

YAP VISITORS BUREAU
(A COMPONENT UNIT OF THE STATE OF YAP)
Financial Statements and
Independent Auditor's Report
Years Ended September 30, 2023 and 2022

Burger · Comer & Associates
1930 Picarro Lane I Liyang Village
P. O. Box 504053 Saipan, MP 96950

YAP VISITORS BUREAU
(A COMPONENT UNIT OF THE STATE OF YAP)
Financial Statements
and Independent Auditor's Report

Years Ended September 30, 2023 and 2022

Table of Contents

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis	4-7
Financial Statements:	
Statements of Net Position.....	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows.....	10
Notes to the Financial Statements.....	11-22
Independent Auditor's Report on Internal Control over Financial Reporting on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Yap Visitors Bureau

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Yap Visitors Bureau, a component unit of the State of Yap, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Yap Visitors Bureau's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Yap Visitors Bureau, as of September 30, 2023 and 2022, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Yap Visitors Bureau and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Saipan Office

1930 Picarro Lane I Liyang Village
P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837
Fax Nos. (670) 235-6905 (670) 233-8214

Guam Office

333 South Marine Corps Drive
Tamuning, Guam 96913
Tel Nos. (671) 646-5044 (671) 472-2680
Fax Nos. (671) 646-5045 (671) 472-2686

Palau Office

PO Box 1266
Koror, PW 96940
Tel Nos. (680) 488-8615
Fax Nos. (680) 488-8616

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Yap Visitors Bureau's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Yap Visitors Bureau's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2025, on our consideration of the Yap Visitors Bureau'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 Yap Visitors Bureau'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 Yap Visitors Bureau's internal control over financial reporting and compliance.

Baigun Comer & Associates

Saipan, Commonwealth of the Northern Mariana Islands
October 23, 2025

YAP VISITORS BUREAU
(A COMPONENT UNIT OF THE STATE OF YAP)

Management's Discussion and Analysis
Years ended September 30, 2023, 2022, and 2021

The following Management's Discussion and Analysis is required by GASB Statement No. 34 (GASB 34) issued by the U.S. Governmental Accounting Standards Board. Its objective is to provide the reader with an introduction and overview of the financial statements of the Yap Visitors Bureau (YVB) for the years ending September 30, 2023, 2022, and 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

GASB 34 issued by the U.S. Governmental Accounting Standards Board requires that published financial statements must contain a management's discussion and analysis. This section of the YVB's annual report presents our discussion of YVB's performance for the years ended September 30, 2023, 2022, and 2021. It should be read in conjunction with financial statements that follow this section.

The following table summarizes the financial condition and operations of YVB as of 2023, 2022, and 2021.

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
Statements of Revenues, Expenses and Changes in Net Position
For the years ended September 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating expenses:			
Contractual services	\$ 72,115	182,054	367,541
Payroll, taxes and benefits	65,244	66,349	60,505
Communications and utilities	10,368	10,773	10,298
Miscellaneous	10,010	5,726	-
General and administrative	9,705	10,353	2,286
Office repairs and supplies	6,753	3,453	-
Dues and subscriptions	6,701	1,499	-
Promotions and advertising	5,464	2,000	14,776
Depreciation	4,830	12,180	14,219
Events, tourism and international affairs	1,444	2,945	-
Total operating expenses	<u>192,634</u>	<u>297,332</u>	<u>469,625</u>
Loss from operations	(192,634)	(297,332)	(469,625)
Non operating revenues:			
FSM National Government subsidies	43,903	168,569	14,791
Yap State Government subsidies	120,775	111,342	442,817
Other revenue	2,129	2,945	-
Total non operating revenues	<u>166,807</u>	<u>282,856</u>	<u>457,608</u>
Change in net position	(25,827)	(14,476)	(12,017)
Net position at beginning of the year	<u>173,213</u>	<u>187,689</u>	<u>199,706</u>
Net position at end of the year	<u>\$ 147,386</u>	<u>173,213</u>	<u>187,689</u>

YAP VISITORS BUREAU
(A COMPONENT UNIT OF THE STATE OF YAP)

Management's Discussion and Analysis
Years ended September 30, 2023, 2022, and 2021

