

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

Marshall Islands Marine Resources Authority
(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2023



January 3, 2025

Board of Directors
Marshall Islands Marine Resources Authority

We have performed an audit of the financial statements of the business-type activities of Marshall Islands Marine Resources Authority (MIMRA), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise MIMRA's basic financial statements, in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 3, 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 MIMRA is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing are consistent with the plan communicated in our engagement letter and at our November 2024 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 MIMRA'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 statement is 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 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 November 2024 meeting.

Matters relevant to our evaluation of MIMRA'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 MIMRA's ability to continue as a going concern.

Our views about the qualitative aspects of MIMRA'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 MIMRA 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 MIMRA's operations. These budgets include determining how existing financial resources will be used in MIMRA's operations.
- Evaluating whether there are indications that the carrying value of MIMRA'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 11 of the financial statements. We noted no significant matters regarding MIMRA'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 MIMRA.

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.

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 3, 2025.

Fraud and noncompliance with laws and regulations (illegal acts)

No matters of noncompliance with laws and regulations have been identified.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the November 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 MIMRA'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.

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 MIMRA 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 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 *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 MIMRA.
- The preparation of the financial statements is based on MIMRA's trial balance with our understanding that MIMRA's underlying books and records are maintained by MIMRA's finance department and that the final trial balance prepared by MIMRA is complete.
- MIMRA's Chief of Finance 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 MIMRA's Board of Directors, management 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

Appendix

A - Management Representation Letter

A - Management Representation Letter



REPUBLIC OF THE MARSHALL ISLANDS
MARSHALL ISLANDS MARINE RESOURCES AUTHORITY
P.O. Box 860, Majuro, Marshall Islands, MH 96960

January 3, 2025

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

In connection with your audits of the financial statements of the business-type activities of Marshall Islands Marine Resources Authority (MIMRA), 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 MIMRA 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 August 19, 2024, 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 MIMRA'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

Appendix A – Management Representation Letter, continued

going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

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 MIMRA 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 March 27, 2024 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.

Governmental entities

We recognize that we are responsible for MIMRA'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.

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

Appendix A – Management Representation Letter, continued

Governmental entities, continued

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.

Uncorrected misstatements

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

Corrected misstatements

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

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:

Date of Meeting	Meeting Type
October 19, 2022	Regular Board Meeting
January 6, 2023	Special Board Meeting
February 7, 2023	Regular Board Meeting
April 19, 2023	Board Resolution
May 19, 2023	Regular Board Meeting
July 20, 2023	Board Resolution
July 27, 2023	Regular Board Meeting
August 31, 2023	Regular Board Meeting

Appendix A – Management Representation Letter, continued

Minutes and contracts, continued

Date of Meeting	Meeting Type
October 6, 2023	Regular Board Meeting
December 19, 2023	Pacific Island Tuna Provisions (PITP) Board Meeting
March 12, 2024	Regular Board Meeting
April 24, 2024	Regular Board Meeting
September 4, 2024	Regular Board Meeting
September 12, 2024	Regular Board Meeting

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), MIMRA 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 MIMRA 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.

Appendix A – Management Representation Letter, continued

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.

Investments

The equity method is used to account for the MIMRA investment in the common stock of Marshall Islands Fishing Company, Ltd. (KFC), because MIMRA has the ability to exercise significant influence over the investee's operating and financial policies. The parties agreed that the joint venture will be operated by KFC and MIMRA will not be liable to the joint venture.

The investment in common stock of Marshall Islands National Telecommunications Authority (MINTA) is recorded at Net Asset Value, net of allowance for impairment, since MIMRA does not exercise significant influence over the operating and financial policies of the investee.

Prepayments

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.

Appendix A – Management Representation 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.

Events of default under debt agreements

No events of default have occurred with respect to any of MIMRA'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.

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, MIMRA 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 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Appendix A – Management Representation Letter, continued

Non-compliance with laws and regulations, including fraud

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

Independence

We have communicated to you the names of MIMRA's affiliates, officers and directors, or individuals who serve in such capacity for the Judiciary.

We are not aware of any business relationship between MIMRA 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 MIMRA's audit.

Conflicts of interest

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

Effects of new accounting principles

As discussed in Note 2, 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

Appendix A – Management Representation Letter, continued

Effects of new accounting principles, continued

MIMRA 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.

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 and presentation of the required supplementary information.

World Bank

During the years ended September 30, 2023 and 2022, MIMRA incurred expenses of \$1,264,666 and \$91,080, respectively, under a World Bank grant from IDA (Grant ID E165-MH) to strengthen regional collaboration and national capacity for the management and the sustainable development of the oceanic and coastal fisheries sector in Republic of the Marshall Islands. As of September 30, 2022, a receivable due from the World Bank associated with this grant amounted to \$91,080, which was subsequently collected in June 2023.

