

*The Auditor's Communication With Those Charged
With Governance*

College of the Marshall Islands

(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2023



**Shape the future
with confidence**

May 27, 2026

The Board of Regents
College of the Marshall Islands

We have performed an audit of the financial statements of College of the Marshall Islands (the College), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2023, 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 May 27, 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 Regents with additional information regarding the scope and results of the audit that may assist the Board of Regents in overseeing the financial reporting and disclosure processes which the management of the College is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated November 12, 2024, 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 are the responsibility of the College'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.

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 disclaimer of opinion on the College's financial statements as of and for the year ended September 30, 2023.

Basis for Disclaimer of Opinion

The College was unable to provide adequate accounting records supporting the amounts for student accounts receivable (stated at \$2,601,809 and \$2,653,627, respectively), federal grants receivable (stated at \$1,598,822 and \$1,215,487, respectively), federal grants payable (stated at \$3,384,740), and accounts payable (stated at \$2,818,624 and \$995,744, respectively) in the statements of net position at September 30, 2023 and 2022. As a result of these matters, we were unable to obtain sufficient appropriate audit evidence to support the completeness, existence, accuracy and classification of these balances and whether any adjustments to these balances or related financial statement items were necessary.

In addition, as of September 30, 2023 and 2022, the College has not implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The amount by which this matter would affect the assets, liabilities, net position, revenues, and expenses of the business-type activities of the College is not reasonably determinable.

We issued adverse and qualified opinions on the College's compliance for each major federal program as of and for the year ended September 30, 2023.

Basis for Adverse and Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on ALN 84.425 Education Stabilization Fund

As described in Findings 2023-009 through 2023-012 in the Schedule of Findings and Questioned Costs, the College did not comply with requirements regarding the following:

<i>Finding No.</i>	<i>Assistance Listing No.</i>	<i>Program (or Cluster) Name</i>	<i>Compliance Requirement</i>
2023-009	84.425	Education Stabilization Fund	Activities Allowed or Unallowed Allowable Costs/Cost Principles
2023-010	84.425	Education Stabilization Fund	Cash Management
2023-011	84.425	Education Stabilization Fund	Procurement and Suspension and Debarment
2023-012	84.425	Education Stabilization Fund	Reporting

Compliance with such requirements is necessary, in our opinion, for the College to comply with requirements applicable to those programs.

Matters Giving Rise to Qualified Opinion on ALN 15.875 Economic, Social, and Political Development of the Territories; and ALN 84.063 Student Financial Assistance Cluster

As described in Findings 2023-005, 2023-006, 2023-013, and 2023-014 in the Schedule of Findings and Questioned Costs, the College did not comply with requirements regarding the following:

<i>Finding No.</i>	<i>Assistance Listing No.</i>	<i>Program (or Cluster) Name</i>	<i>Compliance Requirement</i>
2023-005	15.875	Economic, Social, and Political Development of the Territories	Activities Allowed or Unallowed Allowable Costs/Cost Principles
2023-006	15.875	Economic, Social, and Political Development of the Territories	Equipment and Real Property Management
2023-013	84.063	Student Financial Assistance Cluster	Cash Management
2023-014	84.063	Student Financial Assistance Cluster	Reporting

Compliance with such requirements is necessary, in our opinion, for the College to comply with requirements applicable to those programs.

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

Our audit strategy is consistent with the plan communicated during the October 2025 meeting.

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 College'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.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 3 of the basic financial statements.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Related party relationships and transactions

We noted no significant matters regarding the College's relationships and transactions with related parties other than disclosed in Note 10 to the financial statements.

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

None.

Significant unusual transactions

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

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

During fiscal 2023, we obtained concurrence with our Professional Practice Group on the following matters:

- Delayed issuance of financial statements
- Modification of report of independent auditors
- Modification of report of independent auditors on compliance for major programs

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

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

Refer to “Management Representations Letter” in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

We have issued our Report of Independent Auditors 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 dated May 27, 2026. Material weaknesses have been identified.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the October 2025 meeting and at the update status meetings during the audit.

