MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

WITH INDEPENDENT AUDITORS' REPORT THEREON

BCA & ASSOCIATES
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MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

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YEARS ENDED SEPTEMBER 30, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Marianas Visitors Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental funds of the Marianas Visitors Authority (MVA), a component unit of the Commonwealth of the Northern Marianas Islands Government, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the MVA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of the MVA, as of September 30, 2021 and 2020, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

COVID-19

As discussed in Note 18 to the financial statements, MVA determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and page 44 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MVA's basic financial statements. The schedule of functional expenses on page 45 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. Such 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 schedule of functional expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2022, on our consideration of the MVA'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 the MVA'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 MVA's internal control over financial reporting and compliance.

Burger Comer & Associates

BURGER COMER & ASSOCIATES
Saipan, MP 96950
October 10, 2022

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The Marianas
| Saipan | Tinian | Rota |

MARIANAS VISITORS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The objective of Management's Discussion and Analysis (MD&A) is to provide readers of the Marianas Visitors Authority (MVA) financial statements an overview and better understanding of its financial position and results of activities for the fiscal year ended September 30, 2021. Management has prepared this overview as required supplementary information to the financial statements and the footnotes that follow. This MD&A should be read in conjunction with the financial statements and accompanying footnotes.

FINANCIAL HIGHLIGHTS

- The MVA's funding source is primarily through its entitlements. This is mandated under 4 CMC §1803 authorizing the MVA to receive eighty percent (80%) of the taxes collected under 4 CMC § 1502, or Hotel Occupancy Tax (HOT). Provided, however, under 4 CMC § 2157, the Secretary of Finance may withhold up to 2.5% percent of the funds per fiscal year for the purpose of funding revenue and tax personnel to enforce the provisions of this Article and other Commonwealth tax laws; and under 4 CMC § 1803 authorizing the MVA to receive twenty percent (20%) of the taxes collected under 4 CMC § 1405(B), or Alcoholic Beverage Containers Tax.

- Pursuant to Public Law 21-35, known as Appropriations and Budget Authority Act of 2021, Chapter II Section 202 suspended earmarked funds, which included the MVA's entitlement to the Hotel and Occupancy Tax. The MVA was provided an allocation of $2,197,411 in the CNMI's budget for Fiscal Year 2021. This year's budget provides $526,181 for Personnel and the remaining $1,671,230 for All Others. MVA also received a supplemental appropriation of $546,910 net of 1% OPA fee of $27,171.

- Public Law 20-17 was enacted in fiscal year 2018. It amended §2159 to provide not less than two percent (2%) for each municipality, but not less than $300,000 each, shall be remitted by MVA to the municipalities to implement charter flight tourism incentives, promotional programs, tourism enhancement activities, beautification projects, island-wide cleanup and to include purchasing supplies and equipment for such projects. The MVA did not remit any amount to the municipalities due to the suspension of earmarked funds for the fiscal year ended September 30, 2021.

The MVA owed the municipalities a total of $1,698,575 as of September 30, 2020. This was fully paid by MVA in FY 2021.

► Due to the budget reduction, which began with the onset of the COVID-19 pandemic, the MVA Board of Directors has made the following drastic cuts to the Marianas marketing and promotion as well as other MVA programs and services:

- Continued furlough of 22 employees in Saipan, Tinian, and Rota (11 managers and 1 part time staff continue daily operations). The MVA received funds from the CNMI government from the American Rescue Plan Act (ARPA) to recall its furloughed employees in April 2021.
- $0 funding for MVA representative offices in China and Taiwan for FY 2021 (MVA China office was closed effective June 30, 2020; MVA Taiwan office was temporarily suspended effective April 30, 2020).
- A 120-day suspension of the MVA representative office in Japan (effective October 1, 2020 – January 31, 2021)
- $48,000 funding for the MVA representative office in Japan (compared to $2.250 million in the FY 2020 Budget Act)
- $261,000 funding for the MVA representative office in Korea (compared to $2.070 million in the FY 2020 Budget Act).
- Decreased financial support to partner government agencies such as the Division of Parks and Recreation in Saipan, which helps maintain sites frequently visited by tourists and residents
- Reduction in Product Development/Destination Enhancement programs, including:
    - Discontinued security and maintenance services at 6 sites (Grotto, Banzai Cliff, Suicide Cliff, Bird Island Lookout, Laulau Beach, and Obyan Beach)
    - Reduced trash collection in Garapan (from daily to 2 days a week)
    - Discontinued landscaping and maintenance services in Garapan along Beach Rd. and Coral Tree Ave.
    - Suspension of Beautify My Marianas, offering cash incentives for qualified cleanups by the community
    - Discontinued the multi-language safety videos at Saipan International Airport and Managaha

► April 2021 marked the first-year anniversary when the tourism industry was brought to a standstill due to the COVID-19 pandemic. The Governor tasked his Council of Economic Advisers to work with the MVA to come up with a plan to help jumpstart our tourism industry. The Tourism Resumption Investment Plan (TRIP) was developed through the collaborative efforts of the MVA, the administration, key travel industry stakeholders, Commonwealth Healthcare Corporation (CHCC) and the COVID-19 Task Force, Commonwealth Ports Authority (CPA), and other instrumental partners. The TRIP Program was adopted by the MVA during the June 1, 2021, Board meeting. The TRIP was implemented to jumpstart the Marianas tourism economy to get people back to work, as Pandemic Unemployment Assistance, American Rescue Plan Act (ARPA), and other financial aid was anticipated to end.

TRIP aimed to revive tourism while still keeping our community safe with an initial 8-week pilot program to help business reboot and start re-attracting visitors. The initial target market for the TRIP program is the Republic of Korea. After months of negotiations with the Korean government, a Travel Bubble Agreement was finally signed on June 30, 2021, by the CNMI Governor with the Korea Ministry of Land, Infrastructure and Transport ("MOLIT") Vice Minister. This agreement allows fully vaccinated CNMI residents and Korean residents to travel between the CNMI and Korea without the need to be quarantined. This agreement would ensure the success of the resumption the Korean visitors to the CNMI, jumpstarting our tourism industry.

► The TRIP program was launched on July 1, 2021. It took a while for the program to gain speed, but visitor arrivals began to rapidly increase in September 2021.

  Although the MVA was provided with limited funding due to the impacts of the global pandemic of COVID-19, through its divisions and with limited personnel and operations funding, the Authority organized the following events to gradually restart MVA programs and activities:

  - The Hafa Adai and Tirow Summer Jam held on July 31, 2021, is not an MVA signature event but was organized to "warm up" the community to tourism and enhance the stay of Travel Bubble tourists from South Korea. The MVA partnered with the Commonwealth Healthcare Corp. and the CNMI COVID-19 Task Force to administer vaccines and provide vaccinated members of the community an opportunity to win cash prizes as part of the Road to 80 campaign.

  - The Annual Taste of The Marianas International Food Festival & Beer Garden, which is normally held in May, was held in August 2021. The festival featured international cuisine at affordable prices from local hotels and restaurant vendors, non-stop live entertainment, and food competitions. The result of this indicated that the community and visitors felt safe to enjoy the festival, as the event racked up over 17,000 participants over a 3-day event.

  - World Tourism Day in September was celebrated to remind the community of the importance of tourism and celebrate the resumption of tourism.

► Destination enhancement at major tourism sites remain largely suspended due to funding constraints. However, the MVA continued its role of permitting liaison for projects of the Public-Private Partnership under the Governor's Council of Economic Advisors.

► In 2021, the MVA Strategic Plan Toward Sustainable Tourism Industry 2021-2031 was adopted to chart priorities for the next decade. The Hafa Adai & Tirow Pledge program was launched under the plan to promote indigenous Chamorro and Carolinian culture to visitors.

► MVA's total assets exceeded liabilities by $9,778,775 and $9,165,399 at the end of fiscal year 2021 and 2020, respectively. The restricted net position was $9,727,378 and $9,091,009 at the end of fiscal year 2021 and 2020, respectively. The change in net position in FY 2021 is less by $0.6 million compared to FY 2020. Fiscal Year 2021 proved to be a difficult year for the tourism industry due to the impact the COVID-19 pandemic.

