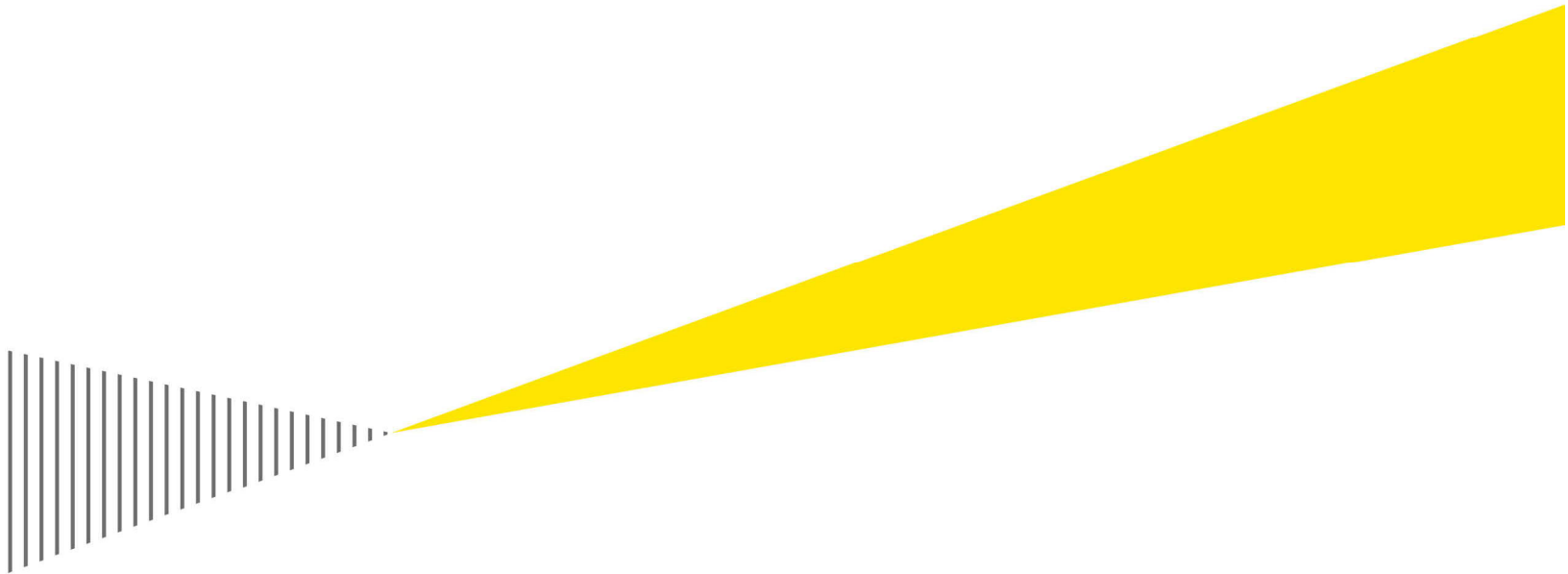


*Financial Statements and
Supplementary Information*

**Department of Chamorro Affairs –
Non-Appropriated Funds**
(A Component Unit of the Government of Guam)

*Years ended September 30, 2017 and 2016
with Report of Independent Auditors*



Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Financial Statements and
Supplementary Information

Years ended September 30, 2017 and 2016

Contents

Report of Independent Auditors	1
Management’s Discussion and Analysis	4
Audited Basic Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	15
Supplementary Information	
Combining Statement of Net Position.....	24-25
Combining Statement of Revenues, Expenses and Changes in Net Position.....	26-27



Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Report of Independent Auditors

The Board of Trustees
Department of Chamorro Affairs

Report on the Financial Statements

We have audited the accompanying financial statements of the Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF), a component unit of the Government of Guam, as of September 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Department of Chamorro Affairs – Non-Appropriated Funds’ basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes 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.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility, continued

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1, the financial statements of the Department of Chamorro Affairs – Non-Appropriated Funds, Government of Guam, are intended to present the statements of net position, the related statements of revenues, expenses and changes in net position, and cash flows of only that portion of the Government of Guam that is attributable to the transactions of the DCANAF.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the DCANAF as of September 30, 2017 and 2016, and the respective changes in financial position and cash flows, for the years then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, 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, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the DCANAF's basic financial statements. The accompanying combining statements of net position and combining statements of revenues, expenses and changes in net position included in pages 24 through 27 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information, continued

The supplementary information included in pages 24 through 27 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. Such 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated October 15, 2018 on our consideration of the DCANAF'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 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 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 the DCANAF's internal control over financial reporting and compliance.

Ernst + Young LLP

October 15, 2018

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis

Year ended September 30, 2017

This section of the Department of Chamorro Affairs - Non-Appropriated Funds (DCANAF) annual financial statement report presents management’s discussion and analysis of DCANAF’s financial performance during the year ended September 30, 2017. Please use this information in conjunction with the information furnished in DCANAF’s financial statements. This will provide better understanding of DCANAF’s financial status in accordance with U. S. generally accepted accounting principles promulgated by the Standards of the Government Accounting Standards Board (GASB).

Our Mission

To create, develop, implement and maintain an integrated program for the preservation, promotion, and advancement of the native Chamorro and other Asian/Pacific Islander residents of Guam. It is intended that the public corporation be the guiding force in all aspects of Chamorro Culture, language, preservation, education, arts, humanities’, and history, through public policy, advocacy, research, publication, authentication, restoration, presentation, and production, and by providing and overseeing a repository for historical documents, cultural artifacts and documentary and narrative film and video.

