

*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, 2021



September 26, 2024

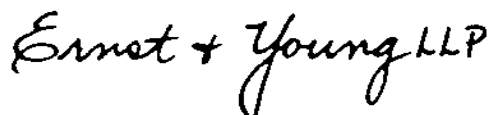
To the Board of Regents of
College of the Marshall Islands

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, 2021, 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 September 26, 2024.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *"The Auditor's Communication With Those Charged With Governance"*, and other applicable auditing standards.

This communication is intended solely for the information and use of the Board of Regents and management of the College and the Office of the Auditor-General, 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,



REQUIRED COMMUNICATIONS

Auditors' Responsibilities under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on the College's financial statements as of and for the year ended September 30, 2021.

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 will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

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

Our audit strategy is consistent with the plan communicated during the May 2023 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**

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 sensitive accounting estimates have been included in Note 2 of the financial statements.

We are not aware of any significant accounting policies used by the College in controversial or emerging areas or for which there is a lack of authoritative guidance.

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.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor the College's operations. These budgets include determining how existing financial resources will be used in the College's operations.
- Evaluating whether there are indications that the carrying value of the College's long-lived assets is impaired.
- Determining the adequacy of the allowance for doubtful accounts and inventory obsolescence.
- Determining the reasonableness of economic useful lives assigned to depreciable assets.

Related party relationships and transactions

A discussion of related party relationships and transactions is included in Note 9 of the financial statements. We noted no significant matters regarding the College's relationships and transactions with related parties.

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

We are not aware of any matters that require communication.

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

None.

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 identified material weaknesses in the internal control during the course of our audit which have been included in our separately issued report of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, dated September 26, 2024.

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 May 2023 meeting 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
- GASB Statement No. 89
- GASB Statement No. 91
- GASB Statement No. 92
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 97
- GASB Statement No. 98
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103

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 material disagreements with the College's management on financial accounting and reporting matters during 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, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

Representations 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.

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 Company 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.

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand 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.

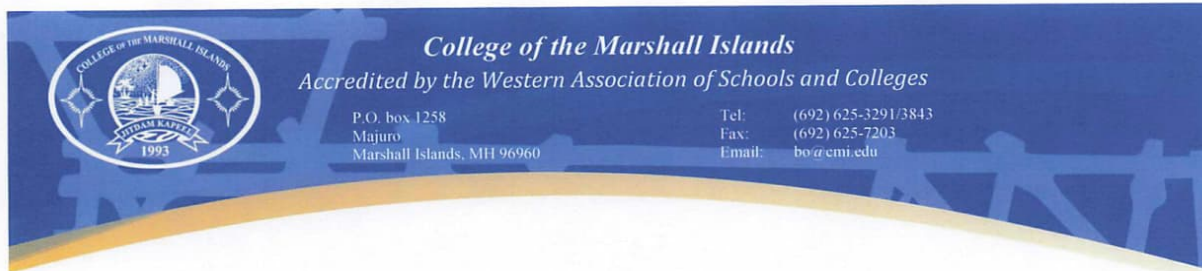
The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the College.
- 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.
- The College's VP for Business and Administration Services have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

Appendix

A - Management Representations Letter

A - Management Representations Letter



September 26, 2024

Ernst & Young LLP

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

In connection with your audit of the basic financial statements of the business-type activities of College of the Marshall Islands (the College) as of September 30, 2021 and for the year 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 thereof in conformity with US generally accepted accounting principles (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.

