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GUAM PRESERVATION TRUST

**FINANCIAL STATEMENTS AND INDEPENDENT
ACCOUNTANTS' COMPILATION REPORT**

THREE MONTHS ENDED DECEMBER 31, 2009



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Guam Preservation Trust:

We have compiled the accompanying balance sheet of Guam Preservation Trust (Trust) as of December 31, 2009, and the related statement of operations for the three months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has informed us that they are unable to assess the adequacy of the allowance for doubtful accounts in the accompanying financial statements. Trust management is in discussions with the Government of Guam to resolve the collectibility of its recorded receivables, and is currently unable to predict the ultimate outcome of this matter.

As of September 30, 2006, the Trust wrote off its leasehold interest because of their intent to terminate the lease agreement. As a settlement has not been reached, the outcome of this matter is currently undeterminable. Accordingly, the impact of this matter is not predictable.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Trust's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

February 12, 2010

GUAM PRESERVATION TRUST

Balance Sheet
December 31, 2009

(See Accompanying Independent Accountants' Compilation Report)

ASSETS

| | |
|---|---------------------|
| Cash in bank - checking | \$ 217,514 |
| Cash - trust account | 108,416 |
| Investments | 2,040,888 |
| Prepaid rent | 900 |
| Receivables: | |
| General fund | 6,097,589 |
| Allowance for doubtful accounts | (5,265,281) |
| Property and equipment, net of accumulated depreciation | 2,927 |
| Total assets | <u>\$ 3,202,953</u> |

LIABILITIES AND NET ASSETS

| | |
|---|---------------------|
| Liabilities: | |
| Accrued expenses | \$ 3,864 |
| Grant deposit | 8,000 |
| Payroll liabilities | 51,208 |
| Total liabilities | <u>63,072</u> |
| Net assets: | |
| Unrestricted: | |
| Net assets | 3,176,604 |
| Current period reduction of unrestricted net assets | (36,723) |
| Total unrestricted net assets | <u>3,139,881</u> |
| | <u>\$ 3,202,953</u> |

GUAM PRESERVATION TRUST

Statement of Operations
Three Months Ended December 31, 2009
(See Accompanying Independent Accountants' Compilation Report)

| | | | |
|-------------------------------------|--|----------------|---------------------------|
| Revenue: | | | \$ |
| Building permit fees | | 134,460 | |
| Interest income | | 163 | |
| | | <u>134,623</u> | |
| Total revenue | | | <u>134,623</u> |
| Expenses: | | | |
| Projects - grants | | 119,327 | |
| Salaries | | 54,456 | |
| Travel and conference fees | | 5,968 | |
| Accounting services | | 4,948 | |
| Insurance | | 4,108 | |
| FICA | | 3,842 | |
| Rent | | 2,700 | |
| Legal services | | 2,374 | |
| Retirement plan contribution | | 1,800 | |
| Supplies | | 1,152 | |
| Repair and maintenance | | 907 | |
| Communications | | 660 | |
| Stipend | | 600 | |
| Depreciation | | 595 | |
| Bank charges | | 188 | |
| Advertising | | 187 | |
| Postage | | 60 | |
| Miscellaneous | | <u>3,939</u> | |
| Total expenses | | | <u>207,811</u> |
| Earnings from operations | | | (73,188) |
| Change in fair value of investments | | | <u>36,465</u> |
| Net loss and decrease in net assets | | | <u><u>\$ (36,723)</u></u> |