

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

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia
National Government)

Year ended September 30, 2023



June 16, 2025

The Board of Regents
College of Micronesia-FSM

We have performed an audit of the financial statements of College of Micronesia-FSM (the College), a component unit of the FSM National Government, as of and for the year ended September 30, 2023, 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, and have issued our report thereon dated June 16, 2025.

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

REQUIRED COMMUNICATIONS

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

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated May 3, 2024 and at our audit planning meeting with management.

Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements and required supplementary information are the responsibility of the College's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

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

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

Our responsibilities are included in our audit engagement letter.

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

Our audit strategy is consistent with the plan communicated during the June 2024 planning meeting.

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

We did not identify any events or conditions that led us to believe there was substantial doubt about the College's ability to continue as a going concern.

Our views about the qualitative aspects of the College's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

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 3 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.

Related party relationships and transactions

We noted no significant matters regarding the College's relationships and transactions with related parties other than disclosed in Note 8 to the financial statements.

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

None.

Significant unusual transactions

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

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 the “Summary of Corrected Misstatements” in Appendix A.

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

Refer to the “Management Representations Letter” in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

Material weaknesses and significant deficiencies identified during the course of our audit have been included in our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated June 16, 2025.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the June 2024 meeting and at the update status meetings during the audit.

Independence matters

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

New accounting pronouncements

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

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

None.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

None.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the College or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

Representations we are requesting from management

Refer to "Management Representations Letter" in Appendix B.

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraphs 3.73-74 explains 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 the College's trial balance with our understanding that the College's underlying books and records are maintained by the College's accounting department and that the final trial balance prepared by the College is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the College.
- The College's Comptroller 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 the Board of Regents and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ernst & Young LLP

Appendix

Appendix A – Management Representations Letter

Appendix A – Management Representations Letter



COLLEGE OF MICRONESIA – FSM

P.O Box 159 , Kolonia, Pohnpei
Federated States of Micronesia 96941
Phone: (691) 320-2480

June 16, 2025

Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

In connection with your audits of the basic financial statements of the College of Micronesia-FSM (the College) as of September 30, 2023 and 2022 and for the periods then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the College and the respective changes in financial position and cash flows, where applicable, thereof in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated May 3, 2024, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding periods, except for the effects of adopting new accounting standards.

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

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

Appendix A – Management Representations Letter, continued

- 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 College from whom you determined it necessary to obtain evidence

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

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

From October 1, 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

We recognize that we are responsible for the College'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.

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 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.

Appendix A – Management Representations Letter, continued

We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, that you have reported.

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.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to the supplementary information), summarized in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit and to the supplementary information.

In addition, to the extent that uncorrected misstatements (including those related to supplementary information) have been subsequently identified in the current period that affect prior period financial statements and/or supplementary information, we have evaluated the effect of correcting prior period financial statements and/or supplementary information and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit and supplementary information.

Refer to the “Schedule of Uncorrected Misstatements” in Appendix A.

Corrected misstatement

We have reviewed and approved the adjustment, summarized in the accompanying schedule, and reflected this adjustment in the financial statements.

Refer to the “Schedule of Corrected Misstatements” in Appendix B.

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, 2023.

Appendix A – Management Representations Letter, continued

Minutes and contracts and internal audit reports

The dates of meetings of shareholders, directors, committees of directors and important management committees from October 1, 2022 to June 16, 2025 are as follows:

- November 21-22, 2022
- January 4, 2023
- April 13, 2023
- June 13-14, 2023
- September 21-22, 2023
- December 12-15, 2023
- April 15-19, 2024

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

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

We also have made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

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

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

Ownership and pledging of assets

Except for assets accounted for in accordance with GASB Statements No. 87, 94 and 96—as amended, for which we were provided a right-to-use another entity’s nonfinancial asset (the underlying asset), the College has satisfactory title to all assets appearing in the statements of net position as of September 30, 2024 and 2023. 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 the College has satisfactory title appear in the statements of net position.

Receivables and revenues

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

Appendix A – Management Representations Letter, continued

Inventories

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

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods subsequent to September 30, 2023 and none are contemplated.

