

GUAM PRESERVATION TRUST
(A Component Unit of the Government of Guam)

INDEPENDENT AUDITOR'S REPORT
And
FINANCIAL STATEMENTS

Year ended September 30, 2023

GUAM PRESERVATION TRUST
(A Component Unit of the Government of Guam)

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BURGER · COMER · & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Guam Preservation Trust

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of the Guam Preservation Trust (the Trust), a component unit of the Government of Guam, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Trust, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 of America, 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 Trust's basic financial statements. The financial statements for the year ended September 30, 2022, were audited by other auditors whose report dated November 3, 2022, expressed an unmodified opinion. The accompanying comparative financial statement information and the Schedule of Committed and Restricted Funds on pages 32-24, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for that pertaining to the year ended September 30, 2022, audited by predecessor auditors, 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 of America. In our opinion, the comparative financial statement information and the Schedule of Committed and Restricted Funds 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 have also issued our report dated November 22, 2024, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

Buysen Comer & Associates

Tamuning, Guam
November 22, 2024

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

Management's Discussion and Analysis
September 30, 2023

The Management's Discussion and Analysis (MD&A) of the Guam Preservation Trust's financial performance for the fiscal year ended September 30, 2023 is presented 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

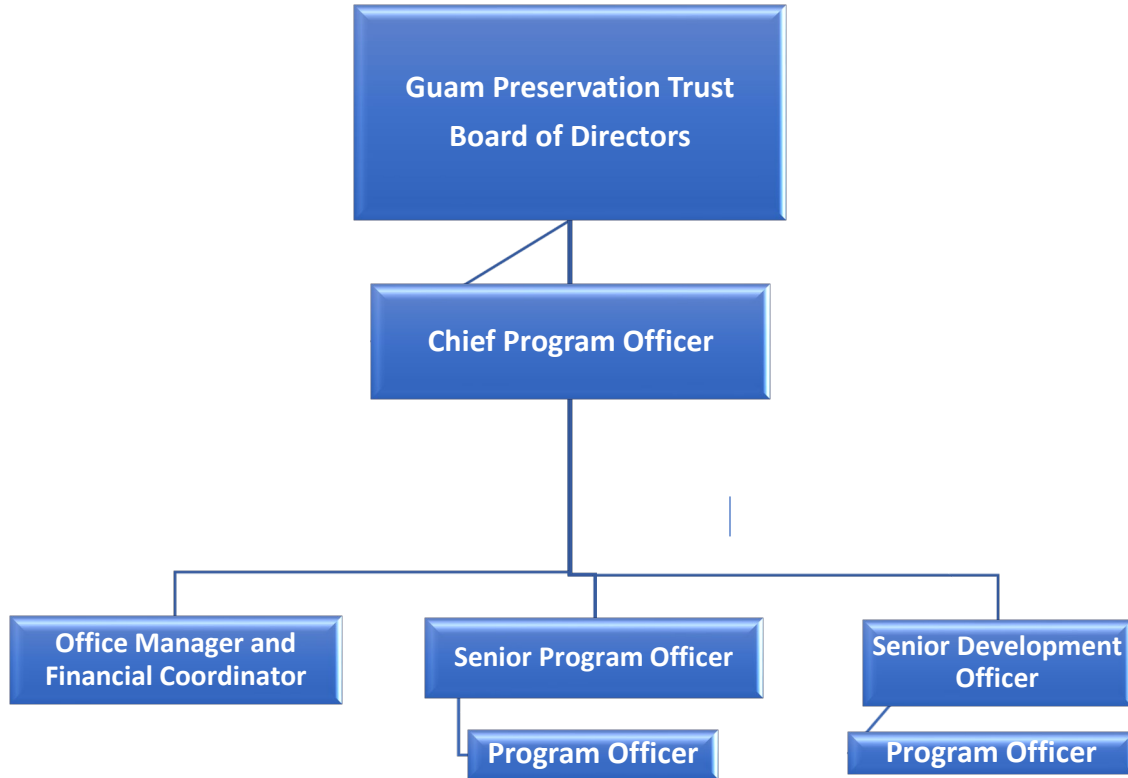
The Guam Preservation Trust (the Trust) was created in 1990 as a non-profit, public corporation governed by a Board of Directors. It is dedicated to preserving and protecting Guam's historic sites and culture as well as educating the public about those issues.

Management

The Trust is a 501(c) 3 Non-profit Corporation comprised of ten board members representing five disciplines (Archaeology, Architecture, Chamorro Culture, Community Planning, and History). Each discipline is represented by a primary and an alternate Board Member. Board Members appointed by the Governor and approved by the Legislature to the Historic Review Board of the Guam Department of Parks and Recreation, automatically sit on the Trust Board. The Board of Directors conducts its regular monthly meeting on the second Wednesday of the month at 3:00pm. In Fiscal Year 2023, a total of nine (9) Trust Board of Directors meetings were conducted and a total of twenty-seven (27) board resolutions were made. Attendance of Board Members representing four of the five disciplines constitute a quorum.

**Guam Preservation Trust
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Management's Discussion and Analysis
September 30, 2023



Guam Preservation Trust
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Management’s Discussion and Analysis
September 30, 2023

Management, continued

The Trust Board Members by discipline are:

<u>Discipline</u>	<u>Primary Members</u>	<u>Alternate Members</u>
<i>Architecture</i>	Michael Makio, AIA (Board Chair)	(Vacant)
<i>Archaeology</i>	(Vacant)	(Vacant)
<i>Chamorro Culture</i>	Zina Ruiz	(Vacant)
<i>History</i>	Eric Forbes	Vincent Leon Guerrero
<i>Planning</i>	Dave Lotz	Edwin Reyes

The Trust is currently staffed by Joseph Quinata, Chief Program Officer; Ruby Santos, Office Manager/Financial Coordinator; Andrew Tenorio, Senior Program Officer, Lawrence Borja, Senior Development Officer, Kyle Riordan, Program Officer, and Troy Cruz, Program Officer. The Trust personnel are non-government employees and are governed by the Trust’s personnel handbook policy. Legal and accounting services are contracted by the Trust.