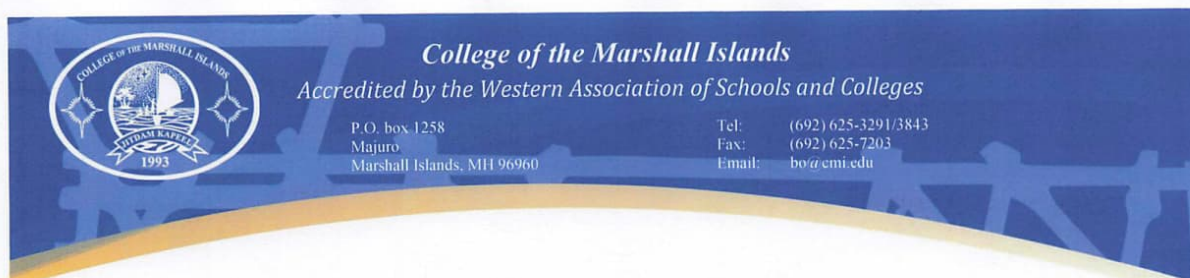
Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated January 16, 2023, 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 years.

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 (or available to be issued, if applicable), and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

A - Management Representations Letter, continued



We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. 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, data, documentation and other matters
- 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.

From October 1, 2020 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 of any opinion unit that comprises the basic 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.

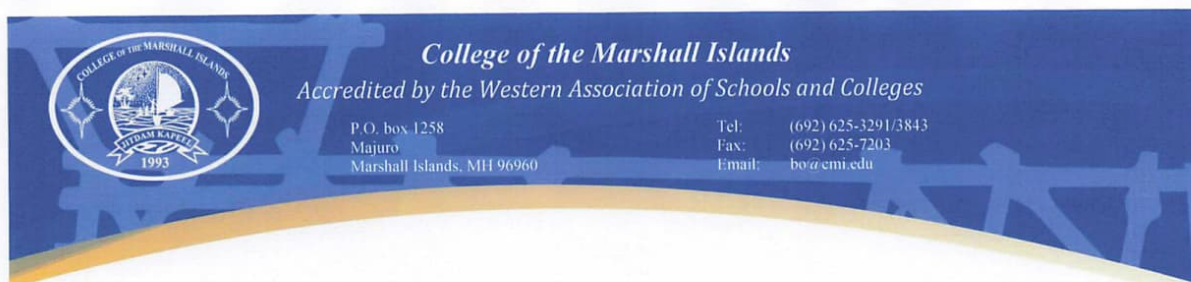
Uncorrected misstatements

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

Internal control

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

A – Management Representations Letter, continued



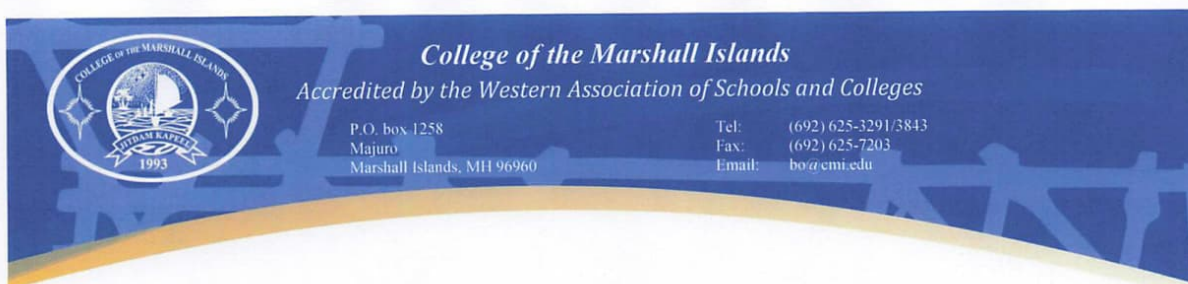
We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2021.

Minutes and contracts

The dates of meetings of the Board of Regents from October 1, 2020, to the date of this letter are as follows:

Date of Meeting	Meeting Type
October 6, 2020	Special Board Meeting
October 13, 2020	Special Board Meeting
December 1, 2020	Regular Board Meeting
December 14, 2020	Special Board Meeting
March 5, 2021	Special Board Meeting
March 30, 2021	Regular Board Meeting
May 25, 2021	Regular Board Meeting
June 16, 2021	Special Board Meeting
August 31, 2021	Regular Board Meeting
October 12-13, 2021	Regular Board Meeting
November 2, 2021	Special Board Meeting
December 1, 2021	Regular Board Meeting
January 31, 2022	Special Board Meeting
March 8, 2022	Special Board Meeting
March 18, 2022	Regular Board Meeting
May 23, 2022	Regular Board Meeting
August 8, 2022	Regular Board Meeting
August 15, 2022	Regular Board Meeting
September 12, 2022	Special Board Meeting
November 4, 2022	Special Board Meeting
November 28, 2022	Regular Board Meeting
December 5, 2022	Special Board Meeting
January 23, 2023	Special Board Meeting
March 13, 2023	Regular Board Meeting
April 5, 2023	Special Board Meeting
May 24, 2023	Regular Board Meeting
July 14, 2023	Special Board Meeting
August 16, 2023	Regular Board Meeting
September 19, 2023	Special Board Meeting
December 5, 2023	Regular Board Meeting

A – Management Representations Letter, continued



December 22, 2023	Special Board Meeting
March 18, 2024	Regular Board Meeting
April 8, 2024	Special Board Meeting
April 29, 2024	Special Board Meeting

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 contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

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.

Ownership and pledging of assets

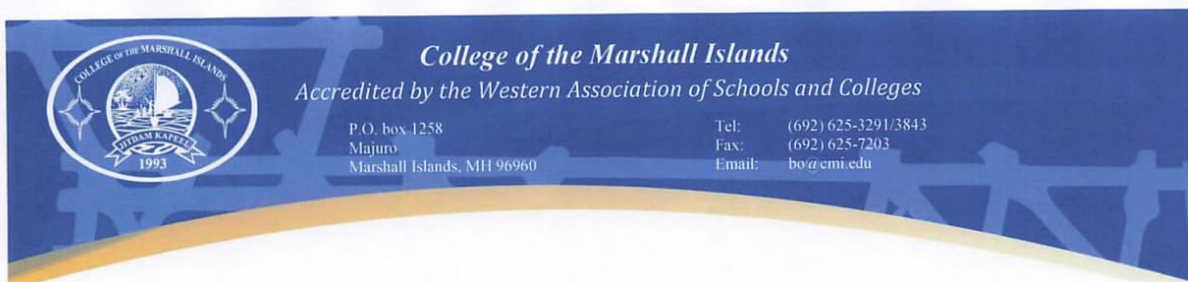
The College has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the College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

Receivables and revenues

Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the statement of net position date, goods shipped on consignment, or other types of arrangements not constituting sales. 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 losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

A – Management Representations Letter, continued



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.

Long-lived assets used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets used, including intangible 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

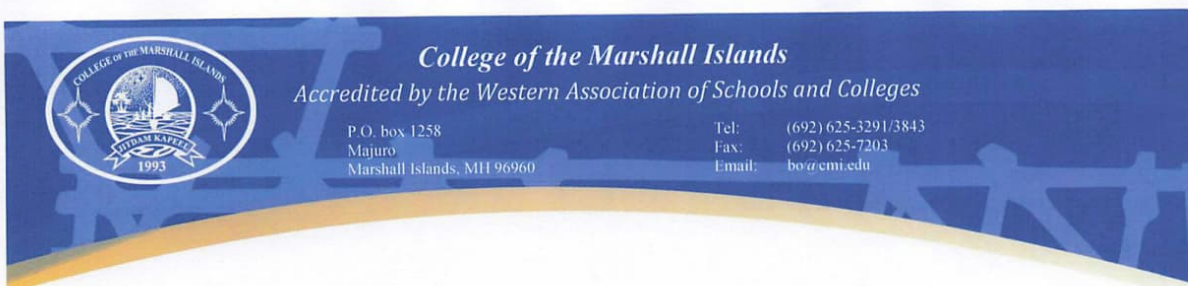
We have made available to you the names of all related parties and all relationships and transactions with related parties.

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.

A – Management Representations Letter, continued



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.

