Financial Statements and
Supplementary Information

Northern Mariana Islands Settlement Fund
(A Not-for-Profit Organization)

Years ended September 30, 2024 and 2023
with Report of Independent Auditors

Building a better
working world

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(A Not-for-Profit Organization)

Financial Statements and Supplementary Information

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Contents

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Report of Independent Auditors

The Trustee
Northern Mariana Islands Settlement Fund

Opinion

We have audited the financial statements of the Northern Mariana Islands Settlement Fund (the Fund), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund at September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Fund 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 opinion.

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 of 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 Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 GAAS, 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 Fund'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 Fund'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Investments Owned is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst + Young

September 26, 2025

Northern Mariana Islands Settlement Fund
(A Not-for-Profit Organization)

Statements of Financial Position

	September 30, 2024	September 30, 2023
Assets		
Current assets:		
Cash	$ 4,438,630	$ 7,527,479
Due from CNMI Government	32,350	838,896
Other receivables, net	2,605,175	3,267,720
Investments	137,974,637	118,601,050
Prepaid expenses	32,829	32,521
Total current assets	145,083,621	130,267,666
Property and equipment, net	243,467	264,577
Total assets	$145,327,088	$130,532,243
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 412,922	$ 1,125,118
Net assets		
Without donor restriction	144,883,841	129,376,800
With donor restriction	30,325	30,325
Total net assets	144,914,166	129,407,125
Total liabilities and net assets	$145,327,088	$130,532,243

See accompanying notes.

Northern Mariana Islands Settlement Fund

(A Not-for-Profit Organization)

Statements of Activities

	Year ended September 30, 2024			Year ended September 30, 2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenues						
Contributions and payments:						
CNMI government contribution	$ 34,830,769	$12,575,289	$ 47,406,058	$ 35,169,231	$12,870,880	$ 48,040,111
Employer supplemental payments	1,125,823	---	1,125,823	1,243,412	---	1,243,412
Active settlement class member contributions	365,465	---	365,465	409,044	---	409,044
Total contributions and payments	36,322,057	12,575,289	48,897,346	36,821,687	12,870,880	49,692,567
Investment income, net:						
Net appreciation in fair value of investments	12,693,590	---	12,693,590	2,241,787	---	2,241,787
Interest and dividends	5,956,404	---	5,956,404	5,936,054	---	5,936,054
Investment expense	(70,653)	---	(70,653)	(65,602)	---	(65,602)
Total investment income, net	18,579,341	---	18,579,341	8,112,239	---	8,112,239
Other income	324,169	---	324,169	3,525,826	---	3,525,826
Total revenues	55,225,567	12,575,289	67,800,856	48,459,752	12,870,880	61,330,632
Expenses						
Benefit and refund payments:						
Retirement benefits	41,588,991	---	41,588,991	42,521,099	---	42,521,099
Survivor benefits	8,641,804	---	8,641,804	8,760,947	---	8,760,947
Disability benefit	155,623	---	155,623	223,057	---	223,057
Death lump-sum distributions	48,732	---	48,732	44,050	---	44,050
Refunds	92,945	---	92,945	20,393	---	20,393
Total benefit and refund payments	50,528,095	---	50,528,095	51,569,546	---	51,569,546

See accompanying notes.

Northern Mariana Islands Settlement Fund
(A Not-for-Profit Organization)

Statements of Activities, continued

	Year ended September 30, 2024			Year ended September 30, 2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Supporting activities - other expenses:						
Personnel expenses	1,078,134	---	1,078,134	894,883	---	894,883
General and administrative expenses	339,997	---	339,997	214,226	---	214,226
Professional expenses	347,589	---	347,589	354,864	---	354,864
Total supporting activities - other expenses	1,765,720	---	1,765,720	1,463,973	---	1,463,973
Total expenses	52,293,815	---	52,293,815	53,033,519	---	53,033,519
Net assets released from restriction	12,575,289	(12,575,289)	---	12,870,880	(12,870,880)	---
Increase in net assets	15,507,041	---	15,507,041	8,297,113	---	8,297,113
Net assets at beginning of the year	129,376,800	30,325	129,407,125	121,079,687	30,325	121,110,012
Net assets at end of year	$144,883,841	$ 30,325	$144,914,166	$129,376,800	$ 30,325	$129,407,125