Introduction

Department of Chamorro Affairs (DCA) was created in 1999 through Guam Public Law 25-69 as a non-stock, non-profit public corporation to implement an integrated program for the preservation, development and promotion of the Chamorro Heritage of Guam, for the public benefit and to provide specific services to the Chamorro people of Guam. The enabling statute further stated that the DCANAF be the catalyst in the preservation, development and promotion of language, arts, historic and cultural preservation, research, restoration, presentation, museum activities and support programs significant to Guam’s history and culture, and to enhance the future of the Chamorro people of Guam. DCA has been an integral component in the promotion of the Chamorro culture and represents a unique effort in government to bring together cultural programs, agencies and divisions within government which have a shared vision. The department has produced a series of books called “HALE`TA” (Our “Roots” Foundation) which chronicles the history of the Chamorro people through 4,000 years of existence on the island of Guam.

The purpose of DCA (non-appropriated funds and appropriated funds) is to assist in the implementation of an integrated program for the preservation, development, and promotion of the Chamorro heritage of Guam for the public benefit and to provide specific services to the Chamorro people. It is a catalyst for the preservation, development, and promotion of the language, arts, humanities, historic and cultural preservation, research, restoration, presentation, museum activities, and support programs significant in Guam’s history and culture, and to enhance the future of the Chamorro people of Guam.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Introduction, continued

DCA has the following specific purposes and is authorized to:

- Formulate and develop standards and procedural requirements with regard to the development, promotion, and preservation of the Chamorro language and culture with all relevant restitutions and programs. **5 GCA. Ch. 87, Section 87104(w) Historic Language Preservation**
- Establish a joint appointment program with Guam colleges and universities in the teaching of the Chamorro language, culture and history; and further to establish reciprocal relationships with other institutions. **5 GCA. Ch. 87, Section 87104(x) Elementary/Intermediate Education**
- Promote increased understanding of Guam’s geology, biota, prehistory, history and contemporary culture. Serves as the official repository and custodian of historical artifacts of Guam and to acquire, preserve, and make available for public viewing, artifacts and archival materials relating to the cultural, historical and natural heritage of Guam. **5 GCA. Ch. 87, Section 87136(a) Geographical and Archaeological Validation**
- To provide for the preservation of all government publications including any printed or processed paper, books, periodicals, pamphlets or maps, originating in or printed with the imprint of, or at the expense and by DCNAF of the Government of Guam; including public records and other papers not in current use of the Executive, Judicial and Legislative Branches of the government of Guam and have been determined to have sufficient legal, historical or other value to warrant their continued preservation by the government of Guam; and also be the custodian of non-governmental historical records that contain significant information about the past or present, and are therefore worthy of long-term preservation and systematic management for historical or other research purposes. **5 GCA. Ch. 87, Section 87130(a) Heritage Archival Collection**
- Ensure the retention and preservation of our documentary heritage as the official repository and custodian of historical government and non-government records of Guam. Acquire, preserve and make available for public use, records relating to the cultural and documentary heritage of Guam; and foster research on the records in its inventory and shall disseminate the results of this and other research to the public through the media as public exhibitions, demonstrations, lectures, scholarly activities, television programs, publications and other public programs contributing to and encouraging enlightenment. **5 GCA. Ch. 87, Section 87130(c) Collective Historic Preservation & Cultural Authentication**

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Introduction, continued

- Operate under its control a public market, or markets, for Guam products at such places or places deem proper. Any such market shall be maintained and operated at all times in a sanitary and orderly manner, beneficial to both producers and patrons alike. Producers and sellers desiring to use space within such market to display or sell their produce shall be levied a uniform fee based upon the amount of space used and period of such use. **Public Law 28-68, 5GCA.Ch.87, Section 87103(a)(viii) Chamorro Village, “I Sengsong Chamorro”**
- The Public Market Revolving Fund was created to deposit all funds collected from fees levied pursuant to Ch. 87 of 5 GCA, and to used exclusively for the administration, operation and maintenance of the I Sengsong Chamorro”, the Chamorro Village. **5 GCA, Ch.87, Section 87152 Public Market Revolving Fund**
- Serve as the depository for certain specimens and objects of natural history and of botanical, ethnological, or archaeological value or interest, and any book, treatise, or pamphlet relating to natural history, botany, ethnology, or archaeology now in procession of the University of Guam, or any territorial department, bureau, or boards. **5 GCA, Ch. 83 & 87; 21 GCA, Ch. 76, Section 76114 Guam Museum**

DCA reorganized all cultural and learning resources by merging the Hagåtña Restoration and Redevelopment Authority, Guam Council on the Arts and Humanities Agency, Guam Public Library System and Guam Education Telecommunications Corporation dba PBS Guam/KGTF. The reorganization centralized the culturally relevant programs and services, to include preservation and the perpetuation of education of all citizens of Guam. This is a step in the right direction and right-sized management and planning within the Government of Guam, essential in the enhancement of procedural and administrative efficiencies, thus reducing personnel and capital costs. This move streamlined the Administrative Support Unit: Administrative Support, Budget and Finance, Maintenance, Human Resources (Personnel), Grants Management and Fixed Assets, Policy Reviews and Procedures, Procurement, Special Projects, Research, Planning and Development.