Independence matters

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

New accounting pronouncements

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

- GASB Statement No. 87, *Leases*
- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections*
- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*
- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- GASB Statement No. 105, *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.

Other material written communications with management

None.

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.

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 College 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.

Representations we are requesting from management

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

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 College's trial balance with our understanding that the College's underlying books and records are maintained by the College's accounting department and that the final trial balance prepared by the College is complete.

- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the College.
- The College's Director for Financial Affairs and Business Services has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of the Board of Regents and management and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

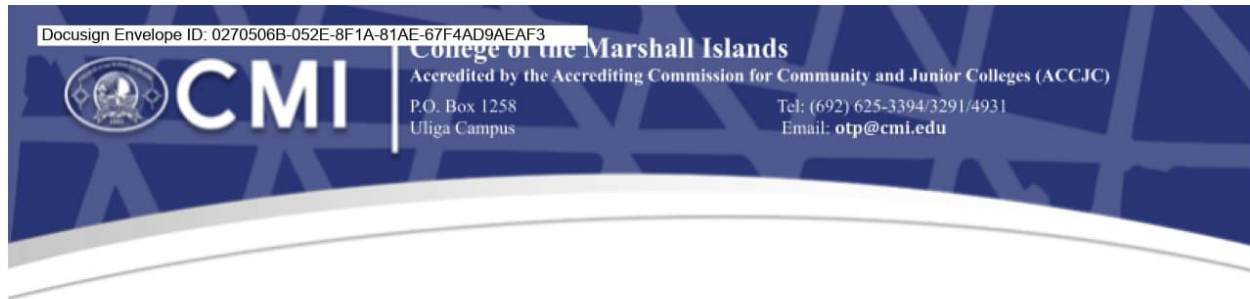
Very truly yours,

Ernst + Young

Appendix

A - Management Representations Letter

A - Management Representations Letter



May 27, 2026

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

In connection with your audits of the basic financial statements of the College of the Marshall Islands (the "College"), a component unit of the Republic of the Marshall Islands, as of September 30, 2023 and 2022, and for the years then ended, 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 of the business-type activities of the College and the changes in financial position and cash flows, where applicable, thereof 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, considering 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.

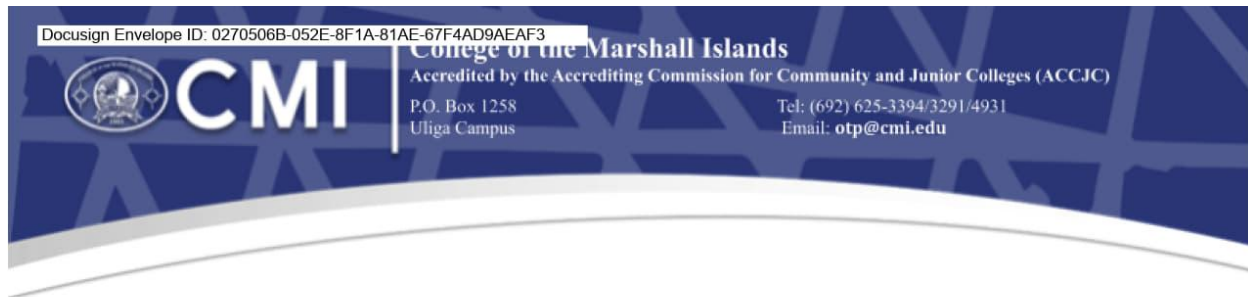
Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated November 12, 2024, for the preparation and fair presentation of the financial statements in accordance with US GAAP applied on a basis consistent with that of the preceding years, except for the effects of adopting new accounting standards.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date that the financial statements are issued.

A - Management Representations Letter, continued



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.

Management's responsibilities, continued

We have provided you with:

- 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 College 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.