The Marianas received only 5,365 visitor arrivals in FY 2021. This is a decrease of 209,753 compared to Fiscal Year 2020's 215,118 visitor arrivals.

- ► The MVA decreased its marketing and advertising expenditures by approximately $3.2 million at the end of Fiscal Year 2021 as compared to Fiscal Year 2020 due to the decrease in tourist arrivals and marketing activities for MVA representative offices in Japan, Korea and Taiwan, as well as continued closure of the MVA representative office in China.

- ► PL 18-1 Section 102 includes a provision for Destination Enhancements. This amounted to $42,130 and $374,908 in Fiscal Year 2021 and Fiscal Year 2020, respectively.

- ► The MVA received $8,343 of in-kind contributions in Fiscal Year 2021. In-kind contributions decreased by approximately $12,060 compared to the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial section of this report presents the MVA's financial statements as two components: basic financial statements, and notes to the financial statements. It also includes the supplemental information.

BASIC FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 34 requires the presentation of the Management's Discussion and Analysis (MD&A) and the basic financial statements. The basic financial statements consist of agency-wide statements, fund financial statements, notes to the financial statements, and a budgetary comparison statement for the general fund.

GASB issued Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The MVA has adopted and applied this Statement in their financial statements.

MD&A

The MD&A is a narrative section that introduces the basic financial statements. It should give readers an objective and easily understood, readable analysis of the MVA's financial performance for the year.

Agency-Wide Statements

The MVA's agency-wide financial report includes two financial statements: the Statement of Net Position and the Statement of Activities. The Marianas Visitors Authority prepared these financial statements in accordance with Governmental Accounting Standards Board (GASB) principles.

Statement of Net Position

The Statement of Net Position presents information on assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them presented as net position. It reflects the MVA's assets, liabilities and the resources remaining after liabilities are satisfied. Over time, increases or decreases in net position serve as a useful indicator as to whether the entity's financial health has improved or deteriorated during the fiscal year.

Statement of Activities

The Statement of Activities is the operating statement for the MVA as a whole. It is based on full accrual accounting rather than the traditional modified accrual basis. Depreciation of capital assets is recognized as an expense in this statement.

Fund Financial Statements

The financial reporting package includes the fund financial statements. Fund reporting focuses on showing how money flows into and out of funds and the balance left at year-end that is available for spending. A fund is a grouping of related accounts that is used to maintain control over specific activities.

The MVA, like other state and local governments agencies, uses fund accounting to demonstrate and ensure compliance with finance related legal requirements.

Balance Sheet
Statement of Revenues, Expenditures, and Changes in Fund Balance

These statements present MVA's major funds. MVA has only one fund, the general fund. The fund statements are prepared using the traditional government model of modified accrual basis, which measures cash and all financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the MVA's operations.

Reconciliation from Agency-Wide to Fund Statements

Because the numbers on these statements do not agree to the numbers on the agency-wide statements, a reconciliation schedule is presented.

Statements of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

A budgetary comparison statement for the general fund is considered to be required supplementary information and is included in the basic financial statements.

COMPARISON OF RESULTS

Assets, Liabilities and Net Position

The MVA's net position on an agency-wide basis increased by $606,376 from the previous year.

SUMMARY OF CHANGE IN NET POSITION (STATEMENT OF ACTIVITIES)

	2021	2020	2019
Net position, beginning	$ 9,165,399	8,598,266	7,538,987
Revenues	5,315,057	6,973,490	12,319,992
Expenditures	(4,708,681)	(6,406,357)	(11,260,713)
Increase in net position	606,376	567,133	1,059,279
Net position, ending	$ 9,771,775	9,165,399	8,598,266

SUMMARY OF STATEMENT OF NET POSITION

	2021	2020	2019
Current assets	$ 10,448,543	11,344,204	11,665,405
Capital assets	44,397	74,390	127,009
Total assets	$ 10,492,940	11,418,594	11,792,414
Current liabilities	$ 576,724	2,117,587	3,067,704
Non-current liabilities	137,441	135,608	118,644
Total liabilities	$ 714,165	2,253,195	3,186,348
Deferred inflows of resources	7,000	-	7,800
Net investment in capital assets	44,397	74,390	127,009
Restricted	9,727,378	9,091,009	8,471,257
Total net position	9,771,775	9,165,399	8,598,266
Total liabilities and net position	$ 10,492,940	11,418,594	11,792,414

The $9,727,378 in restricted net position represents the accumulated results of all past years' operations. It means that if MVA is able to collect all its receivables and pay off all of its bills today, including all of its non-capital liabilities and compensated absences, it would have $9,727,378 of restricted assets left.

Assets. Assets consist primarily of cash and cash equivalents (84%) and receivables, which include local government appropriation and entitlement (14%), others (.03%), prepayment (1.76%) and capital assets (.42%).

Liabilities. These are composed primarily of accounts payable for marketing activities, deferred revenue, accrued employee annual and sick leave and others. The significant decrease in current liabilities of $1,540,863 is due to MVA's suspension and cancellation of contracts. In fiscal year 2021, the MVA limited its daily operations, some events and promotions were suspended, the tourism industry was put on a standstill due to the COVID-19 pandemic.

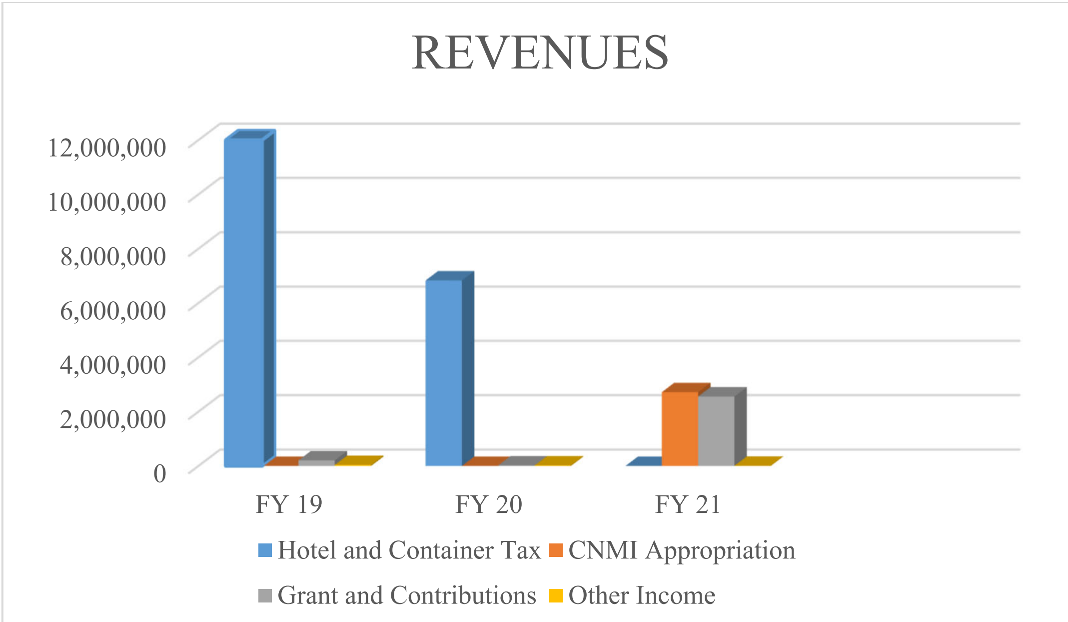
Net position. Net position represents the MVA's residual interest in its assets net of liabilities. The restricted component of net position increased by $636,369 as compared to FY2020. These are funds that are allocated for future expenditures.

Revenues

Total revenues for Fiscal Year 2021 were $5,315,057, a $1,658,433 decrease from Fiscal Year 2020.

