

*Financial Statements and
Supplementary Information*

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

*Year ended September 30, 2017
with Report of Independent Auditors*



**Building a better
working world**

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

Financial Statements and
Supplementary Information

Year ended September 30, 2017

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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, 2017, 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 Guam Preservation Trust as of September 30, 2017, 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 12 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 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Guam Preservation Trust's basic financial statements. The supplementary comparative financial statement information included in pages 27 and 28 and the Schedule of Grant Projects Reserved for Encumbrances included in page 29 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 13, 2018 on our consideration of the Guam Preservation 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 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 Guam Preservation Trust's internal control over financial reporting and compliance.

Ernst + Young LLP

March 13, 2018

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

Management’s Discussion and Analysis

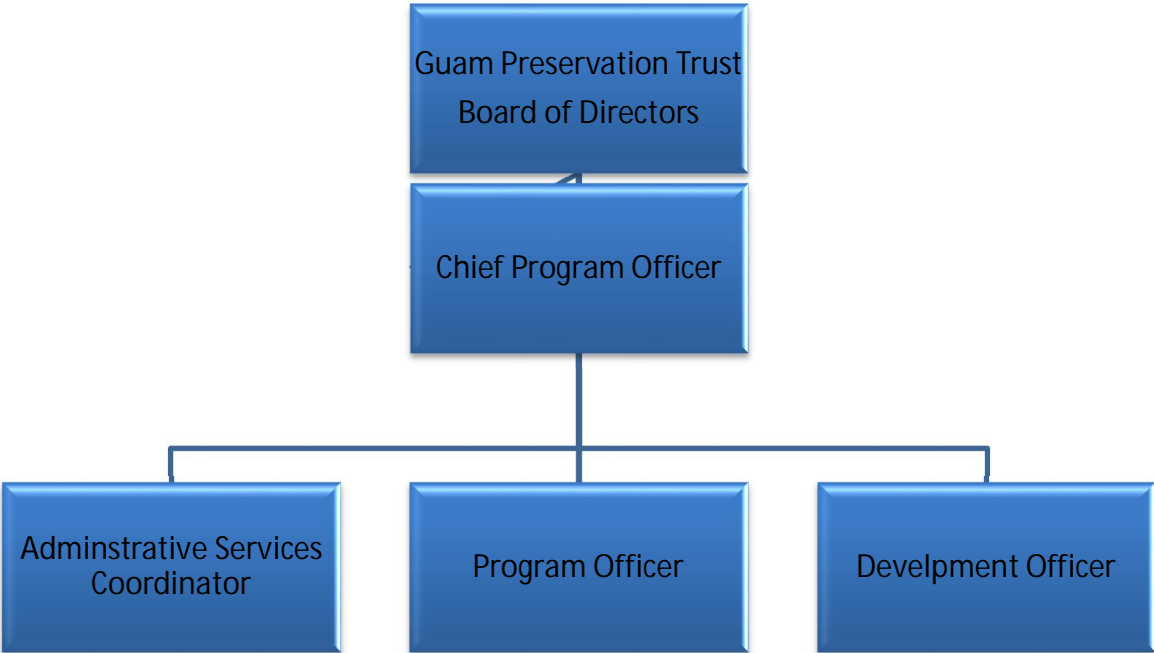
The Management's Discussion and Analysis (MD&A) of the Guam Preservation Trust’s financial performance provides an overall review of the Trust's financial activities for the fiscal year ended September 30, 2017. This presentation is provided to better understand the Trust and its financial status in 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 Thursday of the month at 3:00pm. In Fiscal Year 2017, a total of eight (8) Trust Board of Directors meetings were conducted and a total of thirty nine (39) board resolutions were made. Attendance of Board Members representing four of the five disciplines constitutes a quorum.



Guam Preservation Trust
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Management’s Discussion and Analysis, continued

Management, continued

The Trust Board Members by discipline are:

<u>Discipline</u>	<u>Primary</u>	<u>Alternate</u>
<i>Architecture</i>	Michael Makio, AIA (Board Chair)	(Vacant)
<i>Archaeology</i>	Cacilie Craft	Jolie Liston
<i>Chamorro Culture</i>	Rebecca Dueñas	Marilyn Salas, Ph.D.
<i>History</i>	Eric Forbes	James Viernes
<i>Planning</i>	Dave Lotz	(Vacant)

The Trust is currently staffed by Joseph Quinata, Chief Program Officer; Ruby Santos, Administrative Services Coordinator; Andrew Tenorio, 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 maintains its own procurement policy.

