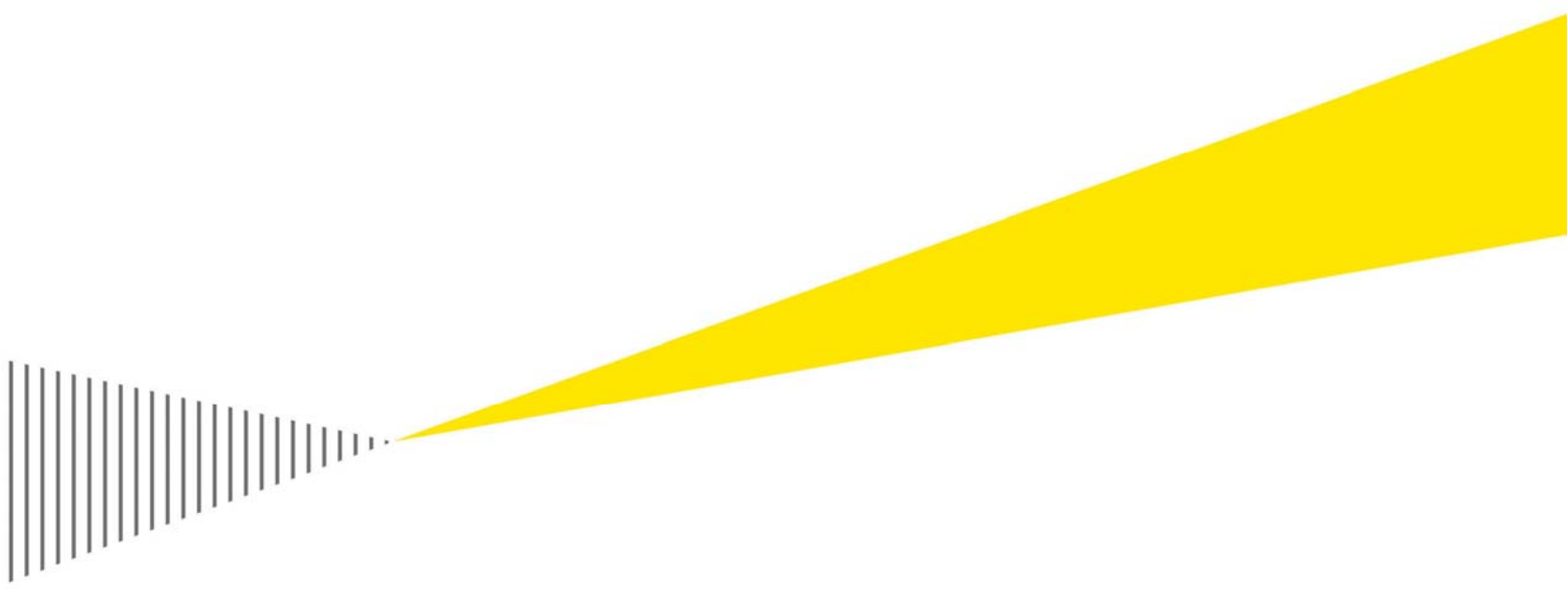


*Financial Statements and
Supplementary Information*

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

*Year ended September 30, 2015
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, 2015

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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 governmental funds balance sheet/statement of net position of the Guam Preservation Trust (the Trust), a component unit of the Government of Guam, as of September 30, 2015, and the related statement of governmental fund revenues, expenditures and changes in fund balance/statement of activities for the year then ended, and the related notes to the financial statements, which collectively comprise the Guam Preservation 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 an opinion 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 opinion.

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, 2015, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our 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 28 and 29 and the Schedule of Grant Projects Reserved for Encumbrances included in pages 30 through 32 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 May 6, 2016 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

May 6, 2016

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

Management’s Discussion and Analysis

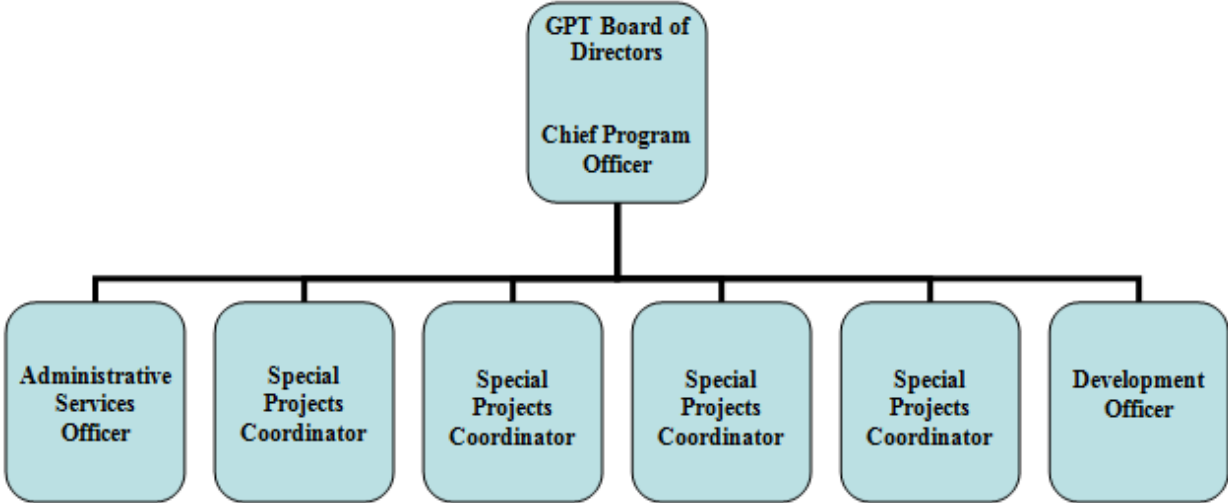
The Management's Discussion and Analysis (MD&A) of the Guam Preservation Trust’s financial performance provides an overall review of the Trust's financial activities for the fiscal year ended September 30, 2015. This presentation is provided to better understand the Trust and its financial status in accordance with the 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 2015, a total of seven (7) Trust Board of Directors meetings were conducted and a total of forty-one (41) board resolutions were made. Attendance of Board Members representing four of the five disciplines constitutes a quorum.



