

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

Republic of the Marshall Islands

Year ended September 30, 2024



**Shape the future
with confidence**

September 1, 2026

Management and Those Charged with Governance
Republic of the Marshall Islands

We have performed an audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Republic of the Marshall Islands (RepMar) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise RepMar's basic financial statements, in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated September 1, 2026.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide those charged with governance with additional information regarding the scope and results of the audit that may assist those charged with governance in overseeing the financial reporting and disclosure processes for which the management of RepMar is responsible. We summarize these required communications as follows:

Overview of the planned scoped and timing of the audit

Our audit scope and timing are consistent with the plan communicated in our audit engagement agreement dated January 29, 2026 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, the required supplementary information and the other supplementary information are the responsibility of RepMar'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 agreement.

We issued adverse opinions on RepMar's aggregate discretely presented component units and aggregate remaining fund information, qualified opinions on RepMar's governmental activities and Grants Assistance Fund, and unmodified opinions on RepMar's General Fund and Compact Trust Fund, which are reported in RepMar's financial statements as of and for the year ended September 30, 2024.

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

Our audit strategy is consistent with the plan communicated during the audit planning meeting with management.

Changes to the terms of audit with no reasonable justification for the change

None.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

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 RepMar'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**
- **Financial statement disclosures**

Management has not selected or changed any significant policies or changed the application of those policies in the current year other than the adoption of Government Accounting Standards Board Statement No. 96 - *Subscription-Based Information Technology Arrangements* as disclosed in Note 1 of the basic financial statements.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

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 RepMar's operations. These budgets include determining how existing financial resources will be used in RepMar's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial reporting purposes.

Related party relationships and transactions

We noted no significant matters regarding RepMar's relationships and transactions with related parties.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by RepMar.

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 the Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 1, 2026.

In that report, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the planning meeting during the audit.

- Fraud and noncompliance with laws and regulations (illegal acts)
- Tips or complaints regarding RepMar's financial reporting
- Significant unusual transactions
- Subsequent events

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. 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*
- GASB Statement No. 105, *Subsequent Events*

No issues have been identified that in our professional judgment would impair our independence.

Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management

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 difficulties encountered in dealing with management in performing 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.

Representations we are requesting from management

We have obtained from management a representations letter related to the audit, and a copy of the management representations letter is included in Appendix A.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with RepMar 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 provide services for EY in connection with the Audit Services.

Engagement team's involvement with preparation of the financial statements

Under *Government Auditing Standards* 2018 Revisions, Chapter 3 Ethics, Independence and Professional Judgment, Paragraphs 3.73-74 explain that the audit team should make consideration of management's ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual 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.
- The preparation of the financial statements is based on RepMar's trial balance with our understanding that RepMar's underlying books and records are maintained by RepMar's accounting department and that the final trial balance prepared by RepMar is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of RepMar.
- RepMar's Secretary of Finance, Banking and Postal Services has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of those charged with governance, RepMar's management, and the Office of the Auditor-General, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

Ernst + Young

Appendix

A - Management Representations Letter

A - Management Representations Letter



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

September 1, 2026

Ernst & Young (RMI), Inc.
4th Floor
NAPA Building
Majuro, MH 96960

In connection with your audit of the financial statements of the Republic of the Marshall Islands (RepMar), as of September 30, 2024, and for the year 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 opinions whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Republic of the Marshall Islands and the respective changes in financial position and cash flows, where applicable, thereof, and the related notes to the financial statements (collectively referred to as the "basic financial statements"), 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 January 29, 2026, for the preparation and fair presentation of the basic financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding period.

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

Management's responsibilities, continued

In preparing the basic financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RepMar's ability to continue as a going concern for twelve months beyond the financial statement date, including consideration of any currently known information that may raise substantial doubt shortly thereafter.

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. 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 financial statements.

From October 1, 2023 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 reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

We recognize that we are responsible for RepMar's compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to you all laws, regulations, provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

Management's responsibilities, continued

We have provided you 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 basic financial statements or as a basis for recording a loss contingency.

