2021
<u>Statement of Net Position</u>			
Assets:			
Cash and cash equivalents	\$ 2,952,987	\$ 256,356	1052%
Investments	2,223,792	1,464,172	52%
Due from building permit fund, net	73,484	3,646	1915%
Other receivable	---	4,286 (100%)
Other assets	<u>10,553,314</u>	<u>10,552,400</u>	<u>0%</u>
Total assets	<u>15,803,577</u>	<u>12,280,860</u>	<u>29%</u>
Liabilities:			
Accrued expenses	24,226	67,575 (64%)
Deferred revenue	---	25,408 (100%)
Deposits payable - grants	8,000	8,000	0%
Lease liability	8,058	---	100%
Accrued vacation	<u>60,284</u>	<u>57,581</u>	<u>5%</u>
Total liabilities	<u>100,568</u>	<u>158,564 (</u>	<u>37%)</u>
Net position:			
Invested in capital assets	642,613	641,699	0%
Unrestricted	5,149,695	1,569,896	228%
Restricted	<u>9,910,701</u>	<u>9,910,701</u>	<u>0%</u>
Total net position	<u>\$ 15,703,009</u>	<u>\$ 12,122,296</u>	<u>30%</u>
	Year ended September 30, 2022	Year ended September 30, 2021	2022 % increase/ (decrease) from 2021
<u>Statement of Activities</u>			
Building permit fees	\$ 804,838	\$ 559,523	44%
Grants / support - unrestricted	3,817,084	26,791	14148%
Change in fair value of investments	(211,361)	114,722 (284%)
Interest income	<u>26,976</u>	<u>27,200</u> (1%)
Total revenues	<u>4,437,537</u>	<u>728,236</u>	<u>509%</u>
Expenditures	<u>856,824</u>	<u>747,056</u>	<u>15%</u>
Change in net position	3,580,713 (18,820) (19126%)
Net position at beginning of year	<u>12,122,296</u>	<u>12,141,116</u>	<u>0%</u>
Net position at end of year	<u>\$ 15,703,009</u>	<u>\$ 12,122,296</u>	<u>30%</u>

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Management's Discussion and Analysis, continued

Revenues

The Trust receives most of its revenues from the Building Permit Fees administered by the Guam Department of Public Works. A compilation is conducted every quarter by our accounting services provider to cross check totals listed on the Trust's Special Accounts with the Guam Department of Administration. This allows a check and balance for any discrepancies. Such discrepancies are then reported to the Director of Public Works who oversees the Building Permit Section. Two major public law initiatives from the Government of Guam were enacted to provide much needed funding that will ensure that saving places that matter to the people of Guam will continue and community-based empowerment programs will continue to tell the full story of Guam's history and people.

Public Law 36-82

Public Law 36-82 was signed into law on March 11, 2022, to fund \$3.5 million to rehabilitate the Historic Francisco Q. Sanchez School located in the village of Humåtak.

Public Law 36-107

Public Law 36-107 was signed into law on September 12, 2022, **an act to repeal and reenact subsection 76602 of article 6, Chapter 76, Title 21, Guam Code Annotated** relative to restoring 100% funding for building permit fees to the Guam Preservation Trust.

Building Permit Revenues Collection

For FY22, a total of \$804,838 was collected from building permit fees due to the Guam Preservation Trust, an increase of \$245,306 or about 44% from the FY21 total of \$559,532. This increase is attributed solely to the increase in construction activity in FY22. Construction activity can be as large as a hotel development or as small as renovation on a home or existing small structure.

Grants and Other Support

A total of \$3,817,084.00 was received from Government of Guam, Grant funding from partner organizations, and other donation support from the public.

Investments

Interest income on investments decreased between FY21 and FY22. In FY22, \$26,976 was earned on interest income, compared to \$27,200 in FY21. The decrease is attributed to the volatile market and drawdowns for the year.

Expenditures

Overall expenditures for FY22 are \$856,824. An increase of approximately 15% from FY21 total of \$747,056. This is attributed to the increase in personnel and projects.

