

**PERFORMANCE AND ACCOUNTABILITY REPORT
FISCAL YEAR 2010**



Photo courtesy of S. Cania

Submitted by the
MARINE MAMMAL COMMISSION
to the
OFFICE OF MANAGEMENT AND BUDGET
15 November 2010

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Message from the Chairman

Congress passed the Marine Mammal Protection Act of 1972 to maintain the health and stability of the marine ecosystem and, more specifically, to prevent marine mammal stocks from diminishing beyond the point at which they cease to be significant, functioning elements of the ecosystem. Title II of the Act created the Marine Mammal Commission as an independent federal agency charged with reviewing the domestic and international programs and policies of other federal agencies as they pertain to marine mammals. For almost four decades, the Commission has worked with federal, state, and local agencies; international, tribal, and non-governmental organizations; industry; and the public to meet the objectives of the Marine Mammal Protection Act. The Commission's independent status and scientific expertise enable it to provide objective, science-based advice. The Commission also attempts to provide its recommendations with as much forethought as possible, with the aim of resolving issues before they become costly and controversial.

With this letter, I submit the Commission's Fiscal Year 2010 Performance and Accountability Report, including financial and program performance results. The performance data contained in this report are complete and reliable. Prior to preparation of the report, the Commission evaluated its management controls and financial management system pursuant to the Federal Managers Financial Integrity Act of 1982. No material weaknesses were identified and the financial management system was found to conform to government financial system requirements. An independent, certified public accountant audited the Commission's financial statements, internal controls, and management systems and verified that they conform to generally accepted accounting principles, laws, regulations, and requirements.

I also have attached a copy of the Commission's 2009 Annual Report to Congress. Each year the Commission produces a report to Congress on its activities and accomplishments in the preceding year, including findings and recommendations made by the Commission and subsequent agency responses. The reports inform Congress, managers, scientists, educators, students, stakeholders, and other interested parties about matters affecting marine mammals and the ecosystems upon which they depend. The reports also constitute an informative historical record of progress in marine mammal conservation and management in U.S., foreign, and international waters.

On behalf of the Marine Mammal Commission, I am pleased to submit this Fiscal Year 2010 Performance and Accountability Report, with attachment, to the Office of Management and Budget.

Respectfully,



Daryl J. Boness, Ph.D.
Chairman

Attachments

MANAGEMENT DISCUSSION AND ANALYSIS

The following is a general overview of the Marine Mammal Commission, its responsibilities, and its activities in Fiscal Year (FY) 2010.

Commission Structure

The Commission consists of (1) three Commissioners appointed by the President and confirmed by the Senate, one of which serves as Chairman, (2) a nine-member Committee of Scientific Advisors on Marine Mammals appointed by the Chairman in consultation with the Director of the National Science Foundation, the Secretary of the Smithsonian Institution, the Chairman of the Council on Environmental Quality, and the Chairman of the National Academy of Sciences, and (3) a staff of 14 full-time employees. The Commission's organizational structure is depicted in Figure 1.

Commission Mission, Duties, and High Priority Performance Goals

Mission: The Marine Mammal Commission oversees and advises federal agencies to ensure that their domestic and international policies and actions are consistent with the Marine Mammal Protection Act, which seeks to protect and conserve marine mammals as functioning elements of healthy, stable marine ecosystems. Marine mammals are subject to multiple human-related risk factors, including operational and ecological fishery interactions; the introduction of noise, contaminants, and disease into their habitat; the creation of harmful algal blooms and dead zones; ill-managed coastal development and other forms of habitat modification; collisions with vessels of all sizes; and climate disruption. The Commission consults with other federal agencies (e.g., National Marine Fisheries Service; Fish and Wildlife Service; Department of State; Navy; Bureau of Energy Management, Regulation, and Enforcement), state agencies (e.g., various Departments of Fish and Game), and tribal organizations (e.g., the Indigenous People's Council on Marine Mammals) to characterize those risk factors and identify cost-effective solutions. The Commission also helps develop and coordinate multi-agency and international research and management initiatives to facilitate marine mammal protection and conservation, as described in the Commission's annual reports to Congress. In all its work, the Commission seeks to be a source of useful information; focused and catalytic research funding; and independent, objective, and forward-looking oversight.

Duties: Congress specified the duties of the Marine Mammal Commission and its Committee of Scientific Advisors on Marine Mammals in Title II of the Marine Mammal Protection Act. They are as follows.

- (1) Undertake a review and study of the activities of the United States pursuant to existing laws and international conventions relating to marine mammals including, but not limited to, the International Convention for the Regulation of Whaling, the Whaling Convention Act of 1949, the Interim Convention on the Conservation of North Pacific Fur Seals, and the Fur Seal Act of 1966.
- (2) Conduct a continuing review of the condition of the stocks of marine mammals, of methods for their protection and conservation, of humane means of taking marine mammals, of research programs conducted or proposed to be conducted under the