	2021	2020	2019
General revenues			
Hotel and container tax entitlement	$ -	6,830,628	11,949,481
CNMI appropriation (net of 1% OPA fee)	2,717,149	-	-
Grant and contributions	2,556,261	20,403	204,701
Other income	6,354	17,576	32,181
Royalty income	-	-	1,453
Interest income	418	470	1,019
Subtotal	$ 5,280,182	6,869,077	12,188,835
Program revenues			
Membership fees	$ 10,500	24,760	26,300
Tour guide certification	260	1,150	4,560
Special events	24,115	78,503	100,297
Subtotal	34,875	104,413	131,157
Total revenues	$ 5,315,057	6,973,490	12,319,992

The table below shows a comparison of actual revenues for 3 years period.



Revenues are classified as either general revenues or program revenues.

The general revenue classification includes hotel and container tax entitlements, grant and in-kind contributions, program revenues and other income (royalty and memorial maintenance fee).

Program revenues are those directly generated by a function or activity of the government entity. These revenues include membership dues, tour guide certification, special events fees that MVA charges for the specific events, and contributions from the private sector to support MVA programs. These special events revenues help MVA in reducing its actual expenditures on those respective events. In all situations, MVA has no surplus on this matter.

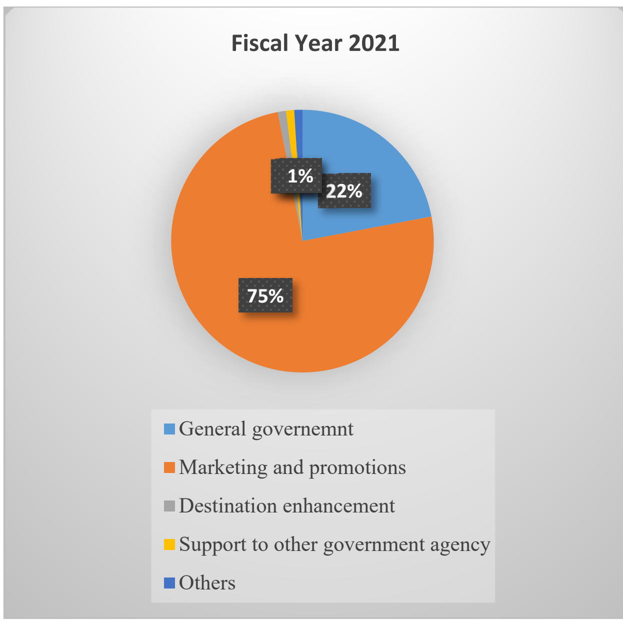
Grants and contributions (primarily in-kind contributions) include accommodations and free use of hotel facilities, among others, and are classified as marketing or special events revenue when the donor specifies to which MVA activities the donation is to be used or as general revenue for unrestricted contributions.

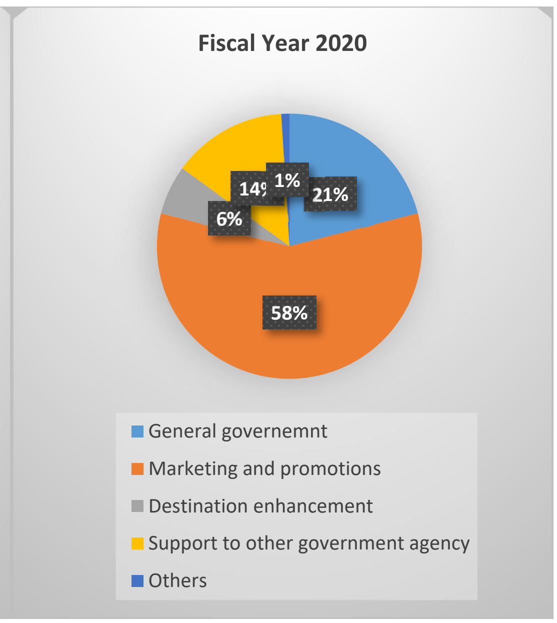
The MVA has a limited amount of entity generated revenues and relies on cash and in-kind contributions from members to bridge operational costs that cannot be fully covered by the appropriations received.

Expenses

Total agency-wide expenses by function were as follows:

	2021	2020	2019
General government	$ 1,027,838	1,358,461	1,888,119
Marketing	2,922,310	3,448,163	6,878,280
Advertising	633,002	267,407	557,137
Destination enhancement	42,130	374,908	950,307
Support to other government agency	34,964	900,000	900,000
Depreciation	48,437	57,418	86,870
Total expenditures	$ 4,708,681	6,406,357	11,260,713





The pie chart above illustrates the distribution of expenses from last fiscal year compared to fiscal year 2020.

Expenditures for the fiscal year ending September 30, 2021 decreased by $1,697,676 over the Fiscal Year 2020 total. Funds available in Fiscal Year 2021 were spent on Destination Enhancement projects, marketing, support to other government agencies and community programs.

OVERALL FINANCIAL POSITION

The overall financial position (net position) of the MVA increased by $606,376 but with a significant decrease of $1,658,433 to the MVA's revenue. The COVID-19 pandemic brought the tourism industry to a standstill. This caused a negative financial impact on the CNMI's economy, including the MVA. Visitor arrivals for FY 2021 decreased by 209,753 as compared to FY 2020's 215,118 visitor arrivals. These resulted in loss of jobs, loss of revenue for the central government, and loss of hotel occupancy tax for MVA's operations and marketing.

MVA believes that the financial position and the overall CNMI tourism industry will improve if sufficient funding is provided and invested wisely to promote and continue to improve visitor experience on Saipan, Tinian and Rota. This would include additional events of enhanced value that highlight attributes showcasing the Marianas as among the premier travel destinations. Also critical to this objective is to build demand in key markets and to implement a targeted plan for destination enhancement.

The MVA must take the lead in funding overseas promotions and continue to encourage support from private investment by tourism industry stakeholders.

FUND ANALYSIS

At the governmental fund level, MVA's fund balance in Fiscal Year 2021 was increased significantly by $6,912,988 due to recognition of revenue from prior year deferred revenue of $6,274,787 and grant income provided by the U.S. Department of the Treasury that was passed through the CNMI government under the program COVID-19 Coronavirus Relief Fund (ARPA) to speed the recovery of tourism, travel and hospitality sectors totaled $2,547,918.

CAPITAL ASSETS

The MVA's investment in capital assets as of September 30, 2021, amounts to $44,397 net of accumulated depreciation.

Depreciation expense for the year was $48,437. Acquisition of capital assets for MVA's operation this fiscal year amounts to $18,444.

Capital assets net of accumulated depreciation are as follows:

	2021	2020	2019
Vehicles	$ 12,477	46,705	80,932
Furniture and fixtures	3,757	10,141	18,310
Maintenance equipment	18,346	4,045	10,584
Leasehold improvements	9,817	13,499	17,183
Net capital assets	$ 44,397	74,390	127,009

FUTURE PLANS

The Marianas Visitors Authority's mandate is to promote our islands as an ideal destination to travelers from countries in Asia, Oceania and throughout the world. However, the coronavirus pandemic which began in 2020 continued throughout all of 2021 continues to severely impact visitor arrivals. Despite this challenge, the Marianas tourism industry responded to the market situation in a timely manner through the implementation of the TRIP program in July 2021, restarting international flights and priming the pump for the recovery of the tourist market through a series of strategic incentives. TRIP will continue in FY 2022 and is expected to be extended to other source markets, beginning with Japan.

The tourism industry in the Marianas is very different as travel activities resume. The "new normal involves enforced health security standards for both tourists and residents. It continues to require a rapid and robust response to changing local, national, and international requirements related to travel during the pandemic. While the industry continues to adjust to the "new normal," the MVA will focus on attracting its other key source markets back to the Marianas, the full restoration of events based on market demand, reinstitution of the Marianas Tour Guide Certification program, and more. The MVA will also continue its implementation of the MVA Strategic Plan Toward Sustainable Tourism Industry 2021-2031.

