About the Guam Visitors Bureau

The Guam Visitors Bureau (GVB), a non-profit membership corporation, is the official tourism agency for the U.S. Territory of Guam. Among its responsibilities, GVB is charged with setting tourism policy and direction; developing and implementing Guam’s tourism strategic and marketing plans; managing programs and activities that enhance and showcase Guam’s people, place and culture in order to deliver an incomparable visitor experience; and coordinating tourism-related research, planning, events and outreach activities.

GVB serves as a critical bridge linking government, the tourism industry, visitors and the local community, and aims to contribute successfully to a good quality of life for residents through tourism.

Ha’a Adai! On behalf of our Board of Directors, it gives me great pleasure to report that we have been given an unmodified (clean) opinion on GVB’s financial audit by Deloitte & Touche, LLP. It is a testament to the responsible and transparent manner in which the bureau has invested the valuable resources trusted upon us to deliver the very best return on investment for the people of Guam as we strive to improve the quality of life for our island community.

In FY2018, Guam welcomed 1,525,219 visitors to the island. Despite the FY2017 crisis we experienced with the North Korea incident, other geopolitical forces, natural disasters and the significant loss in air seats, Guam was able to recover and claim new marketing strategies to enable us to be on the road to recovery. Guam’s visitor industry and our community remain resilient as we continue to conduct tourism research, marketing programs, promote local activities and attractions, as well as our diverse visitor facilities, to make Guam a better place to live, work and visit.

Si Yu’os Ma’åse’,
PILAR LAGUÑA
President & CEO

Pilír Láguaña
President & CEO

Bobby Álvarez
Vice President

Making Guam a better place to live, work and visit...
While Visitor arrivals for Fiscal Year 2018 were affected by the global tensions between the United States and North Korea, strong efforts to continue promoting the safety of our destination allowed Guam to welcome 1.52 million visitors. This marks the 3rd consecutive year our visitor arrivals have surpassed the 1.5 million target.

As the industry continues to face new challenges and opportunities, the diversification of our markets is key to establishing a sustainable foundation for our island's #1 Economic Driver.

<table>
<thead>
<tr>
<th>Market</th>
<th>FY2017</th>
<th>FY2018</th>
<th>% to LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>674,345</td>
<td>530,223</td>
<td>-21.4%</td>
</tr>
<tr>
<td>Korea</td>
<td>349,434</td>
<td>752,715</td>
<td>15.9%</td>
</tr>
<tr>
<td>US/Hawaii</td>
<td>76,291</td>
<td>89,363</td>
<td>17.1%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>36,268</td>
<td>27,550</td>
<td>-24.0%</td>
</tr>
<tr>
<td>China</td>
<td>23,239</td>
<td>17,035</td>
<td>-26.7%</td>
</tr>
<tr>
<td>Philippines</td>
<td>19,817</td>
<td>19,026</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

Major Market Matrix:
- Japan 37%
- Korea 48%
- US/Hawaii 5%
- Philippines 1%
- China 3%
- Taiwan 2%
- Other 4%

Performance:
- Japan: 674,345 to 530,223 (-21.4%)
- Korea: 349,434 to 752,715 (15.9%)
- US/Hawaii: 76,291 to 89,363 (17.1%)
- Taiwan: 36,268 to 27,550 (-24.0%)
- China: 23,239 to 17,035 (-26.7%)
- Philippines: 19,817 to 19,026 (-4.0%)
Håfa Adai! We are pleased that we have been given an unmodified (clean) audit by Delloitte & Touche, LLP for the 9th year in a row.

This is the standard to which we aspire every year because it is the basis for earning the trust and confidence of our Board of Directors and those who expect the proper stewardship and management of public and membership funds in our care.

I congratulate all Guam Visitors Bureau employees for observing best practices in financial accountability.

Un Sen Dangkulo na Si Yu’os Ma’åse’ and Thank you!

ROSE Q. CUNLIFFE
Director of Finance & Administration

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

(Fiscal Year Ended September 30, 2018)

Revenues:
- In-kind contributions from members and others: $1,253,600
- Consumption tax refund: $715,657
- Other income: $266,541
- Memberships: $36,420

Total revenues: $2,272,218

Expenses:
- Professional services: $16,821,872
- Personnel: $2,429,695
- Promotional in-kind contributions: $1,253,600
- Travel: $844,689
- Advertising: $320,320
- Rent/lease: $203,981
- Utilities: $202,360
- Material and supplies: $169,439
- Equipment: $141,218
- Printing: $101,514
- Depreciation: $83,333
- Consumption Tax: $61,119
- Grants: $51,250
- Repairs and maintenance: $45,630
- Miscellaneous: $2,993,309

Total operating expenses: $25,723,329

Operating revenues net of operating expenses: -$23,451,111

Nonoperating revenues (expenses):
- Grants-in-aid from Government of Guam Operations: $26,203,484
- Pass through: $790,000
- Pass through appropriations: $790,000
- Federal revenues: $0
- Interest income: $48,426
- Other nonoperating expense: -$1,051,253