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.

2017 Highlights

Restoration, Rehabilitation, and Reconstruction of Historic Structures

During the year ended September 30, 2017, the Guam Preservation Trust Board of Directors approved funding of about \$1.2 million and expended about \$3.9 million in total for the rehabilitation and reconstruction of the ***Historic Guam Congress Building*** in Hagåtña, the ***Juan Flores and Doris Flores Lujan Homes*** in Inarajan, the ***Malesso Bell Tower*** in Merizo, and the ***Magellan Monument*** in Umatac. In the last twenty-five years, this has been the largest amount approved in a given year to preserve and protect Guam’s historic sites and structures.

Capacity Building for Historic Preservation in Guam and the Pacific

The Guam Preservation Trust, in partnership with local and federal organizations such as the Guam Bureau of Planning and Statistics, the Advisory Council for Historic Preservation (ACHP), Guam Community College, University of Guam, and the U.S. Department of Interior, have provided technical training to build the capacity of professionals in historic preservation. A total of over 50 professionals from the fields of archaeology, architecture, engineering, and historic preservation technicians from the region participated in their respective training sessions. A total of \$126,473 was awarded to the Guam Preservation Trust for the three-year Pacific Preservation grant program (www.pacificpreservation.org). This award has been the largest received that is dedicated to building the capacity of our preservationists in Guam and the Pacific.

Guam Preservation Trust
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Management's Discussion and Analysis, continued

2017 Highlights, continued

Historic Preservation and Secondary School-Aged Youth

The Guam Preservation Trust in partnership with local and national organizations continues to provide teachers and youth with resources and opportunities to become stewards in heritage preservation. Two significant programs are the Guam/National History Day (<http://guamhistoryday.weebly.com/>) and the Pacific Heritage Youth Summit (<http://2017summit.weebly.com/>). With the Trust and community funding from both national and local communities, these programs continue to provide necessary tools for students to participate in historic preservation in their respective communities. Approximately \$200,000 of funding and in-kind contributions was dedicated annually and biennially towards the betterment for our children...our future.

Community Partnerships and Investments

In 2017, 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 and National 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 and the nation:

National Preservation Institute (NPI); 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 (DOI/TAP); and The Nature Conservancy (TNC).

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.

Guam Preservation Trust
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Management's Discussion and Analysis, continued

Trust Standards of Success (Goals), continued

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 for this category; therefore no funding was approved for FY 2017.

Public Interpretation and Presentation

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

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures to Date	Balance at 09/30/17
Taleyfac Bridge Signage	04/17/13	\$ 10,000	\$ 215	\$ 9,785
The Ritidian Story: An Illustrated History of Ancient Life & Landscape at Ritidian (MARC)	06/19/13	5,000	3,750	1,250
Amot Hunters	11/13/13	5,000	3,750	1,250
Teaching with Historic Places	08/13/15	14,400	2,850	11,550
Pacific Heritage Youth Summit	10/01/17	50,000	50,000	---
Ta Na La'La, Ta Praktika, Para I Hinemlota Project*	10/22/15	3,930	3,928	2
Fan Hasso Guahan	02/09/16	9,920	9,920	---
Ta Na La'La, Ta Praktika, Para I Hinemlota Project – Amendment I	02/11/16	4,270	4,270	---
Pacific Preservation Project (Federal Grant)	03/14/16	126,473	70,345	56,128
Five Year Strategic Plan	07/11/16	2,500	1,979	521
National Trust Conference	10/13/16	8,222	8,222	---
Who Wear the Beads	10/22/16	15,000	15,000	---
Guam Legislature Ribbon Cutting*	12/06/16	10,000	7,875	2,125
Guam/National History Day	02/13/17	25,500	23,931	1,569
Capital Campaign – GPT	07/10/17	20,000	---	20,000
Marianas History Conference	08/18/17	3,000	3,000	---
APT Conference	08/18/17	3,727	3,727	---
A Day at the Museum	08/01/17	15,000	11,250	3,750
Total		\$331,942	\$224,012	\$107,930

*Unused balance at September 30, 2017 will be reverted back to the Trust.

