

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**THE DIVING SEAGULL, INC.  
(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

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**YEARS ENDED SEPTEMBER 30, 2024 and 2023**

**1930 Picarro Lane, I Liyang Village  
P.O. Box 504053  
Saipan, MP 96950**

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Report on the Audit of Financial Statements in Accordance with the Uniform Guidance  
Years ended September 30, 2024 and 2023

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**BURGER · COMER & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors of The Diving Seagull, Inc.

**Opinions**

We have audited the accompanying financial statements of The Diving Seagull, Inc. (the Company), a component unit of Yap State Government, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise The Diving Seagull Inc.'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 financial position of The Diving Seagull, Inc., as of September 30, 2024 and 2023, and the 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 and *Government Auditing Standards* issued by the Comptroller General of 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 Diving Seagull, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Emphasis of Matter**

As discussed in Note 13 to the financial statements, the Company has incurred losses from operations for the years ended September 30, 2018 through 2024. The continuation of the Company's operations is dependent upon successful fishing activities, improvement in external industry factors, and on timely collection from fish brokers. In addition, in order for the Company to continue as a going concern, it may need to improve its cash management, reduce operating expenses, and obtain support from the State or National Government. Our opinion is not modified with respect to this matter.

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## **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 Diving Seagull, Inc.'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 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, 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 Diving Seagull, Inc.'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 Diving Seagull, Inc.'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 6 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.

*Buena Comer & Associates*

December 29, 2025  
Saipan, MP

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Management's Discussion and Analysis  
September 30, 2024 and 2023

The Yap State Government is required to adopt the provisions of the Government Accounting Standard Board (GASB). The Diving Seagull, Inc. ("DSI") is accounted for and is reported as a component unit of the Yap State Government.

The following table summarizes the financial conditions and results of operations of DSI in fiscal years ended September 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
<u>Assets:</u>		
Property and equipment, net	\$ 80,077	\$ 27,526
Current assets	1,858,623	1,683,305
Other assets	<u>1,367,205</u>	<u>1,879,907</u>
<b>Total assets</b>	<b>\$ <u>3,305,905</u></b>	<b>\$ <u>3,590,738</u></b>
<u>Liabilities and net position</u>		
<u>Liabilities:</u>		
Long-term debt, net of current portion	845,661	1,006,287
Current portion of long-term debt	367,511	359,693
Other current liabilities	<u>3,675,428</u>	<u>2,572,990</u>
<b>Total Liabilities</b>	<b><u>4,888,600</u></b>	<b><u>3,938,970</u></b>
<u>Net Position:</u>		
Net investment in Capital assets	80,077	27,526
Restricted	-	-
Unrestricted	<u>(1,662,772)</u>	<u>(375,758)</u>
<b>Total Net position</b>	<b><u>(1,582,695)</u></b>	<b><u>(348,232)</u></b>
<b>Total Liabilities and Net position</b>	<b>\$ <u>3,305,905</u></b>	<b>\$ <u>3,590,738</u></b>

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Management's Discussion and Analysis  
September 30, 2024 and 2023

Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating revenue	\$ 1,949,871	\$ 966,604
Cost of sales	(3,491,822)	(3,379,276)
Operating expenses	<u>(161,044)</u>	<u>(201,661)</u>
Net operating loss	(1,702,995)	(2,614,333)
Non – operating revenue	<u>468,532</u>	<u>3,542,468</u>
<b>Change in net position</b>	<b>\$ <u>(1,234,463)</u></b>	<b>\$ <u>928,135</u></b>

Capital Assets and Debt

DSI's acquisition of capital assets in fiscal year 2024 were mostly related to improvements in machinery and equipment on the vessels. The new additions to capital assets include new fish aggregating devices with more developed fishing technology which is necessary for efficient fishing. The significant decrease in fixed assets in 2023 was caused by the disposal of assets due to the loss of Yap Seagull. For more information on assets, please refer to note 6 and note 13 to the financial statements.

DSI acquired a loan from FSMDB to fund the dry-dock project of F/V Mathawmarfach in the amount of \$3,600,000. This new loan was consolidated with an already existing loan with a remaining balance of \$2,384,580 for a total of \$5,984,580 with an interest rate of 5%. For further information concerning debt, please refer to note 8 to the financial statements.

