

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

Majuro Resort, Inc.

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

Year ended September 30, 2023



**Shape the future
with confidence**



Shape the future
with confidence

Ernst & Young (RMI), Inc.
P.O. Box 1288
Majuro, Republic of the Marshall
Islands 96960

Tel: 692 625 7387
ey.com

December 2, 2025

Board of Directors of
Majuro Resort, Inc.

We have performed an audit of the financial statements of the business-type activities of Majuro Resort, Inc. (MRI), 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 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 December 2, 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 the Board of Directors with additional information regarding the scope and results of the audit that may assist the Board of Directors in overseeing the financial reporting and disclosure processes which the management of MRI is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated November 27, 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 the required supplementary information are the responsibility of MRI's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

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

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

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about MRI'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 policies used by MRI 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 MRI's operations. These budgets include determining how existing financial resources will be used in MRI's operations.
- Evaluating whether there are indicators that the carrying value of MRI'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 6 of the financial statements. We noted no significant matters regarding MRI'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 MRI.

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

There were no difficult or contentious matters that required consultation outside of the audit team.

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

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

Refer to "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

We have issued our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 2, 2025. In that report, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 March 2025 meeting and at the update status meetings during the audit.

Independence matters

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

New accounting pronouncements

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

- GASB Statement No. 99
- GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*
- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

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 MRI's management on financial accounting and reporting matters during the audit.

Management 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 MRI 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

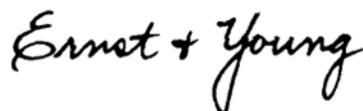
Under *Government Auditing Standards* 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit (or non-attest) services to be performed.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

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

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of MRI.
- The preparation of the financial statements is based on MRI’s trial balance with our understanding that MRI’s underlying books and records are maintained by MRI’s accounting department and that the final trial balance prepared by MRI is complete.
- MRI’s Accounting Manager have 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 MRI'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.

Very truly yours,

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

Board of Directors
Majuro Resort, Inc.

December 2, 2025

Appendix

A - Management Representations Letter

A - Management Representations Letter



Marshall Islands Resort

P.O Box 3279 * Majuro, MH, 96960
Telephone: 692-625-6871 to 79 / 625-2525 Facsimile: 692-625-2500
Email: omrguest@ntamar.net or mirfrontdesk@gmail.com

December 2, 2025

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

In connection with your audits of the financial statements of Majuro Resort, Inc. (MRI), 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 MRI and the respective changes in financial position and cash flows thereof in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, 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 November 27, 2024, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding periods.

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

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

A - Management Representations Letter, continued

Management's responsibilities, continued

We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the Company from whom you determined it necessary to obtain evidence.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

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

From October 16, 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 of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Governmental entities

We recognize that we are responsible for MRI'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.

A - Management Representations Letter, continued

Governmental entities, continued

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.

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 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 A.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, accumulated by you during the current audit 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 B.

Internal control

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

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

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:

Regular Board of Directors meetings

- October 27, 2022
- January 12, 2023
- August 17, 2023
- December 22, 2023
- April 16, 2024
- May 18, 2024
- August 12, 2024
- October 03, 2024
- February 18, 2025
- April 16, 2025

A - Management Representations Letter, continued

Minutes and contracts, continued

Special Board of Directors meetings

- March 03, 2023
- April 20, 2024

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 agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that have a material effect on the financial statements.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Ownership and pledging of assets

Except for assets accounted for in accordance with GASB Statements No. 87, 94 and 96 - as amended, for which we were provided a right-to-use another entity's nonfinancial asset (the underlying asset), MRI has satisfactory title to all assets appearing in the statements of net position. No security agreements have been carried out under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which MRI has satisfactory title appear in the statements 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 any receivable as of the statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Inventories

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

Prepayments

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

A - Management Representations Letter, continued

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 (asset groups) to be held and 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 basic financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Events of default under debt agreements

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

A - Management Representations Letter, continued

Contingent liabilities, continued

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, MRI had no purchase commitments for inventories more than normal requirements or at prices that were more than market at those dates.

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

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that MRI's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

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

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

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

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in MRI'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 MRI.

A - Management Representations Letter, continued

Independence

We have communicated to you the names of MRI's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for MRI.

We are not aware of any business relationship between MRI and Ernst & Young LLP (RMI) or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP (RMI) would not be independent for purposes of MRI's audits.

Conflicts of interest

There are no instances where any officer or employee of MRI has an interest in a company with which MRI does business that would be considered a "conflict of interest." Such an interest would be contrary to MRI'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
- GASB Statement No. 104

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

Going concern

Note 8 to the basic financial statements discloses all matters of which we are aware that are relevant to MRI's ability to continue as a going concern, including the principal conditions or events that raise substantial doubt, the significance of those conditions or events in relation to MRI's ability to meet its obligations and management's plans that are intended to mitigate substantial doubt about MRI's ability to continue as a going concern.