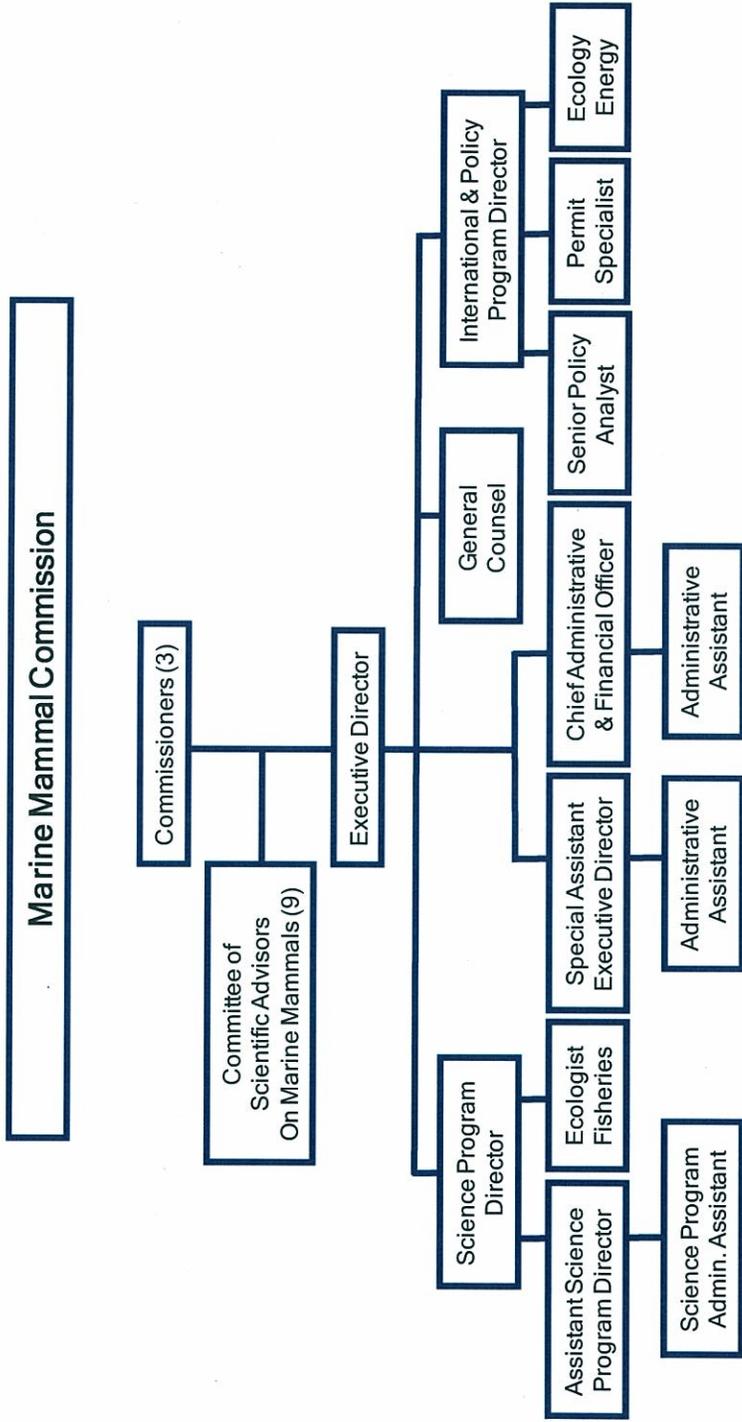


Figure 1. Organizational structure of the Marine Mammal Commission

authority of the Marine Mammal Protection Act, and of all applications for permits for scientific research, public display, or enhancing the survival or recovery of a species or stock.

- (3) Undertake or cause to be undertaken such other studies as it deems necessary or desirable in connection with its assigned duties as to the protection and conservation of marine mammals.
- (4) Recommend to the Secretary [of Commerce or the Interior] and other federal officials such steps as it deems necessary or desirable for the protection and conservation of marine mammals.
- (5) Recommend to the Secretary of State appropriate policies regarding existing international arrangements for the protection and conservation of marine mammals, and suggest appropriate international arrangements for the protection and conservation of marine mammals;
- (6) Recommend to the Secretary [of Commerce or the Interior] such revisions of the endangered species list and threatened species list published pursuant to section 4(c)(1) of the Endangered Species Act of 1973 as may be appropriate with regard to marine mammals.
- (7) Recommend to the Secretary [of Commerce or the Interior], other appropriate federal officials, and Congress such additional measures as it deems necessary or desirable to further the policies of the Act, including provisions for the protection of the Indians, Eskimos, and Aleuts whose livelihood may be adversely affected by actions taken pursuant to the Marine Mammal Protection Act.

High Priority Performance Goals and Special Projects: In FY 2010 the Marine Mammal Commission also focused on specific high priority performance goals and certain special projects that it deemed necessary to fulfill its duties under the Marine Mammal Protection Act. These projects were in various stages of development during the year and are expected to continue into FY 2011 and, in some cases, FY 2012. They are as follows:

- Survey of Federal Funding for Marine Mammal Research: The Commission has developed a Web-based survey for collecting funding data from other federal agencies. The survey will help the Commission document the resources being used to support marine mammal research as well as the species, regions, and topics being studied. The intent of the survey is to provide a basis for better integration, coordination, and prioritization of that research on a national level, thereby increasing the cost-effectiveness of marine mammal research efforts.
- Review of Marine Mammal Stock Assessments: The 1994 amendments to the Marine Mammal Protection Act directed the National Marine Fisheries Service and the Fish and Wildlife Service to assess the status of marine mammal stocks under their jurisdiction and report that information on a regular basis (i.e., every one to three years). The reports summarize the information available on each stock and provide the basis for management of fisheries and other human activities that pose threats to marine mammals. The Commission is reviewing stock assessment reports to identify strengths and weaknesses and recommend measures to address the latter.

- Global Assessment of Marine Mammals: The Commission, working with several partner organizations, is conducting a global assessment of marine mammals. The goal is to identify those species and stocks most in need of protection, to characterize the threats to them, and to provide the international community of scientists, managers, and interested organizations a basis for prioritizing their conservation efforts. The Commission also is seeking a means to develop local or regional research/conservation capacity in foreign and international areas where marine mammal species are at high risk of extirpation or extinction.
- Objective Criteria for Listing Species under the Endangered Species Act: The Commission is sponsoring a review of listing processes under the Endangered Species Act. The goal is to develop a more objective basis for listing (and delisting) species based on population viability analysis. A more objective listing basis should reduce management errors resulting in either over- or under-protection of species.
- Assessment of the Cumulative Effects of Human Activities: The status of a marine mammal species often is determined by the combined or cumulative effects of multiple risk factors. Assessing cumulative effects has been a challenge both in terms of developing and applying appropriate statistical models and collecting the extensive data needed to use those models. In FY 2010 the Commission participated in a series of workshops to help develop better tools for analysis of cumulative effects to improve management of activities that may affect marine mammals.
- Evaluating Potential Conflicts between Aquaculture and Marine Mammals in a West Coast Estuary: Drake's Estero is an estuary just north of San Francisco and is the focus of a conflict between advocates for aquaculture in the estuary versus advocates for designating it as wilderness. The debate has focused in part on the effects of aquaculture on the harbor seal population that uses the estuary for resting, reproduction, and predator avoidance. The Commission has agreed to serve as an independent third party that can objectively evaluate the scientific evidence pertaining to whether aquaculture is or is not affecting the harbor seals. The Commission's intent in this case is to ensure decision-makers are well informed about the best available science.

