

EY 2014 Citizen centric REPORT



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ABOUT GVB

The Guam Visitors Bureau (GVB), a non-profit membership corporation, is the official tourism agency for the U.S. Territory of Guam. Among its responsibilities, GVB is charged with setting tourism policy and direction; developing and implementing Guam's tourism strategic and marketing plans; managing programs and activities that enhance and showcase Guam's people, place and culture in order to deliver an incomparable visitor experience; and coordinating tourism-related research, planning, events and outreach activities. GVB serves as a critical bridge linking government, the tourism industry, visitors and the local community, and aims to contribute successfully to a good quality of life for residents through tourism.





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JON NATHAN DENIGHT
General Manager



TELO TAITAGUE
Deputy General Manager

MESSAGE FROM THE GENERAL MANAGER

Håfa Adai,

For the past couple of years, Guam has seen record arrivals. We continued this trend in Fiscal Year 2014 as we welcomed over 1.34 million visitors.

Our Chamorro culture, hospitality and Håfa Adai spirit continues to draw millions of tourists to our shores. Tourism is Guam's top economic contributor and we all play a part in strengthening and diversifying this industry.

For Fiscal Year 2015, we will be focusing on creating reasons to visit Guam to experience our people and all we have to offer. From the Guam Micronesia Island Fair and the Guam Live International Music Festival to the Guam International Marathon and Guam BBQ Block Party, there is something for everyone.

As the Guam Visitors Bureau ramps up marketing efforts throughout all of our source markets, we invite you to join us in making Guam a better place to live, work and visit!

Si Yu'os Ma'ase,


JON NATHAN DENIGHT



ROSE Q. CUNLIFFE
Controller

MESSAGE FROM THE GVB CONTROLLER


Håfa Adai,

On behalf of the Guam Visitors Bureau, we are pleased to provide the Fiscal Year 2014 Citizen Centric Report. This report contains information and highlights of GVB programs, special events and campaigns. It also provides highlights of the support we give for a number of different cultural groups, sports teams and government agencies.

GVB in FY2014 has once again been given an unqualified or “clean” audit by the Office of the Public Accountability. We have instituted clear financial policies that has gone a long way to giving GVB this honor for the fifth time in a row.

In Fiscal Year 2015, GVB will continue our commitment to expend taxpayer funds in a responsible manner.