Northern Mariana Islands Settlement Fund
(A Not-for-Profit Organization)

Statements of Cash Flows

	Year ended September 30, 2024	Year ended September 30, 2023
Operating Activities		
Increase in net assets	$15,507,041	$ 8,297,113
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net appreciation in fair value of investments	(12,693,590)	(2,241,787)
Depreciation expense	58,956	---
Provision for uncollectable accounts	---	8,160
Changes in operating assets and liabilities:		
Due from CNMI Government	806,546	(838,896)
Other receivables, net	662,545	(3,136,698)
Prepaid expenses	(308)	39,784
Accounts payable and accrued expenses	(712,196)	799,757
Net cash provided by operating activities	3,628,994	2,927,433
Investing activities		
Purchase of investments	(8,706,404)	(5,936,054)
Proceeds from sale of investments	2,026,407	64,917
Purchase of property and equipment	(37,846)	(9,406)
Net cash used in investing activities	(6,717,843)	(5,880,543)
Net decrease in cash	(3,088,849)	(2,953,110)
Cash at beginning of year	7,527,479	10,480,589
Cash at end of year	$ 4,438,630	$ 7,527,479

See accompanying notes.

1. Organization and Purpose

The Northern Mariana Islands Settlement Fund (Settlement Fund) was created as a result of a settlement agreement (the Settlement Agreement), approved by the U.S. District Court on September 30, 2013. The Settlement Agreement shall end when there are no longer any living Settlement Class Members.

The Settlement Agreement required the Northern Mariana Islands Retirement Fund (NMIRF) to transfer certain net assets of the NMIRF's Defined Benefit Plan to the newly created Settlement Fund. The transfer of net assets totaled approximately $126 million effective October 1, 2013. The Settlement Fund reversed approximately $3.3 million in fiscal year 2014 after determining the $3.3 million relates to capitalized building plans and improvements. These assets are non-transferable per the Settlement Agreement.

Settlement Class Members, as defined in the Settlement Agreement, who do not opt out of the Settlement Agreement, shall cease to be members of the NMIRF's Defined Benefit Plan and shall become members of the Settlement Fund.

The primary purpose of the Settlement Agreement is to ensure that retirees, who are part of the Settlement Agreement, will always be paid at least 75% of their benefits and will always get paid as much as any retiree who opted out of the Settlement Agreement.

The U.S. District Court has appointed a Trustee with the powers of a federal equity receiver to administer and run the Settlement Fund as a fiduciary to the Settlement Class Members. The U.S. District Court concurs with the Trustee and Class Counsel that the Settlement Fund is an extension of the Court, and as such, is exempt from taxation under Section 1105(a) of the Commonwealth Code.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Settlement Fund's financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, expenses are recorded when a liability is incurred and revenues are recorded in the accounting period they are earned. The net assets of the Settlement Fund and changes herein are classified and reported as follows:

Net assets without donor restriction

Net assets without donor-imposed restrictions refer to contributions received from the CNMI Government and other government agencies which are used to fund benefit payments and other supporting activities. These net assets may be used at the discretion of the Settlement Fund's management and Trustee.

2. Summary of Significant Accounting Policies, continued

Basis of Preparation, continued

Net assets with donor restriction

Net assets with donor-imposed restrictions refer to funding received from the CNMI Government in accordance with Public Law 18-56 which requires a portion of annual license fee revenues to be allocated for the payment of 25% reduction in Settlement Class Members' benefits. This restriction is temporary in nature and will be met by actions of the Settlement Fund.

Tax Status

The Settlement Fund is a tax-exempt entity. See *Order re Joint Motion to Confirm the NMI Settlement Fund's Status as a Tax-Exempt Entity* (ECF No. 755) (3/9/2016).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash

Cash consists of cash on hand and deposits in banks.

Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale and are primarily determined based on quoted market values.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on ex-dividend date. Net depreciation includes the Settlement Fund's gains and losses on investments bought and sold as well as held during the year.

The reserves of the Settlement Fund in excess of current operational requirements are invested. In investing these reserves, the Settlement Fund employs the services of investment professionals and consultants to assist the Settlement Fund in its investment program. These professionals are all registered with the U.S. Securities and Exchange Commission as investment advisors. The assets are usually invested in stocks, bonds, and real estate traded in recognized stock markets such as the New York Stock Exchange.