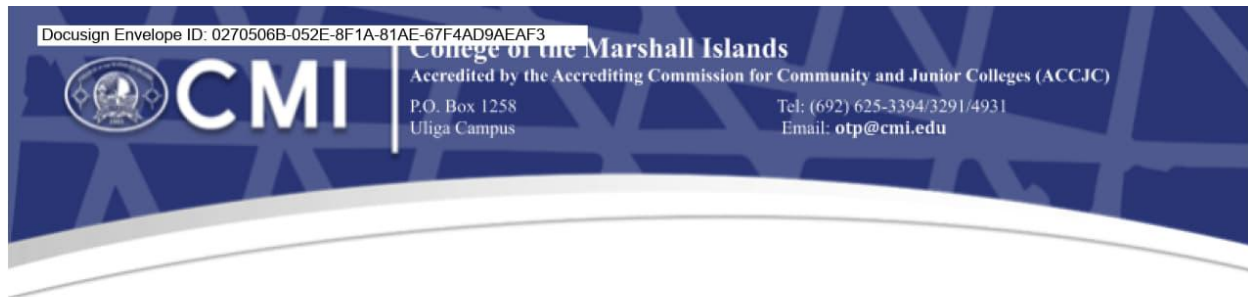
We recognize that we are responsible for the College's compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to you all laws and regulations, provisions of contracts and grant agreements that have a direct and material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

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.

A - Management Representations Letter, continued



From October 3, 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 of 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 are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the College's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in the accompanying schedule (Appendix B), accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements and to the supplementary information.

Internal control

We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting.

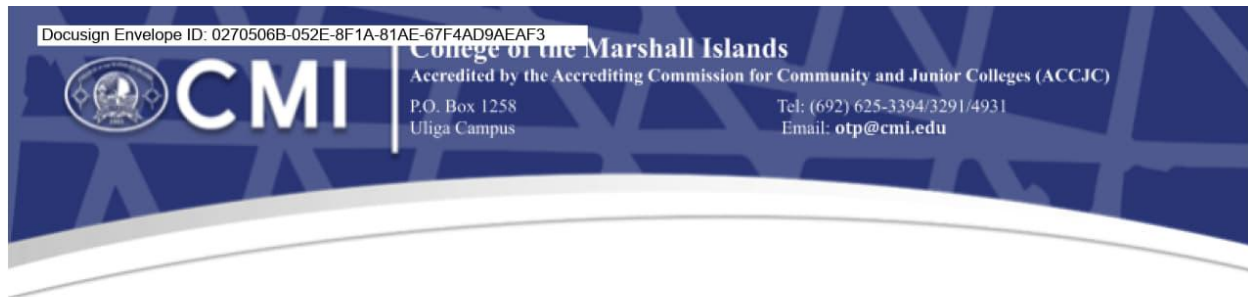
There have been no significant changes in internal control since September 30, 2023.

As of September 30, 2023, we have remediated or otherwise eliminated all significant deficiencies or material weaknesses communicated to those charged with governance that were not remediated in prior periods, except for matters identified as a repeat finding in the Schedule of Findings and Questioned Costs.

Minutes and contracts

The dates of meetings of the Board of Regents from October 1, 2022, to the date of this letter are as follows:

A - Management Representations Letter, continued



Date of Meeting

November 4, 2022
November 28, 2022
December 5, 2022
January 23, 2023
March 13, 2023
April 5, 2023
May 24, 2023
July 14, 2023
August 16, 2023
September 19, 2023
December 5, 2023
December 22, 2023
March 18, 2024
April 8, 2024

Meeting Type

Special Board Meeting
Regular Board Meeting
Special Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting

Date of Meeting (continued)

April 29, 2024
May 27, 2024
July 15, 2024
September 2, 2024
September 16, 2024
September 18, 2024
December 2, 2024
December 27, 2024
January 20, 2025
March 19, 2025
April 7, 2025
April 14, 2025
May 19, 2025
July 11, 2025
July 21, 2025
August 11, 2025
August 25, 2025
August 29, 2025
September 1, 2025
September 10, 2025
October 15, 2025
October 24, 2025