DCA is now comprised of:

- **The President’s Office** - responsible for the day-to-day operations, and administers its programs and policies. The President’s Office is also mandated to submit to the Governor and the Guam Legislature a detailed annual report of activities and an audited, annual financial report.
- **The Research, Publications and Training** - conducts, researches, publishes and produces multi-media and print materials relating to the Guam Heritage.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Introduction, continued

- **The Chamorro Language and Culture** - develops, promotes and preserves the Chamorro language and culture through various initiatives and activities. The Chamorro Language and Culture also studies and updates the orthographic rules of the Chamorro Language and updates the Chamorro-English and English-Chamorro Dictionary. The Chamorro Language and Culture division is included in the Research, Publication, and Training division on the supplemental schedules.
- **The Guam Museum** - provides museum services, preservation of all government of Guam publications, fostering research on the records and its inventory, providing public exhibits, demonstrations, lectures, scholarly activities, publications, and other public programs contributing to and encouraging an understanding of the Chamorro culture, its language and rich history and promotes Guam’s geology, biota, prehistory, history, and contemporary culture. The Guam Museum is also the official repository and custodian of historical artifacts of Guam and the Chamorro people and provides venues for the appreciation of Guam’s unique relationship with its sister islands in Micronesia and Asia through the understanding of shared regional cultures, traditions, practices and lore.
- **The Guam Archives** - serves as the official repository for all government publications including any printed or processed paper, book, periodical, pamphlet or map, originating in or printed with the imprint of, or at the expense and by DCNAF of the government of Guam. The Guam Archives is included in the Guam Museum division on the supplemental schedules. Under the Guam Museum, this program promotes an increased understanding of Guam’s geology, biota, prehistory, history and contemporary culture.
- **The Chamorro Village** - provides a venue for local art and local retailers who sell Chamorro food, local Chamorro handmade arts and crafts, and perform cultural dance and music. The Department of Chamorro Affairs is authorized to promulgate rules and regulations to encourage the expansion and development of markets on Guam and to encourage and develop new businesses with emphasis on culture and tourism. The Chamorro Village promotes an incubator environment for entrepreneurial businesses to grow and eventually expand in the open market. The Chamorro Village also provides support for seminars, workshops, fairs and special activities for the local community; a popular attraction is the Wednesday Night Market, which offers entertainment and a variety of food, aquaculture and produce/nursery for sale by local vendors.
- **Guam Public Library System** protects intellectual freedom, promote literacy, encourage lifelong learning, and maintain cultural materials. This Division’s goal MUST extend library resources into the community with in collaboration with the University of Guam’s John F. Kennedy Library and the Micronesia Area Research Center [MARC]. Work closely with the Archives Section of the Division of Museum to enhance Guam cultural and historical data (General Reference, Federal Documents, Serials, and Guam Documents). This Division SHALL provide programs that will assist in literacy programs for both children and adults.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Introduction, continued

- **Hagåtña Restoration and Redevelopment Authority** - provides restoration and redevelopment to the historic city of Hagåtña by means of planning, development, preplanning, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, of all Hagåtña, and the provisions of such residential, commercial, industrial, public,

or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them. This Division shall develop a Plan that includes: planning, preparation, development, construction, acquisition, lease, disposition, reconstruction, improvement, alteration, extension, repair, maintenance and operation of the Hagåtña Restoration and Redevelopment Project. The Project includes the “reuse of properties; standardizes eligibility for ownership or occupancy of housing, dwellings and facilities; to include installation, construction or reconstruction of streets, utilities, parks, playgrounds and other public improvements”. The Plan development, the Division is authorized to conduct surveys, appraisals, test borings or any other technical investigations.

- **Guam Council of the Arts and Humanities** - encourages, fosters, advances and promotes a lifelong appreciation of the arts and humanities as a crucial foundation to the welfare and prosperity of our island community. CAHA continues to perpetuate the arts and humanities with programs and initiatives that enhance our quality of life through education, creative expression, and the professional development of our local artists. It is responsible for administering federal and local monies in support of a variety of programs and services through grant projects which encompasses the disciplines of Arts in Education, Folk Arts, Media Arts, Performing Arts, Underserved and Special Projects and provides technical assistance. CAHA provides a venue for art exhibitions and is governed by a thirteen (13) member board, appointed by the Governor and confirmed by the Legislature.

In addition to promoting the arts on Guam, the “Arts in Public Buildings and Facilities” a.k.a. Percent for the Arts Program declares that a portion of appropriations for capital expenditures for public and nonpublic buildings be set aside either for the acquisition of works of art or the funds may be given to the Guam Council on the Arts and Humanities Agency for the purpose of fostering culture and the arts and for the development of local artists, children and the community.

- **PBS (Public Broadcasting System (KGTF))** - continues the tradition of providing Guam with outstanding television, educational outreach services and events. The Division is committed to serving the public interest by providing the people of Guam with quality educational and cultural programming which not only entertains but offer important information about the world around us. The Division’s mission and goal is one of providing alternatives to current commercial television, providing educational assistance to our classrooms, and serving the interest not only for the majority, but the minority as well. The

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Introduction, continued

Division seeks the means to inform the public of the importance of public broadcasting, and to secure the support, both financial and moral from the public it serves. Nationally, PBS reaches more than 120 million people through television and nearly 21 million people online, inviting them to experience the worlds of science, history, nature and public affairs; to hear diverse viewpoints; and to take front row seats to world-class drama and performances. PBS’ broad array of programs has been consistently honored by the industry’s coveted award competitions. Teachers of children from pre-K through 12th grade turn to PBS for digital content and services that help bring classroom lessons to life.

Financial Highlights

- The total assets of DCANAF exceeded its liabilities at September 30, 2017 by \$732,915. The amount of \$428,908 is restricted for CAHA’s “Percent for the Arts” program and Guam’s participation at the FESTPAC. This is an increase of \$88,294 over net assets of \$673,071 at September 30, 2016.
- Total operating revenue decreased in the current year by \$3,537,442 or 85% and total operating expenses decreased by \$3,177,395 or 85%.