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

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 | (Vacant) |
| <i>Chamorro Culture</i> | Rebecca Dueñas | Marilyn Salas, Ph.D. |
| <i>History</i> | Eric Forbes | James Viernes |
| <i>Planning</i> | Dave Lotz | Joaquin Perez |

The Trust is currently staffed by Joseph Quinata, Chief Program Officer; Ruby Santos, Administrative Services Coordinator; Andrew Tenorio, Special Projects Coordinator, 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 regulations and procedures.

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.

2015 Highlights

Guam Preservation Trust Five-Year Strategic Plan

In 2013, about 100 of Guam’s preservation stakeholders met and shared their vision and how preservation is to advance on Guam. The results were culminated in the *Guam Preservation 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. The plan is the guiding principle for grants and projects for the next five years.

Acquisition of Historic Properties

The Trust acquired two historic properties through donation and purchase. These properties are historically significant and the Trust’s first acquired properties to be preserved and protected for future generations to appreciate and benefit.

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

Management's Discussion and Analysis, continued

2015 Highlights, continued

Martina San Nicolas Strong Property in Inarajan

The acquisition of the Martina San Nicolas Strong property formerly Benny P. San Nicolas property in Inarajan Historic District. Lot No. 38, Inarjan, Guam, Estate Number 225 Urban, as said Lot is desribed in the Retracement Survey Map of Lots 38 & 39.

Architectural Research for Historic Structures

Preliminary work necessary to rehabilitate, restore, or reconstruct historic structures were initiated this fiscal year with a total of five (5) contracts that were approved to provide structural assessments, historic structures reports, and architectural and engineering design to treat eight (8) historic structures on Guam.

Structural Assessment and Historic Structures Reports

Structural assessment and historic structures reports are necessary and are the basis of which the architectural and engineering design is prepared to treat historic structures. In fiscal year 2015, structural assessment contracts were approved for the recently acquired Rosario House in Hagåtña, and the San Dionisio Church in Humatak.

Architectural and Engineering Design to Treat Historic Structures

The architectural and engineering design process is the basis of which historic structures are treated. In fiscal year 2015, The FQ Sanchez Facility in Humatak underwent the architectural and engineering design process. Part of this process is the preparation of the bid documents for the next and final phase, the construction phase.

Restoration, Rehabilitation of Historic Structures

The Restoration & Rehabilitation is the construction phase to return historic structures back to use, applying methods to return structures to its historic integrity.

The Restoration of the Guam Legislature Building was awarded with the targeted completion for August 2016.

A subsequent contract was entered into for the Juan Flores House in the historic district of Inarajan.

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

Management's Discussion and Analysis, continued

2015 Highlights, continued

Community Partnerships and Investments

In 2015, the Trust partnered with over 75 public and private organizations, and individuals from the community to oversee 22 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.

The Trust Board approved about \$4.4 million for grants and projects for this fiscal year. The total grants and projects increased to 22 submissions as compared to last year's total of 22 submissions. The top three projects: (1) the Rehabilitation of the Guam Legislature/Guam Congress Building (\$2,759,278 for construction); (2) The Demolition of the Manuel Guerrero Building (\$1,000,000) as mandated by Public Law 32-33; and (3) Architectural and Engineering Design for the FQ Sanchez Facility in Humatak (\$208,054), all fall within the Trust mandate to preserve and protect historic sites on Guam.

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:

Australasian Institute of Maritime Archaeology (AIMA), Flinders University, Adelaide, South Australia; Nautical Archaeology Society (NAS) in association with Centre for International Heritage Activities, Netherlands (CIE); Spanish Programs for Cultural Cooperation (SPCC); University of San Carlos, Cebu, Philippines; Asian & Pacific Islanders American Caucus for Historic Preservation (APIA); National History Day, Inc. (NHD); The National Trust for Historic Preservation (NTHP), Western Division; SNR Denton US LLP; University of Hawaii; National Park Service; Association for Preservation Technologies International (APT); Asian and Pacific Islander Americans Forum for Historic Preservation; Northern Marianas Humanities Council (NMHC); Northern Marianas College; National Park Service (NPS); U.S Federal Highway and Waterways Agency (FHWA); U.S. Department of Interior (DOI/TAP); The Nature Conservancy (TNC); and UNESCO.

Trust Standards of Success (Goals)

In 2015, Guam's preservation stakeholders presented the Trust Five-Year Historic Preservation Master Plan (<http://www.guampreservationtrust.org>) 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
(A Component Unit of the Government of Guam)

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.