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
Statements of Net Position
September 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current assets:			
Cash	\$ 152,232	176,066	176,066
Total current assets	152,232	176,066	176,066
Capital assets, net	2,957	4,830	17,010
Total assets	<u>\$ 155,189</u>	<u>180,896</u>	<u>193,076</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	120	-	-
Accrued payroll and other accrued expenses	7,683	7,683	5,387
Total liabilities	7,803	7,683	5,387
Net position:			
Net investment in capital assets	2,957	4,830	17,010
Unrestricted	144,429	168,383	170,679
Total net position	147,386	173,213	187,689
Total liabilities and net position	<u>\$ 155,189</u>	<u>180,896</u>	<u>193,076</u>

For the Year Ended September 30, 2023

This section presents the Management's Discussion and Analysis (MD&A) of the Yap Visitors Bureau's ("YVB" or the "Bureau") financial performance and condition for the fiscal year ended September 30, 2023. It provides a narrative overview of the Bureau's operations, financial results, and challenges, and should be read in conjunction with the accompanying financial statements.

Organizational Background

The Yap Visitors Bureau was established under Yap State Law No. 4-25 and commenced operations in 1996. It is a component unit of the State of Yap, responsible for promoting tourism, developing the industry, and encouraging local participation in tourism activities. YVB relies heavily on government subsidies and grants to fund its operations and programs.

**YAP VISITORS BUREAU
(A COMPONENT UNIT OF THE STATE OF YAP)**

Management's Discussion and Analysis
Years ended September 30, 2023, 2022, and 2021

Financial Management and Operational Challenges

In recent years, changes to the financial management laws governing the Bureau have significantly impacted its operations. Notably, amendments to FSM law no. 827 require that all budget appropriations be maintained and disbursed by the Office of Administrative Services, rather than directly by YVB. This change has introduced additional administrative layers, resulting in delays in processing payments and challenges in maintaining timely and accurate financial records.

These administrative inefficiencies have led to delayed payments to vendors, some of whom have experienced payment delays of several months. Despite these delays, YVB values its vendor relationships and continues to work towards strengthening these partnerships.

The Bureau also faces limitations due to restrictions on the use of its funding sources, which do not allow expenditures on international travel, food, and entertainment—key components for tourism promotion. These restrictions constrain YVB's ability to effectively market Yap as a tourist destination.

Financial Highlights

- Total assets on September 30, 2023, were \$155,189, a decrease from \$180,896 in the prior year, primarily due to reduced cash balances and depreciation of capital assets.
- Liabilities remained low, totaling \$7,803, primarily accrued payroll and accounts payable.
- The net position decreased by \$25,827 during the year, ending at \$147,386.
- Operating expenses decreased significantly to \$192,634 compared to \$297,332 in 2022, reflecting efforts to control costs.
- Non-operating revenues, consisting mainly of government subsidies, totaled \$166,807, down from \$282,856 the previous year.

Operating Results

The Bureau incurred an operating loss of \$192,634 for the year. Operating expenses were reduced through tighter cost controls, but revenues remained insufficient to cover these expenses.

Key expense categories include contractual services, payroll and benefits, communications, promotions, and events.

Cash Flows

Cash flows from operations were negative, reflecting the operating loss. However, these were offset by noncapital financing activities consisting primarily of government subsidies, resulting in a stable cash position at year-end.

**YAP VISITORS BUREAU
(A COMPONENT UNIT OF THE STATE OF YAP)**

Management's Discussion and Analysis
Years ended September 30, 2023, 2022, and 2021

Outlook

Looking ahead, YVB aims to:

- Revive and strengthen marketing and tourism product development efforts aligned with the Sustainable Development Goals (SDGs).
- Maintain and strengthen relationships with vendors and service providers, acknowledging their ongoing support during periods of delayed payments.
- Seek diversified funding sources to reduce reliance on government subsidies.
- Navigate administrative challenges with the Office of Administrative Services to improve payment processes and financial record keeping.

Despite ongoing fiscal and administrative constraints, YVB remains committed to its mission of promoting sustainable tourism in Yap and supporting the economic and cultural vitality of the State.

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
 Statements of Net Position
 September 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 152,232	176,066
Total current assets	152,232	176,066
Capital assets, net	2,957	4,830
Total assets	<u>\$ 155,189</u>	<u>180,896</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	120	-
Accrued payroll and other accrued expenses	7,683	7,683
Total liabilities	7,803	7,683
Net position:		
Net investment in capital assets	2,957	4,830
Unrestricted	144,429	168,383
Total net position	147,386	173,213
Total liabilities and net position	<u>\$ 155,189</u>	<u>180,896</u>

See independent auditor's report and notes to financial statements.

