

*Financial Statements, Required Supplementary
Information, and Report on Internal Control
and Compliance*

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

*Years ended September 30, 2025 and 2024
with Report of Independent Auditors*



**Shape the future
with confidence**

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

Financial Statements, Required Supplementary Information, and
Report on Internal Control and Compliance

Years ended September 30, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Marshall Islands Marine Resources Authority

Report on the Audit of the Financial Statements

Opinion

We have audited 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 years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise MIMRA's basic financial statements as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of MIMRA as of September 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MIMRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- 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 MIMRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MIMRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2026, on our consideration of MIMRA'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 MIMRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MIMRA's internal control over financial reporting and compliance.

Ernst & Young

June 22, 2026

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

Management's Discussion and Analysis

Years ended September 30, 2025 and 2024

This section of the Marshall Islands Marine Resources Authority (MIMRA) annual financial report presents our discussion and analysis of MIMRA's financial performance for the fiscal year ended September 30, 2025. Please read it and verify any clarification to the financial statements which follow this section. The succeeding tables shown below summarize the financial condition and operations of MIMRA for fiscal years 2025, 2024 and 2023.

Financial Operations

A summary of MIMRA's Statements of Net Position as of September 30, 2025 compared with 2024 and 2023 is presented below:

Summary Statements of Net Position
As of September 30

	2025	2024	\$ Change 2025-2024	% Change 2025-2024	2023
Assets:					
Current and other assets	\$ 28,888,008	\$ 27,162,040	\$ 1,725,968	6.4%	\$ 33,852,595
Capital and lease assets	<u>7,287,920</u>	<u>7,097,596</u>	<u>190,324</u>	2.7%	<u>6,439,302</u>
Total assets	<u>36,175,928</u>	<u>34,259,636</u>	<u>1,916,292</u>	5.6%	<u>40,291,897</u>
Liabilities:					
Current and other liabilities	<u>2,922,743</u>	<u>824,181</u>	<u>2,098,562</u>	254.6%	<u>969,304</u>
Deferred inflows of resources:					
Lease revenues	<u>86,547</u>	<u>95,813</u>	<u>(9,266)</u>	(9.7)%	<u>106,326</u>
Net position:					
Net investment in capital assets	6,925,336	6,666,651	258,685	3.9%	5,953,348
Restricted	1,393,620	1,278,692	114,928	9.0%	1,373,667
Unrestricted	<u>24,847,682</u>	<u>25,394,299</u>	<u>(546,617)</u>	(2.2)%	<u>31,889,252</u>
Total net position	<u>\$ 33,166,638</u>	<u>\$ 33,339,642</u>	<u>\$ (173,004)</u>	(0.5)%	<u>\$ 39,216,267</u>

Total assets increased by \$1,916,292 (or 6%) from \$34,259,636 in 2024 to \$36,175,928 in 2025. The increase in total assets was attributable to an increase in current and other assets by \$1,725,968 or (6%) from \$27,162,040 in 2024 to \$28,888,008 in 2025 and an increase in capital and lease assets by \$190,324 (or 3%) from \$7,097,596 in 2024 to \$7,287,920 in 2025. The increase in current and other assets is primarily attributable to an increase in cash of \$5,066,555 (or 33%) and a decrease in receivables by \$3,779,077 (or 45%) from \$8,491,252 in 2024 to \$4,712,175 in 2025. The increase in cash is the result of net cash used in noncapital financing activities and capital and related financing activities of \$23,408,494 and \$912,234, respectively, offset by net cash provided by operating activities of \$29,252,265. The decrease in receivables is due primarily to the decrease in amounts due from the Parties of the Nauru Agreement Office (PNAO).

Marshall Islands Marine Resources Authority
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Management's Discussion and Analysis, continued

Financial Operations, continued

Total liabilities increased by \$2,098,562 (or 255%) from \$824,181 in 2024 to \$2,922,743 in 2025. The increase in total liabilities is primarily attributable to an increase in payable to affiliates and due to RepMar by \$170,708 (or 495%) and \$2,000,000 (or 100%), respectively.

Total deferred inflows of resources decreased \$9,266 (or 10%) from \$95,813 in 2024 to \$86,547 in 2025. Deferred inflows of resources are associated with lease revenues accounted for in accordance with GASB Statement No. 87.

Total net position decreased by \$173,004 (or 1%) from \$33,339,642 in 2024 to \$33,166,638 in 2025. Net position is affected by the changes in both assets and liabilities (and deferred inflows).

Changes in total net position are based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose of this statement is to present the revenues received by MIMRA, both operating and non-operating, and expenses incurred by MIMRA, operating and non-operating, and other revenues, expense, gains, and losses received or spent by MIMRA. A summary of MIMRA's Statements of Revenues, Expenses and Changes in Net Position for the year ended September 30, 2025 compared with 2024 and 2023 is presented below:

Summary Statements of Revenues, Expenses and Changes in Net Position
Years ended September 30

	2025	2024	\$ Change 2025-2024	% Change 2025-2024	2023
Operating:					
Operating revenues	\$ 31,829,544	\$ 28,279,896	\$ 3,549,648	12.6%	\$ 31,763,386
Operating expenses	(7,230,145)	(6,619,339)	(610,806)	9.2%	(6,332,663)
Operating income	<u>24,599,399</u>	<u>21,660,557</u>	<u>2,938,842</u>	13.6%	<u>25,430,723</u>
Nonoperating:					
Nonoperating revenues	2,339,778	2,499,170	(159,392)	(6.4)%	2,591,506
Nonoperating expenses	(27,200,000)	(30,200,000)	3,000,000	(9.9)%	(29,587,503)
	<u>(24,860,222)</u>	<u>(27,700,830)</u>	<u>2,840,608</u>	(10.3)%	<u>(26,995,997)</u>
Loss before capital contributions	(260,823)	(6,040,273)	5,779,450	(95.7)%	(1,565,274)
Capital contributions	<u>87,819</u>	<u>163,648</u>	<u>(75,829)</u>	(46.3)%	<u>-</u>
Change in net position	<u>\$ (173,004)</u>	<u>\$ (5,876,625)</u>	<u>\$ 5,703,621</u>	(97.1)%	<u>\$ (1,565,274)</u>

The Statement of Revenues, Expenses, and Changes in Net Position identifies the various revenue and expense items that affect net position. As indicated above, MIMRA's operating income increased by \$2,938,842 (or 14%) from \$21,660,557 in 2024 to \$24,599,399 in 2025. The increase in operating income is due to the combined increase in operating expenses by \$610,806 (or 9%) and increase in operating revenues by \$3,549,648 (or 13%).

Marshall Islands Marine Resources Authority
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Management's Discussion and Analysis, continued

Financial Operations, continued

The main driver for the increase in operating revenues was primarily due to the significant increase in operating revenues generated from fishing rights of \$2,929,799 (or 93%).

MIMRA's net loss before capital contributions decreased by \$5,779,450 (or 96%) from \$6,040,273 in 2024 to \$260,823 in 2025. Net loss before capital contributions is a function of both operating income and nonoperating income (loss). Nonoperating loss decreased by \$2,840,608 (or 10%) from \$27,700,830 in 2024 to \$24,860,222 in 2025. The decrease in nonoperating loss is due primarily to the decrease in nonoperating expenses by \$3,000,000 (or 10%). The main driver for the decrease in nonoperating expenses was the decrease in the contributions to RepMar's General Fund of \$3,000,000 (or 10%) over prior year's contributions.

Overall Analysis

Management's Discussion and Analysis (MD&A) for the year ended September 30, 2024 is set forth in MIMRA's report on the audit of financial statements, which is dated December 30, 2025. That MD&A explains the major factors impacting the 2024 financial statements and can be obtained from MIMRA's Executive Director via the contact information on page 12.