In 2023, MIMRA received \$2,378,850 from the World Bank in the form of additional financial support from IDA (Grant ID E165-MH).

A summary of the grant activities are as follows:

	<u>2023</u>	<u>2022</u>
IDA Grant ID E165-MH:		
Balance at beginning of the year	\$ ---	\$ ---
Grant funds received during the year	2,378,850	91,080
Grant expenses incurred during the year	(1,264,666)	(91,080)
Balance at end of the year	<u>\$1,114,184</u>	<u>\$ ---</u>

Management is of the opinion that the proceeds from the IDA grants have been expended in accordance with intended purposes specified in the respective grant agreements.

Appendix A – Management Representation Letter, continued

The Nature Conservancy

In 2019, MIMRA received a grant from The Nature Conservancy (TNC) to fund the implementation of the 2019 Joint-Conservancy-Grantee Workplan in order to support the shared objectives of exploring options to diversify and increase RMI's earnings from tuna resources, eliminating illegal, unreported, and unregulated fishing, marine spatial planning and assisting in the implementation of RMI National Oceans Policy. The grant closing date was originally February 21, 2021; however, due to cessation in the implementation of program objectives because of the COVID-19 pandemic, the grant remains open with the grant extension being currently negotiated between MIMRA and TNC.

A summary of the grant activities are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$96,422	\$108,224
Grant expenses incurred during the year	(59,584)	(11,802)
Balance at end of the year	<u>\$36,838</u>	<u>\$ 96,422</u>

Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

Chinese Taipei Trust Fund

In 2017, MIMRA received joint assistance from Pacific Community and Forum Fisheries Agency to improve data collection by the Observers and management. The purpose of the assistance is to build technical capacity at MIMRA for the efficiency of the National Observer Program. A summary of the grant activities are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$ 1,259	\$ 27,389
Grant expenses incurred during the year	(25,284)	(26,130)
Balance at end of the year	<u>\$(24,025)</u>	<u>\$ 1,259</u>

Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

Appendix A – Management Representation Letter, continued

Protected Area Network

In 2021, MIMRA received a \$230,776 grant from the Micronesian Conservation Trust for the purpose of funding Protected Area Network activities in the Marshall Islands. A summary of the grant activities are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$211,102	\$218,922
Grant funds received during the year	---	31,748
Grant expenses incurred during the year	(45,865)	(39,568)
Balance at end of the year	<u>\$165,237</u>	<u>\$211,102</u>

Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

Food and Agriculture Organization of the United Nations

In 2021, MIMRA received a \$11,698 grant from the Food and Agriculture Organization of the United Nations (FAO) to support coastal and small-scale tuna fishers, as well as post-harvest activities and alternative preservation methods for processing and storing catches. A summary of the grant activities are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$43,785	\$ 9,872
Grant funds received during the year	---	48,565
Grant expenses incurred during the year	(33,689)	(14,652)
Balance at end of the year	<u>\$10,096</u>	<u>\$ 43,785</u>

Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

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 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.

Appendix A – Management Representation Letter, continued

Other representations, continued

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.

Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, 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.

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.

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

MIMRA's ability to continue as a going concern was evaluated.

Other matters

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

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

- Our underlying books and records are maintained by our Finance Department and that the final trial balance prepared by us is complete;
- 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.

Appendix A – Management Representation Letter, continued

Other matters, continued

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

We acknowledge that we have reviewed them and taken responsibility for them.

Subsequent events

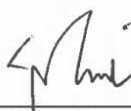
Subsequent to September 30, 2023, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to MIMRA's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the net position, changes in net position and, where applicable, cash flows of MIMRA.

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 MIMRA 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,



Glen Joseph, Executive Director



Jun Acibo, Chief of Finance

Appendix A – Management Representation Letter, continued

Appendix

A– Schedule of Uncorrected Misstatements

B– Schedule of Corrected Misstatements

Appendix A – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: Marshall Islands Marine Resources Authority

