

*Financial Statements, Required Supplementary
Information, and Supplementary and Other
Information*

Guam Visitors Bureau

(A Component Unit of the Government of Guam)

*Years Ended September 30, 2025 and 2024
with Report of Independent Auditors*



**Shape the future
with confidence**

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and
Supplementary and Other Information

Years Ended September 30, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Guam Visitors Bureau

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Guam Visitors Bureau (GVB), a component unit of the Government of Guam, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise GVB's basic financial statements, as listed in the table of contents ("collectively referred to as the basic financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of GVB as of September 30, 2025 and 2024, and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GVB, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GVB's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 GVB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GVB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 30 as well as the Schedule of Proportionate Share of the Net Pension Liability on pages 69 through 71, and the Schedule of Pension Contributions on page 72, and the Schedule of Proportionate Share of the Total Collective Total OPEB Liability on page 73, be presented to supplement the basic financial statements. Such information, is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise GVB's basic financial statements. The supplementary information included in page 75 is presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Employees and Salaries on page 76 but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2026 on our consideration of GVB'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 solely 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 the effectiveness of GVB's 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 GVB's internal control over financial reporting and compliance.

Ernst + Young LLP

June 5, 2026

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis

Years Ended September 30, 2025 and 2024

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 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.

FINANCIAL PERFORMANCE

The financial performance section of the MD&A does not include non-financial information that may be important to GVB stakeholders, as the information presented is limited to financial discussions only based on pronouncements issued by the Governmental Accounting Standards Board ("GASB"). Relevant non-financial information which includes detailed marketing campaigns, destination development projects and future plans are detailed in GVB's 2024 Annual Report.

Comparative financial statements will be presented to provide a better understanding of GVB's financial performance. In compliance with GASB Codification 2200.704-3, the presentation of comparative financial statements will be accompanied by three (3) years of condensed financial information and relevant narrative commentary in the MD&A.

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Condensed Financial Statements

In compliance with GASB codification, condensed financial statements covering the previous three (3) fiscal years are presented:

Statement of Net Position (Condensed)

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
<u>ASSETS</u>					
Cash - Unrestricted	\$ 25,801,876	\$ 22,874,253	13%	\$ 17,193,002	33%
Cash - Restricted	48,526	47,589	2%	68,819	-31%
Investments	4,530,054	1,590,428	185%	1,499,605	6%
Due from Government of Guam	-	5,102,817	-100%	4,061,937	26%
Accounts receivable - others	24,935	30,022	-17%	222,507	-87%
Prepaid Expenses	65,896	31,154	112%	15,746	98%
Current Assets	30,471,287	29,676,263	3%	23,061,616	29%
Security Deposits	45,078	45,078	0%	45,078	0%
Cash - Restricted	5,233,207	14,768,765	-65%	14,768,765	0%
Capital Assets	6,634,020	6,881,756	-4%	7,021,336	-2%
Total Assets	42,383,592	51,371,862	-17%	44,896,795	14%
Deferred Outflows from OPEB	1,451,620	1,538,397	-6%	1,150,107	34%
Deferred Outflows from Pension	1,876,346	2,937,546	-36%	2,272,064	29%
Deferred Outflows of Resources	3,327,966	4,475,943	-26%	3,422,171	31%
Total assets & deferred outflows of resources	\$ 45,711,558	\$ 55,847,805	-18%	\$ 48,318,966	16%
<u>LIABILITIES</u>					
Accounts payable and accrued payroll	\$ 9,153,861	\$ 3,055,880	200%	\$ 3,007,003	2%
Accrued annual leave	283,165	319,325	-11%	305,874	4%
Unearned income	24,895	25,700	-3%	7,600	238%
Current portion of subscription liability	-	194,658	-100%	238,381	-18%
Current portion of lease liability	55,856	24,889	124%	79,655	-69%
Current Liabilities	9,517,777	3,620,452	163%	3,638,513	0%
OPEB liability	5,585,850	6,786,760	-18%	5,483,000	24%
Net pension liability	5,968,025	7,334,643	-19%	5,987,362	23%
Advances from grantor	4,989,721	14,525,279	-66%	14,525,279	0%
Passthrough appropriations payable	65,001	65,001	0%	65,001	0%
Accrued sick leave	338,945	88,194	284%	141,344	-38%
Lease liability	-	1,955	-100%	26,844	-93%
Subscription liabilities	-	-	100%	354,447	-100%
Total Liabilities	26,465,319	32,422,284	-18%	30,221,790	7%
Deferred inflows from OPEB	3,376,758	2,277,327	48%	2,955,857	-23%
Deferred inflows from pension	853,787	269,449	217%	198,330	36%
Deferred inflows of resources	4,230,545	2,546,776	66%	3,154,187	-19%
<u>NET POSITION</u>					
Net investment in capital assets	6,634,020	6,881,756	-4%	7,021,336	-2%
Restricted - expendable	227,011	226,073	0%	247,304	-9%
Unrestricted	14,017,714	7,835,160	79%	1,503,040	421%
Change in net position	(5,863,051)	5,935,756	-199%	6,171,309	-4%
Total liabilities, net position & deferred inflows of resources	\$ 45,711,558	55,847,805	-18%	\$ 48,318,966	16%

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Statement of Revenues & Expenditures (Condensed)

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
<u>OPERATING REVENUES</u>					
Memberships	\$ 53,707	\$ 31,600	70%	\$ 54,700	-42%
Other Income	190,564	236,228	-19%	162,537	45%
Total operating revenues	244,271	267,828	-9%	217,237	23%
<u>EXPENSES</u>					
Professional services	15,896,007	14,885,656	7%	11,271,554	32%
Personnel	6,194,978	5,874,907	5%	4,050,174	45%
Airline incentives	4,612,705	-	100%	-	100%
Sponsorships	695,660	1,549,318	-55%	1,027,525	51%
Travel	537,318	594,706	-10%	510,444	17%
Depreciation and amortization	457,471	544,286	-16%	495,440	10%
Promotional in-kind contributions	320,168	172,803	85%	230,534	-25%
Materials and supplies	315,074	678,041	-54%	218,328	211%
Miscellaneous	300,097	511,681	-41%	466,420	10%
Equipment	222,897	148,688	50%	352,498	-58%
Administrative costs	143,129	136,039	5%	-	100%
Utilities	122,469	151,407	-19%	152,940	-1%
Advertising	74,132	82,396	-10%	23,598	249%
Insurance	58,977	31,255	89%	-	100%
Repairs and maintenance	34,108	1,876,995	-98%	258,915	625%
Rent/Lease	13,386	57,609	-77%	52,080	11%
Foreign currency loss	12,139	29,846	-59%	26,159	14%
Printing	2,879	17,405	-83%	17,984	-3%
Grants	-	13,000	-100%	2,214,213	-99%
Consumption tax	-	-	100%	168	-100%
Total operating expenses	30,013,594	27,356,038	10%	21,368,974	28%
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Grants-in-aid from Government of Guam	22,055,683	30,356,848	-27%	26,704,337	14%
Federal contributions	496,710	-	100%	26,922	-100%
Consumption tax refund	453,455	297,001	53%	369,465	-20%
In-kind contributions	320,168	172,803	85%	230,534	-25%
Interest income	183,277	148,053	24%	71,213	108%
Cultural and sports ambassadors fund	-	(22,075)	-100%	(101,675)	-78%
Other non-operating income, net	396,979	2,071,336	-81%	22,250	9209%
Total non-operating revenues, net	23,906,272	33,023,966	-28%	27,323,046	21%
Change in net position	\$ (5,863,051)	\$ 5,935,756	-199%	\$ 6,171,309	-4%

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Financial Discussion & Analysis

This section provides an analysis of GVB’s financial condition and results of operations for the fiscal year ended September 30, 2025. We focus on the primary drivers of our performance—specifically how strategic and operational decisions are translated into financial outcomes.

We provide a comprehensive analysis with a three-year comparative review (FY2023–FY2025). This structure adheres to GASB codification while ensuring stakeholders can evaluate long-term trends rather than isolated analysis. In the interest of clarity and focus, we have omitted discussions on certain line items where the year-over-year variance is immaterial to the overall financial health of GVB.

Current Assets

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
Cash - Unrestricted	\$ 25,801,876	\$ 22,874,253	13%	\$ 17,193,002	33%
Cash - Restricted	48,526	47,589	2%	68,819	-31%
Investments	4,530,054	1,590,428	185%	1,499,605	6%
Due from Government of Guam	-	5,102,817	-100%	4,061,937	26%
Accounts receivable - others	24,935	30,022	-17%	222,507	-87%
Prepaid Expenses	65,896	31,154	112%	15,746	98%
Current Assets	\$ 30,471,287	\$ 29,676,263	3%	\$ 23,061,616	29%

Cash - Unrestricted

FY2025 vs. FY2024

Cash-unrestricted increased by 13%, but this percentage increase does not represent the full picture on the Bureau’s cash performance. The increased year-end cash balance was primarily driven by the timing of vendor disbursements rather than revenue growth. Operating performance was adversely affected by a revenue shortfall in the Tourist Attraction Fund (“TAF”). The impact of this shortfall is evidenced by a \$9.1M balance in accounts payable and a \$5.8M decrease in the Bureau’s year-end net position.

FY2024 vs. FY2023

Cash-unrestricted increased by 33%, with the increase driven by a combination of strong cash performance of the Tourist Attraction Fund, its conversion to GVB and timing of allotment collection. It is not GVB’s goal to build a large cash balance and GVB recognizes the value of cash resources and will make good use of the financial support provided by the Guam legislature. Plans have been mobilized to utilize these funds to support marketing campaigns and improving tourist areas along Tumon and the rest of the island.

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Investments

FY2025 vs. FY2024

Investments saw an increase of 185%, driven by management’s allocation of an additional \$3M to GVB’s Time Certificate of Deposit (“TCD”) portfolio to maximize interest income. GVB’s investment profile is allocated 100% to TCDs and has benefited from the favorable CDs rates available in the U.S. bond market.

FY2024 vs. FY2023

Investments saw a slight increase of 6%, driven by interest income collected by investments into Time Certificate of Deposits (“TCDs”). GVB’s investment profile is allocated 100% to TCDs, and has benefited from the favorable CDs rates available in the U.S. bond market.

Due from Government of Guam

FY2025 vs. FY2024

Due from Government of Guam decreased by 100%, driven by a significant revenue shortfall from the TAF. The TAF was projected to generate \$35.9M in FY2026 but actual revenues totaled only \$30.2M. As the TAF serves as GVB’s primary funding source, this \$5.7M negative variance directly impacted the Bureau’s financial position.

FY2024 vs. FY2023

Due from Government of Guam increased by 26%, driven by excess tax collections from the Tourist Attraction Fund (“TAF”) made available to GVB as part of a provision in P.L. 37-42 Chapter XIII, Section 11. For the months of August 2024 and September 2024, a total of \$5.1M in excess TAF was available and the amount was collected on December 2024.

Non-Current Assets

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
Security Deposits	\$ 45,078	\$ 45,078	0%	\$ 45,078	0%
Cash - Restricted	5,233,207	14,768,765	-65%	14,768,765	0%
Capital Assets	6,634,020	6,881,756	-4%	7,021,336	-2%
Total Non-Current Assets	11,912,305	21,695,599	-45%	21,835,179	-1%
Deffered Outflows from OPEB	1,451,620	1,538,397	-6%	1,150,107	34%
Deffered Outflows from Pension	1,876,346	2,937,546	-36%	2,272,064	29%
Deffered Outflows of Resources	\$ 3,327,966	\$ 4,475,943	-26%	\$ 3,422,171	31%

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Cash – Restricted

Restricted cash primarily reflects the balance of the Coronavirus State and Local Fiscal Recovery Fund. GVB did not incur expenditures for the grant in FY2024 and FY2023. As required by Governmental Accounting Standard Board (“GASB”), these monies are recorded as Cash – Restricted and Advances from Grantor - Restricted. Other notable restricted cash balances are detailed in foot note 12.

FY2025 vs. FY2024

Cash – Restricted decreased by 65% due to a \$9M transfer to the Department of Administration (“DOA”). This transfer was a result of a direction from the Government of Guam, the grant’s primary recipient, to support the construction of a new hospital. As of September 30, 2025, GVB remaining balance from the Coronavirus State and Local Fiscal Recovery Fund (“SLFRF”) is \$5M.

