The Auditor's Communication With Those Charged With Governance

Federated States of Micronesia Telecommunication Regulation Authority

(A Component Unit of the Federated States of Micronesia National Government)

Year ended September 30, 2025



Ernst & Young LLP
P.O. Box 753
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ey.com

Shape the future with confidence

October 30, 2026

The Board of Directors
Federated States of Micronesia Telecommunication Regulation Authority

We have performed an audit of the financial statements of Federated States of Micronesia (FSM) Telecommunication Regulation Authority (the Authority), a component unit of the FSM National Government, as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated October 30, 2026.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Board of Directors (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board (or those charged with governance) in overseeing the financial reporting and disclosure processes which the management of the Authority is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing are consistent with the plan communicated in our engagement letter dated August 14, 2026, and at our audit planning meeting with management.

Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements required supplementary information and supplementary information are the responsibility of the Authority's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

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An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

We issued an unmodified opinion on the Authority's financial statements as of and for the year ended September 30, 2025.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the September 2026 meeting.

Changes to the terms of the audit with no reasonable justification for the change

None.

Fraud and non-compliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about the Authority's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**
- **Financial statement disclosures**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

A discussion of significant accounting policies and estimates has been included in Note 2 of the financial statements.

Related party relationships and transactions

We noted no significant matters regarding the Authority's relationships and transactions with related parties other than those disclosed in Note 2 of the financial statements.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by the Authority.

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- GASB Statement No. 105, *Subsequent Events*

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the September 2026 meeting and at the update status meetings during the audit.

- Fraud and noncompliance with laws and regulations (illegal acts)
- Tips or complaints regarding the Authority's financial reporting
- Significant unusual transactions
- Subsequent events

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no difficulties encountered in dealing with management in performing the audit.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Difficult or contentious matters subject to consultation outside of the audit team

During the fiscal year, we obtained concurrence with our Professional Practice Group on the following matters:

- Delayed issuance of Financial Statements

Material corrected misstatements related to accounts and disclosures

Refer to the "Management Representations Letter" in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Current period uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if they are immaterial to the current period financial statements. Refer to "Management Representations Letter" in Appendix A.

Deficiencies in internal control over financial reporting

In planning and performing our audit of the financial statements of the Authority as of and for the year ended September 30, 2025, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control. Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies might exist that were not identified.

Given these limitations, we did not identify any material weaknesses.

Representations we are requesting from management

We have obtained from management a representation letter related to the audit and a copy of the Management Representations Letter is included in Appendix A.

Other information included in annual report

There was no other information available as of the date of our audit report.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the audit services to other EY firms, who may deal with the Authority or its affiliates directly, although EY alone will remain responsible to you for the audit services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the audit services. In addition, third-party service providers may perform services for EY in connection with the audit services.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraphs 3.73-74 explains that the audit team should make consideration of management's ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on the Authority's trial balance with our understanding that the Authority's underlying books and records are maintained by the Authority's accounting department and that the final trial balance prepared by the Authority is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Authority.
- The Authority's Accountant has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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This communication is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ernst + Young LLP

The Board of Directors
FSM Telecommunication Regulation Authority

October 30, 2026

Appendix

A – Management Representations Letter

Appendix A – Management Representations Letter

Federated States of Micronesia
Telecommunication Regulation Authority
P.O. Box 1919 Pohnpei FM 96941
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October 30, 2026

Ernst & Young LLP
231 Ypao Road
Suite 201
Tamuning, Guam 96913

In connection with your audits of the financial statements of the Federated States of Micronesia (FSM) Telecommunication Regulation Authority (the Authority), a component unit of the Federated States of Micronesia, as of September 30, 2025 and 2024 and for the years then ended, and the related notes to the financial statements, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated August 14, 2026, for the preparation and fair presentation of the financial statements (including disclosures) in conformity with US GAAP applied on a basis consistent with that of the preceding periods.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including consideration of any currently known information that may raise substantial doubt shortly thereafter.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:

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- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.

