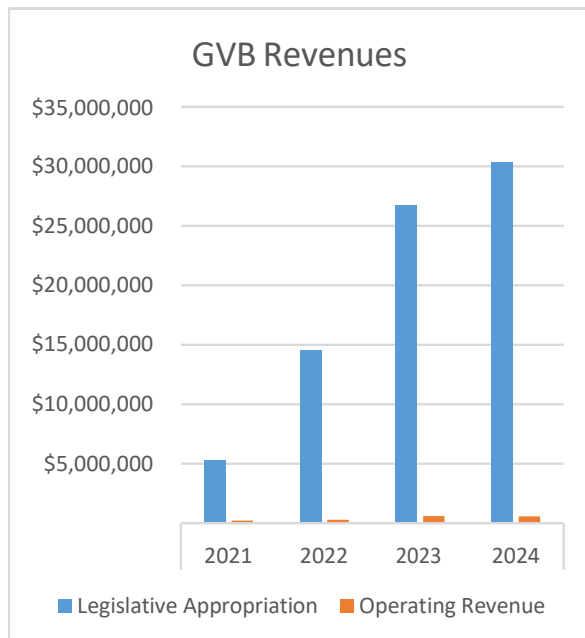




Financial Highlights Guam Visitors Bureau Financial Audit Fiscal Year 2024

June 5, 2025

The Guam Visitors Bureau (GVB) received an unmodified (clean) opinion in its Fiscal Year (FY) 2024 financial statements from independent auditors Ernst & Young LLP (EY). In the Report on Internal Control Over Financial Reporting and on Compliance, EY identified a deficiency in internal control that they consider to be a material weakness. GVB closed FY 2024 with an increase in net position of \$6.0 million (M), bringing its cumulative net position to \$20.9M in FY 2024 compared to \$14.9M in FY 2023.



Revenues Increased by \$5.7M

GVB's total revenues increased by \$5.7M, going from \$27.6M in FY 2023 to \$33.3M in FY 2024, which was mainly due to the continued increase in non-operating revenues from Government of Guam (GovGuam) appropriations.

Total GovGuam appropriations of \$30.3M in FY 2024 consisted of \$23.4M received from the Hotel Occupancy Tax (HOT) collections received by the TAF in excess of the Bureau of Budget and Management Research's revenue projections and were allocated to GVB. As of September 30, 2024, a total of \$5.1M in excess TAF was available, and the amount was collected in December 2024. Legislative appropriations to GVB increased significantly from \$5.3M in FY 2021 to \$30.3M in FY 2024.

Similar to FY 2023, the increase in GovGuam Appropriation in FY 2024 was offset by the significant decrease in federal contributions compared to previous fiscal years. GVB did not receive any federal contributions in FY 2024, compared to the \$27K received in FY 2023.

Operating revenues decreased by \$22K, going from \$587K in FY 2023 to \$565K in FY 2024. This was due to \$72K reduction in Consumption Tax Refunds in FY 2024, going from \$369K in FY 2023 to \$297K in FY 2024, because of the timing of consumption tax collection, notably in Japan, which may cause a shift in revenues in FY 2025. Membership revenue also decreased by \$23K, going from \$55K in FY 2024 to \$32K in FY 2024. The 42% reduction in membership

collections from GVB in FY 2024 from the prior year is in line with the expectations as the volume of membership revenue is driven by the biannual membership election for the Board of Directors. FY 2024 was a non-election year, therefore, resulting in the decrease.

These decreases were slightly offset by a \$74K increase in Other income, which went from \$162K in FY 2023 to \$236K in FY 2024. This included \$234K revenue from the Guam Department of Public Works for island-wide grass cutting services provided by GVB, tour guide certification fees, race fee collections from the Ko'Ko' Road Race, guidebook participating fees, and booth participation fees.

Operating Expenses Continue to Increase

GVB's expenses has continued to increase the past couple of years, which has significantly gone from \$8.3M in FY 2021 to \$27.4M in FY 2024.