Capital Assets

Amounts recorded for capital assets represent the value of GVB’s land, main office location in Tumon along with the net book value of fixed assets. The land was granted to GVB under public law and is used to house GVB’s main office, employee parking lot, and equipment storage.

Deferred Outflow of Resources

Deferred outflow of resources from other post-employment benefits (“OPEB”) and pension represent GVB’s future value, based on a third party actuarial valuations, of plan assets. These valuations include retirees’ health and life insurance and pension plan assts of the GovGuam Defined Benefit and Defined Contribution Retirement System Plan. Please refer to footnote 6 and 7 for more information regarding pension and OPEB, respectively.

Current Liabilities

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
Accounts payable and accrued payroll	\$ 9,153,861	\$ 3,055,880	200%	\$ 3,007,003	2%
Accrued annual leave	283,165	319,325	-11%	305,874	4%
Unearned income	24,895	25,700	-3%	7,600	238%
Current portion of subscription liability	-	194,658	-100%	238,381	-18%
Current portion of lease liability	55,856	24,889	124%	79,655	-69%
Current Liabilities	\$ 9,517,777	\$ 3,620,452	163%	\$ 3,638,513	0%

Guam Visitors Bureau
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Management's Discussion and Analysis, continued

Accounts Payable and Accrued Payroll

FY2025 vs. FY2024

Accounts payable and accrued payroll saw a significant increase of 200%, driven by larger accruals for the airline incentive programs. As of fiscal year-ended September 30, 2025, accrued payables balance for these programs total \$2.7M for the Korea market and \$1.1M for Tawain. The balance also increased by an accumulation of accrued liabilities resulting from the late submission of invoices from several vendors.

FY2024 vs. FY2023

Accounts payable and accrued payroll remain relatively unchanged, with a 2% increase between FY2024 and FY2023. GVB strives to manage a sustainable payable balance by limiting the number of days outstanding to a 30-day timeframe.

Accrued Annual Leave

FY2025 vs. FY2024

Accrued annual leave decreased by 11%, driven by two factors. First, the primary driver was the implementation of GASB 101 – Compensated Absence. This standard updated the measurement of leave liability by requiring a more substantial analysis of expected leave to be used and leave expected to be paid out upon retirement or separation. The standard enhanced the formula for accrual by accounting for the likelihood of leave and the impact of payroll associated payments, including retirement contributions and payroll taxes.

Second, the liability was further reduced by a decrease in both employee count and accumulated leave hours as of the fiscal year-end. GVB concluded FY2025 with 59 employees with a total of 6,997 accrued leave hours, a 16% and 14% decrease, respectively.

FY2024 vs. FY2023

Accrued annual leave increased by 4% and was driven by increased personnel count in FY2024. Following Government of Guam Rules and Regulations, the maximum allowable amount per employee for annual leave accrual is 320 hours. As of September 30, 2024, a total of 8,152 hours are earned and accrued by GVB employees. Employees are entitled to utilize their earned leave or receive a lump sum payment upon resignation or retirement. GVB established a 100% accrual on accrued annual leave as there is a high likelihood these hours will be converted to cash outflows.

Guam Visitors Bureau
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Management’s Discussion and Analysis, continued

Non-Current Liabilities

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
OPEB liability	\$ 5,585,850	\$ 6,786,760	-18%	\$ 5,483,000	24%
Net pension liability	5,968,025	7,334,643	-19%	5,987,362	23%
Advances from grantor	4,989,721	14,525,279	-66%	14,525,279	0%
Passthrough appropriations payable	65,001	65,001	0%	65,001	0%
Accrued sick leave	338,945	88,194	284%	141,344	-38%
Lease liability	-	1,955	-100%	26,844	-93%
Subscription liabilities	-	-	100%	354,447	-100%
Total Non-Current Liabilities	\$ 16,947,542	\$ 28,801,832	-41%	\$ 26,583,277	8%

Advances from Grantor - Restricted

Advances from Grantor reflects the unexpended balance of the Coronavirus State and Local Fiscal Recovery Fund. GVB did not incur expenditures for the grant in FY2024. As required by GASB, the unexpended balance is recorded as Cash – Restricted and Advances from Grantor - Restricted.

FY2025 vs. FY2024

Advances from Grantor – Restricted decreased by \$9M or 66%. This decrease is primarily attributable to a directive from the Government of Guam-the grant’s direct recipient-to transfer funds to DOA to fund the construction of a new hospital. As of September 30, 2025, the Bureau’s remaining balance for SLFRF grant is \$5M.

Subscription Liabilities

FY2025 vs. FY2024

Subscription liability decreased by 100% due to the expiration of subscription-based agreements at the end of FY2025. These subscriptions are set for renewal at the start of FY2026.

FY2024 vs. FY2023

Subscription liability decreased by 67%. In accordance with GASB requirements, GVB recorded the total cost for two (2) contracts which met the criteria for recognition. Please refer to footnote 9 for more information regarding the subscription liability and schedule of payments.

Guam Visitors Bureau
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Management’s Discussion and Analysis, continued

Net Pension Liability

Net pension liability represents GVB’s share of the unfunded amount for the Government of Guam defined benefit plan. The unfunded amount is determined by considering the plan liability calculated by a third-party actuary less the value of plan assets. Factors that may the unfunded amount include plan investment returns and demographic assumptions such as salary growth rates, retirement ages, inflation and discounted rate of return. Please refer to footnote 6 for more information.

OPEB Liability

Other Post Employment Benefits (OPEB) represents the valuation, calculated by a third-party actuary, of GVB’s proportional share of the Government of Guam’s defined benefit OPEB plan to include health and life insurance. Please refer to footnote 7 for more information.

Deferred Inflows of Resources

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
Deferred inflows from OPEB	\$ 3,376,758	\$ 2,277,327	48%	\$ 2,955,857	-23%
Deferred inflows from pension	853,787	269,449	217%	198,330	36%
Deferred inflows of resources	\$ 4,230,545	\$ 2,546,776	66%	\$ 3,154,187	-19%

Deferred Inflows of Resources

Deferred inflow of resources from OPEB and pension represent GVB’s future expenditures as calculated by third party actuarial valuations. These valuations include the future cost to fund retirees’ health and life insurance and pension plans for employees and retiree’s under the GovGuam Defined Benefit and Defined Contribution Retirement System Plan. Please refer to footnote 6 and 7 for more information regarding pension and OPEB, respectively.

Operating Revenues

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
Memberships	\$ 53,707	\$ 31,600	70%	\$ 54,700	-42%
Other Income	190,564	236,228	-19%	162,537	45%
Total operating revenues	\$ 244,271	\$ 267,828	-9%	\$ 217,237	23%

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Management's Discussion and Analysis, continued

Membership

FY2025 vs. FY2024

Membership fees collections increased by 70% from the prior year. The increased revenue was driven by participation in the 2025 election for GVB's Board of Directors, with members paying a \$100 membership renewal fee to participate. The number of GVB members in FY2025 was 217, up by 78% from FY2024's count of 122 members.

FY2024 vs. FY2023

Membership fees collections decreased by 42% from the prior year. The decrease is in line with expectations as the volume of membership revenues is driven by the biannual membership election for Board Directors. Every two years an election is held to select the Board of Directors for GVB. To participate, an individual or company is required to become a member by payment of a \$100 fee. The election naturally results in increased revenue, while non-election years see an opposite trend. FY2024 was a non-election year, therefore resulting in the decrease.

Other Income

FY2025 vs. FY2024

Other income decreased by 19%. This revenue stream is comprised of inter-agency agreements, tour guide certification fees, race registrations from the Ko'Ko' Road Race, and participation fees for guidebooks and promotional booths. The decline is caused by the conclusion of a non-recurring inter-agency agreement with DOA for island-wide landscape maintenance services, which generated a one-time \$25K revenue in the previous period.

FY2024 vs. FY2023

Other income increased by 45% from the prior year. For this fiscal year, the revenue stream includes \$25K revenue from DOA for island-wide grass cutting services provided by GVB. Other revenue streams include tour guide certification fees, race fee collections from the Ko'Ko Road Race, guidebook participation fees and booth participation fees. As GVB is a non-profit and semi-autonomous governmental entity, the purpose of this revenue is not to generate profit, but rather to offset the cost of its related activities.

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Management’s Discussion and Analysis, continued

Expenditures

This section provides a comparative discussion of GVB’s professional services expenditures for the three-year period. Analysis on GVB’s other expense line items are detailed in page 21. Unless specified otherwise, comparisons noted are for the full fiscal years.

Professional Services year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
<i>Marketing</i>					
Japan	\$ 5,535,093	\$ 4,281,262	29%	\$ 3,923,978	9%
Korea	4,049,298	4,908,517	-18%	3,009,280	63%
Taiwan	899,818	432,032	108%	577,687	-25%
Philippines	227,642	140,994	61%	125,509	12%
United States & Pacific	27,616	380,862	-93%	28,669	1228%
Website Marketing, Print Promo, Social Media	91,977	165,371	-44%	576,441	-71%
New Market Development	248	5,920	-96%	9,951	-41%
	<u>10,831,692</u>	<u>10,314,958</u>	5%	<u>8,251,515</u>	25%
<i>Destination Development</i>					
Destination Management	1,927,937	1,912,173	1%	1,349,368	42%
Visitor Safety	1,643,229	1,647,659	0%	1,153,307	43%
Sports & Events	637,689	713,585	-11%	480,562	48%
Culture & Branding	55,295	43,756	26%	16,574	164%
	<u>4,264,150</u>	<u>4,317,173</u>	-1%	<u>2,999,811</u>	44%
<i>Others</i>					
Research	527,473	-	100%	-	100%
Administration	272,692	253,525	8%	20,228	1153%
	<u>800,165</u>	<u>253,525</u>	216%	<u>20,228</u>	1153%
Total	<u>\$ 15,896,007</u>	<u>\$ 14,885,656</u>	7%	<u>\$ 11,271,554</u>	32%

Japan

FY2025 vs. FY2024

Professional services – marketing in Japan saw a large increase of 29%, driven by a comprehensive strategic pivot designed to modernize Guam’s brand identity and recapture diverse traveler segments. Strategic expenses include a rediscovery campaign, which utilizes high-impact TV drama placements and influencer storytelling to transform Guam's image from a legacy family destination into a new escape. Marketing initiatives also targets younger generations through TikTok-centric content and pop culture pilgrimage initiatives, while significant resources are allocated to bridging regional access gaps via increased charter flights from cities like Sapporo and Fukuoka. Ultimately, the increase in marketing expenses reflects a move for Guam to compete on experience rather than price, prioritizing high-value wellness and exclusive memory-making over heavy discounting to ensure long-term premium positioning in the Japanese market.

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Management's Discussion and Analysis, continued

FY2024 vs. FY2023

Professional services – marketing in Japan increased by 9%, driven by a cautious strategy to allocate funds to marketing campaigns. GVB recognizes the macro-economic factors hampering Japanese arrivals. First and foremost, the impact of the weak yen is significant. The depreciation of the yen has increased the cost of overseas travel, and even for destinations like Guam that are relatively easy to travel to. Emerging resorts in Southeast Asia and the Philippines are becoming attractive options for Japanese travelers. These regions offer relatively inexpensive travel, beautiful beaches, and abundant tourist attractions, making them appeal to travelers. Due to this intensified competition, GVB needs to develop cost-sensible strategies to maintain its competitiveness against other resort destinations.

Korea

FY2025 vs. FY2024

Professional services – marketing in Korea saw a decrease of 18%. Korea's marketing programs, while sustaining a robust portfolio of high-impact initiatives, was primarily driven by a strategic pivot toward high-efficiency digital channels and synergetic cost-sharing partnerships. Transitioning from broad-scale traditional media to targeted collaborations—most notably the partnership with Naver Pay and VISA Korea—GVB capitalized on co-marketing models where financial partners shared the promotional cost. Furthermore, the "Taste of Guam" project and various sports marketing efforts leveraged influencer-driven content and organic digital engagement, which significantly lowered production overhead compared to traditional commercial campaigns. This streamlined approach, supported by the continued optimization of an exclusive digital microsite, allowed GVB to maintain comprehensive market coverage and increase visitor spending while achieving substantial fiscal savings through operational precision and resource optimization.

FY2024 vs. FY2023

Professional services – marketing in Korea increased by 63%, driven by large volume of marketing campaigns focused on reaching a broader audience by launching a variety of marketing projects and promotions across different market segments, including MZ generations, F&B, family, and couples. These initiatives showcased Guam's unique attractions and appeal to a diverse group of travelers.

