

**GUAM ISLAND FAIR/LIBERATION DAY
COMMITTEE FUND**

**FINANCIAL STATEMENT
AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED DECEMBER 31, 2012 AND 2011

INDEPENDENT AUDITORS' REPORT

The Executive Committee
Guam Island Fair/Liberation Day Committee:

Report on the Financial Statements

We have audited the accompanying financial statement of the Guam Island Fair/Liberation Day Committee Fund, which comprises the statements of deposits, disbursements and changes in cash as of December 31, 2012 and 2011 and for the years then ended, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the cash position of the Guam Island Fair/Liberation Day Committee Fund as of December 31, 2012 and 2011 and its cash deposits and disbursements for the years then ended, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Basis of Accounting

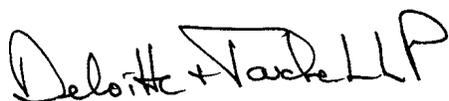
We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis-of-Matter

As discussed in Note 1 to the financial statement, the financial statement referred to above presents only the cash position and cash deposits and disbursements of the Guam Island Fair/Liberation Day Committee Fund and is not intended to present fairly the financial position and results of operations of the Mayors' Council of Guam in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 on our consideration of the Guam Island Fair/Liberation Day Committee Fund'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 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 Island Fair/Liberation Day Committee Fund's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

November 21, 2013

**GUAM ISLAND FAIR/LIBERATION DAY
COMMITTEE FUND**

Statements of Deposits, Disbursements and Changes in Cash
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Concessions	\$ 458,413	\$ 431,924
Ticket sales	117,974	51,600
Sponsorships	18,300	49,500
Parade fees	-	4,900
Others	2,185	-
Unclassified	-	5,240
Total deposits	<u>596,872</u>	<u>543,164</u>
Disbursements:		
Materials, supplies and equipment	88,126	36,673
Commissions	87,741	13,851
Fireworks and light show	55,000	25,800
Travel and accommodation	50,928	35,299
Power and installation	41,131	30,000
Entertainment	39,813	43,088
Donations	39,000	-
Security services	37,418	32,144
Equipment rental	33,087	14,450
Carnival stage and lighting	30,800	20,500
Carnival and parade sound system	29,015	33,350
Prizes	27,036	36,051
Lavatory services	25,665	20,226
Food	18,575	9,273
Queen's coronation materials and designer fees	17,000	9,050
Queen's float materials and designer fees	13,641	24,504
Other services	13,305	10,200
Event sponsorships	10,000	9,150
Advertising and promotions	8,307	5,000
Printing	7,100	4,010
Carnival clean up	4,072	15,900
Permits and licenses	35	10,475
Miscellaneous	8,758	6,418
Unclassified	-	9,429
Total disbursements	<u>685,553</u>	<u>454,841</u>
(Deficiency) excess of deposits (under) over disbursements	(88,681)	88,323
Cash at beginning of year	<u>106,050</u>	<u>17,727</u>
Cash at end of year	<u>\$ 17,369</u>	<u>\$ 106,050</u>

See accompanying notes to the financial statement.

GUAM ISLAND FAIR/LIBERATION DAY COMMITTEE FUND

Notes to the Financial Statement
Years Ended December 31, 2012 and 2011

(1) Organization and Summary of Significant Accounting Policies

Organization

Liberation Day, July 21, is the official Government of Guam holiday marking the anniversary of Guam's deliverance from Japanese occupation in 1944 and the inauguration of civil government in 1950. Title 1, Section 1012 of the Guam Code Annotated (GCA) combines the observance of Independence Day, July 4, and Liberation Day into a month-long celebration with memorials, tributes, a parade and carnival, and the crowning of a Liberation Day Queen. These activities are sponsored, planned, and arranged by the Liberation Day Committee. The Governor can either appoint a committee or designate a civic organization to administer these tasks.

The Mayors' Council of Guam (MCOG) was appointed to spearhead and take overall responsibility for the planning, coordinating and executing the Guam Island Fair/Liberation Day Festivities.

The accompanying financial statement relates solely to the activities of the Guam Island Fair/Liberation Day Committee Fund (the Fund) established under the MCOG and does not incorporate any other activities of the MCOG that may be accounted for by the MCOG.

Accounting Policies

The accompanying statements of deposits and disbursements and changes in cash have been prepared on the cash basis of accounting. Deposits are recognized when cash is received and disbursements are recorded when cash is disbursed.

Cash

The Fund considers cash to represent cash in a bank account. As of December 31, 2012 and 2011, cash was maintained with a financial institution subject to depository insurance with the Federal Deposit Insurance Corporation.

Subsequent Events

The Fund has identified November 21, 2013 as the date the financial statement is available to be issued and the date through which subsequent events have been evaluated. The Fund has not identified any subsequent events that required adjustment to, or disclosure in, the financial statement as of December 31, 2012.

**GUAM ISLAND FAIR/LIBERATION DAY
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Notes to the Financial Statement
Years Ended December 31, 2012 and 2011

(2) Commissions

Commissions of \$87,741 and \$13,851 were paid during the years ended December 31, 2012 and 2011, respectively. Of this amount, \$38,000 and \$0 were paid during 2012 and 2011, respectively, to the MCOG pursuant to Title 1, Section 1013.1 of the GCA, which entitles the MCOG to 50% of the net proceeds from Liberation Day Festivities; and, \$49,741 and \$13,851 were paid to Liberation Day Queen candidates and sponsors during 2012 and 2011, respectively, based on a percentage of ticket sales as follows:

<u>Ticket Sales in Excess of \$1,000</u>	<u>Candidate's Share</u>	<u>Sponsor's Share</u>
\$1,001 to \$4,999	15%	15%
\$5,000 to \$9,999	20%	20%
\$10,000 and above	25%	25%

(3) Donations

Donations of \$39,000 and \$0 were paid during the years ended December 31, 2012 and 2011, respectively, to a non-profit organization pursuant to Title 1, Section 1013.2 of the GCA, which provides that 50% of the of the net proceeds from Liberation Day Festivities be donated to a charity or worthy public cause.