2. Summary of Significant Accounting Policies, continued

Investments, continued

The Settlement Fund diversifies its investments in accordance with prudent investment standards. Settlement Fund investment guidelines contain limits and goals for each type of investment portfolio and specify prohibited transactions.

Payments of Benefits

Benefits are recorded when paid.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash, other receivables, net and accounts payable and accrued expenses – Fair value approximates carrying amounts due to the relatively short-term maturity of these financial instruments.

Loan receivable – Fair value approximates carrying value, as the interest rates on the obligations are fixed and are the same rates that would be charged for similar agreements.

Expenses

Expenses pertaining to the Settlement Fund’s supporting activities and services are recorded when incurred. These expenses mainly include personnel, professional, and general and administrative expenses and are paid by the assets of the Settlement Fund. Expenses related to trustee fees are reviewed and approved by the U.S. District Court.

Receivables

Receivables primarily consist of contributions receivable from the CNMI government and loan receivable. Receivables are recorded at outstanding principal amounts, net of estimated allowances for doubtful accounts, if any.

The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on receivables that may become uncollectible based on evaluation of the collectability of these accounts. The allowance is established through a provision for bad debts charged to expense.

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment, consisting of property and equipment transferred by the NMIRF's Defined Benefit Plan to the Settlement Fund, are recorded by the Settlement Fund based on the assets' net book value at the date of transfer.

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. Estimated lives used range from 3 to 10 years for all assets.

Long-lived Assets

Long-lived assets and certain identifiable intangibles to be held and used or disposed of by the Settlement Fund are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recently Issued Accounting Standard

In December 2023, FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*". The standard focuses on income tax disclosures around effective tax rates and cash income taxes paid. Topic 740 is effective for annual periods beginning after December 15, 2025. The Fund is in the process of evaluating the impact of the standard update.

Subsequent Events

Management has evaluated subsequent events through September 26, 2025 which is the date that financial statements were available to be issued.

3. Property and Equipment

A summary of property and equipment as of September 30, 2024 and 2023 are as follows:

	Estimated Useful Lives	2024	2023
Office and computer equipment	3-10 years	$ 769,592	$ 749,245
Furniture and fixture	3-5 years	309,215	309,215
Vehicles	3-5 years	87,888	70,389
		1,166,695	1,128,849
Less accumulated depreciation and amortization		923,228	864,272
		$ 243,467	$ 264,577

4. Annual Payment Due from the CNMI Government

The Settlement Agreement requires the CNMI Government to make minimum required annual payments to the Settlement Fund sufficient to enable the Settlement Fund to pay 75% of Settlement Class Members' full retirement benefits for the Settlement Fund's expected life. During the years ended September 30, 2024 and 2023, the Settlement Fund received $34 million and $36 million, respectively, from the CNMI Government.

Based on the September 2023 Actuarial Report, projected minimum annual payments necessary to enable the Settlement Fund to pay 75% of Settlement Class Members' retirement benefits are as follows:

Year ending September 30,	
2025	$ 31,000,000
2026	29,000,000
2027	27,000,000
2028	25,000,000
2029	23,000,000
2030	21,000,000
2031	19,000,000
2032	17,000,000
2033	16,000,000
2034	15,000,000
2035	14,000,000
2036	13,000,000
2037	12,000,000
	$262,000,000

From the fiscal year ending September 30, 2038 to September 30, 2045, CNMI payments are expected to be $11,500,000 per year. For fiscal years ending September 30, 2046 and later, CNMI payments are estimated to be equal to the benefits and expenses paid by the NMI Settlement Fund.

The CNMI Government is to make the aforementioned minimum payments unless the U.S. District Court determines that a different amount is required to enable Settlement Class Members to receive 75% of their benefits.

In the event the CNMI Government pays an annual amount in excess of the amount required, then the CNMI Government's minimum annual payment for the succeeding year is reduced by the amount paid in excess.

4. Annual Payment Due from the CNMI Government, continued

If the CNMI Government makes payments such that it reduces the minimum payment in subsequent years to less than $3 million, then the CNMI Government shall still be obligated to transfer in any fiscal year at least the lesser of $3 million, or the annual costs to pay 75% of the Settlement Class Members' benefits plus reasonable administrative costs.