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Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Assets:			
Cash and cash equivalents	\$ 2,952,987	\$ ---	\$ 2,952,987
Investments	2,223,792	---	2,223,792
Due from Government of Guam Building Permit Fund, net	73,484	---	73,484
Lease asset - equipment	---	7,534	7,534
Depreciable capital assets, net	---	40,472	40,472
Nondepreciable capital assets	---	10,505,308	10,505,308
Total assets	<u>\$ 5,250,263</u>	<u>\$ 10,553,314</u>	<u>\$ 15,803,577</u>
Liabilities and Fund Balance/Net Position			
Accrued expenses	\$ 24,226	\$ ---	\$ 24,226
Grant deposit	8,000	---	8,000
Long-term liability			
Due in one year	---	14,205	14,205
Due after one year	---	54,137	54,137
Total liabilities	<u>32,226</u>	<u>68,342</u>	<u>100,568</u>
Fund balances - assigned	<u>5,218,037</u>	<u>(5,218,037)</u>	
	<u>\$ 5,250,263</u>		
Net position:			
Invested in capital assets		642,613	642,613
Unrestricted		5,149,695	5,149,695
Restricted		<u>9,910,701</u>	<u>9,910,701</u>
Total net position		<u>\$ 15,703,009</u>	<u>\$ 15,703,009</u>

See accompanying notes.

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**Statement of Governmental Fund Revenues, Expenditures and Changes in Fund
Balance/Statement of Activities**

Year ended September 30, 2022

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Activities</u>
Revenues:			
Grants and other support	\$ 3,817,084	\$ ---	\$ 3,817,084
Building permit fees	804,838	---	804,838
Investment income	26,976	---	26,976
Decrease in fair value of investments	(211,361)	---	(211,361)
Total revenues	4,437,537	---	4,437,537
Expenditures:			
Program services - projects/grants	256,483	---	256,483
Supporting services:			
Personnel	440,393	---	440,393
Contractual	60,558	---	60,558
Insurance	26,286	---	26,286
Supplies and equipment rental	13,750	468	14,218
Utilities	13,260	---	13,260
Travel	11,650	---	11,650
Trust fund and investment fees	9,065	---	9,065
Depreciation expense	---	6,620	6,620
Miscellaneous	6,038	---	6,038
Communication	3,906	---	3,906
Advertising	2,988	---	2,988
Stipend	2,600	---	2,600
Amortization of lease expense	---	2,511	2,511
Lease interest expense	---	248	248
Total expenditures/expenses	590,494	9,847	600,341
Total expenditures/expenses	846,977	9,847	856,824
Excess of revenues over expenditures	3,590,560	(3,590,560)	
Increase in net position		3,580,713	3,580,713
Fund balance/net position:			
Beginning of year	1,627,477	10,494,819	12,122,296
End of year	\$ 5,218,037	\$ 10,484,972	\$ 15,703,009

See accompanying notes.

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Notes to Financial Statements

Year ended September 30, 2022

1. Organization

The Guam Preservation Trust (the Trust) was established by Public Law 20-151 dated March 21, 1990 (as amended by Public Law 21-07 on April 19, 1991 and amended by Public Law 27-89 on May 6, 2004) as a public, non-profit corporation.

The Trust is a component unit of the Government of Guam. The Trust is governed by a Board of Directors, who shall be appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Employees of the Trust are not Government of Guam employees and, accordingly, do not participate in the Government of Guam's retirement system.

The Trust was created for the following purposes:

- To seek local grants, federal grants and donations;
- To acquire title to threatened Guam properties for the preservation of their value whether in fee simple, leasehold, or by easement, through donation, transfer, dedication, purchase and eminent domain;
- To award grants for archaeological investigations;
- To prepare a Guam Preservation Trust Master Plan (the Plan) identifying by order of priority, the buildings, structures and sites which in the opinion of the Trust are deserving of preservation and which shall be preserved. The Trust shall hold a public hearing on the proposed plan and shall transmit the Plan to I Liheslaturan Guahan sixty (60) days prior to its implementation; and
- To support other activities directly related to increasing public appreciation of and benefit from historical places.