The Trust Vision

Historic Preservation on Guam is a public responsibility that is shared through education, cooperation, and advocacy all linking to Guam’s Cultural Heritage.

The Trust Mission

The Trust will preserve and protect Guam’s historic sites, culture, and perspectives for the benefit of our people and our future.

2023 Highlights

The Guam Preservation Trust, The Guam Legislature, Governor Lourdes Leon Guerrero and Lt. Governor Joshua Tenorio, and the community of Humåtak celebrated the groundbreaking to rehabilitate the *Historic F. Q. Sanchez School*. BME and Sons, construction company was awarded the project (\$3,999,298.00) with RIM Architects as the construction administrator (\$189,450.00).

The *Atantåno Heritage Preserve Master Plan* is a step closer to completion as the Plant and Cultural Resources Inventories have been completed with a \$200,000.00 grant awarded by the U.S. Department of Interior.

Guam Preservation Trust Five-Year Strategic Plan (<https://www.pacificpreservation.org/2023>)

The Guam Preservation Trust and about one hundred community stakeholders present the five-year GPT Historic Preservation Strategic Plan (2023-2027) as a statement of our community’s bold step towards taking action to preserve and protect our heritage for all to benefit. The plan’s framework is goal-oriented and therefore provides strategies that if coordinated well, will bring together Guam’s citizens and the preservation community to identify where our diverse goals complement historic preservation and how we can all work together to ultimately preserve Guam’s heritage.

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Management's Discussion and Analysis
September 30, 2023

Capacity Building, Education, and Outreach

The Guam Preservation Trust continues to provide for education and outreach such as the ***Pacific Preservation Summit*** that brought together about 150 local and regional preservation stakeholders to share and inspire with best practices and new findings. The annual ***Guam History Day*** (www.guamhistoryday.weebly.com) competition for middle and high school students. ***Ekungok Estoria-ta*** (www.pacificpreservation.org/eie) professional development workshop for CHamoru teachers resumed face-to-face to complete the workshop objectives and the overall project goals. Series II manuscripts for ten additional historic sites were completed. ***Marianas History Conference*** was held in Saipan with sponsorship assistance from the Guam Preservation Trust

Restoration, Rehabilitation, and Reconstruction of Historic Structures

The Architectural and Engineering Design Plans for the George Flores House in Inalåhan and the Rosario House in Hagåtña are completed which will bring a total of four (4) historic structures that will be shovel-ready for the construction phase.

Community Partnerships and Investments

In 2023, the Trust partnered with over 30 public and private organizations, and individuals from the community to oversee grants and projects to accomplish our *proposed outcomes* (Goals) for the year. All have been successful in their respective delivery to the community for their benefit and appreciation.

Regional, National, and International Support

The Trust made strides in developing partnerships with technical and professional resources in the preservation arena. These resources are invaluable and contribute to the capacity building of our community in advancing preservation on Guam. The following are preservation partners in the region, the nation, and international:

Friends of the Mariana Trench, Palau Conservation Society, Micronesia Conservation Trust, Conservation Society of Pohnpei, St. Croix Crucian Heritage and Nature Tourism, Asian & Pacific Islanders American for Historic Preservation (APIAHiP); National History Day, Inc. (NHD); The National Trust for Historic Preservation (NTHP); National Park Service; Association for Preservation Technology International (APT); U.S. Department of Interior (OIA/TAP); National Preservation Partners Network; University of Pompeu Fabra Barcelona, Spain.

Trust Standards of Success (Goals)

Guam's preservation stakeholders presented the Trust Five-Year Historic Preservation Strategic Plan as a statement of our community's bold step towards taking action to preserve and protect our heritage for all to benefit. Today, the Trust presents its report as a testimony of the diligence and dedication of the Trust Board of Directors, staff, and the preservation community in accomplishing this year's *proposed outcomes* and achieving the *standards of success* or goals expected by the community.

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Management’s Discussion and Analysis
September 30, 2023

The Guam Preservation Trust Goals

1. *Historic Property Documentation and Register Nomination*

The Trust will provide opportunities for the documentation of the historic significance of places, objects, structures, buildings, and sites, and is in the formal process for registration and nomination for listing on the Guam/and or National Register of Historic Places.

Action Outcomes

No proposals were received in this category; therefore, no funding was approved for FY23.

2. *Public Interpretation and Presentation*

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

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2023
Teaching With Historic Places	8/13/15	\$14,400	\$8,193	\$6,207
Capital Development Campaign	7/10/17	\$20,000	\$266	\$19,734
Learning Chamoru-Discovering Guam’s History	8/9/19	\$9,950	\$9,950	\$0
Section 106 Training	1/17/20	\$7,000	\$0	\$7,000*
Board Orientation	3/11/20	\$800	\$0	\$800
Modern Guam Rises Above Destruction 1945-1970	11/10/20	\$37,962	\$37,962	\$0
Five Year Strategic Plan	2/9/22	\$25,000	\$3,641	\$21,359
Internship Program	3/9/22	\$16,000	\$4,000	\$12,000*
The Lancho Project	5/17/22	\$15,500	\$12,400	\$3,100
APT Conference 2022	10/12/22	\$3,038	\$3,038	\$0
Architecture Book Reprint	12/14/22	\$8,000	\$7,686	\$314
CHamoru Language Competition	12/14/22	\$5,000	\$5,000	\$0
Archbishop Flores House Cleanup	2/8/23	\$1,200	\$1,140	\$60