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

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

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

We are responsible for the presentation of the Schedule of Expenditures of Federal Awards ("the SEFA") in accordance with the Uniform Guidance, 2 CFR 200.510(b). We believe the SEFA, including its form and content, is presented in accordance with the Uniform Guidance, 2 CFR 200.510(b). There have been no changes in the methods of measurement or presentation of the SEFA from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the SEFA. We are responsible for the significant assumptions and interpretations underlying the measurement or presentation of the SEFA. We believe that the significant assumptions and interpretations used are reasonable.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedules, accumulated by you during the current and prior audit period presented, are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit.

In addition, to the extent that uncorrected misstatements have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements summarized in the accompanying schedules, are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit.

Financial reporting entity and net position/fund balance

We have identified and accounted all component units as well as joint ventures with an equity interest and properly disclosed all other joint ventures and other related organizations.

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

The basic financial statements include all fiduciary activities as required by Governmental Accounting Standards Board (GASB) Statement No.84.

Financial reporting entity and net position/fund balance, continued

We have identified and properly classified all funds and activities in accordance with GASB Statement No. 54 - as amended. 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.

All funds that meet the quantitative criteria in GASB Statement No. 34 - as amended and GASB Statement No. 37 - as amended, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved. We properly recognized, in accordance with our policy, whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

We are following our established accounting policy regarding which resources (unspendable, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures when more than one resource classification is available.]

Internal control

We have communicated to you all significant deficiencies and 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, 2024.

Minutes and contracts

We have made available to you all minutes of the meetings of the Cabinet of RepMar from October 1, 2023 to the date of this letter 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 basic financial statements.

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

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 fair value measurements, are reasonable and supportable.

Certain risks disclosures

There are no risks related to vulnerabilities due to material concentrations or constraints in accordance with the GASB Statement No. 102, *Certain Risk Disclosures*.

Ownership and pledging of assets

No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which RepMar has satisfactory title appear on the statement of net position.

Receivables and revenues

Adequate provision has been made for any receivable as of September 30, 2024 that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

We have elected an accounting policy that defines when revenues become both measurable and available and we have consistently applied that policy for recognizing revenues.

Deposit, investment securities, and investment derivative risk disclosures

Information about deposits, investment securities and derivative transactions are presented and disclosed in accordance with the GASB requirements. Those balances with credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk have been properly disclosed in the basic financial statements.

Leases

We have identified and accounted for all contracts including any modifications thereto that meet the criteria to be accounted for as a lease under GASB Statement No. 87 - as amended. We have appropriately considered any renewal, termination or purchase options in those contracts. We also believe other relevant assumptions (e.g., economic life, fair value, and residual value) made for purposes of accounting for lease arrangements are reasonable and supportable estimates.

To measure the lease liability, we used the rate the lessor charges us or the rate implicit in the lease. When the interest rate could not be readily determined, we estimated our incremental borrowing rate

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
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(IBR). We believe our IBR represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Subscription-Based Information and Technology Arrangements (SBITA)

We have identified and accounted for all contracts that meet the criteria to be accounted for as a SBITA under GASB Statement, 96 - as amended. We have appropriately considered any modifications or terminations in the contract.

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

Capital assets

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

Capital assets have been evaluated for impairment whenever events or changes in circumstances suggest that the service utility of a capital asset may have significantly and unexpectedly declined. Our assessments, measurements and reporting of impairments, where applicable, are in accordance with GASB Statement 42 - as amended.

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72 - as amended.

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72 - as amended.

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 and disclosures have been made in the basic financial

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

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 basic financial statements.

Debt

We have complied with debt limits and debt related covenants.

We have 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 - as amended.

Events of default under debt agreements

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

Contingencies and other 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 basic financial statements or as a basis for recording a loss contingency other than those disclosed or accrued in the basic financial statements.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the basic financial statements other than those disclosed or accrued in the basic financial statements.

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
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Contingencies and other liabilities, continued

There are no other liabilities considered material, individually or in the aggregate, that are required to be accrued or disclosed other than those accrued or disclosed in the basic financial statements. There are also no other 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, other than those accrued or disclosed in the basic financial statements, nor are there any accruals for loss contingencies included in the balance sheet(s) or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 - as amended.

Oral or written guarantees

There are no oral or written guarantees including guarantees of the debt of others.

Purchase commitments

As of September 30, 2024, RepMar had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2024 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Classification and allocation of revenues and expenses

Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.

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.