Change in Net Position

The negative change in net position in the amount of \$1,234,463 was mainly attributed to continued operating losses and the absence of significant insurance proceeds or other non - operating revenues in fiscal year 2024, compared to fiscal year 2023, which reported a positive change in net position due primarily to insurance proceeds received from the loss of the vessel Yap Seagull.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Management's Discussion and Analysis  
September 30, 2024 and 2023

**Plan of Action for 2024 – Economic Outlook**

Challenges that DSI faces, such as: Vessel Day Scheme (VDS) fishing days at \$4,000 per day, banning high seas FAD fishing, multiple fish/licensing fees, etc. cause some difficulties with vessel operations. The DSI Board of Directors and Management have recognized these challenges and have put forth some plans to safeguard the continuity of the company and its vessel(s) fishing operations.

Below are some plans for the company to improve its operations in 2024:

1. Acquire sufficient VDS fishing days
2. Increase profit margin
3. Increase capital
  
4. Business diversification
5. Partnership arrangements

Ongoing Plan of action in 2024:

- Maintain/Upgrade fishing equipment, gears, and technologies
- Engage in inter-commerce fishing activities
- Engage in research for plans on business diversification
- Beginning Stages of partnership arrangements with other entities and institutions

**Financial Management Contact**

This financial report is designed to provide all interested users with a general overview of the Company's finances. Inquiries concerning this report, if any, may be directed to DSI's address below:

Diving Seagull, Inc.  
PO Box 1036  
Colonia Yap, FM 96943



**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Statements of Net Position  
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 172,123	\$ 117,325
Investments	1,034,791	1,013,745
Employee and director receivables, net	7,031	10,916
Other receivables, net of allowance for credit losses (\$650,247)	-	-
Prepaid expenses	15,508	14,482
Fuel inventory	116,468	14,135
Current portion of deferred dry dock cost	<u>512,702</u>	<u>512,702</u>
Total current assets	1,858,623	1,683,305
Long-term deferred dry dock cost, net of current portion	1,367,205	1,879,907
Property and equipment, net	<u>80,077</u>	<u>27,526</u>
Total assets	<u>\$ 3,305,905</u>	<u>\$ 3,590,738</u>

**LIABILITIES AND NET POSITION**

Current liabilities:		
Current portion of long-term debt	367,511	359,693
Accounts payable	757,305	835,539
Net payable to broker	419,493	268,485
Accrued expenses	1,498,630	1,468,966
Line of credit	<u>1,000,000</u>	<u>-</u>
Total current liabilities	4,042,939	2,932,683
Long-term debt, net of current position	<u>845,661</u>	<u>1,006,287</u>
Total liabilities	4,888,600	3,938,970
Net position:		
Net investment in capital assets	80,077	27,526
Restricted	-	-
Unrestricted	<u>(1,662,772)</u>	<u>(375,758)</u>
Total net position	<u>(1,582,695)</u>	<u>(348,232)</u>
Total liabilities and net position	<u>\$ 3,305,905</u>	<u>\$ 3,590,738</u>

See accompanying notes to financial statements.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**  
Statements of Revenues, Expenses and Changes in Net Position  
For the years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Fish sales	\$ 1,949,871	\$ 966,604
Total operating revenues	1,949,871	966,604
Cost of sales	<u>3,491,822</u>	<u>3,379,276</u>
Gross profit (loss)	<u>(1,541,951)</u>	<u>(2,412,672)</u>
Operating expenses:		
Payroll, taxes and benefits	54,741	49,804
Professional fees	29,670	44,975
Communications and utilities	21,343	20,326
Rent	12,384	12,409
Depreciation and amortization	10,489	10,879
Miscellaneous	9,879	5,416
Board fees and expenses	8,225	10,000
Bank loan fees	6,279	11,369
Office expenses	4,776	5,947
Repairs and maintenance	1,804	1,911
Provision for bad debts	800	26,990
Insurance	<u>654</u>	<u>1,635</u>
Total operating expenses	<u>161,044</u>	<u>201,661</u>
Loss from operations	(1,702,995)	(2,614,333)
Nonoperating (expenses) revenues, net:		
Interest expense, net	(141,157)	(262,521)
Investment income, net	22,283	24,937
Gain on investment	203,763	95,797
Insurance recovery proceeds	383,866	5,629,200
Loss on disposal of assets	(223)	(1,876,815)
Inventory loss	<u>-</u>	<u>(68,130)</u>
Total nonoperating revenue, net	<u>468,532</u>	<u>3,542,468</u>
Change in net position	(1,234,463)	928,135
Net position at beginning of year	<u>(348,232)</u>	<u>(1,276,367)</u>
Net position at end of year	<u>\$ (1,582,695)</u>	<u>\$ (348,232)</u>