Overview of Commission Performance in FY 2010

Basic Statutory Duties: The Commission used its FY 2010 budget allocation (\$3,250,000) to fulfill its basic statutory duties under the Marine Mammal Protection Act. Among other things, it reviewed and, as appropriate, made recommendations regarding (1) proposed research involving marine mammals, (2) applications and proposed rules to authorize take of marine mammals incidental to other activities (e.g., Navy exercises, oil and gas operations including seismic studies, coastal development projects), (3) environmental assessments and impact statements for proposed projects that will affect marine mammals or their habitat, (4) marine mammal stock assessment reports and related documents prepared by the National Marine Fisheries Service and the Fish and Wildlife Service; and (5) proposals to change the listing status of marine mammals under the Endangered Species Act. Figure 2 illustrates the continuing level of increased effort required to meet three of the Commission's statutory duties.

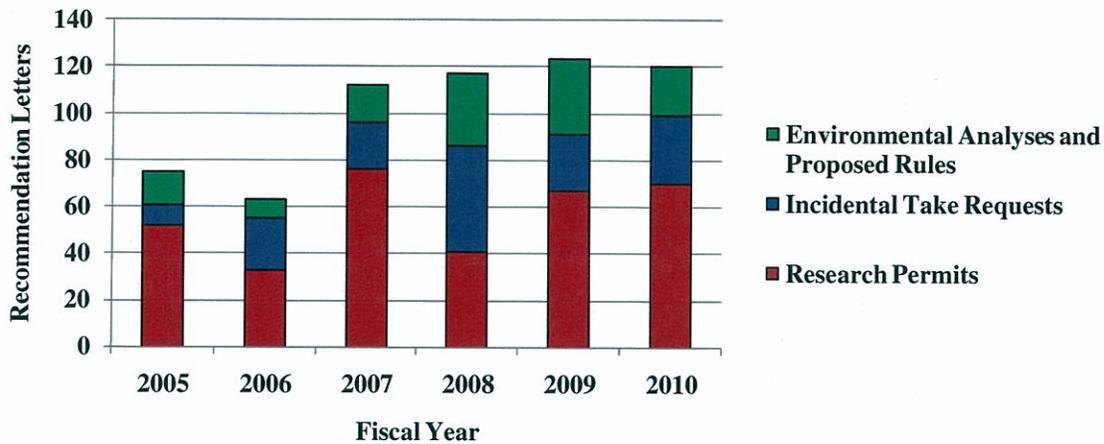


Figure 2. Reviews undertaken by the Marine Mammal Commission pertaining to applications for research permits, applications for permission to take marine mammals incidental to other human activities, and environmental analysis or rulemaking pertaining to such activities.

Research: In FY 2010 the Commission supported a number of research projects intended to help resolve pressing marine mammal conservation issues. Those projects included using acoustic technology to assess marine mammal populations and their interactions with fisheries, characterizing minke whale interactions with crab fishing gear, using multiple data sources and analytical methods (e.g., genetic, photo-identification, mark-recapture) to characterize the distribution and abundance of small delphinid populations, using marine protected areas in conservation of marine mammals, evaluating the effects of noise on aquatic life, reviewing the status of false killer whales in Hawaiian waters, characterizing killer whale predation upon fisheries catches in southeastern Alaska, improving research and management capacity in the Caribbean region, assessing and conserving sirenians (dugongs and manatees) in African waters, assessing the status of the vaquita in the Gulf of California and conducting outreach to promote its conservation, conserving freshwater cetaceans in southeast Asia, reviewing the status of cetaceans in the Indian Ocean, investigating the trophic ecology of two Antarctic marine mammals, and building partnerships for long-term ecological monitoring of marine mammals in the Galapagos Islands.

Special Projects: In FY 2010 the Commission made important progress on the special projects described above, despite refocusing attention on the Deepwater Horizon oil spill. The Commission completed programming of its Web-based survey of federal funding, beta tested the survey, and worked with other agencies to begin collecting data for FY 2009. Commission staff also reviewed all marine mammal stock assessment documents, created and populated a database of information, and conducted preliminary analyses. The staff is reviewing the initial results and expects to complete all analyses and begin drafting the report by January 2011. With regard to its global assessment of marine mammals, the Commission has appointed a steering committee, developed partnerships with several other organizations interested in the project, and is in the process of compiling the necessary data on all marine mammal populations. To develop more objective listing criteria under the Endangered Species Act, the Commission has supported a review of all population viability analyses used

for marine mammals and used in listing decisions under the Endangered Species Act. In FY 2010 the Commission issued a grant to develop an objective analytical framework for listing decisions. That framework is expected to be ready for review and testing in FY 2011. Regarding assessment of the cumulative effects of human activities, the Commission will not play a leading role in this project, as numerous other organizations are working on it. Nonetheless, a Commission staff member continues to participate in the workshops held to address this issue. Finally, in FY 2010 the Commission sponsored two meetings on potential conflicts between aquaculture and harbor seals in Drake's Estero on the West Coast. The Commission has collected and is analyzing the data required for this project and expects to complete a draft report by December 2010 and a final report by March 2011.

Deepwater Horizon Oil Spill: In FY 2010 the Commission monitored closely all aspects of the British Petroleum Deepwater Horizon oil spill, including response and assessment efforts. The Commission immediately focused on supporting and facilitating appropriate responses by the National Marine Fisheries Service and the Fish and Wildlife Service to help minimize damage to the Gulf of Mexico ecosystem and its biodiversity. The Commissioners, scientific advisors, and staff were in frequent contact with other federal agencies and non-governmental stakeholders with expertise on marine mammals and marine ecosystems. To monitor the distribution of marine mammals in the oil spill area, the Commission funded the deployment of passive, high-frequency acoustic recording equipment by researchers from Scripps Institution of Oceanography working in collaboration with the National Marine Fisheries Service's Southeast Fisheries Science Center. At the end of FY 2010 the Commission shifted its involvement toward determining the short- and long-term effects of the spill on the ecosystem, including marine mammals. The Commission took the lead in preparing an inter-agency monitoring strategy for determining the long-term effects of the spill on Gulf marine mammals and their habitat. In the latter half of FY 2010, the Commission also began planning its annual meeting, which will be held in the Gulf region and will focus on the efficacy of oil spill response efforts, lessons learned and recommended improvements.

Overview of Commission Finances in FY 2010

Annual Appropriations and Distribution of Funds: Congress is the sole source of funding for the Marine Mammal Commission. Total annual appropriations for the Marine Mammal Commission from FY 2005 to FY 2010 are listed in Table 1.