Guam Preservation Trust
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Management's Discussion and Analysis, continued

Trust Standards of Success (Goals), continued

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

Project Name	Date Approved	Approved Amount	Expenditures to Date	Balance at 09/30/17
FQ Sanchez Facility A&E	12/18/14	\$208,054	\$207,554	\$ 500
Architecture Book for Guam	02/23/15	49,500	28,875	20,625
Archbishop Flores & Shimizu House – HSR*	12/15/16	22,000	9,900	12,100
Archbishop Flores House – Cleanup*	01/09/17	2,500	2,450	50
Total		\$282,054	\$248,779	\$33,275

*Unused balance at September 30, 2017 will be reverted back to the Trust.

Ethnography and Oral History

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

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures to Date	Balance at 09/30/17
Pagat, Haputo, Hilaan Documentary	07/24/12	\$5,000	\$4,500	\$500
Total		\$5,000	\$4,500	\$500

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 at 09/30/17
Malesso Bell Tower & Magellan Monument	08/20/15	\$ 101,413	\$ 98,624	\$ 2,789
Guam Congress/Legislature & Change Order 1	05/18/15	2,783,379	2,758,379	25,000
4 Historic Inarajan Homes - Const Admin	06/22/15	128,960	34,083	94,877
Subtotal carried forward		\$3,013,752	\$2,891,086	\$122,666

Guam Preservation Trust
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Management's Discussion and Analysis, continued

Trust Standards of Success (Goals), continued

Repair, Rehabilitation, Restoration or Renovation of Historic Buildings and Structures, continued

Project Name	Date Approved	Approved Amount	Expenditures to Date	Balance at 09/30/17
Subtotal brought forward		\$3,013,752	\$2,891,086	\$122,666
Juan Flores House	12/01/15	572,090	572,090	---
Doris Lujan House	07/11/16	410,392	36,860	373,532
Antonia Chargualaf House	08/18/17	350,000	---	350,000
Antonia Chargualaf House - Amendment 1	09/29/17	43,350	---	43,350
Total		\$4,389,584	\$3,500,036	\$889,548

Archaeological Research

The Guam Preservation Trust will work with 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 at 09/30/17
Latte Quarrying Project	10/22/15	\$ 6,200	\$ 2,592	\$3,608
Phase 1 – Pilot Study Ancient mtDNA in the Dentitions from Naton Beach*	10/22/15	3,028	2,857	171
Phase 2 – Pilot Study of Ancient mtDNA in the Dentitions from Naton Beach	02/24/17	4,336	3,252	1,084
Developing Capacity in Maritime Archaeology	02/27/17	20,250	15,200	5,050
Total		\$33,814	\$23,901	\$9,913

*Unused balance at September 30, 2017 will be reverted back to the Trust.

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.

No proposals were received for this category; therefore no funding was approved for FY 2017.

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

Management's Discussion and Analysis, continued

Trust Standards of Success (Goals), continued

Legislative Initiative (Public Law 31-19)

Project Name	Date Approved	Approved Amount	Expenditures to Date	Balance at 09/30/17
Manuel Guerrero Bldg. Demolition**	06/04/15	\$ 700,000	\$345,086	\$354,914
Humatak Bridge Repair**	08/22/16	300,000	262,000	38,000
Total		\$1,000,000	\$607,086	\$392,914

** Public Law 33-120 reappropriated \$300,000 of the \$1 million Manuel Guerrero Building Demolition project towards the repair of the Humatak Bridge.

Financial Analysis

Our analysis is based on the following condensed financial data for the years ended September 30, 2017, 2016 and 2015.