GVB hosted its first-ever Guam pop-up in the trendy Seoul neighborhood of Seongsu-dong, highlighting the 'Color of Guam' campaign to attract new audiences, especially the younger demographic. Also, more consumer brand collaboration projects were designed and implemented in collaboration with influential sports brand Barrel, FILA, and coffee franchise to target sports and F&B market.

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Management's Discussion and Analysis, continued

As a growing focus continues to be placed on social media and digital marketing efforts, GVB Korea opened an exclusive microsite for quarterly-based online promotion, providing general consumers with up-to-date information and travel benefits co-op with travel trade partners.

GVB Korea also signed a memorandum of understanding with VISA Korea to establish and promote co-marketing strategies to boost travel demands to Guam and drive actual spending of Visa card holders. GVB invited VISA delegation, having them give a presentation about consumer trend for local stakeholders.

Taiwan

FY2025 vs. FY2024

Professional services – marketing in Taiwan increased by 108%, driven by the cost for the Taipei airline incentive contract with United Airlines. The contract began in April 2025 in an effort to provide direct airline services between Guam and Taipei. Marketing programs in Taiwan included large-scale consumer campaigns to trade missions, familiarization tours, and government collaborations. Through these sustained efforts, Guam was promoted across Taiwan as an inspiring, friendly, and authentic U.S. island destination.

FY2024 vs. FY2023

Professional services – marketing in Taiwan saw a decrease of 25%, driven by decreased budget allocation as GVB shifted funding resources to its marketing campaigns in Korea. Despite the decreased resources, Taiwan marketing remained active with numerous trade shows and local events, including the Taipei International Tourism Expo (ITF), the Chinese New Year Gathering with Media and Travel Agents, the Taipei Lantern Festival, TTE, TITE, the Mid-Autumn Festival Media Gathering, and the #JUSTGUAM webinar. This approach effectively highlighted Guam's unique offerings and strengthened our engagement with the audience.

Despite the absence of direct flights from Taiwan to Guam, the Taiwan marketing team collaborated closely with travel agencies to promote charter flights between Taipei and Guam. Notably, during the Spring Festival, GTO successfully organized two charter flights in partnership with Spunk Tour and Phoenix Tour. Additionally, the team actively engaged in meetings with airlines and travel industry partners, not only to maintain strong relationships but also to expedite the resumption of direct flights, further enhancing the prospects for Guam's tourism sector.

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Management’s Discussion and Analysis, continued

Philippines

FY2025 vs. FY2024

Professional services – marketing increased by 61%, focusing on activated efforts to re-establish Guam’s presence within the local travel industry. Initial engagement began with the Media and TA Event held on March 27, 2025, followed by a familiarization trip from April 28 to May 3, 2025, which deepened the team’s understanding of Guam’s tourism offerings and enhanced their capability to effectively promote the destination to Filipino travelers. Throughout the remaining FY2025, GVB prioritized strengthening trade communications, increasing consumer-facing visibility, and expanding Guam’s digital footprint. Major accomplishments included the launch of the Guam Specialist Course, targeted digital marketing campaigns, strategic partnerships with media and influencers, and expanded presence across key B2B (business-to-business) and B2C (business-to-consumer) events in Manila and Cebu.

FY2024 vs. FY2023

Professional services – marketing in Philippines saw an increase of 12%, driven by increased budget to implement a series of strategic initiatives to boost tourism and strengthen partnerships in the Philippine market. Efforts included marketing campaigns centered around a key message: “Guam, America’s Hidden Gem.” GVB held meetings with key industry stakeholders, participated in consumer travel expos, networked with Philippine travel partners at B2B events, invited top Filipino influencers for familiarization visits to Guam, and fostered vibrant social media engagement, all designed to position Guam as a top travel destination.

United States & Pacific

FY2025 vs. FY2024

Professional services – marketing in the United States and Pacific saw a 93% decrease, driven by a large program in the prior year – the 80th Liberation Day Homecoming campaign detailed below - that was not programed for FY2025.

FY2024 vs. FY2023

Professional services – marketing in the United States and Pacific saw a significant increase of 1228%. The increase was expected and was driven by the 80th Liberation Day Homecoming campaign, a collaborative campaign spearheaded by United Airlines and GVB, to provide a 30% discount to travelers from the continental United States to travel back to Guam between the summer month of May to July. Cost of the program would be equally shared between United Airlines and GVB, with GVB’s total cost amounting to \$380K.

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Management’s Discussion and Analysis, continued

Destination Management

FY2025 vs. FY2024

Professional services – destination management remained leveled with only a 1% increase. While FY2025 did not see the level on CAPEX investments as the prior year, notable expenses include the introduction of the Tumon Night Market and the investment into architectural and engineering design for the restoration of Matapang Beach Park.

FY2024 vs. FY2023

Professional services – destination management increased by 42%. This increase was driven by two key projects: solar lighting improvements and (2) metal signs. In FY2024, GVB received approval for the use of Hotel Occupancy Tax bond (“HOT bond”) monies for lighting improvements within Tumon. The project would undergo three (3) phases, with phase 1 and phase 2 costing a total of \$303K and recorded as professional services. Phase 3 was completed in FY2024 and recorded as repair and maintenance expense.

GVB also installed nine (9) metal signs along Tumon and various villages across Guam. The metal signs were installed to provide each village a unique branding concept with the goal to attract visitors and give exposure to Guam’s villages. It is worth noting that other top travel destinations in Asia, Oceania and Europe have identical branding concepts. Total cost for the metal signs in FY2024 was \$245K.

Visitor Safety

FY2025 vs. FY2024

Professional services – visitor safety remained constant, reflecting the Bureau’s ongoing commitment to safety by providing essential services through the visitor safety officers and the visitor concierge contracts throughout FY2025.

FY2024 vs. FY2023

Professional services – visitor safety increased by 43% and was driven by additional task orders issued for visitor safety officers in early voting sites, security for high-profile baseball teams practicing in Harmon Sports Complex, security for Ko’Ko Road Race and Guam Micronesian Island Fair. The increase is also attributable to additional task orders for concierge services, primarily for translation and assistance services during the Tumon incident and Air New Zealand emergency flight.

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Management’s Discussion and Analysis, continued

Sports & Events

FY2025 vs. FY2024

Professional services – sports and events decreased by 11%, driven by a reduction in sponsorships as GVB navigated the TAF revenue shortfall in FY2025.

FY2024 vs. FY2023

Professional services – sports and events increased by 48%, primarily driven by the cost to host the Guam-Micronesia Island Fair (“GMIF”) in 2024. With a cost of \$150K, GMIF was hosted for the first time since the pandemic. 1 GCA §1033(b) provides authority to GVB to host GMIF. Other notable cost include \$175K for Ko’Ko Road Race and \$139K for the 80th Guam Liberation Day.

Administration

FY2025 vs. FY2024

Professional services – administration increased by 8%, driven by an increase in legal services and the implementation of cyber security training for all GVB staff at a cost of \$10.4K for FY2025.

FY2024 vs. FY2023

Professional services – administration increased by 1,153%. These costs consist of \$135K for legal services, \$44K for GVB office repairs, \$43K for audit services and \$10K for the annual report.

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Management's Discussion and Analysis, continued

Other Expenditures

This section provides a comparative discussion of other expenditures for the three-year period. Analysis on GVB's professional services are detailed in page 15. Unless specified otherwise, comparisons noted are for the full fiscal years.

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
Professional services	\$ 15,896,007	\$ 14,885,656	7%	\$ 11,271,554	32%
Personnel	6,194,978	5,874,907	5%	4,050,174	45%
Airline incentives	4,612,705	-	100%	-	100%
Sponsorships	695,660	1,549,318	-55%	1,027,525	51%
Travel	537,318	594,706	-10%	510,444	17%
Depreciation and amortization	457,471	544,286	-16%	495,440	10%
Promotional in-kind contributions	320,168	172,803	85%	230,534	-25%
Materials and supplies	315,074	678,041	-54%	218,328	211%
Miscellaneous	300,097	511,681	-41%	466,420	10%
Equipment	222,897	148,688	50%	352,498	-58%
Administrative costs	143,129	136,039	5%	-	100%
Utilities	122,469	151,407	-19%	152,940	-1%
Advertising	74,132	82,396	-10%	23,598	249%
Insurance	58,977	31,255	89%	-	100%
Repairs and maintenance	34,108	1,876,995	-98%	258,915	625%
Rent/Lease	13,386	57,609	-77%	52,080	11%
Foreign currency loss (gain)	12,139	29,846	-59%	26,159	14%
Printing	2,879	17,405	-83%	17,984	-3%
Grants	-	13,000	-100%	2,214,213	-99%
Consumption tax	-	-	100%	168	-100%
Total operating expenses	\$ 30,013,594	\$ 27,356,038	10%	\$ 21,368,974	28%

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Management’s Discussion and Analysis, continued

Personnel

FY2025 vs. FY2024

Personnel cost saw a slight 5% increase, driven by two factors. First, movement in payroll cost is driven by the organic increase for classified employees who receive a salary increment based on job performance. Second, employer premiums for both medical and dental insurance increased, resulting in a combined \$189k increase in cost. Below are details on premium rate increases based on plan type:

Employer Share of Medical Premiums per Pay Period							
		FY2024		Change		FY2025	
Plan	Class	GovGuam				GovGuam	
HSA2000	I	\$ 153.62	\$3.90	3%	\$ 184.63	\$ 31.01	20%
	II	\$ 266.50	\$8.06	3%	\$ 319.59	\$ 53.09	20%
	III	\$ 219.58	\$5.39	3%	\$ 266.16	\$ 46.58	21%
	IV	\$ 359.23	\$8.30	2%	\$ 430.43	\$ 71.20	20%
		FY2024		Change		FY2025	
Plan	Class	GovGuam			GovGuam		
PPO1500	I	\$ 235.27	\$0.03	0%	\$ 328.88	\$ 93.61	40%
	II	\$ 431.96	\$0.00	0%	\$ 610.30	\$178.34	41%
	III	\$ 369.08	\$0.03	0%	\$ 518.95	\$149.87	41%
	IV	\$ 602.69	\$0.00	0%	\$ 842.98	\$240.29	40%

Employer Share of Dental Premiums per Pay Period							
		FY2024		Change		FY2025	
Plan	Class	GovGuam			GovGuam		
Dental Active	I	\$ 11.46	\$0.00	0%	\$ 13.12	\$ 1.66	14%
	II	\$ 15.15	\$0.03	0%	\$ 18.69	\$ 3.54	23%
	III	\$ 12.65	\$0.02	0%	\$ 15.53	\$ 2.88	23%
	IV	\$ 20.42	\$0.05	0%	\$ 25.11	\$ 4.69	23%

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Management’s Discussion and Analysis, continued

FY2024 vs. FY2023

Personnel cost increased by 45%, driven by the following factors:

Personnel Count

GVB ended the FY2024 with a total of 68 employees compared to 51 employees from the previous fiscal year. The 17 increase in head count resulted in \$889k in additional personnel cost, which includes salaries, retirement contributions and medical and dental premiums. Composition of the additional hires and their job duties are detailed below:

Position Title	Department	Pax	Total Cost*
Special Project Support - Maintenance Worker	Destination	11	\$ 483,770
Special Project Support - Maintenance Supervisor	Destination	4	\$ 252,354
Special Project Support - Policy Coordinator	Administration	1	\$ 80,384
Special Project Support - HR	Administration	1	\$ 72,531
			\$ 889,039

* Total cost includes salaries, overtime (if any), 29.43% retirement contribution, medical premiums and other personnel benefits.

Mandated Retirement Contribution

All government agencies are mandated under Guam law to contribute a percentage of employees’ salary for retirement costs. The contribution is required for all government-funded employees, regardless of their classification. Contribution rates vary annually and are determined by the Guam legislature. For FY2024, the mandated contribution rate was 29.43%, up 1% from the previous fiscal year. This means that for every \$1 that GVB pays for salary increased GVB is mandated to pay an additional \$0.2943 for retirement contributions. While a 1% increase from the previous year’s rate may seem minimal, the dollar value impact is substantial once factors such as increased employee count and increased salaries are considered. In FY2024, GVB’s retirement contribution increased by \$265K, driven by an increase in personnel count, personnel salaries and the 1% mandated increase in contributions.

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Management’s Discussion and Analysis, continued

Medical and Dental Insurance Premiums

For FY2024, GVB’s costs for medical and dental premiums increased by \$109K, driven primarily by the increased premiums cost of the Gov. Guam self-insured plan, increased personnel count, and increased percentage of employees enrolled in the plan.