- Additional information that you have requested from us for the purpose of the audit

- Unrestricted access to persons within the Authority from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

From September 30, 2025 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Corrected misstatements

We have reviewed and approved the adjustments, summarized in the accompanying schedule, and reflected these adjustments in the financial statements. Refer to the "Schedule of Corrected Misstatements" in Appendix A.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole. Refer to the "Schedule of Uncorrected Misstatements" in Appendix B.

Internal control

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

There have been no significant changes in internal control since September 30, 2025.

Appendix A – Management Representations Letter, continued

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Minutes and contracts and internal audit reports

The dates of meetings of shareholders, directors, committees of directors and important management committees from October 1, 2024 to the date of this letter are as follows:

- Regular Meeting – November 26, 2024
- Regular Meeting – July 4, 2025
- Regular Meeting – September 22, 2025
- Regular Meeting – November 14, 2025
- Regular Meeting – December 8, 2025
- Regular Meeting – December 10, 2025
- Regular Meeting – February 6, 2026
- Regular Meeting – March 6, 2026
- Regular Meeting – March 26, 2026
- Regular Meeting – April 20, 2026
- Regular Meeting – May 8, 2026
- Regular Meeting – June 15, 2026
- Regular Meeting – August 12, 2026

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that have a material effect on the financial statements.

We also have made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Certain risk disclosures

There are no risks related to vulnerabilities due to material concentrations or constraints in accordance with the GASB Statement No. 102, *Certain Risk Disclosures*.

Ownership and pledging of assets

Except for assets accounted for in accordance with GASB Statements No. 87, 94 and 96—as amended, for which we were provided a right-to-use another entity's nonfinancial asset (the underlying asset), the Authority has satisfactory title to all assets appearing in the statements of

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net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged, except as disclosed in the financial statements. All assets to which the Authority has satisfactory title appear in the statements of net position.

Receivables and revenues

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for any receivable as of the latest statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Leases

We have identified and accounted for all contracts (including any modifications thereto) that meet the criteria to be accounted for as a lease under GASB No. 87—as amended. We have appropriately considered any renewal, termination or purchase options in those contracts. We also believe other relevant assumptions (e.g., economic life, fair value, and residual value) made for purposes of accounting for lease arrangements are reasonable and supportable estimates.

Capital assets

Capital assets are properly capitalized, reported and, if applicable, depreciated. No events or changes in circumstances have occurred that indicate the carrying amounts of capital assets that are subject to amortization, may not be recoverable.

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72—as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72—as amended.

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72—as amended.

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

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The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Contingencies and other liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB 62 as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, *Contingencies* other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 – as amended.

Oral or written guarantees

There are no oral or written guarantees, including guarantees of the debt of others.

Non-compliance with laws and regulations, including fraud

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We acknowledge that we are responsible to determine that the Authority's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
We have disclosed to you all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

Independence

We have communicated to you the names of all the Authority's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for the Authority.

We are not aware of any business relationship between the Authority and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Authority's audits.

Conflicts of interest

There are no instances where any officer or employee of the Authority has an interest in a company with which the Authority does business that would be considered a "conflict of interest." Such an interest would be contrary to the Authority's policy.

Other information

We confirm that we have not identified any other information as defined in AICPA AU-C 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports.*

Appendix A – Management Representations Letter, continued

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Effects of new accounting principles

As discussed in Note 2 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the following codifications provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- GASB Statement No. 105, *Subsequent Events*

The Authority is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the results of its operations when such statements are adopted.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the Management's Discussion and Analysis on pages 4 through 6, presented to supplement the financial statements which have been measured and presented in conformity with the guidelines and/or objectives established by the Governmental Accounting Standards Board in its applicable GASB Statement.