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Malesso Revitalization Plan	4/20/23	\$65,000	\$0	\$65,000
Marianas History Conference Sponsorship	3/9/23	\$5000	\$5,000	\$0
The Association of Chamorros in Midwest	4/20/23	\$1,000	\$0	\$1,000
Marianas History Conference	8/9/23	\$6,000	\$396	\$5,604
APT Conference 2023	8/9/23	\$4,393	\$4,393	\$0

***Defunded by Board motion 12/14/22**

3. *Architecture Research*

The Guam Preservation Trust, in collaboration with architectural 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 as of 9/30/2023
FQ Sanchez Facility A&E	12/18/14	\$208,054	\$207,554	\$500
FQ Sanchez Facility A&E – Amendment 1	5/12/21	\$51,913	\$50,123	\$1,790
FQ Sanchez Facility A&E – Amendment 3	7/12/22	\$189,450	\$0	\$189,450

4. *Ethnography and Oral History*

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

Action Outcomes

No proposals were received in this category; therefore, no funding was approved for FY23.

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5. Repair, Rehabilitation, Restoration, or Renovation of Historic Buildings and Structures

The Guam Preservation Trust, in collaboration with other organizations and property owners, will dedicate resources for the care and treatment of deteriorating historic structures and buildings.

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2023
Guam Congress/Legislature	5/18/15 7/12/16	\$2,759,278 \$24,101	\$2,758,379	\$25,000*
Archbishop Flores House Fencing	4/13/18	\$10,000	\$7,493	\$2,507*
George Flores House	11/12/20	\$93,936	\$53,361	\$40,575
George Flores House Amendment-HSR	2/9/22	\$18,028	\$0	\$18,028
George Flores House Amendment-Floor Elevation	8/23/23	\$8,000	\$0	\$8,000
Cliff Unit Renovation	3/10/21	\$4,840	\$3,840	\$1,000*
Inalåhan Baptist Church Fencing	4/20/23	\$15,000	\$0	\$15,000
FQ Sanchez Rehabilitation-PL36-82	2/25/23	\$3,500,000.	\$0	\$3,500,000
FQ Sanchez – GPT	8/9/23	\$499,298		\$499,298

***Defunded by Board motion 12/14/22**

6. Archaeological Research

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

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2023
Guam Rock Art Study	8/9/19	\$12,000	\$9,600	\$2,400
Archaeological Field School	7/8/20	\$2,500	\$0	\$2,500
Archaeological Technician Certificate	5/12/21	\$2,500	\$1,819	\$681*
FQ Sanchez Archaeological Monitoring	3/8/23	\$30,000	\$0	\$30,000

Defunded by Board motion 12/14/22

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7. Archival Research

The Guam Preservation Trust, in collaboration with archival organizations, will develop and provide archival research that focuses on specific historic places or broad patterns of events significant in Guam’s history for public education and appreciation.

Action Outcomes

No proposals were received in this category; therefore, no funding was approved in FY23.

8. Grants Awarded to GPT

The Guam Preservation Trust applied for and was awarded grants from local, federal, and national institutions to fund community outreach programs in preservation.

Action Outcomes

Project Name	Date Approved	Approved Amount	Expenditures To Date	Balance as of 9/30/2023
Take Care Grant – Heritage Communities are Healthy Communities	1/11/19	\$3,000	\$2,027	\$973
Dept. of Interior – Pacific Preservation Technology	4/29/19	\$94,801	\$94,451	\$350
Dept. of Interior – World Heritage Training & Workshop Opportunities	9/6/19	\$63,217	\$61,391	\$1826*
GEDA Ekungok I Estoriata	10/30/20	\$6,563	\$6,145	\$418*
Dept. of Interior – Atantano Heritage Preserve	6/5/21	\$200,000	\$98,432	\$101,568
Guam Museum – I Hinanao-ta Exhibit	9/16/21	\$33,599	\$24,560	\$9,039
GEDA – Cannon Refurbishing	12/16/21	\$25,000	\$0	\$25,000
Dept. of the Navy – Hila’an Survey & Appraisal	9/23/21	\$150,000	\$16,220	\$133,780
Office of the Attorney General – Education/Cooperation/Advocacy Programs	8/17/22	\$200,000	\$0	\$200,000