The Government of Guam transitioned into a self-insurer plan for medical and dental insurance. While the transition saw no impact on the employee share of insurance contributions, the transition did see a significant increase in employer share, see analysis below on the increased premium cost for employers, broken down based on plan and class type.

It should be noted that premium cost is not the standalone driver for GVB’s increased cost for medical and dental insurance. Other factors that contribute to the increase include the rise in personnel count and the increase in the number of employees enrolled in medical and dental plans. In FY2024, a total of 78% of GVB employees enrolled in the Gov. Guam plan, while only 69% of employees were enrolled in FY2023.

Employer Share of Medical Premiums per Pay Period								
Plan	Class	FY2023		FY2024	Change			
		SelectCare	TakeCare		Gov. Guam	SelectCare	TakeCare	
HSA2000	I	\$ 102.75	\$ 108.42	\$ 149.72	\$ 46.97	46%	\$ 41.30	38%
	II	\$ 165.90	\$ 177.06	\$ 258.44	\$ 92.54	56%	\$ 81.38	46%
	III	\$ 132.45	\$ 145.16	\$ 214.19	\$ 81.74	62%	\$ 69.03	48%
	IV	\$ 214.73	\$ 234.43	\$ 350.93	\$136.20	63%	\$116.50	50%

Plan	Class	FY2023		FY2024	Change			
		SelectCare	TakeCare		Gov. Guam	SelectCare	TakeCare	
PPO1500	I	\$ 201.84	\$ 207.51	\$ 235.24	\$ 33.40	17%	\$ 27.73	13%
	II	\$ 381.71	\$ 392.87	\$ 431.96	\$ 50.25	13%	\$ 39.09	10%
	III	\$ 299.90	\$ 312.61	\$ 369.05	\$ 69.15	23%	\$ 56.44	18%
	IV	\$ 491.68	\$ 511.38	\$ 602.69	\$111.01	23%	\$ 91.31	18%

Employer Share of Dental Premiums per Pay Period								
Plan	Class	FY2023		FY2024	Change			
		TakeCare		Gov. Guam	TakeCare			
Dental Active	I	\$ 10.49		\$ 11.46	\$ 0.97	9%		
	II	\$ 13.80		\$ 15.12	\$ 1.32	10%		
	III	\$ 11.41		\$ 12.63	\$ 1.22	11%		
	IV	\$ 18.62		\$ 20.37	\$ 1.75	9%		

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Management's Discussion and Analysis, continued

Airline incentives

FY2025 vs. FY2024

Airline incentives was a new program launched in fiscal year 2025 with a cost of \$4.6M. The program was established to proactively address and mitigate the critical aircraft and seat capacity shortages limiting air travel to Guam. The strategic intent is twofold. First, support current carriers by provide operational and financial support to airlines already operating in Guam to help them maintain or scale up their existing routes. Second, attract new carriers by providing lower entry risks for prospective airline partners interested in establishing new routes to the island. For FY2025, funding was strategically deployed toward flights from South Korea and Taiwan, as these visitor markets were the most impacted by post-pandemic capacity constraints. By stabilizing the supply of incoming flights, this program serves as a foundational driver for Guam's tourism recovery and economic growth.

Sponsorships

FY2025 vs. FY2024

Sponsorships decreased by 55% as the Bureau managed the TAF revenue shortfall. In response to lower funding levels, GVB rebalanced its strategic priorities to protect core source market programs and ensure a sustained tourism recovery. As part of this fiscal realignment, the Bureau reduced discretionary non-marketing costs, which included a significant reduction in sponsorship funding.

FY2024 vs. FY2023

Sponsorships increased by 51% from the prior year. GVB awarded sponsorships to 90 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.

Travel

FY2025 vs. FY2024

Travel decreased by 10%, impacted by the TAF revenue shortfall as trips were postponed or cancelled as GVB balanced available funds.

FY2024 vs. FY2023

Travel increased by 17%. As Guam's governmental agency tasked with promoting tourism, GVB conducts frequent travel to core markets for the purpose of increasing tourism arrivals, conducting formal meetings with key stakeholders, and developing new markets. A key driver for the increase was GVB's attendance on the Guam-Haneda inaugural flight and subsequent GVB travels to promote the flight. It should be noted that travel expenditures prior to the pandemic, particularly in FY2019 and FY2018 were \$711K and \$845K, respectively.

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Management's Discussion and Analysis, continued

Depreciation and Amortization

FY2025 vs. FY2024

Depreciation and amortization decreased by 16%, driven by the expiration of SBITA contracts during FY2025. These contracts are renewed in the next fiscal year and will follow the required capitalization and amortization process. GVB did not purchase significant fixed assets in FY2025.

FY2024 vs. FY2023

Depreciation increased by 10%. The increase is due to the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 96 which requires capitalization of subscription-based information technology agreements and amortization throughout the term of the agreement. Amortization related to GASB Statement No. 96 was \$315K in FY2024.

Promotional in-kind contributions

FY2025 vs. FY2024

In-kind contributions increased by 85%, as GVB requested more donations to assist in marketing campaigns amidst a revenue shortfall. Historically, in-kind contributions maintain an inverse relationship with revenue performance. These balances remain nominal during periods of steady cash flow, inversely management proactively secures donated goods and services to sustain essential marketing campaigns when revenue streams underperform.

FY2024 vs. FY2023

In-kind contributions decreased by 25%. This decrease was expected as GVB experienced an increase in cash flow and appropriations, minimizing the need to seek donations from local businesses.

Materials & Supplies

FY2025 vs. FY2024

Expenses for materials and supplies decreased by 54%. This line item was also impacted by the revenue shortfall, as GVB strategized to minimize expenses.

FY2024 vs. FY2023

Expenditures related to the purchase of materials and supplies increased by 211% and driven by the increased marketing activities and destination development projects in Tumon.

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Management's Discussion and Analysis, continued

Miscellaneous

FY2025 vs. FY2024

Miscellaneous expenditures decreased by 41%. Similar to sponsorships, the decrease is an impact of the revenue shortfall as GVB prioritized funding for source market programs.

FY2024 vs. FY2023

Miscellaneous expenditures increased by 10%. These expenditures include cost for various marketing events held in Guam and the United States, trade booths, insurance policy premiums, postal services, marketing collaterals, dues and memberships to professional organizations and fuel. The increase was driven by the spend in marketing collaterals used in tradeshow, in which collaterals 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.

Equipment

FY2025 vs. FY2024

Equipment expenses increased by 50%, driven by the replacement of aged computers in the office. Computers over five (5) years old were replaced as having updated equipment provides access to modern software used in the visitor industry. The computers were below GVB's asset capitalization threshold; therefore it was expensed.

FY2024 vs. FY2023

Expenditures for equipment purchases decreased by 58%. GVB scaled back on equipment purchases in FY2024, opting to allocate more resources to destination development, therefore resulting in the decrease.

Utilities

FY2025 vs. FY2024

Utilities decreased by 19%, caused the maintenance team's reduction in water hydrants usage along Tumon.

FY2024 vs. FY2023

Utilities saw a slight decrease of 1%. These costs include electricity and telephone bills used by GVB in its normal course of business as well as water cost within GVB's office and its water hydrants along Tumon.

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Management’s Discussion and Analysis, continued

Repairs and Maintenance

FY2025 vs. FY2024

Repairs and maintenance cost decreased by 98%, reflecting the impact of the San Vitores Streetlight Update (details below) completed in the prior year.

FY2024 vs. FY2023

Repairs and maintenance cost increased by 625%, driven by the San Vitores Streetlight Upgrade which was completed in FY2024. 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 Hotel Occupancy Tax bonds.

Non-Operating Revenues (Expenses)

This section provides a comparative discussion of GVB’s non-operating revenues (expenses) for the three-year period. The significant accounting policies impacting revenue are detailed in footnote 2 of the Notes to Financial Statements. Unless specified otherwise, comparisons noted are for the full fiscal years.

Fiscal year ended September 30,	2025 (CY)	2024 (PY)	% Chng. CY vs. PY	2023 (FY23)	% Chng. PY vs. FY23
Grants-in-aid from Government of Guam	\$ 22,055,683	\$ 30,356,848	-27%	\$ 26,704,337	14%
Federal contributions	496,710	-	100%	26,922	-100%
Consumption tax refund	453,455	297,001	53%	369,465	-20%
In-kind contributions	320,168	172,803	85%	230,534	-25%
Interest income	183,277	148,053	24%	71,213	108%
Cultural and sport ambassadors fund	-	(22,075)	-100%	(101,675)	-78%
Other non-operating income, net	396,979	2,071,336	-81%	22,250	9209%
Total non-operating revenues, net	\$ 23,906,272	\$ 33,023,966	-28%	\$ 27,323,046	21%

Grants-in-aid from Government of Guam

FY2025 vs. FY2024

GVB’s main revenue source is derived from legislative appropriations, recorded in the financial statements as Grants-in-aid from the Government of Guam. Total appropriations received in FY2025 were \$22.1M, a 27% decrease from the prior year. Majority of appropriations in FY2025 were sourced by the Tourist Attraction Fund (“TAF”), exposing GVB to funding risks if visitor arrivals are negatively impacted.

During FY2025, visitor arrivals decreased by approximately 3% year-over-year. This downturn directly impacted TAF collections, resulting in a \$5.7M revenue shortfall. This volatility underscores GVB’s inherent funding risks and dependency on visitor arrivals.

Guam Visitors Bureau
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Management’s Discussion and Analysis, continued

FY2024 vs. FY2023

Total appropriations received in FY2024 were \$30.4M, a 14% increase from the prior year. The appropriations were 100% funded Tourist Attraction Fund (“TAF”), with \$6.9M received from excess collections from the TAF. The increased appropriation reflects the continuous improvement in tourism arrivals accompanied by the TAF collections from military and Department of Defense activities, a driver of the financial viability of GVB and the Tourist Attraction Fund.

Federal Contributions

FY2025 vs. FY2024

Federal contributions increased in FY2025, driven by Government of Guam’s instructions to utilize SLFRF for the installation of solar street lights in village parks and highly utilized areas in Agana.

Interest Income

FY2024 vs. FY2023

Interest income increased by 108%, driven by the \$138K interest earned from Time Certificate of Deposits (“TCDs”) in GVB’s investment account. GVB’s investment account, which has a total balance of \$2.9M, is 100% allocated to TCDs. The investment account benefited from the high interest rates in 2024, where rates averaged between 4% to 5%.

Consumption Tax Refund

Revenue recorded as consumption tax refund represents the tax refund on all eligible marketing expenditures incurred in Japan and South Korea. With the assistance of GVB Japan and GVB South Korea tax refunds documents prepared by certified public accountants and filed with the respective governments. Once approved, the Japanese and South Korean governments issue a 10% cash refund on all eligible expenditures.

FY2025 vs. FY2024

Consumption tax refunds increased by 53%, driven by the timing of tax refund collections. As detailed below, this increase was expected as refunds filed in FY2024 were received in FY2025.

FY2024 vs. FY2023

Consumption tax refunds decreased by 20% from the prior year. This decrease was driven by the timing of consumption tax collection, notably in Japan. This timing will cause a shift in revenues in FY2025.

Guam Visitors Bureau
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Management's Discussion and Analysis, continued

Other Non-Operating Income, net

FY2025 vs. FY2024

Other non-operating income, net decreased by 81%. This decrease was expected and caused by an isolated \$1.9M funding stream received in the prior year from the Guam Economic Development Authority. Please refer to details below for the prior year information.

FY2024 vs. FY2023

Other non-operating income, net increased by 9,209% from the prior year. This revenue stream includes monies received from other Government of Guam agencies, tour guide certification fees, race fee collections from the Ko'Ko' Road Race, guidebook participation fees and booth participation fees. As GVB is a non-profit and semi-autonomous governmental entity, the purpose of this revenue is not to generate profit, but rather to offset the cost of its related activities.

The main driver for the increase is the \$2.0M funds received from the Guam Economic Development Authority, for the purpose of repair and installation of solar streetlights along Tumon. GVB completed project in FY2024. Additional drivers for the increase are \$129K earned for booth participation and guidebook participations fees from GVB members and tourism businesses and \$63K in donations from GVB members for the Korean tourist who fell victim to an attack on January 2024.

