

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

**Air Marshall Islands, Inc.**

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

*Year ended September 30, 2023*





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

Tel: +1 671 649 3700  
Fax: +1 671 649 3920  
ey.com

January 13, 2025

Board of Directors  
Air Marshall Islands, Inc.

We have performed an audit of the financial statements of the business-type activities of Air Marshall Islands, Inc. (AMI), 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 January 13, 2025.

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 those charged with governance with additional information regarding the scope and results of the audit that may assist those charged with governance in overseeing the financial reporting and disclosure processes which the management of AMI 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 July 15, 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 and required supplementary information are the responsibility of AMI'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 will 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.

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

Our audit strategy is consistent with the plan communicated during the July 2024 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 AMI'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 AMI 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 AMI's operations. These budgets include determining how existing financial resources will be used in AMI's operations.
- Evaluating whether there are indications that the carrying value of AMI'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 8 of the financial statements. We noted no significant matters regarding AMI'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 AMI.

**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**

No material weaknesses have been identified. We have identified certain deficiencies in the internal control during the course of our audit which have been included in our separately issued management letter dated January 13, 2025.

**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 July 2024 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. 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 AMI'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 AMI 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 *Government Auditing Standards* 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 AMI.
- The preparation of the financial statements is based on AMI's trial balance with our understanding that AMI's underlying books and records are maintained by AMI's accounting department and that the final trial balance prepared by AMI is complete.
- AMI's Chief Financial Officer 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 Directors and management of AMI 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,

*Ernst + Young LLP*

Board of Directors  
Air Marshall Islands, Inc.

January 13, 2025

## Appendix

A - Management Representations Letter

A - Management Representations Letter



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

---

January 13, 2025

Ernst & Young (RMI) Inc.  
PO Box 1288  
Majuro, Marshall Islands 96960

In connection with your audits of the financial statements of the business-type activities of Air Marshall Islands, Inc. (AMI) 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 AMI and the changes in financial position and cash flows thereof in conformity with U.S. 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 March 27, 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 AMI's ability to continue as a going concern for one year after the date that the financial statements are issued, 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



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

---

*Management's responsibilities, 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 AMI 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, 2021 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.

We recognize that we are responsible for AMI's compliance with laws, regulations, and provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives 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



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

---

***Management's responsibilities, continued***

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.

***Corrected misstatements***

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to AMI'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 as a whole.

***Internal control***

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

We have communicated to you all significant deficiencies in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2023.

***Minutes and contracts***

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

<b>Date of Meeting</b>	<b>Meeting Type</b>
October 31, 2022	Special Board Meeting
December 31, 2022	Regular Board Meeting
March 24, 2023	Regular Board Meeting
April 5, 2023	Special Board Meeting
June 27, 2023	Regular Board Meeting
November 1, 2023	Regular Board Meeting
November 15, 2023	Special Board Meeting
March 07, 2024	Regular Board Meeting
June 19, 2024	Special Board Meeting

A – Management Representations Letter, continued



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

---

***Minutes and contracts, continued***

We have made available to you all minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant 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***

Except for right-to-use another entity's nonfinancial asset (the underlying asset), AMI 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 AMI has satisfactory title appear in the statement of net position.

***Receivables and revenues***

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

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of 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.

***Leases***

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87 - as amended. We have appropriately considered any modifications, termination, or purchase options in the contract.

To measure the lease liability, we used the rate the lessor charges to us or the rate implicit in the lease. When the interest rate could not be readily determined, we then estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

A – Management Representations Letter, continued



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

---

***Prepayments and deposits***

We believe that all material expenditures for which recognition has been deferred to future periods are recoverable.

***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.

***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 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.

***Events of default under debt agreements***

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

***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.

A – Management Representations Letter, continued



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

---

***Contingent liabilities, continued***

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 statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 - as amended.

We have consulted legal counsel concerning litigation, claims or assessments.

***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, 2023 and 2022, AMI 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 as a result 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 AMI'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 a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in AMI's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including

A – Management Representations Letter, continued



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the financial statements or otherwise affect the financial reporting of AMI.

***Independence***

We have communicated to you the names of all AMI’s affiliates, officers and directors.

We are not aware of any capital lease, material cooperative arrangement or other business relationship between AMI and Ernst & Young (RMI), Inc. or any other member firm of the global Ernst & Young organization

We are not aware of any reason that Ernst & Young (RMI), Inc. would not be considered to be independent for purposes of AMI’s audit.

***Conflicts of interest***

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

***Effects of new accounting principles***

As discussed in Note 2 of the financial statements, 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. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103

AMI is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statement is 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.

A – Management Representations Letter, continued



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, which have 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.

***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 violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- 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 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.
- Capital assets, including infrastructure, are properly capitalized, reported and, if applicable, depreciated.
- AMI is liable for certain advances from RepMar in the amount of \$3,116,890. AMI does not expect that RepMar will pursue collection of these advances prior to September 30, 2023. Accordingly, such have been presented as long-term liabilities within the statement of net position.

A – Management Representations Letter, continued



**AIR MARSHALL ISLANDS**

P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

---

***Other matters***

We have received a draft copy of our financial statements as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

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

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

***Subsequent events***

Subsequent to September 30, 2023, we have disclosed, all the 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 AMI's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the net position, changes in net position and, where applicable, cash flows of AMI.