- **Marketing Programs**

  The following activities and events will be undertaken by the Marketing Division:

    - During the COVID-19 pandemic, the MVA in an effort to revive the Marianas tourism industry is implementing the Tourism Investment Resumption Plan (TRIP) to continue to promote our destination and reopen source markets. We are supporting our key travel partners by providing up to date COVID-19 information, providing incentives, introducing new possibilities, and creating new marketing materials.
    - The MVA will target active social media users by exposing exceptional images and experiences of the Marianas through influential social media channels.
    - The MVA will continue to promote various aspects of the Marianas (culture, history, cuisine and leisure) to the social media users.
    - To continuously engage our consumers and travel trade partners, the MVA will continue to create and distribute e-newsletters. With a friendly narrative style and trendy design, the newsletter will portray a variety of news, including monthly events, festivals, promotions, and social media highlights.
    - The MVA will continue to promote the Marianas and increase the number of followers and engagement of digital consumers and potential travelers through MVA's social media platforms including Facebook, Blog, YouTube, WeChat, Weibo, Instagram, etc.
    - To position the Marianas as an ideal destination for travelers, the MVA will continue to produce new Marianas' image content and promotional videos.
    - The MVA will continue to collaborate with trade partners to ensure that the Marianas is among the "Top Overseas Islands Destinations" in all markets and enhance emotional resonance, increase destination diversification and increase partner product diversification.
    - Strengthen our overall support for Japan-Saipan flights in an effort to increase flights and demand from the Japan market.
    - Continuously promote diving in an effort to position the Marianas as a prime diving destination.
    - To revive tourism in the Marianas, the MVA will continue communication with government agencies in Korea, Japan, Hong Kong, Taiwan and other source markets.
    - Continue to manage the travel bubble established with South Korea in July 2021.

- Global branding is underway. For starters, Geo Graphics is currently developing a new destination and corporate logo for the MVA. Additionally, Geo Graphics has taken new photos to match the young generation's lifestyle. They will also create MVA's website homepage and making sure all market material has a consistent design and message.
- To develop a TRIP program for Japan market once travel restrictions are eased for Japanese residents. TRIP program may include seminar and webinar, incentive programs, and sales calls with industry partners in preparation of direct flights from Japan to Saipan. The MVA will focus more on online/digital advertisement by advertising in each respective markets' widely used search engines and social media platforms. The goal is to attract more FITs to visit the Marianas and to raise destination awareness.
- In order to keep the tourism revival momentum going, the MVA will participate in upcoming tradeshows, travel fairs, dive fairs, and etc. at different countries.
- The MVA will redesign its website to make it more visual attractive, informative, and user friendly.

- **Community Projects Programs**

As the Marianas gradually recovers from the devastating impact of COVID-19 pandemic, the Community Projects division has been taking a proactive approach by slowly reengaging local government and industry partners to carry forward its Signature Events, as well as developing new strategies that would allow the MVA to safely further broaden its sports, leisure and cultural tourism assortment. The division will also continue to foster exchange programs with schools, memorial groups and cultural groups in Japan and Korea when pandemic conditions permit.

The division will also continue supporting other related and significant community events such as the Flame Tree Arts Festival, Saipan International Fishing Tournament, Miss Marianas Beauty Pageant, Marianas Tourism Education Council, Tinian Chief Taga Day and the Rota Coconut Festival, Rota and Tinian's fishing tournaments, festivals and fiesta activities, memorial groups, and other co-sponsored events and activities.

Despite the lessening of COVID-19 cases within the community, the division continues to adhere with existing mitigation protocol to ensure community safety at all times.

- **Tour Guide Certification Program**

The Tour Guide Certification Program (TGCP) adheres to the mandate propagated by 2014 Public Law 18-58. The authority given to the MVA has been further clarified through the passage of Public Law 20-51. It seeks to educate and regulate tour guides who represent the Mariana Islands to visitors.

The Official Marianas Guide training program held in partnership with Northern Marianas College requires guides to attend a twenty-hour course and to pass a test at the end of training. The course focuses on history, environment, safety, and professional development. Those who pass are issued a badge and certificate from the MVA.

Program activity in 2021 mirrored the results of the previous year as the pandemic prevented the tourism industry, more precisely tour guide businesses, from continuing operations. The educational requirement through the Northern Marianas College was also halted, as no classes could be scheduled during this time. Similar to 2020, the steady repatriation and relocation off-island of Official Marianas Guides continued, thus further reducing the population of certified guides.

Forecasts and optimism have seen a rise in visitor arrivals to The Marianas. In preparation for this trend, the Tour Guide Certification Program has commenced activity that will support the future delivery of its services. The following objectives highlight the program's future outlook into 2022:

- Apply modifications to the education curriculum that include endemic considerations and other current information deemed valuable for tour operations.
- Develop a future program and curriculum that will support an online platform to minimize classroom contact and maximize student participation.
- Build relationships with regulatory partners to develop concepts and ideas on how to effectively regulate the industry and prevent unauthorized operations.
- Create a new platform for this program to be executed in 2023. The platform is expected to modify or add to existing regulations that support the program concept, industry partners, and most importantly, tour guides.

- **Destination Enhancement and Product Development**

The Destination Enhancement and Product Development division will continue to define, launch, and maintain programs to enhance the Marianas as a tourist destination. Such programs include evaluating the tourism-attraction value of current sites, monitoring and upgrading the content and upkeep of these existing sites, and increasing the number of sites where feasible.

The Destination Enhancement and Product Development division works closely with government, community, and tourist industry leaders to develop community projects which will increase the quality of visitors' experience.

The Destination Enhancement and Product Development division, in collaboration with the Governor's Council of Economic Advisors (GCEA) has ongoing projects to enhance tourist sites in The Marianas under the Public Private Partnership (PPP) Program:

- SAIPAN
  1. Naftan Point Pavilion
  2. Bird Island Lookout Viewing Decks
  3. Banzai Cliff Repairs
  4. San Antonio (Pak Pak Beach) Pavilion
  5. Village Signage Projects
  6. Garapan Area Trash Collection Service
  7. Susupe Beach Park Revitalization

- TINIAN

  There are no current ongoing projects

- ROTA
  1. Sabana Peace Memorial & Lookouts
  2. Chen 'chon Bird Sanctuary Phase III
  3. As Nieves Latte Stone Quarry

All of these projects are in either the planning or permitting phase.

REQUEST FOR INFORMATION

This financial report is designed to provide CNMI residents and taxpayers with an overview of MVA's finances and to show MVA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact MVA at info@mymarianas or 1.670.664.3200/01 or visit our office on the 1st Floor of Gold Beach Hotel Building, Beach Road, Saipan.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Activities - Statements of Net Position

September 30, 2021 and 2020

		2021	2020
ASSETS			
Current assets:			
Cash in bank and on hand - restricted	$	8,841,704	3,459,356
Accounts receivable entitlement - Government of CNMI		1,419,354	7,879,669
Other receivables		3,012	5,179
Prepaid expenses		184,473	-
Total current assets		10,448,543	11,344,204
Noncurrent assets:			
Capital assets, net of accumulated depreciation and amortization		44,397	74,390
Total assets	$	10,492,940	11,418,594
LIABILITIES			
Current liabilities:			
Accounts payable	$	417,802	292,209
Accrued liabilities and benefits		158,922	1,825,378
Total current liabilities		576,724	2,117,587
Noncurrent liabilities:			
Due within one year			
Accrued compensated absences		20,337	15,141
Due in more than one year			
Accrued compensated absences		117,104	120,467
Total liabilities		714,165	2,253,195
Deferred inflows of resources		7,000	-
NET POSITION			
Net investment in capital assets		44,397	74,390
Restricted - expendable		9,727,378	9,091,009
Total net position		9,771,775	9,165,399
	$	10,492,940	11,418,594