Operating Revenues

Net operating revenues increased by a total of \$3,549,648 (or 13%) from \$28,279,896 in 2024 to \$31,829,544 in 2025. Details are shown below of the increase/(decrease) in between revenue categories:

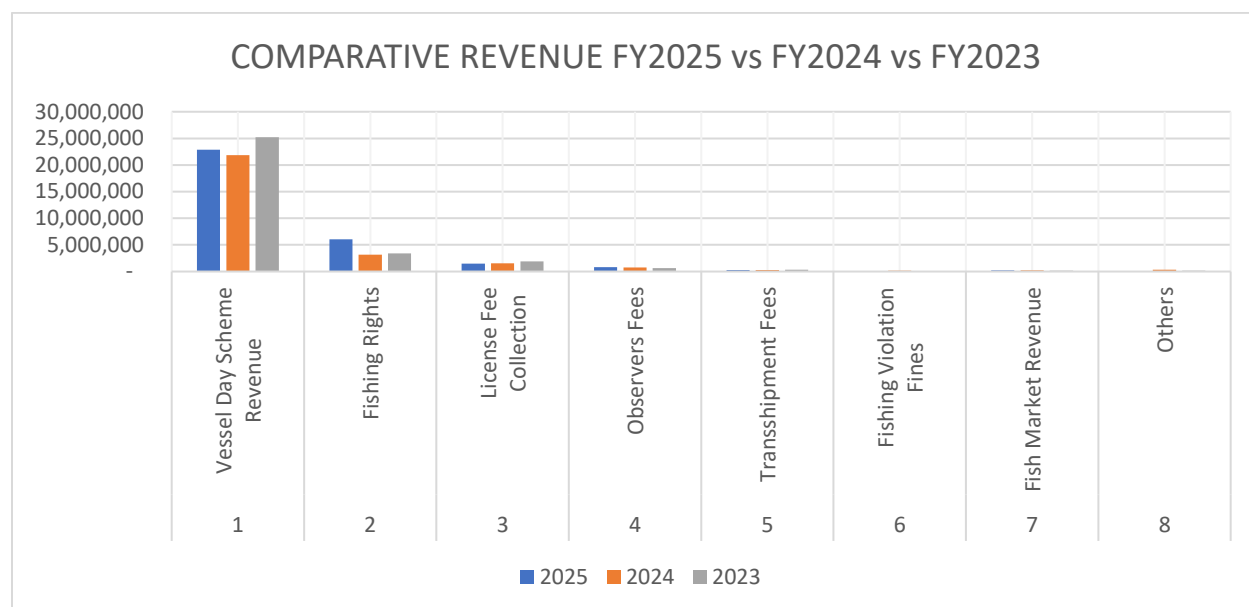
	2025	2024	\$ Change 2025-2024	% Change 2025-2024	2023
Vessel Day Scheme	\$ 22,853,000	\$ 21,865,319	\$ 987,681	4.5%	\$ 25,198,926
Fishing rights	6,072,915	3,143,116	2,929,799	93.2%	3,394,040
Licensing registration	1,457,000	1,522,000	(65,000)	(4.3)%	1,882,120
Observers fees	824,363	790,698	33,665	4.3%	650,678
Transshipment fees	258,400	269,000	(10,600)	(3.9)%	316,000
Fish market	232,216	220,637	11,579	5.2%	151,804
Fishing violation	-	150,000	(150,000)	(100.0)%	25,000
Other	155,699	235,957	(80,258)	(34.0)%	253,922
	31,853,593	28,196,727	3,656,866	13.0%	31,872,490
Bad debts (expense) recovery	(24,049)	83,169	(107,218)	(128.9)%	(109,104)
	<u>\$ 31,829,544</u>	<u>\$ 28,279,896</u>	<u>\$ 3,549,648</u>	12.6%	<u>\$ 31,763,386</u>

Marshall Islands Marine Resources Authority
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Management's Discussion and Analysis, continued

Operating Revenues, continued

Below is a graphical comparison of MIMRA's operating revenues for 2025, 2024, and 2023:



VESSEL DAY SCHEME (VDS) revenues have increased by \$987,681 (or 5%) from \$21,865,319 in 2024 to \$22,853,000 in 2025. A summary of VDS revenues are as follows:

	2025	2024	\$ Change 2025-2024	% Change 2025-2024	2023
PAE's Bilateral	\$ 21,440,000	\$ 20,015,000	\$ 1,425,000	7.1%	\$ 22,095,965
VDS Pooling Days (PNA)	1,239,000	1,805,319	(566,319)	(31.4)%	3,054,961
PNA Trading Days	174,000	45,000	129,000	286.7%	48,000
	<u>\$ 22,853,000</u>	<u>\$ 21,865,319</u>	<u>\$ 987,681</u>	<u>4.5%</u>	<u>\$ 25,198,926</u>

VDS revenues are based on days sold during the year. Total corresponding days purchased by fishing companies are as follows:

	# of Days 2025	# of Days 2024	# of Days Change 2025-2024	% Change 2025-2024	# of Days 2023
PAE's Bilateral	2,988	2,600	388	14.9%	2,854
VDS Pooling Days (PNA)	98	108	(10)	(9.3)%	197
PNA Trading Days	45	15	30	200.0%	16
	<u>3,131</u>	<u>2,723</u>	<u>408</u>	<u>15.0%</u>	<u>3,067</u>

Marshall Islands Marine Resources Authority
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Management's Discussion and Analysis, continued

Operating Revenues, continued

LICENSING AND REGISTRATION REVENUES have decreased by \$65,000 (or 4%) from \$1,522,000 in 2024 to \$1,457,000 in 2025. Licensing and registration revenues are based on the registration of the number of foreign or domestic vessels fishing in the RMI waters. License fees charged for Purse seine foreign boats are \$5,000 per boat while domestic boats are \$25,000 per boat, \$10,000 per boat for carrier/bunker and \$1,000 per boat for domestic longline boats. Below are the details of boats registered with a decrease of 6 boats (or 3%) from 189 in 2024 to 183 in 2025.

	# of Boats 2025	# of Boats 2024	# of Boats Change 2025-2024	% Change 2025-2024	# of Boats 2023
Foreign Boats (Purse Seine):					
China	8	8	-	0.0%	12
Japan	22	26	(4)	(15.4)%	24
Korea	17	18	(1)	(5.6)%	24
Philippines	-	-	-	0.0%	6
Taiwan	18	21	(3)	(14.3)%	22
Other	2	3	(1)	(33.3)%	6
	<u>67</u>	<u>76</u>	<u>(9)</u>	<u>(11.8)%</u>	<u>94</u>
Domestic Boats (Purse Seine):					
Koo's Fishing	4	4	-	0.0%	4
MIFCO	1	2	(1)	(50.0)%	2
Pan Pacific	8	5	3	60.0%	5
	<u>13</u>	<u>11</u>	<u>2</u>	<u>18.2%</u>	<u>11</u>
Japan Fisheries:					
Pole and Line	10	9	1	11.1%	13
Longline	-	-	-	0.0%	6
	<u>10</u>	<u>9</u>	<u>1</u>	<u>11.1%</u>	<u>19</u>
Domestic (Longline):					
China Overseas	17	15	2	13.3%	11
Lian Cheng Fisheries	21	23	(2)	(8.7)%	24
	<u>38</u>	<u>38</u>	<u>-</u>	<u>0.0%</u>	<u>35</u>
Carrier/Bunker:					
Bunker	9	12	(3)	(25.0)%	14
Carrier	46	43	3	7.0%	65
	<u>55</u>	<u>55</u>	<u>-</u>	<u>0.0%</u>	<u>79</u>
	<u>183</u>	<u>189</u>	<u>(6)</u>	<u>(3.2)%</u>	<u>238</u>

Foreign Purse Seiner boats registered this year have decreased by 9 boats (or 12%) while the domestic boats registered have increased by 2 boats (or 18%). Japan Fisheries have registered 10 boats in 2025 which shows a 11% decrease or 1 boat more compared to 2024. Another domestic-based company Marshall Islands Fishing Venture (MIFV) that operates China Overseas and Liancheng Fisheries had maintained the status quo at thirty-eight (38) boats. All 38 boats have registered for one year. Bunkers and carriers registered had maintained the status quo at fifty-five (55) boats.