Contingent 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 Statement No. 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 have a material effect on 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, nor are there any accruals for loss contingencies included in the statement 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

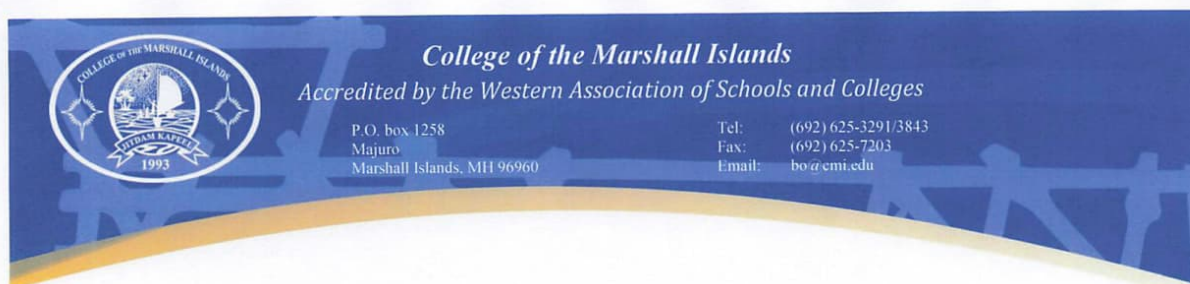
There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

Purchase commitments

At September 30, 2021, 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, 2021 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

A – Management Representations Letter, continued



Fraud

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

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, 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 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 allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by "whistle-blowers") where such allegations 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 all the College's 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.

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 policy.

Effects of new accounting principles

As discussed in Note 1, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 87
- GASB Statement No. 89
- GASB Statement No. 91
- GASB Statement No. 92
- GASB Statement No. 94

A – Management Representations Letter, continued



College of the Marshall Islands
Accredited by the Western Association of Schools and Colleges

P.O. box 1258
Majuro
Marshall Islands, MH 96960

Tel: (692) 625-3291/3843
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Email: bo@emi.edu

- GASB Statement No. 96
- GASB Statement No. 97
- GASB Statement No. 98
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103

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

Going concern

In preparing the financial statements, we evaluated the entity'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.

Required supplementary information

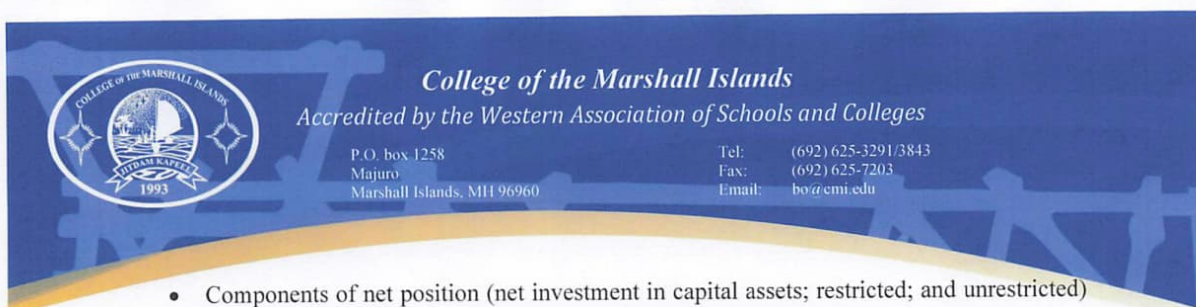
We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, which has been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Other 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 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.