	September 30, <u>2017</u>	September 30, <u>2016</u>	September 30, <u>2015</u>	2017 % increase (decrease) from 2016
<u>Statement of Net Position</u>				
Assets:				
Cash and cash equivalents	\$ 330,233	\$ 957,232	\$ 1,965,439	-65.50%
Investments	2,124,789	2,579,606	3,982,618	-17.63%
Due from building permit fund, net	---	259,760	153,528	-100.00%
Prepaid expenses	---	9,622	19,855	-100.00%
Other assets	<u>10,268,911</u>	<u>10,279,215</u>	<u>10,202,274</u>	-0.10%
Total assets	<u>12,723,933</u>	<u>14,085,435</u>	<u>16,323,714</u>	-9.67%
Liabilities:				
Accrued expenses	63,574	459,734	56,372	-86.17%
Deferred revenue	14,364	---	---	---
Deposits payable - grants	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	0.00%
Total liabilities	<u>85,938</u>	<u>467,734</u>	<u>64,372</u>	-81.63%
Net position:				
Invested in capital assets	360,211	370,515	293,574	-2.78%
Unrestricted	2,369,084	3,323,633	6,057,068	-28.72%
Restricted	<u>9,908,700</u>	<u>9,923,553</u>	<u>9,908,700</u>	-0.15%
Total net position	<u>\$ 12,637,995</u>	<u>\$ 13,617,701</u>	<u>\$ 16,259,342</u>	-7.19%

Guam Preservation Trust
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Management's Discussion and Analysis, continued

Financial Analysis, continued

	Year ended September 30, <u>2017</u>	Year ended September 30, <u>2016</u>	Year ended September 30, <u>2015</u>	2017 % increase (decrease) <u>from 2016</u>
<u>Statement of Activities</u>				
Building permit fees	\$ 676,182	\$ 721,233	\$ 924,329	-6.25%
Grants / support - unrestricted	70,344	57,921	---	21.45%
Interest income	<u>22,923</u>	<u>48,026</u>	<u>148,473</u>	-52.27%
 Total revenues	 769,449	 827,180	 1,072,802	 -6.98%
 Expenditures	 (1,811,467)	 (3,611,526)	 (1,606,779)	 -49.84%
Unrealized gain (loss) on investments	<u>62,312</u>	<u>142,705</u>	<u>(188,112)</u>	-56.34%
 Decrease in net position	 (979,706)	 (2,641,641)	 (722,089)	 -62.91%
 Net position at beginning of year	 <u>13,617,701</u>	 <u>16,259,342</u>	 <u>16,981,431</u>	 -16.25%
 Net position at end of year	 \$ <u>12,637,995</u>	 \$ <u>13,617,701</u>	 \$ <u>16,259,342</u>	 -7.19%

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 and compared to totals listed on the Trust's Special Accounts with the Guam Department of Administration. For fiscal year (FY) 2017, a total of \$676,182 was collected from building permit fees, a decrease by \$45,051 or 6% from the FY 2016 total of \$721,233. The decrease was partly due to a result of a mandate initiated by the 33rd Guam Legislature, re-allocating 50% of revenues from the Building Permit Fees to go towards the Guam Museum and Department of Public Works.

Investments

Interest income on investments decreased between FY 2017 and FY 2016. In FY 2017, \$22,923 was earned on interest income, compared to \$48,026 in FY 2016. The 52% decrease is due to the drawdowns from investment accounts to pay for capital improvement projects such as the Guam Congress Building and Juan Flores House Projects. These drawdowns were anticipated for FY 2016 and FY 2017.

Guam Preservation Trust
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Management's Discussion and Analysis, continued

Financial Analysis, continued

Expenditures

Overall expenditures for FY 2017 is \$1,811,467, a decrease of approximately 50% from FY 2016 total of \$3,611,526. This is attributed to the tapering off and near-completion of major capital improvement projects, such as rehabilitation and reconstruction of the Guam Congress Building (\$2,032,198) in Hagåtña, the Juan Flores House in Inarajan (\$303,667), and the demolition (\$345,086) of the Governor Manuel Guerrero Department of Administration Building (an initiative by the 33rd Guam Legislature). Although the Guam Preservation Trust invested over \$3 million on historic preservation, our overall projects generated additional funding of about \$4.2 million from partner-contributed funds.