Fiscal Year	Expenditures
2005	\$2,608,000
2006	\$2,785,000
2007	\$2,747,000
2008	\$3,728,000 ¹
2009	\$3,200,000
2010	\$3,250,000

¹ Includes an additional \$908,000 appropriated for special projects

In FY 2010 the Commission obligated 99.8 percent of its appropriation of \$3,250,000. About 58 percent of the obligated funds were for salaries and benefits (including Commissioners and Committee members), 17 percent for administration and rent, 4 percent for travel, and 21 percent for the Science Program, as depicted below (Figure 3). About 9 percent of salaries and benefits were for Commissioners and Committee members, 66 percent for science and policy staff, and 25 percent for administrative staff.

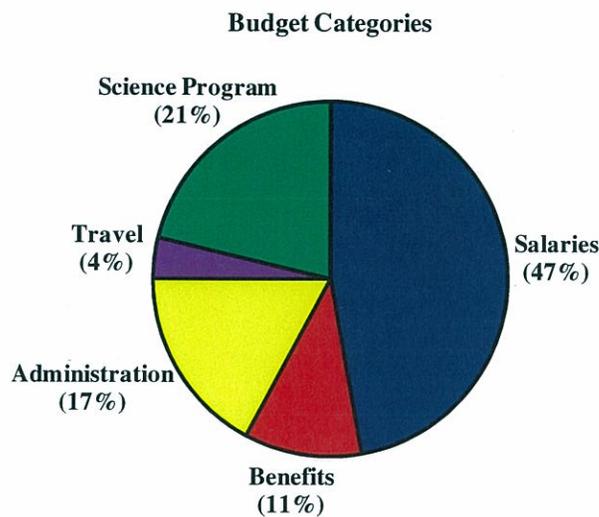


Figure 3. Approximate distribution of appropriated funds for the Marine Mammal Commission in FY 2010.

The Commission uses about 75 percent of its annual funds to meet its general oversight and advisory responsibilities (e.g., reviewing stock assessment efforts, permits for scientific research, incidental take authorizations, matters pertaining to listing and delisting of endangered and threatened species). The remaining 25 percent is used to support essential research that is not being conducted by the other federal agencies, support workshops that resolve important conservation issues, and carry out special projects identified either by Congress or the Commission. The Commission uses its limited research funding to support potentially catalytic research projects—that is, projects that may lead to rapid advancements in marine mammal science and conservation—and as seed funding to encourage the larger agencies to support important, multi-agency research efforts. The Commission used 4 percent of its budget for travel to ensure that the Commissioners, Committee members, and staff are knowledgeable regarding local, regional, national, and global issues, able to interact directly with stakeholders involved in those issues, and able to provide reliable and well-informed advice and oversight.

Management of Commission Finances: A number of staff are involved in managing the Commission’s budget. The Executive Director oversees and assumes responsibility for all financial systems and transactions. The Chief Administrative and Financial Officer manages and is responsible for all day-to-day budgetary matters, including purchase orders, time cards, and payments for various services and utilities. The Chief Administrative and Financial Officer also works with the Directors of the Science Program

and the International and Policy Program to oversee their expenditures. An Administrative Assistant completes all paperwork related to travel expenses and assists the Chief Administrative and Financial Office in day-to-day management of the Commission's budget. The Special Assistant to the Executive Director serves as a backup for the Chief Administrative and Financial Officer and Executive Director and provides a secondary check on all expenditures. The Scientific Program Administrative Assistant oversees all day-to-day fiscal transactions related to Commission-sponsored research. Together, the Executive Director, General Counsel, Chief Administrative and Financial Officer, Scientific Program Director, International and Policy Program Director, and Special Assistant to the Executive Director form the Commission's Senior Management Group, which meets two to three times each year with the Commission Chairman to review the Commission's management operations. All financial systems and controls were examined by an independent, certified public accountant, who completed a comprehensive audit for FY 2010 (report attached). The audit found no material internal weaknesses in financial systems and controls, and identified no areas where improvement is required.

Other Accompanying Information: Section 537 of the Commerce, Justice, Science, and Related Agencies Appropriations Act, 2010 (Act) of the Consolidated Appropriations Act, 2010 (Pub. Law 111-117) requires certain departments, agencies, and instrumentalities of the U.S. Government receiving appropriations under the Act to track undisbursed balances in expired grant accounts for FY 2010. In FY 2010 the Marine Mammal Commission did not have any undisbursed balances in expired grant accounts.

PERFORMANCE SECTION

The Marine Mammal Commission is an oversight body with no regulatory authority. Its most powerful tools for promoting the protection and conservation of marine mammals are the recommendations it makes to other federal agencies, the reports it prepares to inform decision-makers and stakeholders regarding matters involving marine mammals, and the studies it supports to improve understanding of marine mammals, their habitat, and the factors that affect their status. Some the Commission's efforts focus on specific matters and accomplishments that may be relatively easy to measure (e.g., review of research permits). Other efforts may be intended to promote broad changes in marine mammal conservation and management, and progress in those areas may be more difficult to assess (e.g., changes in social attitudes toward marine mammal conservation). The Commission has been working with the Office of Management and Budget to identify meaningful ways to evaluate the Commission's contributions toward marine mammal conservation. The results presented below are based on measures identified to date.

(1) *Undertake a review and study of the activities of the United States pursuant to existing laws and international conventions relating to marine mammals including, but not limited to, the International Convention for the Regulation of Whaling, the Whaling Convention Act of 1949, the Interim Convention on the Conservation of North Pacific Fur Seals, and the Fur Seal Act of 1966.*

Objective: Review relevant national laws and international treaties
Status: Satisfactory, ongoing, but requires greater emphasis
Action: In FY 2010 the Commission participated as a member of the U.S. delegation to the International Whaling Commission and the International Convention for the Regulation of Whaling. It also supported the completion and implementation of an

international marine mammal action plan for the Caribbean and provided support for a United Nations effort to coordinate Caribbean countries in their marine mammal research and conservation efforts. As a member of the U.S. Arctic Council Policy Group, the Commission's International and Policy Program Director also participated in the development of the Arctic Marine Shipping Assessment. The Commission also continues its global assessment, which will include information on the suitability of regulations, laws, treaties, and conventions to protect and conserve marine mammals.