2. Summary of Significant Accounting Policies

The Trust's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The financial statements of the Trust are prepared in accordance with U.S. generally accepted accounting principles (GAAP). GASB is the recognized standard-setting body for establishing Governmental Accounting and Financial Reporting Principles.

Guam Preservation Trust
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Government-wide Financial Statements

The statement of net position presents the non-fiduciary financial condition of the Trust's assets after liabilities are deducted and consists of (1) assets invested in capital assets net of accumulated depreciation, (2) restricted assets reduced by liabilities and deferred inflows of resources related to those assets and (3) unrestricted assets.

Assets are reported as restricted when constraints are imposed by third parties or enabling legislation.

Measurement Focus/Government-wide and Fund Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Trust gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements of the Trust are accounted for using a flow of current financial resources measurement focus. The statement of governmental fund revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred.

Fund Financial Statements

The Trust uses one governmental fund to report on its financial position and results of operations. The operations of this fund are accounted for with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

Guam Preservation Trust
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Fund Financial Statements, continued

Separate financial statements are provided for Governmental funds. The Trust presents a balance sheet and a statement of revenues, expenditures and changes in fund balance for its government fund. The ending fund balance on the balance sheet is then reconciled to the ending governmental net position.

Adjustments required to reconcile total governmental fund balance to net position of governmental activities in the statement of net position as of September 30, 2022 are as follows:

Fund balance – governmental funds	\$ 5,218,037
Add – capital assets and lease asset	10,553,314
Less – lease liability	(8,058)
Less – compensated absences payable	(<u>60,284</u>)
Net position of governmental activities	<u>\$15,703,009</u>

Adjustments required to reconcile net change in total governmental fund balance to change in net position of governmental activities in the statement of activities for the year ended September 30, 2022 are as follows:

Net change in fund balances – governmental funds	\$ 3,590,560
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which the depreciation exceeded capital outlays.	(6,620)
Some income and expenses reported in the statement of activities do not affect the current financial resources and therefore are not reported as income and expenditures in the governmental funds. For the current year, these activities consist of supplies and equipment rental, amortization of lease expense and lease interest expense.	(<u>3,227</u>)
Change in net position of governmental activities	<u>\$ 3,580,713</u>

Cash and Cash Equivalents

For the purpose of presentation in the Governmental Funds balance sheet/statement of net position, cash and cash equivalents consist of cash balances deposited in banks and money market accounts.

Guam Preservation Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale and are primarily determined based on quoted market values.

Budget

An Administration and Operations Budget is prepared annually as a fiducial duty and fiscal responsibility of the Board of Directors and the Trust. A true cost program budget is developed through the assessment of program performance and the analysis of revenues and cash flow projections to reflect current obligations and proposed outcomes.

Capital Assets

Property and equipment are stated at cost at the date of acquisition. Capital assets are defined by the Trust as assets with an anticipated life or useful value of property over one year. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful life of the assets are expensed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated over a period of 3 to 25 years using the straight-line method.

Impairment of Capital Assets

In accordance with GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* the Trust evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred.

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value.

Guam Preservation Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Revenue Recognition

Revenues are recorded upon notification of receipt of building permit fees by the Government of Guam's Department of Administration.

Revenues of the Trust are comprised of building permit fees and interest earned on cash and investment balances. Public Law 20-151, Section 13, provides that the Trust will receive building permit fees and re-inspection fees collected by the Department of Public Works of the Government of Guam and fines for vandalism and unlawful taking of historic properties.

Public Law 33-66 amended Article 6, Chapter 76, Title 21 of the Guam Code Annotated, to allow for 50% of all building permit fees to be deposited in the Trust's fund. This became effective starting fiscal year ending September 30, 2016.

Income Taxes

The Trust is exempt from Guam income taxes under Section 501(c)(3) of the Guam Territorial Income Tax Law.

Compensated Absences

GASB Statement No. 16, *Accounting for Compensated Absences*, provides that liabilities for vacation leave and other compensated absences, excluding sick leave, will be accrued provided the leave is attributable to past service.

