

MARSHALL ISLANDS VISITORS AUTHORITY
(A COMPONENT UNIT OF THE REPUBLIC OF
THE MARSHALL ISLANDS)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

INDEPENDENT AUDITORS' REPORT

Board of Directors
Marshall Islands Visitors Authority:

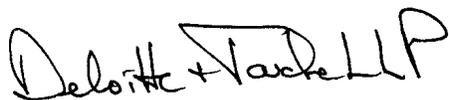
We have audited the accompanying statements of net assets of the Marshall Islands Visitors Authority (MIVA), a component unit of the Republic of the Marshall Islands, as of September 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of MIVA's management. Our responsibility is to express an opinion 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MIVA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marshall Islands Visitors Authority as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012 on our consideration of MIVA'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of MIVA's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.



September 27, 2012

MARSHALL ISLANDS VISITORS AUTHORITY

Management's Discussion and Analysis
September 30, 2011 and 2010

FINANCIAL HIGHLIGHTS

MIVA's net assets increased by \$57,575 or 27% from \$209,417 in 2009 to \$266,992 in 2010 and decreased by \$29,254 or 12% from \$266,992 in 2010 to \$237,738 in 2011. Operating revenues decreased by \$180,119 or from \$430,309 in 2010 to \$250,190 in 2011 due primarily to a reduction in revenues associated with the 2010 Shanghai World Expo.

FINANCIAL ANALYSIS OF MIVA

The Statement of Net Assets (Page 5) and the Statement of Revenues, Expenses, and Changes in Net Assets (page 6) provide an indication of MIVA's financial condition. MIVA's net assets reflect the difference between assets and liabilities. An increase in net assets over time typically indicates an improvement in the financial condition of the organization.

A summary of MIVA's net assets is presented below:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current Assets	\$ 216,758	\$ 274,874	\$ 217,503
Capital Assets	<u>32,572</u>	<u>1,148</u>	<u>1,571</u>
Total assets	\$ <u>249,330</u>	\$ <u>276,022</u>	\$ <u>219,074</u>
Current liabilities	\$ <u>11,592</u>	\$ <u>9,030</u>	\$ <u>9,657</u>
Invested in capital assets	32,572	1,148	1,571
Unrestricted	<u>205,166</u>	<u>265,844</u>	<u>207,846</u>
Total net assets	<u>237,738</u>	<u>266,992</u>	<u>209,417</u>
Total liabilities and net assets	\$ <u>249,330</u>	\$ <u>276,022</u>	\$ <u>219,074</u>

As indicated above, total assets increased by \$56,948 or 26% from \$219,074 in 2009 to \$276,022 in 2010, and decreased by \$26,692 or 11% from \$276,022 in 2010 to \$249,330 in 2011. The increase from 2009 to 2010 is comprised of an increase of \$57,371 in current assets and a decrease of \$423 in capital assets. The increase in current assets from 2009 to 2010 was due to an increase in grants receivable from RepMar, South Pacific Tourism Organization (SPTO) and Hotel Tax, respectively, offset by a decrease in cash balance of \$18,061. The decrease from 2010 and 2011 is comprised of a decrease of \$58,116 in current assets and an increase of \$31,424 in capital assets. The decrease in current assets from 2010 to 2011 was due to a decrease in grants receivable from SPTO and Hotel Tax, respectively, offset by an increase in receivable from RepMar.

Total Liabilities reflect a decrease of \$627 or 6% from \$9,567 in 2009 to \$9,030 in 2010, and an increase in liabilities of \$2,562 or 22% from \$9,030 in 2010 to \$11,592 in 2011. These amounts comprise mostly of the accrual of expenses paid after the fiscal year and employees' leave pay.

A summary of MIVA's Statement of Revenues, Expenses, and Changes in Net Assets is presented below:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 250,190	\$ 430,309	\$ 263,216
Operating expenses	<u>279,444</u>	<u>372,734</u>	<u>275,744</u>
Change in net assets	(29,254)	57,575	(12,528)
Net assets at beginning of year	<u>266,992</u>	<u>209,417</u>	<u>221,945</u>
Net assets at end of year	\$ <u>237,738</u>	\$ <u>266,992</u>	\$ <u>209,417</u>

MARSHALL ISLANDS VISITORS AUTHORITY

Management's Discussion and Analysis September 30, 2011 and 2010

The Statement of Revenues, Expenses, and Changes in Net Assets identify the various revenue and expense items that implicate the change in net assets. As indicated above, MIVA's total revenues increased by \$167,093 or 63% from \$263,216 in 2009 to \$430,309 in 2010 and decreased by \$180,115 or 72% from \$430,309 in 2010 to \$250,190 in 2011. The increase in 2010 was mainly due to the increase in contributions associated with the Shanghai World Expo. The decrease in 2011 was mainly due to the decrease in contributions from South Pacific Tourism Organization and Hotel Tax.