A – Management Representations Letter, continued

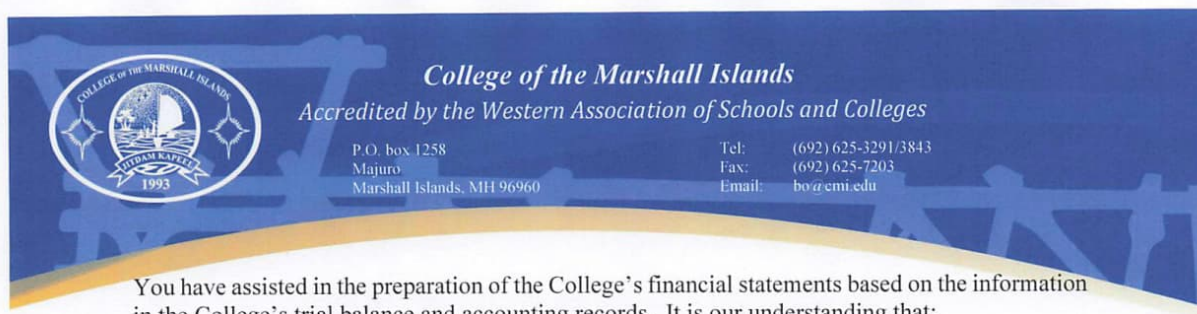


- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Expenses have been appropriately classified in or allocated to functions in the statement of revenues, expenses and change in net position, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of revenues, expenses and change in net position.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
- Risk disclosures associated with deposits and investment securities and derivatives transactions 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 considered to be 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 year ended September 30, 2021. 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, 2021, 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 cash flows of the College.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Stevenson Kotton', is written over a horizontal line.

Stevenson Kotton
Acting President

A handwritten signature in black ink, appearing to read 'Stevenson Kotton', is written over a horizontal line.

Stevenson Kotton
Vice President of Business and Administrative Affairs

A handwritten signature in black ink, appearing to read 'Valyn Chong-gum', is written over a horizontal line.

Valyn Chong-gum
Interim Director of Financial Affairs and Business Services

A – Management Representations Letter, continued

Appendix A

Communication schedule for corrected misstatements

Entity: College of the Marshall Islands		Period ended: 30-Sep-2021		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
Fictd	VD010	To correct recording of transfers of funds								
		Other revenues							275,000	
		Miscellaneous expense							(275,000)	
Fictd	UB2 01	To record accrual of supplemental subsidy per MOA M#10921 and M#10917								
		Accounts receivable	83,000							
		RepMar contributions							(83,000)	
Restra	UA2 01	To reverse accrual of additional federal grant relating to compact funds								
		U.S. Federal grants							51,118	
		Due from grantor agencies	(51,118)							
Invest	NO100	To correct recording made to interfund account								
		Interfund transactions	70,628							
		Miscellaneous expense							(70,628)	
Invest	E1 010	To record additional bad debts expense relating to student receivables								
		Bad debts expense							270,000	
		Allowance for doubtful accounts	(270,000)							
Restra	E2 010	To adjust recorded grant revenue based on expenditures incurred (21ADJ390)								
		U.S. Federal grants							806,695	
		Due from grantor agencies	(806,695)							
Invest	CO100	To record unreleased checks back to cash and other payables (21ADJ387)								
		Cash	253,653			(253,653)				
		Accounts payable								
Invest	CO100	To record stale checks back to cash and other payables (21ADJ388)								
		Cash	67,075							
		Supplies expense							(5,593)	
		Accounts payable			(10,551)					
		Student refunds payable			(44,931)					
Invest	NO100	To reverse recorded liability to University of Hawaii (20ADJ443)								
		Accounts payable			70,628					
		Interfund transactions	(70,628)							
Restra	UB2 01	To reclass recorded debit transactions not related to subsidy								
		Private gifts and grants							359,751	
		RepMar contributions							(359,751)	
F - Plw	TO100	To properly state beginning net position								
		Write-off of Fixed Assets								
		Net Investment in Fixed Assets					(372,306)		372,306	
Invest	E1 010	To reclass negative student receivable to student refund payable account								
		Accounts receivable	70,684							
		Student refunds payable			(70,684)					
Restra	E2 010	To reclass federal or non-federal due to/from grantor agencies								
		Due from grantor agencies (federal)	1,140,258							
		Due from grantor agencies (non-federal)	74,580							
		Due to grantor agencies (federal)			(1,634,043)					
		Due to grantor agencies (non-federal)			619,208					
RJE 0 (A4, tab)		To reclass various miscellaneous expenses to be separately presented for FS presentation purposes								
		Scholarship & Grants							72,250	
		Consultancy/Professional Fees							10,000	
		Postage & Shipping							3,104	
		Stipends							3,000	
		COVID-19 vaccine drive related							87,750	
		Small tools and equipment							78,533	
		Graduation and Christmas related							121,788	
		UNDP related							32,911	
		Arak quarantine related							30,104	
		Boat charter							29,127	
		Repairs and maintenance							24,860	
		Travel, representation and entertainment							23,019	
		Subscriptions and membership dues							4,886	
		Miscellaneous expense							(617,472)	
Total of corrected misstatements before income tax			561,435	0	(1,630,026)	0	(372,306)	0	1,340,897	
Financial statement amounts			8,142,110	11,595,264	(6,997,205)	0	(14,354,285)		514,208	
Effect of corrected misstatements on F/S amounts			6.9%	0.0%	23.9%	0.0%	2.6%		266.8%	