The Commission also completed an internal review of past bills sponsored by members of Congress to reauthorize the Marine Mammal Protection Act. The purpose of the review was to prepare the Commission to assist Congress should it decide to consider reauthorization of the Act in the near future. The Commission also provided expert analysis of several marine mammal bills introduced by members of Congress (e.g., the Southern Sea Otter Recovery and Research Act, International Whale Conservation and Protection Act of 2010). Finally, the Commission is undertaking two projects that are intended to improve the implementation of legislation pertaining to marine mammals. The first project pertains to development of more objective criteria for listing and delisting decisions under the Endangered Species Act to reduce over- and under-protection errors and the controversy that those errors often generate. The second project seeks to integrate various analyses conducted under the Endangered Species Act, National Environmental Policy Act, and Marine Mammal Protection Act to streamline the regulatory process without compromising the value of the analyses being conducted under those Acts.

(2) *Conduct a continuing review of the condition of the stocks of marine mammals, of methods for their protection and conservation, of humane means of taking marine mammals, of research programs conducted or proposed to be conducted under the authority of the Marine Mammal Protection Act, and of all applications for permits for scientific research, public display, or enhancing the survival or recovery of a species or stock.*

Objective: Review annual stock assessment reports

Status: Satisfactory and ongoing

Action: The Commission reviewed 111 marine mammal stock assessment reports revised by the Fish and Wildlife Service and the National Marine Fisheries Service and provided recommendations and comments to improve those reports. The recommendations generally pertained to the following areas:

- expand stock assessment efforts to collect data on numerous species that are presently not assessed or for which assessments are incomplete or outdated;
- expand fishery observer coverage to provide a more reliable assessment of fishery interactions; and
- develop a strategy for completing and/or updating stock assessments in the Pacific Islands region, the Arctic, and the Gulf of Mexico.

The Commission also held its FY 2010 annual meeting in Hawaii to focus, in part, on the need to improve stock assessment efforts for cetaceans in U.S. waters in the central and western Pacific. The Commission made numerous recommendations, primarily to the National Oceanic and Atmospheric Administration, regarding means to improve stock assessment efforts in that region.

Objective: Provide a broad overview of stock assessment efforts since 1994
Status: Partially delayed
Action: The Commission continued its review of all stock assessment efforts since the 1994 amendments. Originally, the Commission planned to complete this assessment in FY 2010, but work on the review was slowed to allow staff to focus on the Gulf of Mexico oil spill. In FY 2010 Commission staff compiled and completed initial analysis of the existing data. The Commission expects to complete the analyses, begin drafting the report by January 2011 and finalize the report by March 2011.

Objective: Review all research and incidental take applications
Status: Satisfactory and ongoing
Action: The Commission reviewed and made recommendations regarding 70 applications for scientific research on marine mammals and 29 applications for authorizing the incidental taking of marine mammals resulting from activities other than commercial fishing. The Commission also reviewed 21 environmental analyses of activities that may take marine mammals. The Commission submitted recommendations and comments to the National Marine Fisheries Service and the Fish and Wildlife Service to enhance protection and conservation of the affected marine mammals. The recommendations varied by permit application but generally included—

- the importance of ensuring that research methods are consistent with bona fide science;
- the importance of monitoring research effects to determine if they are having unacceptable impacts on targeted populations;
- the need for compliance with the Animal Welfare Act, including review by an Institutional Animal Care and Use Committee and use of humane research methods; and
- avoiding unnecessary redundancy in research activities and sharing of data when possible.

Based on Commission recommendations, the Services are beginning to require better reporting of potential research effects and the National Marine Fisheries Service has adopted a policy (effective at the beginning of calendar year 2010) requiring its scientists to use Institutional Animal Care and Use Committees in accordance with the Animal Welfare Act.

The Commission also participates in quarterly interagency discussions with the National Marine Fisheries Service and the Fish and Wildlife Service regarding means for improving the permitting process.

Objective: Review federal funding for marine mammal research
Status: Satisfactory and ongoing
Action: The Commission has completed and beta tested its new Web-based survey for federal agencies to characterize federal funding for marine mammal research and conservation. Other federal agencies are now entering their 2009 data into the survey and will begin entering 2010 data in early 2011. Survey results should provide a basis for avoiding redundancy among agencies, identifying shortcomings in funding, and facilitating better coordination and sharing of data. The first report should be available no later than June 2011.

(3) *Undertake or cause to be undertaken such other studies as it deems necessary or desirable in connection with its assigned duties as to the protection and conservation of marine mammals.*

Objective: Support studies needed for the protection and conservation of marine mammals and marine ecosystems

Status: Satisfactory and ongoing

Action: In FY 2010 the Commission supported numerous research and related projects covering a wide range of topics. The studies fall into the following functional categories:

- understanding status, natural history, and ecology (e.g., use of passive acoustic monitoring to assess population status, monitoring of killer whale predation upon fisheries catches in Southeast Alaska, marine mammal niche partitioning in the Antarctic, long-term assessment of marine mammals around the Galapagos Islands, use of meta-analysis to characterize the status of coastal delphinids);
- managing fishery interactions (e.g., evaluating false killer whale interactions with longline fisheries in Hawaiian waters and minke whale interactions with crab pots in the northeastern Atlantic, using acoustic monitors for detecting marine mammal interactions with fishing gear);
- providing a more objective basis for listing/delisting decisions under the Endangered Species Act (e.g., reviewing the use of population viability analysis for listing and delisting of species under the Act, developing a population viability analysis framework to inform such decisions);
- evaluating risk factors and developing response measures (e.g., evaluating the potential effects of climate disruption, oil and gas development, noise and other risk factors on marine mammals and their habitat)
- developing and evaluating the efficacy of mitigation measures (e.g., marine protected areas);
- recovering and conserving highly endangered species (e.g., vaquita, freshwater cetaceans, sirenians [dugongs and manatees] in African waters); and
- improving infrastructure to promote ocean-related research.

Objective: Complete special projects mandated by Congress

Status: Incomplete and unsatisfactory

Action: The Commission anticipated finalizing its report on the ecological role of killer whales in the first quarter of FY 2009. It did not do so and reset its objective of completing this report in FY 2010. Again, it did not accomplish this task, in part because of the time devoted to the Gulf oil spill. Therefore, the Commission is now arranging a detail with a killer whale expert from the National Marine Fisheries Service to work with the Commission's Executive Director to complete this task in FY 2011.