Guam Preservation Trust
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Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2017

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Net Position</u>
Assets:			
Cash and cash equivalents <i>(Note 3)</i>	\$ 330,233	\$ -	\$ 330,233
Investments <i>(Note 3)</i>	2,124,789	-	2,124,789
Depreciable capital assets, net <i>(Notes 2 and 5)</i>	-	45,163	45,163
Nondepreciable capital assets <i>(Notes 2 and 5)</i>	<u>-</u>	<u>10,223,748</u>	<u>10,223,748</u>
Total assets	<u>\$ 2,455,022</u>	<u>10,268,911</u>	<u>12,723,933</u>
Liabilities and Fund Balance/Net Position:			
Accrued expenses	\$ 63,574	-	63,574
Deferred revenue <i>(Note 4)</i>	14,364	-	14,364
Grant deposit	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total liabilities	<u>85,938</u>	<u>-</u>	<u>85,938</u>
Commitments and contingencies <i>(Note 6)</i>			
Fund balances - assigned <i>(Note 2)</i>	<u>2,369,084</u>	<u>(2,369,084)</u>	-
Total fund balances	<u>2,369,084</u>	<u>(2,369,084)</u>	-
Total liabilities and fund balances	<u>\$ 2,455,022</u>		
Net position:			
Invested in capital assets		360,211	360,211
Unrestricted		2,369,084	2,369,084
Restricted <i>(Note 5)</i>		<u>9,908,700</u>	<u>9,908,700</u>
Total net position		<u>\$ 12,637,995</u>	<u>\$ 12,637,995</u>

See accompanying notes.

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

Year ended September 30, 2017

	General Fund	Adjustments	Statement of Activities
Revenues:			
Building permit fees	\$ 676,182	\$ -	\$ 676,182
Grants and other support	70,344	-	70,344
Interest income	22,923	-	22,923
Total revenues	<u>769,449</u>	<u>-</u>	<u>769,449</u>
Expenditures:			
Program services - projects/grants	<u>1,335,296</u>	<u>-</u>	<u>1,335,296</u>
Supporting services:			
Personnel (Note 7)	298,454	-	298,454
Contractual	51,653	-	51,653
Travel	29,026	-	29,026
Insurance	27,778	-	27,778
Trust fund and investment fees	15,106	-	15,106
Supplies and equipment rental	14,147	-	14,147
Miscellaneous	13,403	-	13,403
Utilities	6,021	-	6,021
Communication	4,431	-	4,431
Advertising	3,548	-	3,548
Stipend	2,300	-	2,300
Depreciation expense	-	10,304	10,304
	<u>465,867</u>	<u>10,304</u>	<u>476,171</u>
Total expenditures/expenses	1,801,163	10,304	1,811,467
Unrealized gain on investments	<u>62,312</u>	<u>-</u>	<u>62,312</u>
Deficiency of revenues over expenditures and unrealized gain on investments	(969,402)	(969,402)	<u>-</u>
Decrease in net position		(979,706)	(979,706)
Fund balance/net position:			
Beginning of year	<u>3,338,486</u>	<u>-</u>	<u>13,617,701</u>
End of year	<u>\$ 2,369,084</u>	<u>\$ -</u>	<u>\$ 12,637,995</u>

See accompanying notes.

Guam Preservation Trust
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Notes to Financial Statements

Year ended September 30, 2017

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 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). The Governmental Accounting Standards Board (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 accounts for its financial activities in a single governmental fund. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. The ending fund balance on the balance sheet is reconciled to the ending 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, 2017 is as follows:

Fund balance – governmental funds	\$ 2,369,084
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Amounts reported for governmental activities in the Balance Sheet differ from the amounts reported in the Statement of Net Position because:

Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds	<u>10,268,911</u>
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Net position of governmental activities	<u>\$12,637,995</u>
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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, 2017 is as follows:

Net change in fund balances - governmental funds	\$(969,402)
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Amounts reported for governmental activities in the Statement of Government Fund Revenues, Expenditures and Changes in Fund Balance differ from the amounts reported in the Statement of Activities because:

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 capital outlays exceeded depreciation	<u>(10,304)</u>
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Change in net position of governmental activities	<u>\$(979,706)</u>
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Guam Preservation Trust
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

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 10 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

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.

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.

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 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 fiscal year ending September 30, 2018.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The Statement is intended 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 fiscal year ending September 30, 2018.

In March 2016, GASB issued Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68 and No. 73*. The Statement addresses issues regarding (1) 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. 81 will be effective 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 the Authority 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 fiscal year ending September 30, 2020.

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 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 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 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 fiscal year ending September 30, 2021.