The Settlement Agreement calls for an alternative payment of a greater amount (APGA) if 17% of the CNMI Government's total annual revenues is greater than the minimum annual amount paid by the CNMI Government, then the CNMI Government is to remit the difference to the Settlement Fund. For the years ended September 30, 2024 and 2023, the Settlement Fund did not record an additional contribution from the CNMI Government related to APGA.

In the event the CNMI Government believes the Settlement Fund has assets equal to the actuarial present value of accrued benefits of the Settlement Class Members plus reasonable expenses of the Settlement Fund for its expected life, then the CNMI Government may petition the U.S. District Court to allow it to cease making annual payments.

5. Consent Judgment Owned by the Settlement Fund

The Settlement Fund owns a Consent Judgment totaling $779 million which the Settlement Fund may enforce against the CNMI Government in the U.S. District Court, if the CNMI Government fails to timely pay its obligations due under the Settlement Agreement.

6. Settlement Class Members

The contribution and benefits of Settlement Class Members are determined based on the class they belonged to under the NMIRF. Class II members are all persons who were NMIRF members prior to the effective date of Public Law 6-17 and who did not choose to become Class I members. All Settlement Class Members hired on or after the effective date of Public Law 6-17 who are not Class II members are Class I members.

As of September 30, 2024 and 2023, Settlement Class Members receiving benefits and entitled to benefits consisted of the following:

	2024	2023
Retirees	1,638	1,698
Beneficiaries	752	763
Disabled	10	15
	2,400	2,476

6. Settlement Class Members, continued

Active Settlement Class Members contributing to the Settlement Fund as of September 30, 2024 and 2023 are as follow:

	2024	2023
Class I	47	59
Class II	17	18
	64	77

As of September 30, 2024, there are 1,660 inactive class members, out of which, only 48 inactive class members are eligible to receive benefits once they turn 62. Of the 48 vested inactive class members, 16 inactive class members are already eligible to apply for refund on their contributions plus interest.

As of September 30, 2023, there are 1,666 inactive class members, out of which, only 53 inactive class members are eligible to receive benefits once they turn 62. Of the 53 vested inactive class members, 20 inactive class members are already eligible to apply for refund on their contributions plus interest.

Contributions

All Settlement Class Members who are employed by the CNMI Government or an Autonomous Agency shall continue to pay employee contributions to the Settlement Fund as required by the laws of the CNMI existing on August 6, 2013 excluding Public Law 17-82 and Public Law 18-02. Class I member contributions are required at 10.5% of base pay and Class II member contributions are at 11% of base pay.

The CNMI Government and Autonomous Agencies will make supplemental payments to the Settlement Fund in the amount of employer contributions for currently employed Settlement Class Members at the same contribution rates being paid as of June 26, 2013 pursuant to Paragraph 5.0 of the Settlement Agreement.

7. Description of Benefits Provided by the Settlement Fund

The Settlement Agreement ensures that Settlement Class Members will always get paid at least 75% of their full benefits that they were entitled to when they were part of the NMIRF. The Settlement Agreement does not prevent the CNMI Government from making additional payments to the Settlement Class Members in the future.

Benefits provided to Settlement Class Members are determined based on the Class I and Class II provisions effective when they were part of the NMIRF. As a result of the Settlement Agreement, the benefit computation identified below is reduced to 75% of the computed amounts. The factors affecting the computation of benefits are summarized below:

7. Description of Benefits Provided by the Settlement Fund, continued

Service

Membership Service is earned for actual compensated government employment after becoming a NMIRF member. 1/12 year of service is earned for each month of employment.

Benefit Formulas
Class I Formula: The sum of (i) and (ii) below, but not less than $6,000 nor greater than 85% of average annual salary.

(i) The sum of 2.5% of average annual salary for each of the first 25 years of service with a maximum of 50% of average annual salary, plus

(ii) 2.5% of average annual salary for each year of service in excess of 25 years.

Class II Formula: The sum of (i) and (ii) below, but not less than $6,000 nor greater than 85% of average annual salary.