Leases

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87- as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

Prepayments

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

Long-lived assets (asset groups) to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets (asset groups) to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

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. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in 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 or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

Appendix A – Management Representations Letter, continued

Side agreements and other arrangements

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

Arrangements with financial institutions

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

Oral or written guarantees

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

Purchase commitments

At September 30, 2023 and 2022, the College had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2023 and 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

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

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

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

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

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

Appendix A – Management Representations Letter, continued

Independence

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

We are not aware of any business relationship between the College and Ernst & Young LLP 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.

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

Conflicts of interest

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

Effects of new accounting principles

As discussed in Note 3, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

As discussed in Note 3, the College is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management's discussion and analysis on pages 4 through 18, which have been measured and presented in conformity with the guidelines established by the GASB in its applicable GASB Statement.

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

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

Appendix A – Management Representations Letter, continued

Constructions-in-progress

As of September 30, 2023, the National Government of the Federated States of Micronesia (FSMNG) has ongoing construction of the multi-technical unit and student center on the College's premises which are funded by certain federal awards. The College is not involved in the administration and supervision of these construction projects and FSMNG is fully responsible for complying with grant agreements and federal regulations. The College believes that the title to these properties will be transferred to the College upon completion of the construction works.

Other representation

We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the basic financial statements.

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

The basic financial statements include all fiduciary activities as required by GASB Statement No.84. The College concludes that as it does not have the ability to direct the exchange or direct the employment of the College of Micronesia-FSM Retirement Savings Plan (the Plan) assets. The College asserts that the activity of the Plan do not represent fiduciary activities of the College despite not being legally protected from its creditors.

The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54—as amended.

All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and GASB Statement No. 37, 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) are properly classified and, if applicable, approved.

Investments, derivative transactions, and land and other real estate held by endowments are properly valued.

Provisions for uncollectible receivables have been properly identified and recorded.

Expenses have been appropriately classified in or allocated to functions and programs in the statements of revenues and expenses, and allocations have been made on a reasonable basis.

Appendix A – Management Representations Letter, continued

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

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

Risk disclosures associated with deposits and investment securities and derivatives transactions are presented in accordance with GASB requirements.

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

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

Other matters

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

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

- The College's underlying books and records are maintained by the College's accounting department and that the final trial balance prepared by the College is complete; and
- Management of the College has designated a competent representative to oversee our services and that there are College personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

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

Subsequent events

Subsequent to September 30, 2023, no events or transactions as outlined in "Subsequent Events" in Appendix C 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 the College'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, and cash flows of the College.


Appendix A – Management Representations Letter, continued

We understand that your audits were 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 were, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the College 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,

 06. 16. 25.

Dr. Theresa Koroivulaono, President

 6/16/25

Mr. Steven Young-Uhk, Vice President for Innovation and Sustainability

 06/16/2025

Ms. Roselle Togonon, Comptroller

Appendix A – Management Representations Letter, continued

Appendices

A – Schedule of Uncorrected Misstatements

B – Schedule of Corrected Misstatements

C – Subsequent Events Questionnaire

Appendix A – Management Representations Letter, continued

A – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity:		College of Micronesia-FSM	Period Ended:				30-Sep-2023		Currency:		USD	
Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
Factual misstatements:												
SAD 01	N.01.01	To write off long outstanding payables										
		Accounts payable			262,290							
		Other income								(262,290)		
SAD 02	N.00	To reconcile unusual balance of interfund accounts										
		Other current liabilities			102,106							
		Accounts payable			(102,106)							
SAD 03	E.05	To correct the overstatement of allowance for doubtful accounts on grants and contracts receivables and due from FSM National Government										
		Allowance for doubtful accounts	645,239									
		Recoveries- allowance for doubtful accounts								(645,239)		
PY SAD		To correct allowance for bad debts										
		Bad debts expense									(36,459)	
PY SAD		To adjust gross receivable from government based on the confirmation received from FSM-NG										
		Government grants and contracts									451,130	
SAD 06	VD.00.N6	To reclass indirect costs										
		Miscellenaous								252,875		
		Government grants and contracts								(252,875)		