Overview of the Financial Statements

The Financial Statements consist of management’s discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows and the Notes to Financial Statements.

The Statements of Net Position are presented in a format that displays net position (assets less liabilities equal net position). The Statement of Net Position details the assets and liabilities of DCANAF based on their liquidity. The resulting net position in this statement is displayed as either unrestricted or restricted. Under GASB Statement Nos. 34, 37 and 38, assets are restricted when their use is subject to external restrictions (such as bond resolutions, legal agreements, statutes, etc.), with assets not falling under this category being characterized as unrestricted.

The Statements of Revenues, Expenses and Changes in Net Position present the increase (decrease) in net position, which consists of operating revenues less operating expenses. The resulting amount (revenues less expenses) is the change in net position for fiscal year 2017, which amount is then added to the ending balance of net assets from fiscal year 2016 to arrive at net assets for fiscal year 2017.

The Statements of Cash Flows reports the net increase (decrease) in cash and cash for the fiscal year. This statement includes cash flows from operating activities. The resulting net increase (or decrease) in cash is then added to the balance of cash and cash equivalents at the beginning of the year to determine the fiscal year 2017 ending cash and cash equivalent balance.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Department-Wide Financial Analysis

The following information is condensed from the Statements of Net Position:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	2017% increase (decrease) <u>from 2016</u>
Total assets	\$1,077,524	\$1,035,304	\$343,611	4%
Total liabilities	\$316,159	\$362,233	\$90,431	(13%)
Net position	\$761,365	\$673,071	\$253,180	13%

The following information is condensed from the Statement of Revenues, Expenses and Changes in Net Position:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	2017% decrease <u>from 2016</u>
Total revenues	\$654,520	\$4,163,512	\$620,478	(84%)
Total expenses	\$566,226	\$3,743,621	\$670,859	(85%)
Increase/decrease in net position	\$88,294	\$419,891	\$(50,381)	(79%)

Economic Outlook

The state of the economy of Guam in FY2017 is anticipated to be influenced positively by a continuation of the global economic expansion; America’s rebalancing of its strategic focus and posture toward the pacific; and increased investment and expansion related to resident and tourist facilities, public utilities and infrastructure.

The cumulative effect of positive trends in the major drivers of Guam’s economy, tourism, defense and construction point the economy in the direction of moderate expansion in FY2017.

The construction of the Senator Antonio M. Palomo Guam Museum and Chamorro Educational Facility has been completed. Of note, the facility has opened its doors on the first floor with a soft opening in November 2016 which showcases the changing exhibit, the theatre and café/gift shop.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Economic Outlook, continued

The Senator Antonio M. Palomo Guam Museum and Chamorro Educational Facility had four Rotating/Changing Exhibitions in FY 2017: *I Hale-ta* (From November 2016-January 2017), *CHamoru Yu* (February- June 2017), *In Ha Hasso-ha* (June-August 2017), *Waterways* (August-October 2017) This Changing Exhibition Gallery is located on the first floor of the Facility. During these Exhibitions there were approximately 25,301 patrons/guests who visited the Museum in the fiscal year 2017. In addition to special events as part of the educational programming component, the Museum rents out portions of the facility to the public for private functions-workshops, presentations, performances, lectures, private celebrations, etc.; thereby entrenching the Museum in the community not just as an educational asset but also as a social and communal gathering place.

The second floor that would house the permanent exhibit is scheduled to be completed and opened to the Public in March of 2018. This will mark the full expanse of the Museum’s operations showcasing aspects of Chamorro culture, such as: “collections of artifacts, art, chants, crafts, cuisine, dance, language, music, storytelling, special events, performances, seasonal celebrations, and demonstrations.

The Guam Museum will have an increase in professional staffing and an anticipated increase of revenues generated primarily from admissions fees collected, museum café/store sales, promotions, conferencing venue fees assessed, cultural performances and multi-level fundraising activities.

Galaide Group, LLC has been contracted for the Guam Museum Management Operations & Maintenance Services for two years with an option to renew annually and not to exceed five (5) years total. Although an account was to be established per contract agreement, the Guam Museum doors was not officially opened until November 2016 and bank account was established in June 2017.

The Chamorro Village continues to fill vacant spaces for small businesses to occupy and will provide employment opportunities and contribute to the economy. The Chamorro Village strives to increase its activities and events to promote special events such as additional night markets, fairs, carnivals, etc.

Contacting DCA’s Financial Management

This financial report is intended to provide its readers with a general overview of DCANAF’s finances and to show DCANAF’s accountability for the money it receives. If you have any questions about this report or wish to request additional information, contact the Administrative Office: Terlaje Professional Building 1st Floor 194 Herman Cortez Avenue, Hagåtña, Guam 96910. Phone: 671-475-4278/9.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30,	
	<u>2017</u>	<u>2016</u> (Restated)
Assets		
Cash:		
Unrestricted	\$ 75,525	\$ 22,753
Restricted	428,908	362,432
Accounts receivable, net of allowance for doubtful accounts of \$82,936 in 2017	560,762	607,419
Inventory, net of allowance for obsolescence of \$67,846 and \$33,923 in 2017 and 2016, respectively	9,240	39,002
Other assets	<u>3,089</u>	<u>3,698</u>
Total assets	<u>1,077,524</u>	<u>1,035,304</u>
Liabilities		
Accounts payable	293,818	340,954
Security deposits	<u>22,341</u>	<u>21,279</u>
Total liabilities	<u>316,159</u>	<u>362,233</u>
Net Position		
Unrestricted	332,457	310,639
Restricted - expendable	<u>428,908</u>	<u>362,432</u>
Total net position	<u>\$ 761,365</u>	<u>\$ 673,071</u>

