

*Financial Statements and  
Supplementary Information*

**Guam Preservation Trust**

(A Component Unit of the Government of Guam)

*Year ended September 30, 2021*

*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, 2021

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## Report of Independent Auditors

The Board of Directors  
Guam Preservation Trust

### **Report on the Financial Statements**

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, 2021, and the related notes to the financial statements, which collectively comprise the Trust's 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 audit. We conducted our audit 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.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Trust as of September 30, 2021, and the respective changes in financial position for the year 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, and Budgetary Comparison Schedule – Governmental Funds on page 25 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 (GASB) 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 audit for the year ended September 30, 2021 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, 2021 included in pages 26 and 27, and the Schedule of Grant Projects Reserved for Encumbrances included in page 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary comparative financial statement information, and the Schedule of Grant Projects Reserved for Encumbrances are the responsibility of management and were derived from and relate 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 for the year ended September 30, 2021 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 comparative financial statement information, and the Schedule of Grant Projects Reserved for Encumbrances are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended September 30, 2021.

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, 2020 (not presented herein), and have issued our report thereon dated January 20, 2021, 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, 2020 is presented for purposes 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 2020 financial statements. The supplementary comparative financial statement information have been subjected to the auditing procedures applied in the audit of the 2020 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, 2020.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated January 10, 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 the Trust's internal control over financial reporting and compliance.

*Ernst + Young LLP*

January 10, 2022

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

**Management’s Discussion and Analysis**

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, 2021. 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 2021, 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.

**2021 Highlights**

The year 2021 was with many challenges as the island remained under COVID 19 Pandemic and work environment resumed face-to-face with restrictions as mandated orders by the Governor of Guam. The Guam Preservation Trust took steps to assess finances and evaluate programs and projects in preparation for the uncertainties due to the pandemic crisis and the spiral effects that would have impacted the community, the nation, and globally. Strategies were developed to minimize the impact to the operations and programs of the Guam Preservation Trust. A total of 14 projects/programs, two architectural and engineering projects, six policy initiatives (legislative, executive, and congressional), and 5 local and national board and advisory involvement were able to be carried out with the following highlights of 2021:

***Capacity Building, Education, and Outreach***

The Guam Preservation Trust continues to provide for education and outreach and due to the COVID 19 Pandemic, some activities have been postponed yet the majority have been delivered virtually. The ***Guam History Day*** ([www.guamhistoryday.weebly.com](http://www.guamhistoryday.weebly.com)) competition for middle and high school students was conducted virtually in place of the traditional face-to-face event. ***Ekungok Estoria-ta*** ([www.pacificpreservation.org/eie](http://www.pacificpreservation.org/eie)) professional development workshop for CHamoru teachers was postponed shortly and 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

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Management's Discussion and Analysis, continued

Museum. *Archaeology Fieldwork Technician Certificate Course* was conducted with 25 participants completing the certificate program and being given the opportunity to work with Cultural Resource Management firms on island.

***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 ongoing and are expected to be completed by the first quarter of 2022. This will bring a total of four (4) historic structures that will be shovel-ready for the construction phase.

***Community Partnerships and Investments***

In 2021, the Trust partnered with over 50 public and private organizations, and individuals from the community to oversee 14 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 Crician 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, Xiamen University, Xaimen China

**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.

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**Management's Discussion and Analysis, continued**

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 FY21.