Guam Visitors Bureau
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Statements of Net Position

	September 30,	
	<u>2025</u>	<u>2024</u>
Assets and deferred outflows of resources		
Current assets:		
Cash - unrestricted	\$25,801,876	\$22,874,253
Cash - restricted	48,526	47,589
Investments	4,530,054	1,590,428
Due from the Government of Guam	---	5,102,817
Accounts receivable - others	24,935	30,022
Prepaid expenses	<u>65,896</u>	<u>31,154</u>
Total current assets	30,471,287	29,676,263
Security deposits	45,078	45,078
Cash - restricted	5,233,207	14,768,765
Capital assets:		
Non-depreciable capital assets	5,992,415	5,992,415
Subscription-based IT assets, net	---	189,084
Depreciable capital assets, net	<u>641,605</u>	<u>700,257</u>
Total assets	<u>42,383,592</u>	<u>51,371,862</u>
Deferred outflows of resources:		
Deferred outflows from OPEB	1,451,620	1,538,397
Deferred outflows from pension	<u>1,876,346</u>	<u>2,937,546</u>
Total deferred outflows of resources	<u>3,327,966</u>	<u>4,475,943</u>
Total assets and deferred outflows of resources	<u>\$45,711,558</u>	<u>\$55,847,805</u>

See accompanying notes.

Guam Visitors Bureau
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Statements of Net Position, continued

	September 30,	
	<u>2025</u>	<u>2024</u>
Liabilities, deferred inflows of resources and net position		
Current liabilities:		
Accounts payable	\$ 9,003,835	\$ 2,928,470
Accrued payroll	150,026	127,410
Accrued annual leave	283,165	319,325
Subscription-based IT liability	---	194,658
Current portion of lease liability	55,856	24,889
Unearned income	<u>24,895</u>	<u>25,700</u>
Total current liabilities	9,517,777	3,620,452
Collective total OPEB liability	5,585,850	6,786,760
Net pension liability	5,968,025	7,334,643
Advances from grantor - restricted	4,989,721	14,525,279
Pass through appropriations payable – restricted	65,001	65,001
Accrued sick leave	338,945	88,194
Lease liability - net of current portion	<u>---</u>	<u>1,955</u>
Total liabilities	<u>26,465,319</u>	<u>32,422,284</u>
Deferred inflows of resources:		
Deferred inflows from OPEB	3,376,758	2,277,327
Deferred inflows from pension	<u>853,787</u>	<u>269,449</u>
Total deferred inflows of resources	<u>4,230,545</u>	<u>2,546,776</u>
Net position:		
Net investment in capital assets	6,634,020	6,881,756
Restricted - expendable for:		
Special projects	178,485	178,485
Other purposes	43,171	43,170
Cultural and sports ambassadors travels	5,355	4,418
Unrestricted	<u>8,154,663</u>	<u>13,770,916</u>
Total net position	<u>15,015,694</u>	<u>20,878,745</u>
Total liabilities, deferred inflows of resources and net position	<u>\$45,711,558</u>	<u>\$55,847,805</u>

See accompanying notes.

Guam Visitors Bureau
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Statements of Revenues, Expenses and Changes in Net Position

	Year Ended September 30,	
	<u>2025</u>	<u>2024</u>
Revenues:		
Memberships	\$ 53,707	\$ 31,600
Other income	<u>190,564</u>	<u>236,228</u>
Total operating revenues	<u>244,271</u>	<u>267,828</u>
Expenses:		
Professional services	15,896,007	14,885,656
Personnel	6,194,978	5,874,907
Airline incentives	4,612,705	---
Sponsorships	695,660	1,549,318
Travel	537,318	594,706
Amortization and depreciation	457,471	544,286
Promotional in-kind contributions	320,168	172,803
Materials and supplies	315,074	678,041
Miscellaneous	300,097	511,681
Equipment	222,897	148,688
Administrative costs	143,129	136,039
Utilities	122,469	151,407
Advertising	74,132	82,396
Insurance	58,977	31,255
Repairs and maintenance	34,108	1,876,995
Rent/lease	13,386	57,609
Foreign currency loss	12,139	29,846
Printing	2,879	17,405
Grants	<u>---</u>	<u>13,000</u>
Total operating expenses	<u>30,013,594</u>	<u>27,356,038</u>
Operating revenues net of operating expenses	<u>(29,769,323)</u>	<u>(27,088,210)</u>
Nonoperating revenues (expenses):		
Grants-in-aid from GovGuam	22,055,683	30,356,848
Federal contributions	496,710	---
Consumption tax refund	453,455	297,001
In-kind contributions from members and others	320,168	172,803
Interest income	183,277	148,053
Cultural and sports ambassadors fund	---	(22,075)
Other nonoperating income, net	<u>396,979</u>	<u>2,071,336</u>
Total nonoperating revenues, net	<u>23,906,272</u>	<u>33,023,966</u>
Change in net position	(5,863,051)	5,935,756
Net position at the beginning of the year	<u>20,878,745</u>	<u>14,942,989</u>
Net position at the end of the year	<u>\$15,015,694</u>	<u>\$20,878,745</u>

See accompanying notes.

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Year Ended September 30,	
	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from members	\$ 52,902	\$ 49,700
Cash received from other sources	195,651	725,714
Cash paid to employees	(5,957,771)	(5,914,606)
Cash paid to suppliers	<u>(16,736,136)</u>	<u>(20,072,713)</u>
Net cash used for operating activities	<u>(22,445,354)</u>	<u>(25,211,905)</u>
Cash flows from noncapital financing activities:		
Government of Guam appropriations	27,158,500	29,346,798
Federal grants	(9,038,848)	---
Other receipts, net	<u>1,033,711</u>	<u>2,494,315</u>
Net cash provided by noncapital financing activities	<u>19,153,363</u>	<u>31,841,113</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(102,990)	(559,878)
Lease payments	(77,733)	(79,655)
Subscription payments	<u>(194,658)</u>	<u>(238,831)</u>
Cash used for capital and related financing activities	<u>(375,381)</u>	<u>(878,364)</u>
Cash flows from investing activity –		
Investment in TCD	<u>(2,939,626)</u>	<u>(90,823)</u>
Net change in cash	(6,606,998)	5,660,021
Cash at beginning of year	<u>37,690,607</u>	<u>32,030,586</u>
Cash at end of year	<u>31,083,609</u>	<u>37,690,607</u>
Consisting of:		
Unrestricted	25,801,876	22,874,253
Restricted	<u>5,281,733</u>	<u>14,816,354</u>
Cash at end of year	<u>31,083,609</u>	<u>37,690,607</u>

See accompanying notes.

Guam Visitors Bureau
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Statement of Cash Flows, continued

	Year Ended	
	September 30,	
	<u>2025</u>	<u>2024</u>
Reconciliation of operating revenues net of operating expense to net cash used for operating activities:		
Operating revenues net of operating expenses	\$(29,769,323)	\$(27,088,210)
Adjustments to reconcile operating revenues net of operating expenses to net cash used for operating activities:		
Promotional in-kind contributions	320,168	172,803
Amortization and depreciation	457,471	544,286
Non-cash OPEB costs	(153,647)	340,313
Non-cash pension costs	(1,378,101)	1,752,087
Gain on SBITA termination	---	(4,167)
Decrease (increase) in assets:		
Accounts receivable - others	5,087	161,655
Prepaid expenses	(34,742)	(15,408)
Increase (decrease) in liabilities:		
Accounts payable and pass-through appropriations payable	6,075,365	3,032
Accrued payroll	22,616	45,845
Unearned income	(805)	18,100
Collective total OPEB liability	1,657,021	(103,373)
Net pension liability	138,945	(999,169)
Accrued annual and sick leave	<u>214,591</u>	<u>(39,699)</u>
Net cash used for operating activities	<u>\$(22,445,354)</u>	<u>\$(25,211,905)</u>

See accompanying notes.

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

1. Organization

The Guam Visitors Bureau (GVB) is a public corporation established for the purpose of promoting the visitor industry in Guam. GVB is considered a component unit of the Government of Guam (GovGuam). GVB receives operating appropriations that derive from the GovGuam Tourist Attraction Fund, as appropriated by the Guam Legislature.

GVB is governed by a thirteen-member Board of Directors. The Board members comprise, GVB General Manager, Directors elected at large by GVB members and appointments made by the Governor and the Guam Legislature.

2. Summary of Significant Accounting Policies

The accompanying financial statements of GVB have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GASB is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. GVB's significant accounting policies are described below:

Basis of Accounting

GVB utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with GAAP as applied to governmental units using the accrual basis of accounting.

GVB's revenues are derived primarily from other income (sponsorship and donations) and memberships which are reported as operating revenues. Capital, grants, financing or investing related transactions are reported as non-operating revenues/expenses. Revenue is recognized on the accrual basis. All expenses related to GVB's operations are reported as operating expenses.

Net Position

Net position represents the residual interest in GVB's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of the following three sections:

- Net investment in capital assets: capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Net Position, continued

- Restricted: nonexpendable - net position subject to externally imposed stipulations that require GVB to maintain them permanently. Expendable – net position whose use by GVB is subject to externally imposed stipulations that can be fulfilled by actions of GVB pursuant to those stipulations or that expire with the passage of time.
- Unrestricted: net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash

For purposes of the statements of net position and of cash flows, cash is defined as cash on hand, cash deposits in banks, and time certificates of deposit with initial maturities of three months or less. Investments in time certificates of deposit with original maturity dates greater than three months are separately classified on the statement of net position.

Capital Assets

Property and equipment with a cost that equals or exceeds \$50,000 effective August 2024, and \$5,000 in prior periods, are capitalized. Such assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 20 years.

Foreign Currency Translation and Risk

Transactions in foreign currencies are recorded at the quarterly average exchange rate as of the transaction date. Amounts receivable and payable in foreign currencies are translated to U.S. dollars at the exchange rate in effect on the statement of net position date.

As of September 30, 2025 and 2024, GVB's unrestricted cash includes \$133,765 and \$421,655, respectively, settled in a foreign currency. GVB is exposed to the risk of unfavorable changes in the exchange rate that may occur.

A loss on foreign exchange transactions of \$12,139 and \$29,846 was recognized for the years ended September 30, 2025 and 2024, respectively.

Guam Visitors Bureau
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Advances from Grantor

Advances from grantor represents federal funds received in advance of eligible expenditures which have not been earned or do not meet the "available" criterion for revenue recognition under the accrual basis of accounting. Such funds are restricted until eligibility requirements are met.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GVB has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, changes of assumptions, pension and OPEB contributions made subsequent to the measurement date, and changes in proportion and difference between pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. GVB has determined the differences between expected and actual experience with regard to economic and demographic factors in the measurement of the total pension and collective total OPEB liabilities, differences between projected and actual earnings on pension plan investments, changes of assumptions, and changes in proportion and difference between pension contributions and proportionate share of contributions qualify for reporting in this category, the measurement of the total pension and collective total OPEB liabilities, differences between projected and actual earnings on pension plan investments, changes of assumptions, and changes in proportion and difference between pension contributions and proportionate share of contributions qualify for reporting in this category.

Annual Leave and Sick Leave (Compensated Absences)

Earned unpaid employee vacation and sick leave are accrued at year end based on estimated future usage using a three-year "historical days used" approach under the FIFO (first-in, first-out) flow assumption. Earned unpaid employee vacation and sick leave required to be paid upon separation or retirement are also accrued at year end.

Guam Visitors Bureau
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GVB recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GVB's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GVB's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Other Postemployment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. OPEB offered to GVB retirees includes health and life insurance. GVB recognizes collective total OPEB liability for the defined benefit OPEB plan in which it participates, which represents GVB's proportional share of total collective total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established; thus, the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the collective total OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the collective total OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Consumption Tax Refund

GVB receives a consumption tax refund from the Japanese treasury by quarter based the Japan Consumption Tax rate, which is between 8-10% of certain expenditures incurred in Japan and reported to the Japanese treasury by the GVB Japan overseas office.

In-Kind Contributions

GVB receives in-kind contributions from its members and records such as of the date of receipt of the attendant goods or services. Title 12 of the Guam Code Annotated states that the Legislature may condition payment of grants-in-aid to a matching requirement of in-kind contributions at a rate of no more than 20 cents for every 80 cents appropriated. However, this requirement was not imposed during the years ended September 30, 2025 and 2024.

GVB records in-kind contributions in the period received based on the value assigned by the grantor.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject GVB to concentrations of credit risk consist principally of cash demand deposits and accounts receivable.