(4) *Recommend to the Secretary and other federal officials such steps as it deems necessary or desirable for the protection and conservation of marine mammals.*

Objective: Identify, recommend, and participate in federal agency actions to promote the protection and conservation of marine mammals

Status: Satisfactory and ongoing

Action: Commission staff participated on the Joint Subcommittee on Ocean Science and Technology as well as six interagency working groups on marine mammal unusual mortality events; harmful algal blooms, hypoxia, and ocean health; ocean partnerships; marine debris; ocean observation; and development of a research plan to investigate anthropogenic noise in the ocean. Commission staff participated on four take reduction teams and sent representatives to all three regional scientific review groups established under the Marine Mammal Protection Act.

Objective: Provide well-reasoned, useful recommendations to other federal agencies concerning their programs and actions related to marine mammals

Status: Satisfactory and ongoing

Action: Each calendar year the Commission holds its annual meeting in a different region of the country to examine associated regional issues and develop letters of recommendation to the pertinent research and management agencies. During the course of the year, the Commission also sends recommendation letters on a wide range of topics related to marine mammal conservation. In FY 2010 the Commission sent 120 letters to federal agencies regarding actions to further the goals of the Marine Mammal Protection Act. These included recommendations concerning stock assessments, monitoring and mitigation measures, listing decisions under the Endangered Species Act, recovery efforts, habitat protection measures, ecosystem-related studies and management, public display, research permits, and other matters related to or affecting the protection and conservation of marine mammals.

(5) *Recommend to the Secretary of State appropriate policies regarding existing international arrangements for the protection and conservation of marine mammals, and suggest appropriate international arrangements for the protection and conservation of marine mammals.*

The Commission also continued to support international assessment and recovery efforts for a number of species in foreign and international waters, including the vaquita, freshwater cetaceans, Indian Ocean cetaceans, cetaceans in the Caribbean region, Hector's dolphins, dugongs of Mozambique, and West African manatees.

Objective: Maintain ongoing communication with the Department of State regarding marine mammal conservation

Status: Satisfactory and ongoing

Action: Commission staff meets quarterly with staff from the Department of State's Office of Oceans and Polar Affairs to ensure both offices are up to date on matters pertaining to a range of marine mammal issues. Important issues in 2010 included conservation of the vaquita; implementation of the U.S.–Russia polar bear treaty and other international research and management actions for the polar bear; implementation of the marine mammal action plan for the Caribbean region; development of U.S. positions for the 2010 International Whaling Commission meeting; development of Arctic policy, including the Arctic Marine Shipping Assessment; and proposals for changing the listing status of marine mammals (polar bear, walrus, narwhal) on Appendices under the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Objective: Complete a global assessment of marine mammals

Status: Satisfactory but in need of increased attention

Action: The Commission global assessment of marine mammals is underway, but needs more attention. The Commission has established a steering committee for this effort, developed a database for collecting the data needed for the analysis, established partnerships with two universities and a private organization to help accumulate data, and is nearing the point where it can begin analyses of the data. This program is considered vital because of the great need to address important marine mammal conservation issues around the world, the limited resources available to do so, and the need to set priorities so that the most urgent issues are addressed first. Failure to do so may well lead to extirpations of marine mammals throughout much of their range or even extinctions, such as that of the Yangtze River dolphin.

Objective: Promote conservation efforts for the endangered vaquita

Status: Satisfactory but in need of increased attention

Action: Conservation of the vaquita is deemed to be particularly important because (1) it is considered the most endangered cetacean species in the world, and (2) the United States is the primary market for the shrimp fishery that is decimating the vaquita and may drive it to extinction. The Commission continues to work with colleagues from the National Marine Fisheries Service and Department of State to promote more effective research and conservation of the vaquita. In FY 2010 the Commission sponsored the development of a Web-site to promote education and research regarding the vaquita. In addition to the Web site, the Commission focused additional attention toward testing of alternative gear for the shrimp fishery that takes vaquita. Efforts in FY 2010 were delayed by Mexico's need to focus on other matters and conservation efforts must be reinvigorated in FY 2011.

(6) *Recommend to the Secretary such revisions of the endangered species list and threatened species list published pursuant to section 4(c)(1) of the Endangered Species Act of 1973 as may be appropriate with regard to marine mammals.*

Objective: Provide recommendations regarding listing/delisting decisions and designation of critical habitat for marine mammal species and stocks

Status: Satisfactory and ongoing

Action: In FY 2010 the Commission provided analyses and recommendations to the Fish and Wildlife Service and National Marine Fisheries Service regarding status reviews, listing/delisting decisions, designation of critical habitat, and development of recovery plans for such species and stocks, including—

- status reviews of the southern resident killer whale and the false killer whale in Hawaiian waters;
- listing decisions regarding the spotted seal and walrus in Alaskan waters;
- critical habitat for the Hawaiian monk seal, polar bear, Florida manatee, Cook Inlet beluga whale, and northern sea otter in southwest Alaska;
- a recovery plan for the Cook Inlet beluga whale; and
- a listing framework for endangered species in Florida.

Objective: Develop a more objective basis for listing/delisting decisions by the Fish and Wildlife Service and National Marine Fisheries Service.

Status: Satisfactory and ongoing

Action: In recent years the Commission participated in an interagency effort to develop a more objective basis for listing decisions. The results were unsatisfactory and the effort ended without a satisfactory product. The lack of progress reflected divergent views about how to build a framework for such decisions and the necessary complexity of that framework. After further discussions, the Commission agreed that it would support a separate effort to develop a framework built on the use of population viability analysis. The approach would be similar in many regards to the framework for calculating potential biological removal levels under the Marine Mammal Protection Act to identify strategic marine mammal stocks. In FY 2009 the Commission sponsored a study of population viability analyses reported in the conservation literature. In FY 2010 the project was extended to include all cases where population viability analysis was used in listing or delisting decisions under the Endangered Species Act. This information is being used at present to develop a population viability analysis framework that can be applied to data-rich and data-poor species, will build greater objectivity into listing decisions, and will reduce the likelihood of over- and under-protection errors in listing decisions.

(7) Recommend to the Secretary, other appropriate federal officials, and Congress such additional measures as it deems necessary or desirable to further the policies of the Act, including provisions for the protection of the Indians, Eskimos, and Aleuts whose livelihood may be adversely affected by actions taken pursuant to the Marine Mammal Protection Act.