Marshall Islands Marine Resources Authority
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Management's Discussion and Analysis, continued

Operating Revenues, continued

Aside from paying license fees, China, Japan, Philippines, Taiwan and others, have purchased a total of 600 fishing days in 2025 amounting to \$5,100,000, an increase of \$410,000 (or 175 days) compared to 2024. Korea was also involved in the bidding process with PNAO of which VDS pooling days from member countries are offered.

As shown earlier, the pooling days have contributed \$1,239,000 (or 98 days) in 2025 compared to \$1,805,319 (or 108 days) in 2024. Domestic-based companies such as Koo's Fishing Company, Ltd. (KFC), MIFCO (joint venture) and Pan Pacific Fishing (RMI), Inc. (PPF) have contributed to the total VDS fishing days income of \$15,900,000 (or 2,388 days) in 2025 compared with \$15,325,000 (or 2,175 days) in 2024. KFC purchased 998 days and 750 days in 2025 and 2024, respectively, while MIFCO and PPF purchased 190 days and 1,200 days, respectively, in 2025 compared with 350 days and 1,075 days, respectively, in 2024.

Actual total revenues, including both operating and non-operating revenues, generated in 2025, amounted to \$34,281,190, which is higher compared to the actual total revenues in 2024 of \$30,942,714, a decrease of \$3,338,476 (or 11%).

Operating Expenses

Operating expenses increased by 4% and 9% from 2023 to 2024 and from 2024 to 2025, respectively. Please see below details of the increase/(decrease) in between expense categories:

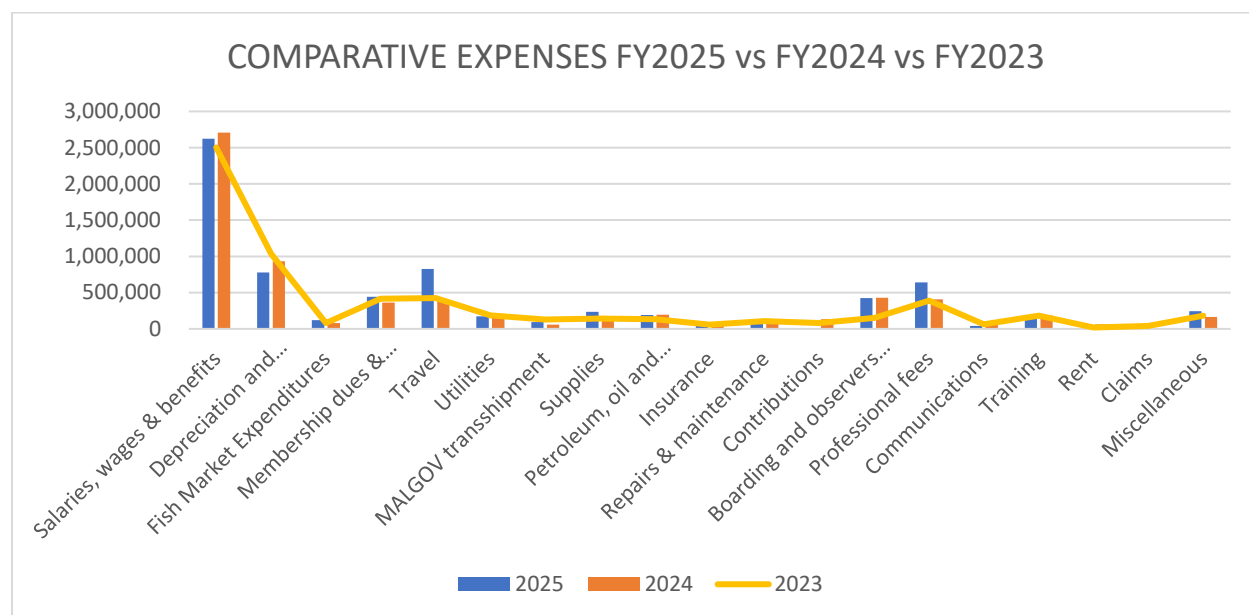
	2025	2024	\$ Change 2025-2024	% Change 2025-2024	2023
Salaries and wages	\$ 2,622,493	\$ 2,706,645	\$ (84,152)	(3.1)%	\$ 2,502,625
Travel	826,593	389,948	436,645	112.0%	425,752
Depreciation and amortization	778,174	930,846	(152,672)	(16.4)%	1,034,156
Professional fees	642,383	407,826	234,557	57.5%	389,441
Membership dues/subscriptions	440,464	364,072	76,392	21.0%	415,503
Boarding and observer fees	426,688	399,767	26,921	6.7%	153,248
Supplies	235,957	110,741	125,216	113.1%	143,657
Petroleum, oil and lubricants	191,608	193,192	(1,584)	(0.8)%	132,739
Training and research	190,697	187,045	3,652	2.0%	183,862
Utilities	174,081	172,913	1,168	0.7%	188,325
Fish market expenses	119,877	82,273	37,604	45.7%	81,778
Repairs and maintenance	103,286	96,233	7,053	7.3%	105,573
Transshipment inspection	92,400	86,800	5,600	6.5%	129,200
Insurance	88,878	61,140	27,738	45.4%	60,351
Communications	40,786	65,596	(24,810)	(37.8)%	61,809
Donations and contributions	9,462	135,322	(125,860)	(93.0)%	82,133
Rent	2,523	63,075	(60,552)	(96.0)%	18,769
Claims	-	-	-	0.0%	41,162
Miscellaneous	243,795	165,905	77,890	46.9%	182,580
	<u>\$ 7,230,145</u>	<u>\$ 6,619,339</u>	<u>\$ 610,806</u>	9.2%	<u>\$ 6,332,663</u>

Marshall Islands Marine Resources Authority
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Management's Discussion and Analysis, continued

Operating Expenses, continued

Below is a graphical comparison of MIMRA's operating expenses for 2025, 2024 and 2023:



In 2025, total operating expenses increased by \$610,806 (or 9%) from \$6,619,339 in 2024 to \$7,230,145 in 2025. Among MIMRA's operating expenses, the following have increased in 2025 compared with 2024: travel – increased by 112% due to local and international travels associated with World Bank PROPER funding for MIMRA participants and off island consultants which included airfare and other related expenses; professional fees – increased by 58% which is mainly attributed to World Bank's Project Management Unit (PMU) consultancy; membership dues/subscriptions – increased by 21% due to the Membership into the International Union for Conservation of Nature (IUCN) and increase in Western and Central Pacific Fisheries Commission (WCPFC) membership and other subscriptions fees recorded; boarding and observer fees – increased by 7% due to the increase in the number of observers trips and debriefing activities associated with port monitoring; supplies – increased by 113% due to the increase in the number of activities mainly with the 2nd National Oceanic Symposium and supplies for the hatcheries and fish bases; fish market expenses – increased by 46% due to the increase in the purchase of fish and its by-products; insurance – increased by 45% due to the increase in insurance premium pricing from our insurance providers.