See accompanying notes to financial statements.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Statements of Cash Flows  
For the years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,949,871	\$ 966,604
Cash payments to suppliers for goods and services	(2,694,319)	(2,962,456)
Cash payments to boat crew and employees for services	<u>(386,010)</u>	<u>(494,574)</u>
Net cash used in operating activities	<u>(1,130,458)</u>	<u>(2,490,426)</u>
Cash flows from non-capital financing activities:		
Loss on disposal of fuel inventory	<u>-</u>	<u>(68,130)</u>
Net cash used in non-capital financing activities	<u>-</u>	<u>(68,130)</u>
Cash flows from investing activities:		
Investment income	<u>205,000</u>	<u>524,328</u>
Net cash provided by investing activities	<u>205,000</u>	<u>524,328</u>
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(109,645)	(49,130)
Proceeds from insurance recovery	383,866	5,629,200
Principal repayments of long-term debt	(152,808)	(4,618,600)
Long-term debt proceeds	-	875,832
Interest paid on long-term debt	(111,740)	(262,521)
Proceeds from line of credit	1,643,111	-
Principal repayments of line of credit	(643,111)	-
Interest paid on line of credit	<u>(29,417)</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>980,256</u>	<u>1,574,781</u>
Net change in cash	54,798	(459,447)
Cash and cash equivalents at beginning of year	<u>117,325</u>	<u>576,772</u>
Cash and cash equivalents at end of year	<u>\$ 172,123</u>	<u>\$ 117,325</u>
Reconciliation of loss from operations to net cash provided by (used in) operating activities:		
Loss from operations	(1,702,995)	(2,614,333)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Depreciation and amortization in cost of sales	46,382	117,783
Depreciation and amortization in operating expenses	10,489	10,879
Changes in assets and liabilities:		
Net payable to broker	151,008	(155,614)
Employee and director receivables	3,885	28,411
Prepaid expenses	(1,026)	(3,150)
Fuel inventory	(102,333)	307,053
Deferred dry dock cost and associated deposits	512,702	(672,654)
Accounts payable	(78,234)	475,920
Accrued expenses	<u>29,664</u>	<u>15,279</u>
Net cash used in operating activities	<u>\$ (1,130,458)</u>	<u>\$ (2,490,426)</u>

See accompanying notes to financial statements.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(1) Summary of significant accounting policies**

**Organization**

The Diving Seagull, Inc. (the “Company” or “DSI”), a component unit of the State of Yap (the “State”), was incorporated in Yap in the Federated States of Micronesia on March 17, 1997. The Company is organized primarily to pursue fishing and other fishing related activities by operating fishing vessels, marketing and selling fish, and developing cold storage and/or transshipment facilities. A five-member Board of Directors is responsible for managing the business affairs and directing the daily operations of the Company.

The Articles of Incorporation authorized the issuance of 6,500,000 shares of common stock at \$1 par value per share. All such shares were issued to the Yap Investment Trust fund, a fund of the State of Yap, under the terms of a twenty year lease agreement (see note 8) for use of the fishing vessel, Mathawmarfach, and a purse seine fishing net. This Bareboat Charter Agreement expires on March 2042. The Company also purchased another fishing vessel, the Yap Seagull, in February 2010.

**Basis of accounting**

DSI utilizes the flow of economic resources measurement focus. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Net position**

Net position represents the residual interest in DSI’s assets after liabilities are deducted and consists of the following categories:

Net investment in capital assets - includes capital assets, net of accumulated depreciation, reduced by outstanding debt, net of debt service reserve.

Restricted nonexpendable - net position subject to externally imposed stipulations that require DSI to maintain them permanently.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(1) Summary of significant accounting policies, continued**

Net position, continued

Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

The Company's 6,500,000 shares of authorized, issued, and outstanding common stock with par value of \$1 per share represent capital net position. However, since all shares are held by the State and since the Company is a component unit of the State, these shares are not presented in the accompanying statements of net position.

Restricted net position consists of cash amounts restricted in support of certain debt.

Operating and non-operating revenues and expenses

Operating revenues and expenses generally result directly from the operation and maintenance activities of the Company. Non- operating revenues and expenses result from capital and financing activities, costs and related recoveries from natural disasters, and certain other non-recurring income and costs.