**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**

<b>Project Name</b>	<b>Date Approved</b>	<b>Approved Amount</b>	<b>Expenditures To Date</b>	<b>Balance as of 9/30/2021</b>
Taleyfak Bridge Posters & Signage	7/17/13	\$10,000	\$1,761	\$8,239
Teaching with Historic Places	8/13/15	\$14,400	\$6,302	\$8,098
Capital Development Campaign	7/10/17	\$20,000	\$266	\$19,734
Pacific Heritage Youth Summit	7/10/17	\$20,000	\$7,410	\$12,590
Latte in the Marianas Art Icon	10/15/18	\$5,428	\$3,630	\$1,798
Ekungok I Estoria-ta	2/22/19	\$10,000	\$10,000	\$0
Learning CHamoru-Discovering Guam's History	8/9/19	\$9,950	\$7,960	\$1,990
Kantan Herreru-A Blacksmith's Song, Film & Curriculum	9/6/19	\$7,660	\$7,660	\$0
Section 106 Training	1/17/20	\$7,000	\$0	\$7,000
Board Orientation	3/11/20	\$800	\$0	\$800
Marianas History Conference	1/13/21	\$6,200	\$6,200	\$0
Spanish Shipwrecks of Guam	7/8/20	\$16,096	\$16,096	\$0
Modern Guam Rises Above Destruction 1945-1970	11/10/20	\$37,962	\$16,096	\$21,866
<b>Total</b>		<b>\$165,496</b>	<b>\$83,381</b>	<b>\$82,115</b>

**3. *Architectural Research***

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

**Action Outcomes**

<b>Project Name</b>	<b>Date Approved</b>	<b>Approved Amount</b>	<b>Expenditures To Date</b>	<b>Balance as of 9/30/2021</b>
FQ Sanchez Facility – A&E	12/18/14	\$208,054	\$207,554	\$500

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Management's Discussion and Analysis, continued

**3. Architectural Research, continued**

Amendment-Update Certification	5/12/21	\$51,913	\$50,124	\$1,789
Guam Historic Courthouse Restoration Planning	9/6/19	\$50,000	\$0	\$50,000
George Flores A&E	11/12/20	\$93,936	\$0	\$93,936
<b>Total</b>		<b>\$403,903</b>	<b>\$257,678</b>	<b>\$146,225</b>

**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 for FY21.

**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 9/30/2021
Guam Congress/Legislature	5/18/15	\$2,783,379	\$2,758,379	\$25,000
Rosario House	1/31/18	\$96,488	\$88,712	\$7,776
Amendment	10/14/20	\$38,138	\$0	\$38,138
San Nicolas House	1/31/18	\$83,217	\$83,217	\$0
Archbishop Flores House Fencing	4/13/18	\$10,000	\$6,493	\$3,507
Cliff Unit Renovation	7/8/2020	\$9,000	\$9,000	\$0
Amendment	3/10/2021	\$4,840	\$3,840	\$1,000
<b>Total</b>		<b>\$3,025,062</b>	<b>\$2,949,641</b>	<b>\$75,421</b>

**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 9/30/2021
Latte Quarrying Project	10/22/15	\$6,200	\$2,592	\$3,608
Guam Rock Art Study	8/9/19	\$12,000	\$340	\$11,660
Archaeological Field School Training	7/8/20	\$2,500	\$0	\$2,500
Archaeology Technician Certificate	5/12/21	\$2,500	\$1,054	\$1,446
<b>Total</b>		<b>\$23,200</b>	<b>\$3,986</b>	<b>\$19,214</b>

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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 were received in this category; therefore, no funding was approved for FY21.