***Defunded by Board motion 12/14/22**

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Management's Discussion and Analysis
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	Statement of Net Position		% Change	\$ Change
	2023	2022	Increase (Decrease)	
Assets:				
Cash and cash equivalents	\$ 1,712,161	\$ 2,952,987	(42.0%)	\$(1,240,826)
Investments	4,141,131	2,223,792	86.2%	1,917,339
Prepays	17,196	-	100.0%	17,196
Due from Government of Guam				
building permit fund, net	37,861	73,484	(48.5%)	(35,623)
Right-of-use asset	5,022	7,534	(33.3%)	(2,512)
Depreciable capital assets, net	33,726	40,472	(16.7%)	(6,746)
Nondepreciable capital assets	<u>10,873,408</u>	<u>10,505,308</u>	3.5%	<u>368,100</u>
Total assets	<u>\$ 16,820,505</u>	<u>\$ 15,803,577</u>	6.4%	<u>\$ 1,016,928</u>
Liabilities and Net Position:				
Accrued expenses	\$ 29,476	\$ 24,226	21.7%	\$ 5,250
Grant deposit	8,000	8,000	0.0%	-
Compensated absences	64,208	60,284	6.5%	3,924
Lease liability	<u>5,602</u>	<u>8,058</u>	(30.5%)	<u>(2,456)</u>
Total liabilities	<u>107,286</u>	<u>100,568</u>	6.7%	<u>6,718</u>
Net position:				
Net investment in capital assets	1,001,455	642,613	55.8%	358,842
Restricted - non expendable	9,910,701	9,910,701	0.0%	-
Restricted - expendable	4,951,873	4,333,754	14.3%	618,119
Unrestricted	<u>849,190</u>	<u>815,941</u>	4.1%	<u>33,249</u>
Total net position	<u>\$ 16,713,219</u>	<u>\$ 15,703,009</u>	6.4%	<u>\$ 1,010,210</u>
	Statement of Activities		% Change	\$ Change
	2023	2022	Increase (Decrease)	
Revenues:				
Grants and other support	\$ 308,114	\$ 3,817,084	(91.9%)	\$(3,508,970)
Building permit fees	1,014,377	804,838	26.0%	209,539
Interest income	115,220	26,976	327.1%	88,244
Increase (decrease) in fair value				
of investments	<u>27,391</u>	<u>(211,361)</u>	(113.0%)	<u>238,752</u>
Total revenues	<u>1,465,102</u>	<u>4,437,537</u>	(67.0%)	<u>(2,972,435)</u>
Expenditures:				
Expenditures	<u>672,735</u>	<u>856,824</u>	(21.5%)	(184,089)
Change in net position	792,367	3,580,713	(77.9%)	(2,788,346)
Beginning of year, as restated	<u>15,920,852</u>	<u>12,122,296</u>	31.3%	<u>3,798,556</u>
End of year	<u>\$ 16,713,219</u>	<u>\$ 15,703,009</u>	6.4%	<u>\$ 1,010,210</u>

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

Management's Discussion and Analysis
September 30, 2023

Revenues

The Trust's revenues derived from local and federal grants, individual and corporate donations, investment income, and Building Permit Fees administered by the Guam Department of Public Works. In 2023, the Trust received \$1,014,377.00 from building permit fees; \$308,114 from grants and donations, and \$142,611 from investment income. Total revenue for year ending 2023 is \$1,465,102.00. A decrease of \$3,080,938 from FY2022 total of \$4,546,040.00. This is due mostly to an infusion of \$3.5 million in 2022 from the Guam Legislature to fund the rehabilitation of the Historic F. Q. Sanchez School in Humatak, Guam. Most of the Trust's revenues normally comes from Building Permit Fees.

Building Permit Revenues Collection

For fiscal year 2023, a total of \$1,014,377 was collected from building permit fees due to the Guam Preservation Trust, an increase of \$209,539 from the FY 2022 total of \$804,838. Public Law 36-107 amended Article 6, Chapter 76, Title 21 of the Guam Code Annotated, to allow for 100% of all building permit fees to be deposited in the Trust's fund. The allocation was previously 50%. This became effective starting fiscal year ending September 30, 2023. The increase is attributed solely to the increase in the allocation of building permit fees in FY2023. Construction activity can be as large as a hotel development or as small as renovation on a home or existing small structure.

Investments

Investment income for FY2023 is \$115,220.00, an increase of \$88,244.00 from FY2022 total of \$26,976. This is attributed to an increase in investments for FY2023. Total investment for FY2023 is \$4,141,131.00, an increase of \$1,917,339.00 from FY2022 total of \$2,223,792.00.

Expenditures

Overall expenditures for FY2023 is \$672,735.00, a decrease of \$184,089.00 from FY 2022 total of \$856,824.00. This is attributed mostly to the decrease in contractual and insurance expenses, and \$150,257 of program service expenditures which were recorded as an increase in capital assets in FY2023.

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

Governmental Funds Balance Sheet/Statement of Net Position
September 30, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 1,712,161	\$ -	\$ 1,712,161
Investments	4,141,131	-	4,141,131
Prepays	17,196	-	17,196
Due from Government of Guam			
building permit fund, net	37,861	-	37,861
Right of use asset - equipment	-	5,022	5,022
Depreciable capital assets, net	-	33,726	33,726
Nondepreciable capital assets	-	10,873,408	10,873,408
Total assets	<u>\$ 5,908,349</u>	<u>\$ 10,912,156</u>	<u>\$ 16,820,505</u>
 Liabilities and Fund Balance/Net Position			
Accrued expenses	\$ 29,476	\$ -	\$ 29,476
Grant deposit	8,000	-	8,000
Long-term liability			
Due in one year	-	18,230	18,230
Due after one year	-	51,580	51,580
Total liabilities	<u>37,476</u>	<u>69,810</u>	<u>107,286</u>
 Fund balance:			
Restricted	3,972,954		
Committed	978,919		
Unassigned	919,000		
Total fund balance	<u>5,870,873</u>	<u>(5,870,873)</u>	
Total liabilities and fund balance	<u>\$ 5,908,349</u>		
 Net position:			
Net investment in capital assets		1,001,455	1,001,455
Restricted - non-expendable		9,910,701	9,910,701
Restricted - expendable		4,951,873	4,951,873
Unrestricted		849,190	849,190
Total net position		<u>\$ 16,713,219</u>	<u>\$ 16,713,219</u>

See accompanying notes to financial statements.