See accompanying notes.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30,	
	<u>2017</u>	<u>2016</u> (Restated)
Revenues:		
Lease revenue	\$554,447	\$ 513,576
Other income	95,652	810,034
Donations	2,500	42,383
Book sales	1,921	2,627
Appropriations	---	2,584,003
Fundraising	<u>---</u>	<u>210,889</u>
Total revenues	<u>654,520</u>	<u>4,163,512</u>
Expenses:		
Utilities	210,975	286,626
Contractual	177,584	1,039,889
Meals and entertainment	73,111	51,513
Provision for inventory obsolescence	33,923	---
Supplies	33,902	87,233
Miscellaneous	19,057	45,254
Communication	8,310	9,495
Cost of goods sold	3,872	5,647
Grant expense	2,313	4,695
Travel	1,255	---
Advertising	922	520
Office expense	694	4,295
Rent	308	3,149
Capital outlay	---	2,194,500
Marketing and promotions	<u>---</u>	<u>10,805</u>
Total expenses	<u>566,226</u>	<u>3,743,621</u>
Change in net position	88,294	419,891
Net position at beginning of year	<u>673,071</u>	<u>253,180</u>
Net position at end of year	<u>\$761,365</u>	<u>\$ 673,071</u>

See accompanying notes.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Year ended September 30, <u>2017</u>	2016 (Restated)
Cash flows from operating activities:		
Receipts from lease revenue	\$529,554	\$ 517,649
Receipts from other income	167,202	203,693
Receipts from grants and donations	2,500	48,724
Receipts from book sales	1,921	2,627
Receipts from appropriations	---	2,584,003
Receipts from fundraising activities	---	210,889
Payments to vendors	<u>(581,929)</u>	<u>(3,468,466)</u>
Net cash provided by operating activities	119,248	99,119
Cash at beginning of year	<u>385,185</u>	<u>286,066</u>
Cash at end of year	<u>\$504,433</u>	<u>\$ 385,185</u>
Consisting of:		
Unrestricted	\$ 75,525	\$ 22,753
Restricted	<u>428,908</u>	<u>362,432</u>
	<u>\$504,433</u>	<u>\$ 385,185</u>
Reconciliation of operating revenues net of operating expenses to net cash provided by operating activities:		
Change in net position	\$ 88,294	\$ 419,891
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Provision for doubtful accounts	66,386	---
Provision for inventory obsolescence	33,923	---
Changes in assets and liabilities:		
Accounts receivable	(19,729)	(595,927)
Inventory	(4,161)	3,353
Other assets	609	---
Accounts payable	(47,136)	272,630
Security deposits	<u>1,062</u>	<u>(828)</u>
Net cash provided by operating activities	<u>\$119,248</u>	<u>\$ 99,119</u>

See accompanying notes.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Years ended September 30, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies

Organization

The Department of Chamorro Affairs (DCA) was created by Public Law (P.L.) 25-69 which became effective on July 6, 1999. DCA is a non-stock, non-profit public corporation. DCA operates out of the Government of Guam and has non-appropriated funds within each division of the department. DCA is under the control and operation of a ten-member Board of Trustees appointed by the Governor of Guam with the advice and consent of the Guam Legislature. DCA is a line agency within the executive branch of the Government of Guam and receives appropriated funds from the Government of Guam.

In October 2011, as a result of Reorganization Advisory No. 6, the Hagåtña Restoration and Redevelopment Authority, the Guam Council on the Arts and Humanities Agency, the Guam Public Library System and the Guam Education Telecommunications Corporation dba PBS Guam were merged into DCA. Although the intent of Reorganization Advisory No. 6 was to integrate PBS Guam into the oversight of DCA, the financial statements of PBS Guam, which is audited separately by other auditors, are not included with the financial statements of DCA.

Only the non-appropriated funds are within the scope of this report.

The Department of Chamorro Affairs – Non-Appropriated Funds (DCANAF) is a culmination of the following divisions:

- President’s Office – This department promotes the Chamorro culture within Guam and outside of Guam and provides oversight for the other departments within DCA.
- Research, Publication and Training – This program provides training, certifications, conferences and seminars thus promoting increased understanding of the Chamorro heritage. Included in Research, Publication and Training division is the Chamorro Language and culture division. The division is mandated to develop, promote and preserve the Chamorro language and culture through various initiatives and activities.
- Guam Museum – This division fosters an appreciation for Guam’s culture and natural heritage by promoting increased understanding for the island’s geology, biota, prehistory, and contemporary culture. The Museum serves as the official repository and custodian of historical artifacts and also acquires, preserves and makes available for public viewing, artifacts relating to the island’s heritage. The Museum’s other responsibilities include research on inventory and the dissemination of its results to the public through exhibitions, publications, and demonstrations. Included in the Guam Museum division is the Guam Archives division.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Organization, continued

The Guam Museum is mandated to be the official depository for all government publications including printed or processed paper, book, periodical pamphlet or map, originating in or printed with imprint of, or at the expense and by DCANAF of the Government of Guam. There were no financial activities involving non-appropriated funds in 2017 and 2016.