At September 30, 2025 and 2024, GVB has cash deposits in bank accounts that exceed federal depository insurance limits. GVB has not experienced any losses as a result of this practice.

Substantially all of GVB's accounts receivable are due from companies and government agencies based in Guam. GVB establishes an allowance for doubtful accounts based on management's evaluation of potential uncollectibility.

Risk Management

GVB is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is provided for claims arising from such matters. No losses as a result of this practice have occurred during the past three years.

Guam Visitors Bureau
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2025, GVB implemented the following pronouncements:

GASB Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The implementation of these Statements did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues identified through agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following: a) management's discussion and analysis (MD&A); b) unusual or infrequent items; c) presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; d) information about major component units in basic financial statements; e) budgetary comparison information; and f) financial trends information in the statistical section. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

Guam Visitors Bureau
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. GASB Statement No. 105 will be effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

GVB is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

Guam Visitors Bureau
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Notes to Financial Statements, continued

3. Cash

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, GVB's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GVB does not have a deposit policy for custodial credit risk.

As of September 30, 2025 and 2024, the carrying amount of GVB's total cash were \$31,083,609 and \$37,690,607, respectively, and the corresponding bank balance were \$31,133,882 and \$37,826,410, respectively. Of the bank balance as of September 30, 2025 and 2024, \$31,000,117 and \$37,404,754, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance with the remaining amount of \$133,765 and \$421,656, respectively, being maintained in a financial institution not subject to depository insurance. As of September 30, 2025 and 2024, bank deposits in the amount of \$585,121 and \$555,980, respectively, were FDIC insured.

In accordance with 5 GCA 21, Investments and Deposits, GovGuam requires collateralization of deposits in excess of depository insurance limits in an amount in value at least ten percent in excess of the amount of monies deposited with the financial institution. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and interest; evidence of indebtedness of GovGuam; investment certificates of the Federal Home Loan Bank; or such other securities as may be approved by the Director of Administration and the Governor of Guam. As of September 30, 2025 and 2024, substantially all of GVB's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GVB's name.

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Notes to Financial Statements, continued

3. Cash, continued

As of September 30, 2025 and 2024, restricted cash presented under current assets consists of cash held by GVB in the Rainy Day Fund, Cultural and Sports Ambassadors Fund and funds restricted for other purposes are as follows:

	<u>2025</u>	<u>2024</u>
Other purposes	\$37,455	\$37,455
Rainy Day Fund	5,716	5,716
Cultural and Sports Ambassadors Fund	<u>5,355</u>	<u>4,418</u>
 Total restricted cash	 <u>\$48,526</u>	 <u>\$47,589</u>

Rainy Day Fund is used to support identified activities to meet unforeseen or unanticipated challenges resulting from a natural or man-made disaster that has occurred on Guam or from external economic conditions that severely affect tourism.

Cultural and Sports Ambassadors Fund is used to provide grants for transportation expenses for off-island travel by cultural and sports ambassadors.

As of September 30, 2025 and 2024, cash restricted for special projects and pass through appropriations of \$5,233,207 and \$14,768,765, respectively, is presented as a noncurrent asset.

4. Short-term Investments

Short-term investments at September 30, 2025 and 2024 represent certificates of deposit in the amount of \$4,530,054 and \$1,590,428, respectively, are FDIC insured. These investments will mature within the next year.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GVB will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of September 30, 2025 and 2024, GVB's short-term investments are held and administered by investment managers in the name of GVB in accordance with GVB's investment policy.

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Notes to Financial Statements, continued

5. Capital Assets

A summary of capital asset activities for the year ended September 30, 2025 is as follows:

	Beginning Balance <u>October 1, 2024</u>	<u>Additions</u>	Transfers and <u>Disposals</u>	Ending Balance <u>September 30, 2025</u>
Non-depreciable: Land	\$ <u>5,992,415</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>5,992,415</u>
Depreciable:				
Building	2,500,000	---	---	2,500,000
Building improvements	63,075	---	---	63,075
Leasehold improvements	140,846	---	---	140,846
Furniture and fixtures	115,006	---	---	115,006
Software and programming	122,513	---	---	122,513
Equipment	487,123	---	---	487,123
Vehicles and automobiles	486,594	102,990	---	589,584
Leased assets	<u>204,728</u>	<u>106,745</u>	(<u>99,080</u>)	<u>212,393</u>
	4,119,885	209,735	(<u>99,080</u>)	4,230,540
Less: accumulated amortization and depreciation	(<u>3,419,628</u>)	(<u>268,387</u>)	<u>99,080</u>	(<u>3,588,935</u>)
Depreciable capital assets, net	<u>700,257</u>	(<u>58,652</u>)	<u>---</u>	<u>641,605</u>
Subscription-based IT assets	567,252	---	(<u>567,252</u>)	---
Less: accumulated amortization	(<u>378,168</u>)	(<u>189,084</u>)	<u>567,252</u>	<u>---</u>
Subscription-based IT assets, net	<u>189,084</u>	(<u>189,084</u>)	<u>---</u>	<u>---</u>
	<u>\$6,881,756</u>	\$(<u>247,736</u>)	\$ <u>---</u>	<u>\$6,634,020</u>

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Notes to Financial Statements, continued

5. Capital Assets, continued

A summary of capital asset activities for the year ended September 30, 2024 is as follows:

	Beginning Balance <u>October 1, 2023</u>	<u>Additions</u>	Transfers and <u>Disposals</u>	Ending Balance <u>September 30, 2024</u>
Non-depreciable: Land	\$ <u>5,992,415</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>5,992,415</u>
Depreciable:				
Building	2,500,000	---	---	2,500,000
Building improvements	63,075	---	---	63,075
Leasehold improvements	140,846	---	---	140,846
Furniture and fixtures	115,006	---	---	115,006
Software and programming	122,513	---	---	122,513
Equipment	370,964	116,159	---	487,123
Vehicles and automobiles	42,875	443,719	---	486,594
Leased assets	<u>204,728</u>	<u>---</u>	<u>---</u>	<u>204,728</u>
	<u>3,560,007</u>	<u>559,878</u>	<u>---</u>	<u>4,119,885</u>
Less: accumulated amortization and depreciation	<u>(3,116,150)</u>	<u>(303,478)</u>	<u>---</u>	<u>(3,419,628)</u>
Depreciable capital assets, net	<u>443,857</u>	<u>256,400</u>	<u>---</u>	<u>700,257</u>
Subscription-based IT assets	825,872	---	(258,620)	567,252
Less: accumulated amortization	<u>(240,808)</u>	<u>(240,808)</u>	<u>103,448</u>	<u>(378,168)</u>
Subscription-based IT assets, net	<u>585,064</u>	<u>(240,808)</u>	<u>(155,172)</u>	<u>189,084</u>
	<u>\$7,021,336</u>	<u>\$ 15,592</u>	<u>\$(155,172)</u>	<u>\$6,881,756</u>

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Notes to Financial Statements, continued

6. Pensions

GVB is statutorily responsible for providing pension benefits for GVB employees through the GovGuam Retirement Fund (GGRF).

General Information About the Pension Plans

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS) plan. The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GVB, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995 and prior to January 1, 2018, were required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2020 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

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Notes to Financial Statements, continued

6. Pensions, continued

General Information About the Pension Plans, continued

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Government of Guam Retirement Security Plan (GRSP).

On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees may elect, during the “election window”, to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee’s base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

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Notes to Financial Statements, continued

6. Pensions, continued

General Information About the Pension Plans, continued

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced $\frac{1}{2}$ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and GVB are established and may be amended by the GGRF.

GVB's statutory contribution rate was 30.77% and 29.43% for the years ended September 30, 2025 and 2024, respectively. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2025 and 2024.

GVB's contribution to the DB Plan for the years ended September 30, 2025 and 2024 was \$415,601 and \$370,273, respectively, which were equal to the statutorily required contributions for the years then ended.

GVB's contribution for supplemental annuity benefit and COLA payments for each of the years ended September 30, 2025 and 2024 was \$41,400, which was equal to the statutorily required contributions for the years then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the year ended September 30, 2025 and 2024 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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Notes to Financial Statements, continued

6. Pensions, continued

General Information About the Pension Plans, continued

GVB’s contribution to the DCRS Plan for the years ended September 30, 2025 and 2024 were \$741,295 and \$625,877 which were equal to the required contributions for the respective year then ended. Of these amounts, \$592,709 and \$494,039 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2025 and 2024, respectively.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability: Net pension liability at the fiscal years presented for the aforementioned plans was measured on and was determined by actuarial valuations as of the following dates:

	<u>2025</u>	<u>2024</u>
Reporting Date:	September 30, 2025	September 30, 2024
Measurement Date:	September 30, 2024	September 30, 2023
Valuation Date:	September 30, 2023	September 30, 2022

As of September 30, 2025 and 2024, GVB’s reported net pension liability for its proportionate share of the net pension liability measured as of September 30, 2024 and 2023, are comprised of the following:

	<u>2025</u>	<u>2024</u>
Defined Benefit Plan	\$5,373,251	\$6,776,648
Ad Hoc COLA/supplemental annuity Plan for DB retirees	449,736	387,118
Ad Hoc COLA Plan for DCRS retirees	<u>145,038</u>	<u>170,877</u>
	<u>\$5,968,025</u>	<u>\$7,334,643</u>

GVB’s proportion of the GovGuam net pension liability was based on GVB’s expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam’s component units. At September 30, 2025 and 2024, GVB’s proportionate shares of the GovGuam net pension liability are as follows:

	<u>2025</u>	<u>2024</u>
Defined Benefit Plan	0.51%	0.49%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	0.15%	0.14%
Ad Hoc COLA Plan for DCRS retirees	0.20%	0.22%

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Notes to Financial Statements, continued

6. Pensions, continued

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Pension Expense (Benefit): For the years ended September 30, 2025 and 2024, GVB recognized pension expense for its proportionate share of plan pension expense from the above pension plans are as follows:

	<u>2025</u>	<u>2024</u>
Defined Benefit Plan	\$1,363,382	\$1,669,504
Ad Hoc COLA/supplemental annuity Plan for DB retirees	30,843	51,705
Ad Hoc COLA Plan for DCRS retirees	(16,124)	<u>30,878</u>
	<u>\$1,378,101</u>	<u>\$1,752,087</u>

Deferred Outflows and Inflows of Resources: At September 30, 2025 and 2024, GVB reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB</u>		<u>Ad Hoc COLA Plan for DCRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,272	\$(40,436)	\$ 21,759	\$(7,617)	\$ 15,182	\$(1,677)
Net difference between projected and actual investment earnings on pension plan investments	---	(688,019)	---	---	---	---
Changes of assumptions	---	(21,694)	9,887	---	30,503	(23,646)
Contributions subsequent to the measurement date	1,008,310	---	34,500	---	6,900	---
Changes in proportion and difference between GVB contributions and proportionate share of contributions	<u>674,469</u>	<u>---</u>	<u>6,658</u>	<u>(11,757)</u>	<u>60,906</u>	<u>(58,941)</u>
	<u>\$1,690,051</u>	<u>\$(750,149)</u>	<u>\$ 72,804</u>	<u>\$(19,374)</u>	<u>\$ 113,491</u>	<u>\$(84,264)</u>

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Notes to Financial Statements, continued

6. Pensions, continued

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Deferred Outflows and Inflows of Resources, continued:

	2024					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB</u>		<u>Ad Hoc COLA Plan for DCRS</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 69,582	\$(76,227)	\$ ---	\$(15,678)	\$ 16,741	\$(2,198)
Net difference between projected and actual investment earnings on pension plan investments	881,971	---	---	---	---	---
Changes of assumptions	---	(40,896)	5,931	(19,723)	33,082	(30,251)
Contributions subsequent to the measurement date	864,312	---	34,500	---	6,900	---
Changes in proportion and difference between GVB contributions and proportionate share of contributions	<u>950,157</u>	<u>---</u>	<u>5,640</u>	<u>(23,514)</u>	<u>68,730</u>	<u>(60,962)</u>
	<u>\$2,766,022</u>	<u>\$(117,123)</u>	<u>\$46,071</u>	<u>\$(58,915)</u>	<u>\$125,453</u>	<u>\$(93,411)</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Defined Benefit Plan</u>	<u>Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan for DCRS Retirees</u>
2026	\$ 100,525	\$10,362	\$ 3,540
2027	401,199	9,890	3,540
2028	(234,577)	(1,322)	3,483
2029	(335,555)	---	2,777
2030	---	---	403
Thereafter	<u>---</u>	<u>---</u>	<u>8,584</u>
	<u>\$(68,408)</u>	<u>\$18,930</u>	<u>\$22,327</u>

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Notes to Financial Statements, continued

6. Pensions, continued

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Actuarial Cost Method:	Entry age
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (10.58 years remaining as of September 30, 2022)
Asset valuation method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.50% per year
Total payroll growth:	First year (FYE23 over FYE22) 4.00%, then 2.50% per year
Salary increases:	6.0% per year for the first 5 years, 4.5% for 6-10 years, 3% for 11-15 years and 3% for service over 15 years.
Retirement age:	40% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 70.
Mortality:	PUB-2010 general employee, general retiree, general contingent survivor, and disabled retiree tables. Employee, retiree and disabled tables, males +4 / females +2. Contingent survivor table, males +3 / females +4. All tables are 130% before age 80 and are projected generationally from 2010 using 50% of Scale MP-2020.

