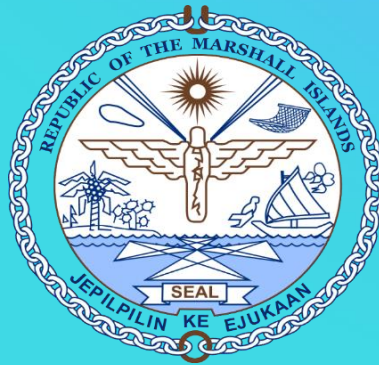


REPUBLIC OF THE MARSHALL ISLANDS
Office of the Auditor-General



Republic of the Marshall Islands
Project for Procurement of School Bus for Majuro Seventh-Day Adventist schools
(Financed by the Embassy of Japan in the Marshall Islands)

FINANCIAL STATEMENT AND
INDEPENDENT AUDITOR'S REPORT

Period from March 16, 2023 through April 6, 2023

Audit No.: 15/24 - 9999

June 23, 2025

**REPUBLIC OF THE MARSHALL ISLANDS
PROJECT FOR PROCUREMENT OF SCHOOL BUS FOR MAJUROSEVENTH-DAY
ADVENTIST SCHOOLS SYSTEM IN MAJURO ATOLL**

Period from March 16, 2023 through April 6, 2023

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REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL
P.O. Box 245
Majuro, Republic of the Marshall Islands 96960
Email Address: jpatrick@rmioag.com Web: www.rmioag.com

Telephone: (962) 625-3193
Auditor-General: (692) 625-3192
Staff: (692) 625-3390
Facsimile: (692) 625-5135
Fraud Hotline:
Telephone: (692) 625-1155
Facsimile: (692) 625-1156

INDEPENDENT AUDITOR'S REPORT

Honorable Minister Gerald Zackios
Ministry of Education, Sports and Training
Republic of the Marshall Islands

Report on the Audit of the Financial Statement

Opinion

We have audited the cash basis financial statement of the Majuro Seventh-Day Adventist Schools System (the "Recipient") for the Project for Procurement of School Bus for Majuro Seventh-Day Adventist Schools System in Majuro Atoll (the "Project"), financed by the Embassy of Japan in the Republic of the Marshall Islands (the "Donor"), which comprises the schedule of receipts and disbursements for the period from March 16, 2023 through April 6, 2023, and the related notes to the financial statement.

In our opinion, the accompanying cash basis financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Project for the period from March 16, 2023 through April 6, 2023, in accordance with the cash basis of accounting described in Note 2 to the financial statement.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

Reporting Entity

As discussed in Note 1 to the financial statement, the financial statement referred to above presents only the activities of the Project administered and implemented by the Recipient and is not intended to present fairly the results of the other non-Project related operations of the Recipient in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 2 to this financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that may raise substantial doubt about the Project's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

Our responsibility is to express an opinion on this financial statement based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Use professional judgement and exercise professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriate of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise the substantial doubt about the Project’s ability to continue as a going concern for a reasonable period of time.

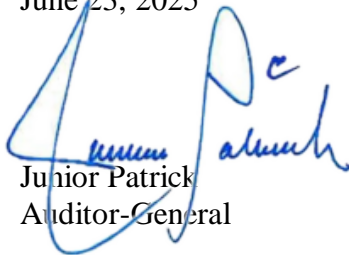
Basis of Accounting

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Other Reporting Requirement by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 23, 2025, on our consideration of the Project’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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Project’s internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project’s internal control over financial reporting and compliance.

June 23, 2025



Junior Patrick
Auditor-General

REPUBLIC OF THE MARSHALL ISLANDS
PROJECT FOR PROCUREMENT OF SCHOOL BUS FOR MAJURO
SEVENTH-DAY ADVENTIST SCHOOLS SYSTEM IN MAJURO ATOLL

Schedule of Receipts and Disbursements

Period from March 16, 2023 through April 6, 2023

Receipts:		
Japan grant		<u>\$ 87,375</u>
Disbursements:		
Purchase of school bus		84,875
		<u>84,875</u>
Excess of receipts over disbursements		<u>\$ 2,500</u>

See accompanying Notes to Schedule of Receipts and Disbursements.

REPUBLIC OF THE MARSHALL ISLANDS
PROJECT FOR PROCUREMENT OF SCHOOL BUS FOR MAJURO
SEVENTH-DAY ADVENTIST SCHOOLS SYSTEM IN MAJURO ATOLL

Note to Financial Statement

Period from March 16, 2023 through April 6, 2023

(1) Organization

The Majuro Seventh-Day Adventist Schools System (the “Recipient”) operates private schools on two campuses on Majuro – Laura SDA campus, established in 1973, and Delap SDA, established in 1975. The Recipient was first accredited by the National Council for Private School Accreditation, being managed by an independent board of directors and chartered by the Republic of the Marshall Islands (RMI) Public School System under the Ministry of Education, Sports and Training.

The Majuro Seventh-Day Adventist Schools System is the recipient of the grant funds under a grant contract agreement dated March 16, 2023 with the Embassy of Japan in the Marshall Islands for the Project for Procurement of School Bus for Majuro Seventh-Day Adventist Schools System in Majuro Atoll (the “Project”).

The accompanying financial statement relates solely to those accounting records maintained by the Recipient for the Project, and do not incorporate any accounts related to other operations of the Recipient that may be accounted for by the Recipient.

(2) Basis of Accounting

The schedule of receipts and disbursement has been prepared on the cash basis of accounting. Receipts have been recognized when received in cash and disbursements have been recognized when cash is disbursed. The cash basis differs from accounting principles generally accepted in the United States of America primarily because receipts/revenues are recognized when received, not when such are earned, and disbursement/expenses are recognized when paid rather than when the obligation is incurred.

(3) Subsequent Event

Management have considered subsequent events through June 23, 2025, upon which the financial statement was available to be used. There were no material subsequent events that would require recognition or disclosures in the financial statement for the period from March 16, 2023 through April 6, 2023.

(4) Commitment

The Project has yet to disburse audit fees in the amount of \$2,500 as of June 23, 2025, the date the financial statement was available to be used.



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P.O. Box 245
Majuro, Republic of the Marshall Islands 96960
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Auditor-General: (692) 625-3192
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Facsimile: (692) 625-5135
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Minister Gerald Zackios
Ministry of Education, Sports and Training
Republic of the Marshall Islands

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Majuro Seventh-Day Adventist Schools System for the Project for Procurement of School Bus for Majuro Seventh-Day Adventist Schools System in Majuro Atoll (the "Project") for the period from March 16, 2023 through April 6, 2023, and the related notes to the financial statement and have issued our report thereon dated June 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Project's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriated in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

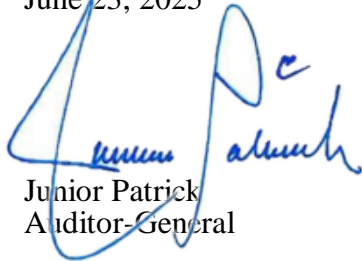
As part of obtaining reasonable assurance about whether the Project's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provision was not an object of our engagement to audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of the engagement to audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 23, 2025

A handwritten signature in blue ink, appearing to read "Junior Patrick". The signature is stylized and written over the printed name below it.

Junior Patrick
Auditor-General

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