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, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Building permit fees	\$ 1,014,377	\$ -	\$ 1,014,377
Grants and other support	308,114	-	308,114
Investment income	115,220	-	115,220
Decrease in fair value of investment	<u>27,391</u>	<u>-</u>	<u>27,391</u>
Total revenues	<u>1,465,102</u>	<u>-</u>	<u>1,465,102</u>
Expenditures:			
Program services – projects/grants	<u>81,075</u>	<u>-</u>	<u>81,075</u>
Supporting services:			
Personnel	410,069	-	410,069
Contractual	50,335	-	50,335
Trust fund and investment fees	31,050	-	31,050
Insurance	26,478	-	26,478
Supplies and equipment rental	19,017	1,242	20,259
Utilities	12,977	-	12,977
Travel	10,922	-	10,922
Depreciation expense	-	6,746	6,746
Stipend	6,089	-	6,089
Miscellaneous	5,087	-	5,087
Advertising	4,632	-	4,632
Communication	4,278	-	4,278
Amortization of lease expense	-	2,738	2,738
Capital outlays	<u>150,257</u>	<u>(150,257)</u>	<u>-</u>
Total supporting services	<u>731,191</u>	<u>(139,531)</u>	<u>591,660</u>
Total expenditures/expenses	<u>812,266</u>	<u>(139,531)</u>	<u>672,735</u>
Excess of revenues over expenditures	652,836	(652,836)	-
Increase in net position	-	792,367	792,367
Fund balance/net position:			
Beginning of year, as restated	<u>5,218,037</u>	<u>10,702,815</u>	<u>15,920,852</u>
End of year	<u>\$ 5,870,873</u>	<u>\$ 10,842,346</u>	<u>\$ 16,713,219</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements
Year ended September 30, 2023

(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 (the Board), who shall be appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Employees of the Trust are not Government of Guam employees and, accordingly, do not participate in the Government of Guam's retirement system.

The Trust was created for the following purposes:

- To seek local grants, federal grants and donations;
- To acquire title to threatened Guam properties for the preservation of their value whether in fee simple, leasehold, or by easement, through donation, transfer, dedication, purchase and eminent domain;
- To award grants for archaeological investigations;
- To prepare a Guam Preservation Trust Master Plan (the Plan) identifying by order of priority, the buildings, structures and sites which in the opinion of the Trust are deserving of preservation and which shall be preserved. The Trust shall hold a public hearing on the proposed plan and shall transmit the Plan to I Liheslaturan Guahan sixty (60) days prior to its implementation;
- 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.

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

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

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.

Government-wide Financial Statements

The Statement of Net Position presents the reporting entity's non-fiduciary assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- *Restricted net position - nonexpendable* consists of permanent funds in which donors or other outside sources have stipulated that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to the principal.
- *Restricted net position - expendable* consists of resources in which the Trust is legally or contractually obligated to spend resources in accordance with restrictions either externally imposed by creditors, grantors, contributors, and the like, or imposed by law.
- *Unrestricted net position* consists of net position which does not meet the definition of the three preceding categories. Unrestricted net position often is designated (for example, internally restricted), to indicate that management does not consider such to be available for general operations.

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-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Trust gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

Measurement Focus/Government-wide and Fund Financial Statements, continued

The governmental fund financial statements of the Trust are accounted for using a flow of current financial resources measurement focus. The statement of governmental fund revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined and “available” means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred.

Fund Financial Statements

The Trust uses one governmental fund to report on its financial position and results of operations. The operations of this fund are accounted for with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

Separate financial statements are provided for Governmental funds. The Trust presents a balance sheet and a statement of revenues, expenditures and changes in fund balance for its government fund. The ending fund balance on the balance sheet is then reconciled to the ending governmental net position.

Adjustments required to reconcile total governmental fund balance to net position of governmental activities in the statement of net position as of September 30, 2023, are as follows:

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

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

Fund Financial Statements, continued

Fund balance – governmental funds	\$	5,870,873
Add – capital assets and lease asset		10,912,156
Less – lease liability		(5,602)
Less – compensated absences payable		(64,208)
Net position of governmental activities	\$	<u>16,713,219</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, 2023, are as follows:

Net change in fund balances – governmental funds	\$	652,836
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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 .		143,511
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Some income and expenses reported in the statement of activities do not affect the current financial resources and therefore are not reported as income and expenditures in the governmental funds. For the current year, these activities consist of supplies and equipment rental, amortization of lease expense and lease interest expense.		<u>(3,980)</u>
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Change in net position of governmental activities	\$	<u>792,367</u>
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Guam Preservation Trust
(A Component Unit of the Government of Guam)

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

Fund Financial Statements, continued

Fund Balance

Fund balance classifications are based on the extent to which the Trust is bound to honor constraints on the specific purposes for which amounts in those funds can be spent and are reported under the following fund balance classifications:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board. Formal action required to establish a committed fund balance typically includes formal approval by the Board. Once committed, these funds cannot be used for any other purpose unless the same formal action is taken to modify or rescind the commitment.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The authority to assign amounts to specific purposes lies with the Board.

Unassigned - includes amounts that are available for any purpose in the General Fund. This classification is only used for the General Fund or for negative fund balances in other governmental funds when expenditures incurred for specific purposes exceed the amounts that are available within those funds.

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.

Guam Preservation Trust
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Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

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. Capital assets are defined by the Trust as assets with an anticipated life or useful value of property over one year. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful life of the assets are expensed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated over a period of 3 to 25 years using the straight-line method. Construction in progress includes acquisition and other costs deemed necessary for the restoration and the master plan for future use.

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.

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

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

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 36-107 amended Article 6, Chapter 76, Title 21 of the Guam Code Annotated, to allow for 100% of all building permit fees to be deposited in the Trust's fund. This became effective starting fiscal year ending September 30, 2023.

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; and
- 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.

Guam Preservation Trust
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Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

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.

Recently Adopted Accounting Pronouncements

Leases

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. The implementation of this statement did not have a material effect on the accompanying financial statements.