**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**

<b>Project Name</b>	<b>Date Approved</b>	<b>Approved Amount</b>	<b>Expenditures To Date</b>	<b>Balance as of 9/30/2021</b>
Ayuda Foundation – Latte in the Marianas	10/15/18	\$1,700	\$0	\$1,700
Take Care Grant – Heritage Communities are Healthy Communities	1/11/19	\$3,000	\$2,027	\$973
Richard & Julia Moe Grant - Ekungok I Estoria-ta	2/22/19	\$10,000	\$9,987	\$13
Humanities Guahan Grant – Ekungok I Estoria-ta	9/27/20	\$10,000	\$9,964	\$36
Department of Interior Grant – Pacific Preservation Technology	4/29/19	\$94,801	\$10,124	\$84,677
Organization of American Historians Grant – Manenggon Nomination	4/26/19	\$9,940	\$1,024	\$8,916
Dept. of Interior Grant – World Heritage Training & Workshop Opportunities	9/6/19	\$63,217	\$37,809	\$25,408
National Trust for Historic Preservation Grant – Atantano Archaeology Workshop	6/2/20	\$2,500	\$2,500	\$0
Humanities Guahan Grant – 500 Years of Our Journey; I Hinanao-ta	10/27/20	\$7,400	\$5,384	\$2,016
Guam Economic Development Authority Grant – Ekungok I Estoria-ta	10/30/20	\$6,563	\$3,200	\$3,363
Department of Interior – Atantano Heritage Preserve	6/5/21	\$200,000	\$0	\$200,000
Guam Museum – I Hinanao-ta Exhibit	9/16/21	\$33,599	\$2,499	\$31,100
<b>Total</b>		<b>\$442,720</b>	<b>\$84,518</b>	<b>\$358,202</b>

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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, 2021, 2020 and 2019.

	September 30, 2021	September 30, 2020	September 30, 2019	2021 % increase (decrease) from 2020
<u>Statement of Net Position</u>				
Assets:				
Cash and cash equivalents	\$ 256,356	\$ 1,019,778	\$ 684,031	-74.86%
Investments	1,464,172	815,264	934,239	79.59%
Due from building permit fund, net	3,646	---	82,118	---
Other receivable	4,286	4,286	4,286	---
Other assets	<u>10,552,400</u>	<u>10,557,644</u>	<u>10,563,838</u>	-0.05%
Total assets	<u>12,280,860</u>	<u>12,396,972</u>	<u>12,268,512</u>	-0.94%
Liabilities:				
Accrued expenses	125,156	74,571	80,940	67.83%
Deferred revenue	25,408	173,285	---	-85.34%
Deposits payable - grants	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	---
Total liabilities	<u>158,564</u>	<u>255,856</u>	<u>88,940</u>	-38.03%
Net position:				
Invested in capital assets	641,699	638,943	655,137	0.43%
Unrestricted	1,569,896	1,583,472	1,615,734	-0.86%
Restricted	<u>9,910,701</u>	<u>9,918,701</u>	<u>9,908,701</u>	-0.08%
Total net position	<u>\$ 12,122,296</u>	<u>\$ 12,141,116</u>	<u>\$ 12,179,572</u>	-0.16%
	Year ended September 30, 2021	Year ended September 30, 2020	Year ended September 30, 2019	2021 % increase (decrease) from 2020
<u>Statement of Activities</u>				
Building permit fees	\$ 559,523	\$ 505,005	\$ 820,229	10.80%
Grants / support - unrestricted	26,791	59,409	301,829	-54.90%
Interest income	<u>141,922</u>	<u>141,585</u>	<u>66,808</u>	0.24%
Total revenues	728,236	705,999	1,188,866	3.15%
Expenditures				
Transfer to other fund	( 747,056 )	( 744,455 )	( 1,211,168 )	0.35%
Decrease in net position	<u>---</u>	<u>---</u>	<u>( 100,000 )</u>	---
Total expenditures	( 18,820 )	( 38,456 )	( 122,302 )	-51.06%
Net position at beginning of year				
	<u>12,141,116</u>	<u>12,179,572</u>	<u>12,301,874</u>	-0.32%
Net position at end of year	<u>\$ 12,122,296</u>	<u>\$ 12,141,116</u>	<u>\$ 12,179,572</u>	-0.16%

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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.

**Public Law 33-66**

**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 amendment was enacted to fund operations of the Department of Public Works and the Guam Museum. This became effective fiscal year ending September 30, 2016. In the same law, separate from the 50% re-allocation, the legislature further amended Article 6, Chapter 76, Title 21 that mandated \$100,000.00 annually to the Guam State Historic Preservation Office for the mitigation fund to hire archaeologist for the division. This amendment negatively impacted the Guam Preservation Trust's efforts to rehabilitate and restore historic buildings and other structures significant to Guam's heritage.

