YAP VISITORS BUREAU
(A COMPONENT UNIT OF THE STATE OF YAP)
Financial Statements and
Independent Auditor's Report
Years Ended September 30, 2024 and 2023

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

Years Ended September 30, 2024 and 2023

Table of Contents

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, 2024 and 2023, 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, 2024 and 2023, and the respective changes in financial 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.

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 September 21, 2026, 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.

Burger Comer & Associates

Saipan, Commonwealth of the Northern Mariana Islands
September 21, 2026

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

Management's Discussion and Analysis
Years ended September 30, 2024, 2023, and 2022

This Management's Discussion and Analysis (MD&A) is required by the Governmental Accounting Standards Board (GASB) Statement No. 34. Its purpose is to help readers better understand the financial statements of the Yap Visitors Bureau (YVB) for the fiscal years ending September 30, 2024, 2023, and 2022.

This section provides an overview of YVB's financial condition, operating results and significant financial activities during these years. It has been prepared by management and should be read together with the accompanying financial statements and notes, which provide additional details and explanations.

GASB Statement No. 34 requires government agencies to include an MD&A as part of their annual financial reports. This section highlights YVB's financial performance and explains the major factors that affected its operations during the reporting period.

Organizational Background

The Yap Visitors Bureau (YVB) was created under Yap State Law No.4-25 and began operations in 1996. The Bureau is responsible for promoting Yap as a tourist destination and supporting the growth of the local tourism industry.

Yap Visitors Bureau works to attract more visitors to Yap by marketing the state's unique culture, traditions, natural attractions, and tourism experiences. The Bureau also encourages local businesses and communities to participate in tourism and supports efforts to develop a sustainable tourism industry that benefits the people of Yap.

The Bureau is mainly funded through government appropriations and grants, which are used to support its daily operations, tourism promotion, and development programs.

Fiscal Year Ended September 30, 2024

The Yap Visitors Bureau (YVB) experienced a decline in its financial position during fiscal year 2024. In April of 2024, the State Legislature authorized the Bureau to account for its operating subsidy as opposed to spending it through the State Finance. Hence, the Bureau's third and fourth quarter allotments were received in cash and deposited into its bank account. Also, during the year, $25,000 appropriated by the State Legislature to fund Yap State's participation in the 2024 FSM Expo help in Chuuk was also given to YVB to administer. Due to demand for participation in the Expo, YVB exhausted the $25,000 and its operating subsidy for 2024 and even tapped it its cash reserves. Therefore, while the Bureau continued to carry out its mission of promoting tourism and supporting visitor-related activities, higher operating expenses and increased liabilities contributed to a reduction in net position.

Financial Management and Operational Challenges

Changes in the financial management procedures and funding restrictions have created operational challenges for the Yap Visitors Bureau, including payment delays and limitations on tourism promotion activities. Despite these challenges, the Bureau remains committed to maintaining strong vendor relationships and effectively promoting Yap as a tourist destination.

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
Statements of Net Position
September 30, 2024, 2023, and 2022

	2024	2023	2022
ASSETS			
Current assets:			
Cash	$ 121,718	152,232	176,066
Employee receivables	701	-	-
Total current assets	122,419	152,232	176,066
Capital assets, net	4,659	2,957	4,830
Total assets	$ 127,078	155,189	180,896
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	21,981	120	-
Accrued payroll and other accrued expenses	14,511	7,683	7,683
Total liabilities	36,492	7,803	7,683
Net position:			
Net investment in capital assets	4,659	2,957	4,830
Unrestricted	85,927	144,429	168,383
Total net position	90,586	147,386	173,213
Total liabilities and net position	$ 127,078	155,189	180,896