New accounting standards and recently issued pronouncements

*New accounting standards adopted*

During the years ended September 30, 2024 and 2023, management reviewed all GASB pronouncements that became effective for the period. No new accounting standards required adoption during these fiscal years that resulted in a material effect on the financial statements. GASB pronouncements that became effective in prior periods, including Statement No. 87, 89, 90, 91, 92, 93, 94, 96 and 97, remained in effect and required no new transition or disclosure updates.

*Recently issued accounting standards not yet implemented*

The Government Accounting Standards Board (GASB) has issued the following statements that were not effective for the year ended September 30, 2024. Management is evaluating these statements and does not expect them to have a material effect on DSI's financial statements upon adoption:

**THE DIVING SEAGULL, INC.**  
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Notes to Financial Statements  
September 30, 2024 and 2023

**(1) Summary of significant accounting policies, continued**

New accounting standards and recently issued pronouncements, continued

- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement replaces the term “Comprehensive Annual Financial Report” with “Annual Comprehensive Financial Report” (ACFR) throughout GASB literature to improve clarity and consistency. The objectives of this Statement are to provide updated terminology for financial reporting, reduce confusion regarding reporting terminology, and enhance comparability of government financial statements. The Statement does not affect recognition, measurement, or presentation of financial statement balances.
- GASB Statement No. 99, *Omnibus 2022*. The primary objective of this Statement is to enhance comparability, consistency, and clarity in accounting and financial reporting by addressing a variety of practice issues identified during the implementation and application of prior GASB pronouncements. This Statement provides guidance on:
  - Accounting and disclosure of financial guarantees
  - Classification and reporting of derivative instruments and related hedging activities
  - Clarifications on lease reporting and treatment of lease modifications
  - Provisions related to conduit debt obligations and related note disclosures
  - Guidance for subscription-based information technology arrangements

The Statement includes multiple effective dates ranging from fiscal years beginning after June 15, 2022 through June 15, 2025. Management is evaluating the impact and does not anticipate a material effect on the financial statements upon adoption.

- GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes updated guidance for reporting accounting changes, the correction of prior period errors, and changes to or within the financial reporting entity. The objectives of this Statement are to improve the consistency and comparability of financial reporting, enhance transparency, and clarify when and how governments should recognize and disclose changes in accounting principles, estimates, and error corrections. Management is evaluating the effect of this Statement on the financial statements, which is not expected to be material.
- GASB Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to enhance accounting and financial reporting for compensated absences. The Statement clarifies definitions, measurement criteria, and recognition of liabilities for leave earned but unused, including annual leave, sick leave, and other compensated time off. This guidance improves comparability across governments and ensures consistency in the presentation of compensated absences in financial statements. Management is evaluating the potential effect, which is not expected to be material.

**THE DIVING SEAGULL, INC.**  
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Notes to Financial Statements  
September 30, 2024 and 2023

**(1) Summary of significant accounting policies, continued**

New accounting standards and recently issued pronouncements, continued

- GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires governments to disclose information about certain concentrations and constraints that could make the government vulnerable to financial risk. The disclosures are intended to improve users' understanding of risks arising from factors such as concentration of revenues, suppliers, or labor, as well as legal or regulatory limitations. Management is currently evaluating the impact of this Statement on the financial statements, which is not expected to be material.
- GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model, including management's discussion and analysis (MD&A), proprietary fund financial statements, and budgetary comparison information. The Statement also enhances clarity regarding unusual or infrequent items and refines presentation requirements to improve consistency and decision usefulness. Management is assessing the impact of this Statement, which is not expected to have a material effect on the financial statements.
- GASB Statement No. 104, *Disclosures About Capital Assets*. This Statement requires enhanced note disclosures related to capital assets, including disaggregated information by major asset class and more detailed explanations of additions, disposals, and depreciation. The objective is to improve transparency and provide financial statement users with more decision-useful information about capital asset activity and condition. Management is evaluating the potential impact of this Statement, which is not expected to be material.

Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as cash in various bank accounts and time certificates of deposit with initial maturity dates of three months or less and includes restricted cash and cash equivalents. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified.

Investments

Investments and related investment earnings are reported at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

**THE DIVING SEAGULL, INC.**  
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Notes to Financial Statements  
September 30, 2024 and 2023

**(1) Summary of significant accounting policies, continued**

Allowance for credit losses – accounts receivable

The Company records an allowance for credit losses on accounts receivable to reflect amounts that are not expected to be collected. The allowance is based on historical collection experience, an analysis of outstanding receivables, and current economic conditions that may affect the collectability of those receivables. Accounts are written off against the allowance when they are determined to be uncollectible.