Proposed Outcomes

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|--|---------------|-----------------|----------------------|---------------------|
| Chagui'an Massacre Site Nomination | 02/15/14 | \$18,558 | \$18,558 | \$ --- |
| Manenggon Concentration Camp Site Nomination | 05/15/14 | 39,412 | 29,900 | 9,512 |
| Former US District Court of Guam Island Court of Guam Nomination | 06/09/13 | 5,000 | 3,750 | 1,250 |
| Total | | \$62,970 | \$52,208 | \$10,762 |

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.

Proposed Outcomes

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|---|---------------|-----------------|----------------------|---------------------|
| George Flores Museum | 08/10/11 | \$ 5,000 | \$ 3,750 | \$ 1,250 |
| Historic Landmark Signs* | 05/09/12 | 4,830 | 4,570 | 260 |
| TASA; Guma Latte Marianas** | 04/23/12 | 5,000 | --- | 5,000 |
| GPT Strategic Plan* | 09/12/12 | 12,250 | 10,856 | 1,394 |
| 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 |
| Historia De Las De Marianas Translation | 05/15/14 | 10,000 | 10,000 | --- |
| Pacific Heritage Youth Summit* | 05/15/14 | 60,498 | 3,541 | 56,957 |
| UOG/MARC Gala | 05/15/14 | 5,000 | 5,000 | --- |
| Amot Farm | 06/05/14 | 8,000 | 8,000 | --- |
| Board Orientation* | 12/18/14 | 1,500 | 1,058 | 442 |
| Strategic Plan Unveiling* | 12/18/14 | 4,000 | 2,750 | 1,250 |
| Subtotal carried forward | | \$136,078 | \$57,240 | \$78,838 |

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

Management's Discussion and Analysis, continued

Trust Standards of Success (Goals), continued

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|---|----------------------|------------------------|-----------------------------|----------------------------|
| Subtotal brought forward | | \$136,078 | \$ 57,240 | \$78,838 |
| Rosario House Fencing | 01/26/15 | 12,000 | 10,144 | 1,856 |
| Guam History & Cultural Heritage Day | 02/12/15 | 5,000 | 5,000 | --- |
| 2015 Guam/National History Day | 12/18/14 | 33,712 | 33,712 | --- |
| Congressional Art Competition* | 12/18/14 | 5,000 | 2,058 | 2,942 |
| Guam Micronesia Island Fair | 05/06/15 | 5,000 | 5,000 | --- |
| Section 106 Training* | 08/13/15 | 13,700 | 10,000 | 3,700 |
| Teaching with Historic Places | 08/13/15 | 14,400 | --- | 14,400 |
| I Yo'amte Past to Present | 10/09/14 | 5,000 | 3,750 | 1,250 |
| A Year on the Island | 12/18/14 | 10,000 | 9,000 | 1,000 |
| Total | | \$239,890 | \$135,904 | \$103,986 |
| * Unused balances at September 30, 2015 will be reverted back to the Trust. | | | | |
| ** This project has been cancelled by the Trust. | | | | |

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.

Proposed Outcomes

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|---|----------------------|------------------------|-----------------------------|----------------------------|
| Guam Legislature – Addendum | 05/15/14 | \$ 180,000 | \$103,750 | \$ 76,250 |
| F.Q. Sanchez – Addendum (HSR)* | 11/13/13 | 31,404 | 29,313 | 2,091 |
| A&E to Rehabilitate 3 Historic Homes | 09/09/13 | 215,572 | 215,572 | --- |
| A&E to Rehabilitate 3 Historic Homes – Addendum | 02/13/14 | 71,884 | 43,138 | 28,746 |
| Inarajan Homes – Soils Testing* | 08/27/14 | 3,722 | 2,977 | 745 |
| Atantano Appraisal | 05/15/14 | 4,000 | 4,000 | --- |
| Restoration of Plaza de Espana* | 08/27/14 | 110,212 | 61,819 | 48,393 |
| Feasibility for the Plaza De Espana | 08/27/14 | 106,566 | 106,566 | --- |
| Architecture Book for Guam | 02/23/15 | 49,500 | 4,125 | 45,375 |
| FQ Sanchez A&E | 12/18/14 | 208,054 | 187,249 | 20,805 |
| Manuel Guerrero Bldg. Demolition | 06/04/15 | 35,608 | 17,804 | 17,804 |
| San Dionisio Structural Assessment | 02/12/15 | 37,337 | 37,337 | --- |
| Rosario House (HSR)* | 03/12/15 | 28,260 | 25,434 | 2,826 |
| Total | | \$1,082,119 | \$839,084 | \$243,035 |
| * Unused balances at September 30, 2015 will be reverted back to the Trust. | | | | |

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

Management's Discussion and Analysis, continued

Trust Standards of Success (Goals), continued

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.

Proposed Outcomes

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|-----------------------------------|---------------|-----------------|----------------------|---------------------|
| 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.

Proposed Outcomes

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|---|---------------|--------------------|----------------------|---------------------|
| Fort Nuestra De La Soledad* | 10/01/06 | \$ 8,000 | \$ 5,950 | \$ 2,050 |
| Lujan House – Change Orders 13-14* | 07/13/11 | 17,783 | 17,140 | 643 |
| Lujan House Addendum* | 05/15/14 | 10,484 | 1,435 | 9,049 |
| Taleyfac Bridge Project | 12/16/09 | 606,198 | 606,198 | --- |
| Taleyfac Bridge Amendment* | 08/04/10 | 80,000 | 42,696 | 37,304 |
| Malessio Belltower & Magellan Monument | 08/20/15 | 56,413 | --- | 56,413 |
| Belltower & Monument Arborist | 08/20/15 | 1,500 | --- | 1,500 |
| Guam Congress/Legislature | 05/18/15 | 2,759,278 | 176,303 | 2,582,975 |
| 4 Historic Inarajan Homes Construction Administration | 06/22/15 | 128,960 | --- | 128,960 |
| Total | | \$3,668,616 | \$849,722 | \$2,818,894 |

* Unused balances will be reverted back to the Trust.