There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

Going concern

In preparing the financial statements, we evaluated the Authority's ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

Other Representations

We recognize that we are responsible for the Authority's compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to you all laws and regulations, provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.

We have provided you all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

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There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
Components of Net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

Revenues and expenses are appropriately classified in the statements of revenues, expenses and changes in net position within operating revenues, non- operating revenues and expenses.

Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.

The Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

The Authority has complied with all aspects of contractual agreements that may have an effect on the financial statements.

No department or agency of the Authority has reported a material instance of noncompliance to us.

Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

Other matters

We have received a draft copy of our financial statements as of and for the years ended September 30, 2025 and 2024. The accuracy and completeness of the financial statements, including footnote disclosures and required supplementary information are the responsibility of the management of the Authority.

Ernst & Young LLP has assisted in the preparation of the Authority's financial statements based on the information in the Authority's trial balance and accounting records. It is our understanding that:

- The Authority's underlying books and records are maintained by the Authority's accounting department and the final trial balance prepared by the Authority is complete;

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- All adjusting and/or reclassifying journal entries that Ernst & Young posted to the trial balances have been approved by management of the Authority, and

- Management of the Authority has designated competent representatives to oversee your services and that there are Authority personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We acknowledge that we have reviewed the draft financial statements, including footnote disclosures and required supplementary information for accuracy and completeness, and we take responsibility for them.

Subsequent events

Subsequent to September 30, 2025, no events or transactions as outlined in "Subsequent Events" in Appendix C have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Authority's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the Authority.

* * * * *

We understand that your audits were conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of the Authority, and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Appendix A – Management Representations Letter, continued

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Very truly yours,

Takuro Akinaga, Chief Executive Officer

Regina Rodriguez, Accountant

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Appendix A – Management Representations Letter, continued

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Appendices

A – Summary of Corrected Misstatements

B – Schedule of Uncorrected Misstatements

C – Subsequent Events Questionnaire

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Appendix A – Management Representations Letter, continued

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A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: FSM Telecommunication Regulation Authority **Period ended:** 30-Sep-2025 **Currency:** USD

Corrected misstatements			Analysis of misstatements Debit/(Credit)							
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
1	LRE	To recognize new lease.								
		Right-to-use Lease Asset		34,978						
		Lease Liability			(34,978)					
2	LRE	To reclass current/noncurrent liability.								
		Lease Liability			10,395					
		Lease Liability - Noncurrent				(10,395)				
3	LRE	To record amortization and derecognize expired lease.								
		Lease Liability			10,357					
		Interest expense							143	
		Accum. amort. of RTU asset		24,517						
		Rent & Lease Expenses							(405)	
		Right-to-use Lease Asset		(34,612)						
4	LRE	To record amortization for new lease.								
		Lease Liability			7,184					
		Interest expense							316	
		Rent & Lease Expenses							(213)	
		Accum. amort. of RTU asset		(7,287)						
5		To record Invoice #1082.								
	VCD, N	Consultancy services-WB							29,041	
	VCD, N	Accounts Payable			(29,041)					
	UA, E	Accounts Receivable	29,041							
	UA, E	Contributions from World Bank							(29,041)	
6		To reverse should be 2024 accrual.								
	VCD, N, T	Unrestricted Net Assets					23,846			
	VCD, N, T	Consultancy services-WB							(23,846)	
	UA, E	Contributions from World Bank							23,846	
	UA, E	Accounts Receivable	(23,846)							
7	T, VCD	To adjust for net position rollforw ard variances.								
		Miscellaneous Expenses							358	
		Unrestricted Net Assets					(358)			
Total of corrected misstatements before income tax			5,195	17,596	(36,083)	(10,395)	23,488	0	199	
Financial statement amounts			198,011	44,708	(55,203)	(10,395)	(177,121)		(83,664)	
Effect of corrected misstatements on F/S amounts			**2.6%**	**39.4%**	**65.4%**	**100.0%**	**-13.3%**		-0.2%	