The Guam Preservation Trust is hopeful of the passing of **Bill 208-36, an Act to repeal and reenact § 76602 of Article 6, Chapter 76, Title 21, Guam Code Annotated**, relative to restoring funding collected for building permit fees to the Guam Preservation Trust Fund. With full restoration of funding collected from the building permit fees, 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.

**Building Permit Revenues Collection**

For fiscal year 2021 a total of \$559,523 was collected from building permit fees due to the Guam Preservation Trust, a slight increase of 1% from FY2020 total collection of \$505,005. This increase is due to the slight increase in construction activity in 2021. Construction activity can be as large as a hotel development or as small as renovation on a home or existing small structure.

***Investments***

Interest income on investments increased slightly between FY 2020 and FY 2021. In FY 2021, \$141,922 was earned on interest income, compared to \$141,585 in FY 2020. The slight increase is due to the increase of rates of investments during the fiscal period.

Total investment for FY 2021 is \$1,464,172, an increase of \$648,908 compared to FY 2020 total of \$815,264. This increase is due to the increase in revenues for the Guam Preservation Trust.

***Expenditures***

Overall expenditures for FY 2021 is \$747,056, a slight increase of approximately 1% from FY 2020 total of \$744,455. Fiscal years 2020 & 2021 are isolated cases in total expenditures and are part of the strategic plan implemented to minimize the total impact to operations and programs in anticipation of uncertainties due to the pandemic crisis. Compared to fiscal years 2019 and 2018 expenditure totals of 1,211,168 and \$1,141,355 respectively, a 60% decrease in expenditures from fiscal years 2021 and 2020 expenditure totals of \$747,056 and \$744,455 respectively.

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**Governmental Funds Balance Sheet/Statement of Net Position**

September 30, 2021

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>		<u>Statement of</u> <u>Net Position</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 256,356	\$ ---		\$ 256,356
Investments	1,464,172	---		1,464,172
Due from Government of Guam Building Permit Fund, net	3,646	---		3,646
Other receivable	4,286	---		4,286
Depreciable capital assets, net	---	47,092		47,092
Nondepreciable capital assets	---	10,505,308		10,505,308
	<u>---</u>	<u>10,505,308</u>		<u>10,505,308</u>
Total assets	<u>\$ 1,728,460</u>	<u>10,552,400</u>		<u>12,280,860</u>
<b>Liabilities and Fund Balance/Net Position:</b>				
Accrued expenses	\$ 67,575	---		\$ 67,575
Deferred revenue	25,408	---		25,408
Grant deposit	8,000	---		8,000
Long-term liability:				
Due in one year	---	4,602		4,602
Due after one year	---	52,979		52,979
	<u>---</u>	<u>52,979</u>		<u>52,979</u>
Total liabilities	<u>100,983</u>	<u>57,581</u>		<u>158,564</u>
Fund balances - assigned	<u>1,627,477</u>	<u>( 1,627,477 )</u>		
Total liabilities and fund balances	<u>\$ 1,728,460</u>			
<b>Net position:</b>				
Invested in capital assets		641,699		641,699
Unrestricted		1,569,896		1,569,896
Restricted		9,910,701		9,910,701
Total net position		<u>\$ 12,122,296</u>		<u>\$ 12,122,296</u>