Archaeological Research

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

Proposed Outcomes

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|--------------------------------|---------------|-----------------|----------------------|---------------------|
| UOG Archeology Program Year 3* | 09/16/09 | \$75,000 | \$43,039 | \$31,961 |
| Anthony Camacho Survey | 05/14/14 | 2,500 | 2,500 | --- |
| Total | | \$77,500 | \$45,539 | \$31,961 |

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

Management’s Discussion and Analysis, continued

Trust Standards of Success (Goals), continued

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 2015.

Legislative Initiative (Public Law 31-33)

| Project Name | Date Approved | Approved Amount | Expenditures to Date | Balance at 09/30/15 |
|---------------------------------|---------------|--------------------|----------------------|---------------------|
| Manuel Guerrero Bldg Demolition | 06/04/15 | \$1,000,000 | \$--- | \$1,000,000 |
| Total | | \$1,000,000 | \$--- | \$1,000,000 |

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

Management's Discussion and Analysis, continued

Financial Analysis

Our analysis is based on the following condensed financial data for the years ended September 30, 2015, 2014 and 2013.

| | September 30, <u>2015</u> | September 30, <u>2014</u> | September 30, <u>2013</u> | 2015 % increase (decrease) <u>from 2014</u> |
|----------------------------------|------------------------------|------------------------------|------------------------------|--|
| <u>Statement of Net Position</u> | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,965,439 | \$ 1,934,315 | \$ 3,501,457 | 1.61% |
| Investments | 3,982,618 | 4,975,420 | 2,561,238 | -19.95% |
| Receivables: | | | | |
| Building permit fund | 1,689,053 | 1,578,218 | 1,921,611 | 7.02% |
| Allowance for doubtful accounts | (1,535,525) | (1,517,137) | (1,517,137) | 1.21% |
| Prepaid expenses | 19,855 | 13,854 | 8,417 | 43.32% |
| Other assets | <u>10,202,274</u> | <u>10,077,676</u> | <u>2,068</u> | 1.24% |
| Total assets | <u>16,323,714</u> | <u>17,062,346</u> | <u>6,477,654</u> | -4.33% |
| Liabilities: | | | | |
| Accrued expenses | 56,372 | 72,915 | 47,968 | -22.69% |
| Deposits payable - grants | <u>8,000</u> | <u>8,000</u> | <u>8,000</u> | 0.00% |
| Total liabilities | <u>64,372</u> | <u>80,915</u> | <u>55,968</u> | -20.44% |
| Net position: | | | | |
| Invested in capital assets | 293,574 | 177,676 | 2,068 | 65.23% |
| Unrestricted | 6,057,068 | 6,903,755 | 6,419,618 | -12.26% |
| Restricted | <u>9,908,700</u> | <u>9,900,000</u> | <u>---</u> | 0.09% |
| Total net position | \$ <u>16,259,342</u> | \$ <u>16,981,431</u> | \$ <u>6,421,686</u> | -4.25% |

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

Management's Discussion and Analysis, continued

Financial Analysis, continued

| | Year ended September 30, <u>2015</u> | Year ended September 30, <u>2014</u> | Year ended September 30, <u>2013</u> | 2015 % increase (decrease) from <u>2014</u> |
|--|--|--|--|--|
| <u>Statement of Activities</u> | | | | |
| Building permit fees | \$ 924,329 | \$ 1,413,023 | \$ 1,181,790 | -34.58% |
| Grants / support - unrestricted | --- | 64,499 | --- | -100.00% |
| Interest income | <u>148,473</u> | <u>118,423</u> | <u>87,735</u> | 25.38% |
| Total revenues | 1,072,802 | 1,595,945 | 1,269,525 | -32.78% |
| Expenditures | (1,622,993) | (1,068,151) | (1,052,969) | 51.94% |
| Gain on sale of investment | 16,214 | --- | --- | 100.00% |
| Contributions - restricted | --- | 9,900,000 | --- | -100.00% |
| Unrealized (loss) gain on investments | <u>(188,112)</u> | <u>131,951</u> | <u>(74,381)</u> | -242.56% |
| (Decrease) increase in net position | (722,089) | 10,559,745 | 142,175 | -106.84% |
| Net position at beginning of year | <u>16,981,431</u> | <u>6,421,686</u> | <u>6,279,511</u> | 164.44% |
| Net position at end of year | <u>\$ 16,259,342</u> | <u>\$ 16,981,431</u> | <u>\$ 6,421,686</u> | -4.25% |

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) 2015, a total of \$924,329 was collected from building permit fees, a decrease of 34.58% from FY 2014 total of \$1,413,023. The decrease is a result of a decrease in construction activity on Guam for that period.