During the year ended September 30, 2023, the Trust adopted the following pronouncements which did not materially impact the accompanying financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 95 postponed the effective date of GASB 91 to fiscal year ending September 30, 2023.

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

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Public-private and public-public partnerships, collectively referred to hereinafter PPPs, comprise a wide variety of arrangement between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure governmental services. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. It has become common for governments to enter into subscription-based contracts to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs. The objective of this Statement is to better meet the information needs of the financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement.

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

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 will be effective for fiscal year ending September 30, 2023. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 will be effective for fiscal year ending September 30, 2023.

New Accounting Standards

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB. Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

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

Notes to Financial Statements
Year ended September 30, 2023

(2) Summary of Significant Accounting Policies, continued

New Accounting Standards

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

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, 2023, cash and cash equivalents and investments were held by depositories totaling \$5,853,292 of which \$1,750,000 were insured and \$4,103,292 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, 2023.

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.

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

Notes to Financial Statements
Year ended September 30, 2023

(3) Cash and Cash Equivalents and Investments, continued

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, 2023:

Type	Amount	% of Portfolio
Certificate of deposits	\$ 1,584,466	39%
Exchange traded funds (ETFs)	723,196	17%
Mutual funds	459,106	11%
Equities	1,374,363	33%
	\$ 4,141,131	100%

Investments Measured at Fair Value

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

The following presents the Trust's assets carried at fair value by fair value hierarchy at September 30, 2023:

	Total	Level 1	Level 2	Level 3
Investments by fair value:				
Exchange-traded funds (ETFs)	\$ 723,196	\$ 723,196	\$ -	\$ -
Mutual funds	459,106	459,106	-	-
Equities	1,374,363	1,374,363	-	-
Total investments by fair value level	2,556,665	\$ 2,556,665	\$ -	\$ -
Investment measured at a cost based measure:				
Certificate of deposits	1,584,466			
	\$ 4,141,131			

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

Notes to Financial Statements
Year ended September 30, 2023

(3) Cash and Cash Equivalents and Investments, continued

At September 30, 2023, the Trust had the following investment maturities:

<u>Investment type</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>6-10 Years</u>	<u>> 10 Years</u>	<u>Total</u>
Certificate of deposits	\$ 1,284,350	\$ 300,116	\$ -	\$ -	\$ 1,584,466
Exchange-traded funds (ETFs)	723,196	-	-	-	723,196
Mutual funds	459,106	-	-	-	459,106
Equities	1,374,363	-	-	-	1,374,363
	<u>\$ 3,841,015</u>	<u>\$ 300,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,141,131</u>

(4) Due from/to Government of Guam Building Permit Fund

The Trust records amounts due from the Government of Guam Building Permit Fund for accumulated building permit fees and re-inspection fees collected and deposited with the Treasurer of Guam by the Government of Guam's Department of Public Works but not yet transferred to the Trust. Management of the Trust is of the opinion that such balances are due and payable to the Trust. The Trust recorded an allowance for uncollectible receivables totaling \$1,538,659 as of September 30, 2023.

(5) Property and Equipment

The following is a summary of the changes in capital assets for the year ended September 30, 2023:

	Beginning Balance 10/1/2022	Additions	Transfers and Disposals	Ending Balance 9/30/2023
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ 124,436	\$ -	\$ -	\$ 124,436
Less accumulated depreciation	(83,964)	(6,746)	-	(90,710)
Net capital assets depreciated	<u>\$ 40,472</u>	<u>\$ (6,746)</u>	<u>\$ -</u>	<u>\$ 33,726</u>
Capital assets not depreciated:				
Construction-in-progress	\$ 270,032	\$ 150,257	\$ -	\$ 420,289
Land	10,453,119	-	-	10,453,119
Total capital assets not depreciated	<u>\$10,723,151</u>	<u>\$ 150,257</u>	<u>\$ -</u>	<u>\$10,873,408</u>
Right-of-use asset (Note 9)				<u>\$ 5,022</u>

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

Notes to Financial Statements
Year ended September 30, 2023

(5) Property and Equipment, continued

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 in perpetuity. Accordingly, the Trust recorded the land as a component of permanently restricted – nonexpendable in the accompanying statement of net position.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 required 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.

(7) Employees’ Retirement Plan

Employees of the Trust are not classified as Government of Guam employees and do not participate in the Government of Guam Employees’ Retirement System. Instead, the Trust’s Board of Directors, through Resolution 0806-31, approved the adoption of a Simple IRA Retirement Plan.

Employees can contribute up to the maximum allowable limit and the Trust offers a matching contribution of up to three percent (3%) of the gross annual salary of employees. To qualify, employees must complete one year of service with the Trust.

For the year ended September 30, 2023, the retirement contribution amounted to \$7,878 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.

Guam Preservation Trust
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Notes to Financial Statements
Year ended September 30, 2023

(8) Long-Term Liability

A summary of changes in long-term liability during fiscal year 2023 is as follows:

	Outstanding at <u>10/1/2022</u>	<u>Increase</u>	<u>Decrease</u>	Outstanding at <u>9/30/2023</u>	<u>Current</u>	<u>Noncurrent</u>
Compensated absences	\$ 60,284	\$ 24,064	\$ (20,140)	\$ 64,208	\$ 15,693	\$ 48,515
Lease liability (Note 9)	8,058	-	(2,456)	5,602	2,537	3,065
	<u>\$ 68,342</u>	<u>\$ 24,064</u>	<u>\$ (22,596)</u>	<u>\$ 69,810</u>	<u>\$ 18,230</u>	<u>\$ 51,580</u>

(9) Leases

A summary of future lease payments is as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,537	\$ 144	\$ 2,681
2025	2,620	61	2,681
2026	445	2	447
	<u>\$ 5,602</u>	<u>\$ 207</u>	<u>\$ 5,809</u>

The Trust leases a photocopier for use in administrative and grant-related activities. The lease contract was effective on August 1, 2020, for a 5-year period and requires a monthly minimum payment of \$223. The contract also includes a variable payment when the Trust exceeds its monthly allotted printed copies. The variable payment was not included in the calculation of lease asset. For the year ended September 30, 2023, the measurement of lease asset, net of accumulated amortization of \$5,022.