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Statement of Activities

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental activities:				
General government	$ 1,027,838	10,500	-	(1,017,338)
Marketing	2,922,310	-	2,547,918	(374,392)
Advertising	633,002	24,375	-	(608,627)
Destination enhancement	42,130	-	-	(42,130)
Support to other government agency	34,964	-	-	(34,964)
Depreciation	48,437	-	-	(48,437)
Total governmental activities	$ 4,708,681	34,875	2,547,918	(2,125,888)
General revenues:				
Hotel and container tax entitlement				-
CNMI appropriation (net of 1% OPA fee)				2,717,149
Other income				14,697
Interest income				418
Total general revenues				2,732,264
Change in net position				606,376
Net position, beginning				9,165,399
Net position, ending				$ 9,771,775

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Statement of Activities

For the Year Ended September 30, 2020

		Program Revenue		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Total
Governmental activities:				
General government	$ 1,358,461	24,760	-	(1,333,701)
Marketing	3,448,163	-	20,403	(3,427,760)
Advertising	267,407	85,539	-	(181,868)
Destination enhancement	374,908	-	-	(374,908)
Support to other government agency	900,000	-	-	(900,000)
Depreciation	57,418	-	-	(57,418)
Total governmental activities	$ 6,406,357	110,299	20,403	(6,275,655)
General revenues:				
Hotel and container tax entitlement				6,830,628
Other income				11,690
Interest income				470
Total general revenues				6,842,788
Change in net position				567,133
Net position, beginning				8,598,266
Net position, ending				$ 9,165,399

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Funds - Balance Sheets

September 30, 2021 and 2020

		2021	2020
ASSETS			
Current assets:			
Cash in bank and on hand - restricted	$	8,841,704	3,459,356
Accounts receivable entitlement - Government of CNMI		1,419,354	7,879,669
Other receivables		3,012	5,179
Prepaid expenses		184,473	-
Total current and total assets	$	10,448,543	11,344,204
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Current liabilities:			
Accounts payable		417,802	292,209
Accrued liabilities and benefits		158,921	1,825,378
Total current and total liabilities		576,723	2,117,587
Deferred inflows of resources		1,063,743	7,331,528
Fund balances:			
Nonspendable - not in spendable form		184,473	-
Assigned		8,623,604	1,895,089
Total fund balance		8,808,077	1,895,089
	$	10,448,543	11,344,204

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Funds - Statements of Revenues, Expenditures, and Changes in Fund Balance

For the Years Ended September 30, 2021 and 2020

	2021	2020
Revenues:		
Hotel and container tax entitlement	$ 6,274,784	4,701,011
CNMI appropriation (net of 1% OPA fee)	2,717,149	-
Grant income (ARPA funded marketing program)	2,547,918	-
Charges for services	34,875	110,299
In-kind contributions	8,343	20,403
Other income	6,354	11,690
Interest income	418	470
Total revenues	11,589,841	4,843,873
Expenditures:		
General government	1,017,662	1,341,497
Marketing	2,930,654	3,448,163
Advertising	633,002	267,407
Destination enhancement	42,130	374,908
Support to other government agency	34,964	900,000
Capital outlay-current expenditures	18,444	4,796
Total expenditures	4,676,856	6,336,771
Excess (deficiency) of revenues over expenditures	6,912,985	(1,492,898)
Assigned fund balance, beginning of year	1,895,089	3,387,987
Fund balance, end of year		
Nonspendable	184,473	-
Assigned	8,623,604	1,895,089
	$ 8,808,077	1,895,089

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Reconciliation of the Balance Sheet of Governmental Funds
to the Agency-Wide Statement of Net Position

For the Years Ended September 30, 2021 and 2020

	2021	2020
Fund balance	$ 8,808,077	1,895,089
Amounts reported for governmental activities in the Balance Sheet differ from the amounts reported in the Statements of Net Position because:		
Long-term liabilities that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Accrued compensated absences	(137,442)	(135,608)
Deferred inflows of resources for receivables from CNMI that are not available within 60 days after the year-end	1,056,743	7,331,528
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	44,397	74,390
Total net position - governmental activities	$ 9,771,775	9,165,399

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Reconciliation of Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balance with the Agency-Wide Statements of Activities

For the Years Ended September 30, 2021 and 2020

		2021	2020
Net change in fund balance - governmental funds		$ 6,912,985	(1,492,898)
Amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balance differ from amounts reported in the Statement of Activities because:			
Some revenues reported in the statement of activities are not available for the current financial obligations and therefore not reported as income, net.			
Unearned revenues for receivables from CNMI that are not available within 60 days after the year end.		-	2,129,617
Unearned revenue from prior year		(6,274,784)	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures.			
Compensated absences - net		(1,833)	(16,965)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statements of net position and allocated over their estimated useful lives as annual depreciation expense in the statements of activities. This is the amount by which capital outlays exceed depreciation in the period.			
Capital outlays	$ 18,445		
Depreciation expense	(48,437)	(29,992)	(52,621)
Changes in net position of governmental activities		$ 606,376	567,133

See accompanying notes to financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Marianas Visitors Authority (MVA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Boards (GASB) is the primary source of governmental accounting and financial reporting principles. Some of the MVA's more significant accounting policies are summarized below, along with some of the practices that are unique to governments.

A. REPORTING ENTITY

On June 17, 1998 Public Law No. 11-15 was enacted and this law deleted in its entirety Section 302(b) of Executive Order 94-3 and abolished the Marianas Visitors Bureau (MVB) to establish the MVA, a non-stock/nonprofit public corporation organized for the purpose of promoting the visitor industry in the Commonwealth of the Northern Mariana Islands (CNMI).

Pursuant to Public Law 11-15, all corporate powers are held and exercised by or under authority of the Board of Directors, subject to the limitations of the Organization's by-laws and the laws of the Northern Mariana Islands. The Board is composed of nine members, of whom five members are appointed by the Governor with the advice and consent of the Senate and four members are chosen by the members of MVA.

In accordance with its enabling legislation and subsequent amendments, MVA receives an appropriation and entitlement of the hotel room occupancy taxes and alcoholic beverage container taxes collected by the CNMI Government.

B. AGENCY-WIDE AND FUND FINANCIAL STATEMENTS

Agency-wide financial statements display information about the reporting government as a whole.

The purpose of the Statement of Activities is to allow financial statement users to determine operating results of the MVA in its entirety over a period of time. It demonstrates the degree to which direct expenses are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase or use goods and services provided by a given function. The MVA's program revenues include, but are not limited to, charges to customers from sales during events, fees collected from participants of special events and contributions in cash and in-kind from the private sector.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. AGENCY-WIDE AND FUND FINANCIAL STATEMENTS, Continued

In-kind contributions restricted for special events or advertising and marketing activities are classified as revenues and expenses of these activities.

Appropriations from the CNMI and other items not included among program revenues are reported instead as general revenues.

Governmental fund financial statements are separate financial statements for government funds.

MVA maintains only one fund, which is a general fund at the MVA level.

Governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund types are used to account for the general governmental activities. The operating fund of the MVA is the general fund. MVA has no capital projects or debt service funds.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the years ended September 30, 2021 and 2020, from which the summarized information was derived.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of measurement focus.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUTING AND FINANCIAL STATEMENT PRESENTATION, Continued

Agency-wide financial statements are presented on a full accrual basis of accounting with an economic resources measurement focus. An economic resource focus concentrates on a fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented using a modified accrual basis and the current financial resources measurement focus. Earned revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and other expenditures having a due date are recorded only when payment is due.

Since the fund financial statements are presented on a different measurement focus and basis of accounting than the agency-wide statements' governmental column, reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the agency-wide presentation. This reconciliation is part of the financial statements.

The financial transactions of the MVA are recorded in the general fund. The operations of this fund are accounted for with self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures.

The GASB model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the government combined) for the determination of major funds for financial reporting purposes. The GASB model also gives governments the discretion to include as major funds those having particular importance.

NET POSITION/FUND BALANCES

Net position in government-wide fund financial statements are composed of three sections:

- Net investment in capital assets:

  Capital assets, net of accumulated depreciation and net of related debts attributable to the acquisition, construction of or improvements of those assets.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, Continued

- Net investment in Capital Assets, Continued

  Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- Restricted:

  Nonexpendable - net position subject to externally imposed stipulations that require MVA to maintain them permanently.

