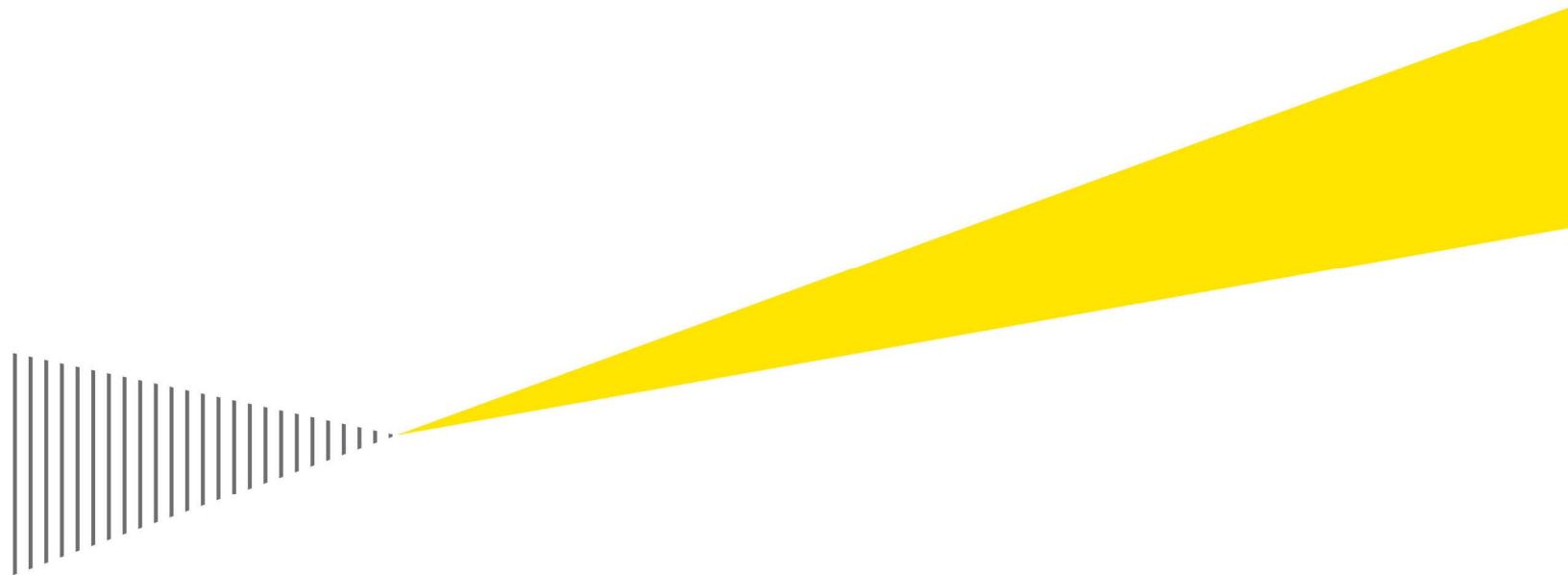


Financial Statements

Guam Museum Foundation, Inc.

*Years ended December 31, 2013 and 2012
with Report of Independent Auditors*



**Building a better
working world**

Guam Museum Foundation, Inc.

Financial Statements

Years ended December 31, 2013 and 2012

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Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Report of Independent Auditors

The Board of Directors
Guam Museum Foundation, Inc.

We have audited the accompanying financial statements of the Guam Museum Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Guam Museum Foundation, Inc. as of December 31, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Restriction on Use

This report is intended solely for the information and use of the board of directors and the management of the Guam Museum Foundation, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

May 19, 2014

Guam Museum Foundation, Inc.

Statements of Financial Position

	December 31,	
	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 5,342	\$ 11,281
Accounts receivable (<i>Note 2</i>)	<u>26,454</u>	<u>6,633</u>
Total assets	<u>\$31,796</u>	<u>\$17,914</u>
Liabilities and Net Position		
Accounts payable	\$23,198	\$ 7,985
Accrued expenses	<u>9,873</u>	<u>---</u>
Total liabilities	33,071	7,985
Net position - unrestricted	(<u>1,275</u>)	<u>9,929</u>
Total liabilities and net position	<u>\$31,796</u>	<u>\$17,914</u>

See accompanying notes.

Guam Museum Foundation, Inc.