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]

A – Management Representations Letter, continued

Appendix B

Communication schedule for uncorrected misstatements

Entity: College of the Marshall Islands

Period Ended: 30-Sep-2021

Currency: USD

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	WIP 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 Debit/(Credit)	Non taxable
(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		
Factual misstatements:												
SAD 01	A8.2, tm [H]	To adjust old and long outstanding prepayments										
		Expense							67,636	X		
		Prepaid expense	(67,636)									
SAD 03	N0100, tab	To reverse overstatement of accounts payable			82,243						(82,243)	X
		Accounts payable										
		Other income										(82,243)
SAD 04	VD0100,	To reverse over accrual of electricity expense			53,629						(53,629)	X
		Accrued expense										
		Expense										
SAD 05	VD0100,	To capitalize recorded expenses		97,979							(97,979)	
		1621 - Furniture & Equipment										
		5900 - Small Tools										
SAD 06	E2.0100,	To provide provision for bad debts related to uncollectible due from grantor (NSSP grant)									208,218	X
		Bad debt expense										
		Allowance for Doubtful Accounts	(208,218)									
Judgmental misstatements:												
SAD 02	E1.0100,	To reverse overstatement of allowance for doubtful accounts - other receivables									(38,736)	X
		Allowance for Other Accounts		38,736								
		Bad debt expense										
Reclassification misstatements:												
SAD RJE	VD0100,	To eliminate intercompany sales									147,172	X
		Revenue										
		Expenses							(147,172)	X		
SAD RJE	E1.0100,	To reclassify prepayment										
		1500 - Prepaid Expenses	144,331									
		1140 - A/R_NTA Advances (Tower)	(144,331)									
Total of uncorrected misstatements before income tax			(257,116)	97,979	135,872	0	0	0	23,267		(82,243)	
Total of uncorrected misstatements			(257,116)	97,979	135,872	0	0	0	23,267		(82,243)	
Financial statement amounts			8,142,110	11,895,264	(6,887,290)	0	(16,364,283)		514,206		567,867	
Effect of uncorrected misstatements on FIS amounts			-3.2%	0.8%	-2.3%	0.0%	0.0%		4.5%		-23.6%	
Memo: Total of non-taxable items (marked 'X' above)									121,266		0	
Uncorrected misstatements before income tax								4.5%	23,267		(82,243)	
Less: Tax effect of misstatements at current year marginal rate							0%	0			0	
Uncorrected misstatements in income tax									0		0	
Cumulative effect of uncorrected misstatements after tax but before turnaround								4.5%	23,267		(82,243)	
Turnaround effect of prior period uncorrected misstatements												
All factual and oriented misstatements:									82,243		82,243	
Judgmental misstatements (Note 3):									0		0	
Cumulative effect of uncorrected misstatements, after turnaround effect								20.5%	105,510			
Current year income before tax									514,206			
Current year income after tax									514,206			