*See accompanying notes.*

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

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

Year ended September 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Building permit fees	\$ 559,523	\$ ---	\$ 559,523
Interest income	141,922	---	141,922
Grants and other support	<u>26,791</u>	<u>---</u>	<u>26,791</u>
Total revenues	<u>728,236</u>	<u>---</u>	<u>728,236</u>
Expenditures:			
Program services - projects/grants	<u>243,397</u>	<u>12,840</u>	<u>256,237</u>
Supporting services:			
Personnel	363,545	( 5,362 )	358,183
Contractual	50,001	---	50,001
Insurance	26,281	---	26,281
Supplies and equipment rental	22,187	---	22,187
Utilities	12,700	---	12,700
Depreciation expense	---	6,871	6,871
Trust fund and investment fees	4,252	---	4,252
Communication	3,852	---	3,852
Stipend	2,000	---	2,000
Travel	1,907	---	1,907
Advertising	1,800	---	1,800
Miscellaneous	<u>785</u>	<u>---</u>	<u>785</u>
Total expenditures/expenses	<u>489,310</u>	<u>1,509</u>	<u>490,819</u>
Total expenditures/expenses	<u>732,707</u>	<u>14,349</u>	<u>747,056</u>
Deficiency of revenues under expenditures	( 4,471 )	4,471	
Decrease in net position	---	( 18,820 )	( 18,820 )
Fund balance/net position:			
Beginning of year	<u>1,631,948</u>	<u>---</u>	<u>12,141,116</u>
End of year	<u>\$ 1,627,477</u>	<u>\$ ---</u>	<u>\$ 12,122,296</u>

See accompanying notes.

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

**Notes to Financial Statements**

Year ended September 30, 2021

**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 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.

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.

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**

Adjustments required to reconcile total governmental fund balance to net position of governmental activities in the statement of net position as of September 30, 2021 are as follows:

Fund balance – governmental funds	\$ 1,627,477
Add – capital assets	10,552,400
Less – compensated absences payable	( <u>57,581</u> )
Net position of governmental activities	\$ <u>12,122,296</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, 2021 are as follows:

Net change in fund balances – governmental funds	\$( 4,471)
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.	( 6,871)
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.	( <u>7,478</u> )
Change in net position of governmental activities	\$( <u>18,820</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.

**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.

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

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**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. 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.

**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.

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

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**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.

**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.

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

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Pronouncements**

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. 95 postponed the effective date of GASB 87 to fiscal year ending September 30, 2023.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 95 postponed the effective date of GASB 89 to fiscal year ending September 30, 2022.

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. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates by either (a) changing the reference rate or (b) adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, consistency, and comparability of reported information. GASB Statement No. 95 postponed the effective date of GASB 93 to fiscal year ending September 30, 2022.

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

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Pronouncements, continued**

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 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 June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

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

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

Notes to Financial Statements, continued

**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, 2021, cash and cash equivalents and investments were held by depositories and amounted to \$1,720,528 of which \$1,464,628 were insured and \$255,900 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, 2021.

*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.

*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, 2021:

<u>Type</u>	<u>Amount</u>	<u>% of Portfolio</u>
Mutual Funds	\$762,400	52%
Equity securities	444,400	30%
Exchange Traded Funds (ETFs)	<u>257,372</u>	<u>18%</u>
	<u>\$1,464,172</u>	<u>100%</u>

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

Notes to Financial Statements, continued

**3. Cash and Cash Equivalents and Investments, continued**

*Investments Measured at Fair Value*

The Trust categorizes 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, 2021:

	Total	Level 1	Level 2	Level 3
Investments by fair value :				
Mutual Funds	\$ 762,400	\$ 762,400	\$ ---	\$ ---
Equity securities	444,400	444,400	---	---
ETFs	257,372	257,372	---	---
Total investments by fair value level	<u>\$ 1,464,172</u>	<u>\$ 1,464,172</u>	<u>---</u>	<u>\$ ---</u>

At September 30, 2021, 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>
Mutual Funds	\$ 762,400	\$ 762,400	\$ ---	\$ ---	\$ ---
Equity securities	444,400	444,400	---	---	---
ETFs	257,372	257,372	---	---	---
	<u>\$ 1,464,172</u>	<u>\$ 1,464,172</u>	<u>---</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 \$1,524,141 as of September 30, 2021.