Dry docking costs

The Company uses the deferral method for accounting for dry docking costs. Dry docking costs are capitalized and amortized on a straight- line basis over five years.

Fuel inventory

Fuel inventory consists of fuel on fishing vessel and is stated at purchased cost.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Routine maintenance and repairs are expensed as incurred. Depreciation is recorded in the financial statements under the straight-line method over the estimated useful lives of the assets as follows:

Mathawmarfach vessel	20 years
Yap Seagull vessel	25 years
Fishing net and other vessel parts	5 years
Leasehold improvements	3-10 years
Vessel improvements	3-5 years
Office furniture and equipment	3-5 years
Vehicles	5 years

Leased assets and leasehold improvements are amortized over the lesser of the useful life or the lease term. Capitalization thresholds are \$1,000 for leasehold improvements and \$500 for all other assets.



**THE DIVING SEAGULL, INC.**  
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Notes to Financial Statements  
September 30, 2024 and 2023

**(1) Summary of significant accounting policies, continued**

Revenue recognition

The Company's primary source of revenue is derived from the sale of fish. Sales of fish are considered earned upon offloading the catch to a designated third party. The sales are estimated, less a provision for rejected fish, based on broker commitments per ton and are adjusted upon receipt of a final settlement from the broker.

Other revenue is recorded when earned and measurable.

Translation of foreign currencies

Gains and losses that arise from exchange rate changes on transactions denominated in a currency other than U.S. dollars are included in the statements of revenues, expenses and changes in net position.

Use of 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 disclosures 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.

**(2) Deposits**

GASB Statement No. 40 addresses common deposit and investment risk related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, disclosures are required of investments that have fair value 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.

The deposit and investment policies of the Company are governed 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 Company'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 company'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. The Company does not have a deposit policy for custodial credit risk.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(2) Deposits, continued**

As of September 30, 2024 and 2023, the carrying amount of the Company's total cash and cash equivalents was \$172,123 and \$117,325, and the corresponding bank balances were \$172,224 and \$115,452. Of the bank balances as of September 30, 2024 and 2023, \$169,617 and \$115,452 were maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2024 and 2023, bank deposits up to the amount of \$250,000 were FDIC insured.

The Company does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk. The Company has not experienced any losses on such accounts and management believes it is not exposed to any significant credit risk on its deposits.

**(3) Investments**

GASB Statement No. 40 requires disclosures addressing common risk of investments such as credit risk, investment rate risk, concentration of credit risk, and foreign credit risk. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the Company will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Company's investments are held and administered by trustees. Based on negotiated trust and custody contracts, all of these investments were held in the Company's name by the Company's custodial financial institutions. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single user. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the Company. As of September 30, 2024 and 2023, the Company did not hold an investment in any one issuer that represented more than 5% of the Company's total investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. The Company does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments and related investment earnings are reported at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the dates as of which the fair value of an asset or liability is determined.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(3) Investments, continued**

As of September 30, 2024 and 2023, investments at fair value comprise the following:

	<u>2024</u>	<u>2023</u>
Fixed income securities:		
U.S. treasury obligations	\$ 201,427	\$ 193,848
Corporate notes	196,191	187,487
	<u>397,618</u>	<u>381,335</u>
Other investments:		
Common equities	621,248	587,230
Money market funds	15,925	45,180
	<u>637,173</u>	<u>632,410</u>
	<u>\$ 1,034,791</u>	<u>\$ 1,013,745</u>

As of September 30, 2024, the Company's fixed income securities had the following ratings and maturities:

		<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>
U.S treasury obligations	AAA	\$ 201,427	\$ -	\$ 110,328	\$ 91,099
Corporate notes	AAA	10,983	-	-	10,983
Corporate notes	A1	47,778	-	11,264	36,514
Corporate notes	A2	11,896	-	11,896	-
Corporate notes	A3	-	-	-	-
Corporate notes	BAA1	74,720	-	13,163	61,557
Corporate notes	BAA2	50,814	-	26,044	24,770
Corporate notes	BAA3	-	-	-	-
		<u>\$ 397,618</u>	<u>\$ -</u>	<u>\$ 172,695</u>	<u>\$ 224,923</u>

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(3) Investments, continued**

As of September 30, 2023, the Company's fixed income securities had the following ratings and maturities:

		Fair Value	Less than 1 year	1 to 5 years	6 to 10 years
U.S treasury obligations	AAA	\$ 193,848	\$ -	\$ 133,902	\$ 59,946
Corporate notes	AAA	9,742	-	-	9,742
Corporate notes	A1	36,495	-	12,857	23,638
Corporate notes	A2	24,019	-	24,019	-
Corporate notes	A3	21,287	-	-	21,287
Corporate notes	BAA1	36,407	-	12,496	23,911
Corporate notes	BAA2	47,870	-	23,520	24,350
Corporate notes	BAA3	11,667	-	-	11,667
		<u>\$ 381,335</u>	<u>\$ -</u>	<u>\$ 206,794</u>	<u>\$ 174,541</u>

The Company categorized its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Company has the following recurring fair value measurements as of September 30, 2024 and 2023:

	September 30, 2024	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Fixed income securities:				
U.S. treasury obligations	\$ 201,427	\$ -	\$ 201,427	\$ -
Corporate notes	196,191	-	196,191	-
Total fixed income securities	<u>397,618</u>	<u>-</u>	<u>397,618</u>	<u>-</u>
Equity securities:				
Common equities	621,248	621,248	-	-
Total investments at fair value	<u>1,018,866</u>	<u>\$ 621,248</u>	<u>\$ 397,618</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money market funds	15,925			
	<u>\$ 1,034,791</u>			

**THE DIVING SEAGULL, INC.**  
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Notes to Financial Statements  
September 30, 2024 and 2023

**(3) Investments, continued**

	September 30, 2023	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Fixed income securities:				
U.S. treasury obligations	\$ 193,848	\$ -	\$ 193,848	\$ -
Corporate notes	187,487	-	187,487	-
Total fixed income securities	<u>381,335</u>	<u>-</u>	<u>381,335</u>	<u>-</u>
Equity securities:				
Common equities	587,230	587,230	-	-
Total investments at fair value	<u>968,565</u>	<u>\$ 587,230</u>	<u>\$ 381,335</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money market funds	45,180			
	<u>\$ 1,013,745</u>			

**(4) Net receivable from/ payable to broker**

Approximately 18%, 21%, and 61% of fish sales for the year ended September 30, 2024 were conducted with brokers based in the Republic of the Marshall Islands (RMI), Taiwan, and Japan, respectively.

Approximately 14% and 86% of fish sales for the year ended September 30, 2023 were conducted with brokers based in Taiwan and Japan, respectively.

Upon offloading the fish catch from the vessel to a designated third party, the broker pays 95% of the estimated settlement. When the final settlement is determined, the Company may either be entitled to an amount due from the broker or be liable for an amount due to the broker.

The net broker account was a payable of \$419,493 at September 30, 2024, and \$268,485 at September 30, 2023.

**THE DIVING SEAGULL, INC.**  
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Notes to Financial Statements  
September 30, 2024 and 2023

**(5) Other receivables**

As of September 30, 2024 and 2023, other receivables due to the Company are detailed below.

Palau Micronesia Air (PMAir)	\$ 550,000
Others	100,247
	<u>650,247</u>
Allowance for doubtful accounts	(650,247)
	<u><u>\$ -</u></u>

**(6) Property and equipment**

Property and equipment consists of the following on September 30, 2024:

	Beginning Balance October 1, 2023	Transfer and Additions	Transfer and Disposals	Ending Balance September 30, 2024
Leased fishing vessel and purse seine net	\$ 6,022,464	\$ -	\$ -	\$ 6,022,464
Leasehold improvements	1,325,156	109,645	(14,287)	1,420,514
Office furniture and equipment	25,197	-	(1,820)	23,377
Vehicles	26,695	-	-	26,695
Total cost	7,399,512	109,645	(16,107)	7,493,050
Less accumulated depreciation and amortization	(7,371,986)	(57,094)	16,107	(7,412,973)
	<u>\$ 27,526</u>	<u>\$ 52,551</u>	<u>\$ -</u>	<u>\$ 80,077</u>

Property and equipment consists of the following on September 30, 2023:

	Beginning Balance October 1, 2022	Transfer and Additions	Transfer and Disposals	Ending Balance September 30, 2023
Leased fishing vessel and purse seine net	\$ 6,072,464	\$ -	\$ (50,000)	\$ 6,022,464
Purchased fishing vessel and purse seine net	3,679,184	-	(3,679,184)	-
Leasehold improvements	1,411,325	2,257	(88,426)	1,325,156
Vessel improvements	497,876	46,274	(544,150)	-
Office furniture and equipment	30,801	599	(6,203)	25,197
Vehicles	26,695	-	-	26,695
Total cost	11,718,345	49,130	(4,367,963)	7,399,512
Less accumulated depreciation and amortization	(9,734,472)	(128,662)	2,491,148	(7,371,986)
	<u>\$ 1,983,873</u>	<u>\$ (79,532)</u>	<u>\$ (1,876,815)</u>	<u>\$ 27,526</u>

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(7) Long – term debt**

On July 4, 2022, the Company obtained a loan from the FSM Development Bank in the original amount of \$5,984,580. The loan was obtained to consolidate existing debt and to fund the dry-dock of the fishing vessel Yap Seagull. The loan matures on July 4, 2027, is collateralized by the vessel, bears interest at 5%, and requires monthly principal and interest payments of \$34,985.26 beginning August 31, 2022.

There were no new loan proceeds during FY 2024. Reductions in the loan balance during the year reflect principal payments made on the loan. As of September 30, 2024, the outstanding loan balance was \$1,213,172, of which \$367,511 is due within one year.

During FY 2023, the remaining undisbursed loan proceeds were received. In addition, following the sinking of the Yap Seagull, the bank, as the loss payee under the vessel's insurance policy, received the insurance proceeds and applied them directly to the outstanding loan balance, resulting in a significant reduction of principal during the year. As of September 30, 2023, the outstanding loan balance was \$1,365,980, of which \$359,693 was due within one year.

Future debt service on the above long – term debt is as follows:

<u>Years ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 367,511	52,312	\$ 419,823
2026	386,313	33,510	419,823
2027	268,461	11,421	279,882
2028	190,887	2,623	193,510
	<u>\$ 1,213,172</u>	<u>99,866</u>	<u>\$ 1,313,038</u>

Changes in long-term debt during the years ended September 30, 2024 and 2023, are as follows:

<u>Outstanding October 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Oustanding September 30, 2024</u>	<u>Due within one year</u>
<u>\$ 1,365,980</u>	<u>\$ -</u>	<u>\$ 152,808</u>	<u>\$ 1,213,172</u>	<u>\$ 367,511</u>

  

<u>Outstanding October 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Oustanding September 30, 2023</u>	<u>Due within one year</u>
<u>\$ 5,108,748</u>	<u>\$ 875,832</u>	<u>\$ 4,618,600</u>	<u>\$ 1,365,980</u>	<u>\$ 359,693</u>

**THE DIVING SEAGULL, INC.**  
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Notes to Financial Statements  
September 30, 2024 and 2023

**(8) Line of Credit**

The Company maintains a \$1,000,000 revolving line of credit from FSM Development Bank with a 5% interest rate and a 180-day repayment cycle, maturing on February 26, 2025. A non-refundable loan fee of \$20,000 was paid prior to the initial draw and recorded in fiscal year 2024.

As of September 30, 2024, the line of credit was fully drawn, and the outstanding balance of \$1,000,000 is recorded as a current liability.

On November 12, 2024, the lender assessed a \$10,000 penalty related to repayment of the line of credit. As this penalty was incurred after year-end and no notice existed as of September 30, 2024, it is treated as a non-adjusting subsequent event and will be recognized in fiscal year 2025.

**(9) Lease Commitments**

The Company leases a fishing vessel and a purse seine fishing net from Yap Investment Trust, a fund of the Yap State Government (the “State”), with a lease term through March 2042. Common stock was issued by the Company as total consideration for the agreement. The lease has been renewed for another 20 years in a Bareboat Charter Agreement and has commenced in March 2022 and will end in March 2042. There are no scheduled future payments for this lease.

On July 15, 2016 the Company entered into a lease agreement for office space. Monthly rental for the lease was \$1,032 per month since the inception of the lease. On July 14, 2022, the lease expired. The Company continues to rent the office space under a month to month basis and is working on renewing the terms of the agreement.