Investments

Interest income on investments increased between FY 2015 and FY 2014. In FY 2015, \$148,473 was earned on interest, compared to \$118,423 in FY 2014. The 25.38% increase is due to the increase in interest rates on cash equivalents and investment accounts. For FY 2013, there was a change in the Asset Allocation Rates of the Trust Investment Policy (80% investment on cash equivalents and 20% on equity investments).

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

Management's Discussion and Analysis, continued

Financial Analysis, continued

Expenditures

Overall expenditures for FY 2015 amounted to \$1,622,993, which increased 51.94% from FY 2014 of \$1,068,151. The increase was attributed mostly to the increase in grants and projects in FY 2015, which totaled \$1,021,432, as compared to FY 2014's total of \$568,888. Preliminary work (Structural Assessments, Historic Structures Report, and A/E Design) to rehabilitate several historic structures were approved by the Guam Preservation Trust Board. These structures include F. Q. Sanchez School facility, three homes in the Historic District of Inarajan, Guam Legislature, and Plaza de España. Other projects such as the Atantano Heritage Preserve and nomination of Manengnon and Cha'guian contribute to the increase in grants and projects expenditures.

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

Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2015

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|--|-------------------------|----------------------|--------------------------------------|
| Assets: | | | |
| Cash and cash equivalents <i>(Note 3)</i> | \$ 1,965,439 | \$ - | \$ 1,965,439 |
| Investments <i>(Note 3)</i> | 3,982,618 | - | 3,982,618 |
| Due from Government of Guam | | | |
| Building Permit Fund, net <i>(Note 4)</i> | 153,528 | - | 153,528 |
| Prepaid expenses | 19,855 | - | 19,855 |
| Property and equipment, net <i>(Notes 2 and 5)</i> | <u>-</u> | <u>10,202,274</u> | <u>10,202,274</u> |
| Total assets | <u>\$ 6,121,440</u> | <u>10,202,274</u> | <u>16,323,714</u> |
| Liabilities and Net Position: | | | |
| Accrued expenses | \$ 56,372 | - | 56,372 |
| Grant deposit | <u>8,000</u> | <u>-</u> | <u>8,000</u> |
| Total liabilities | <u>64,372</u> | <u>-</u> | <u>64,372</u> |
| Commitments and contingencies <i>(Note 6)</i> | | | |
| Fund balances - assigned <i>(Note 2)</i> | <u>6,057,068</u> | <u>(6,057,068)</u> | <u>-</u> |
| Total fund balances | <u>6,057,068</u> | <u>(6,057,068)</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 6,121,440</u> | | |
| Net position: | | | |
| Invested in capital assets | | 293,574 | 293,574 |
| Unrestricted | | 6,057,068 | 6,057,068 |
| Restricted <i>(Note 5)</i> | | 9,908,700 | 9,908,700 |
| Total net position | | <u>\$ 16,259,342</u> | <u>\$ 16,259,342</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, 2015

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|-------------------------|--------------------|------------------------------------|
| Revenues: | | | |
| Building permit fees | \$ 924,329 | \$ - | \$ 924,329 |
| Interest income | 148,473 | - | 148,473 |
| Total revenues | <u>1,072,802</u> | <u>-</u> | <u>1,072,802</u> |
| Expenditures: | | | |
| Program services - projects/grants | <u>1,021,432</u> | <u>-</u> | <u>1,021,432</u> |
| Supporting services: | | | |
| Personnel (<i>Note 7</i>) | 408,253 | - | 408,253 |
| Contractual | 54,866 | - | 54,866 |
| Travel | 35,405 | - | 35,405 |
| Trust fund and investment fees | 33,623 | - | 33,623 |
| Supplies and equipment rental | 22,762 | - | 22,762 |
| Utilities | 5,739 | - | 5,739 |
| Advertising | 5,484 | - | 5,484 |
| Miscellaneous | 5,421 | - | 5,421 |
| Communication | 4,878 | - | 4,878 |
| Stipend | 1,850 | - | 1,850 |
| Depreciation expense | - | 7,066 | 7,066 |
| Capital outlays | 131,664 | (131,664) | - |
| | <u>709,945</u> | <u>(124,598)</u> | <u>585,347</u> |
| Total expenditures/expenses | 1,731,377 | (124,598) | 1,606,779 |
| Unrealized loss on investments | <u>188,112</u> | <u>-</u> | <u>188,112</u> |
| Deficiency of revenues over unrealized loss on investments and expenditures | (846,687) | (846,687) | - |
| Decrease in net position | | (722,089) | (722,089) |
| Fund balance/net position: | | | |
| Beginning of year | <u>6,903,755</u> | <u>-</u> | <u>16,981,431</u> |
| End of year | <u>\$ 6,057,068</u> | <u>\$ -</u> | <u>\$ 16,259,342</u> |

See accompanying notes.

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

Notes to Financial Statements

Year ended September 30, 2015

1. Organization

The Guam Preservation Trust (the Trust), is an expendable trust fund that 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).

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, 2015 is as follows:

| | |
|-----------------------------------|--------------|
| Fund balance – governmental funds | \$ 6,057,068 |
|-----------------------------------|--------------|

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>10,202,274</u> |
|--|-------------------|

| | |
|---|---------------------|
| Net position of governmental activities | <u>\$16,259,342</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, 2015 is as follows:

| | |
|--|-------------|
| Net change in fund balances - governmental funds | \$(846,687) |
|--|-------------|

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>124,598</u> |
|--|----------------|

| | |
|---|--------------------|
| Change in net position of governmental activities | <u>\$(722,089)</u> |
|---|--------------------|

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 and related investment earnings 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 5 years using the straight-line method.