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, 2024, 2023, and 2022

	2024	2023	2022
Operating expenses:			
Promotions and advertising	83,142	5,464	2,000
Contractual services	$ 73,276	72,115	182,054
Payroll, taxes and benefits	63,455	65,244	66,349
Travel	44,218	-	-
Communications and utilities	12,266	10,368	10,773
Events, tourism and international affairs	11,557	1,444	2,945
General and administrative	9,695	9,705	10,353
Depreciation	2,480	4,830	12,180
Office repairs and supplies	2,163	6,753	3,453
Miscellaneous	1,886	10,010	5,726
Dues and subscriptions	1,408	6,701	1,499
Total operating expenses	305,546	192,634	297,332
Loss from operations	(305,546)	(192,634)	(297,332)
Non operating revenues:			
FSM National Government subsidies	89,780	43,903	168,569
Yap State Government subsidies	156,502	120,775	111,342
Other revenue	2,464	2,129	2,945
Total non operating revenues	248,746	166,807	282,856
Change in net position	(56,800)	(25,827)	(14,476)
Net position at beginning of the year	147,386	173,213	187,689
Net position at end of the year	$ 90,586	147,386	173,213

Financial Highlights

- Total assets decreased to $127,078 in 2024 from $155,189 in 2023, mainly due to a reduction in current assets.
- Current assets declined from $152,232 to $122,419, while capital assets increased from $2,957 to $4,659.
- Total liabilities increased significantly from $7,803 in 2023 to $36,492 in 2024, primarily because of higher accounts payable and accrued payroll expenses.
- Total net position decreased from $147,386 in 2023 to $90,586 in 2024, a decline of $56,800.
- Operating expenses increased to $305,546, compared to $192,634 in the previous year.
- The Bureau recorded an operating loss of $305,546, as operating expenses exceeded operating revenues.
- Nonoperating Revenues increased to $248,746 from $166,807 in 2023, helping to offset a portion of operating costs.
- The Bureau reported a decrease in net position of $56,800 during fiscal year 2024, compared with a decrease of $25,827 in 2023.
- Net position at year-end was $90,586, down from $147,386 at the beginning of the fiscal year.
- Despite increased non-operating revenues, higher operating expenses and increased liabilities contributed to the overall decline in the Bureau's financial position.
- The resulting deficit was due to additional travel expenses exceeding the amount originally appropriated for the event.
- Additional funds may have been utilized to cover the expenses necessary for YVB's participation in the Chuuk Expo.

Operational Results

During Fiscal Year 2024, the Bureau incurred operating expenses of $305,546, resulting in an operating loss of $305,546. Although nonoperating revenues of $248,746 helped offset expenses, they were not enough to prevent a decrease in net position of $56,800, reducing the year-end net position to $90,586. The deficit occurred because the $25,000 appropriated for the Chuuk expo was not sufficient to cover the total travel and related expenses associated with YVB's participation in the Expo in Chuuk. As a result, additional funds were used to cover amount over the original appropriations.

Cash Flow

During fiscal year 2024, the Yap Visitors Bureau used cash primarily to support its day-to-day operations and tourism promotion activities. Cash inflows were mainly derived from the government appropriations and other non-operating revenues, while cash outflows were used for operating expenses, employee compensation, and administrative costs. Overall, the Bureau maintained sufficient cash resources to continue its operations and fulfill its mission during the fiscal year.

Outlook

Looking ahead, YVB aims to:

- Promote Yap as a unique culture and ecotourism destination.
- Preserve and showcase Yapese traditions and heritage.
- Support local businesses and community participation in tourism.
- Improve visitor experiences through research and tourism planning.
- Strengthen partnership with regional and international tourism organizations.

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
Statements of Net Position
September 30, 2024 and 2023

ASSETS	2024	2023
Current assets:		
Cash	$ 121,718	152,232
Employee receivables	701	-
Total current assets	122,419	152,232
Capital assets, net	4,659	2,957
Total assets	$ 127,078	155,189
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	21,981	120
Accrued payroll and other accrued expenses	14,511	7,683
Total liabilities	36,492	7,803
Net position:		
Net investment in capital assets	4,659	2,957
Unrestricted	85,927	144,429
Total net position	90,586	147,386
Total liabilities and net position	$ 127,078	155,189