Tax abatement

There are no tax abatement agreements required to be disclosed.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that RepMars's activities are conducted in accordance with laws, regulations, and provisions of contracts and grant agreements and that we are responsible for identifying and addressing any non-compliance with applicable laws, regulations, and provisions of contracts and grant agreements, including fraud.

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



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A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

Non-compliance with laws and regulations, including fraud, continued

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

We have disclosed to you all known actual or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered when preparing the basic financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in RepMar'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 basic 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") that could result in a misstatement of the basic financial statements or otherwise affect the financial reporting of RepMar.

Independence

We have communicated to you the names of RepMar's affiliates, as defined 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 RepMar.

We are not aware of any business relationship between RepMar and Ernst & Young (RMI), Inc. or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services and those business relationships disclosed to you below.

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

Conflicts of interest

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

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget v Actual - General Fund and notes thereto, which have been measured and presented in

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A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

accordance with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

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.

Supplementary information

We are responsible for the preparation and fair presentation of the combining and individual fund financial statements and schedules, etc. (the "supplementary information") and its form and content in conformity with the GASB. We believe the supplementary information, including its form and content, is fairly stated in all material respects in conformity with the GASB.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Other information

We confirm that we have not identified any other information as defined in AICPA AU-C 720.

Interfund, internal and intra-entity activity and balances

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

Subsequent events

Subsequent to September 30, 2024, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to RepMar's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of RepMar, except for the following:

- a) On October 22, 2024, RepMar executed a financing agreement with International Development Association (IDA) for the Renewable Energy Generation and Access Increase Project in the amount of SDR45,600,000.

A - Management Representations Letter, continued



Ministry of Finance Banking & Postal Services
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- b) On November 14, 2024, the Cabinet of RepMar authorized and approved the establishing of a Public Private Partnership to execute and administer the issuance of digital bonds collateralized by U.S. treasuries.

Subsequent events, continued

- c) On September 19, 2025, the Nitijela of RepMar enacted legislation regarding tax reforms to modernize and improve the income and consumption tax system, effective October 1, 2026.
- d) On September 24, 2025, RepMar executed a financing agreement with IDA for the Strengthening Public Financial Management II Project in the amount of SDR11,000,000.

We understand that your audit was conducted in accordance with 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 an opinion on the financial statements as a whole and the effectiveness of internal control over financial reporting, 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,

Ayako Yamaguchi-Eliou
Secretary of Finance, Banking, and Postal Services

A - Management Representations Letter, continued

Republic of the Marshall Islands
Letter of Representations

September 1, 2026

APPENDIX A - Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity:		REPMA - Govt Wide	Period ended: 30-Sep-2024				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 2	K.01b	To transfer ECC Gym from CWIP								
		Capital Assets - Cos 101		5,273,781						
		Capital Assets -CWIP		(5,273,781)						
AJE 1	LRE-B.1	To correct lease assets for deletions								
		Accumulated Amortization - Leases		134,098						
		RTU Assets - Leases		(116,396)						
		Investment in RTU Assets					(17,692)			
AJE 3	Q.01.1	To adjust ADB loans payable for SDR currency exchange loss								
		Amount to be provided					893,728			
		ADB Loans Payable			(893,728)					
AJE 4		To correct accrued interest payable								
		Accrued Interest Payable			107,352					
		Amount to be provided					(107,352)			
Total of corrected misstatements before income tax			0	17,662	(786,376)	0	768,713	0	0	
Financial statement amounts			528,893,936	0	(108,417,296)	0	(222,502,424)		(197,884,306)	
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	0.7%	0.0%	-0.3%		0.0%	