- The Chamorro Village – This division maintains day-to-day operations of the Chamorro Village to provide a market and foster an environment that promotes local products, native cultures, and tradition of Guam. The main source of revenues for DCANAF is from the Chamorro Village through its leasing activities.
- Guam Council on the Arts and Humanities Agency (CAHA) – This division, which is the sole arts entity for Guam, is charged with developing programs in music, visual arts, cultural heritage, literature, and arts education. CAHA is also responsible for administering Festival of the Pacific Arts and the Percent for the Arts program.
- Hagåtña Restoration and Redevelopment Authority – This division provides restoration and redevelopment of Hagåtña. There were no financial activities involving non - appropriated funds in 2017 and 2016.
- Guam Public Library System – This division is in charge of the administration of library resources. There were no financial activities involving non - appropriated funds in 2017 and 2016.

Basis of Accounting

The DCANAF is considered a special-purpose government component unit engaged only in business-type activities. Accordingly, DCANAF's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant internal activity within the departments has been eliminated. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. DCANAF reports as a business-type activity, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes accounting and financial reporting standards for pensions that do not meet the requirements set forth in Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*, and makes some modifications to GASB Statements No. 67 and 68. Implementing GASB Statement No. 73 did not have an effect on DCANAF's net position

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. This Statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized costs for financial reporting purposes.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The Statement is intended to provide clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This Statement replaces the requirement of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. GASB Statement No. 75 will be effective for the DCANAF for fiscal year ending September 30, 2018.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 81 will be effective for DCANAF for fiscal year ending September 30, 2018.

In March 2016, GASB issued Statement No. 82, *Pension Issues*. This Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 will be effective for DCANAF for fiscal year ending September 30, 2018.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of this statement. GASB Statement No. 83 will be effective for DCANAF for fiscal year ending September 30, 2019.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. GASB Statement No. 84 will be effective for DCANAF for fiscal year ending September 30, 2020.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 will be effective for DCANAF for fiscal year ending September 30, 2018.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 will be effective for DCANAF for fiscal year ending September 30, 2018.

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. GASB Statement No. 87 will be effective for DCANAF for fiscal year ending September 30, 2021.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. GASB Statement No. 88 will be effective for DCANAF for fiscal year ending September 30, 2019.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The objectives of this Statement are to (a) enhance to relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. GASB Statement No. 89 will be effective for DCANAF for fiscal year ending September 30, 2021.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In August 2018, GASB issues Statement No. 90, *Majority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for DCANAF for fiscal year ending September 30, 2020.

DCANAF is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to DCANAF's financial statements

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.

Cash

For the purpose of the statements of cash flows, cash is defined as cash on hand and in banks.

Accounts Receivable

Accounts receivable are non-interest bearing and are primarily due from tenants of the Chamorro Village.

The DCANAF performs periodic credit evaluations of its customers, and generally does not require collateral. Receivables are considered past due when payment is not received within 90 days from the date of billing. The DCANAF does not accrue finance charges on past due receivables. Receivables are stated net of estimated allowances for doubtful accounts.

The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience.

Inventory

Inventory as of September 30, 2017 and 2016 consists of book inventory which is recorded at the lower of cost (using first-in, first-out method) or market value.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Capital Assets and Depreciation

Capital assets acquired with non-appropriated funds, whether purchased or constructed, are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Purchases and gifts valued at more than \$50,000 and having a useful life exceeding one year are capitalized. Depreciation is computed under the straight-line method using an estimated useful life of seven years for equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the lives of the assets are not capitalized.

Use of Restricted/Unrestricted Net position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, DCANAF's policy is to apply restricted net position first.

Net Position

Net position represents the residual of all other elements presented in the statement of net position and is presented in the following categories:

Net investment in capital assets

Capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted

Nonexpendable – Net position subject to externally imposed stipulations that require an entity to maintain them permanently.

Expendable – Net position whose use by an entity is subject to externally imposed stipulations that can be fulfilled by actions of an entity pursuant to those stipulations or that expire with the passage of time.

All of the DCANAF's restricted net position at September 30, 2017 and 2016 is expendable.

Unrestricted

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Lease Revenue

The Chamorro Village leases retail outlets to various tenants under operating leases with terms ranging from one year to twenty years. The lease agreements call for various minimum monthly payments based on leased area. In addition to the minimum monthly rent, some leases also provide for percentage rent based on the tenant's revenue. Lease revenues earned under the aforementioned agreements for the years ended September 30, 2017 and 2016, totaled \$554,447 and \$513,576, respectively, which is reported as lease revenue in the accompanying statements of revenues, expenses, and changes in net position

3. Percent for the Arts Program

The Percent for the Arts Program (the Program), enacted in 1979 through P.L. 15-50, *the Art in Public Places Program*, and amended through P.L. 20-27 and P.L. 31-118, stipulates that plans for public buildings and buildings supported by federal or Government of Guam subsidy which contain public areas, and plans for remodeling or renovation of public buildings or facilities where the total cost of construction, remodeling or renovation exceeds the sum of \$100,000 shall contain provisions for the inclusion of works of art, by local artists if available, including, but not limited to sculptures, paintings, murals or objects relating to or consisting of native art. The owner of the building shall also have the option of allotting at least one percent (1%) of the overall construction, remodeling or renovation cost of a building to CAHA in lieu of the inclusion of works of art. The appropriations received under this Program shall continue to be available until expended and are not subject to transfer or use for any other purpose.

In 2016, CAHA recognized \$700,000 of other income related to the Program. The \$700,000 is attributed to a Qualifying Certificate issued to Guam Healthcare Development Inc.