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

Notes to Financial Statements, continued

**5. Property and Equipment**

The following is a summary of the changes in capital assets for the year ended September 30, 2021:

	Beginning Balance <u>October 1, 2020</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance <u>September 30, 2021</u>
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ 122,810	\$ 1,626	\$ ---	\$ 124,436
Less accumulated depreciation	( <u>70,473</u> )	( <u>6,871</u> )	---	( <u>77,344</u> )
Net capital assets depreciated	\$ <u>52,337</u>	\$ ( <u>5,245</u> )	\$ ---	\$ <u>47,092</u>
Capital assets not depreciated:				
Construction-in-progress	\$ 52,189	\$ ---	\$ ---	\$ 52,189
Land	<u>10,453,119</u>	---	---	<u>10,453,119</u>
	<u>\$10,505,308</u>	\$ ---	\$ ---	<u>\$10,505,308</u>

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 \$646,329 to fund grants approved as of September 30, 2021. 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.

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

Notes to Financial Statements, continued

**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, 2021, the retirement contribution amounted to \$7,571 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.

**8. Long-Term Liability**

A summary of changes in long-term liability during fiscal year 2021 is as follows:

	<u>Outstanding</u> <u>October 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Outstanding</u> <u>September 30, 2021</u>	<u>Current</u>	<u>Noncurrent</u>
Compensated Absences	\$ 48,476	\$ 15,311	\$( 6,206 )	\$ 57,581	\$ 4,602	\$ 52,979

**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. Subsequent Events**

The Trust has evaluated subsequent events through January 10, 2022. It is also the date that the financial statements were available to be issued.

## Required Supplementary Information

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

Budgetary Comparison Schedule – Governmental Funds

Year ended September 30, 2021

	<u>Budgeted Amounts (Original / Final)*</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:			
Building permit fees	\$ 180,000	\$ 559,523	\$ 379,523
Interest income	---	141,922	141,922
Grants and other support	<u>200,000</u>	<u>26,791</u>	( 173,209 )
Total revenues	<u>380,000</u>	<u>728,236</u>	<u>348,236</u>
Expenditures:			
Program services - projects/grants	<u>---</u>	<u>243,397</u>	( 243,397 )
Supporting services:			
Personnel	419,443	363,545	55,898
Contractual	97,000	50,001	46,999
Insurance	26,500	26,281	219
Miscellaneous	22,112	785	21,327
Utilities	17,500	12,700	4,800
Travel	7,000	1,907	5,093
Stipend	7,000	2,000	5,000
Communication	6,000	3,852	2,148
Supplies and equipment rental	5,800	22,187	( 16,387 )
Advertising	3,100	1,800	1,300
Trust fund and investment fees	<u>---</u>	<u>4,252</u>	( 4,252 )
Total expenditures/expenses	<u>611,455</u>	<u>489,310</u>	<u>122,145</u>
Excess of revenues over expenditures (deficiency of revenues over expenditures)	( 231,455 )	( 4,471 )	226,984
Beginning of year	<u>1,769,775</u>	<u>1,631,948</u>	( 137,827 )
End of year	<u>\$ 1,538,320</u>	<u>\$ 1,627,477</u>	<u>\$ 89,157</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, 2021**  
(With comparative totals as of September 30, 2020)