Objective: Promote the protection of Alaska Natives and the marine mammals they depend on for subsistence

Status: Unsatisfactory

Action: In FY 2008 the Commission sponsored a review of co-management in Alaska. The review involved participants from 19 Alaska Native organizations, 5 federal agencies, 2 state agencies, 3 non-governmental organizations, an Australian agency (where Native groups and government managers also co-manage certain marine mammal resources), and the public. The review examined progress in co-management since enactment of the 1994 amendments to the Marine Mammal Protection Act (when co-management was incorporated explicitly into the Act), and it provided a basis for recommendations to enhance co-management efforts over the coming decade. In FY 2009 the Commission convened representatives of the various Alaska Native organizations and agency representatives to develop a coordinated proposal for improving co-management efforts. The meeting resulted in an outline that the Alaska Native organizations and agencies could use to prepare such a proposal, but parties have failed to follow through adequately and a proposal has not yet been developed. In FY 2010 the Commission engaged in discussions with Alaska Native representatives, agency representatives, and Congressional staff members to plan a meeting where the parties could develop a strategy for improving the capacity of Alaska Natives to participate in co-management. However, the mid-term election process delayed planning for that meeting and the Commission hopes to restart those efforts in FY 2011.

Objective: Ensure that the actions of federal agencies other than the Fish and Wildlife Service and National Marine Fisheries Service are consistent with the objectives of the Marine Mammal Protection Act

Status: Satisfactory and ongoing

Action: In FY 2010 the Commission reviewed numerous environmental impact statements and applications for incidental take authorizations for Navy testing and training ranges in U.S. waters. Such documents are still being produced as part of an extensive effort by the Navy to bring its activities into compliance with relevant environmental laws. Action on this objective will continue in FY 2011. The Commission's recommendations and interactions with the Navy have focused primarily on improving monitoring and mitigation measures and supporting behavioral studies to characterize the response of marine mammals to Navy sonar.

In FY 2010 the Commission also reviewed multiple applications for incidental take of marine mammals during the course of seismic surveys for oil and gas deposits in various U.S. waters. The Commission participated in the Open-Water meeting sponsored annually by the Bureau of Ocean Energy Management, Regulation, and Enforcement and the National Oceanic and Atmospheric Administration to review oil and gas operations in Alaska. Two members of the Commission's Committee of Scientific Advisors on Marine Mammals and a Commission staff member participated in that meeting and on a related expert panel convened to review proposals for seismic research in the Beaufort and Chukchi Seas.

Finally, as described above, in FY 2010 the Commission held a review of interactions between aquaculture and harbor seals in a West Coast estuary that was designated as potential wilderness. The effects of aquaculture on harbor seals have been a matter of great social debate because of the potential implications for the designation of the estuary as full wilderness. The Commission expects to have completed its report by March 2011.

FINANCIAL SECTION

The Marine Mammal Commission's budget is used for three general purposes. First, it maintains a staff of 14 and compensates the Commissioners and members of the Committee of Scientific Advisors on Marine Mammals, thereby allowing them to perform the work of the Commission. This entails maintaining an office environment with all the necessary supporting equipment, supplies, and services (e.g., computers and communication systems). Second, the budget supports travel of the staff, Commissioners, and Committee members as required to participate in matters pertaining to marine mammal research, management, and conservation. Such travel is essential to ensure that the Commission work force is up to date and providing expertise on a wide range of issues affecting marine mammal conservation throughout U.S. waters (e.g., ship strikes, entanglement in marine debris) and, to a lesser but important extent, in foreign and international waters (e.g., climate disruption). Third, the budget supports the Commission's research program, which is focused primarily on the planning, conduct, analysis, and reporting of key scientific studies, as well as evaluation of key conservation issues. Such studies are undertaken to ensure that decision-makers have the benefit of being well informed about the potential consequences of their decisions, both positive and negative, for the protection and conservation of marine mammals and marine ecosystems.

The following letter and results of the FY 2010 audit describe the state of the Marine Mammal Commission financial systems, including administrative systems, controls, and compliance with laws and regulations. The principal financial statements have been prepared to report the financial position and results of operations of the Commission, pursuant to the requirements of 31 U.S.C. §3515(b). Although the statements have been prepared from the Commission's books and records in accordance with Generally Accepted Accounting Principles for federal entities and the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. The audit (attached) resulted in an unqualified opinion with no material weaknesses or reportable conditions on internal control or compliance with laws and regulations.



Marine Mammal Commission
4340 East-West Highway, Room 700
Bethesda, Maryland 20814
301-504-0087
www.mmc.gov



MARINE MAMMAL COMMISSION

15 November 2010

Daryl J. Boness, Ph.D.
Chairman
Marine Mammal Commission
4340 East West Highway, Room 700
Bethesda, Maryland 20814

Dear Chairman Boness:

Mr. Frank Giordano, an independent certified public accountant, has completed the financial audit for the Marine Mammal Commission for FY 2010.

The Commission has received an unqualified opinion with no material weaknesses or reportable conditions on internal control or compliance with laws and regulations.

Respectfully,

A handwritten signature in cursive script that reads "Catherine Jones".

Catherine Jones
Chief Financial Officer

MARINE MAMMAL COMMISSION

GENERAL FUND

FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2010

F | G

Frank G. Giordano
Independent Certified Public Accountant

2500 McHenry Drive
Silver Spring, Maryland 20904
240-281-2004
fgcrooner@AOL.com

Executive Director and Commissioners
Marine Mammal Commission
Bethesda, Maryland 20814

We have audited the accompanying balance sheet of the Marine Mammal Commission (the Commission), an independent agency within the Executive Branch, as of September 30, 2010; the related statements of net cost and changes in net position; the statement of budgetary resources; and the reconciliation of net cost of operations to budget (formerly statement of financing) for the year then ended. Hereinafter the above will be referred to as "financial statements." The objective of our audit was to express an opinion on the fair presentation of these financial statements. In connection with our fiscal year 2010 audit, we also considered the Commission's internal control over financial reporting and tested the Commission's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these financial statements.

Executive Summary

As stated in our opinion on the financial statements, we concluded that the Commission's financial statements as of and for the year ended September 30, 2010, are presented fairly and, in all material respects, are in conformity with U.S. generally accepted accounting principles.

Our consideration of internal control over financial reporting and performance measures would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. However, we noted no matters involving the internal control and its operation that we considered to be material weaknesses.

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04 as amended for 2009 (M-09-33), *Audit Requirements for Federal Financial Statements*. OMB Bulletin No 07-04 applies to fiscal year 2010 as well.