A - Management Representations Letter, continued

Republic of the Marshall Islands
Letter of Representations

September 1, 2026

APPENDIX A - Schedule of Corrected Misstatements, Continued

Communication schedule for corrected misstatements

Entity:		REPMAIR - General Fund	Period ended: 30-Sep-2024				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)	Net taxable
SAD C1	PLAN 05b Note R	To correct beginning fund balance Fund Balance - Undesignated Prepayments - Majoro	(156,871)					156,871		
SAD C2	Z 01 (UG File) TM B	To record expenditures incorrectly charged to AIN 93,323 ELC Grant Due to/from Other Funds Training and Staff Development Equipment and Tools - Expensed			(16,453)				8,460 7,993	
SAD C3	C 02.2	To reverse stale checks not cleared as of year-end and restore cash balance accordingly. Checks were liss used over 6 months prior to YE and are considered void General Fund Treasury - BOG Ebeye General Account - BOAII Ebeye Usaria Account - BOG Payroll Treasury Fund - BOA General Fund - PSS Education Fund A/P - Cancelled General Fund Checks A/P Cancelled Payroll Fds Cks A/P - Suppliers	813,186 11,290 1,194 241,687 77,296		(825,689) (241,687) (77,296)					
SAD C4	N	To exclude outstanding checks included in unreleased check listing A/P - Others Ebeye General Account - BOAII General Fund Treasury - BOG	(11,293) (6,142)		17,424					
Total of corrected misstatements before income tax			958,356	0	(1,143,681)	0	156,871	0	16,463	
Financial statement amounts			244,289,336	0	(217,961,105)	0	(25,769,313)		(618,917)	
Effect of corrected misstatements on F/S amounts			0.4%	0.0%	0.5%	0.0%	-0.6%		-2.7%	

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APPENDIX A - Schedule of Corrected Misstatements, Continued

Communication schedule for corrected misstatements

Entity:	REPMA - Grants Assistance Fund	Period ended:	30-Sep-2024	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
PLAN 4		To correct transfers in related to Trust Fund Account A distribution and recognize related revenue								
Note P		Interfund Transfer In							3,000,821	
		Interfund Transfer In							3,031,795	
		Interfund Transfer In							198,156	
		Trust Fund Distributions							(3,000,821)	
		Trust Fund Distributions							(3,031,795)	
		Trust Fund Distributions							(198,156)	
Z 01 (U)		To transfer expenditures from ALN 93.323 ELC Grant to the General Fund								
TM B		Due to/from Other Funds			16,453					
		Training and Staff Development							(5,450)	
		Equipment and Tools - Expensed							(7,993)	
Total of corrected misstatements before income tax			0	0	16,453	0	0	0	(10,443)	
Financial statement amounts			220,659,144	0	(34,691,018)	0	(20,852,794)		(171,215,332)	
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	

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APPENDIX A - Schedule of Corrected Misstatements, Continued

Communication schedule for corrected misstatements

Entity: RepMar Compact Trust Fund			Period ended: 30-Sep-2024			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	
PLAN06b		To correct transfers out related to Trust Fund distributions								
Note O		Net Change in the FV of Investments - Trust Fund							6,896,772	
		Interfund Transfer Out							(6,896,772)	
Total of corrected misstatements before income tax			0	0	0	0	0	0	0	
Financial statement amounts			133,365,113	0	0	0	(110,922,230)		(22,442,883)	
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	

A - Management Representations Letter, continued

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APPENDIX B - Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements											
Entity: REP/MAIR, Govt White			Period Ended: 30-Sep-2024				Currency: USD				
Uncorrected misstatements			Analysis of misstatements Debit/Credit								
No.	WP ref	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Income statement effect of the prior period
		(misstatements are recorded as journal entries with a description)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit	Debit/Credit	Debit/Credit	Non-taxable	Prior period Debit/Credit
Factual misstatements:											
SAD01	KG2a	To record impact of FY2021 capital contribution to component unit KAJUR									
		Contribution liability to CU					2,500,000	(2,500,000)		X	
		Net position									
SAD01	IG4	To correct understatement of expenditures and revenues due to unrecorded embassy in gross account transactions									
		Expenditures						105,817		X	
		Revenues - Other						(105,817)		X	
SAD01	VE1	2023 Income Recorded in 2024 (Actual Cost of Measurement)									
		Revenues						1,084,249		X	
		Expenditures						(1,084,249)		X	
SAD01	IG2.2	Overstatement of WB receivable									
		Grant revenue						1,024,101		X	
		Grants Receivable	(1,024,101)								
SAD01	VE4	To correct the overstatement of Four Ash Medical Fund expenditures									
		AYR 177 health plan		181,040							
		Contractual services						(181,040)		X	
Total of uncorrected misstatements before income tax			(85,581)	0	0	0	2,500,000	0	(17,737,802)		0
Total of uncorrected misstatements			(85,581)	0	0	0	2,500,000	0	(17,737,802)		0
Financial statement amounts			126,803,928		(109,417,208)		(4,800,369,720)		(197,636,308)		
Effect of uncorrected misstatements on FI's amounts			-0.2%	0.0%	0.0%	0.0%	-0.6%		0.9%		0.0%
Memo: Total of non-taxable items (marked 'X' above)									(17,737,802)		0
Uncorrected misstatements before income tax								0.0%	(17,737,802)		0

