



# OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam 96910  
 Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)  
 www.opaguam.org

## Guam Visitors Bureau – Fiscal Year 2021 Financial Highlights

April 7, 2022

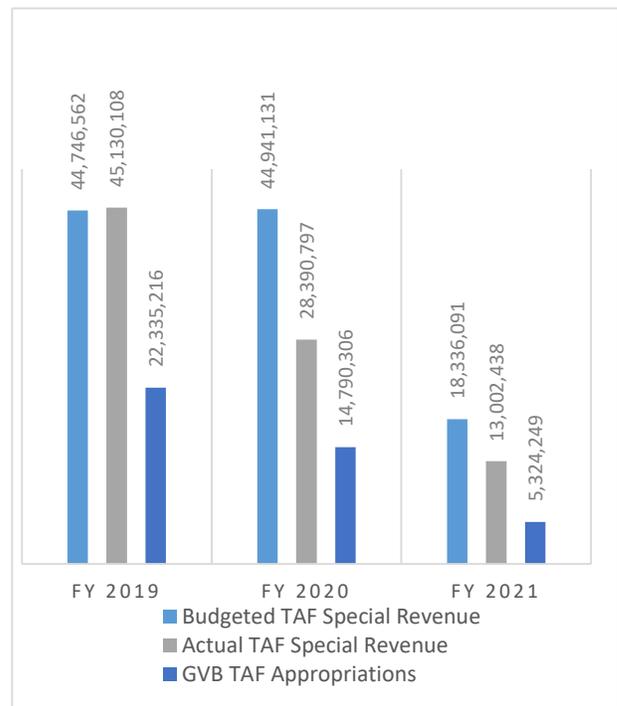
The Office of Public Accountability released the Guam Visitors Bureau (GVB) financial statements and report on compliance and internal controls, management letter, and letter to those charged with governance for fiscal year (FY) 2021. Independent auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on GVB’s financial statements and issued a management letter relative to three deficiencies identified in its internal control over financial reporting.

GVB closed FY 2021 with a decrease in net position (net loss) of \$2.9 million (M). This decreased GVB’s cumulative net position to \$7.7M in FY 2021, from the FY 2020 net position of \$10.6M.

### Revenues Decreased by \$9.8M

GVB’s total revenues decreased by 62%, from \$15.8M in FY 2020 to \$6.0M in FY 2021. GVB’s revenues are primarily appropriations from the Tourist Attraction Fund (TAF), which significantly decreased from \$14.8M in FY 2020 to \$5.3M in FY 2021.

Operating revenues for FY 2021 decreased by 73%, from \$787 thousand (K) in FY 2020 to \$209K. These revenues are derived from Consumption Tax Refunds, in-kind contributions, other income (sponsorships and donations), and memberships. This change in operating revenues can be largely due to the \$520K (or 90%) decrease in the Consumption Tax Refund, which GVB receives from the Japanese treasury on certain expenditures incurred in Japan and reported by the GVB Japan overseas office. This Consumption Tax Refund drastic decrease, from \$576K in FY 2020 to \$57K in FY 2021, is due to the limited activity of the GVB Japan overseas office.



Other non-operating revenues include federal contributions, which relate to various programs and campaigns administered by GVB. These are the Electronic Declaration Form Project, the Vax N’ Win, and the Liberation Day programs. Federal contributions increased by 290%, from \$112K in FY 2020 to \$436K in FY 2021.

### Operating Expenses Decreased by \$7.4M

GVB’s operating expenses decreased by \$7.4M (or 47%), from \$15.7M in FY 2020 to \$8.3M in FY 2021. This significant decrease was largely due to the \$5.4M (or 58%) decrease in professional

services, from \$9.3M in FY 2020 to \$3.9M in FY 2021. In FY 2021, all marketing representations overseas were adjusted to a minimum fee to maintain market presence. Of the professional services, Destination Management (\$1.3M), Korea (\$901K), and Japan (\$485K) accounted for 32% of GVB's total operating expenses.

The continuing decrease in operating expenses, if compared to FY 2019, is the result of the continuous drastic cost-cutting measures and the delay in spending due to the uncertainty of the tourist arrival affecting TAF collections.

### **Outlook for 2022**

The outlook for Guam's tourism in 2022 is optimistic. Current visitor arrival forecasts project an increase of about 111% over FY 2021. This relatively conservative recovery anticipates a stronger increase in arrivals in the second half of the financial year. As Guam's core markets continue to approach herd immunity through vaccination efforts (Korea 86%, Japan 80% and Taiwan 77%), further easing of border restrictions and travel protocols is highly anticipated. These occurrences will enable tourism supply channels, who have remained stagnant throughout the pandemic, to gain significant stable traction in their efforts to restart activity. However, GVB remains under the expectation that our tourism industry will take several years to recover to the pre-pandemic volume achieved in FY 2019.

### **Report on Internal Control and Management Letter**

The auditors did not identify any material weaknesses in GVB's report on internal control over financial reporting. However, the auditors issued a management letter that identified three deficiencies in internal control over financial reporting: (1) a procurement file was not available for a miscellaneous fee expense for \$22K; (2) an unpaid invoice for \$100K was recorded for an expense on shipping and training for new equipment that was not owned by GVB and was outside the scope of the contract; and (3) Government of Guam appropriations and other revenues were not reconciled with the Department of Administration on at least a monthly basis, which resulted in a misstatement of \$3.2M.

For more details, refer to the Management's Discussion and Analysis in the audit report at [www.opaguam.org](http://www.opaguam.org) and [www.guamvisitorsbureau.com](http://www.guamvisitorsbureau.com).