Below is a summary of the major components of operating revenues for MIVA in 2011 compared to 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Nitijela appropriation	\$ 246,170	\$ 248,500	\$ 249,245
Hotel room tax	-	8,929	8,364
Grants	-	172,226	-
Others	<u>4,020</u>	<u>654</u>	<u>5,607</u>
	\$ <u>250,190</u>	\$ <u>430,309</u>	\$ <u>263,216</u>

MIVA's total expenses increased by \$96,990 or 35% from \$275,444 in 2009 to \$372,734 in 2010 and a decrease of \$93,290 or 33% from \$372,734 in 2010 to \$279,444 in 2011. The increase in 2010 was mainly due to expenses associated with the Shanghai World Expo whereas there was a decrease in 2011 notably in Marketing Support and also to Shanghai World Expo.

Below is a list of the major components of operating expenses for MIVA in 2011 compared to 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Shanghai World Expo	\$ -	\$ 173,067	\$ -
Salaries and Wages	\$120,262	\$ 109,149	\$ 114,986
Rent	\$ 16,475	\$ 16,475	\$ 16,475
Media Trips	\$ 40,802	\$ 10,906	\$ 11,168
Communications	\$ 9,196	\$ 9,653	\$ 10,703
Overseas tourism related events	\$ 28,405	\$ 9,503	\$ 32,925
Promotional materials	\$ 15,465	\$ 4,383	\$ 6,474
Other	\$ 64,304	\$ 36,556	\$ 69,050

The Discussion and Analysis for the year ended September 30, 2010, is set forth in MIVA's report on the audit of financial statements, which is dated July 25, 2011. This Discussion and Analysis explains the major factors impacting the 2010 financial statements and can be obtained from MIVA's Finance Manager via the contact information below.

CAPITAL ASSETS

Net capital assets decreased by \$423 or 27% from \$1,571 in 2009 to \$1,148 in 2010 and increased by 97% from \$1,148 in 2010 to \$32,572 in 2011. The increase are the result of capital asset additions in motor vehicles, and computer and other equipment.

MARSHALL ISLANDS VISITORS AUTHORITY

Management's Discussion and Analysis September 30, 2011 and 2010

A summary of MIVA's investment in capital assets is presented below:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Image library, motor vehicles, And equipments	\$ 96,840	\$ 71,406	\$ 70,955
Less accumulated depreciation	<u>(64,268)</u>	<u>(70,258)</u>	<u>(69,384)</u>
Net Capital Assets	\$ <u>32,572</u>	\$ <u>1,148</u>	\$ <u>1,571</u>

Please refer to note 3 to the accompanying financial statements for additional information concerning MIVA's capital assets.

ADDITIONAL FINANCIAL INFORMATION

This discussion and analysis is designed to provide MIVA's counterparts with an overview of MIVA's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request for additional information, please contact the Marshall Islands Visitors Authority, Finance Manager, at P.O. Box 5, Majuro, MH 96960.

MARSHALL ISLANDS VISITORS AUTHORITY

Statements of Net Assets
September 30, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 50,028	\$ 68,089
Receivables:		
Due from RepMar	156,450	104,370
Due from South Pacific Tourism Organization	-	82,868
Hotel taxes	8,929	18,196
Other current assets	1,351	1,351
Total current assets	<u>216,758</u>	<u>274,874</u>
Capital assets, net	32,572	1,148
	<u>\$ 249,330</u>	<u>\$ 276,022</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Payable to affiliates	\$ 4,795	\$ 4,299
Other liabilities and accruals	6,797	4,731
Total liabilities	<u>11,592</u>	<u>9,030</u>
Commitments and contingencies		
Net assets:		
Invested in capital assets	32,572	1,148
Unrestricted	205,166	265,844
Total net assets	<u>237,738</u>	<u>266,992</u>
	<u>\$ 249,330</u>	<u>\$ 276,022</u>

See accompanying notes to financial statements.