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.

Income Taxes

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

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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 February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. GASB Statement No. 72 will be effective for fiscal year ending September 30, 2016.

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. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. GASB Statement No. 73 will become effective for fiscal year ending September 30, 2017.

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*. GASB Statement No. 74 will be effective for fiscal year ending September 30, 2017.

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 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 June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB Statement No. 76 will be effective for fiscal year ending September 30, 2016.

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. GASB Statement No. 77 will be effective for fiscal year ending September 30, 2017.

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. GASB Statement No. 78 will be effective for fiscal year ending September 30, 2017.

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. GASB Statement No. 79 will be effective for fiscal year ending September 30, 2017.

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 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. GASB Statement No. 80 will be effective for fiscal year ending September 30, 2017.

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 the Trust 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 the Trust for fiscal year ending September 30, 2017.

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.

The Trust uses market quotations to measure fair value of investments.

Custodial Credit Risk

Custodial credit risk for cash and cash equivalents is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. The Trust does not have a deposit policy for custodial credit risk. As of September 30, 2015, cash and cash equivalents were held by depositories and amounted to \$1,965,439 of which \$128,526 were insured and \$1,836,913 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, 2015.

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

Notes to Financial Statements, continued

3. Cash and Cash Equivalents and Investments, continued

Custodial Credit Risk, continued

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust does not have an investment policy for custodial credit risk.

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, the maturities of investments are limited to 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, 2015:

| <u>Type</u> | <u>Amount</u> | <u>% of Portfolio</u> |
|-------------------|--------------------|-----------------------|
| Mutual funds/ETFs | \$2,195,630 | 55% |
| Fixed income | 1,198,862 | 30% |
| Equities | <u>588,126</u> | <u>15%</u> |
| | <u>\$3,982,618</u> | <u>100%</u> |

4. Due from Government of Guam Building Permit Fund

The due from Government of Guam Building Permit Fund balance represents 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 \$1,535,525 as of September 30, 2015.

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, 2015:

| | <u>Beginning Balance October 1, 2014</u> | <u>Additions</u> | <u>Transfers and Deletions</u> | <u>Ending Balance September 30, 2015</u> |
|---------------------------------------|--|------------------|--|--|
| Capital assets depreciated: | | | | |
| Furniture, fixtures, and equipment | \$ 26,621 | \$ 67,797 | \$ --- | \$ 94,418 |
| Less accumulated depreciation | (18,970) | (7,066) | --- | (26,036) |
| Net capital assets depreciated | 7,651 | 60,731 | --- | 68,382 |
| Capital assets not depreciated: | | | | |
| Land | <u>10,070,025</u> | <u>63,867</u> | --- | <u>10,133,892</u> |
| | <u>\$10,077,676</u> | <u>\$124,598</u> | \$ --- | <u>\$10,202,274</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.

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 terms 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 \$4,002,131 to fund grants approved as of September 30, 2015. 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. 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, 2015, the retirement contribution amounted to \$5,838 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.

Supplementary Information

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

Governmental Funds
Balance Sheet/Statement of Net Position
September 30, 2015
(With comparative totals as of September 30, 2014)

| | General Fund <u>2015</u> | General Fund <u>2014</u> | Statement of Net Position <u>2015</u> | Statement of Net Position <u>2014</u> |
|--|--------------------------------|--------------------------------|---|---|
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,965,439 | \$ 1,934,315 | \$ 1,965,439 | \$ 1,934,315 |
| Investments | 3,982,618 | 4,975,420 | 3,982,618 | 4,975,420 |
| Due from Government of Guam | | | | |
| Building Permit Fund, net | 153,528 | 61,081 | 153,528 | 61,081 |
| Prepaid expenses | 19,855 | 13,854 | 19,855 | 13,854 |
| Property and equipment, net | <u>-</u> | <u>-</u> | <u>10,202,274</u> | <u>10,077,676</u> |
| Total assets | <u>\$ 6,121,440</u> | <u>\$ 6,984,670</u> | <u>16,323,714</u> | <u>17,062,346</u> |
| Liabilities and Net Position: | | | | |
| Accrued expenses | \$ 56,372 | \$ 72,915 | 56,372 | 72,915 |
| Grant deposit | <u>8,000</u> | <u>8,000</u> | <u>8,000</u> | <u>8,000</u> |
| Total liabilities | <u>64,372</u> | <u>80,915</u> | <u>64,372</u> | <u>80,915</u> |
| Fund Balances - assigned | <u>6,057,068</u> | <u>6,903,755</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>6,057,068</u> | <u>6,903,755</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 6,121,440</u> | <u>\$ 6,984,670</u> | | |
| Net position: | | | | |
| Invested in capital assets | | | 293,574 | 177,676 |
| Unrestricted | | | 6,057,068 | 6,903,755 |
| Restricted | | | <u>9,908,700</u> | <u>9,900,000</u> |
| Total net position | | | <u>\$ 16,259,342</u> | <u>\$ 16,981,431</u> |