Communication schedule for uncorrected misstatements													
Entity: REP/MAIR - Govt White			Period Ended: 30-Sep-2024					Currency: USD					
Uncorrected misstatements			Analysis of misstatements Debit/Credit					Effect on the current period OCI		Income statement effect of the current period		Income statement effect of the prior period	
No.	WP ref	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components						
(misstatements are recorded as journal entries with a description)			Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Non-taxable	Prior period Debit/Credit
Less: Tax effect of misstatements at current year marginal rate									2%	0			0
Uncorrected misstatements in income tax													0
Cumulative effect of uncorrected misstatements after tax but before turnaround									0.9%	(17,737,802)			0
Turnaround effect of prior period uncorrected misstatements													0
After tax and projected misstatements:													0
Judgmental misstatements (Note 2):													0
Cumulative effect of uncorrected misstatements, after turnaround effect									0.9%	(17,737,802)			0
Current year income before tax											(197,636,308)		
Current year income after tax											(197,636,308)		

A - Management Representations Letter, continued

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APPENDIX B - Schedule of Uncorrected Misstatements, Continued

Communication schedule for uncorrected misstatements

Entity: REPASR - General Fund

Period ended: 30-Sep-2024

Currency: USD

Uncorrected misstatements			Analysis of misstatements										Effect on the current period OCI		Income statement effect of the current period		Income statement effect of the prior period	
No.	IMP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components		Effect on the current period OCI	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)	Non-taxable	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)		Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)	Non-taxable	
Particular misstatements																		
SADG1	C.04	To correct understatement of expenditures and revenues due to unrecorded embassy expenses account transactions												928,617				
		Expenditures																
		Revenues - Other												(928,617)				
Total of uncorrected misstatements before income tax																		
Total of uncorrected misstatements																		
Financial statement amounts			244,265,234		22,17,661,190		(28,793,312)							28,793,312				
Effect of uncorrected misstatements on P/B amounts			0.0%	0.0%	0.0%	0.0%	0.0%							0.0%		0.0%		
Memo: Total of non-taxable items (marked 'X' above)																		
Uncorrected misstatements before income tax										0.0%								
Less: Tax effect of misstatements at current year marginal rate										3%								
Uncorrected misstatements in income tax																		
Cumulative effect of uncorrected misstatements after tax but before turnaround										0.0%								
Turnaround effect of prior period uncorrected misstatements																		
All factual and projected misstatements: Judgmental misstatements (Note 3)																		
Cumulative effect of uncorrected misstatements, after turnaround effect										0.0%								
Current year income before tax														818,917				
Current year income after tax														(918,917)				

A - Management Representations Letter, continued

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APPENDIX B - Schedule of Uncorrected Misstatements, Continued

Communication schedule for uncorrected misstatements

Entity:		REPMAIR - Grants Assistance Fund		Period Ended: 30-Sep-2024		Currency: USD						
Uncorrected misstatements			Analysis of misstatements Debit/Credit									
No	VAF ref	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Income statement effect of the prior period	
(misstatements are recorded as journal entries with a description)			Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Credit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Non-taxable	Prior period Debit/Credit	Non-taxable
Factual misstatements:												
SAD 01	VE 1	2023 Invoice Recorded in 2024 (Factual Out of Misstatement)										
		Revenue								1,034,101	X	
		Expenditures								(1,034,243)	X	
SAD03	E2.2	Overstatement of WBS receivable										
		Grant revenue								1,034,101	X	
		Grants Receivable	(1,034,101)								X	
Projected misstatements:												
Total of uncorrected misstatements before income tax			(1,034,101)	0	0	0	0	0	0	1,034,101		0
Total of uncorrected misstatements			(1,034,101)	0	0	0	0	0	0	1,034,101		0
Financial statement amounts			226,463,143	(26,491,010)	(26,463,290)	(26,463,290)				(117,476,300)		0
Effect of uncorrected misstatements on FTS amounts			0.0%	0.0%	0.0%	0.0%	0.0%			0.6%		0.0%
Memo: Total of non-taxable items (marked 'X' above)										7,034,101		0
Uncorrected misstatements before income tax										0.0%	1,034,101	
Less: Tax effect of misstatements at current year marginal rate										2%	0	
Uncorrected misstatements in income tax												0
Cumulative effect of uncorrected misstatements after tax but before turnaround										0.6%	1,034,101	
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:												
Judgmental misstatements (Note 3):												
Cumulative effect of uncorrected misstatements, after turnaround effect										0.6%	1,034,101	
Current year income before tax												
Current year income after tax												