MARSHALL ISLANDS VISITORS AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended September 30, 2011 and 2010

	2011	2010
Operating revenues:		
Nitijela appropriation	\$ 246,170	\$ 248,500
Shanghai World Expo Contributions:		
South Pacific Tourism Organization	-	82,868
Republic of the Marshall Islands	-	50,000
Other	-	39,358
Hotel taxes	-	8,929
Other	4,020	654
Total operating revenues	250,190	430,309
Operating expenses:		
Salaries, wages and employee benefits	120,262	109,149
Media trips	40,802	10,906
Overseas tourism related events	28,405	9,503
Rent	16,475	16,475
Promotional materials	15,465	4,383
Communications	9,196	9,653
Housing	9,000	3,750
Office supplies	7,439	2,741
Tourism and environmental awareness	4,182	3,030
Depreciation	4,073	874
Advertising	1,693	2,300
Marketing support	331	1,147
Shanghai World Expo - RMI National Day	-	173,067
MIVA Japan Office	-	7,425
Miscellaneous	22,121	18,331
Total operating expenses	279,444	372,734
Change in net assets	(29,254)	57,575
Net assets at beginning of year	266,992	209,417
Net assets at end of year	\$ 237,738	\$ 266,992

See accompanying notes to financial statements.

MARSHALL ISLANDS VISITORS AUTHORITY

Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Operating grants received	\$ 194,090	\$ 144,130
Other operating revenues	96,155	90,012
Cash payments to suppliers for goods and services	(155,109)	(262,711)
Cash payments to employees for services	(117,700)	(109,776)
Net cash provided by (used in) operating activities	17,436	(138,345)
Cash flows from noncapital financing activities:		
Federal grants received	-	15,006
Cash flows from capital and related financing activities:		
Purchase of fixed assets	(35,497)	(451)
Net change in cash	(18,061)	(123,790)
Cash at beginning of year	68,089	191,879
Cash at end of year	\$ 50,028	\$ 68,089
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (29,254)	\$ 57,575
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	4,073	874
(Increase) decrease in assets:		
Receivables:		
Due from RepMar	(52,080)	(104,370)
Due from South Pacific Tourism Organization	82,868	(82,868)
Hotel taxes	9,267	(8,929)
Increase (decrease) in liabilities:		
Accounts payable	2,066	-
Payable to affiliates	496	(627)
Net cash provided by (used in) operating activities	\$ 17,436	\$ (138,345)

See accompanying notes to financial statements.

MARSHALL ISLANDS VISITORS AUTHORITY

Notes to Financial Statements
September 30, 2011 and 2010

(1) Organization

The Marshall Islands Visitors Authority (MIVA), a component unit of the Republic of the Marshall Islands (RepMar), was established pursuant to the MIVA Act 1997 (Public Law No. 1997-43) and began operations as a statutory corporation on October 1, 1997 upon receiving its first operational budget. The objectives of MIVA are to develop and promote the natural, scenic, cultural, historical and recreational attractions of the Republic of the Marshall Islands. MIVA is primarily funded through operational appropriations from the Nitijela (the RepMar Legislature).

MIVA is regarded as having a two-level structure comprising an eight-member Board of Directors responsible for setting policy, strategy and financial guidelines for the operation of MIVA and a Secretariat responsible for the day-to-day operations of the organization.

MIVA's financial statements are incorporated into the financial statements of RepMar as a discretely presented component unit.

(2) Summary of Significant Accounting Policies

The accounting policies of MIVA conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MIVA has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which was subsequently amended by Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and modified by Statement No. 38, *Certain Financial Statement Note Disclosures*, establish financial reporting standards for governmental entities, which require that management's discussion and analysis of the financial activities be included with the basic financial statements and notes and modifies certain other financial statement disclosure requirements.

To conform to the requirements of GASB Statement 34, equity is presented in the following net asset categories:

- Invested in capital assets; capital assets, net of accumulated depreciation, plus construction or improvement of those assets.
- Unrestricted; net assets that are not subject to externally imposed stipulations. Unrestricted net assets 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.

MARSHALL ISLANDS VISITORS AUTHORITY

Notes to Financial Statements
September 30, 2011 and 2010

(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 and 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 for 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 assets. Proprietary fund operating statements present increases and decreases in net total assets. 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. MIVA considers Nitijela appropriations and operational grants and costs that are directly related to MIVA operations to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating.

Cash

Custodial credit risk is the risk that in the event of a bank failure, MIVA'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. MIVA does not have a deposit policy for custodial credit risk.

For purposes of the statements of net assets and cash flows, cash is defined as cash on hand and cash held in demand accounts. As of September 30, 2011 and 2010, the carrying amounts of cash were \$50,028 and \$68,089, respectively, and the corresponding bank balances were \$57,720 and \$68,726, respectively, which are maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2011 and 2010, bank deposits were fully FDIC insured.