Appendix A – Management Representations Letter, continued

A – Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity: College of Micronesia-FSM

Period Ended: 30-Sep-2023

Currency: USD

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
Projected misstatements:												
SAD 04	FF.01	To record differences in inventory count per audit										
		inventories, net	139,000									
		Academic support							(139,000)			
SAD 05	K.02.1	To correct capital assets										
		Capital assets									260,353	
		Prepaid expenses									(280,353)	
Reclassification misstatements:												
Total of uncorrected misstatements before income tax			784,239	0	262,290	0	0	0	(1,046,529)		414,671	
Total of uncorrected misstatements			784,239	0	262,290	0	0	0	(1,046,529)		414,671	
Financial statement amounts			14,916,098	17,783,780	(5,092,756)	(852,932)	(26,754,190)		(886,116)		1,700,970	
Effect of uncorrected misstatements on F/S amounts			5.3%	0.0%	-5.2%	0.0%	0.0%		118.1%		24.4%	
Memo: Total of non-taxable items (marked 'X' above)										0		0
Uncorrected misstatements before income tax								118.1%	(1,046,529)		414,671	
Less: Tax effect of misstatements at current year marginal rate								0%	0		0	
Uncorrected misstatements in income tax									0		0	
Cumulative effect of uncorrected misstatements after tax but before turnaround								118.1%	(1,046,529)		414,671	
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:									After tax	Memo: Before tax		
Judgmental misstatements (Note 3):									(414,671)	(414,671)		
Cumulative effect of uncorrected misstatements, after turnaround effect								164.9%	(1,461,200)			
Current year income before tax									(886,116)			
Current year income after tax									(886,116)			

Appendix A – Management Representations Letter, continued

B – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity:		College of Micronesia-FSM		Period ended:		30-Sep-2023		Currency:		USD	
Corrected misstatements			Analysis of misstatements Debit/(Credit)								
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Non taxable	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
1	N.01	To correct the debit balances in accounts payable									
		Due to restricted fund			105,425						
		Accounts payable			(105,425)						
2	T.00	To correct net position related to the Endowment Challenge Grant Program as unrestricted as a result of the expiration of the grant terms in FY2017									
		Net Position: Restricted for education					750,000				
		Net Position: Unrestricted					(750,000)				
3	K.06	To correct subscription-based IT arrangements (SBITA) accounts									
		SBITA liability				51,406					
		SBITA asset		(51,406)							
4	VB.01.1	To record the federal revenues and grant expenditures from Land Grant									
		Institutional support							1,018,875		
		Federal grants and contracts							(1,018,875)		
5	UB.02	To eliminate internal transfer of funds from revenue									
		Institutional support							(500,000)		
		Other contributions to endowment fund							500,000		
Total of corrected misstatements before income tax			0	(51,406)	0	51,406	0	0	0		
Financial statement amounts			14,916,098	17,783,780	(5,092,756)	(852,932)	(26,754,190)		(886,116)		
Effect of corrected misstatements on F/S amounts			0.0%	-0.3%	0.0%	-6.0%	0.0%		0.0%		

Appendix A – Management Representations Letter, continued

C – Subsequent Events Questionnaire

Question	
1	Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?
2	Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements? Have any other significant unusual transactions been entered into?
3	Have any significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?
4	Have any significant changes occurred in trends in sales/revenues or costs that could affect accounting estimates (e.g., valuation of receivables or inventories, realization of deferred charges, provisions for warranties or employee benefits or unearned income)?
5	Have any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?
6	Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?
7	Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?
8	Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?
9	Have there been any changes in the entity's related parties?
10	Have any significant new related party transactions occurred?
11	Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?
12	Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the audited financial statements other than those that are already been provided to EY (if any).
13	Did COM-FSM provide all of minutes of BOR meeting that were held subsequent to the balance sheet date?
14	Are you aware of any fraud or suspected fraud affecting COM-FSM involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?
15	Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of COM-FSM?
16	Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?
17	Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?
18	Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?
19	Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?
20	Are you aware of any journal entries that would have a material effect on the financial statements as of the balance sheet date?