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
Statements of Revenues, Expenses and Changes in Net Position
For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating expenses:		
Contractual services	\$ 72,115	182,054
Payroll, taxes and benefits	65,244	66,349
Communications and utilities	10,368	10,773
Miscellaneous	10,010	5,726
General and administrative	9,705	10,353
Office repairs and supplies	6,753	3,453
Dues and subscriptions	6,701	1,499
Promotions and advertising	5,464	2,000
Depreciation	4,830	12,180
Events, tourism and international affairs	1,444	2,945
	<hr/>	<hr/>
Total operating expenses	192,634	297,332
	<hr/>	<hr/>
Loss from operations	(192,634)	(297,332)
Non operating revenues:		
FSM National Government subsidies	43,903	168,569
Yap State Government subsidies	120,775	111,342
Other revenue	2,129	2,945
	<hr/>	<hr/>
Total non operating revenues	166,807	282,856
	<hr/>	<hr/>
Change in net position	(25,827)	(14,476)
Net position at beginning of the year	173,213	187,689
	<hr/>	<hr/>
Net position at end of the year	\$ 147,386	173,213
	<hr/> <hr/>	<hr/> <hr/>

See independent auditor's report and notes to financial statements.

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
Statements of Cash Flows
For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash payments to vendors for goods and services	\$ (122,440)	(216,507)
Cash payments to employees for services	<u>(65,244)</u>	<u>(66,349)</u>
Net cash used in operating activities	<u>(187,684)</u>	<u>(282,856)</u>
Cash flows from noncapital financing activities:		
Operating subsidies received from Yap State Government	120,775	111,342
Operating subsidies received from FSM National Government	43,903	168,569
Other revenue	<u>2,129</u>	<u>2,945</u>
Net cash provided by noncapital financing activities	<u>166,807</u>	<u>282,856</u>
Cash flow from capital financing activities:		
Acquisition of capital assets	<u>(2,957)</u>	<u>-</u>
Net cash used in capital financing activities	<u>(2,957)</u>	<u>-</u>
Net change in cash	(23,834)	-
Cash at beginning of year	<u>176,066</u>	<u>176,066</u>
Cash at end of year	<u><u>\$ 152,232</u></u>	<u><u>176,066</u></u>
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (192,634)	(297,332)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	4,830	12,180
Increase in liabilities:		
Accounts payable	120	-
Accrued payroll and other accrued expenses	<u>-</u>	<u>2,296</u>
Net cash used in operating activities	<u><u>\$ (187,684)</u></u>	<u><u>\$ (282,856)</u></u>

See independent auditor's report and notes to financial statements.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(1) Organization

The Yap Visitors Bureau (the “Bureau” or “YVB”) was created pursuant to Yap State Law (YSL) No. 4-25 and commenced operations on October 22, 1996. The primary objectives of YVB include increasing the awareness of Yap as a tourist destination, developing the resources of the private sector, increasing local employment in the tourism industry, encouraging and developing community involvement in tourism, increasing the number of visitor activities, and preserving the tourism environment.

YVB is governed by a seven-member Board of Directors, five of whom are appointed from the business community by the Governor with the advice and consent of the State Legislature, one appointed by the Speaker of the State Legislature, and one elected by a vote of the six appointed members who have direct involvement in the tourism industry. A General Manager, hired by the Board of Directors, oversees daily operations.

YVB’s financial statements are incorporated into the financial statements of the State of Yap as a component unit.

(2) Summary of significant accounting policies

The accounting policies of YVB conform to accounting principles generally accepted in the United State of America as applicable to governmental entities, specifically proprietary funds.

The Bureau adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 (Basic Financial Statements- Management’s Discussion and Analysis for State and Local Governments). GASB Statement No. 34 establishes that the resources be classified for accounting and reporting purposes into four net position categories:

- (a). *Net investment in capital assets* – This represents the Bureau’s investment in capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those capital assets.
- (b). *Restricted Nonexpendable* – Net position subject to externally imposed stipulations that require the Bureau to maintain them permanently.
- (c). *Restricted Expendable* – Net position whose use by the Bureau is subject to externally imposed stipulations that can be fulfilled by actions of the Bureau pursuant to those stipulations or that expire by the passage of time.
- (d). *Unrestricted* – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

Estimates

The preparation of 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of accounting

Proprietary funds are accounted on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included in the statements of net position. Proprietary fund operating statements present increases and decreases in net position. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. YVB considers revenues and costs that are directly related to its operations to be operating revenues and expenses. Revenues and expenses related to financing and other activities, such as grants and subsidies, are reflected as non-operating.