On the other hand, the following operating expenses have decreased in 2025 compared with 2024: salaries and wages – decreased by 3% due to the decline in the accrual of year end leave which reflected an increase in the utilization of MIMRA employee's annual leave credits; depreciation and amortization – decreased by 16% due to the increase of capital assets reaching its estimated useful lives; communications – decreased by 38% due to MIMRA's efforts to be more efficient and have control over spending; donations and contributions – decreased by 93% due to MIMRA's one time donation to the 2024 Micronesian Games held in RMI; rent – decreased by 96% due to the compliance adjustments made by MIMRA.

Marshall Islands Marine Resources Authority
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Management's Discussion and Analysis, continued

Operating Expenses, continued

Total contributions (transfer payments) to RepMar in 2025 amounted to \$27,200,000, which is lower than the 2024 amount of \$29,960,000 (down by \$2,760,000 or 9%). In 2024, MIMRA contributed to the acquisition of the Star Loader Model Mark 2 by Pacific International, Inc. (PII), under the FAO private grant, amounting to \$240,000. The said equipment is deployed by PII which could transform tuna transshipment in the Marshall Islands creating dozens of new jobs in onshore fish handling and processing. This increase in expenses contributed to MIMRA's overall decrease in net position of \$173,004 (or 1%) during the year, which negatively impacts MIMRA's financial condition as shown by the change in net position at end of the year from \$33,166,638 in 2025 to \$33,339,642 in 2024.

Capital Assets

At the end of 2025, MIMRA has a net investment in capital assets of \$7,052,632 compared to \$6,996,249 in 2024, representing an increase of \$56,383 (or 1%) during the year. The table below indicates an excellent standing of the MIMRA capital assets. Details of MIMRA's capital assets are as follows:

Summary Schedule of Capital Assets
As of September 30

	2025	2024	\$ Change 2025-2024	% Change 2025-2024	2023
Buildings	\$ 6,614,708	\$ 3,553,668	\$ 3,061,040	86.1%	\$ 3,553,668
Equipment	4,163,726	3,760,931	402,795	10.7%	3,230,552
Vehicles	856,194	856,194	-	0.0%	820,559
Motorboats	551,961	547,961	4,000	0.7%	547,961
Furniture, fixtures and other	252,157	189,409	62,748	33.1%	185,374
	12,438,746	8,908,163	3,530,583	39.6%	8,338,114
Accumulated depreciation	(5,567,009)	(4,816,106)	(750,903)	15.6%	(3,926,433)
	6,871,737	4,092,057	2,779,680	67.9%	4,411,681
CWIP	180,895	2,904,192	(2,723,297)	(93.8)%	1,915,253
	<u>\$ 7,052,632</u>	<u>\$ 6,996,249</u>	<u>\$ 56,383</u>	0.8%	<u>\$ 6,326,934</u>

In 2025, net cash used in capital and related financing activities amounted to \$912,234, which were capital asset acquisitions. These capital asset acquisitions primarily relate to capitalized costs from construction work in progress associated with the construction of the MIMRA Annex to the MIMRA HQ. For more information on MIMRA's capital assets, please refer to Note 5 to the accompanying financial statements.

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

Management's Discussion and Analysis, continued

Economic Factors and Next Year Budgets and Rates

FY2026 budget has been formulated and approved by the MIMRA Board. Projected revenues, both operating and non-operating, for FY2026 amount to \$28,123,200. Prices for VDS remains at \$11,000 per day for foreign companies and \$7,000 per day for domestic companies. However, there are expected days that are sold more than the stated price, including VDS pooling, which average \$12,627 per day. Projected expenses are detailed as follows: \$25,200,000 for contributions to RepMar's General Fund and \$6,323,531 for MIMRA's operations, which includes \$2,481,086 for Administration (Finance, Corporate Affairs and Legal Divisions); \$1,753,299 for the Coastal and Community Affairs Division; \$1,315,864 for the Oceanic and Industrial Affairs Division; \$239,059 for the Coastal Policy Planning and Statistics Division; \$272,218 for the RMI Protected Areas Network; and \$262,005 for the Competent Authority. No capital expenditure was included in the budget. Travel expenses, both international and domestic, will depend on how such will be funded. For the unfunded trips, MIMRA will shoulder that cost. Some domestic travels are still covered by grants that were approved and released to MIMRA in previous years, and which will be used in 2026.

The World Bank approved the second phase of the Pacific Islands Regional Oceanscape Program (PROP II) for Economic Resilience (WB-PROPER) in February 2022 and commenced its preparatory stage with mission objectives to:

- (i) review the status of the project preparation activities;
- (ii) provide an overview of the World Bank documentation requirements and timeline to meet Environmental and Social Framework commitments;
- (iii) define proposed project activities including description, budget, procurement method and timeline; and
- (iv) review the proposed Theory of Change and preliminary Results Framework.

The Project would be supported with a \$18 million IDA grant, inclusive of a \$6 million national IDA and \$12 million regional IDA grant. The proposed Project duration is six-years between December 2022 and December 2028. This is an increase of \$6 million from the first phase proposed \$12 million PROP I project. Key activities in 2025 included capacity building, renovation of fish bases, hatcheries and markets on the neighboring islands, provision of technical assistance, aquaculture, enhancement of data systems, value additions and food safety measures. Efforts to enhance oceanic and coastal fisheries management will continue, supported by community training initiatives and close partnership with regional bodies.

Contacting MIMRA's financial management

This financial report is designed to provide our customers and other interested parties a general overview of MIMRA's finances and to demonstrate its accountability for the money it collects. If you have questions about this report or need additional financial information, contact the Executive Director, P.O. Box 860, Majuro, MH 96960 or via our website www.mimra.com.

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

Statements of Net Position

	September 30, 2025	2024
ASSETS		
Current assets:		
Cash	\$ 20,247,456	\$ 15,180,901
Receivables:		
Affiliates	639,388	1,700,563
Trade	624,157	1,062,709
Leases, current portion	8,648	7,565
Due from PNA Office	4,561,895	6,810,446
Due from World Bank	2,210	3,167
Other	181,512	188,388
	6,017,810	9,772,838
Less allowance for doubtful accounts	(1,305,635)	(1,281,586)
	4,712,175	8,491,252
Prepayments	115,135	82,208
Total current assets	<u>25,074,766</u>	<u>23,754,361</u>
Leases receivable, net of current portion	91,586	100,234
Capital assets:		
Nondepreciable capital assets	180,895	2,904,192
Capital assets, net of accumulated depreciation	6,871,737	4,092,057
Lease assets, net	235,288	101,347
Investment in joint venture	3,721,656	3,307,445
Total noncurrent assets	<u>11,101,162</u>	<u>10,505,275</u>
	<u>\$ 36,175,928</u>	<u>\$ 34,259,636</u>

See accompanying notes.

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

Statement of Net Position, continued

	September 30,	
	<u>2025</u>	<u>2024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 17,833	\$ 49,579
Contracts payable	152,641	345,408
Payable to affiliates	205,200	34,492
Due to RepMar	2,000,000	---
Lease liabilities, current portion	15,984	7,142
Other liabilities and accruals	<u>337,126</u>	<u>309,165</u>
Total current liabilities	2,728,784	745,786
Lease liabilities, net of current portion	<u>193,959</u>	<u>78,395</u>
Total liabilities	<u>2,922,743</u>	<u>824,181</u>
Deferred inflows of resources:		
Lease revenues	<u>86,547</u>	<u>95,813</u>
Commitment and contingency		
Net position:		
Net investment in capital assets	6,925,336	6,666,651
Restricted	1,393,620	1,278,692
Unrestricted	<u>24,847,682</u>	<u>25,394,299</u>
Total net position	<u>33,166,638</u>	<u>33,339,642</u>
	<u>\$ 36,175,928</u>	<u>\$ 34,259,636</u>

See accompanying notes.