	General Fund <u>2021</u>	General Fund <u>2020</u>	Statement of Net Position <u>2021</u>	Statement of Net Position <u>2020</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 256,356	\$ 1,019,778	\$ 256,356	\$ 1,019,778
Investments	1,464,172	815,264	1,464,172	815,264
Due from Government of Guam				
Building Permit Fund, net	3,646	---	3,646	---
Other receivable	4,286	4,286	4,286	4,286
Depreciable capital assets, net	---	---	47,092	52,336
Nondepreciable capital assets	---	---	<u>10,505,308</u>	<u>10,505,308</u>
 Total assets	 <u>\$ 1,728,460</u>	 <u>\$ 1,839,328</u>	 <u>12,280,860</u>	 <u>12,396,972</u>
<b>Liabilities and Net Position:</b>				
Accrued expenses	\$ 67,575	\$ 26,095	67,575	26,095
Deferred revenue	25,408	173,285	25,408	173,285
Grant deposit	8,000	8,000	8,000	8,000
Long-term liability:				
Due in one year	---	---	4,602	6,698
Due after one year	---	---	<u>52,979</u>	<u>41,778</u>
 Total liabilities	 <u>100,983</u>	 <u>207,380</u>	 <u>158,564</u>	 <u>255,856</u>
 Fund balances - assigned	 <u>1,627,477</u>	 <u>1,631,948</u>		
 Total liabilities and fund balances	 <u>\$ 1,728,460</u>	 <u>\$ 1,839,328</u>		
 Net position:				
Invested in capital assets			641,699	638,943
Unrestricted			1,569,896	1,583,472
Restricted			<u>9,910,701</u>	<u>9,918,701</u>
 Total net position			 <u>\$ 12,122,296</u>	 <u>\$ 12,141,116</u>

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

**Statement of Governmental Fund Revenues, Expenditures and  
Changes in Fund Balance /Statement of Activities**  
**Year ended September 30, 2021**  
(With comparative totals for the year ended September 30, 2020)