The Trust compensates its employees for annual leave as follows:

- One half day (4 hours) for each full biweekly pay period in the case of employees with less than (1) to five (5) years of service;
- Three-fourths day (6 hours) for each biweekly pay period except that for accrual for the last full biweekly pay period in the year shall be one and one-fourth (10 hours) in the case of employees with six (6) to ten (10) years of service;
- One day (8 hours) for each full biweekly pay period in the case of employees with eleven (11) or more years of service.

Employees entitled to annual leave may accumulate up to four hundred eighty (480) hours thereof. Any annual leave earned by eligible employees in excess of four hundred eighty (480) hours shall be automatically credited to such employee's accumulated sick leave, provided, that not more than one hundred (100) hours shall be credited to said sick leave.

Guam Preservation Trust
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Fund Balances - Assigned

Assigned fund balances for governmental funds represent the amount available for funding historical preservation projects as determined by the Board of Directors of the Trust.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 results could differ from those estimates.

Recently Adopted Accounting Pronouncement

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract.

The implementation of this statement did not have a material effect on the accompanying financial statements.

New Accounting Standards

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 95 postponed the effective date of GASB 91 to fiscal year ending September 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Public-private and public-public partnerships, collectively referred to hereinafter PPPs, comprise a wide variety of arrangement between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure governmental services. The objective of this Statement is to better meet the information

Guam Preservation Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

New Accounting Standards, continued

needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. It has become common for governments to enter into subscription-based contracts to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs. The objective of this Statement is to better meet the information needs of the financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 will be effective for fiscal year ending September 30, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

Guam Preservation Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

New Accounting Standards, continued

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

The Trust is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

3. Cash and Cash Equivalents and Investments

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Trust has assessed the custodial credit risk, interest rate risk, credit risk, and concentration of credit risk of its cash and cash equivalents, and investments.

Custodial Credit Risk

Custodial credit risk for cash and cash equivalents and investments is the risk that in the event of the failure of the counterparty to the transaction, the Trust's deposits and investments may not be returned to it. The Trust does not have a deposit and/or investment policy for custodial credit risk. As of September 30, 2022, cash and cash equivalents and investments were held by depositories and amounted to \$5,176,779 of which \$1,750,000 were insured and \$3,426,779 were uninsured and uncollateralized. Based on negotiated trust and custody contracts, all of the investments were held in the Trust's name by the Trust's custodial financial institution at September 30, 2022.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To minimize interest rate risk, a majority of the Trust's investments have maturities of one year or less. This reduces the impact of interest rate movements seen with longer maturity investments.

Guam Preservation Trust
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Notes to Financial Statements, continued

3. Cash and Cash Equivalents and Investments, continued

Concentration of Credit Risk

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Trust minimized credit risk losses by limiting investments to low-risk securities. The following represents the Trust's investments as of September 30, 2022:

<u>Type</u>	<u>Amount</u>	<u>% of Portfolio</u>
Certificate of Deposits	\$1,439,768	65%
Exchange Traded Funds (ETFs)	504,821	23%
Mutual funds	176,069	8%
Equities	<u>103,134</u>	<u>4%</u>
	<u>\$2,223,792</u>	<u>100%</u>

Investments Measured at Fair Value

The Trust categories its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following presents the Trust's assets carried at fair value by fair value hierarchy at September 30, 2022:

	Total	Level 1	Level 2	Level 3
Investments by fair value :				
Exchange Traded Funds (ETFs)	\$ 504,821	\$ 504,821	\$ ---	\$ ---
Mutual fund	176,069	176,069	---	---
Equities	<u>103,134</u>	<u>103,134</u>	---	---
Total investments by fair value level	784,024	<u>\$ 784,024</u>	<u>---</u>	<u>---</u>
Investment measured at a cost based measure:				
Certificate of deposits	<u>1,439,768</u>			
	<u>\$ 2,223,792</u>			

Guam Preservation Trust
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Notes to Financial Statements, continued

3. Cash and Cash Equivalents and Investments, continued

At September 30, 2022, the Trust had the following investment maturities:

<u>Investment type</u>	<u>Total</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More than 10 Years</u>
Certificate of Deposits	\$ 1,439,768	\$ 1,144,347	\$ 295,421	\$ ---	\$ ---
Exchange Traded Funds (ETFs)	504,821	504,821	---	---	---
Mutual fund	176,069	176,069	---	---	---
Equities	103,134	103,134	---	---	---
	<u>\$ 2,223,792</u>	<u>\$ 1,928,371</u>	<u>\$ 295,421</u>	<u>\$ ---</u>	<u>\$ ---</u>

4. Due from/to Government of Guam Building Permit Fund

The Trust records amounts due from the Government of Guam Building Permit Fund for accumulated building permit fees and re-inspection fees collected and deposited with the Treasurer of Guam by the Government of Guam's Department of Public Works but not yet transferred to the Trust. Management of the Trust is of the opinion that such balances are due and payable to the Trust. The Trust recorded an allowance for uncollectible receivables totaling \$1,538,659 as of September 30, 2022.

5. Property and Equipment

The following is a summary of the changes in capital assets for the year ended September 30, 2022:

	<u>Beginning Balance October 1, 2021</u>	<u>Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance September 30, 2022</u>
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ 124,436	\$ ---	\$ ---	\$ 124,436
Less accumulated depreciation	(77,344)	(6,620)	---	(83,964)
Net capital assets depreciated	<u>\$ 47,092</u>	<u>\$ (6,620)</u>	<u>\$ ---</u>	<u>\$ 40,472</u>
Capital assets not depreciated:				
Construction-in-progress	\$ 52,189	\$ ---	\$ ---	\$ 52,189
Land	<u>10,453,119</u>	<u>---</u>	<u>---</u>	<u>10,453,119</u>
Total capital assets not depreciated	<u>\$ 10,505,308</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 10,505,308</u>
Lease asset (note 10)				<u>\$ 7,534</u>
Total capital assets, net reported in the statement of net position				<u>\$ 10,553,314</u>

Guam Preservation Trust
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Notes to Financial Statements, continued

5. Property and Equipment, continued

In February 2014, the Trust received donated land with a fair market value of approximately \$9.9 million at the date of donation. The donor placed restrictions over the use of the land. Accordingly, the Trust recorded the land as a component of restricted net position.

In January 2016, the Trust purchased a historical home which will be rehabilitated. The cost of the home is \$52,189.

6. Commitments and Contingencies

In December 2010, the Trust entered into a memorandum of agreement with the Guam Department of Parks and Recreation and the State Historic Preservation office regarding the obligations and rights with respect to the occupancy and the maintenance of the Jose P. Lujan House (“Lujan House”). In exchange of using the Lujan House for office space at no cost, the Trust is to pay for certain costs, including utilities and insurance for the building. The term of the agreement will be for 25 years with a 5-year option to renew at the end of the term.

The Trust has commitments to pay \$833,322 to fund grants approved as of September 30, 2022. The Trust will release the funds to the grantees only upon satisfactory performance by the grantees of requirements called for in their respective grant agreements.

7. Employees’ Retirement Plan

Employees of the Trust are not classified as Government of Guam employees and do not participate in the Government of Guam Employees’ Retirement System. Instead, the Trust’s Board of Directors, through Resolution 0806-31, approved the adoption of a Simple IRA Retirement Plan.

Employees can contribute up to the maximum allowable limit and the Trust offers a matching contribution of up to three percent (3%) of the gross annual salary of employees. To qualify, employees must complete one year of service with the Trust.

For the year ended September 30, 2022, the retirement contribution amounted to \$7,788 which is included as a component of personnel services in the accompanying Statement of Government Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities.