Meeting Type (continued)

Special Board Meeting
Regular Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Special Board Meeting
Special Board Meeting
Regular Board Meeting
Special Board Meeting
Special Board Meeting
Working Session Board Meeting
Regular Board Meeting (Draft)
Special Board Meeting (Draft)
Special Board Meeting (Draft)
Special Board Meeting (Draft)
Special Board Meeting (Draft)
Special Board Meeting (Draft)
Special Board Meeting (Draft)

A - Management Representations Letter, continued



November 25, 2025	Regular Board Meeting (Draft)
December 4, 2025	Special Board Meeting (Draft)
December 11, 2025	Special Board Meeting (Draft)
December 19, 2025	Special Board Meeting (Draft)

We have made available to you all minutes of the meetings of the Board of Regents 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.

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 fair value measurements, are reasonable and supportable.

Ownership and pledging of assets

The College has satisfactory title to all assets appearing in the statement of net position. No security agreements have been carried out under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the College has satisfactory title appear in the statement of net position.

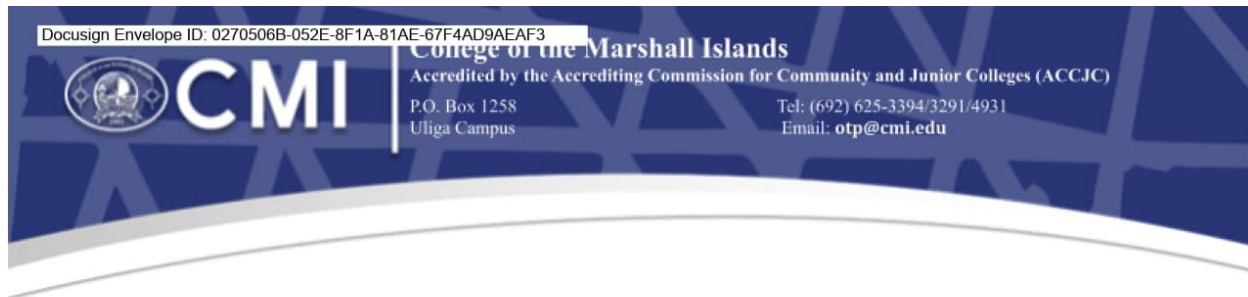
Receivables and revenues

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

Inventories

Physical counts and measurements of inventories were made by competent employees under the supervision of management and book records were appropriately adjusted after giving recognition to cut-off for materials received and products shipped.

A - Management Representations Letter, continued



Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods after September 30, 2023 and none are contemplated.

Fair value measurements

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

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.

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. 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 basic financial statements, and information concerning these transactions and amounts have been made available to you.

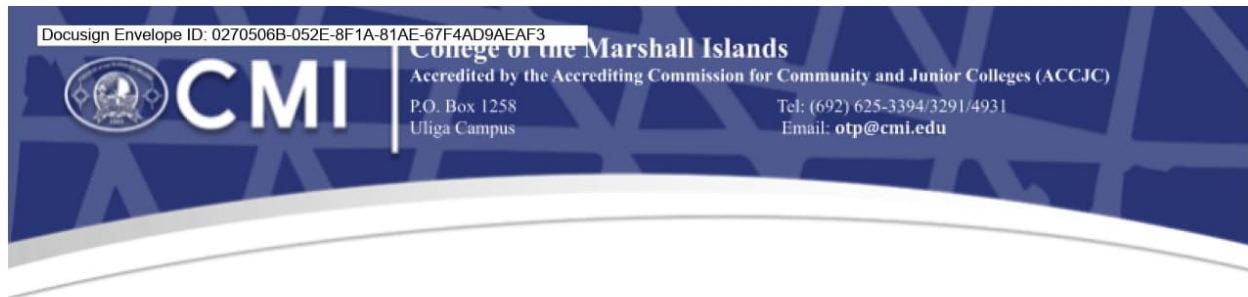
Side agreements and other arrangements

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.