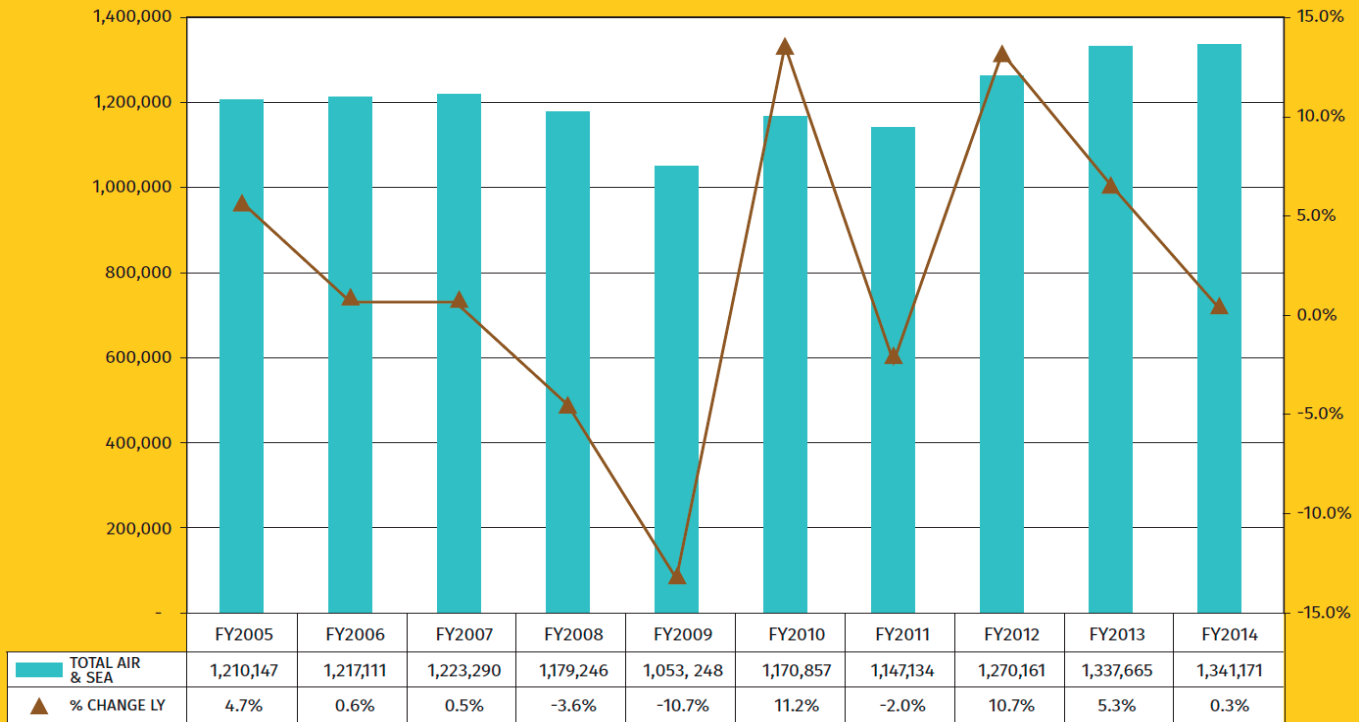
Si Yu'os Ma'ase,



ROSE Q. CUNLIFFE

PERFORMANCE

FISCAL YEAR ARRIVALS • CIVILIAN/ARMED FORCES AIR & SEA



Compiled by the GVB Research Department.

ARRIVALS SUMMARY

Guam has achieved another fiscal year milestone recording over 1.3 million visitors for the second consecutive year.

Overall arrivals for Fiscal Year 2014 (Oct. 1, 2013 – Sept. 30, 2014) reached 1,341,054 visitors, surpassing FY2013. Fiscal year 2014 is now ranked as the third top fiscal year in Guam’s tourism history, making it the most arrivals in a year for this century!

HARD WORK PAYING OFF

Efforts to strengthen and diversify our tourism markets are also apparent in this latest report. While Japan arrivals were slightly down, arrivals from Korea and China increased by 20% and 89.1%, respectively.

Other markets that also saw growth in September include the U.S. mainland by 59.9%, Hawaii by 37.5%, Australia by 24% and the Philippines by 3.9%

Exercise Valiant Shield contributed to September’s upward trend, with Armed Forces Air Arrivals increasing by 127.3%. Civilian Sea Arrivals also grew by 172%.

GVB SUPPORTED ORGANIZATIONS

- Pa’a Taotao Tano’
- Tourism Education Council
- Historic Inalahan Foundation
- Haya Cultural Preservation Foundation
- FESTPAC & Folklife Festival Trust
- Micronesian Cruise Association
- Guam International Film Festival
- Pacific War Museum Foundation
- Humatak Foundation
- Amot TaotaoTano Farm
- Traditions Affirming our Seafaring Ancestry
- Duk Duk Goose, Inc.
- Hurao Academy, Inc.
- Inetnon Gef Pago’ Cultural Arts Program, Inc.
- Breaking the Cycle, Inc.
- Micronesian Chefs Association
- Manhita Chamorro
- Guam Humanities Council
- Guam Symphony Society
- Guam Unique Merchandise and Arts
- Ina Kuttura, Inc.
- I Fanlalai’an
- Ayuda Foundation, Inc.
- Traditions Affirming Our Seafaring Islands
- Guampedia Foundation
- University of Guam
- Guam Council on the Arts & Humanities
- Department of Administration
- Department of Parks & Recreation
- Mayor’s Council of Guam
- Guam Community College
- Guam Environmental Protection Agency
- Department of Chamorro Affairs
- Guam Police Department
- Guam Museum Foundation

FINANCIALS

	2014	2013
Revenues:		
Consumption tax refund	312,426	130,097
In-kind contributions from members and others	335,736	327,992
Memberships	35,400	68,400
Total revenues	683,562	526,489
Less:		
Bad Debts	-	-
Net Revenues	683,562	526,489
Expenses:		
Professional services	11,995,304	10,870,212
Personnel	2,352,392	2,054,929
Miscellaneous	864,055	781,390
Pass-thru appropriations	436,550	668,836
Travel	797,542	503,284
Rent/lease	226,098	240,967
Utilities	135,668	229,191
Grants	255,304	546,890
Community Programs	1,888	-
Materials and supplies	166,856	105,735
Depreciation	83,333	85,317
Promotional in-kind contributions	335,736	327,992
Equipment	63,582	52,690
Advertising	12,151	43,184
Insurance	22,023	22,035
Repair and maintenance	51,117	78,619
Total operating expenses	17,799,599	16,611,271
Operating revenues net of operating expenses	(17,116,037)	(16,084,782)
Nonoperating revenues (expenses):		
Grants-in-aid from Government of Guam		
Operations	15,520,904	15,531,921
Pass-thru	436,550	677,573
Federal	-	17,755
Other nonoperating income (expense), net	(34,066)	374,287
Interest income	13,980	15,483
Total nonoperating revenues, net	15,937,368	16,617,019
Change in net assets	(1,178,669)	532,237
Net assets at beginning of year	17907315	17,375,078
Net assets at end of year	16,728,646	17,907,315