Statements of Activities

	Year ended December 31,	
	<u>2013</u>	<u>2012</u>
Revenue and support:		
Admissions	\$ 155,415	\$158,914
Grants <i>(Note 2)</i>	20,000	10,000
Rental - Hall of Governors	6,680	4,450
Fundraising activities	5,540	9,000
Corporate contributions	5,401	28,424
Other	2,085	1,833
Souvenir sales	2,028	4,018
Donations	<u>1,235</u>	<u>2,143</u>
Total revenue and support	<u>198,384</u>	<u>218,782</u>
Expenses:		
Program services:		
Grant projects <i>(Note 2)</i>	23,992	---
Printing and reproduction	1,854	4,041
Education/outreach projects	---	14,933
Fundraising costs	<u>---</u>	<u>9,028</u>
Total program services	<u>25,846</u>	<u>28,002</u>
Support services:		
Payroll and employee benefits	88,563	103,852
Commissions	56,170	40,637
Contractual services	10,663	13,760
Professional fees	7,853	4,955
Special program	6,048	---
Miscellaneous	6,085	2,813
Supplies	4,307	5,276
Repairs and maintenance	3,464	6,181
Communication	<u>589</u>	<u>2,373</u>
Total support services	<u>183,742</u>	<u>179,847</u>
Total expenses	<u>209,588</u>	<u>207,849</u>
Change in unrestricted net position	(11,204)	10,933
Unrestricted net position at beginning of year	<u>9,929</u>	(<u>1,004</u>)
Unrestricted net position at end of year	\$(<u>1,275</u>)	\$ <u>9,929</u>

See accompanying notes.

Guam Museum Foundation, Inc.

Statements of Cash Flows

	Year ended December 31,	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from admissions	\$ 137,622	\$157,299
Receipts from grants and donations	26,636	40,567
Receipts from fundraising activities	5,540	9,000
Receipts from lease and other income	8,765	6,283
Cash paid to employees	(88,563)	(103,852)
Cash paid to vendors	(<u>95,939</u>)	(<u>107,107</u>)
Net cash (used in) provided by operating activities	(5,939)	2,190
Cash at beginning of year	<u>11,281</u>	<u>9,091</u>
Cash at end of year	\$ <u><u>5,342</u></u>	\$ <u><u>11,281</u></u>
Reconciliation of operating revenues net of operating expenses to net cash (used in) provided by operating activities:		
Change in unrestricted net position	\$(11,204)	\$ 10,933
Changes in assets and liabilities:		
Accounts receivable	(19,821)	(5,633)
Accounts payable	15,213	(3,110)
Accrued expenses	<u>9,873</u>	<u>---</u>
Net cash (used in) provided by operating activities	\$(<u><u>5,939</u></u>)	\$ <u><u>2,190</u></u>

See accompanying notes.

Guam Museum Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

1. Organization and Summary of Significant Accounting Policies

Reporting Entity

The Guam Museum Foundation, Inc. (the Foundation), a non-stock, non-profit corporation, was incorporated on January 16, 2006 under the laws of the Territory of Guam. The Foundation's primary purpose is to serve as the fund-raising arm of the Department of Chamorro Affairs for the proposed museum facility, and to oversee the continued development, design, construction and operation of the Guam Museum.

All functions and powers of the Foundation are vested in and exercised by and under the direction of the Board of Directors (the Board). The Board is composed of seven members selected in accordance with the Foundation's Articles of Incorporation. Five directors are elected from the membership of the Foundation, while the other two are selected and appointed by the Governor of Guam.

Basis of Accounting

The accompanying financial statements are reported using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net position, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions.

Tax Exemption Status

The Foundation is organized and operates exclusively for the advancement of charitable and educational purposes as provided within the meaning of Sections 170(c) and 501(c) (3) of the Internal Revenue Code and the corresponding provisions of the Guam Territorial Income Tax Law. The property, assets, profits, and net income of the Foundation are irrevocably dedicated to non-profit charitable and educational purposes.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and increases those net asset classes. When a temporary restriction expires, temporarily restricted net position are reclassified to unrestricted net position and are reported in the statements of activities as net position released from restrictions.

Guam Museum Foundation, Inc.

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition

Revenues are recognized when the earnings process is complete or the actual services are rendered. Revenues consist of admission fees from the Latte of Freedom visitors, corporate contributions, grants, fundraising, lease revenue from the Hall of Governors, and other miscellaneous revenues.

Receivables

Receivables are reported in the statements of financial position at outstanding principal amounts adjusted for any allowance for doubtful accounts. Uncollectible accounts are written-off against any allowance for doubtful accounts or are charged to expense in the period the Foundation's management deems the accounts to be uncollectible.

Net Position

Net position represents the residual interest in the Foundation's assets after liabilities are deducted and consist of unrestricted net position.

Unrestricted net position represent resources primarily derived from admission fees, corporate contributions and donations. These resources are not subject to donor-imposed restrictions and can be used for any purpose.

Subsequent Events

Management has evaluated subsequent events through May 19, 2014, which is the date the financial statements were available to be issued.

2. Grant Revenue

In September 2013, the U.S. Department of Agriculture approved the Foundation's request for a Rural Business Enterprise Grant in the amount of \$50,000. As of December 31, 2013, related grant project costs totaled \$23,992 as reported in the accompanying 2013 statement of activities. Accordingly, the Foundation recorded accounts receivable and grant revenue of \$20,000 which is recorded as a component of accounts receivable in the accompanying 2013 statement of financial position and as reported in the accompanying 2013 statement of activities, respectively.

The grant revenue amounts received are subject to audit and adjustment. If any expenditure is disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Foundation. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable local and federal laws and regulations.