A - Management Representations Letter, continued



Events of default under debt agreements

No events of default have occurred with respect to any of the College's debt agreements.

Oral or written guarantees

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

Purchase commitments

At September 30, 2023 and 2022, the College had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2023 and 2022 because of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that the College'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 because of fraud.

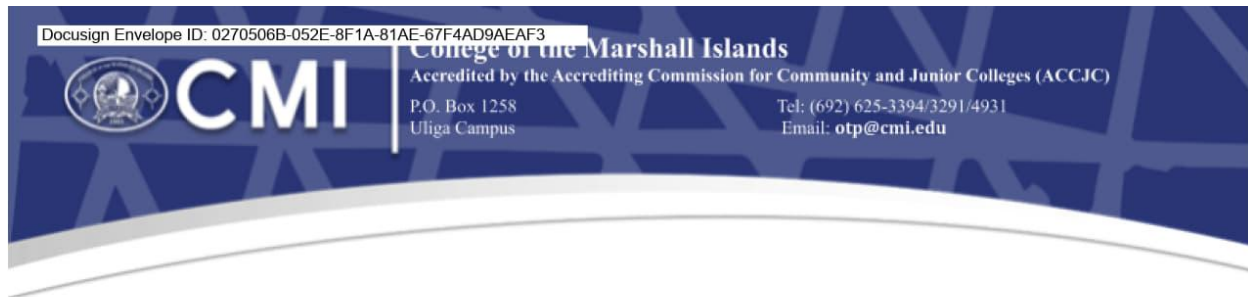
We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the College's internal control over financial reporting. In addition,

Non-compliance with laws and regulations, including fraud, continued

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

A - Management Representations Letter, continued



allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the College.

Independence

We have communicated to you the names of the College’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 College.

We are not aware of any business relationship between the College 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 College’s audit.

Conflicts of interest

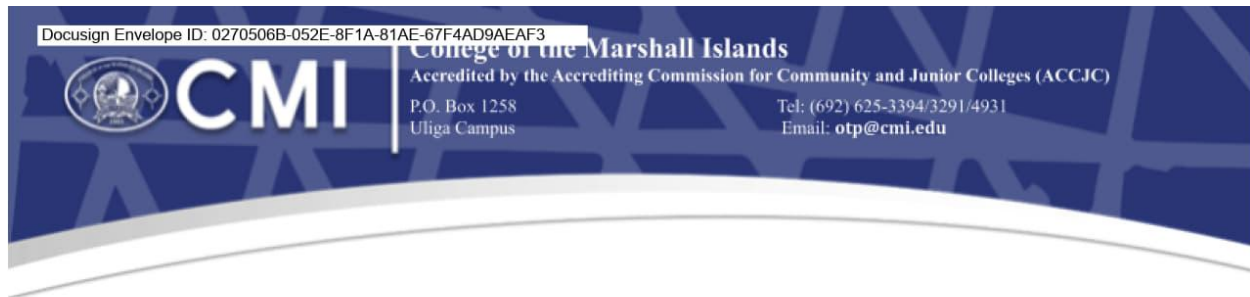
There are no instances where any officer or employee of the College has an interest in a company with which the College does business that would be considered a “conflict of interest.” Such an interest would be contrary to College’s policy.

Effects of new accounting standards

As discussed in Note 3, we have not completed the process of evaluating the effects that will result from adopting the following amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections*
- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*
- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- GASB Statement No. 105, *Subsequent Events*

A - Management Representations Letter, continued



The College is therefore unable to disclose the effects that adopting the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such are adopted.

Recipients of federal financial assistance and/or audits performed in accordance with Government Auditing Standards

We have a process to track the status of audit findings and recommendations.