Total nonoperating revenues (expenses), net: $25,200,657

Change in net position: $1,749,546

Net position at beginning of year: $11,937,521

Net position at end of year: $13,687,067

GVB FY2018 OTHER APPROPRIATIONS
- Beach Monitoring (GEPA)
- Chamorro Affairs Operations
- Commission on Chamorro Language and the Teaching of the History
- Department of Agriculture
- Department of Parks and Recreation Operations
- Guam CAHA Operations
- Guam Fire Department Operations
- Guam Police Department
- Guam Territorial Band (CAHA)
- Guampedia Foundation (UOG)
- Hagåtña Restoration and Redevelopment Authority Operations
- Island-wide Village Beautification Projects (Mayors Council)
- Limited Obligation Hotel Occupancy Tax (HOT) Series 2011A
- Lodging Management Program (GCC)
- Maintenance and Repair Public Restrooms & Pool Facilities (DPR)
- Mayors Council Operations
- Single Audit Report (DOA)
- Street Maintenance and Beautification (Mayors Council)
Guam’s tourism industry continues to be the foundation of our island economy. In the 55 years since its inception, it has never evolved as rapidly as it has over the past several years. With the continued diversification of our visitor market mix coupled with the rise of low costs carriers, we have seen record numbers year over year for the island. The island welcomed 1.52 million visitors from around the world.

While this establishes 2018 as the second highest year in visitor arrivals, it also marks the first overall decline for the industry since 2009. Although many factors contributed to this regression, the North Korean rhetoric with the United States back in August 2017 combined with the recent natural disasters, have all but shaken our very delicate industry.

Although fiscal 2018 recorded a 2.3% decrease compared to 2017, arrivals for 2019 are anticipated to make a full recovery, with initial projections targeting 1.60 million visitors, a 5.5% increase compared to 2018. This growth originates from the news of increased seat capacity and additional flights from our airline partners.

Another significant challenge our island must consider is the declining infrastructure and overall quality of our “product.” With the rise of social media playing a more primary role in visitors experiences, the need to reinvest in our parks, roads, hotels and overall infrastructure is crucial in establishing a sustainable visitor industry. As visitors seek more spectacles and sights for unique experiences, we must provide updated and easily accessible settings for them to discover.

As Guam’s tourism industry continues to diversify and evolve, it faces new challenges in the coming years. The rise of the Korean market combined with growing numbers from our secondary markets have all played a key role in keeping our visitor industry thriving. However, the volatile nature of the travel industry only strengthens the importance of continuing to invest in our main economic driver in order to ensure manageable and sustainable growth for our island residents.

HOT BOND

HOT stands for Hotel Occupancy Tax, which was created to fund the operations and functions of the Guam Visitors Bureau. HOT Bond Projects are Capital Improvement Projects that use proceeds from HOT Revenue Limited Obligation Bonds to fund the building of Guam’s first permanent and comprehensive cultural and educational museum as well as upgrade and refurbish some of our island’s historic sites, tourist attractions and community projects. The HOT Bond Projects were established by Public Law 30-228.

HOT BOND PROJECTS

- Agana Bay Vicinity Streetlight Renovation
- Guam Fisherman’s Cooperative Association (GCFA) Facility & Dock
- Guam and Chamorro Educational Facility (GCEF) Project Admin
- GCEF Design
- GCEF Construction (incl. Site prep, security system, archaeology, exhibit, media prod.)
- GCEF Construction Management
- Guam Farmers’ Cooperative Association Facility/Dededo Flea Market
- Guam Preservation Trust Reimbursement
- Hagåtña Pool
- Hagåtña Tennis Courts
- Historic Hagåtña Projects – Plaza de España Restoration
- Inarajan Community Center Restoration
- Magellan Monument and Plaza
- Malo’o Bell Tower
- Mangilao Public Market
- Pale San Vitores Road Streetlight Renovation
- San Vitores Flooding - Design and CM, PMO/GEADA
- San Vitores Flooding - Phase 2 Construction
- Scenic Parks, By-ways, Overlooks and Historic Sites
- Skinner Crosswalk
- Supplemental Funding for Projects under the Hagåtña Master Plan

We want to hear from you...

Was this report helpful? What other information would you like to see in this report?

Please let us know:
(671) 646-5279 or info@visitguam.com

For additional information, please visit the Bureau’s website at GUAMVISITORSBUREAU.COM.
Hello Mandates Committee,

Forwarding GVB's CCR FY 2018.

Thank you!

---------- Forwarded message ---------
From: Benjamin Cruz <bjcruz@guamopa.com>
Date: Fri, Jun 14, 2019 at 5:32 PM
Subject: Fwd: GVB FY 2018 Citizen Centric Report
To: <crivera@guamopa.com>

Sent from my iPhone

Begin forwarded message:

From: "A.J. Rosario" <aj.roario@visitguam.org>
Date: June 14, 2019 at 4:44:31 PM GMT+10
To: bjcruz@guamopa.com
Cc: Crivera@guamopa.com, Lisa Linek <lisa.linek@visitguam.org>
Subject: GVB FY 2018 Citizen Centric Report
Reply-To: aj.roario@visitguam.org

Håfa Adai, Public Auditor Cruz.

Attached is the Guam Visitors Bureau’s FY 2018 Citizen Centric Report. Please let us know if you have any questions or concerns.

Thank you.

--

A.J. Rosario
Web & IT Coordinator

GUAM VISITORS BUREAU
401 Pale San Vitores Road | Tumon, Guam 96913 | (671) 646-5278
aj.roario@visitguam.com | visitguam.com

--

Christian Rivera