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, 2024 and 2023

	2024	2023
Operating expenses:		
Promotions and advertising	$ 83,142	5,464
Contractual services	73,276	72,115
Payroll, taxes and benefits	63,455	65,244
Travel	44,218	-
Communications and utilities	12,266	10,368
Events, tourism and international affairs	11,557	1,444
General and administrative	9,695	9,705
Depreciation	2,480	4,830
Office repairs and supplies	2,163	6,753
Miscellaneous	1,886	10,010
Dues and subscriptions	1,408	6,701
Total operating expenses	305,546	192,634
Loss from operations	(305,546)	(192,634)
Nonoperating revenues:		
FSM National Government subsidies	89,780	43,903
Yap State Government subsidies	156,502	120,775
Other revenue	2,464	2,129
Total nonoperating revenues	248,746	166,807
Change in net position	(56,800)	(25,827)
Net position at beginning of the year	147,386	173,213
Net position at end of the year	$ 90,586	147,386

YAP VISITORS BUREAU
(A Component Unit of the State of Yap)
Statements of Cash Flows
For the years ended September 30, 2024 and 2023

		2024	2023
Cash flows from operating activities:			
Cash payments to vendors for goods and services	$	(211,623)	(122,440)
Cash payments to employees for services		(63,455)	(65,244)
Net cash used in operating activities		(275,078)	(187,684)
Cash flows from noncapital financing activities:			
Operating subsidies received from Yap State Government		156,502	120,775
Operating subsidies received from FSM National Government		89,780	43,903
Other revenue		2,464	2,129
Net cash provided by noncapital financing activities		248,746	166,807
Cash flow from capital financing activities:			
Acquisition of capital assets		(4,182)	(2,957)
Net cash used in capital financing activities		(4,182)	(2,957)
Net change in cash		(30,514)	(23,834)
Cash at beginning of year		152,232	176,066
Cash at end of year	$	121,718	152,232
Reconciliation of loss from operations to net cash used in operating activities:			
Loss from operations	$	(305,546)	(192,634)
Adjustments to reconcile loss from operations to net cash used in operating activities:			
Depreciation		2,480	4,830
Changes in assets and liabilities:			
Employee receivables		(701)	-
Accounts payable		21,861	120
Accrued payroll and other accrued expenses		6,828	-
Net cash used in operating activities	$	(275,078)	(187,684)

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

(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 States 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.

(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 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 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 nonoperating.

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.

(2) Summary of significant accounting policies, continued

New accounting standards

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 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.

(2) Summary of significant accounting policies, continued

New accounting standards, continued

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.

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. The adoption of this Statement did not 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.

(2) Summary of significant accounting policies, continued

New accounting standards, continued

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.

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.

(2) Summary of significant accounting policies, continued

New accounting standards, continued

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
- 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 April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed.

(2) Summary of significant accounting policies, continued

New accounting standards, continued

This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

(2) Summary of significant accounting policies, continued

New accounting standards, continued

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. State and local governments are required to provide detailed information about capital assets in notes to financial statements. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, 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, 2024 and 2023, the carrying amounts of the YVB's deposits with financial institutions were $121,718 and $152,232, respectively. The bank balances were $121,718 and $152,720 at September 30, 2024 and 2023, respectively, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2024 and 2023 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.

(4) Capital assets

Capital asset activity for the years ended September 30, 2024 and 2023 is as follows:

	Balance September 30, 2023	Additions	Disposals	Balance September 30, 2024
Depreciable fixed assets:				
Furniture and fixtures	$ 14,153	1,592	-	15,745
Vehicles	38,400	-	-	38,400
Office equipment	19,861	2,590	-	22,451
	72,414	4,182	-	76,596
Accumulated depreciation	(69,457)	(2,480)	-	(71,937)
	$ 2,957	1,702	-	4,659

(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, 2024 and 2023, YVB received subsidies of $156,502 and $120,775, 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, 2024 and 2023, YVB incurred eligible expenditures of $156,502 and $120,775, respectively.

During the years ended September 30, 2024 and 2023, YVB received operating subsidies of $89,780 and $43,903, 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.

(7) Date of Management's Review

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through September 21, 2026 which is the date the financial statements were available to be issued. Management 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, a component unit of the State of Yap, as of and for the year ended September 30, 2024, 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 September 21, 2026.

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*.

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

Saipan, Commonwealth of the Northern Mariana Islands
September 21, 2026