The actuarial assumptions used in the September 30, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period October 1, 2015 to September 30, 2020. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ.

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Notes to Financial Statements, continued

6. Pensions, continued

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Actuarial Assumptions, continued:

The investment rate assumption as of September 30, 2023 and 2022 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.83%	2.03%
U.S. Equities (small cap)	4.0%	9.32%	0.37%
Non-U.S. Equities	17.0%	10.12%	1.72%
Non-U.S. Equities (emerging markets)	3.0%	11.79%	0.35%
U.S. Fixed Income (aggregate)	22.0%	4.86%	1.07%
Risk Parity	8.0%	6.53%	0.52%
High Yield Bonds	8.0%	6.54%	0.52%
Global Real Estate (REITs)	2.5%	9.34%	0.23%
Global Equity	7.5%	8.59%	0.64%
Global Infrastructure	2.0%	8.42%	0.17%
Expected average return for one year			7.64%
Expected geometric mean (30 years)			6.91%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2024 and 2023 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments for both DB plan and DCRS plan as of September 30, 2024 and 2023 was 3.81% and 4.09%, respectively, which is equal to the rate of return of a high quality bond index.

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Notes to Financial Statements, continued

6. Pensions, continued

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GVB's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase in Discount Rate <u>8.0%</u>
Net Pension Liability	\$7,039,418	\$5,373,251	\$3,938,800

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>2.81%</u>	Current Discount Rate <u>3.81%</u>	1% Increase in Discount Rate <u>4.81%</u>
Net Pension Liability	\$490,777	\$449,736	\$413,997

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>2.81%</u>	Current Discount Rate <u>3.81%</u>	1% Increase in Discount Rate <u>4.81%</u>
Net Pension Liability	\$162,760	\$145,038	\$130,015

Payables to the Pension Plans

As of September 30, 2025 and 2024, GVB has no outstanding payable to GGRF representing statutorily required contributions as of year-end.

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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB)

GVB participates in the retiree health care benefits program. GovGuam’s Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an other postemployment benefits plan.

OPEB Plan Description

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor’s recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a “pay-as-you-go” basis. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2nd Floor, ITC Building, 590 South Marine Corps Drive, or by visiting the Guam Department of Administration website – <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

Benefits: GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Actuarial Assumptions: The total collective total OPEB liability for the OPEB Plan was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.6% per year, based on current economic data, analyses from economists and other experts, and professional judgement. Previously, 2.5%.
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Guam Visitors Bureau
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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB), continued

OPEB Plan Description, continued

Actuarial Assumptions, continued:

Discount rate: 3.81%, compounded annually, for the measurement as of September 30, 2024.

4.09%, compounded annually, for the measurement as of September 30, 2023.

The GASB 75 discount rate is based on a tax-exempt, high-quality municipal bond rate.

Amortization rate: Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.

Salary increases: 6.0% per year for the first 5 years of service, 4.5% for 6-10 years, 3% for over 10 years.

Healthcare cost trend rates:

Fiscal Year	Claims	Retiree Contributions	Medicare Premiums
2025	7.00%	0.00%	8.76%
2026	6.50%	0.00%	7.62%
2027	6.00%	0.00%	7.00%
2028	5.50%	0.00%	7.00%
2029	5.00%	0.00%	7.00%
2030	4.50%	0.00%	7.00%
2031-2034	4.10%	0.00%	7.00%
2035	4.10%	0.00%	6.50%
2036	4.10%	0.00%	6.00%
2037	4.10%	0.00%	5.50%
2038	4.10%	0.00%	5.00%
2039	4.10%	0.00%	4.50%
Ultimate	4.10%	0.00%	4.10%

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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB), continued

OPEB Plan Description, continued

Actuarial Assumptions, continued:

Health care trend assumptions begin at current levels and grade down over a period of years to lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components is expected to decline year by year. Medical trend rates applied to projected claims costs.

Previously, retiree contribution trend rates were the same as the trend rates shown for claims.

Previously, Medicare premium trend rates were 4.25% per year in all years.

Dental trend rates:

For claims, 4.25% per year. For retiree contributions, 0% per year. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. The 0% retiree contribution increases reflect recent Guam plan experience.

Mortality rates:

Active employees: PUB-2010 General employees Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Healthy retirees: PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB), continued

OPEB Plan Description, continued

Actuarial Assumptions, continued:

Disabled retirees: PUB-2010 General Disabled Retiree Headcount-Weighted Mortality Table. Set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Survivors: PUB-2010 General Contingent Survivor Headcount-Weighted Mortality Table, set forward 3 years and 4 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

The actuarial valuation is performed using a mortality table used by Milliman, the current pension actuary, based on an actuarial experience study of the experience from 2016 to 2020 which justified the use of the current mortality tables. The mortality tables used by Milliman are weighted by amount (salary for active employees and benefit amount for those in payment status).

For this retiree medical valuation, the headcount-weighted mortality tables are used, which are more appropriate for the measurement of obligations with benefit structures uncorrelated with income.

Participation rates:

Medical - 100% of active employees who are currently covered under a GovGuam medical plan are assumed to elect medical coverage at retirement.

Dental - 100% of active employees who are currently covered under a GovGuam dental plan are assumed to elect dental coverage at retirement.

Life - 100% of active employees are assumed to elect life coverage at retirement.

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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB), continued

OPEB Plan Description, continued

Actuarial Assumptions, continued:

Medicare enrollment: Based on current retiree data for individuals age 65 and older, a 65% Medicare enrollment rate is assumed for current and future retirees upon attainment of age 65. Individuals who enroll in Medicare are assumed to participate in the Retiree Supplemental Plan (RSP). The remaining 35% are assumed not to enroll in Medicare and therefore remain in their elected non-Medicare GovGuam plan. All employees who retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore are assumed to remain in the non-Medicare GovGuam plan.

Previously, 55% of current and future retirees were assumed

to enroll in Medicare upon attainment of age 65.

Dependent status: Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.

Actuarial cost method: Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.

Employee data: Employee and retiree data as of September 30, 2024 were submitted by GovGuam. Reasonable adjustments for missing or invalid data were made.

Guam Visitors Bureau
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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB), continued

OPEB Plan Description, continued

Actuarial Assumptions, continued:

Withdrawal rates:	15% for less than 1 year of service, decreasing by 2% at 1 year, at 2 years rate decreases by 3%, then decreases by 2% at 3 years. From 4-9 years it further decreases by 1% each year and then remains at 2% for service over 9 years. (Previously, rates were at 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.)
Disability rates:	Based on an actuarial experience study from 2016-2020, 0.03% for males aged 20-39 years (0.02% for females); 0.05% - 0.10% for males aged 40-49 years (0.03% - 0.05% for females); 0.15% - 0.27% for males aged 50-59 years (0.10% - 0.14% for females); and 0.38% for males aged 60-64 years (0.19% for females).
Retirement rates:	40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

Discount rate: The discount rate used to measure the total collective total OPEB liability was 3.81% and 4.09% for the years ended September 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the municipal bond rate each year was applied to all periods of projected benefit payments to determine the total collective total OPEB liability.

OPEB plan fiduciary net position: As of September 30, 2025 and 2024, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB), continued

Collective Total OPEB Liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

Collective total OPEB liability at the fiscal year presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

	<u>2025</u>	<u>2024</u>
Reporting Date:	September 30, 2025	September 30, 2024
Measurement Date:	September 30, 2024	September 30, 2023
Valuation Date:	September 30, 2024	September 30, 2022

Collective total OPEB liability as of September 30, 2025 and 2024 is \$5,585,850 and \$6,786,760, respectively.

Proportionate share of collective total OPEB liability at September 30, 2025 and 2024 is 0.25%.

For the years ended September 30, 2025 and 2024, GVB recognized OPEB expense of \$153,647 and \$340,313, respectively.

At September 30, 2025 and 2024, GVB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2025</u>		<u>2024</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of assumptions	\$ 314,556	\$ 932,539	\$ 229,331	\$1,300,414
Difference between expected and actual experience	779,534	1,970,575	1,038,433	286,622
Contributions subsequent to the measurement date	84,755	---	69,413	---
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>272,775</u>	<u>473,644</u>	<u>201,220</u>	<u>690,291</u>
	<u>\$1,451,620</u>	<u>\$3,376,758</u>	<u>\$1,538,397</u>	<u>\$2,277,327</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total collective total OPEB liability in the following year.

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Notes to Financial Statements, continued

7. Other Post-Employment Benefits (OPEB), continued

Collective Total OPEB Liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB, continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2025 will be recognized in OPEB expense as follows:

Year Ending <u>September 30</u>	
2026	\$ 488,847
2027	379,779
2028	423,245
2029	423,245
2030	83,348
Thereafter	<u>211,429</u>
	<u>\$2,009,893</u>

Sensitivity of the total collective total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total collective total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GVB's proportionate share of the total collective total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate <u>2.81%</u>	Current Discount Rate <u>3.81%</u>	1% Increase in Discount Rate <u>4.81%</u>
Collective Total OPEB Liability	<u>\$6,488,792</u>	<u>\$5,585,850</u>	<u>\$4,854,616</u>

Sensitivity of the total collective total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total collective total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GVB's proportionate share of the total collective total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Collective Total OPEB Liability	<u>\$4,766,077</u>	<u>\$5,585,850</u>	<u>\$6,633,588</u>

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Notes to Financial Statements, continued

8. Commitments and Contingencies

A. Marketing Representation and Research

GVB entered into various marketing representation contracts in Japan, Korea, Philippines and Taiwan. The initial term of these contracts is one year, with an option to extend annually for up to three additional fiscal years upon mutual agreement.

At September 30, 2025 and 2024, the minimum future contract fees are \$1,342,800 and \$1,208,500, respectively for the proceeding years.

Additional contracts were also entered for market research, community brand building support services and other marketing efforts. The initial term of these contracts is one year, with an option to extend annually for up to four additional fiscal years upon mutual agreement.

At September 30, 2025 and 2024, the minimum future contract fees are \$860,414 and \$340,260, respectively for the proceeding years.

B. Beautification Projects

GVB entered into various beautification project contracts for island road maintenance, bus shelter maintenance, Tumon landscaping, sidewalk cleaning and holiday illumination projects.

At September 30, 2025 and 2024, the minimum future contract fees are \$685,000 and \$670,000, respectively for the proceeding years.

C. Visitor Safety

GVB entered into various contracts to provide visitor safety to Tumon and parts of Hagatna as well as emergency on-call concierge services as requested by GVB-approved government agencies.

At September 30, 2025 and 2024, the minimum future contract fees are \$2,021,197 and \$1,625,684, respectively for the proceeding years.

Guam Visitors Bureau
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Notes to Financial Statements, continued

8. Commitments and Contingencies, continued

D. Unrealized, Unasserted, Reasonably Probable Gain on Contingency

GVB's enabling act mandates that its board of directors take action to correct deficiencies and recover sums expended in violation of existing laws, rules, regulations or policies. Management herein discloses an unrealized gain contingency in connection with an unasserted claim arising from GVB's funding of sports events that were organized, managed, and co-sponsored by a third-party. In its ordinary course of business, GVB provides funding, material, and logistics support for entertainment, cultural, and sports events held in Guam. These events may be organized/sponsored and or managed by GVB or third parties. GVB records show that from calendar years 2014 to 2020, a substantial amount of payments to or on behalf of a third-party sponsor and organizer of sporting events were authorized by the board. In FY2022, management investigated the third-party sponsorship and referred its factual findings to the Guam Office of the Attorney General and the Public Auditor for their respective dispositions and independent determinations of whether such payments were made in violation of existing laws, rules or policies. Although no claims regarding payments to or on behalf of the third-party sponsor have been asserted by the board, and the likelihood of its doing so is unknown as of the date of this disclosure, management believes that there is a reasonable probability of a favorable outcome.