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

3. Cash and Cash Equivalents and Investments

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

Custodial Credit Risk

Custodial credit risk for cash and cash equivalents and investments is the risk that in the event of the failure of the counterparty to the transaction, the Trust's deposits and investments may not be returned to it. The Trust does not have a deposit and/or investment policy for custodial credit risk. As of September 30, 2017, cash and cash equivalents and investments were held by depositories and amounted to \$2,455,022 of which \$2,170,469 were insured and \$284,554 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, 2017.

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

Notes to Financial Statements, continued

3. Cash and Cash Equivalents and Investments, continued

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, 2017:

<u>Type</u>	<u>Amount</u>	<u>% of Portfolio</u>
Time certificates of deposits (TCD)	\$1,340,238	63%
Equities	391,109	18%
Exchange Traded Funds (ETFs)	223,054	11%
Other (fixed income)	<u>170,388</u>	<u>8%</u>
	<u>\$2,124,789</u>	<u>100%</u>

Investments Measured at Fair Value

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

The following presents the Trust's assets carried at fair value by fair value hierarchy at September 30, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value				
Equity securities	\$ 391,109	\$ -	\$ 391,109	\$ -
Investments measured at cost				
Time Certificates of Deposits (TCD)	1,340,238	-	1,340,238	-
ETFs	223,054	-	223,054	-
Others	170,388	-	170,388	-
	<u>\$ 2,124,789</u>	<u>\$ -</u>	<u>\$ 2,124,789</u>	<u>\$ -</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

The Trust's credit distribution for its investments is as follows:

At September 30, 2017		
	Standard & Poor's/Moody's Credit Rating	Amount
Equity securities	A1	\$ 38,742
Equity securities	A2	29,571
Equity securities	A3	34,239
Equity securities	Aa1	81,946
Equity securities	Aa2	35,250
Equity securities	Aa3	22,745
Equity securities	Aaa	14,096
Equity securities	A1	26,002
Equity securities	Ba2	12,454
Equity securities	Baa1	17,322
Equity securities	Baa2	15,359
Equity securities	Baa3	35,547
Equity securities	Unrated	27,836
ETFs	Unrated	223,054

At September 30, 2017, the Trust had the following investment maturities:

Investment type	Total	Less than 1 Year	1 - 5 Years	6 - 10 Years	More than 10 Years
TCDs	\$ 1,340,238	\$ 199,998	\$ 639,992	\$ 500,248	\$ ---
Equity securities	391,109	391,109	---	---	---
ETFs	223,054	223,054	---	---	---
Others	170,388	170,388	---	---	---
	\$ 2,124,789	\$ 984,549	\$ 639,992	\$ 500,248	\$ ---

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

Notes to Financial Statements, continued

4. Due from 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 \$1,535,014 as of September 30, 2017.

For the year ended September 30, 2017, cash received from the Government of Guam exceeded balances due from the Building Permit Fund resulting in an overpayment of \$13,546, which is shown as a component of deferred revenues in the Trust’s general fund/statement of net position.

5. Property and Equipment

The following is a summary of the changes in capital assets for the year ended September 30, 2017:

	<u>Beginning Balance October 1, 2016</u>	<u>Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance September 30, 2017</u>
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ 94,418	\$ ---	\$ ---	\$ 94,418
Less accumulated depreciation	(38,951)	(10,304)	---	(49,255)
Net capital assets depreciated	<u>\$ 55,467</u>	<u>\$(10,304)</u>	<u>\$ ---</u>	<u>\$ 45,163</u>
Capital assets not depreciated:				
Construction-in-progress	\$ 52,189	\$ ---	\$ ---	\$ 52,189
Land	<u>10,171,559</u>	<u>---</u>	<u>---</u>	<u>10,171,559</u>
	<u>\$10,223,748</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$10,223,748</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.

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

Notes to Financial Statements, continued

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 \$1,419,632 to fund grants approved as of September 30, 2017. The Trust will release the funds to the grantees only upon satisfactory performance by the grantees of requirements called for in their respective grant agreements.

7. Employee’s 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, 2017, the retirement contribution amounted to \$5,570 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. Subsequent Events

The Trust has evaluated subsequent events through March 13, 2018. It is also the date that the financial statements were available to be issued.