(i) The sum of 2% of average annual salary for each of the first 10 years of service and 2.5% of average annual salary for each year of service in excess of 10 years, plus

(ii) Twenty dollars ($20) for each year of service reduced by 1/100th of 1% for each dollar that average annual salary exceeds $6,000.

Class II members receive the greater of the benefit determined using the Class II formula or the benefit determined using the Class I formula as if all service had been rendered as a Class I member.

Average annual salary is the average of the three highest annual salaries, but not less than $6,000.

Normal Retirement

Eligibility – Class I: Age 62 and 10 years of contributing membership service after May 7, 1989. Class II: Age 60 or 25 years of membership service.

Amount of benefit – The annual retirement benefit is the benefit using the Class I formula for Class I members and the greater of the Class I or the Class II formula for Class II members.

Time and form of payment – Payment will be in the form of a life annuity.

7. Description of Benefits Provided by the Settlement Fund, continued

Early Retirement

Eligibility – Age 52 and 10 years of membership service or 25 years of membership service for a Class I member. At least 10 years of membership service must be earned after May 7, 1989. Class II members are not eligible.

Amount of benefit – Same as for normal retirement reduced by an actuarially determined amount for each month the member is under 62 years of age, but not less than $6,000 adjusted by 75% pursuant to the settlement agreement. Time and form of payment – Same as the normal retirement benefit.

Termination

Eligibility – Class I members with 10 years of contributing membership service. Class II members who accumulate at least 3 years of vesting service.

Amount of benefit – Same as the normal retirement benefit.

Time and form of payment – Same as the normal retirement benefit, except that the annuity commences at age 62 for Class I members and at age 60 for Class II members.

Disability Retirement

Eligibility – Members who are less than age 62, who are totally and permanently disabled, and, in the case of non-occupational causes, who accumulate at least 5 years of membership service.

Amount of benefit – 50% (66 2/3% for members prior to December 5, 2003) of the member's salary in effect as of the date of disability, less any special compensation allowances or reductions due to subsequent earnings. At age 62, the member will receive a normal retirement benefit calculated assuming service had continued to age 62 at the same salary received at the time of disability and the Class I formula is used. Disability benefits will be reduced by the U.S. Social Security System, Worker's Compensation or other disability insurance payments.

Time and form of payment – Same as the normal retirement benefit.

Amount of benefit – A surviving spouse will receive 50% of the member's normal retirement benefit, or benefit being paid at death, but not less than $6,000 per year. Each surviving minor child (with a maximum of three children) will receive the greater of $1,080 and 16-2/3% of the member's normal retirement benefit of the benefit being paid at death.

7. Description of Benefits Provided by the Settlement Fund, continued

Disability Retirement, continued

Time and form of payment – The surviving spouse’s benefit commences immediately if there are minor children, otherwise at the spouse’s attainment of age 35, and continues until remarriage or death. Payment will be in the form of annuity with a cost of living increase each year equal to that which is used by the U.S. Social Security System, commencing January 1 subsequent to the anniversary of the spouse’s annuity date after attainment of age 55.

The children’s benefit commences immediately and continues until the respective child’s attainment of age 18 (age 22 if a full-time student) unless the child is disabled.

Lump-sum Death Benefit

Eligibility – Members who were active employees or members who were receiving retirement or disability benefits.

Amount of benefit – A lump-sum payment of $1,000 plus, if there is no surviving spouse or children, a refund, reduced by pension payments already received, of 1/3 of the accumulated employee contributions with interest. The lump-sum payment is adjusted for the effect of the Settlement Agreement by $750.

8. Other Receivables

Other receivables, net as of September 30, 2024 and 2023 are as follows:

	2024	2023
Overpayment of benefits	$6,389,727	$ 6,623,796
Employers’ contribution receivable	2,574,002	3,219,443
Accrued interest	324,959	324,209
Buyback receivable	167,849	168,121
Underpayment of contributions	26,752	74,492
Others	31,023	19,836
	9,514,312	10,429,897
Less allowance for doubtful accounts	6,909,137	7,162,177
	$2,605,175	$ 3,267,720

9. Concentration of Credit Risk

Financial instruments which potentially subject the Settlement Fund to concentrations of credit risk consist principally of cash and investments.