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Appendix A – Management Representations Letter, continued

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B – Summary of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: FSM Telecommunication Regulation Authority | Period Ended: 30-Sep-2025 | Currency: USD

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	WP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable	Debit/(Credit)	Non taxable
Factual misstatements:												
1	FS.01	To accrue for employees' annual and sick leaves in line with GASB101.										
		Payroll Expenses							8,609			
		Accrued Leave Payable			(8,609)							
Total of uncorrected misstatements before income tax			0	0	(8,609)	0	0	0	8,609		0	
Total of uncorrected misstatements			0	0	(8,609)	0	0	0	8,609		0	
Financial statement amounts			198,011	44,708	(55,203)	(10,390)	(177,121)		(83,664)		15,230	
Effect of uncorrected misstatements on FS amounts			0.0%	0.0%	15.6%	0.0%	0.0%		-10.3%		0.0%	
		Memo: Total of non-taxable items (marked 'X' above)							0		0	
		Uncorrected misstatements before income tax						-10.3%	8,609		0	
		Less: Tax effect of misstatements at current year marginal rate							0		0	
		Uncorrected misstatements in income tax							0		0	
		Cumulative effect of uncorrected misstatements after tax but before turnaround						-10.3%	8,609		0	
		Turnaround effect of prior period uncorrected misstatements							After tax	Memo: Before tax		
		All factual and projected misstatements:							0	0		
		Judgmental misstatements (Note 3):							0	0		
		Cumulative effect of uncorrected misstatements, after turnaround effect						-10.3%	8,609			
		Current year income before tax							(83,664)			
		Current year income after tax							(83,664)			

Appendix A – Management Representations Letter, continued

Federated States of Micronesia
Telecommunication Regulation Authority
P.O. Box 1919 Pohnpei FM 96941
Tel: +691 320-2812 http://www.tra.fm

C – Subsequent Events Questionnaire

FSM Telecommunication Regulation Authority
September 30, 2025 Audit
Subsequent Events Questionnaire

Coverage: **For the period from October 1, 2025 to audit report date**

Question	Response Yes, No or Not applicable.	If yes, please provide additional information.
1 Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements? Have any other significant unusual transactions been entered into?	No	
2 Have any significant contingent liabilities or commitments arisen, except as disclosed in the audited financial statements?	No	
3 Have any significant changes occurred in trends in sales/revenues or costs that could affect accounting estimates (e.g., valuation of receivables or inventories, realization of deferred charges, provisions for warranties or employee benefits or unearned income)?	No	
4 Have any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?	No	
5 Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?	No	
6 Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?	No	
7 Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?	No	
8 Have there been any changes in the entity's related parties?	No	
9 Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements? This includes subsequent events of material investees accounted for by the equity method.	No	
10 Any significant new contracts or agreements (including amendments) and written communications with the SEC or other regulatory agencies (if applicable) with which the entity files financial statements, that could have an effect on the audited financial statements?	No	
11 Minutes, if any, of the meetings of owners, management and those charged with governance that have been held subsequent to the balance sheet date to determine whether any subsequent events have occurred that may affect the financial statements	No	
12 Matters discussed at meetings held subsequent to the balance sheet date, for which minutes are not yet available	No	
13 Cash receipts records for significant or large amounts (e.g., proceeds of loans, significant sales of productive assets or other unusual items).	No	
14 Cash disbursements records for unusual payments and payments of liabilities not recorded as of the balance sheet date.	No	
15 Collections on accounts receivable and credit memoranda issued for sales returns and allowances, and determine whether there is significant time lag in issuing credits.	No	
16 General journal entries for entries that would have a material effect on the financial statements as of the balance sheet date.	No	
17 Knowledge of any fraud or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements.	No	
18 Knowledge of allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the entity.	No	

Taturo Akiwga — October 30, 2026
Chief Executive Officer — Date

Regina Rodriguez — October 30, 2026
Accountant — Date

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