4. Appropriations from the Government of Guam

P.L. 33-43 authorizes the appropriation amounting to \$2.0 million from the Tourist Attraction Fund to the Guam Visitors Bureau (GVB) for the Festival of the Pacific Arts. This appropriation shall continue to be available until expended and is not subject to transfer or use for any other purpose.

During the year ended September 30, 2016, DCANAF received pass through appropriations for the Festival of the Pacific Arts amounting \$4,289,776. Of the total amount received, \$1,705,773 was returned to GVB. The net amount of \$2,584,003 is presented as appropriations in the accompanying 2016 statement of revenues, expenses and changes in net position. Of the net appropriations received, \$2,194,500 was disbursed during 2016 for the construction of the Festival of the Pacific Arts huts. The total cost, which represents the contract price, is recorded as Capital outlay in the accompanying 2016 statement of revenues, expenses and changes in net position.

In 2017, DCANAF received approximately \$58,000 in contingent reimbursements from the GVB related to expenditures incurred by the Chamorro Village for hosting the Festival of the Pacific Arts and is recorded as a component of other revenues in the accompanying 2017 statement of revenues, expenses and changes in net position.

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

5. Commitments and Contingencies

DCA entered into a management, operations and maintenance services contract with a third party vendor for the administration of the Guam Museum. The Agreement is for two years with an option to extend for an additional three years subject to availability of funding. The contract requires that all admission and event fees, membership fees, endowments, donations, corporate contributions, local, federal and private grants, government of Guam appropriations and other revenue streams shall be deposited into a special and separate account within the DCA specifically for museum operations from which all compensation to the contractor for award fees shall be paid. The bank account was established in June 2017.

6. Subsequent Events

The DCANAF has evaluated subsequent events through October 15, 2018 which is also the date that the financial statements were available to be issued.

7. Restatement

DCANAF restated its previously issued 2016 financial statements to correct for the understatement of receivables and other income related to imposed, non-exchange revenues related to the Program for which DCANAF had an enforceable legal claim within the 2016 fiscal year. DCANAF's net position as of September 30, 2016 and statement of revenues, expenses and changes in net position for the year ended September 30, 2016 have been restated to reflect this correction as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of September 30, 2016:			
Accounts receivable	\$ <u>7,419</u>	\$ <u>600,000</u>	\$ <u>607,419</u>
Net position	\$ <u>73,071</u>	\$ <u>600,000</u>	\$ <u>673,071</u>
For the year ended September 30, 2016:			
Other income	\$ <u>210,034</u>	\$ <u>600,000</u>	\$ <u>810,034</u>
Change in net position	\$(<u>180,109</u>)	\$ <u>600,000</u>	\$ <u>419,891</u>

Supplementary Information

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Combining Statement of Net Position

September 30, 2017

	<u>President's Office</u>	<u>Chamorro Village</u>	<u>Research Publication and Training</u>	<u>Guam Council on the Arts and Humanities</u>	<u>Festival of the Pacific Arts</u>	<u>Percent for the Arts</u>	<u>Guam Museum</u>	<u>Combined Balance</u>
Assets								
Cash:								
Unrestricted	\$ 22,305	\$ 22,004	\$ 5,760	\$ 25,456	\$ ---	\$ ---	\$ ---	\$ 75,525
Restricted	---	---	---	---	217,672	211,236	---	428,908
Accounts receivable, net	---	29,064	---	3,248	---	500,000	28,450	560,762
Inventory, net	---	---	9,240	---	---	---	---	9,240
Other assets	---	3,089	---	---	---	---	---	3,089
	<u>22,305</u>	<u>54,157</u>	<u>15,000</u>	<u>28,704</u>	<u>217,672</u>	<u>711,236</u>	<u>28,450</u>	<u>1,077,524</u>
Liabilities								
Accounts payable	(103)	74,471	---	---	219,450	---	---	293,818
Security deposits	---	22,341	---	---	---	---	---	22,341
	<u>(103)</u>	<u>96,812</u>	<u>---</u>	<u>---</u>	<u>219,450</u>	<u>---</u>	<u>---</u>	<u>316,159</u>
Net Position								
Unrestricted	22,408	(42,655)	15,000	28,704	(219,450)	500,000	28,450	332,457
Restricted - expendable	---	---	---	---	217,672	211,236	---	428,908
	<u>22,408</u>	<u>(42,655)</u>	<u>15,000</u>	<u>28,704</u>	<u>(1,778)</u>	<u>711,236</u>	<u>28,450</u>	<u>761,365</u>

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Combining Statement of Net Position

September 30, 2016
(Restated)

	<u>President's Office</u>	<u>Chamorro Village</u>	<u>Research Publication and Training</u>	<u>Guam Council on the Arts and Humanities</u>	<u>Festival of the Pacific Arts</u>	<u>Percent for the Arts</u>	<u>Combined Balance</u>
Assets							
Cash:							
Unrestricted	\$ 1,386	\$ 9,244	\$ 3,726	\$ 8,397	\$ ---	\$ ---	\$ 22,753
Restricted	---	---	---	---	251,196	111,236	362,432
Accounts receivable	---	4,674	2,497	248	---	600,000	607,419
Inventory, net	---	---	39,002	---	---	---	39,002
Other assets	---	1,849	1,849	---	---	---	3,698
Total assets	<u>1,386</u>	<u>15,767</u>	<u>47,074</u>	<u>8,645</u>	<u>251,196</u>	<u>711,236</u>	<u>1,035,304</u>
Liabilities							
Accounts payable	---	121,504	---	---	219,450	---	340,954
Security deposits	---	21,279	---	---	---	---	21,279
Total liabilities	<u>---</u>	<u>142,783</u>	<u>---</u>	<u>---</u>	<u>219,450</u>	<u>---</u>	<u>362,233</u>
Net Position							
Unrestricted	1,386	(127,016)	47,074	8,645	(219,450)	600,000	310,639
Restricted - expendable	---	---	---	---	251,196	111,236	362,432
Total net position	<u>\$ 1,386</u>	<u>\$(127,016)</u>	<u>\$ 47,074</u>	<u>\$ 8,645</u>	<u>\$ 31,746</u>	<u>\$ 711,236</u>	<u>\$ 673,071</u>