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.

A - Management Representations Letter, continued

Required supplementary information, continued

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.

Majuro Atoll Local Government Taxes

MRI did not file sales and local government taxes prior to August 2014, which may not have complied with applicable ordinances of the Majuro Atoll Local Government (MALGOV). As of September 30, 2023 and 2022, MRI had outstanding sales taxes of \$148,528 and \$147,892, respectively, and local government taxes of \$347,769 and \$343,947, respectively, which are reported as accrued taxes payable in the statements of net position.

Other representations

We have identified and disclosed to you all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

We have identified and disclosed to you all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the basic financial statements.

We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.

Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

Provisions for uncollectible receivables have been properly identified and recorded.

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 changes in net position.

Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

A - Management Representations Letter, continued

Other representations, continued

Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.

Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.

We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

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

We have properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

Subsequent events

We have disclosed all subsequent events occurring after September 30, 2023, including the settlement agreements with the Marshalls Energy Company, Inc. and MALGOV, and have appropriately recorded or disclosed them in the financial statements.

Aside from the above, there are no events or transactions have occurred or are pending that would have a material effect on the financial statements at that date or for the period then ended, or that are of such significance in relation to MRI affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, changes in net position and, where applicable, cash flows of MRI.

Financial statements approval

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

A - Management Representations Letter, continued

Financial statements approval, continued

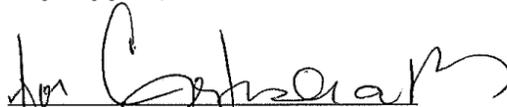
You have assisted in the preparation of MRI's financial statements based on the information in MRI's trial balance and accounting records. It is our understanding that:

- MRI's underlying books and records are maintained by MRI's accounting department and that the final trial balance prepared by MRI is complete;
- All adjusting journal entries posted to the trial balance have been approved by MRI's management, and
- MRI has designated a competent representative to oversee your services and that there are MRI personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

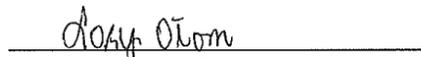
We acknowledge that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

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 MRI 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,


Hirobo Obeketang, General Manager

12.02.2025
Date


Lory Otom, Accounting Manager

12.02.25
Date

A - Management Representations Letter, continued

Appendices

A - Schedule of Corrected Misstatements

B - Schedule of Uncorrected Misstatements

C - Subsequent Events Questionnaire

A - Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Majuro Resort, Inc. (MRI)

Period ended: 30-Sep-2023 Currency: USD

Corrected misstatements		Analysis of misstatements Debit/(Credit)								
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/ (Credit)	Debit/ (Credit)	Debit/ (Credit)	Debit/ (Credit)	Debit/ (Credit)	Debit/ (Credit)	Debit/ (Credit)	
									Non taxable	
AJE#1	VBVB.00.2 75-5995 90-7112	To correct the salary expense incurred in FY2022. Other Income/ Misc. Revenues Building Maintenance							27,349 (27,349)	X X
AJE#2	K/K.01 EY-02 00-1805	To recognize deposit for capital asset acquisition Deposit for capital asset acquisition Advances to Suppliers	(73,582)	73,582						
AJE#3	E/E.02 75-5995 99-8305	To reclass management fee for 2023. Other Income/ Misc. Revenues Management fee							50,039 (50,039)	X X
RJE#1	E/E.00 EY-01 00-1400 00-1300 00-1101	To reclassify receivable from affiliates Receivable from Affiliates A/R-Others Direct Bill Guest Ledger		671,518 (94,191) (343,095) (234,232)						
RJE#2	M/M.01 00-3899 EY-06	To reclassify non-current MIDB Loan. Loan Payable Loan Payable - Non-Current			505,121	(505,121)				
Total of corrected misstatements before income tax			(73,582)	73,582	505,121	(505,121)	0	0	0	
Financial statement amounts			1,358,701	892,705	(1,658,301)	(505,121)	(87,984)	(189,093)		
Effect of corrected misstatements on F/S amounts			-5.4%	8.2%	-30.5%	100.0%	0.0%	0.0%		