	General Fund <u>2021</u>	General Fund <u>2020</u>	Statement of Activities <u>2021</u>	Statement of Activities <u>2020</u>
<b>Revenues:</b>				
Building permit fees	\$ 559,523	\$ 505,005	\$ 559,523	\$ 505,005
Interest income	141,922	141,585	141,922	141,585
Grants and other support	<u>26,791</u>	<u>59,409</u>	<u>26,791</u>	<u>59,409</u>
Total revenues	<u>728,236</u>	<u>705,999</u>	<u>728,236</u>	<u>705,999</u>
<b>Expenditures:</b>				
Program services - projects/grants	<u>243,397</u>	<u>195,649</u>	<u>256,237</u>	<u>195,649</u>
<b>Supporting services:</b>				
Personnel	363,545	404,512	358,183	400,827
Contractual	50,001	55,653	50,001	55,653
Insurance	26,281	25,438	26,281	25,438
Supplies and equipment rental	22,187	17,294	22,187	17,294
Utilities	12,700	12,970	12,700	12,970
Trust fund and investment fees	4,252	9,602	4,252	9,602
Communication	3,852	4,135	3,852	4,135
Stipend	2,000	1,450	2,000	1,450
Travel	1,907	12,600	1,907	12,600
Advertising	1,800	1,041	1,800	1,041
Miscellaneous	785	1,602	785	1,602
Depreciation expense	<u>---</u>	<u>---</u>	<u>6,871</u>	<u>6,194</u>
Total expenditures/expenses	<u>732,707</u>	<u>741,946</u>	<u>747,056</u>	<u>744,455</u>
Deficiency of revenues over expenditures	( 4,471 )	( 35,947 )		
Decrease in net position			( 18,820 )	( 38,456 )
Beginning of year	<u>1,631,948</u>	<u>1,667,895</u>	<u>12,141,116</u>	<u>12,179,572</u>
End of year	<u>\$ 1,627,477</u>	<u>\$ 1,631,948</u>	<u>\$ 12,122,296</u>	<u>\$ 12,141,116</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 09/30/20	Expenditures year-ended 09/30/21	Outstanding encumbrance 09/30/21
* Taleyfak Bridge Posters & Signage	BP13-07	04/17/13	\$ 10,000	\$ 1,761	\$ -	\$ 8,239
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	-	25,000
Change Order		07/12/16	24,101	-	-	-
Teaching with Historic Places	BP15-16	08/13/15	14,400	6,302	-	8,098
* Latte Quarrying Project	BP16-02	10/22/15	6,200	2,592	-	3,608
Development Fund	BP17-10	07/10/17	20,000	266	-	19,734
Rosario/San Nicolas House	HS18-01	01/31/18	179,704	53,912	118,015	45,915
Amendment 10/14/20			38,138	-	-	-
* Pacific Heritage Youth Summit	BP18-06	07/10/17	20,000	7,410	-	12,590
Latte in the Marianas Art Icon in the Marianas	BP19-02	10/15/18	5,428	-	3,630	1,798
Archbishop Flores House Fencing	BP19-05	04/13/18	10,000	6,493	-	3,507
Ekongok I Estoria-ta	BP19-09	02/22/19	10,000	-	10,000	-
Guam Rock Art Study	GPTG19-03	08/09/19	12,000	9,600	(9,260)	11,660
Learning Chamoru Discovering Guam's History	GPTG19-04	08/09/19	9,950	7,960	-	1,990
Kantan Herreru - A Blacksmith's Song, Film	GPTG19-05	09/06/19	7,660	6,128	1,532	-
Guam Historic Courthouse Restoration Planning	GPTG19-06	09/06/19	50,000	-	-	50,000
Atanano 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
Spanish Shipwrecks of Guam	GPTG20-02	07/08/20	16,096	6,438	9,658	-
Modern Guam Rises Above Destruction 1945-1970	GPTG21-01	11/10/20	37,962	-	16,096	21,866
George Flores House - A&E	HS21-01	11/12/20	93,936	-	-	93,936
Marianas History Conference	BP21-03	01/13/21	6,200	-	6,200	-
FQ Sanchez A&E Update on Certification	HS15-01-b	05/12/21	51,913	-	50,125	1,788
* Archaeology Technician Certificate	BP21-04	05/12/21	2,500	-	1,054	1,446
Awarded grants:						
Latte in the Marianas Art Icon in the Marianas Ayuda Foundation	BP19-02	10/15/18	1,700	-	-	1,700
Heritage Communities are Healthy Communities Take Care Grant	BP19-04	01/11/19	3,000	2,027	-	973
* Ekungok I Estoriata Richard & Julia Moe Grant	BP19-09	02/22/19	10,000	5,662	4,325	13
* Ekungok I Estoriata Humanities Guahan Grant	BP20-09	09/27/20	10,000	-	9,964	36
Atantano Archaeology Workshop NTHP	BP20-07a	06/02/20	2,500	-	2,500	-
Cliff Condo Renovation	BP20-12	07/08/20	9,000	-	9,000	-
Amendment		03/10/21	4,840	-	3,840	1,000
500 Years of Our Journey; I Hinanao-ta Humanities Guahan Grant	BP21-01	10/27/20	7,401	-	5,384	2,017
Ekungok I Estoriata GEDA	BP21-02	10/30/20	6,563	-	3,200	3,363
I Hinanao-ta Exhibit (MOA) Guam Museum	BP21-06	09/16/21	33,599	-	2,500	31,099
Other Grants: **						
Pacific Preservation Technologies Grant (Dept. of Interior)	BP19-10	04/29/19	94,801	1,650	8,474	84,677
* Manenggon Nomination Organization of American Historians	BP19-13	04/26/19	9,940	1,024	-	8,916
World Heritage Training & Workshop Opportunities (Dept. of Interior)	BP19-14	09/06/19	63,217	37,809	-	25,408
Atantano Heritage Preserve (Dept. of Interior)	BP21-05	06/25/21	200,000	-	-	200,000
			\$ 4,060,381	\$ 3,122,967	\$ 256,237	681,177
Less: *Projects completed. Any unused portion will be reverted back to the Trust.						34,848
Total outstanding encumbrances as of FY2021						\$ 646,329

\*\*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, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 10, 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*

January 10, 2022