Cash

For purposes of the statements of net position and cash flows, cash is defined as cash on hand and cash held in demand deposit accounts.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Routine maintenance and repairs are expensed as incurred. As a general rule, YVB capitalizes all assets that have a useful life of more than one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	2-6 years
Office equipment	3-5 years
Vehicles	3-5 years

Annual and sick leave

Earned but unused annual leave is paid to employees upon termination of their employment. Therefore, YVB accrues such benefits in the period earned. Sick pay benefits are dependent solely on employee illness. Accordingly, an expense for earned sick leave is only recorded when the leave is actually taken.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards

In 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which postponed the effective dates of GASB Statement No. 84, 89, 90, 91, 92, and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as initially issued. In accordance with GASB Statement No. 95, except for the early adoption of GASB Statement No. 89, management has elected to postpone the implementation of these statements.

During the years ended September 30, 2023 and 2022, the YVB implemented the following pronouncements:

- GASB Statement No. 84, Fiduciary Activities, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- GASB Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61, which improves 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. 93, Replacement of Interbank Offered Rates, establishes accounting and reporting requirements related to replacing Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the year ended September 30, 2022.

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

In June 2017, GASB issued 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. In accordance with GASB Statement No. 95, GASB Statement No. 87 is effective for the fiscal year ending September 30, 2022. The adoption of the Statement had no material effect on the financial statements.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards. continued

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. In accordance with GASB Statement No. 95, GASB Statement No. 89 is effective for the fiscal year ending September 30, 2022. The adoption of the Statement had no material effect on the financial statements.

In May 2019, GASB 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 additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. In accordance with GASB Statement No. 95, GASB Statement No. 91 is effective for the fiscal year ending September 30, 2023. The adoption of this Statement did not have a material impact on the financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. In accordance with GASB Statement No. 95, the remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022. The adoption of the Statement has no material effect on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. GASB Statement No. 94 is effective for the September 30, 2023 fiscal year. Management does not believe that this Statement had a material effect on the financial statements.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards, continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 is effective for the September 30, 2023 fiscal year. Management does not believe that this Statement had a material effect on the financial statements.

In June 2020, GASB issued Statement issued 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 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 for benefits provided through those plans. GASB Statement No. 97 is effective for the fiscal year ending September 30, 2022. The adoption of the Statement had no material effect on the financial statements.

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 replaces instances of comprehensive annual financial reports and its acronym in generally accepted accounting principles for state and local governments. GASB Statement No. 98 is effective for the fiscal year ending September 30, 2022. The adoption of the Statement had no material effect on the financial statements.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards, continued

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature.

In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards, continued

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is evaluating whether implementation of this statement will have a material impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards, continued

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards, continued

- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

In December 2023, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. State and local governments engage in various nonexchange transactions, in which resources are transferred to or from the government without a direct exchange of goods or services. The objective of this Statement is to enhance the consistency and transparency of financial reporting for these types of transactions by establishing clear guidance on how governments should account for and report these transactions.

This Statement provides specific guidance on the recognition, measurement, and reporting of revenues and expenditures for nonexchange transactions, including grants, donations, and entitlements. It requires that governments recognize revenue when an eligibility requirement is met, and expenditures when the related liability is incurred. Additionally, the Statement clarifies the treatment of certain items such as property taxes, fines, and penalties, ensuring consistency in their recognition and measurement.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

In December 2023, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. State and local governments invest funds to support their operations and meet future financial obligations. The objective of this Statement is to establish comprehensive standards for accounting and financial reporting related to investments and investment pools, to improve the consistency, transparency, and comparability of investment reporting.

This Statement outlines new requirements for the recognition, measurement, and reporting of investments, including how to classify investments as either "investments" or "cash equivalents" and how to report changes in the fair value of investments. The Statement also provides guidance on the reporting of investment pools, including disclosures regarding the pooling arrangement, the type of investments, and the risks associated with the investments.