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APPENDIX B - Schedule of Uncorrected Misstatements, Continued

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A - Management Representations Letter, continued

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APPENDIX B - Schedule of Uncorrected Misstatements, Continued

Communication schedule for uncorrected misstatements

Entity:	REPUBLIC - Component Units	Period Ended:	30 Sep 2025	Currency:	USD					
Uncorrected misstatements			Analysis of misstatements							
No.	WP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Income statement effect of the prior period
(misstatements are recorded as journal entries with a description)			Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit	Debit/Credit	Non-taxable
Factual misstatements:										
MISD SMO #1	E-01	To record negative fair responsibilities to customer advances								
	1200	Accounts Receivable Fuel	438,110							
	1200	Accounts Receivable Trade	88,110							
	2075	Deferred Income - Fuel			(154,000)					
MISD SMO #1	100	To record the unrecorded contribution from private employees in prior year								
		Fund Balance								
		Contributions Private Employees								(246,304) X
MISD SMO #2	1104.2	To record understatement of investment with MRO from prior years								
		Equity Earnings of Affiliate								
		Fund Balance					(1,167,732)		1,167,732	X
Judgments misstatements:										
MISD SMO #1	1104.2	To record additional provision for loan loss								
		Provision for loan losses								
		Allowance for loan losses	(1,160,000)							
Projected misstatements:										
Total of uncorrected misstatements before income tax			244,000	0	(154,000)	0	(1,167,732)	0	2,347,732	(2,004,000)
Total of uncorrected misstatements			244,000	0	(154,000)	0	(1,167,732)	0	2,347,732	(2,004,000)
Financial statement amounts			222,180,070	187,770,001	173,304,500	173,304,500	173,304,500	173,304,500	173,304,500	173,304,500
Effect of uncorrected misstatements on P/B amounts			-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Memo: Total of non-taxable items (marked "X" above)									2,347,732	(2,004,000)
Uncorrected misstatements before income tax								0.0%	2,347,732	(2,004,000)
Less: Tax effect of misstatements at current year marginal rate									0	0

Communication schedule for uncorrected misstatements

Entity: REPUBLIC - Component Units		Period Ended: 30 Sep 2025		Currency: USD						
Uncorrected misstatements			Analysis of misstatements							
No.	WP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Income statement effect of the prior period
		(misstatements are recorded as a journal entries with a description)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit	Debit/Credit	Non-taxable
Uncorrected misstatements in income tax										
Cumulative effect of uncorrected misstatements after tax, but before turnaround								-11.2%	2,347,732	0
Turnaround effect of prior period uncorrected misstatements										20,000,000
All factual and projected misstatements:								2,004,126	2,004,126	
Judgments misstatements (Note 2):										
Cumulative effect of uncorrected misstatements, after turnaround effect								-20.8%	4,351,816	
Current year income before tax										
Current year income after tax									62,966,550	

We accumulate all misstatements in disclosures that merit the attention of those charged with governance. (Note 1)			
No.	PN reference	Description of misstatements in disclosures	Evaluation of and conclusion on effect of the uncorrected misstatements in disclosures.
Uncorrected misstatements in disclosures:			
MINT A or TAPVC 01	PS_Note 9	No disclosure for related party transactions for revenue	GASBS 52, paragraph 55, as amended by GASBS 53, paragraph 8
		GASB 57 Disclosure wasn't included	Included by engagement team as part of recurring management letter comment. Refer also to MLC 2024-001, SOCD and COMM 01 Series. Management don't recognize the GASB 57, as the total impact is \$29,322 which is below threshold.