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

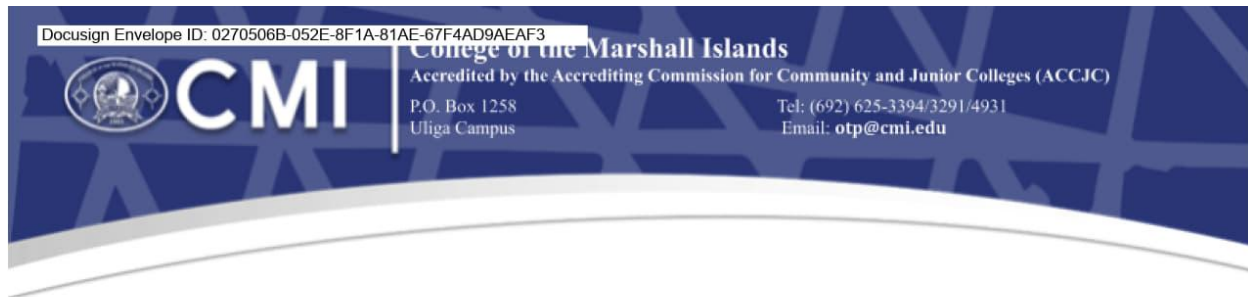
We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, that you have reported.

We are responsible for the presentation of the Schedule of Expenditures of Federal Awards ("the SEFA") in accordance with the Uniform Guidance, 2 CFR 200.510(b). We believe the SEFA, including its form and content, is presented in accordance with the Uniform Guidance, 2 CFR 200.510(b). There have been no changes in the methods of measurement or presentation of the SEFA from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the SEFA.

Additional representations

- We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the basic financial statements.
- 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.
- Provisions for uncollectible receivables have been properly identified and recorded.

A - Management Representations Letter, continued



- Expenses have been appropriately classified in or allocated to functions in the statement of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of revenues, expenses and changes in net position.

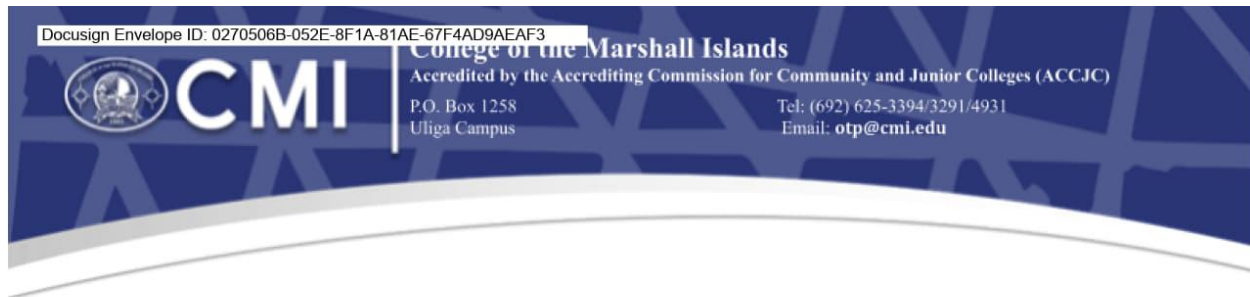
Additional representations, continued

- Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
- Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.
- Capital assets, including infrastructure, are properly capitalized, reported and, if applicable, depreciated.
- Our 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 is appropriately disclosed and net position was properly recognized under the policy.
- We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
- 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 the financial statements of the College as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of the College.