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

**Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance /Schedule of Activities**
Year ended September 30, 2015
(With comparative totals for the year ended September 30, 2014)

| | General Fund <u>2015</u> | General Fund <u>2014</u> | Statement of Activities <u>2015</u> | Statement of Activities <u>2014</u> |
|---|--------------------------------|--------------------------------|---|---|
| Revenues: | | | | |
| Building permit fees | \$ 924,329 | \$ 1,413,023 | \$ 924,329 | \$ 1,413,023 |
| Grants and other support - unrestricted | - | 64,499 | - | 64,499 |
| Interest income | 148,473 | 118,423 | 148,473 | 118,423 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenues | 1,072,802 | 1,595,945 | 1,072,802 | 1,595,945 |
| Expenditures: | | | | |
| Program services - projects/grants | 1,021,432 | 568,888 | 1,021,432 | 568,888 |
| Supporting services: | | | | |
| Personnel | 408,253 | 330,302 | 408,253 | 330,302 |
| Contractual | 54,866 | 51,045 | 54,866 | 51,045 |
| Travel | 35,405 | 38,920 | 35,405 | 38,920 |
| Trust fund and investment fees | 33,623 | 36,051 | 33,623 | 36,051 |
| Supplies and equipment rental | 22,762 | 18,913 | 22,762 | 18,913 |
| Utilities | 5,739 | 6,093 | 5,739 | 6,093 |
| Advertising | 5,484 | 2,768 | 5,484 | 2,768 |
| Miscellaneous | 5,421 | 6,383 | 5,421 | 6,383 |
| Communication | 4,878 | 4,449 | 4,878 | 4,449 |
| Stipend | 1,850 | 1,950 | 1,850 | 1,950 |
| Depreciation expense | - | - | 7,066 | 2,389 |
| Capital outlays | 131,664 | 177,997 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditures/expenses | 1,731,377 | 1,243,759 | 1,606,779 | 1,068,151 |
| Unrealized (loss) gain on investments | (188,112) | 131,951 | (188,112) | 131,951 |
| (Deficiency) excess of revenues over unrealized | | | | |
| (loss) gain on investments and expenses | (846,687) | 484,137 | - | - |
| Special item: contributions - restricted | - | - | - | 9,900,000 |
| (Decrease) increase in net position | | | (722,089) | 10,559,745 |
| Fund balance/net position: | | | | |
| Beginning of year | 6,903,755 | 6,419,618 | 16,981,431 | 6,421,686 |
| End of year | <u>\$ 6,057,068</u> | <u>\$ 6,903,755</u> | <u>\$ 16,259,342</u> | <u>\$ 16,981,431</u> |

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

Schedule of Grant Projects Reserved for Encumbrances

Year ended September 30, 2015

| Description | Grant no. | Date approved | Grant amount | Year-to-date expenditures FYE 09/30/14 | Expenditures year-ended 09/30/15 | Outstanding encumbrance 09/30/15 |
|---|--------------|---------------|--------------|---|--|--|
| Fort Nuestra De La Soledad, Umatac | BP06-03 | 10/01/06 | \$ 8,000 | \$ 5,950 | \$ - | \$ 2,050 * |
| UOG Archaeology - Year 3 | BP07-01 | 09/16/09 | 75,000 | 43,039 | - | 31,961 * |
| Taleyfak Bridge Project | HS-10-01 | 12/16/09 | 606,198 | 540,632 | 65,566 | - |
| Taleyfak Bridge Project - Amendment | HS-10-01 (A) | 08/04/10 | 80,000 | - | 42,696 | 37,304 * |
| Taleyfak Bridge Signage | HS-10-01 (A) | 04/17/13 | 10,000 | 215 | - | 9,785 |
| Lujan House - Change Order 13-14 | HS-09-01 | 07/13/11 | 17,783 | 17,140 | - | 643 * |
| George Flores Museum | GPTG-11-06 | 08/10/11 | 5,000 | 3,750 | - | 1,250 |
| TASA - Guma Latte Marianas | GPTG-12-01 | 04/23/12 | 5,000 | - | - | 5,000 ** |
| Historic Landmark Signs | BP-12-08 | 05/09/12 | 4,830 | 4,570 | - | 260 * |
| Pagat, Haputo, Hilaan Documentary | GPTG-12-06 | 07/24/12 | 5,000 | 4,500 | - | 500 |
| GPT Strategic Plan | BP-13-01 | 09/12/12 | 12,250 | 10,856 | - | 1,394 * |
| Former US District Court of Guam Nominat | GPTG-13-10 | 06/19/13 | 5,000 | 3,750 | - | 1,250 |
| The Ritidian Story: An Illustrated History of Ancient Life & Landscape at Ritidian | GPTG-13-11 | 06/19/13 | 5,000 | 3,750 | - | 1,250 |
| A&E Rehabilitate 3 Historic Homes | HS-13-01 | 09/06/13 | 215,572 | 129,343 | 86,229 | - |
| Restoration of the Plaza De Espana | BP-14-03 | 10/02/13 | 110,212 | 60,000 | 1,819 | 48,393 * |
| Amot Hunters | GPTG-14-02 | 11/13/13 | 5,000 | 3,750 | - | 1,250 |
| FQ Sanchez - Structural Assessment Adden | HS-13-02 | 11/13/13 | 31,404 | 15,386 | 13,927 | 2,091 * |
| Addendum (Meno House) | HS-13-01 (A) | 02/13/14 | 71,884 | - | 43,138 | 28,746 |
| Chagui'an Massacre Site Nomination | BP-14-05 | 02/15/14 | 18,558 | - | 18,558 | - |
| Anthony Camacho Archaeological Survey | GPTG-14-03 | 05/14/14 | 2,500 | 1,500 | 1,000 | - |
| Atantano Appraisal | BP-14-02 | 05/15/14 | 4,000 | 2,400 | 1,600 | - |
| Pacific Heritage Youth Summit | BP-14-07 | 05/15/14 | 60,498 | 3,541 | - | 56,957 * |
| Historia De Las Islas Marianas Translation | BP-14-14 | 05/15/14 | 10,000 | 5,000 | 5,000 | - |
| Maneggon Concentration Camp Site Nomin | BP-14-16 | 05/15/14 | 39,412 | - | 29,900 | 9,512 |
| Lujan House Adendum | HS-09-01 (A) | 05/15/14 | 10,484 | 1,435 | - | 9,049 * |
| Guam Legislature (Architects RNK) | HS-09-02 | 05/15/14 | 180,000 | 36,250 | 67,500 | 76,250 |
| Subtotal, carried forward | | | 1,598,585 | 896,757 | 376,933 | 324,895 |