**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(10) Cost of sales**

Details of cost of sales for the years ended September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Fuel	\$ 1,147,701	\$ 1,205,809
License, agent and port fees	1,052,063	901,041
Insurance	370,401	359,787
Crew salaries and wages	301,605	429,491
Supplies and freight	251,002	16,948
Repairs and maintenance	116,063	128,004
Crew travel	50,064	85,433
Management fee	49,952	25,131
Depreciation and amortization	46,382	117,784
Salt and provisioning	38,300	13,485
Communications	37,343	65,549
Stevedoring	24,710	10,100
Other vessel expenses	6,236	20,714
	<u>\$ 3,491,822</u>	<u>\$ 3,379,276</u>

**(11) Risk management**

The Company is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Company has elected to purchase commercial insurance for the risks of loss to which it is exposed. The Company claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. During the years ended September 30, 2024 and 2023, the Company collected \$383,866 and \$5,629,200 of insurance proceeds due to the damage and loss of the sunken ship, F/V Yap Seagull, on February 10, 2023.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(12) Related parties**

The Company has entered into significant transactions with the State, as discussed in Note 9. Several board members and officers of the company hold management positions and other positions of influence with the State. Furthermore, included in employee and director receivables were \$7,031 and \$10,916 on September 30, 2024 and 2023, respectively, of amounts owed by former board members and current management for reimbursement of travel and credit card charges. These receivables are presented net of applicable allowances in the statements of net position.

**(13) Contingencies**

**Loss from operations**

DSI has losses from operations of \$1,702,995 and \$2,614,333 for the years ended September 30, 2024, and 2023, respectively. DSI depends on its fishing activities to continue its operations. However, DSI is behind in paying its current liabilities. The Company has obtained a loan from a financial institution to support maturing obligations. For the last three years, the Company has not received subsidies from the State or the National government. The continuation of DSI's operations is dependent upon successful fishing activities, improvement in external industry factors, and on timely collection from fish brokers. In addition, for DSI to continue as a going concern, it may need to improve its cash management, reduce operating expenses, and obtain support from the State or the National Government.

**Dry docking**

During the year ended September 30, 2024, the Company did not conduct any dry-docking activities.

For the year ended September 30, 2023, the F/V Mathawmarfach completed its dry-docking at Gensan Shipyard in the Philippines on June 14, 2023. The dry-dock work included, but was not limited to, the improvement, replacement, rebuilding and repair of the vessel's hull, machinery, electronics, and skiff. The vessel departed the Philippines on June 30, 2023, to begin its first fishing trip following the completion of the dry-dock.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Notes to Financial Statements  
September 30, 2024 and 2023

**(14) Insurance Recovery**

On February 10, 2023, a damaged hull and rough seas attributed to the sinking of the F/V Yap Seagull which sank approximately 2 nautical miles away from the coast of Majuro, RMI. The book value of the lost assets was \$1,876,815 and fuel inventory was \$68,130. For the years ended September 30, 2024 and 2023, the Company received insurance proceeds in the amount of \$383,866 and \$5,629,200, respectively and recorded this as an insurance recovery. The insurance proceeds were used to pay down the loan from FSM Development Bank.

The total loss on asset disposal and fuel inventory as of September 30, 2024 and 2023 was \$-0- and \$1,944,945. The loss on asset disposal, inventory and insurance proceeds are reflected on the financial statements in fiscal year 2023.

**(15) Coronavirus Pandemic**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and spread to other countries, including the U.S. and throughout Micronesia. On March 11, 2020, the World Health Organization (WHO) characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency.

On May 5, 2023, the WHO declared that the public health emergency ended. 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 the Company. It is anticipated that these impacts will continue for some time. While this matter is expected to negatively impact the Company's results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

**(16) Date of Management's Review**

Management has evaluated subsequent events through December 29, 2025, the date upon which the financial statements were available to be issued.

During this period, the Company participated in preliminary discussions with the Government regarding potential future actions intended to support the Company's long-term financial and operational sustainability. These discussions are exploratory and remain ongoing. As of the date of management's review, no decisions have been made, no formal actions have been approved, and management has not been informed of any commitments that would affect the Company's current operations or financial position.

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

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**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***

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**YEARS ENDED SEPTEMBER 30, 2024 and 2023**



**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**

The Board of Directors and Management of The Diving Seagull, Inc.

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 The Diving Seagull, Inc., a component unit of Yap State Government, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise The Diving Seagull, Inc.'s basic financial statements, and have issued our report thereon dated December 29, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Diving Seagull, Inc.'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 The Diving Seagull, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Diving Seagull, Inc.'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.

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Diving Seagull, Inc.'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*

December 29, 2025  
Saipan, MP

**THE DIVING SEAGULL, INC.**  
**(A COMPONENT UNIT OF THE YAP STATE GOVERNMENT)**

Unresolved Prior Year Findings  
Years Ended September 30, 2024 and 2023

There are no prior year findings unresolved as of September 30, 2024 and 2023.