Additionally, the Statement establishes requirements for the reporting of investment income, including interest, dividends, and realized and unrealized gains or losses. The goal is to provide users of financial statements with relevant and reliable information that reflects the financial position and performance of governmental investments and investment pools.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(2) Summary of significant accounting policies, continued

New accounting standards, continued

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

(3) Deposits

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

YVB does not have a formal deposit or investment policy. However, the deposit and investment policy of the YVB is mandated by its enabling legislation. The Board of Directors is required to engage one or more fund custodians to assume responsibility for the physical possession of the YVB's investments.

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

As of September 30, 2023 and 2022, the carrying amounts of the YVB's deposits with financial institutions were \$152,232 and \$176,066, respectively. The bank balances were \$152,720 and \$176,066 at September 30, 2023 and 2022, respectively, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2023 and 2022 the bank deposits were FDIC insured. YVB has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on its deposits.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(4) Capital assets

Capital asset activity for the years ended September 30, 2023 and 2022 is as follows:

	Balance September 30, 2022	Additions	Disposals	Balance September 30, 2023
Depreciable fixed assets:				
Furniture and fixtures	\$ 13,015	1,138	-	14,153
Vehicles	63,900	-	(25,500)	38,400
Office and equipment	56,375	1,819	(38,333)	19,861
	133,290	2,957	(63,833)	72,414
Accumulated depreciation	(128,460)	(4,830)	63,833	(69,457)
	<u>\$ 4,830</u>	<u>(1,873)</u>	<u>-</u>	<u>2,957</u>

(5) Related party transactions

In the ordinary course of business, YVB enters into transactions with the Yap State Government, FSM National Government, and private businesses in which certain YVB Board members hold positions of influence.

During the years ended September 30, 2023 and 2022, YVB received subsidies of \$43,903 and \$168,569, respectively, from the Yap State Government, which were funded by the Compact Private Sector Grants and General Fund. Pursuant to the terms of a Memorandum of Understanding with the Department of Administrative Services, eligible expenditures are to be reimbursed. During the years ended September 30, 2023 and 2022, YVB incurred eligible expenditures of \$120,775 and \$111,342, respectively.

During the years ended September 30, 2023 and 2022, YVB received operating subsidies of \$120,775 and \$111,342, respectively, from the Federated States of Micronesia (FSM) National Government which were funded by FSM Congress Projects.

YVB utilizes an office building of the Yap State Government at no charge. Management is of the opinion that there are no charges incurred for the use of the building.

(6) Risk management

YVB is self-insured for all risk. Any loss or liability that may result upon the occurrence of a natural disaster, accident or litigation will be borne entirely by YVB. Management is of the opinion that no material losses have been sustained as a result of this practice during the past three years.

YAP VISITORS BUREAU
(A Component Unit of The State of Yap)

Notes to Financial Statements
September 30, 2023 and 2022

(7) Coronavirus Pandemic

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the 2019-nCoV (Coronavirus) outbreak a “Public Health Emergency of International Concern”.

On May 5, 2023 the World Health Organization declared that the public health emergency had ended. There are lingering aspects of the pandemic that are affecting businesses in the State of Yap, primarily related to the tourism industry. It is anticipated that these impacts will continue for some time. As a result of the spread of the coronavirus pandemic, economic uncertainties have arisen, which are likely to impact the day-to-day administration of YVB. While this matter is expected to negatively impact the results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

(8) Date of Management’s Review

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through October 23, 2025 which is the date the financial statements were available to be issued. The Company has determined that none of the events occurring after the date of the statement of net position substantially affects the amounts, presentation, and disclosure of the accompanying financial statements.



BURGER · COMER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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
Yap Visitors Bureau

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 Yap Visitors Bureau, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Yap Visitors Bureau's basic financial statements, and have issued our report thereon dated October 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yap Visitors Bureau'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 Yap Visitors Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of Yap Visitors Bureau'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 Yap Visitors Bureau'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*.

Saipan Office

1930 Picarro Lane I Liyang Village
P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837
Fax Nos. (670) 235-6905 (670) 233-8214

Guam Office

333 South Marine Corps Drive
Tamuning, Guam 96913
Tel Nos. (671) 646-5044 (671) 472-2680
Fax Nos. (671) 646-5045 (671) 472-2686

Palau Office

PO Box 1266
Koror, PW 96940
Tel Nos. (680) 488-8615
Fax Nos. (680) 488-8616

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.

Buysen Comer & Associates

Saipan, MP
October 23, 2025