A - Management Representations Letter, continued



You have assisted in the preparation of the College's financial statements based on the information in the College's trial balance and accounting records. It is our understanding that:

- The College's underlying books and records are maintained by the College's accounting department and that the final trial balance prepared by the College is complete; and
- Management of the College has designated a competent representative to oversee your services and that there are College personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

We acknowledge that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

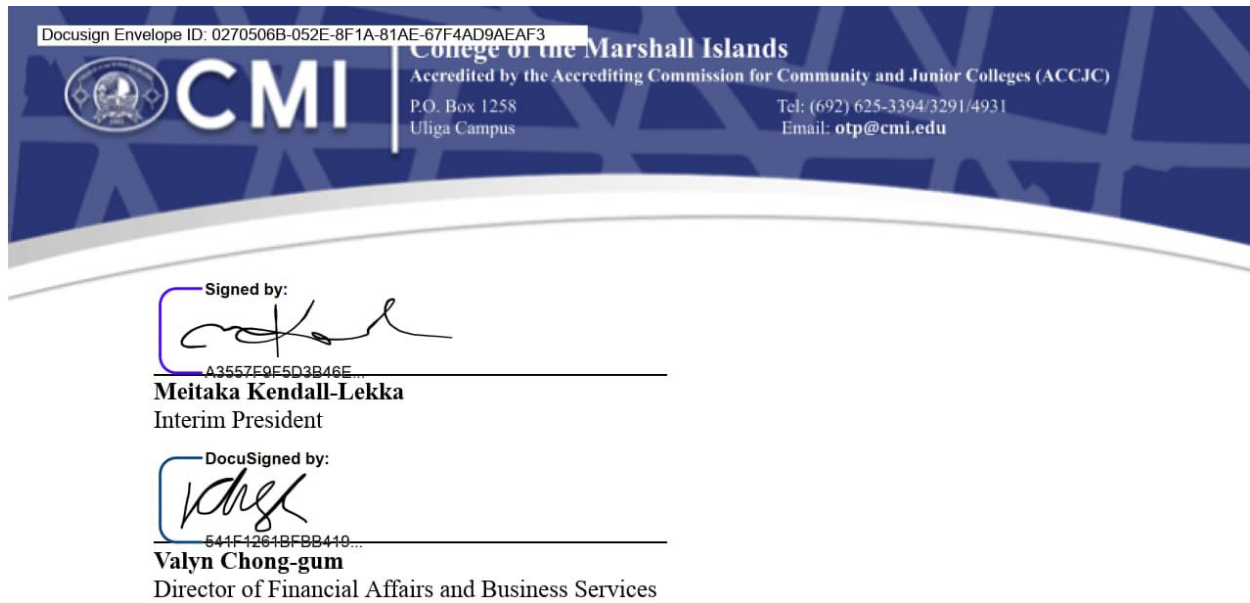
Subsequent events

Subsequent to September 30, 2023, no events or transactions 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 College'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 College. Please refer to Appendix C.

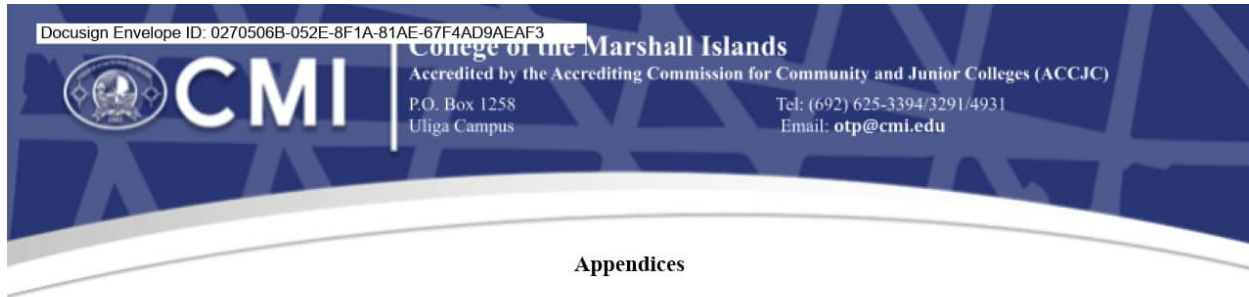
We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*,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

Very truly yours,

A - Management Representations Letter, continued



A - Management Representations Letter, continued



Appendices

A - Corrected Misstatements

B - Uncorrected Misstatements

C – Subsequent Events

Appendix A

11

A - Management Representations Letter, continued

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College of the Marshall Islands
Accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC)
P.O. Box 1258
Uliga Campus
Tel: (692) 625-3394/3291/4931
Email: otp@cml.edu