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

Schedule of Grant Projects Reserved for Encumbrances, continued

| Description | Grant no. | Date approved | Grant amount | Year-to-date expenditures FYE 09/30/14 | Expenditures year-ended 09/30/15 | Outstanding encumbrance 09/30/15 |
|--|------------------------|------------------|---------------------|---|-------------------------------------|-------------------------------------|
| Subtotal, brought forward | | | 1,598,585 | 896,757 | 376,933 | 324,895 |
| Amot Farm | BP15-02 | 6/5/14 | 8,000 | - | 8,000 | - |
| Feasibility Study for Plaza De Espana | BP-14-18 | 08/27/14 | 106,566 | - | 106,566 | - |
| Inarajan Homes - Soils Testing | HS-14-01 | 08/27/14 | 3,722 | 1,632 | 1,345 | 745 * |
| I Yo'Amte Past to Present | GPTG15-01 | 10/9/14 | 5,000 | - | 3,750 | 1,250 |
| UOG/MARC Gala | BP15-01 | 12/18/14 | 5,000 | - | 5,000 | - |
| Board Orientation | BP15-03 | 12/18/14 | 1,500 | - | 1,058 | 442 * |
| Strategic Plan Unveiling | BP15-04 | 12/18/14 | 4,000 | - | 2,750 | 1,250 * |
| 2015 Guam/Natl Hist Day | BP15-09 | 12/18/14 | 33,712 | - | 33,712 | - |
| Congressional Art Competition | BP15-10 | 12/18/14 | 5,000 | - | 2,058 | 2,942 * |
| A Year on the Island | GPTG15-02 | 12/18/14 | 10,000 | - | 9,000 | 1,000 |
| FQ Sanchez Facility A&E | HS15-01 | 12/18/14 | 208,054 | - | 187,249 | 20,805 |
| Rosario House Fencing | BP15-06 | 1/26/15 | 12,000 | - | 10,144 | 1,856 |
| Guam History & Cultural Heritage Day | BP15-08 | 2/12/15 | 5,000 | - | 5,000 | - |
| San Dionisio Structural Assessment | HS15-02 | 2/12/15 | 37,337 | - | 37,337 | - |
| Architecture Book for Guam | BP15-07 | 2/23/15 | 49,500 | - | 4,125 | 45,375 |
| Rosario House - HSR | HS15-04 | 3/12/15 | 28,260 | - | 25,434 | 2,826 * |
| Guam Micronesian Island Fair | BP15-11 | 5/6/15 | 5,000 | - | 5,000 | - |
| Guam Congress/Legislature | HS15-03 | 5/18/15 | 2,759,278 | - | 176,303 | 2,582,975 |
| Manuel Guerrero Bldg Demolition DPW Amendment 1 | BP15-12 HS15-01 (A) | 6/4/15 6/4/15 | 1,000,000 35,608 | - - | - 17,804 | 1,000,000 17,804 |
| Historic Inarajan 4 Homes-Const Admin | HS-13-01 | 6/22/15 | 128,960 | - | - | 128,960 |
| Section 106 Training | BP15-13 | 8/13/15 | 13,700 | - | 10,000 | 3,700 * |
| Teaching with Historic Places | BP15-16 | 8/13/15 | 14,400 | - | - | 14,400 |
| Malesso Bell Tower Magellan Monument | BP15-14 | 8/20/15 | 56,413 | - | - | 56,413 |
| Malesso Bell Tower Magellan Monument Arborist | BP15-15 | 8/20/15 | 1,500 | - | - | 1,500 |
| | | | <u>\$ 6,136,095</u> | <u>\$ 898,389</u> | <u>\$ 1,028,568</u> | <u>\$ 4,209,138</u> |
| | | | | | | (202,007) |
| | | | | | | (5,000) |
| | | | | | | <u>\$ 4,002,131</u> |

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

** Represents grants/projects that have been cancelled by the Trust

Total outstanding encumbrances as of FY2015 \$ 4,002,131

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

Schedule of Grant Projects Reserved for Encumbrances, continued

Reconciliation of Expenditures to the Statement of Activities:

Expenditures during the year-ended September 30, 2015 were off-set by other support or reimbursement received:

| | |
|--|----------------------------|
| Expenditures based on the Schedule of Grant Projects Reserved for Encumbrances | \$ 1,028,568 |
| Less: reimbursements received | <u>7,136</u> |
| Program services - projects/grants | <u>\$ 1,021,432</u> |