A - Management Representations Letter, continued

Appendix B – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements		Entity: <u>Majuro Resort, Inc. (MIR)</u>		Period Ended: <u>30-Sep-2023</u> Currency: <u>USD</u>											
No.	W/P ref.	Uncorrected misstatements Account (Note 1) (misstatements are recorded as Journal entries with a description)	Assets		Liabilities		Equity		Effect on the		Income statement effect of the				
			Current Debit/Credit (Note 2)	Non-current Debit/Credit (Note 2)	Current Debit/Credit (Note 2)	Non-current Debit/Credit (Note 2)	Current Debit/Credit (Note 2)	Non-current Debit/Credit (Note 2)	Current Debit/Credit (Note 2)	Non-current Debit/Credit (Note 2)	Current period Debit/ Credit	Prior period Debit/ Credit	Current period Debit/ Credit	Non taxable Debit/ Credit	
Factual misstatements:															
SAD#1 & PY SAD#5	00-3176 09-8320	To correct accrued vacation leave Accrued Vacation Other Expense		42,369								(42,369) X		(44,743) X	
PY SAD#1	SAD PY 75-5995 EY-03	To correct payable to RegMar Other Income/ Misc. Revenues Payable to Affiliates												19,840 X	
PY SAD #3	SAD PY 99-8320 00-3110	To correct accrued payroll Other Expense Accrued Payroll												59,862 X	
PY SAD #4	SAD PY 00-3260 00-3122 00-3124 99-8320	To correct misstatement of payable to related parties Accrued vacation Social Security Withheld Income tax withheld Other Expense												178,054 X	
SAD#2	M/Min1 00-3699 EY-06	To reclassify non-current MDRB Loan. Loan Payable Loan Payable - Non-Current		13,699	(13,699)										
SAD#3	LE/TUE/001/TMB 99-8460	To record COVID-19 support from MOP COVID-19 Payments (Receivable) Contributions from RegMar												(45,645)	
Total of uncorrected misstatements			0	56,067	(13,699)	0	0	0	(42,369)	0	0	(42,369)	0	(45,645)	0
Financial statement amounts			1,356,701	892,705	(1,699,301)	(505,121)	(87,594)	0	(189,693)	0	0	(189,693)	0	313,427	0
Effect of uncorrected misstatements on FTS amounts			0.0%	0.0%	-3.4%	2.7%	0.0%	0.0%	-2.2%	0.0%	0.0%	-2.2%	0.0%	-15.8%	0.0%
Memo: Total of non-taxable items (marked 'X' above)														(45,645)	
Uncorrected misstatements before income tax														(45,645)	
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:														0	
Judgmental misstatements (Note 3):														0	
After tax Memo: Before tax														49,645	49,645
Cumulative effect of uncorrected misstatements, after turnaround effect														0	0
Current year income before tax														189,553	189,553
Current year income after tax														189,693	189,693

A - Management Representations Letter, continued

Appendix C – Subsequent Events Questionnaire

Coverage: For the period from October 1, 2023 to Auditor's report date.

Question	Response Yes or No	If yes, please provide additional information
1. Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?	No	
2. Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements?	No	
3. Have there been any new significant contingent liabilities or commitments that arisen, except as disclosed in the audited financial statements?	No	
4. Have there been any significant changes that occurred in trends of sales/revenue or costs/expense that could affect accounting estimates (e.g. valuation of receivables or inventories, realization for deferred charges, provisions for warranties or employee benefits, provisions for warranties or employee benefits or unearned income, or reserve for losses and loss adjustment expense)?	No	
5. Have there been any significant changes that occurred, or are pending, in the capital accounts, long-term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the audited financial statements?	No	
6. Have there been any significant changes that occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?	No	
7. Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?	No	
8. Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?	No	
9. Have there been any changes in the entity's related parties?	No	
10. Have any significant new related party transactions occurred?	No	

A - Management Representations Letter, continued

Appendix C – Subsequent Events Questionnaire, continued

Question	Response Yes or No	If yes, please provide additional information
11. Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?	No	
12. Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the audited financial statements other than those that are already been provided to EY (if any).	No	
13. Did Majuro Resort, Inc. (MRI) provide all of minutes of BOD meeting that were held subsequent to the balance sheet date?	Yes	
14. Are you aware of any fraud or suspected fraud affecting Majuro Resort, Inc. (MRI) involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements up to audit report date?	No	
15. Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of Majuro Resort, Inc. (MRI)?	No	
16. Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?	No	
17. Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?	No	
18. Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?	No	

A - Management Representations Letter, continued

Appendix C – Subsequent Events Questionnaire, continued

Question	Response Yes or No	If yes, please provide additional information
19. Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?	No	
20. Are you aware of any going concern indicators such as negative working capital, noncompliance with loan covenants or litigation that could significantly affect the ability of the Company to operate within one year and one day.	No	
21. Are you aware of any journal entries posted after September 30, 2023 that would have a material effect on the financial statements as of the balance sheet date?	No	