Guam Preservation Trust
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Notes to Financial Statements, continued

8. Long-Term Liability

A summary of changes in long-term liability during fiscal year 2022 is as follows:

	<u>Outstanding</u> <u>October 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Outstanding</u> <u>September 30, 2022</u>	<u>Current</u>	<u>Noncurrent</u>
Compensated Absences	\$ 57,581	\$ 14,940	\$(12,237)	\$ 60,284	\$ 11,749	\$ 48,535
Lease liability (Note 10)	---	10,045	(1,987)	8,058	2,456	5,602
Total long-term liability	<u>\$ 57,581</u>	<u>\$ 24,985</u>	<u>\$(14,224)</u>	<u>\$ 68,342</u>	<u>\$ 14,205</u>	<u>\$ 54,137</u>

9. Risk and Uncertainties

The International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the novel coronavirus (COVID-19) outbreak as a “Public Health Emergency of International Concern”. On March 11, 2020, WHO officially declared COVID-19 a global pandemic. Due to continued uncertainties surrounding the extent and duration of the COVID-19 outbreak and its impact on the economy of Guam, the Trust is unable at this time to reasonably estimate the potential future impact on its financial statements.

10. Lease

The Trust leases a photo copier machine for use of administrative and grant related activities. The lease contract was effective on August 1, 2020 for a 5 year period and requires a monthly minimum payment of \$223. The contract also includes a variable payment when the Trust exceeds its monthly allotted printed copies. The variable payment was not included in the calculation of lease asset. For the year ended September 30, 2022, the measurement of lease asset, net of accumulated amortization of \$2,511, amount to \$7,534.

A summary of future lease payments is as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$2,456	\$225	\$2,681
2024	2,537	144	2,681
2025	2,620	61	2,681
2026	<u>445</u>	<u>2</u>	<u>447</u>
	<u>\$8,058</u>	<u>\$432</u>	<u>\$8,490</u>

11. Subsequent Events

The Trust has evaluated subsequent events through November 3, 2022. It is also the date that the financial statements were available to be issued.

Required Supplementary Information

Guam Preservation Trust
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Budgetary Comparison Schedule – Governmental Funds

Year ended September 30, 2022

	Budgeted Amounts <u>(Original / Final)*</u>	Actual Amounts	Variance with Budget Positive (Negative)
Revenues:			
Grants and other support	\$ 250,000	\$ 3,817,084	\$ 3,567,084
Building permit fees	681,195	804,838	123,643
Investment income	---	26,976	26,976
Decrease in fair value of investments	---	(211,361)	(211,361)
Total revenues	<u>931,195</u>	<u>4,437,537</u>	<u>3,506,342</u>
Expenditures:			
Program services - projects/grants	---	256,483	(256,483)
Supporting services:			
Personnel	485,652	440,393	45,259
Contractual	97,000	60,558	36,442
Insurance	26,500	26,286	214
Supplies and equipment rental	8,300	13,750	(5,450)
Utilities	17,500	13,260	4,240
Travel	7,000	11,650	(4,650)
Trust fund and investment fees	---	9,065	(9,065)
Miscellaneous	23,143	6,038	17,105
Communication	6,000	3,906	2,094
Advertising	3,100	2,988	112
Stipend	7,000	2,600	4,400
	<u>681,195</u>	<u>590,494</u>	<u>90,701</u>
Total expenditures/expenses	<u>681,195</u>	<u>846,977</u>	<u>165,782</u>
Excess of revenues over expenditures	250,000	3,590,560	3,340,560
Beginning of year	<u>1,538,320</u>	<u>1,627,477</u>	<u>89,157</u>
End of year	<u>\$ 1,788,320</u>	<u>\$ 5,218,037</u>	<u>\$ 3,429,717</u>

*There were no changes from the original to the final budgeted amounts.

Supplementary Information

Guam Preservation Trust
(A Component Unit of the Government of Guam)

Governmental Funds
Balance Sheet/Statement of Net Position
September 30, 2022
(With comparative totals as of September 30, 2021)