The Settlement Fund maintains its cash deposits in bank accounts which exceeded federal depository insurance limits. The Settlement Fund has not experienced any losses in such accounts.

The Settlement Fund invests available cash in money market funds, mutual funds, common stock, domestic and international corporate bonds and securities backed by the United States Government. Concentrations of credit risk are minimized due to a highly diversified portfolio of investments.

10. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value and expands financial statement disclosures about fair value measurements. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation technique used to measure fair value into three broad levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

Following is a description of the valuation techniques and inputs used for each general type of investment measured at fair value:

10. Fair Value Measurements, continued

Mutual funds – fixed income. These are primarily reported at fair values obtained from bank and independent pricing services.

Mutual funds – balanced. These are a mixture of both equities and fixed income securities.

Mutual funds – equity securities. These are traded on a national or international exchange and are reported at current quoted market values.

Money market funds. These are valued under the market approach through the use of quoted market prices in an active market, which is the Net Asset Value of the underlying funds.

Cash investments. These are deposits in interest bearing accounts that are very short-term in nature and are accordingly valued at cost plus accrued interest, which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the Settlement Fund's investments carried at fair value as of September 30, 2024 and 2023:

	Assets at Fair Value as of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds – fixed income	$ 73,967,705	$ ---	$ ---	$ 73,967,705
Mutual funds – balanced	34,877,966	---	---	34,877,966
Mutual funds – equity securities	26,060,993	---	---	26,060,993
Money market funds	2,871,885	---	---	2,871,885
Cash investments	---	196,088	---	196,088
Total investments at fair value	$137,778,549	$196,088	$ ---	$137,974,637

	Assets at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds – fixed income	$ 65,176,881	$ ---	$ ---	$ 65,176,881
Mutual funds – balanced	31,371,642	---	---	31,371,642
Mutual funds – equity securities	19,867,113	---	---	19,867,113
Money market funds	2,037,502	---	---	2,037,502
Cash investments	---	147,912	---	147,912
Total investments at fair value	$118,453,138	$147,912	$ ---	$118,601,050

11. Risks and Uncertainties

The Settlement Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

12. Net Assets with Donor Restriction

In July 2014, the CNMI Government passed Public Law 18-56 that allocates a portion of revenues received from annual license fee revenues to pay for the 25% reduction in Settlement Class Members' benefits. For the years ended September 30, 2024 and 2023, receipts from Public Law 18-56 totaled $12,575,289 and $12,870,880, respectively. These amounts are included as a component of CNMI Government Contribution in the accompanying statements of activities. For the years ended September 30, 2024 and 2023, net assets released from restriction and distributed to Settlement Class Members totaled $12,575,289 and $12,870,880, respectively. These amounts are presented in the accompanying statements of activities. At September 30, 2024 and 2023, unreleased funds totaled $30,325. This amount is presented as net assets with donor restriction in the accompanying statements of financial position.

13. Availability and Liquidity of Financial Assets

The following reflects the Settlement Fund's financial assets as of September 30, 2024 and 2023:

	2024	2023
Cash	$ 4,438,630	$ 7,527,479
Due from CNMI Government	32,350	838,896
Other receivables, net	2,605,175	3,267,720
Investments	137,974,637	118,601,050
Financial assets available to meet cash needs for general expenditures within one year	$145,050,792	$130,235,145

Supplementary Information

Northern Mariana Islands Settlement Fund
(A Not-for-Profit Organization)

Schedule of Investments Owned

Investment Name	September 30, 2024	2023
Mutual funds – fixed income		
Dodge and Cox Income Fund	$ 35,673,430	$ 31,422,566
PGIM High Yield-Q	26,160,677	22,528,293
Vanguard Short-Term Bond Index FD Inst	12,133,449	11,225,891
PIMCO Total Return Fund	149	131
	73,967,705	65,176,881
Mutual funds – mixed funds		
Fidelity Strategic Real Return	34,877,966	31,371,642
Mutual funds – equity securities		
Vanguard Total World Stock Index Fund Inst	26,060,993	19,867,113
Money market funds		
Dreyfus Treasury Obligations Cash Management Fund	2,871,885	2,037,502
Cash investments		
Bank of Hawaii Cash and Cash Equivalents	196,088	147,912
Total Investments Owned	$137,974,637	$118,601,050