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30, 2017

	President's Office	Chamorro Village	Research Publication and Training	Guam Council on the Arts and Humanities	Festival of the Pacific Arts	Percent for the Arts	Guam Museum	Combined Balance
Revenues:								
Lease revenue	\$ ---	\$ 554,447	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 554,447
Other income	40	42,221	5	24,914	22	---	28,450	95,652
Donations	2,500	---	---	---	---	---	---	2,500
Book sales	---	---	1,921	---	---	---	---	1,921
Appropriations	<u>30,832</u>	<u>(30,832)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total revenues	<u>33,372</u>	<u>565,836</u>	<u>1,926</u>	<u>24,914</u>	<u>22</u>	<u>---</u>	<u>28,450</u>	<u>654,520</u>
Expenses:								
Utilities	---	210,975	---	---	---	---	---	210,975
Contractual	365	153,362	---	---	23,857	---	---	177,584
Meals and entertainment	---	73,111	---	---	---	---	---	73,111
Provision for inventory obsolescence	---	---	33,923	---	---	---	---	33,923
Supplies	---	33,326	---	576	---	---	---	33,902
Miscellaneous	7,988	1,380	---	---	9,689	---	---	19,057
Communication	---	8,310	---	---	---	---	---	8,310
Cost of goods sold	---	---	77	3,795	---	---	---	3,872
Grant expense	2,313	---	---	---	---	---	---	2,313
Travel	771	---	---	484	---	---	---	1,255
Advertising	552	370	---	---	---	---	---	922
Office expense	361	333	---	---	---	---	---	694
Rent	<u>---</u>	<u>308</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>308</u>
Total expenses	<u>12,350</u>	<u>481,475</u>	<u>34,000</u>	<u>4,855</u>	<u>33,546</u>	<u>---</u>	<u>---</u>	<u>566,226</u>
Change in net position	21,022	84,361	(32,074)	20,059	(33,524)	---	28,450	88,294
Net position at beginning of year	<u>1,386</u>	<u>(127,016)</u>	<u>47,074</u>	<u>8,645</u>	<u>31,746</u>	<u>711,236</u>	<u>---</u>	<u>673,071</u>
Net position at end of year	<u>\$ 22,408</u>	<u>\$ (42,655)</u>	<u>\$ 15,000</u>	<u>\$ 28,704</u>	<u>\$ (1,778)</u>	<u>\$ 711,236</u>	<u>\$ 28,450</u>	<u>\$ 761,365</u>

Department of Chamorro Affairs – Non-Appropriated Funds
(A Component Unit of the Government of Guam)

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30, 2016
(Restated)

	President's Office	Chamorro Village	Research Publication and Training	Guam Council on the Arts and Humanities	Festival of the Pacific Arts	Percent for the Arts	Combined Balance
Revenues:							
Appropriations	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,584,003	\$ ---	\$ 2,584,003
Lease revenue	---	513,576	---	---	---	---	513,576
Fundraising	---	---	---	---	210,889	---	210,889
Other income	3	15,542	5	9,818	81,412	703,254	810,034
Donations	7,500	---	10	7,500	27,373	---	42,383
Book sales	---	---	2,627	---	---	---	2,627
Total revenues	<u>7,503</u>	<u>529,118</u>	<u>2,642</u>	<u>17,318</u>	<u>2,903,677</u>	<u>703,254</u>	<u>4,163,512</u>
Expenses:							
Capital outlay	---	---	---	---	2,194,500	---	2,194,500
Contractual	698	156,794	550	12,548	869,299	---	1,039,889
Utilities	---	286,626	---	---	---	---	286,626
Supplies	---	29,993	---	2,067	55,173	---	87,233
Meals and entertainment	213	51,300	---	---	---	---	51,513
Miscellaneous	3,357	38,202	20	3,570	105	---	45,254
Marketing and promotions	---	---	---	---	10,805	---	10,805
Communication	---	9,495	---	---	---	---	9,495
Cost of goods sold	---	---	3,330	2,317	---	---	5,647
Grant expense	2,313	2,382	---	---	---	---	4,695
Office expense	220	4,075	---	---	---	---	4,295
Rent	---	3,149	---	---	---	---	3,149
Advertising	1,060	(540)	---	---	---	---	520
Total expenses	<u>7,861</u>	<u>581,476</u>	<u>3,900</u>	<u>20,502</u>	<u>3,129,882</u>	<u>---</u>	<u>3,743,621</u>
Change in net position	(358)	(52,358)	(1,258)	(3,184)	(226,205)	703,254	419,891
Net position at beginning of year	<u>1,744</u>	<u>(74,658)</u>	<u>48,332</u>	<u>11,829</u>	<u>257,951</u>	<u>7,982</u>	<u>253,180</u>
Net position at end of year	<u>\$ 1,386</u>	<u>\$ (127,016)</u>	<u>\$ 47,074</u>	<u>\$ 8,645</u>	<u>\$ 31,746</u>	<u>\$ 711,236</u>	<u>\$ 673,071</u>