  Expendable – Net position whose use by MVA is subject to externally imposed stipulations that can be fulfilled by actions of MVA 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.

Fund Balance

In the governmental fund financial statements, fund balances, as required by Governmental Accounting Standards Board (GASB) Statement 54, are classified as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and do not lapse at year-end.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, Continued

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

- Unassigned – includes negative fund balances in other governmental funds.

The purpose of GASB 54 is to improve the usefulness, including the understandability, of governmental fund balance information by establishing criteria for classifying fund balance into specially defined classifications and clarifies definitions for governmental fund types.

D. ASSETS, LIABILITIES AND EQUITY

1. Receivables and Payables

For agency-wide financial statements, receivables and related revenues are recognized as soon as they are earned, whereas for governmental fund financial statement purposes, receivables and related revenues are recognized only when they are both measurable and available.

Appropriations and entitlements from the CNMI Government, the MVA's major revenue source, are considered measurable and available when they can be collected within 60 days after year-end.

Receivables are reported at gross value and, if appropriate, are reduced by any significant amounts expected to be uncollectible.

2. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

3. Capital Assets

Capital assets, which include property and equipment, are accounted for in the agency-wide financial statements. All capital assets are valued at historical cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Donated assets are valued at their fair value on the date of gift.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. ASSETS, LIABILITIES AND EQUITY

Capital assets purchased or acquired with original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of assets are capitalized. The cost of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Net Position.

Estimated useful lives, in years, for depreciable assets are as follows:

Asset Description	Years
Maintenance equipment	2-10
Furniture and fixtures	3-10
Vehicles	3-5
Building and leasehold improvements	10-20

4. COMPENSATED ABSENCES

Compensated absences represent the accumulated liability to be paid under MVA’s current annual leave policy.

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16 – *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Unused leave is payable to employees upon resignation or termination of employment if the employee has completed one year or more of service. An employee cannot carry over to the following calendar year accumulated annual leave in excess of three hundred sixty (360) hours. However, any annual leave accumulated in excess of 360 hours as of the end of the calendar year can be converted to sick leave on the last day of such calendar year. At September 30, 2021 and 2020, accrued annual leave was $137,441 and $135,608, respectively.

5. FUND BALANCES

MVA's board of directors is authorized to assign amounts to a specific purpose. MVA's board of directors has established a policy to provide such authority to the board of directors.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

F. NEW ACCOUNTING STANDARDS

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for the fiscal year ending September 30, 2022.

GASB Statement No. 90, *Majority Equity Interest, an Amendment of GASB Statements No. 16 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB statement No. 90 is effective for the fiscal year ending September 30, 2021. Management does not believe that the implementation of this statement had a material effect on the MVA's financial statements.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosure. GASB Statement No. 91 will be effective for fiscal year ending September 30, 2022.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. NEW ACCOUNTING STANDARDS, Continued

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. This Statement addresses a variety of topics and includes specific provisions about leases; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; applicability of Statement No. 73 and 84 to postemployment benefits, measurements of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. GASB Statement No. 92 is effective for the fiscal year ending September 30, 2020. Management does not believe that the implementation of this statement had a material effect on the MVA’s financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (LIBOR). The primary objective of the Statement is to address those and other accounting and financial reporting implications of the replacement of LIBOR. GASB Statement No. 93 is effective for the fiscal year ending September 30, 2021. Management does not believe that the implementation of this statement had a material effect on the MVA’s financial statements.

In March 2020, GASB issued Statement No. 94, *Public-private and Public-public Partnership Arrangements* (PPPs). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). GASB Statement No. 94 will be effective for the fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. NEW ACCOUNTING STANDARDS, Continued

- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities.*

The effective dates of the following pronouncements are postponed by 18 months:

- *Statement No. 87, Leases*
- *Implementation Guide No. 2019-3, Leases.*

In May 2020, GASB issued Statement No. 96, S*ubscription-based Information Technology Arrangements* (SBITAs). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. NEW ACCOUNTING STANDARDS, Continued

plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

In October 2021, GASB issued Statement No. 98, The *Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 98 will be effective for fiscal year ending September 30, 2022.

(2) RECONCILIATION OF AGENCY-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the agency-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the agency-wide statements of net position. The net adjustments for 2021 and 2020 consist of the following:

Description	2021	2020
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund (total capital assets on agency-wide statement in governmental activities column):	$ 842,245	823,801
Less accumulated depreciation	(797,848)	(749,411)
Net capital assets	44,397	74,390

(continued)

(2) RECONCILIATION OF AGENCY-WIDE AND FUND FINANCIAL STATEMENTS, Continued

	2021	2020
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:		
Annual leave liability	(137,441)	(135,608)
Receivable from CNMI that is not available within 60 days after year end	1,056,743	7,331,528
Net adjustment	$ 963,699	7,270,310

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the agency-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balance - total governmental funds and changes in net position of governmental activities as reported in the agency-wide statement of activities. The adjustments are as follows:

Description	2021	2020
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures.		
Compensated absences – net	$ (1,833)	(16,695)
Capital outlays reported in the fund statements	18,445	4,796
Depreciation expense, the allocation of capital outlays over useful lives of the assets, that is recorded on the Statement of Activities but not in the fund statements.	(48,437)	(57,418)
Net adjustments	$ (31,825)	(69,317)

(3) BUDGETARY INFORMATION

Accounting principles used in developing data on a budgetary basis differ from those used in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Amounts included in the Statement of Revenues, Expenditures and Changes Fund Balance – Budget and Actual – General Fund (which are presented on a non-GAAP budgetary basis) reconcile to the fund balance on the accompanying Balance Sheet and Statement of Net Position. MVA has no authority to impose taxes to generate revenue. MVA is an autonomous agency and a component unit of the CNMI government and it receives annual appropriations and entitlement from the CNMI government.

The CNMI legislative budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted by the Legislature for MVA through an Annual Appropriations Act.

(4) CASH IN BANK AND ON HAND

For purpose of statement of cash flows, the MVA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

At September 30, 2021 and 2020 cash and cash equivalents consist of the following:

	2021	2020
Petty cash and other currency	$ 803	803
Cash in bank	8,840,901	3,458,553
	$ 8,841,704	3,459,356

(5) RECEIVABLE FROM THE CNMI GOVERNMENT

The CNMI Government appropriated a total of $2,717,149 and $13,605,748 for MVA's operational use for the years 2021 and 2020, respectively, under the Appropriations Budget Authority Act of 2021 (Public Law 21-35), which include the 2.5% of funds withheld by the Department of Finance for the enforcement of Public Law 18-1 and 2017 (Public Law 19-68).

The following is a summary of the changes in the "Due from CNMI government" for the fiscal years ended September 30, 2021 and 2020:

	2021	2020
Due from CNMI government, beginning	$ 7,879,669	6,149,517
CNMI appropriation and entitlement	1,631,741	6,830,628
Sub-total	9,511,410	12,980,145

(continued)

(5) RECEIVABLE FROM THE CNMI GOVERNMENT, Continued

Collections:		
For prior year's appropriation and entitlement	(6,822,925)	(5,100,476)
For current year's appropriations and entitlement	(1,269,131)	-
Sub-total	(8,092,056)	(5,100,476)
Due from CNMI government, net	$ 1,419,354	7,879,669

(6) INVESTMENTS AT FAIR VALUE

GASB 72 requires all investments to be categorized under a fair value hierarchy. ASC Section 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value and expands financial statement disclosures about fair value measurements. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation technique used to measure fair value into three broad levels:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

Level 3 - Unobservable inputs for an asset or liability, which generally results in a government using the best information available and may include the government's own data.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. At September 30, 2021, MVA had no investments.

(7) DEFERRED INFLOWS OF RESOURCES

Revenues collected in advance of the fiscal year in which they are earned are recorded as deferred inflows of resources in the agency-wide and fund financial statements. Deferred inflows of resources in the fund financial statements also include revenues that are measurable but not available.