\*\*\*\*

A – Management Representations Letter, continued



**AIR MARSHALL ISLANDS**


P.O. BOX 1319  
MAJURO, MARSHALL IS. 96960  
PHONE: (692) 625-3731  
FAX: (692) 625-3730  
Website: [www.airmarshallislands.net](http://www.airmarshallislands.net)

We understand that your audit was conducted in accordance auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of AMI 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,

  
\_\_\_\_\_  
Captain Albon Jelke, General Manager/CEO



  
\_\_\_\_\_  
Roneel Sharma, CFO

A – Management Representations Letter, continued

Appendices

- A – Schedule of Corrected Misstatements
- B – Schedule of Uncorrected Misstatements

A – Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements

Reclassification misstatements schedule		Period ended: 30-Sep-2023	PM: 445,450								
Entity: Air Marshall Islands, Inc.		Currency: USD	TE: 334,000								
		Nominal amount: 22,300									
We accumulate reclassification misstatements in the income statement and balance sheet and other balance sheet misstatements that have no effect on income, that are above our SAD nominal amount. We determine which of these reclassification misstatements merit the attention of those charged with governance and transfer them to the SAD uncorrected tab. (Note 1)											
No.	W/P ref.	(Reclassification misstatements are recorded as journal entries with a description)	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	
				Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	
Add new misstatement											
Reclassification of Accounts Receivables (System) into Receivable from Employees and Due from Affiliates											
E		GL 120510 Due from Affiliates - Dr		640,619							
E		GL 120110 Accounts Receivable Employees - Dr		32,590							
E		GL 120000 Accounts Receivable System - Cr		(673,209)							
Reclassification from AP System to Payable to Affiliates											
N		GL 200000 Accounts Payable System			774,339						
N		GL 201000 Accounts Payable Affiliate			(774,339)						
Reclassification from AP System to Social Security Tax Payable											
N		GL 200000 Accounts Payable (System)			105,906						
N		GL 20510 Social Security Tax Payable			(105,906)						
<b>Total uncorrected reclassification misstatements</b>				0	0	0	0	0	0	0	
<b>Financial statement amounts</b>				5,527,626	10,195,946	2,327,080	3,183,053	10,213,449		0	
<b>Effect of reclassification misstatements on F/S amounts</b>				0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	

A – Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements

Summary of corrected misstatements

Entity:  Period ended:  Currency:  Create communications:  Nominal amount:

PK:  TE:

Corrected misstatements No. WP ref.	Account	Assets		Liabilities		Equity		Effect on the		Document your inclusion/ non-inclusion into communications	
		Current	Non-current	Current	Non-current	components	period OCI	Income statement effect of the current period	Debit/(Credit)		Non taxable
(misstatements are recorded as journal entries with a description)		Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
Add new misstatement											
To reverse the unreleased checks entry as there are no unreleased checks as of 30 September 2023											
N	Accounts Payable GL Code 20000				100,232						
C	BOO Major's General Account GL Code 10000	(100,232)									
Reverse of Depreciation in Aircraft and Improvements erroneously recorded in the prior year 2022 (Correction made in current year)											
K	Acc Depreciation GL Code 17010										
K	Dep of Dash Aircraft, engine & Propeller 70010		106,931								
Reverse of Depreciation in Aircraft and Improvements erroneously recorded in current year FY 2023											
K	Acc Depreciation GL Code 17010										
K	Dep of Dash Aircraft, engine & Propeller 70010		(149,548)								
Amount received pertaining to COVID-19 support from Regular											
UA	Other Income										
E	GL 10050 Due from Air Wings	(32,562)									
Total of corrected misstatements before income tax		(132,814)	256,473	0	100,232	0	0	0	0	(223,897)	
Financial statement amounts		5,527,636	10,185,846	2,327,080	3,183,053	10,213,449	0	0	0	0	0.0%
Effect of corrected misstatements on F/S amounts		-2.4%	2.5%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

A – Management Representations Letter, continued

Appendix B – Schedule of Uncorrected Misstatements

Entity:		Period Ended:		Currency:	SAD consultation limit:
Air Marshall Islands, Inc.		30-Sep-2023	USD	22,300	
PM:		TE:	Nominal amount:		
445,450		334,000	22,300		

No.	WIP ref.	Account (Note 1)	Analysis of misstatements Debit/(Credit)				Income statement effect of the current period	Income statement of the prior period
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current		
(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) (Note 2)	Prior period Debit/(Credit)
Inventory count as of 30 September 2023 Projected Misstatement								
F-011		Spare Parts and Supplies Inventory	86,325					
K		Aircrafts parts capitalized reversal		(86,325)				
Total of uncorrected misstatements before income tax			86,325	(86,325)	0	0	0	0
Total of uncorrected misstatements			86,325	(86,325)	0	0	0	0
Financial statement amounts			5,527,636	10,195,946	2,327,060	3,183,653	10,213,449	(1,531,055)
Effect of uncorrected misstatements on F/S amounts			1.5%	-0.8%	0.0%	0.0%	0.0%	0.0%
Memo: Total of non-taxable items (marked 'X' above)								
Uncorrected misstatements before income tax								0
Less: Tax effect of misstatements at current year marginal rate								0
Uncorrected misstatements in income tax								0
Cumulative effect of uncorrected misstatements after tax but before turnaround								0
Turnaround effect of prior period uncorrected misstatements								0
All factual and projected misstatements: Judgmental misstatements (Note 3):								0
Cumulative effect of uncorrected misstatements, after turnaround effect								0
Current year income before tax								0
Current year income after tax								0