E. Litigation

Subsequent to fiscal year ended September 30, 2025, but prior to the date of the audit report, a civil lawsuit was filed against the Guam Visitors Bureau. At this stage of the proceedings, the outcome of the litigation is uncertain, and an evaluation of the probability of an unfavorable outcome or the range of potential loss, if any, cannot be reasonably estimated.

9. Subscription-Based Information Technology Arrangements (SBITA)

As a lessee, GVB entered into SBITAs involving tourism destination content management system and data hosting. As of September 30, 2025, all SBITA have expired and reached their contract end term. GVB entered a new contract for this arrangement at the start of the next fiscal year.

As of September 30, 2024, one of the SBITAs expired and GVB did not exercise its option to renew the contract which was initially included as part of the subscription term. GVB derecognized the related subscription-based IT asset, net and remaining liability amounting to \$155,172 and \$159,789, respectively, and recorded the related gain on SBITA termination of \$4,167 which is presented as part of other nonoperating revenues in the 2024 statement of revenues, expenses and changes in net position.

Guam Visitors Bureau
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Notes to Financial Statements, continued

10. Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the years ended September 30, 2025 and 2024 follow:

	2025				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due within one year</u>
Net pension liability	\$ 7,334,643	\$(1,366,618)	\$ ---	\$ 5,968,025	\$ ---
Collective total					
OPEB liability	6,786,760	(1,200,910)	---	5,585,850	---
Advances from grantor	14,525,279	---	(9,535,558)	4,989,721	---
Lease liability	26,844	---	29,012	55,856	55,856
Subscription-based					
IT liability	194,658	---	(194,658)	---	---
Pass thru appropriations payable	65,001	---	---	65,001	---
Accrued sick leave	<u>88,194</u>	<u>---</u>	<u>250,751</u>	<u>338,945</u>	<u>---</u>
	<u>\$29,021,379</u>	<u>\$(2,567,528)</u>	<u>\$(9,450,453)</u>	<u>\$17,003,398</u>	<u>\$55,856</u>
	2024				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due within one year</u>
Net pension liability	\$ 5,987,362	\$1,347,281	\$ ---	\$ 7,334,643	\$ ---
Collective total					
OPEB liability	5,483,000	1,303,760	---	6,786,760	---
Advances from grantor	14,525,279	---	---	14,525,279	---
Lease liability	106,499	---	(79,655)	26,844	24,889
Subscription-based					
IT liability	592,828	---	(398,170)	194,658	194,658
Pass thru appropriations payable	65,001	---	---	65,001	---
Accrued sick leave	<u>141,344</u>	<u>---</u>	<u>(53,150)</u>	<u>88,194</u>	<u>---</u>
	<u>\$26,901,313</u>	<u>\$2,651,041</u>	<u>\$(530,975)</u>	<u>\$29,021,379</u>	<u>\$219,547</u>

GVB is exposed to various litigation inherent to its operations. However, there are no known cases pending in which GVB is exposed to liability.

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Notes to Financial Statements, continued

11. Appropriations from the Government of Guam

The Tourist Attraction Fund (TAF) is a governmental fund of GovGuam that was established to fund various recreational projects and visitor industry activities.

The Budget Act for fiscal year 2025 (Public Law 37-125) and 2024 (Public Law 37-42), appropriated and recorded the amounts noted below. Additionally, the Hotel Occupancy Tax (HOT) collections received by the TAF in excess of Bureau of Budget and Management Research revenue estimates will be allocated to GVB. For the years ended September 30, 2025 and 2024, actual appropriations received by GVB from TAF follow:

	<u>2025</u>	<u>2024</u>
Fiscal year appropriation	\$22,029,552	\$23,445,566
HOT Surplus	<u>26,131</u>	<u>6,911,282</u>
	<u>\$22,055,683</u>	<u>\$30,356,848</u>

As of September 2024, receivables due from GovGuam associated with the above appropriations amounted to \$5,102,817 (nil for 2025).

12. Restricted Net Position

Restricted net position represents The Rainy Day Fund per 12 GCA CH. 9 Article 3, Korean Visitor Market Pilot Program per Public Law 33-112, Cultural and Sports Ambassadors Fund per 12 GCA CH. 9 Article 4, the Pale San Vitores Road Project per Public Law 30-196, and the Cruise Ship Industry Development Program per 12 GCA CH. 9 Article 5. A summary of restricted net position as of September 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Special Projects Fund	\$178,485	\$178,485
Cruise Ship Industry Development Program	37,455	37,454
Rainy Day Fund	5,716	5,716
Cultural and Sports Ambassadors Fund	<u>5,355</u>	<u>4,418</u>
Total restricted net position	<u>\$227,011</u>	<u>\$226,073</u>

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Notes to Financial Statements, continued

12. Restricted Net Position, continued

Changes in restricted net position for the years ended September 30, 2025 and 2024 are as follows:

	2025				
	Rainy Day Fund	Cultural and Sports Ambassadors Fund	Special Projects Fund	Cruise Industry Development Program	Total
Beginning of year	\$5,716	\$ 4,418	\$178,485	\$37,454	\$226,073
Transfers in (out)	---	---	---	1	1
Interest	2	935	---	---	937
Expenses	(2)	2	---	---	---
End of year	<u>\$5,716</u>	<u>\$ 5,355</u>	<u>\$178,485</u>	<u>\$37,455</u>	<u>\$227,011</u>
	2024				
	Rainy Day Fund	Cultural and Sports Ambassadors Fund	Special Projects Fund	Cruise Industry Development Program	Total
Beginning of year	\$4,881	\$ 26,484	\$178,485	\$37,454	\$247,304
Transfers in (out)	1,000	---	---	---	1,000
Interest	11	18	---	---	29
Expenses	(176)	(22,084)	---	---	(22,260)
End of year	<u>\$5,716</u>	<u>\$ 4,418</u>	<u>\$178,485</u>	<u>\$37,454</u>	<u>\$226,073</u>

13. Related Party Transactions

During the years ended September 30, 2025 and 2024, GVB contracted and purchased goods from businesses that are associated with GVB Board Directors totaling \$513,598 and \$183,714, respectively.

Required Supplementary Information

Guam Visitors Bureau
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Schedule of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

Defined Benefit Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GVB's proportion of the net pension liability	0.51%	0.49%	0.37%	0.35%	0.36%	0.35%	0.38%	0.36%	0.36%	0.33%
GVB's proportionate share of the net pension liability	\$5,373,251	\$6,776,648	\$5,446,504	\$3,381,379	\$4,485,714	\$4,199,571	\$4,502,701	\$4,082,300	\$4,994,178	\$4,733,456
GVB's covered payroll	\$3,829,164	\$3,402,361	\$2,052,926	\$1,964,716	\$1,781,565	\$1,800,427	\$1,871,909	\$1,917,523	\$1,758,383	\$1,621,414
GVB's proportionate share of the net pension liability as percentage of its covered payroll	140.32%	199.17%	265.30%	172.11%	251.79%	233.25%	240.54%	212.89%	284.02%	291.93%

Guam Visitors Bureau
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Schedule of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GVB's proportion of the net pension liability	\$449,736	\$387,118	\$400,898	\$464,824	\$424,525	\$345,112	\$157,980	\$227,626	\$260,379	\$260,379
GVB's proportion of the net pension liability	0.15%	0.14%	0.16%	0.15%	0.13%	0.11%	0.09%	0.08%	0.08%	0.08%

Guam Visitors Bureau
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Schedule of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

Ad Hoc COLA for DCRS Retirees

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GVB's proportion of the net pension liability	\$145,038	\$170,877	\$139,960	\$176,664	\$175,319	\$194,852	\$157,980	\$227,626	\$260,379	\$260,379
GVB's proportion of the net pension liability	0.20%	0.22%	0.23%	0.25%	0.26%	0.33%	0.32%	0.36%	0.42%	0.50%

Guam Visitors Bureau
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Schedules of Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$1,178,234	\$1,001,315	\$ 734,581	\$ 581,389	\$ 507,321	\$ 491,791	\$ 447,634	\$ 537,445	\$ 507,749	\$ 525,143
Contributions in relation to the statutorily required contribution	<u>1,156,896</u>	<u>996,150</u>	<u>727,543</u>	<u>580,609</u>	<u>505,534</u>	<u>492,373</u>	<u>454,413</u>	<u>537,445</u>	<u>507,749</u>	<u>526,353</u>
Contributions (excess) deficiency	\$ <u>21,338</u>	\$ <u>5,165</u>	\$ <u>7,038</u>	\$ <u>780</u>	\$ <u>1,787</u>	\$ <u>(582)</u>	\$ <u>(6,779)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,210)</u>
GVB's covered payroll	<u>\$ 3,829,164</u>	<u>\$3,402,361</u>	<u>\$2,584,154</u>	<u>\$2,052,926</u>	<u>\$1,964,716</u>	<u>\$1,781,565</u>	<u>\$1,800,427</u>	<u>\$1,871,909</u>	<u>\$1,917,523</u>	<u>\$1,758,383</u>
Contributions as a percentage of covered payroll	30.21%	29.28%	28.15%	28.28%	25.73%	27.64%	25.24%	28.71%	26.48%	29.93%

Guam Visitors Bureau
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information
Schedule of the Proportionate Share of the Collective Total OPEB Liability
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GVB's proportion share of the total collective total OPEB liability	\$5,855,850	\$6,786,760	\$5,483,000	\$7,323,969	\$6,649,220	\$7,392,672	\$5,292,875	\$5,672,967	\$5,779,432	*
GVB's proportion of the total collective total OPEB liability	0.25%	0.25%	0.24%	0.26%	0.26%	0.29%	0.28%	0.23%	0.23%	*

*This data is presented for those years for which information is available.

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Notes to Required Supplementary Information
(Unaudited)

Changes of Assumptions – Pension Plans

Amounts reported in 2024 actuarial valuation reflected an assumption related to administrative expenses decrease to \$6,754,000 per year.

Amounts reported in 2023 actuarial valuation reflected an assumption related to administrative expenses increase to \$6,798,000 per year.

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses remain at \$6,565,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Other Postemployment Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary and Other Information

Guam Visitors Bureau
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Supplementary Schedule of Professional Services and Miscellaneous Expenses

	Year Ended September 30,	
	<u>2025</u>	<u>2024</u>
<u>Professional Services</u>		
Japan	\$ 5,535,093	\$ 4,281,262
Korea	4,049,298	4,897,548
Destination Management	1,927,937	1,912,173
Visitor Safety	1,643,229	1,647,659
Taiwan	899,818	432,032
Administration and Research	800,165	172,019
Sports & Events	637,689	713,585
Philippines	227,642	140,994
Website Marketing, Prin Promo, Social Media	91,977	257,846
Culture and Branding	55,295	43,756
United States and Pacific	27,616	380,862
New Market Development	<u>248</u>	<u>5,920</u>
Total Professional Services	<u>\$15,896,007</u>	<u>\$14,885,656</u>
<u>Miscellaneous Expenses</u>		
Food and beverage	\$ 149,212	\$ 119,800
Booths	60,312	112,028
Miscellaneous – other	42,674	259,463
Conferences, convention and meeting – conference room	25,565	5,120
Fuel	11,587	11,012
Workers comp insurance	<u>10,747</u>	<u>4,258</u>
Total Miscellaneous Expenses	<u>\$ 300,097</u>	<u>\$ 511,681</u>

Guam Visitors Bureau
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Supplementary Schedule of Employees and Salaries

	Year Ended September 30,	
	<u>2025</u>	<u>2024</u>
Annual Payroll	<u>\$5,930,162</u>	<u>\$4,880,797</u>
Number of employees	<u>60</u>	<u>68</u>



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Management and the Board of Directors
Guam Visitors Bureau

We have audited, 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 (*Government Auditing Standards*), the financial statements of Guam Visitors Bureau (GVB), a component unit of the Government of Guam, as of September 30, 2025, and the related notes to the financial statements, which collectively comprise GVB's basic financial statements (collectively referred to as the "financial statements"), and have issued our report thereon dated June 5, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GVB's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GVB's internal control. Accordingly, we do not express an opinion on the effectiveness of GVB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GVB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

June 5, 2026