(8) NONCURRENT LIABILITIES

MVA's noncurrent liabilities consist of accrued annual leave summarized as follows:

	2021	2020
Beginning balance	$ 135,608	118,644
Additional accrual	51,209	82,641
Annual leave used	(49,376)	(65,677)
Ending balance	137,441	135,608
Due within one year	(20,337)	(15,141)
Due in more than one year	$ 117,104	120,467

(9) CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal years ended September 30, 2021 and 2020:

	September 30, 2021			
	Balance October 1, 2020	Additions Transfer	Deletions Retirements	Balance September 30, 2021
Vehicle and equipment	$ 319,316	-	-	319,316
Office furniture, fixtures and equipment	228,705	-	-	228,705
Leashold improvements	175,729	-	-	175,729
Maintenance equipment	100,051	18,444	-	118,495
	823,801	18,444	-	842,245
Less accumulated depreciation and amortization:				
Vehicle and equipment	272,611	34,228	-	306,839
Office furniture, fixtures and equipment	218,564	6,384	-	224,948
Leasehold improvements	162,230	3,682	-	165,912
Maintenance equipment	96,006	4,143	-	100,149
	749,411	48,437	-	797,848
Governmental activities capital assets, net	$ 74,390	(29,993)	-	44,397

(9) CHANGES IN CAPITAL ASSETS, Continued

		September 30, 2020			
		Balance October 1, 2019	Additions Transfer	Deletions Retirements	Balance September 30, 2020
Vehicle and equipment	$	319,316	-	-	319,316
Office furniture, fixtures and equipment		223,906	4,799	-	228,705
Leashold improvements		175,729	-	-	175,729
Maintenance equipment		100,051	-	-	100,051
		819,002	4,799	-	823,801
Less accumulated depreciation and amortization:					
Vehicle and equipment		238,384	34,227	-	272,611
Office furniture, fixtures and equipment		205,595	12,969	-	218,564
Leasehold improvements		158,547	3,683	-	162,230
Maintenance equipment		89,467	6,539	-	96,006
		691,993	57,418	-	749,411
Governmental activities capital assets, net	$	127,009	(52,619)	-	74,390

Most capital assets are not directly identifiable to specific governmental activities; thus depreciation expense is presented as unallocated in the Statement of Activities.

(10) RISK MANAGEMENT

The MVA is exposed to various risks of loss related to thefts of, damage to, and destruction of assets; injuries to employees and third parties; and natural disaster. These risks are covered by commercial insurance purchased from independent third parties.

(11) COMMITMENTS AND CONTINGENCIES

A. Leases

MVA entered into a non-cancelable lease agreement covering their office in Saipan with a term of five years expiring on January 16, 2019 with an option to renew for an additional three years on the same terms and conditions. On October 9, 2018, the lease agreement was renewed under the same terms and conditions for one additional term of up to three (3) years expiring April 30, 2021. Subsequently, MVA will lease its office facility on a month to month basis for $4,500 per month.

(11) COMMITMENTS AND CONTINGENCIES, Continued

B. Representation, Promotional and Public Relations Services
Tourism Resumption Investment Plan (TRIP) - Airlines

MVA entered into promotional roundtrip flights contracts with Asiana Airlines, Jeju Air and T'Way Air in Seoul, Korea, including promoting CNMI on their company website and social media platforms such as Facebook and Instagram, promote the CNMI through their in-flight entertainment such as destination videos, throughout the Pilot Program. The contracts include and provide incentive programs to stakeholders in Korea and the CNMI Airlines, Travel Agents, Corridor Hotels, Hybrid Hotel Quarantine Services and Tourist Travel Bucks.

At September 30, 2021, the minimum future contract fees are as follows:

Years ending September 30:	
2022	$ 540,000
2023	1,730,000
	$ 2,270,000

C. Professional Services

MVA entered into contracts for professional services for local public relation media fees.

At September 30, 2021, the minimum future contract fees are as follows:

Years ending September 30:	
2022	$ 41,825
2023	31,369
	$ 76,679

(12) RETIREMENT PLAN

MVA contributed to the Northern Mariana Islands Retirement Fund's (NMIRF) defined benefit plan (DB Plan), a cost-sharing, multiple-employer plan established and administered by the CNMI. On September 30, 2013, the DB Plan was transferred to the Northern Mariana Islands Settlement Fund (NMISF) and MVA now contributes to NMISF.

On August 30, 2012, Public Law 17-79 was enacted to amend Title I of the Commonwealth Code to include the intent of the CNMI to participate in the retirement insurance system established by Title II of the U.S. Federal Insurance Contributions Act (FICA) and for participation to be extended to elected officials, employees, political subdivisions and instrumentalities of the CNMI.

(12) RETIREMENT PLAN, Continued

On September 11, 2012, Public Law 17-82 CNMI Pension Reform Recovery Act of 2012 was enacted. Unless specifically exempted or authorized by federal law, Public Law 17-82 provides for mandatory membership of CNMI Government employees and elected officials in the U.S. Social Security system and authorizes employees, who elect to, to buy quarters of service in the U.S. Social Security system from contributions made to the DB plan. In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the defined contribution (DC) Plan and to participate in the U.S. Social Security system without termination of employment or penalty.

Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute its employee share.

On March 11, 2013, Public Law 18-02 was enacted to amend Public Law 17-82 to clarify those provisions necessary to expedite the refunds and to prevent any further frustration of the process. Included in the public law is the amendment of Section 203(a) of Title 1, Division 8, Part 3, which states that the government obligation to withhold and remit the employee's portion to the employee's defined account shall continue with respect to employees who do not terminate membership in the DB Plan.

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the member's compensation. MVA is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. MVA's recorded DC contributions for the years ended September 30, 2021 and 2020 totaled $8,123 and $10,763, equal to the required yearly contribution.

Members of the DC 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.

(12) RETIREMENT PLAN, Continued

Unremitted Employer Contribution prior to September 30, 2013

The amount MVA recognized as payable to the Retirement Fund prior to the creation of the Settlement Fund totaled $918,775 including penalties as of September 30, 2013.

MVA believes that the payable to the Retirement Fund is ultimately due from the CNMI central government and not from MVA. The Settlement Order for Federal District Court for the CNMI Case No. 09-00023, which states that the NMIRF shall assign to the CNMI government all rights to collect employer contributions deficient as of August 6, 2013 and related costs from the Autonomous Agencies, or any other CNMI instrumentalities, strengthen MVA's position. The beginning net position in the Statement of Activities was restated in FY 2015 to reverse the accrued liabilities amounting to $918,775.

Medical and Life Insurance Benefits

In addition to providing pension benefits, the CNMI Government also ensures that employees are provided with medical and life insurance benefits. The CNMI Government created the Group Health and Life Insurance Trust Fund ("Trust Fund"), held in trust and administered by the Northern Mariana Islands Retirement Fund (NMIRF). MVA contributes to the Group Health and Life Insurance program. This is open to active employees who work at least 20 hours per week and to retired CNMI Government employees who retire as a result of length of service, disability or age, as well as their dependents. Life insurance coverage is to be provided by a private carrier. Contributions from employees and employers are based on rates as determined by NMIRF Board of Trustees. Employee deductions are made through payroll withholdings.

(13) INVENTORIES

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method).

(14) IN-KIND CONTRIBUTIONS

MVA receives in-kind contributions from its members and records them as of the date of receipt of the attendant goods or services. Material and other noncash donations are recorded at cost or estimated fair value determined at the date of donation. For the years ended September 30, 2021 and 2020, the MVA recorded donated goods and services of $8,040 and $20,403, respectively.

(15) CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject to MVA to concentration of credit risk consist principally of cash deposits and accounts receivable.

At September 30, 2021 and 2020 the carrying amount of MVA's total cash and cash equivalents (excluding petty cash) was $8,840,901 and $3,458,553, respectively. The corresponding bank balances as of September 30, 2021 and 2020 were $8,938,655 and $3,641,231, respectively, of which $500,000 for both years was covered under within FDIC insurance limits. The remaining balances are not insured. The MVA has not experienced any losses in such accounts and believes that they are not exposed to any significant credit risk.