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

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30,	
	2025	2024
Operating revenues:		
Vessel Day Scheme	\$ 22,853,000	\$ 21,865,319
Fishing rights	6,072,915	3,143,116
Licensing and registration fees	1,457,000	1,522,000
Observer fees	824,363	790,698
Transshipment fees	258,400	269,000
Fish Market	232,216	220,637
Fishing violation fines	---	150,000
Other	155,699	235,957
Total operating revenues	31,853,593	28,196,727
Bad debts (expense) recovery	(24,049)	83,169
Total net operating revenues	31,829,544	28,279,896
Operating expenses:		
Salaries and wages	2,622,493	2,706,645
Travel	826,593	389,948
Depreciation and amortization	778,174	930,846
Professional fees	642,383	407,826
Membership dues and subscriptions	440,464	364,072
Boarding and observer fees	426,688	399,767
Supplies	235,957	110,741
Petroleum, oil and lubricants	191,608	193,192
Training and research	190,697	187,045
Utilities	174,081	172,913
Fish market	119,877	82,273
Repairs and maintenance	103,286	96,233
Transshipment inspection	92,400	86,800
Insurance	88,878	61,140
Communications	40,786	65,596
Interest	25,652	13,462
Advertising	24,784	23,258
Entertainment	24,648	4,909
Freight	21,265	12,455
Contributions	9,462	135,322
Rent	2,523	63,075
Miscellaneous	147,446	111,821
Total operating expenses	7,230,145	6,619,339
Operating income	24,599,399	21,660,557

See accompanying notes.

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

Statements of Revenues, Expenses and Changes in Net Position, continued

	Year ended September 30,	
	2025	2024
Nonoperating revenues (expenses):		
World Bank grant	1,450,000	800,000
Equity in income of joint venture	414,211	1,449,896
Micronesia Conservation Trust grant	289,181	---
Interest income	135,018	124,499
United Nations' Food and Agriculture Organization grant	48,368	35,575
Other grants	3,000	89,200
Contributions to others	---	(240,000)
Contributions to RepMar	(27,200,000)	(29,960,000)
Total nonoperating expenses, net	(24,860,222)	(27,700,830)
Loss before capital contributions	(260,823)	(6,040,273)
Capital contributions:		
Overseas Fishery Cooperation Foundation of Japan	87,819	89,564
New Zealand Government Grant	---	72,784
United Nations' Food and Agriculture Organization	---	1,300
	<u>87,819</u>	<u>163,648</u>
Change in net position	(173,004)	(5,876,625)
Net position at beginning of year	<u>33,339,642</u>	<u>39,216,267</u>
Net position at end of year	<u>\$ 33,166,638</u>	<u>\$ 33,339,642</u>

See accompanying notes.

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

Statement of Cash Flows

	Year ended September 30,	
	2025	2024
Cash flows from operating activities:		
Cash received from customers	\$ 35,607,046	\$ 31,471,402
Cash payments to suppliers for goods and services	(3,761,285)	(3,169,428)
Cash payments to employees for services	(2,593,496)	(2,625,506)
Net cash provided by operating activities	<u>29,252,265</u>	<u>25,676,468</u>
Cash flows from noncapital financing activities:		
Operating grants received	1,791,506	1,013,843
Payments made to RepMar	(25,200,000)	(29,960,000)
Payments made to others	<u>---</u>	<u>(240,000)</u>
Net cash used in noncapital financing activities	<u>(23,408,494)</u>	<u>(29,186,157)</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	---	5,243
Acquisition of capital assets	(912,234)	(1,561,125)
Net cash used in capital and related financing activities	<u>(912,234)</u>	<u>(1,555,882)</u>
Cash flows from investing activities:		
Interest received on savings deposit	<u>135,018</u>	<u>124,499</u>
Net change in cash	5,066,555	(4,941,072)
Cash at beginning of year	<u>15,180,901</u>	<u>20,121,973</u>
Cash at end of year	<u>\$ 20,247,456</u>	<u>\$ 15,180,901</u>

See accompanying notes.

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

Statement of Cash Flows, continued

	Year ended September 30,	
	<u>2025</u>	<u>2024</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 24,599,399	\$ 21,660,557
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	778,174	930,846
Bad debt expense (recovery)	24,049	(83,169)
Changes in assets, liabilities, and deferred inflows of resources:		
Receivables:		
Affiliates	1,061,175	(1,061,175)
Trade	438,552	(38,692)
Leases	7,565	6,617
Due from PNA Office	2,248,551	4,433,494
Other	6,876	(55,056)
Prepayments	(32,927)	(2,144)
Accounts payable	(31,746)	(56,574)
Payable to affiliates	170,708	(111,634)
Lease liabilities	(36,806)	(14,183)
Deferred inflow of resources - lease revenue	(9,266)	(10,513)
Other liabilities and accruals	27,961	78,094
Net cash provided by operating activities	<u>\$ 29,252,265</u>	<u>\$ 25,676,468</u>
Summary of noncash capital and financing activities:		
Recognition of additional lease assets and lease liabilities:		
Increase in lease assets	\$ 161,212	\$ ---
Increase in lease liabilities	(161,212)	---
	<u>\$ ---</u>	<u>\$ ---</u>
Income from equity share investment:		
Increase in investment in joint venture	\$(414,211)	\$(1,449,896)
Equity in income of joint venture	414,211	1,449,896
	<u>\$ ---</u>	<u>\$ ---</u>
New Zealand Government Grant, JICS and FAO:		
Increase in capital assets	\$(87,819)	\$(163,648)
Capital contributions	87,819	163,648
	<u>\$ ---</u>	<u>\$ ---</u>

See accompanying notes.

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

Notes to Financial Statements

Years ended September 30, 2025 and 2024

1. Organization

The Marshall Islands Marine Resources Authority (MIMRA), a component unit of the Republic of the Marshall Islands (RepMar), was created under Public Law 1997-60, the Marshall Islands Marine Resources Act of 1997. This legislation repealed Public Law 1988-12, the Marshall Islands Marine Resources Authority Act, 1988, and transferred all assets, liabilities, rights and obligations of the former Marshall Islands Marine Resources Authority (established under Public Law 1988-12) to MIMRA, effective October 2, 1997. MIMRA's principal line of business is to facilitate the sustainable and responsible use of the marine resources in the Marshall Islands. Access to the fishery waters of the Marshall Islands, including transshipment related activities, is granted by MIMRA to foreign and domestic-based fishing vessels through an access agreement, for which certain fees and licenses are levied.

MIMRA is governed by a seven-member Board of Directors, which consists of the Minister of Natural Resources and Commerce, and six other members appointed by the President of RepMar including four members having knowledge and experience in the fisheries sector.

MIMRA's financial statements are incorporated into the financial statements of RepMar as a component unit.

2. Summary of Significant Accounting Policies

The accounting policies of MIMRA conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental entities, specifically proprietary funds.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, amended by GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, establish financial reporting standards for governmental entities which require that management's discussion and analysis of the financial activities be included with the basic financial statements and notes and modifies certain other financial statement disclosure requirements.