	General Fund <u>2022</u>	General Fund <u>2021</u>	Statement of Net Position <u>2022</u>	Statement of Net Position <u>2021</u>
Assets:				
Cash and cash equivalents	\$ 2,952,987	\$ 256,356	\$ 2,952,987	\$ 256,356
Investments	2,223,792	1,464,172	2,223,792	1,464,172
Due from Government of Guam				
Building Permit Fund, net	73,484	3,646	73,484	3,646
Other receivable	---	4,286	---	4,286
Lease asset	---	---	7,534	---
Depreciable capital assets, net	---	---	40,472	47,092
Nondepreciable capital assets	---	---	<u>10,505,308</u>	<u>10,505,308</u>
 Total assets	 <u>\$ 5,250,263</u>	 <u>\$ 1,728,460</u>	 <u>15,803,577</u>	 <u>12,280,860</u>
Liabilities and Net Position:				
Accrued expenses	\$ 24,226	\$ 67,575	24,226	67,575
Unearned revenue	---	25,408	---	25,408
Grant deposit	8,000	8,000	8,000	8,000
Long-term liability:				
Due in one year	---	---	14,205	4,602
Due after one year	---	---	<u>54,137</u>	<u>52,979</u>
 Total liabilities	 <u>32,226</u>	 <u>100,983</u>	 <u>100,568</u>	 <u>158,564</u>
 Fund balances - assigned	 <u>5,218,037</u>	 <u>1,627,477</u>		
 Total liabilities and fund balances	 <u>\$ 5,250,263</u>	 <u>\$ 1,728,460</u>		
 Net position:				
Invested in capital assets			642,613	641,699
Unrestricted			5,149,695	1,569,896
Restricted			<u>9,910,701</u>	<u>9,910,701</u>
 Total net position			 <u>\$ 15,703,009</u>	 <u>\$ 12,122,296</u>

Guam Preservation Trust
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**Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance /Statement of Activities**
Year ended September 30, 2022
(With comparative totals for the year ended September 30, 2021)

	General Fund <u>2022</u>	General Fund <u>2021</u>	Statement of Activities <u>2022</u>	Statement of Activities <u>2021</u>
Revenues:				
Grants and other support	\$ 3,817,084	\$ 26,791	\$ 3,817,084	\$ 26,791
Building permit fees	804,838	559,523	804,838	559,523
Interest income	26,976	27,200	26,976	27,200
Increase (decrease) in fair value of investments	(211,361)	114,722	(211,361)	114,722
Total revenues	<u>4,437,537</u>	<u>728,236</u>	<u>4,437,537</u>	<u>728,236</u>
Expenditures:				
Program services - projects/grants	<u>256,483</u>	<u>243,397</u>	<u>256,483</u>	<u>256,237</u>
Supporting services:				
Personnel	440,393	363,545	440,393	358,183
Contractual	60,558	50,001	60,558	50,001
Insurance	26,286	26,281	26,286	26,281
Supplies and equipment rental	13,750	22,187	14,218	22,187
Utilities	13,260	12,700	13,260	12,700
Travel	11,650	1,907	11,650	1,907
Trust fund and investment fees	9,065	4,252	9,065	4,252
Depreciation expense	---	---	6,620	6,871
Miscellaneous	6,038	785	6,038	785
Communication	3,906	3,852	3,906	3,852
Advertising	2,988	1,800	2,988	1,800
Stipend	2,600	2,000	2,600	2,000
Amortization of lease expense	---	---	2,511	---
Lease Interest Expense	---	---	248	---
Total expenditures/expenses	<u>590,494</u>	<u>489,310</u>	<u>600,341</u>	<u>490,819</u>
Total expenditures/expenses	<u>846,977</u>	<u>732,707</u>	<u>856,824</u>	<u>747,056</u>
Excess (deficiency) of revenues over expenditures	3,590,560	(4,471)		
Decrease in net position			3,580,713	(18,820)
Beginning of year	<u>1,627,477</u>	<u>1,631,948</u>	<u>12,122,296</u>	<u>12,141,116</u>
End of year	<u>\$ 5,218,037</u>	<u>\$ 1,627,477</u>	<u>\$ 15,703,009</u>	<u>\$ 12,122,296</u>

Guam Preservation Trust
(A Component Unit of the Government of Guam)