(10) Restatement and Reclassification of Fund Balance/Net Position

Certain reclassifications have been made to the beginning fund balance to properly classify the components as they are described in Note 2 to the financial statements. The reclassifications are made to reflect commitments and restrictions, both temporary and permanent in nature. These reclassifications have no effect on previously reported fund balance/net position.

Guam Preservation Trust
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Notes to Financial Statements
Year ended September 30, 2023

(10) Restatement and Reclassification of Fund Balance/Net Position, continued

The Trust restated the beginning net position to properly reflect architectural and engineering costs incurred to develop a restoration plan for certain properties held by the Trust. The costs had been expensed in previous periods. The aggregate amount of \$217,843 and is reflected as an increase to construction in progress and net investment in capital assets, respectively, in the accompanying Statement of Net Position.

(11) Subsequent Events

Subsequent to September 30, 2023, The Trust entered into a \$4 million contract related to the rehabilitation of a structure in Southern Guam. The primary funding source for the rehabilitation is Public Law 36-82 which provided \$3.5 million for this project. The remaining funds will be provided by the operating funds of the Trust.

(12) Date of Management/s Review

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through November 22, 2024, which is the date the financial statements were available to be issued. There were no such other events requiring disclosure.

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

Governmental Funds
Balance Sheet/Statement of Net Position
September 30, 2023
(With comparative totals as of September 30, 2022)

	General Fund		Statement of Net Position	Statement of Net Position
	2023	2022	2023	2022
Assets:				
Cash and cash equivalents	\$ 1,712,161	\$ 2,952,987	\$ 1,712,161	\$ 2,952,987
Prepays	17,196	-	17,196	-
Investments	4,141,131	2,223,792	4,141,131	2,223,792
Due from Government of Guam				-
building permit fund, net	37,861	73,484	37,861	73,484
Right-of-use asset	-	-	5,022	7,534
Depreciable capital assets, net	-	-	33,726	40,472
Nondepreciable capital assets	-	-	10,873,408	10,505,308
Total assets	\$ 5,908,349	\$ 5,250,263	\$ 16,820,505	\$ 15,803,577
Liabilities and Net Position:				
Accrued expenses	\$ 29,476	\$ 24,226	\$ 29,476	\$ 24,226
Grant deposit	8,000	8,000	8,000	8,000
Long-term liability:				
Due in one year	-	-	18,230	14,205
Due after one year	-	-	51,580	54,137
Total liabilities	37,476	32,226	107,286	100,568
Fund balance:				
Restricted	3,972,954	3,916,143		
Committed	978,919	417,611		
Unassigned	919,000	884,283		
Total fund balance	5,870,873	5,218,037		
Total liabilities and fund balance	\$ 5,908,349	\$ 5,250,263		
Net position:				
Net investment in capital assets			1,001,455	642,613
Restricted - non expendable			9,910,701	9,910,701
Restricted - expendable			4,951,873	4,333,754
Unrestricted			849,190	815,941
Total net position			\$ 16,713,219	\$ 15,703,009

See Independent Auditor's Report.

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, 2023
(With comparative totals for the year ended September 30, 2022)

	General Fund		Statement of Activities	Statement of Activities
	2023	2022	2023	2022
Revenues:				
Grants and other support	\$ 308,114	\$ 3,817,084	\$ 308,114	\$ 3,817,084
Building permit fees	1,014,377	804,838	1,014,377	804,838
Interest income	115,220	26,976	115,220	26,976
Increase (decrease) in fair value of investments	27,391	(211,361)	27,391	(211,361)
Total revenues	<u>1,465,102</u>	<u>4,437,537</u>	<u>1,465,102</u>	<u>4,437,537</u>
Expenditures:				
Program services - projects/grants	<u>81,075</u>	<u>256,483</u>	<u>81,075</u>	<u>256,483</u>
Supporting services:				
Personnel	410,069	440,393	410,069	440,393
Contractual	50,335	60,558	50,335	60,558
Insurance	26,478	26,286	26,478	26,286
Supplies and equipment rental	19,017	13,750	20,259	14,218
Utilities	12,977	13,260	12,977	13,260
Travel	10,922	11,650	10,922	11,650
Trust fund and investment fees	31,050	9,065	31,050	9,065
Depreciation expense	-	-	6,746	6,620
Miscellaneous	5,087	6,038	5,087	6,038
Communication	4,278	3,906	4,278	3,906
Advertising	4,632	2,988	4,632	2,988
Stipend	6,089	2,600	6,089	2,600
Amortization of lease expense	-	-	2,738	2,511
Lease interest expense	-	-	-	248
Capital outlays	<u>150,257</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support services	<u>731,191</u>	<u>590,494</u>	<u>591,660</u>	<u>600,341</u>
Total expenditures/expenses	<u>812,266</u>	<u>846,977</u>	<u>672,735</u>	<u>856,824</u>
Excess of revenues over expenditures	652,836	3,590,560		
Increase in net position			792,367	3,580,713
Beginning of year, as restated	<u>5,218,037</u>	<u>1,627,477</u>	<u>15,920,852</u>	<u>12,122,296</u>
End of year	<u>\$ 5,870,873</u>	<u>\$ 5,218,037</u>	<u>\$ 16,713,219</u>	<u>\$ 15,703,009</u>

See Independent Auditor's Report.