To conform to the requirements of GASB Statement No. 34, equity is presented in the following net position categories:

- *Net investment in capital assets* - capital assets, net of accumulated depreciation, plus construction or improvement of those assets.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

- *Restricted* - nonexpendable net position subject to externally imposed stipulations that requires MIMRA to maintain such permanently. As of September 30, 2025 and 2024, MIMRA does not have nonexpendable net position. Expendable net position whose use by MIMRA is subject to externally imposed stipulations that can be fulfilled by actions of MIMRA pursuant to those stipulations or that expire by the passage of time. As of September 30, 2025 and 2024, MIMRA has expendable net position as follows:

	<u>2025</u>	<u>2024</u>
World Bank (International Development Association)	\$1,226,057	\$1,197,629
Protected Area Network (PAN)	150,785	43,349
The Nature Conservancy (Tuna Fisheries Improvement)	14,810	14,810
United Nations' Food and Agriculture Organization (FAO)	1,638	22,574
The Nature Conservancy (Tuna Co.)	<u>330</u>	<u>330</u>
	<u>\$1,393,620</u>	<u>\$1,278,692</u>

- *Unrestricted* - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use for the same purpose, it is MIMRA's policy to use unrestricted resources first, then restricted resources as they are needed.

Basis of Accounting

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the fund are included in the statements of net position. Proprietary fund operating statements present increases and decreases in net position. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. MIMRA considers operating revenues to include activities that have the characteristics of exchange transactions, such as (1) Vessel Day Scheme revenues, fishing rights, licensing, transshipment, and other fees, and (2) other local revenues. Revenues and expenses related to other activities are nonoperating.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Cash

Custodial credit risk is the risk that in the event of a bank failure, MIMRA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. MIMRA does not have a deposit policy for custodial credit risk.

For purposes of the statements of net position and cash flows, cash is defined as cash on hand and cash held in demand accounts. As of September 30, 2025 and 2024, the carrying amount of cash balances were \$20,247,456 and \$15,180,901, respectively, and the corresponding bank balances were \$20,352,383 and \$15,374,550, respectively. Of the bank balance amounts, \$9,286,073 and \$9,705,499, respectively, were maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance. The remaining amounts of \$11,066,310 and \$5,669,051, respectively, were maintained in a financial institution not subject to depository insurance.

As of September 30, 2025 and 2024, bank deposits in the amount of \$250,000 were FDIC insured. MIMRA does not require collateralization of its cash deposits; therefore, deposit levels more than FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Receivables

All receivables are uncollateralized and are due from customers, both governmental agencies and businesses, located within the Republic of the Marshall Islands and the Pacific region, including Japan, Korea and Taiwan. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluation of the collectability of these accounts and prior collection experience. The allowance is established through a provision for losses on accounts receivable charged to income.

MIMRA recognizes a lease receivable and related deferred inflow of resources, as a lessor, at the commencement of the lease term, with exceptions for short-term leases. As a lessor, the asset underlying the lease is not derecognized. The lease receivable is measured as the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to the future periods.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Prepayments

Certain payments to vendors or persons for goods and services, primarily related to membership dues and subscriptions, reflect costs applicable to future accounting periods and are recorded as prepayments in the accompanying statements of net position.

Capital Assets

MIMRA has not adopted a formal capitalization policy for capital assets; however, items with a cost that equals or exceeds \$1,000 are generally capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets. The estimated useful lives of these assets are as follows:

	<u>Estimated Useful Lives</u>
Building	40 years
Building improvements	10 years
Equipment improvements	10 years
Vehicles	3 years
Equipment	4 years
Furniture and fixtures	4 years
Motorboats	6 years

Investments

The investment in stock of an affiliate is carried at Net Asset Value (NAV) per share net of an impairment reserve of \$980,000. Investments of 20% or more of the voting stock of a joint venture investee are presumed to give the investor significant influence and are carried using the equity method. Under the equity method, the investor records, as earnings or loss, its proportionate share of the investee's earnings or loss.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. MIMRA has no items that qualify for reporting in this category.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. As of September 30, 2025 and 2024, the accumulated vacation leave liability totals \$161,307 and \$120,327, respectively, and is included within the statements of net position as other liabilities and accruals.

Leases

MIMRA is a party as lessee for various noncancellable long-term land leases. MIMRA determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, land, or equipment in exchange for consideration. Leases result in the recognition of right-to-use lease assets and lease liabilities on the statements of net position. Lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

MIMRA is also a party as lessor for various long-term leases of building and land. MIMRA recognizes lease receivables and deferred inflow of resources at the commencement of the lease term, with exceptions for certain short-term leases. As lessor, the assets underlying the lease are not derecognized. The lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivables in addition to any payments received at or before the commence of the lease term that relate to future periods.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. As of September 30, 2025 and 2024, MIMRA has recorded deferred inflow of resources for lease revenues within the accompanying statements of net position.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Revenue Recognition

Fees with respect to services are recognized as the right to consideration accrues through the provision of the service to the customer. Licensing and other fees are recognized as revenue when paid based on the licensing period they pertain to. The Vessel Day Scheme (VDS) is a scheme where vessel owners can purchase and trade days fishing at sea in places subject to the Parties to the Nauru Agreement (PNA). Revenues from the VDS are recognized upon issuance of fishing days transfer notification.

Non-operating revenues and expenses primarily consist of equity earnings (or loss) in joint venture, investment earnings, grants, and contributions to RepMar.

Taxes

Corporate profits are not subject to income tax in the Republic of the Marshall Islands. The Government of the Republic of the Marshall Islands imposes a gross receipts tax of 3% on revenues. MIMRA is specifically exempt from this tax; however, all goods imported by MIMRA are subject to tax under the Import Duties Act, 1989.

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2025, MIMRA implemented the following pronouncements:

- GASB Statement No. 101, *Compensated Absences*, which enhances the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

- GASB Statement No. 102, *Certain Risk Disclosures*, which provides users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The implementation of these Statements did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues identified through agenda research conducted by GASB. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following: a) management's discussion and analysis (MD&A); b) unusual or infrequent items; c) presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; d) information about major component units in basic financial statements; e) budgetary comparison information; and f) financial trends information in the statistical section. GASB Statement No. 103 will be effective for the fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

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

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

GASB Statement No. 104 also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for the fiscal year ending September 30, 2026.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. GASB Statement No. 105 will be effective for fiscal year ending September 30, 2027.

Management is evaluating the effect that these Statements, upon implementation, will have on the financial statements.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Notes to Financial Statements, continued

3. Risk Management

MIMRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MIMRA has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

4. Investment in Joint Venture

In 2005, MIMRA entered into a joint venture agreement with Koo's Fishing Company, Ltd. (KFC) to form the Marshall Islands Fishing Company (MIFCO), an ongoing association for the purpose of engaging in the purse seine fishing business. The association was formally organized during fiscal year 2006 with the purchase of the vessel, RMI201. MIMRA and KFC's contributed capital at the time was \$2,940,000 and \$3,060,000, respectively, which represented a 49% and 51% interest, respectively, of the vessel's value of \$6,000,000. The parties agreed that the joint venture will be operated by KFC and MIMRA will not be liable to the joint venture.

A summary of financial information as of and for the years ended December 31, 2025 and 2024, respectively, for investees accounted for using the equity method of accounting for investments, are as follows:

	<u>2025</u>	<u>2024</u>
Assets	\$ <u>20,470,103</u>	\$ <u>24,493,003</u>
Liabilities	\$ <u>9,976,015</u>	\$ <u>23,471,558</u>
Net earnings	\$ <u>4,472,643</u>	\$ <u>3,381,317</u>

No dividend distribution was received during the years ended September 30, 2025 and 2024, respectively.