Period End: 30-Sep-2023

Currency: US Dollar

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)	Debit/(Credit)		
Factual misstatements:												
SAD 01	H.02.1	To record difference in investment in MFCO										
	1310	INVESTMENT IN JOINT VENTURE (MFCO)		267,179								
	7999	INCOME(LOSS) FROM EQUITY SHARE							(267,179)			
SAD 02	H.02.1	To record share in loss in PTP joint venture for FY23										
	EY01	LIABILITY FOR JOINT VENTURE LOSSES (PTP)				(175,921)						
	7999	INCOME(LOSS) FROM EQUITY SHARE							175,921	100,895		
SAD 03	H.02.1	To record share in loss in PTP joint venture for FY22										
	EY01	LIABILITY FOR JOINT VENTURE LOSSES (PTP)				(100,895)						
	7999	INCOME(LOSS) FROM EQUITY SHARE							100,895			
Total of uncorrected misstatements before income tax			0	267,179	0	(275,815)	0	0	9,637	100,895		
Total of uncorrected misstatements			0	267,179	0	(275,815)	0	0	9,637	100,895		
Financial statement amounts			31,887,247	8,404,850	(863,787)	(191,963)	(39,216,267)		1,565,274	(485,975)		
Effect of uncorrected misstatements on F/S amounts			0.6%	3.2%		0.6%	144.3%	0.6%	0.6%	-28.8%		
Memo: Total of non-taxable items (marked 'X' above)									0	0		
Uncorrected misstatements before income tax								0.6%	9,637	100,895		
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								0.6%	9,637	100,895		
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:									After tax	Memo: Before tax		
Judgmental misstatements (Note 3):									(100,895)	(100,895)		
Cumulative effect of uncorrected misstatements, after turnaround effect									0	0		
Current year income before tax									1,565,274			
Current year income after tax									1,565,274			

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Appendix A – Management Representation Letter, continued

Appendix A – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: Marshall Islands Marine Resources Authority Period Ended: 30-Sep-2023 Currency: US Dollar

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)	Income tax
(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		
<p>Concurrence:</p> <p>We believe that the effects of any uncorrected misstatements, summarized on the accompanying schedule, accumulated by you during the current year audit are immaterial, both individually and in the aggregate, to the financial statements.</p> <p>Mr. Glen Joseph Managing Director</p> <p>Mr. Jun Aoboo Chief of Finance</p>											

Appendix A – Management Representation Letter, continued

Appendix B – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Marshall Islands Marine Resources Authority

Period ended: 30-Sep-2023

Currency: US Dollar

Corrected misstatements			Analysis of misstatements Debit/(Credit)							
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
1	E.01	To reclass due from WB								
	1230EY	Due From World Bank	2,671							
	1.212	ACCOUNTS RECEIVABLE-OTHERS	(2,671)							
2	LRE	To reclass noncurrent lease receivables								
	1241EY	Lease receivable-noncurrent		107,799						
	1.240	Lease receivable	(107,799)							
3	LRE	To reclassify from current to noncurrent lease liability								
	2.130	Lease Liability			85,537					
	2131EY	Lease Liability-non-current				(85,537)				
4	LRE	To reclassify remaining lease payments to lease liability								
	2.130	Lease Liability			51,605					
	5.301	LEASE							(51,605)	X
5	E.03	To record additional provision for bad debts								
	5.999	Bad Debts Expense							109,104	X
	1.251	ALLOWANCE FOR DOUBTFUL DEBTS	(109,104)							
6	K.02.3	To record accrual for the 13th progress billing								
	1419-D	Construction in Progress-MIMRA		71,204						
	2.119	CONTRACT PAYABLE			(71,204)					
7	K.02.3	To adjust for unrecorded retention payable								
	1419-D	Construction in Progress-MIMRA		95,305						

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Appendix A – Management Representation Letter, continued

Appendix B – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Marshall Islands Marine Resources Authority

Period ended: 30-Sep-2023

Currency: US Dollar

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
	2,010	ACCOUNTS PAYABLE-Others			(95,305)					
8	UE1.01	To reverse entry for FY2022 AJE#4 by EY in FY2023								
	4011-6	WB IDA Grant No. E165							91,080	X
	5,111	SALARIES-ADMINISTRATION							(50,875)	X
	5,151	E/B - SOCIAL SECURITY EXPENSE							(3,046)	X
	5,152	E/B - BASIC HEALTH PLAN							(727)	X
	5,155	E/B - VACATION LEAVE							(779)	X
	5,156	E/B - SICK LEAVE							(605)	X
	5,302	E/B - HOUSING ALLOWANCE							(9,000)	X
	5,400	PRINTING & ADVERTISING							(3,973)	X
	5,500	REPAIRS & MAINTENANCE							(89)	X
	5,550	FUEL and OIL EXPENSE							(685)	X
	5,655	MEETINGS and CONFERENCES							(2,590)	X
	5,720	CONSULTING FEES & EXPENSES							(18,611)	X
	5,910	BANK CHARGES							(100)	X
Total of corrected misstatements before income tax			(216,902)	274,307	(29,367)	(85,537)	0	0	57,499	
Financial statement amounts			31,887,247	8,404,650	(883,767)	(191,863)	(39,216,267)		1,565,274	
Effect of corrected misstatements on F/S amounts			-0.7%	3.3%	3.3%	44.6%	0.0%		3.7%	

Appendix A – Management Representation Letter, continued

Appendix B – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Marshall Islands Marine Resources Authority Period ended: 30-Sep-2023 Currency: US Dollar

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

Concurrence:
The above adjustments have been discussed with us and we agree to record them.

Mr. Glen Joseph
Managing Director

Mr. Jun Acibo
Chief of Finance