An 11% hotel occupancy tax funds the GVB's operations, authorized through the Legislature's annual budget appropriations. In fiscal year 2014, Public Law 32-068 appropriated \$17,487,134; \$15,487,134 for GVB operations and \$2,000,000 for Special Projects. GVB was able to recognize \$15,520,904 of its appropriation for Operations and \$2,132,378 of its Special Projects appropriation, of which \$182,378 was for prior year appropriations. Additionally, \$535,000 was appropriated to GVB for pass-thru entities, of which \$436,550 was recognized as revenue. Of this amount, \$71,550 was for prior year appropriations.

The FY2014 Tourist Attraction Fund collections were 17% higher than the previous year, totaling \$34,451,301. The increase can be attributed to an increase in hotel room and occupancy rates. Direct appropriations from the Tourist Attraction Fund decreased about 14% in FY2014, from \$11,886,841 in FY2013 to \$10,205,774. Comparing the total FY2014 appropriation from the TAF (\$29,627,908) as amended by P.L. 32-181 and the actual collections (\$34,451,301), there was a surplus of \$4,823,293.

Membership dues decreased from \$68,400 in FY2013 to \$35,400 in FY2014 because it was not an election year. In-kind contributions stayed steady at \$335,736, about a 2% increase over FY2013. Marketing was the largest expenditure totaling \$11.9 million in Professional Services, with Japan and Korea representing the largest share at a combined \$8.1 million. At \$2,352,392, personnel salaries and benefits increased 14.5% over last year due to Merit Bonuses and 3 additional positions fully funded in FY2014 compared to FY2013, but were still only 13% of total expenditures.

GVB closed Fiscal Year 2014 with a \$735 thousand decrease in net position (net loss) due to increased marketing and public relation activities needed in China and Japan.

GVB IS A PROUD MEMBER OF

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FUTURE OUTLOOK

The outlook for FY2015 is positive, with a slight 1-2% increase in total arrivals expected. Japan still remains a challenge with the Yen continuing to weaken against the dollar, making Guam a more expensive destination. However, the Bureau remains committed to the Japanese market, and will be very active in the coming year to reverse this trend. The growth in the Korean market will make up for declines in Japan, as there will be more than half a million air seats from Korea. The China market should see growth, but there is still a lot of work to be done, as Guam is still a relatively unknown destination for Chinese travelers. GVB has contracted a prominent Chinese travel marketing company for in-market representation. The massive decline of the Russian economy and currency are major threats to arrivals from Russia, and numbers will decline unless direct air service is re-launched. Guam can expect a slight uptick in visitors from the U.S., Philippines and Taiwan.

The Bureau is also committed to improving the destination. Several capital improvement projects for Tumon are scheduled including new bus shelters, streetlight repairs and roadway renovation. Visitor safety and satisfaction is always a top priority, and the installation of a CCTV system and the establishment of a Tourism Academy are planned for 2015. Promoting Guam's unique Chamorro culture, local events and attractions is also a key objective for the year. One of the limiting factors for growth is the lack of hotel rooms, especially during the peak holiday season. The Bureau has been and will continue to partner with the Guam Economic Development Authority to aggressively attract new hotel investment and encourage improvement to existing properties.



THE HOT BOND



What is the HOT Bond?

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

The Guam Museum

As Administrator of the Guam Economic Development Authority, current GVB General Manager Karl Pangelinan, successfully began projects under the Hotel Occupancy Tax Bond, which funds different projects on island to benefit the Tourism Industry, Guam's largest economic contributor. One of the projects under the HOT Bond is the long awaited and anticipated Guam Museum.

The original Guam Museum was built in 1932 and about a decade later it was completely destroyed during World War II, with many artifacts dispatched for safe keeping to other museums and private collectors around the world.

In 1954, the Museum was under the Department of Land Management. In 1960, the Museum was transferred to Guam Public Library Board, where it remained for the next 30 years. In 1999, the Guam Museum became a division under Department of Chamorro Affairs.

Today, over a million artifacts of Guam are in storage, in warehouses or off-island until an adequate facility is available. Artifacts are currently being held in Rome, Italy; Madrid, Spain; Acapulco, Mexico; Washington, D.C.; Annapolis, Maryland; Manila and Cebu, Philippines and Honolulu, Hawaii

The vision of the Guam Museum Foundation, Inc is to build a world class facility that is home for artifacts and historic documents; a dynamic cultural destination that reflects a sense of Guam and the Chamorro culture that stimulates community ownership and involvement.

Plaza de España RESTORED