Receivables

All receivables are uncollateralized and are due from customers, both governmental agencies and hotelier businesses, located within the Republic of the Marshall Islands as well as inter-governmental organizations associated with the promotion of tourism in the Pacific region.

MARSHALL ISLANDS VISITORS AUTHORITY

Notes to Financial Statements
September 30, 2011 and 2010

(2) Summary of Significant Accounting Policies, Continued

Capital Assets

Capital assets with a cost that equals or exceeds \$300 are capitalized. Such assets are stated at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the respective assets. The estimated useful lives of these assets are as follows:

Motor vehicles	4 years
Image library	3 years
Computer and other equipment	3-5 years

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. As of September 30, 2011 and 2010, there is no accumulated vacation leave liability.

Taxes

Corporate profits are not subject to income tax in the Republic of the Marshall Islands. The Government of the Republic of the Marshall Islands imposes a gross receipts tax of 3% on revenues. MIVA is specifically exempt from this tax.

New Accounting Standards

During fiscal year 2011, MIVA implemented the following pronouncements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.
- GASB Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

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

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MIVA.

MARSHALL ISLANDS VISITORS AUTHORITY

Notes to Financial Statements
September 30, 2011 and 2010

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MIVA.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, which is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MIVA.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MIVA.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MIVA.

In July 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this statement are effective for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MIVA.

MARSHALL ISLANDS VISITORS AUTHORITY

Notes to Financial Statements
September 30, 2011 and 2010

(2) Summary of Significant Accounting Policies, Continued

Risk Management

MIVA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MIVA has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage for past three years.

(3) Capital Assets

Capital asset activity for the years ended September 30, 2011 and 2010 was as follows:

	October 1, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	September 30, <u>2011</u>
Motor vehicles	\$ 20,495	\$ 12,995	\$ -	\$ 33,490
Image library	29,896	-	-	29,896
Computer and other equipment	<u>21,015</u>	<u>22,502</u>	<u>(10,063)</u>	<u>33,454</u>
	71,406	35,497	(10,063)	96,840
Less accumulated depreciation	<u>(70,258)</u>	<u>(4,073)</u>	<u>10,063</u>	<u>(64,268)</u>
	\$ <u>1,148</u>	\$ <u>31,424</u>	\$ <u>-</u>	\$ <u>32,572</u>
	October 1, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	September 30, <u>2010</u>
Motor vehicles	\$ 20,495	\$ -	\$ -	\$ 20,495
Image library	29,896	-	-	29,896
Computer and other equipment	<u>20,564</u>	<u>451</u>	<u>-</u>	<u>21,015</u>
	70,955	451	-	71,406
Less accumulated depreciation	<u>(69,384)</u>	<u>(874)</u>	<u>-</u>	<u>(70,258)</u>
	\$ <u>1,571</u>	\$ <u>(423)</u>	\$ <u>-</u>	\$ <u>1,148</u>

MARSHALL ISLANDS VISITORS AUTHORITY

Notes to Financial Statements
September 30, 2011 and 2010

(4) Related Party Transactions

MIVA is a component unit of RepMar and is thus affiliated with all RepMar-owned and affiliated entities. MIVA utilizes services from certain affiliated entities at substantially the same terms and conditions as those incurred from third parties. A summary of related party transactions as of and for the years ended September 30, 2011 and 2010 is as follows:

	2011	
	<u>Expenses</u>	<u>Payables</u>
Marshall Islands Social Security Administration	\$ 7,889	\$ 4,769
Marshall Islands National Telecommunications Authority	9,196	-
Marshalls Energy Company, Inc.	16,475	-
RepMar	<u>-</u>	<u>26</u>
	<u>\$ 33,560</u>	<u>\$ 4,795</u>
	2010	
	<u>Expenses</u>	<u>Payables</u>
Marshall Islands Social Security Administration	\$ 8,530	\$ 3,597
Marshall Islands National Telecommunications Authority	9,653	-
Marshalls Energy Company, Inc.	16,475	-
RepMar	<u>-</u>	<u>702</u>
	<u>\$ 34,658</u>	<u>\$ 4,299</u>

During the years ended September 30, 2011 and 2010, the operations of MIVA were funded by appropriations from RepMar in the amounts of \$246,170 and \$248,500, respectively. As of September 30, 2011 and 2010, balances due and receivable from RepMar relative to these appropriations amount to \$156,450 and \$104,370, respectively.

MIVA has entered into an office lease agreement with the Marshalls Energy Company, Inc. for a term of three years commencing October 1, 2008. Annual rent expense amounts to \$16,475.