Supplementary Information

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

Governmental Funds
Balance Sheet/Statement of Net Position
September 30, 2017

(With comparative totals as of September 30, 2016)

	General Fund <u>2017</u>	General Fund <u>2016</u>	Statement of Net Position <u>2017</u>	Statement of Net Position <u>2016</u>
Assets:				
Cash and cash equivalents	\$ 330,233	\$ 957,232	\$ 330,233	\$ 957,232
Investments	2,124,789	2,579,606	2,124,789	2,579,606
Due from Government of Guam				
Building Permit Fund, net	-	259,760	-	259,760
Prepaid expenses	-	9,622	-	9,622
Depreciable capital assets, net	-	-	45,163	55,467
Nondepreciable capital assets	-	-	10,223,748	10,223,748
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>2,455,022</u>	\$ <u>3,806,220</u>	<u>12,723,933</u>	<u>14,085,435</u>
Liabilities and Net Position:				
Accrued expenses	\$ 63,574	\$ 459,734	63,574	459,734
Deferred revenues	14,364	-	14,364	-
Grant deposit	8,000	8,000	8,000	8,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>85,938</u>	<u>467,734</u>	<u>85,938</u>	<u>467,734</u>
Fund balances - assigned	<u>2,369,084</u>	<u>3,338,486</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,369,084</u>	<u>3,338,486</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>2,455,022</u>	\$ <u>3,806,220</u>	<u> </u>	<u> </u>
Net position:				
Invested in capital assets			360,211	370,515
Unrestricted			2,369,084	3,323,633
Restricted			9,908,700	9,923,553
Total net position			<u>\$ 12,637,995</u>	<u>\$ 13,617,701</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, 2017
(With comparative totals for the year ended September 30, 2016)