Schedule of Grant Projects Reserved for Encumbrances

Description	Grant no.	Date approved	Grant amount	Year-to-date expenditures FYE 09/30/21	Expenditures year-ended 09/30/22	Outstanding encumbrance 09/30/22
FQ Sanchez A&E	HS15-01	12/18/14	\$ 208,054	\$ 207,554	\$ -	\$ 500
Guam Congress/Legislature	HS15-03	05/18/15	2,759,278	2,758,379	-	899
Change Order		07/12/16	24,101	-	-	24,101
Teaching with Historic Places	BP15-16	08/13/15	14,400	6,303	-	8,097
Development Fund	BP17-10	07/10/17	20,000	266	-	19,734
Rosario/San Nicolas House	HS18-01	01/31/18	179,706	171,929	45,914	-
Amendment 10/14/20			38,138	-	-	-
*Latte in the Marianas Art Icon in the Marianas	BP19-02	10/15/18	5,428	3,630	1,785	13
Archbishop Flores House Fencing	BP19-05	04/13/18	10,000	6,493	1,000	2,507
Guam Rock Art Study	GPTG19-03	08/09/19	12,000	340	9,260	2,400
Learning Chamoru Discovering Guam's History	GPTG19-04	08/09/19	9,950	7,960	-	1,990
Guam Historic Courthouse Restoration Planning	GPTG19-06	09/06/19	50,000	-	50,000	-
Atanatano Archaeology Workshop	BP20-07b	07/08/20	2,500	-	-	2,500
Section 106 Essentials Training	BP20-10	01/17/20	7,000	-	-	7,000
Board Orientation	BP20-11	03/11/20	800	-	-	800
Cliff Condo Renovation	BP20-12	07/08/20	9,000	12,840	-	1,000
Amendment		03/10/21	4,840	-	-	-
Modern Guam Rises Above Destruction 1945-1970	GPTG21-01	11/10/20	37,962	16,096	18,000	3,866
George Flores House - A&E	HS21-01	11/12/20	93,936	-	-	93,936
FQ Sanchez A&E Update on Certification	HS15-01-b	05/12/21	51,913	50,123	-	1,790
Archaeology Technician Certificate	BP21-04	05/12/21	2,500	1,054	765	681
			-	-	-	-
George Flores House - HSR Amendment	HS21-03	02/09/22	18,028	-	-	18,028
FQ Sanchez Amendment 3	HS15-01-c	07/12/22	189,450	-	-	189,450
The Lanchu Project	GPTG22-01	05/17/22	15,500	-	12,400	3,100
Five Year Strategic Plan	BP22-02	02/09/22	25,000	-	1,781	23,219
Internship Program	BP22-04	03/09/22	16,000	-	4,000	12,000
Awarded grants:						
**Latte in the Marianas Art Icon in the Marianas	BP19-02	10/15/18	1,700	-	1,700	-
**Heritage Communities are Healthy Communities	BP19-04	01/11/19	3,000	2,027	-	973
**Pacific Preservation Technologies Grant	BP19-10	04/29/19	94,801	10,124	84,177	500
**World Heritage Training & Workshop Opportunities	BP19-14	09/06/19	63,217	37,809	4,220	21,188
Pacific Preservation Technology AIA Sponsorship		05/02/22	3,000	-	3,000	-
** *Ekungok I Estoriata	BP21-02	10/30/20	6,563	3,200	2,945	418
**Atantano Heritage Preserve	BP21-05	06/25/21	200,000	-	1,050	198,950
**I Hinanao-ta Exhibit (MOA) Guam Museum	BP21-06	09/16/21	33,599	-	14,485	19,114
**Cannon Refurbishing Project (GEDA)	BP22-01	12/16/21	25,000	-	-	25,000
**Hila'an Survey & Appraisal	BP22-03	09/23/21	150,000	-	-	150,000
			\$ 4,386,363	\$ 3,296,127	\$ 256,483	833,753
Less: *Projects completed. Any unused portion will be reverted back to the Trust.						431
Total outstanding encumbrances as of FY2022						\$ 833,322

**These are grants received by the Trust from third parties that will be used for Trust's internal projects. The Trust has no encumbrances on these grants.



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Guam Preservation Trust

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Guam Preservation Trust (the Trust), as of and for the year ended September 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

November 3, 2022