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

Schedule of Committed and Restricted Funds
As of September 30, 2023

Description	Grant no.	Date Approved	Grant amount	Year-to-date expenditures FYE 09/30/22	Expenditures year-ended 09/30/23	Outstanding encumbrance 09/30/2023
FQ Sanchez A&E	HS15-01	12/18/14	\$ 208,054	\$ 207,554	\$ -	\$ 500
(F.Q. Sanchez A&E Update on Certification) - Rim Architects	HS15-01-b	05/12/21	51,913	50,124	-	1,789
FQ Sanchez Amendment 3	HS15-01-c	07/12/22	189,450	-	-	189,450
Guam Congress/Legislature - BME & Sons	HS15-03	05/18/15	2,759,278	2,758,379	-	899
Change Order		07/12/16	24,101	-	-	24,101
Teaching with Historic Places	BP15-16	08/13/15	14,400	6,303	1,890	6,207
Capital Development Fund	BP17-10	07/10/17	20,000	266	-	19,734
*Latte in the Marianas Art Icon in the Marianas	BP19-02	10/15/18	5,428	5,415	-	13
Archbishop Flores House Fencing	BP19-05	04/13/18	10,000	7,493	-	2,507
Guam Rock Art Study	GPTG19-03	08/09/19	12,000	9,600	-	2,400
Learning Chamoru Discovering Guam's History	GPTG19-04	08/09/19	9,950	7,960	1,990	-
Guam Historic Courthouse Restoration Planning	GPTG19-06	09/06/19	50,000	50,000	-	-
Atanatano Archaeology Workshop	BP20-07b	07/08/20	2,500	-	-	2,500
Section 106 Essentials Training	BP20-10	01/17/20	7,000	-	-	7,000
Board Orientation	BP20-11	03/11/20	800	-	-	800
Cliff Condo Renovation	BP20-12	07/08/20	9,000	12,840	-	1,000
Amendment		03/10/21	4,840	-	-	-
Modern Guam Rises Above Destruction 1945-1970	GPTG21-01	11/10/20	37,962	34,096	3,866	-
George Flores House - A&E	HS21-01	11/12/20	93,936	-	53,361	40,575
George Flores House - HSR Amendment	HS21-03	02/09/22	18,028	-	-	18,028
Archaeology Technician Certificate	BP21-04	05/12/21	2,500	1,819	-	681
The Lanchu Project	GPTG22-01	05/17/22	15,500	12,400	-	3,100
Five Year Strategic Plan	BP22-02	02/09/22	25,000	1,781	1,860	21,359
Internship Program	BP22-04	03/09/22	16,000	4,000	-	12,000
APT Conference 2022	BP23-02	10/12/22	3,038	-	3,038	-
Architecture Book Reprint	BP23-03	12/14/22	8,000	-	7,686	314
Chamorro Language Competition-UOG College of Liberal Arts & Science	BP23-04	12/14/22	5,000	-	5,000	-
Archbishop Flores House Cleanup	BP23-05	2/8/23	1,200	-	1,140	60
Marianas History Conference Sponsorship-CNMI Humanities Council	BP23-06	3/9/23	5,000	-	5,000	-
Malesso' Revitalization Plan-AIA	BP23-07	4/20/23	65,000	-	-	65,000
Chamorro Association of the Midwest	BP23-08	4/20/23	1,000	-	-	1,000
Marianas History Conference	BP23-09	8/9/23	6,000	-	396	5,604
APT Conference 2023	BP23-10	8/9/23	4,393	-	4,393	-
Inalahan Baptist Church Fencing	HS23-01	4/20/23	15,000	-	-	15,000
F.Q. Sanchez Archaeological Monitoring-Kleinfelder	HS23-02	2/8/23	30,000	-	-	30,000
F.Q. Sanchez PL 36-82 (GPT Board Motion)		8/9/23	499,298	-	-	499,298
(George Flores House-floor elevation amendment)	HS23-04	8/23/23	8,000	-	-	8,000
Committed Funds						<u>978,919</u>
Awarded grants:						
F.Q. Sanchez PL 36-82 (Construction)-BME & Sons	HS23-03	2/25/22	3,500,000	-	-	3,500,000
Heritage Communities are Healthy Communities	BP19-04	01/11/19	3,000	2,027	-	973
Pacific Preservation Technologies Grant	BP19-10	04/29/19	94,801	94,301	150	350
World Heritage Training & Workshop Opportunities	BP19-14	09/06/19	63,217	42,029	19,362	1,826
Ekungok I Estoriata	BP21-02	10/30/20	6,563	6,145	-	418
Atantano Heritage Preserve	BP21-05	06/25/21	200,000	1,050	97,382	101,568
I Hinanao-ta Exhibit (MOA) Guam Museum	BP21-06	09/16/21	33,599	14,485	10,075	9,039
Cannon Refurbishing Project (GEDA)	BP22-01	12/16/21	25,000	-	-	25,000
Hila'an Survey & Appraisal	BP22-03	09/23/21	150,000	-	16,220	133,780
Education/ Cooperation/ Advocacy Programs-AG Office	BP23-01	8/17/2022	200,000	-	-	200,000
Total Restricted						<u>3,972,954</u>
Total restricted - expendable						<u>\$ 4,951,873</u>

See Independent Auditor's Report.



BURGER · COMER · & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Guam Preservation Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Guam Preservation Trust (the Trust), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buysen Comer & Associates

Tamuning, Guam
November 22, 2024