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

(16) RISK MANAGEMENT

MVA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; employee injuries and illnesses; natural disasters and employee health, 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 two years.

(17) RELATED PARTY TRANSACTIONS

Public Law 20-17 was enacted in fiscal year 2018. It amended §2159 to provide not less than two percent (2%) for each municipality, but not less than $300,000 each, shall be remitted by MVA to the municipalities to implement charter flight tourism incentives, promotional programs, tourism enhancement activities, beautification projects, island-wide cleanup and to include purchasing supplies and equipment for such projects. The MVA did not remit any amount to the municipalities due to the suspension of earmarked funds for the fiscal year ended September 30, 2021.

During the years ended September 30, 2021 and 2020, MVA remitted totaled $-0- and $900,000, respectively, to support to the municipalities of Saipan, Tinian and Rota under Public Law 20-17.

For the year ended September 30, 2021 MVA expended $34,964 to support other government agency.

(18) COVID-19

As the pandemic continues, the recovery of the tourism industry from COVID-19 is expected to take more than one year. Globally, the world tourism is at an estimated of $2 trillion in lost revenue according to the United Nations World Tourism Organization. The pace of recovery remains slow and uneven from our major source markets.

Digitizing our destination to provide a touchless experience in an industry that "touches" almost every part of our economy and society is a vision that we encourage all our partners to adopt. With the right technology in place, our tourism industry can rebuild and welcome visitors again with safeguards that will protect everyone.

While the industry adjusts to the "new normal", preparing the destination with tourist resumption plans to continue promote our destination for future sales, organized clean ups, beautification enhancement and product development, evaluating and upgrading the tourism attraction sites, are just a few of the projects undertaken by MVA while we wait for the easing of entry restrictions in Asia.

We come from the island of possibilities and resilience. We know that the demand for travel is there in our source markets and we are ready to receive them once again.

(19) DATE OF MANAGEMENT'S REVIEW

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through October 10, 2022, which is the date the financial statements were available to be issued. MVA receive a grant notification award amounting to $7.5 million of Community Development Block Grant Disaster Recovery Funds (CDBG-DR) for Economic Revitalization and Tourism Activities. The funds are intended to be used for several MVA projects to revitalize the economy and tourism industry related activities such as global branding, representation, promotional and public relations in Japan and Taiwan, travel fairs and other promotional activities.

On April 8, 2022 MVA entered into a non-cancelable lease agreement for its new office facility in Saipan with a term of one year expiring on April 7, 2023 at the rate of $12,000 a month, with an option to renew for another year with an increase by two percent (2%) of the monthly rental rate.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Budgetary Comparison Schedule

For the Year Ended September 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Hotel and container tax entitlement, net of PL 21-35	$ -	-	6,274,784	6,274,784
CNMI appropriation (net of 1% OPA fee)	2,197,411	2,717,150	2,717,150	-
Special events	-	-	18,393	18,393
Membership dues	-	-	10,500	10,500
In-kind contributions	-	-	8,343	8,343
Other income	-	-	6,356	6,356
Memorial trust income	-	-	5,722	5,722
Interest income	-	-	418	418
Tour guide certication	-	-	260	260
Total revenues	2,197,411	2,717,150	9,041,926	6,324,776
Expenditures:				
Promotion and advertising	985,986	888,424	3,553,480	(2,665,056)
Personnel service	526,181	1,067,676	763,772	303,904
Rental	60,579	151,750	51,750	100,000
Destination enhancement	260,000	98,471	42,130	56,341
Travel	18,931	35,041	37,117	(2,076)
Support to other government agencies	40,000	34,964	34,964	-
Professional fees	37,862	34,319	33,494	825
Insurance	30,763	22,656	22,656	-
Utilities	28,396	18,501	18,501	-
Capital expenditures including MVA office	23,664	249,151	18,444	230,707
Communications	28,396	16,503	16,024	479
Office equipment, rentals, repairs	14,198	14,717	14,717	-
Office supplies	9,465	12,081	11,926	155
Maintenance supplies	24,610	11,345	10,762	583
Printing and publications	47,327	29,705	10,381	19,324
Fuel and lubrication	22,717	7,880	8,480	(600)
In-kind contribution of promotion and advertising	-	-	8,343	(8,343)
Computer systems and equipment	9,465	9,095	7,573	1,522
Repairs and maintenance	14,198	4,385	4,385	-
Tour guide certification	9,465	7,900	3,000	4,900
Bank charges and penalties	-	-	2,373	(2,373)
Dues and subscriptions	947	1,660	1,659	1
Postage and freight	1,895	925	925	-
Staff development training	2,366	-	-	-
Total expenditures	2,197,411	2,717,149	4,676,856	(1,959,707)
Excess of revenues over expenditures	-	-	4,365,070	4,365,069
Federal grants (ARPA funded marketing program)	-	-	2,547,918	-
Assigned fund balance, beginning of year	-	1,895,089	1,895,089	-
Assigned fund balance, end of year	$ -	1,895,089	8,808,077	4,365,069

See independent auditor's report.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Supplemental Schedule

Schedule of Functional Expenditures - Statement of Activities
For the Years Ended September 30, 2021 and 2020

	General Government	Marketing	Advertising	Destination Enhancement	Support to other government agency	Depreciation	Total 2021	Total 2020
Advertising and marketing	$ -	2,922,310	633,002	-	-	-	3,555,312	3,715,570
Personnel service	763,772	-	-	-	-	-	763,772	985,152
Rental	51,750	-	-	-	-	-	51,750	54,000
Depreciation	-	-	-	-	-	48,437	48,437	57,418
Destination enhancement	-	-	-	42,130	-	-	42,130	374,908
Travel	37,117	-	-	-	-	-	37,117	39,316
Support to other government agency	-	-	-	-	34,964	-	34,964	900,000
Professional fees	33,494	-	-	-	-	-	33,494	65,928
Insurance	22,656	-	-	-	-	-	22,656	27,933
Utilities	18,501	-	-	-	-	-	18,501	17,321
Communications	16,024	-	-	-	-	-	16,024	22,757
Office equipment, rental, repairs	14,717	-	-	-	-	-	14,717	11,667
Office supplies	11,926	-	-	-	-	-	11,926	10,386
Maintenance supplies	10,762	-	-	-	-	-	10,762	8,640
Printing and publication	10,381	-	-	-	-	-	10,381	49,249
Fuel and lubrication	8,480	-	-	-	-	-	8,480	8,289
In-kind contributions	8,343	-	-	-	-	-	8,343	20,403
Computer systems and equipment	7,573	-	-	-	-	-	7,573	10,234
Repairs and maintenance	4,385	-	-	-	-	-	4,385	11,110
Tourist guide certification	3,000	-	-	-	-	-	3,000	6,052
Bank charges and penalties	2,373	-	-	-	-	-	2,373	4,231
Dues and subscriptions	1,659	-	-	-	-	-	1,659	1,025
Postage and freight	925	-	-	-	-	-	925	1,428
Staff development training	-	-	-	-	-	-	-	3,340
Total expenditures	$ 1,027,838	2,922,310	633,002	42,130	34,964	48,437	4,708,681	6,406,357

See independent auditor's report.

INDEPENDENT AUDITORS' REPORTS ON
INTERNAL CONTROL AND ON COMPLIANCE

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT 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*

To the Board of Directors of
Marianas Visitors Authority

We have audited, in accordance with the 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, the financial statements of Marianas Visitors Authority (MVA), a component unit of the Commonwealth of the Northern Mariana Islands Government, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Marianas Visitors Authority's basic financial statements, and have issued our report thereon dated October 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MVA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MVA's internal control. Accordingly, we do not express an opinion on the effectiveness of MVA'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 MVA'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*.

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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.

Burger Comer & Associates

BURGER COMER & ASSOCIATES
Saipan, MP 96950
October 10, 2022