Communication schedule for uncorrected misstatements

Entity: College of the Marshall Islands Period Ending: 30-Sep-2023 Currency: USD

No.	WP ref.	Account (Note 1)	Analysis of misstatements Debit/Credit						Effect on the current period OCI	Income statement effect of the current period	Income statement effect of the prior period	
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Debit/Credit (Note 2)			Debit/Credit (Note 2)	Debit/Credit (Note 2)
Uncorrected misstatements												
SA01 WP VD, lab VD.05, Note G To reverse expenses related to the purchase of Furniture/Equipment to Capital Assets												
		5901 - Furniture/Equipment								(103,523)	X	
		5700 - Operating Transfer _Out								103,523	X	
		1621 - Furniture & Equipment		103,523								
		4700 - Operating Transfer _In								(103,523)	X	
SA02 WP VD, lab VD.05, Note H To reverse expenses related to the purchase of Vehicle to Capital Assets												
		5905 - Vehicles								(98,410)	X	
		5700 - Operating Transfer _Out								98,410	X	
		1621 - Vehicle/Bus		98,410								
		4700 - Operating Transfer _In								(98,410)	X	
SA03 WP VD, lab VD.05, Note I To reverse expenses related to the expenses in relation to Building & Improvements to Capital Assets												
		5101 - Contractual Services								(329,330)	X	
		5700 - Operating Transfer _Out								329,330	X	
		1611 - Building & Improvement		329,330								
		4700 - Operating Transfer _In								(329,330)	X	
Projected misstatements:												
Total of uncorrected misstatements before income tax												
			0	531,263	0	0	0	0	0	(931,400)		0
Total of uncorrected misstatements												
			0	531,263	0	0	0	0	0	(931,400)		0
Prior year statement amounts												
			9,279,879	11,021,264	(10,091,631)	0	(13,441,400)			3,461,930		388,670
Effect of uncorrected misstatements on FIS amounts												
			0.0%	4.8%	0.0%	0.0%	0.0%			-15.6%		0.0%
Memo: Total of non-taxable items (marked 'X' above)												
										(931,400)		0
Uncorrected misstatements before income tax												
										(931,400)		0
Less: Tax effect of misstatements at current year marginal rate												
										25		0
Uncorrected misstatements in income tax												
										25		0
Cumulative effect of uncorrected misstatements after tax but before turnaround												
										(931,400)		0
Turnaround effect of prior period uncorrected misstatements												
										0		0
All factual and projected misstatements - Judgemental misstatements (Note 3):												
										(931,400)		0
Cumulative effect of uncorrected misstatements, after turnaround effect												
										(931,400)		0
Current year income before tax												
										3,461,930		
Current year income after tax												
										3,497,238		

A - Management Representations Letter, continued



Question
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?
2 Have there been any new significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?
3 Have there been any significant changes that occurred in trends of grant revenue or expense that could affect accounting estimates (e.g., valuation of receivables, provisions for liabilities or unearned income)?
4 Have there been 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?
5 Have there been any significant changes that occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?
6 Were there any significant unusual or non-recurring adjustments been recorded (or are necessary)?
7 Were there any communications, written or oral, occurred with the regulatory agencies (including the Government of the Republic of the Marshall Islands or any of its agencies) with which the entity files financial statements or seeks assistance/grants from?
8 Were there 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?
9 Are you aware of any fraud or suspected fraud affecting the College of the Marshall Islands 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?
10 Are you aware of any 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 College of the Marshall Islands ?
11 Have there been any changes in the entity's related parties? Have any significant new related party transactions occurred?
12 Were there any significant contract or agreements (including amendments) and written communications with the regulatory agencies (if applicable) with which the College of the Marshall Islands files financial statements, that could have an effect on the audited financial statements?