An analysis of the change in the investment in joint venture during the years ended September 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$3,307,445	\$1,857,549
Equity in income of MIFCO	<u>414,211</u>	<u>1,449,896</u>
Ending balance	\$ <u>3,721,656</u>	\$ <u>3,307,445</u>

Marshall Islands Marine Resources Authority
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Notes to Financial Statements, continued

5. Capital Assets

Capital asset activities for the years ended September 30, 2025 and 2024, are as follows:

	2025			
	October 1, 2024	Additions	Transfers and Disposals	September 30, 2025
<u>Nondepreciable capital assets:</u>				
Construction in progress	\$2,904,192	\$ 337,743	\$(3,061,040)	\$ 180,895
<u>Depreciable capital assets:</u>				
Building	3,553,668	---	3,061,040	6,614,708
Equipment	3,760,931	402,795	---	4,163,726
Equipment improvements	109,270	56,492	---	165,762
Vehicles	856,194	---	---	856,194
Furniture and fixtures	80,139	6,256	---	86,395
Motorboats	<u>547,961</u>	<u>4,000</u>	<u>---</u>	<u>551,961</u>
	8,908,163	469,543	3,061,040	12,438,746
Less accumulated depreciation	<u>(4,816,106)</u>	<u>(750,903)</u>	<u>---</u>	<u>(5,567,009)</u>
	<u>4,092,057</u>	<u>(281,360)</u>	<u>3,061,040</u>	<u>6,871,737</u>
	<u>\$6,996,249</u>	<u>\$ 56,383</u>	<u>\$ ---</u>	<u>\$ 7,052,632</u>
	2024			
	October 1, 2023	Additions	Transfers and Disposals	September 30, 2024
<u>Nondepreciable capital assets:</u>				
Construction in progress	\$1,915,253	\$988,939	\$ ---	\$2,904,192
<u>Depreciable capital assets:</u>				
Building	3,553,668	---	---	3,553,668
Equipment	3,230,552	530,379	---	3,760,931
Equipment improvements	109,270	---	---	109,270
Vehicles	820,559	71,030	(35,395)	856,194
Furniture and fixtures	76,104	4,035	---	80,139
Motorboats	<u>547,961</u>	<u>---</u>	<u>---</u>	<u>547,961</u>
	8,338,114	605,444	(35,395)	8,908,163
Less accumulated depreciation	<u>(3,926,433)</u>	<u>(919,825)</u>	<u>30,152</u>	<u>(4,816,106)</u>
	<u>4,411,681</u>	<u>(314,381)</u>	<u>(5,243)</u>	<u>4,092,057</u>
	<u>\$6,326,934</u>	<u>\$674,558</u>	<u>\$ (5,243)</u>	<u>\$6,996,249</u>

Marshall Islands Marine Resources Authority
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Notes to Financial Statements, continued

6. Leased Assets

Leased asset activities for the years ended September 30, 2025 and 2024, are as follows:

	<u>2025</u>			
	<u>October 1, 2024</u>	<u>Additions</u>	<u>Transfers and Disposals</u>	<u>September 30, 2025</u>
<u>Leased assets:</u>				
Right-to-use assets	\$168,270	\$161,212	\$ ---	\$329,482
Less accumulated amortization	(<u>66,923</u>)	(<u>27,271</u>)	<u>---</u>	(<u>94,194</u>)
	<u>\$101,347</u>	<u>\$133,941</u>	<u>\$ ---</u>	<u>\$235,288</u>
	<u>2024</u>			
	<u>October 1, 2023</u>	<u>Additions</u>	<u>Transfers and Disposals</u>	<u>September 30, 2024</u>
<u>Leased assets:</u>				
Right-to-use assets	\$168,270	\$ ---	\$ ---	\$168,270
Less accumulated amortization	(<u>55,902</u>)	(<u>11,021</u>)	<u>---</u>	(<u>66,923</u>)
	<u>\$112,368</u>	<u>\$(11,021)</u>	<u>\$ ---</u>	<u>\$101,347</u>

7. Leases

As Lessor

MIMRA is a lessor for non-cancelable leases of land and buildings. The terms of the agreements range from 10 to 15 years generally at fixed monthly payments with no variable payments or escalation clauses. In accordance with GASB Statement No. 87, *Leases*, MIMRA recognizes a lease receivable and a deferred inflow of resources at commencement of the lease term. As of September 30, 2025 and 2024, lease receivables totaled \$100,234 and \$107,799, respectively, and deferred inflow of resources associated with MIMRA's leases totaled \$86,547 and \$95,813, respectively.

Marshall Islands Marine Resources Authority
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Notes to Financial Statements, continued

7. Leases, continued

As Lessor, continued

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2025, are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,648	\$13,039	\$ 21,687
2027	9,886	11,800	21,686
2028	11,301	10,385	21,686
2029	12,919	8,767	21,686
2030	14,769	6,918	21,687
2031 - 2035	40,368	15,064	55,432
2036	<u>2,343</u>	<u>78</u>	<u>2,421</u>
	<u>\$100,234</u>	<u>\$66,051</u>	<u>\$166,285</u>

As Lessee

MIMRA has assumed payment obligations as lessee under certain ground leases, which were previous obligations of RepMar's Ministry of Culture and Internal Affairs as well as payment obligations under certain ground leases, which were previously the obligation of unrelated parties. The terms of the agreements range from 5 to 25 years generally at fixed monthly payments with no variable payments or escalation clauses. The calculated interest rates used were 13.5%.

The following is a summary of principal and interest requirements to maturity for the lease liabilities as of September 30, 2025:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 15,984	\$ 28,303	\$ 44,287
2027	13,550	26,184	39,734
2028	15,379	24,355	39,734
2029	17,455	22,279	39,734
2030	9,736	19,923	29,659
2031 - 2035	71,407	75,972	147,379
2036 - 2038	<u>66,432</u>	<u>18,616</u>	<u>85,048</u>
	<u>\$209,943</u>	<u>\$215,632</u>	<u>\$425,575</u>

Marshall Islands Marine Resources Authority
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Notes to Financial Statements, continued

8. Long-term Liabilities

Long-term liabilities as of September 30, 2025 and 2024, and changes for the years then ended were as follows:

	<u>October 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2025</u>	<u>Due Within One Year</u>
Lease liability	<u>\$85,537</u>	<u>\$161,212</u>	<u>\$(36,806)</u>	<u>\$209,943</u>	<u>\$15,984</u>
	<u>October 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>
Lease liability	<u>\$99,720</u>	<u>\$ ---</u>	<u>\$(14,183)</u>	<u>\$85,537</u>	<u>\$ 7,142</u>

9. Investment in Stock of an Affiliated Entity

In 2014, MIMRA purchased 49,000 shares of Marshall Islands National Telecommunications Authority (MINTA), a component unit of RepMar, at \$20 per share. The investment in MINTA is recorded at NAV per share since MIMRA does not have a readily determinable fair value. The investment comprises approximately 15% of the outstanding shares of MINTA as of September 30, 2025 and 2024. No dividends were received during the years ended September 30, 2025 and 2024. As of September 30, 2025 and 2024, due to the investee's recurring losses and its inability to generate sufficient cash flows to meet its debt obligation, the investment is recorded at nil carrying value, which is net of an impairment allowance of \$980,000 in the accompanying statements of net position.

10. Employee Retirement Plan

MIMRA has implemented a defined contribution retirement savings plan (the Plan) for its employees who have completed at least 3 months of service. Plan participants may contribute 5% up to 10% of their gross salaries to be matched 100% by MIMRA. Withdrawal from the Plan occurs upon termination of employment, retirement at age 65, permanent disability or death. Plan assets are held in a trust fund administered by a trustee in accordance with the trust agreement. Management has the authority to establish or amend Plan provisions and contribution requirements. During the years ended September 30, 2025 and 2024, MIMRA contributed \$95,230 and \$108,057, respectively, to the Plan participant accounts. As of September 30, 2025 and 2024, total Plan assets were \$1,051,021 and \$825,656, respectively.