	General Fund <u>2017</u>	General Fund <u>2016</u>	Statement of Activities <u>2017</u>	Statement of Activities <u>2016</u>
Revenues:				
Building permit fees	\$ 676,182	\$ 721,233	\$ 676,182	\$ 721,233
Grants and other support	70,344	51,000	70,344	51,000
Interest income	22,923	48,026	22,923	48,026
Other support	-	6,921	-	6,921
	<u>769,449</u>	<u>827,180</u>	<u>769,449</u>	<u>827,180</u>
Total revenues				
Expenditures:				
Program services - projects/grants	<u>1,335,296</u>	<u>3,088,071</u>	<u>1,335,296</u>	<u>3,088,071</u>
Supporting services:				
Personnel	298,454	331,453	298,454	331,453
Contractual	51,653	53,211	51,653	53,211
Travel	29,026	36,520	29,026	36,520
Insurance	27,778	29,448	27,778	29,448
Trust fund and investment fees	15,106	22,878	15,106	22,878
Supplies and equipment rental	14,147	16,510	14,147	16,510
Miscellaneous	13,403	6,796	13,403	6,796
Utilities	6,021	4,831	6,021	4,831
Communication	4,431	4,443	4,431	4,443
Advertising	3,548	2,350	3,548	2,350
Stipend	2,300	2,100	2,300	2,100
Capital outlays	-	89,856	-	-
Depreciation expense	-	-	10,304	12,915
	<u>465,867</u>	<u>600,396</u>	<u>476,171</u>	<u>523,455</u>
Total expenditures/expenses				
	1,801,163	3,688,467	1,811,467	3,611,526
Unrealized gain on investments				
	<u>62,312</u>	<u>142,705</u>	62,312	142,705
Deficiency of revenues over expenditures and unrealized gain on investments				
	(969,402)	(2,718,582)	<u>-</u>	<u>-</u>
Decrease in net position				
			(979,706)	(2,641,641)
Fund balance/net position:				
Beginning of year	<u>3,338,486</u>	<u>6,057,068</u>	<u>13,617,701</u>	<u>16,259,342</u>
End of year	<u>\$ 2,369,084</u>	<u>\$ 3,338,486</u>	<u>\$ 12,637,995</u>	<u>\$ 13,617,701</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 09/30/16	Expenditures year-ended 09/30/17	Outstanding encumbrance 09/30/17
Taleyfak Bridge Signage	HS10-01 (A)	04/17/13	\$ 10,000	\$ 215	\$ -	\$ 9,785
Pagat, Haputo, Hilaan Documentary	GPTGI2-06	07/24/12	5,000	4,500	-	500
The Ritidian Story: An Illustrated History of Ancient Life & Landscape at Ritidian	GPTGI3-11	06/19/13	5,000	3,750	-	1,250
Amot Hunters	GPTGI4-02	11/13/13	5,000	3,750	-	1,250
FQ Sanchez Facility A&E	HS15-01	12/18/14	208,054	207,554	-	500
Architecture Book for Guam	BP15-07	02/23/15	49,500	20,625	8,250	20,625
Guam Congress/Legislature Change Order No. 1	HS15-03	05/18/15	2,759,278	2,208,502	549,877	899
Manuel Guerrero Bldg Demolition DPW	BP15-12 (A)	06/04/15	700,000	** 345,086	-	354,914
Humatak Bridge Repair	BP17-03	08/22/16	300,000	** -	262,000	38,000
Historic Inarajan 4 Homes-Const Admin	HS13-01	06/22/15	128,960	10,747	23,336	94,877
Teaching with Historic Places	BP15-16	08/13/15	14,400	2,100	750	11,550
Malesso Bell Tower Magellan Monument	BP15-14	08/20/15	101,413	98,624	-	2,789
Latte Quarrying Project	BP16-02	10/22/15	6,200	2,092	500	3,608
Pacific Heritage Youth Summit	BP16-06	10/01/15	50,000	35,147	14,853	-
Who Wears the Beads	GPTGI6-01	10/22/15	15,000	14,000	1,000	-
Phase 1 - Pilot Study Ancient mtDNA in the Dentitions from Naton Beach	GPTGI6-02	10/22/15	3,028	2,271	586	171 *
Tan Na La'La, Ta Praktika, Para I Hinemlota Project	GPTGI6-03	10/22/15	3,930	2,948	980	2 *
Tan Na La'La, Ta Praktika, Para I Hinemlota Project	Amendment 1	02/11/16	4,270	-	4,270	-
Fan Hasso Guahan	GPTG-16-05	02/09/16	9,920	7,440	2,480	-
Juan Flores House	HS16-01	12/01/15	572,090	303,667	268,423	-
Doris Lujan House	HS16-02	07/11/16	410,392	-	36,860	373,532
Pacific Preservation Project	BP17-01	03/14/16	126,473	-	70,345	56,128
National Trust for Historic Preservation Conference	BP17-02	10/13/16	8,222	-	8,222	-
Guam Legislature Ribbon Cutting Ceremony	BP17-04	12/06/16	10,000	-	7,875	2,125 *
Archbishop Flores & Ambrosio Shimizu House HSR	BP17-05	12/15/16	22,000	-	9,900	12,100 *
Archbishop Flores House Cleanup	Amendment 1	01/19/17	2,500	-	2,450	50 *
Guam/National History Day	BP17-06	02/13/17	25,000	-	23,431	1,569
National History Day - Teacher award	BP17-06 (A)	02/13/17	500	-	500	-
Marianas History Conference	BP17-07	08/18/17	3,000	-	3,000	-
5 Year Strategic Plan	BP17-08	07/11/16	2,500	-	1,979	521
APT Conference	BP17-09	08/18/17	3,727	-	3,727	-
Capital Campaign - GPT	BP17-10	07/10/17	20,000	-	-	20,000
Phase 2 - Pilot Study of Ancient mtDNA in the Dentitions from Naton Beach	GPTGI7-01	02/24/17	4,336	-	3,252	1,084
Developing Capacity in Maritime Archaeology	GPTGI7-02	02/27/17	20,250	-	15,200	5,050
A Day at the Museum	GPTGI7-03	08/01/17	15,000	-	11,250	3,750
Antonia Chargualaf House - Construction Amendment 1	HS17-01	08/18/17	350,000	-	-	350,000
		09/29/17	43,350	-	-	43,350
			<u>\$ 6,042,394</u>	<u>\$ 3,273,018</u>	<u>\$ 1,335,296</u>	<u>\$ 1,434,080</u>
						(14,448)
						<u><u>\$ 1,419,632</u></u>

* Represents Grants/Projects that have been completed. Any unused portion will be reverted back to the Trust.

Total outstanding encumbrances as of FY2017

**PL33-120 Reappropriated \$300,000 of the \$1,000,000 project to repair the Humatak Bridge.