



2010 Guam Island Fair/66th Liberation Day Committee FY 2010 Financial Highlights

April 25, 2012

The 2010 Guam Island Fair/66th Liberation Day Committee (LDC) ended with \$10 thousand (K) in net proceeds. Independent auditors, Deloitte & Touche, LLP expressed a qualified opinion on LDC Funds statement of deposits and disbursements and changes in cash due to the inability to verify the classification of \$49K of deposits and \$33K of disbursements for the period from March 17, 2010 to December 31, 2010. The report on internal control and compliance identified two findings: 1) lack of formal accounting and financial reporting policies and procedures, which was considered a material weakness, and 2) noncompliance with applicable procurement regulations. A separate management letter was also issued identifying 10 deficiencies, such as unreconciled differences in ticket sales, lack of receipts for cash received, and lack of procurement documents for \$36K of disbursements. These deficiencies were similar to the ones identified in OPA Report No. 10-09, Liberation Day Committee Funds and Activities, issued in December 2010.

Liberation Day Committee Receipts

Total 2010 LDC receipts amounted to \$381K, which came from concessions 63%, or \$241K, ticket sales 23%, or \$89K, and unclassified amounts of \$49K, or 13%. Concessionaires who wish to operate booths at the carnival compete for the opportunity. Liberation Day Queen candidates are required to sell or purchase a minimum of \$1K in raffle tickets. For every ticket sold subsequent to the initial \$1K, each candidate and their sponsor will receive a percentage of proceeds from ticket sales and the remaining balance will go to the 2010 Guam Liberation Queen's Committee.

Liberation Day Committee Disbursements

Total 2010 LDC disbursements amounted to \$371K. The top five overall disbursements were: commission (\$81K); power and installation (\$41K); fireworks (\$33K); security services (\$21K); and carnival and parade sound system (\$21K). Additionally, prize money of \$19K was disbursed to various participants.

Of the \$81K in commission, \$50K was paid to the Mayors' Council of Guam (MCOG) and \$31K was paid to the Liberation Day Queen candidates and their sponsors. In addition, for FY 2010, MCOG also received \$40K in commission from the 2009 LDC. The MCOG in turn donated portions of the Liberation Day proceeds to various non-profit organizations, such as GMH Volunteers Association (\$10K), Liberation Day Memorials (\$6K), and Guam War Survivors Foundation (\$2K).

Report on Compliance and on Internal Control and Management Letter

Two findings were identified in the Report on Compliance and Internal Control, one was considered a material weakness and the remaining was an instance of noncompliance. These are as follows:

- **Accounting and Financial Reporting Policies and Procedures:** Financial statements were not prepared, a ledger was not maintained to account receipts and disbursements, and a process of classifying and summarizing receipts and disbursements transactions was not in place.
- **Compliance with Applicable Procurement Regulations:**
 - Six Queen's Committee disbursements of \$9K and 24 LDC disbursements of \$74K were not supported by procurement documents;
 - Six LDC disbursements of \$31K were procured through small purchases, however, not all quotes were maintained; and
 - Three LDC disbursements of \$36K were procured through sole source in which the rationale for such procurement was not documented at the time the goods/services were procured.

Similar to the deficiencies identified in OPA Report No. 10-09, Liberation Day Committee Funds and Activities, issued in December 2010, the auditors identified in a separate management letter 10 deficiencies. These included:

- Ticket issuance logs and reconciliation summaries not reconciled;
- Detailed report of final returned and unsold tickets not provided;
- Lack of receipts for cash received;
- Bank statements not provided resulting to auditor's inability to verify existence of \$5K from a prior account;
- Lack of invoices, billings, contracts, or equivalent to support disbursements aggregating \$36K;
- Non-issuance of Form-1099 for services paid in excess of \$600; and
- Lack of relevant documents supporting the 2010 LDC's non-profit status.

For more details, you may view the reports in its entirety at our website at www.guamopa.org.