Marshall Islands Marine Resources Authority
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Notes to Financial Statements, continued

11. Related Party Transactions

MIMRA was created by the Nitijela of RepMar under Public Law 1997-60 and is considered a component unit of RepMar. Accordingly, MIMRA is affiliated with all RepMar-owned and affiliated entities, including Tobolar Copra Processing Authority (Tobolar). MIMRA utilizes services from certain affiliated entities at substantially the same terms and conditions as those incurred from third parties. A summary of related party transactions as of September 30, 2025 and 2024, and for the years then ended is as follows:

	<u>2025</u>			
	<u>Revenues</u>	<u>Expenses</u>	<u>Payables</u>	<u>Receivables</u>
Marshall Islands Fishing Company	\$1,372,000	\$ ---	\$ ---	\$ 61,000
Koo's Fishing Company, Ltd.	7,036,900	---	---	571,000
Marshall Islands Social Security Administration	---	273,792	168,888	---
Marshall Islands National Telecommunications Authority	---	35,662	---	---
Marshall's Energy Company, Inc.	---	172,010	---	---
RepMar	---	---	36,312	4,500
Other	<u>---</u>	<u>162,292</u>	<u>---</u>	<u>2,888</u>
	<u>\$8,408,900</u>	<u>\$643,756</u>	<u>\$205,200</u>	639,388
Less allowance for doubtful receivables				(633,500)
				<u>\$ 5,888</u>

	<u>2024</u>			
	<u>Revenues</u>	<u>Expenses</u>	<u>Payables</u>	<u>Receivables</u>
Marshall Islands Fishing Company	\$2,522,000	\$ ---	\$ ---	\$ 412,590
Koo's Fishing Company, Ltd.	5,477,000	---	---	1,280,585
Marshall Islands Social Security Administration	---	268,661	30,623	---
Marshall Islands National Telecommunications Authority	---	26,482	---	---
Marshall's Energy Company, Inc.	---	174,573	---	---
RepMar	---	---	3,869	4,500
Other	<u>---</u>	<u>45,088</u>	<u>---</u>	<u>2,888</u>
	<u>\$7,999,000</u>	<u>\$514,804</u>	<u>\$ 34,492</u>	1,700,563
Less allowance for doubtful receivables				(644,807)
				<u>\$1,055,756</u>

In 2016, the Nitijela of RepMar enacted the Marshall Islands Marine Resources Authority (MIMRA Surplus Funds Amendment) Act 2016, effective January 1, 2016, which provided a process for the transfer to RepMar's General Fund of any surplus funds from MIMRA. During the years ended September 30, 2025 and 2024, MIMRA provided cash contributions to RepMar's General Fund of \$27,200,000 and \$29,960,000, respectively, in accordance with annual legislative appropriations as enacted by the Nitijela. As of September 30, 2025, cash contributions due and payable to RepMar's General Fund were \$2,000,000.

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

Notes to Financial Statements, continued

11. Related Party Transactions, continued

In accordance with Public Law 1997-60, as amended, MIMRA has negotiated certain access agreements for the purpose of collecting amounts received from sovereign nations in accordance with various international fishing rights treaties. During the years ended September 30, 2025 and 2024, MIMRA collected \$6,072,915 and \$3,143,116, respectively, under these treaties.

12. Financing

World Bank

In 2014, the World Bank approved funding to support the Pacific Islands Regional Oceanscape Program (PROP), a regional program of operations to strengthen the management of fisheries in the Pacific Islands. Various components and activities of the PROP are to be financed by the International Development Association (IDA) and the Global Environment Facility (GEF) Program. In 2015, MIMRA entered into a subsidiary agreement with RepMar for the purposes of executing the objectives of the PROP.

During the years ended September 30, 2025 and 2024, MIMRA incurred expenses of \$1,421,572 and \$716,555, 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.

During the years ended September 30, 2025 and 2024, MIMRA received \$1,450,000 and \$800,000, respectively, 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>2025</u>	<u>2024</u>
IDA Grant ID E165-MH:		
Balance at beginning of the year	\$1,197,629	\$1,114,184
Grant funds received during the year	1,450,000	800,000
Grant expenses incurred during the year	<u>(1,421,572)</u>	<u>(716,555)</u>
Balance at end of the year	<u>\$1,226,057</u>	<u>\$1,197,629</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.

Marshall Islands Marine Resources Authority
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Notes to Financial Statements, continued

12. Financing, 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 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>2025</u>	<u>2024</u>
Balance at beginning of the year	\$14,810	\$36,838
Grant expenses incurred during the year	<u>---</u>	<u>(22,028)</u>
Balance at end of the year	<u>\$14,810</u>	<u>\$14,810</u>

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. During the year ended September 30, 2024, MIMRA received \$89,200 from the Chinese Taipei Trust Fund to fund the operations of the project. No grant funds were received in 2025. A summary of the grant activities are as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	\$(20,694)	\$(24,025)
Grant funds received during the year	---	89,200
Grant expenses incurred during the year	<u>---</u>	<u>(85,869)</u>
Balance at end of the year	<u>\$(20,694)</u>	<u>\$(20,694)</u>

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

Notes to Financial Statements, continued

12. Financing, 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. During the year ended September 30, 2025, MIMRA received a \$289,181 grant under a research subaward agreement with Leland Stanford Junior University to fund the operations of the project. A summary of the grant activities are as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	\$ 43,349	\$165,237
Grant funds received during the year	289,181	---
Grant expenses incurred during the year	(181,745)	(121,888)
Balance at end of the year	<u>\$150,785</u>	<u>\$ 43,349</u>

Food and Agriculture Organization of the United Nations

MIMRA is the recipient of grants 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 grant activities are as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	\$ 22,574	\$ 57,078
Grant funds received during the year	48,368	35,575
Grant expenses incurred during the year	(69,304)	(70,079)
Balance at end of the year	<u>\$ 1,638</u>	<u>\$ 22,574</u>

13. PNA Office

The PNA was established by eight sovereign nations (Federated States of Micronesia, Marshall Islands, Kiribati, Tuvalu, Solomon Islands, Nauru, Papua New Guinea, and Palau) in 1982. The PNA Office was established as a quasi-governmental organization in Majuro as the Head Office of the PNA and is responsible for administering of the VDS program, including collection of revenues associated with this program. During the years ended September 30, 2025 and 2024, MIMRA recognized revenues related to the VDS program of \$22,853,000 and \$21,865,319, respectively. As of September 30, 2025 and 2024, receivables due from the PNA Office associated with VDS revenues amounted to \$4,561,895 and \$6,810,446, respectively.

Marshall Islands Marine Resources Authority
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Notes to Financial Statements, continued

14. Commitment and Contingency

Construction-in-Progress

In 2022, MIMRA executed a \$2,973,184 contract for the construction of an annex to an existing building. In 2024, a revised cost proposal for \$3,104,395 was submitted by the contractor to MIMRA. As of September 30, 2025 and 2024, the remaining commitment under this contract was \$43,355 and \$200,203, respectively.

Litigation

MIMRA is a party to legal proceedings. MIMRA's management believes that the provision for any liability will not be material to the accompanying financial statements.

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*

Board of Directors
Marshall Islands Marine Resources Authority

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Marshall Islands Marine Resources Authority (MIMRA), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise MIMRA's basic financial statements, and have issued our report thereon dated June 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MIMRA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MIMRA's internal control. Accordingly, we do not express an opinion on the effectiveness of MIMRA'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, misstatements 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

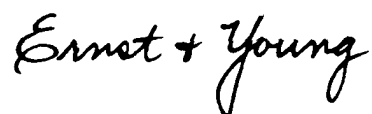
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 MIMRA's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 an audit performed 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.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style script.

June 22, 2026