GVB's total operating expenses increased by \$5.9M, going from \$21.4M in FY 2023 to \$27.3M in FY 2024. This 28% increase in operating expenses was primarily due to the following:

- 1.) \$3.6M increase in professional services, going from \$11.3M in FY 2023 to \$14.9M in FY 2024. Professional Services consist of destination marketing, destination development, and administration costs, which all increased due to the large volume of marketing campaigns implemented in Korea, U.S. and Pacific markets; key destination management projects for solar lighting and metal signs; and additional task orders for visitor safety at significant local events, such as early voting and the Ko'Ko' Road Race.
- 2.) \$1.8M increase in Personnel services, going from \$4.1M in FY 2023 to \$5.9M in FY 2024. Personnel count at GVB for FY 2024 is 68 employees compared to the 51 employees in the previous fiscal year. GVB's head count in FY 2024 increased by 17, resulting in an additional \$889K towards personnel cost, which is inclusive of salaries, retirement contributions, and medical and dental premiums.
- 3.) \$1.6M increase in repairs and maintenance. The large increase in expenditures for repairs and maintenance at GVB is largely driven by the San Vitores Streetlight Upgrade project, which was completed in FY 2024. The project goal was to improve safety and visibility along Tumon and involved the repair and installation of solar streetlights on all lampposts. The project was 100% funded by HOT Bonds administered by the Guam Economic Development Authority.
- 4.) \$522K increase in sponsorships, going from \$1M in FY 2023 to \$1.5M in FY 2024. GVB awarded sponsorships to 116 organizations for the purpose of increasing Guam's exposure to other markets and supporting local events, with an average award of \$13.5K per organization.
- 5.) \$497K increase in miscellaneous, going from \$466K in FY 2023 to \$963K in FY 2024. These expenditures include cost for various marketing events held in Guam and the United States, trade booths, insurance policy premiums, and fuel. The increase was driven by the spend on marketing



collaterals used in tradeshow which were used to promote Guam and engage interested individuals to visit Guam. Another driver for the increase was the January 2024 tragedy that occurred in Tumon, where a Korean tourist was shot, rushed to the Guam Regional Medical Center and unfortunately passed away. GVB and its membership stepped in to assist the victim's family, spending \$74K for hospital fees and \$47K for mortuary services, funeral services and fees associated with transporting the victim back to Korea.

These increases were offset by a \$2.2M decrease in Grants expenses, which went from \$2.2M in FY 2023 to \$13K in FY 2024. The decrease was driven by the exhaustion of the availability of funds for the Tourism Assistance Program (TAP). The TAP was a grant program to address the immediate financial impact of Typhoon Mawar on Guam's tourism value chain and aimed to provide up to \$25K to small-sized tourism-related businesses. Final TAP payments were made in early FY 2024.

Tourism Arrivals and Forecasts

Total tourism arrivals for FY 2024 were 752K, an increase of 25% from the prior fiscal year. This placed arrivals at 46.2% when compared to Guam's highest record of arrivals in 2019 at 1,628,565. Visitor arrivals for FY 2025 are projected to reach around 800K or about 49% of pre-pandemic levels. Korea is still expected to retain its place as the largest market in the recovery efforts with 377K projected arrivals, or 70% of 2019 levels recaptured in 2025. Japan arrivals follow suit, with 250K projected arrivals or 38% of 2019 levels.

Report on Internal Control Over Financial Reporting and Management Letter

In the Report on Internal Control Over Financial Reporting and on Compliance, EY identified one material weakness related to GVB contracting and purchasing goods from businesses in association with the GVB Board of Directors that totaled \$184K.

EY issued a separate management letter that identified three recommendations on deficiencies in internal control related to GVB's operations for management to consider:

- (1) **Subscription Assets and Liability:** Review its existing Subscription-Based Information Technology Arrangements (SBITA) contracts at the end of the fiscal year to determine potential adjustment for partial or full SBITA termination, when applicable.
- (2) **Other Receivables:** Review and assess collectability of receivable balances and reverse estimated uncollectible amounts when necessary.
- (3) **IT Manage User Access:** Consider implementing an annual review of individual access rights to the accounting system.

For more details, refer to the GVB's FY 2024 financial statements, the Report on Internal Control Over Financial Reporting and on Compliance, Management Letter, and Auditor's Communication With Those Charged with Governance at www.opaguam.org and www.guamvisitorsbureau.com.