The following sections discuss our opinion on the Commission's financial statements, management's and our responsibilities, consideration of the Commission's internal control over financial reporting and performance, and our tests of Commission compliance with certain provisions of applicable laws, regulations, and other matters.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of the Marine Mammal Commission as of September 30, 2010; the related statements of net cost and changes in net position; the statement of budgetary resources; and the reconciliation of net cost of operations to budget for the year then ended. Information presented for the year ended September 30, 2009, was audited as shown in the prior year's audit report and is presented for comparative purposes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marine Mammal Commission as of September 30, 2010, and its net costs, changes in net position, budgetary resources, reconciliation of net costs to budgetary obligations, and financing for the year then ended, and are in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information in the footnotes accompanying the financial statements on pages XX through XX is presented for purposes of additional analysis in compliance with the generally accepted accounting principle of "full disclosure." This information has been reviewed but was not subjected to auditing procedures and, accordingly, we express no opinion on it.

Misstatements in Previously Issued Financial Statements

Nothing has come to our attention that previously issued financial statements had any material misstatements that would lead us to believe that our auditor's report would be adversely affected or compromised. If we (auditors) become aware of a material misstatement or likely misstatement(s) affecting previously issued financial statements, then we will advise the Marine Mammal Commission's management to determine the specific amount(s) of the material misstatement(s) or likely misstatement(s) and the related effect(s) of such on the previously issued statements as soon as reasonably possible.

Misstatements Affecting Previously Issued Financial Statements

We are not aware of any material misstatement(s) or likely misstatement(s) affecting previously issued financial statement(s) as stated above. If at some future point we do become aware of any such misstatement that adversely affects the financial statements of the Marine Mammal Commission, management will be informed and appropriate corrective action will be taken in accordance with guidance provided in OMB Memorandum M-09-33.

Responsibilities

Management's Responsibilities. The Accountability of Tax Dollars Act (ATDA) requires smaller agencies (i.e., the Commission) to report annually to Congress on their financial status and any other information needed to fairly present their financial position and results of operations.

To meet these reporting requirements, Commission financial statements are prepared and submitted in accordance with OMB Circular A-136. Management is responsible for the financial statements, including —

- preparing the financial statements in conformity with U.S. generally accepted accounting principles;
- preparing the Performance and Accountability Report (PAR) to include Management Discussion and Analysis (MD&A);
- establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets in accordance with OMB Circular A-123, *Management Responsibility and Internal Control*; and
- complying with laws, regulations, contracts, and grant agreements applicable to the Marine Mammal Commission, such as the Marine Mammal Protection Act of 1972.

In fulfilling this responsibility, management is required to make estimates and judgments to assess the expected benefits and related costs of internal control policies.

Auditor's Responsibilities. Our responsibility is to express an opinion on the fiscal year 2010 financial statements of the Commission based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. The standards applicable to financial audits are contained in Government Auditing Standards and OMB Bulletin No. 07-04 as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances. The objective of the audit was not to provide an opinion on the Marine Mammal Commission's internal control and, therefore, we do not express such an 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.

We believe that our audit provides a reasonable basis for our opinion.

We limited our testing to those controls necessary to test and report on the internal control over key performance measures in accordance with OMB Bulletin No. 07-04 as amended. However, our procedures were not designed to provide an opinion on internal control over reported performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether the Marine Mammal Commission's fiscal year 2010 financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04 as amended, including certain provisions referred to in the Federal Financial Management Improvement Act (FFMIA), Section 803(b).

We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Commission. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 07-04 and FFMIA, auditors are required to report whether the agency's financial management systems provide reliable, timely, and consistent information.

The financial system should substantially comply with (1) federal financial management systems requirements contained in FFMIA, Section 803(b), (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

To meet this requirement, we relied on the SAS 70 "Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Period July 1, 2009 to June 30, 2010," done by the firm of KPMG, LLC, and we performed our own substantive tests of controls and compliance with FFMIA Section 803(a) requirements and found no instances in which the General Services Administration's financial systems supporting the Commission did not substantially comply.

Internal Controls over Financial Reporting

In planning and performing our fiscal year 2010 audit, we considered the Commission's internal control over financial reporting by obtaining an understanding of the Commission's internal controls, determining whether internal controls had been placed in operation, and assessing

control risk, and performed tests of controls to determine our substantive tests for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in Government Auditing Standards and OMB Bulletin No. 07-04 as amended and applicable to fiscal year 2010.

We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide an opinion on the Commission's internal control over financial reporting. Consequently, we do not provide an opinion on internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. The results of our tests disclosed no instances of significant deficiencies or material weaknesses in financial reporting.

Internal Controls relating to the Commission's Performance

Under OMB Bulletin 07-04 as amended, for periods ending on or after December 15, 2009, the definition of material weaknesses is extended to other controls as follows. Material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and, corrected on a timely basis."

A material weakness may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. "Significant deficiencies" found under the Federal Information Security Management Act (FISMA) must also be reported as material weaknesses under FMFIA and as lack of compliance under FFMIA if related to financial management systems.

Significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal controls should be designed with applicable laws, regulations, government-wide policies, and financial laws identified by OMB that are listed in OMB Bulletin 07-04, Appendix E. Our consideration of the design and operation of internal controls related to key performance measures would not necessarily disclose all matters that might be reportable conditions.

The Marine Mammal Commission performs complex scientific research in coordination with other agencies. The Commission meets regularly with congressional staff and senior officials of other agencies to solicit feedback on research priorities and agency performance.

In our fiscal year 2010 audit, we noted no matters involving deficiencies in agency performance or the design and operation of the internal control over the existence and completeness assertions related to key performance measures that we considered being material weaknesses as defined.

Compliance with Laws and Regulations and Other Matters

The results of our tests of compliance described in the Responsibilities section of this report, exclusive of those referred to in the Federal Financial Management Improvement Act of 1996 (FFMIA), disclosed no instances of noncompliance by the Commission with applicable laws and regulations that would have a direct and material effect on the determination of financial statement amounts or other matters that are required to be reported herein under Government Auditing Standards and OMB Bulletin No. 07-04 of September 4, 2007, as amended.

We did not find any instances of noncompliance with the Marine Mammal Protection Act of 1972 that established the Commission and defines its mission.

We limited our tests of compliance to those provisions and did not test compliance with all laws and regulations applicable to the Commission. Providing an opinion on compliance with those provisions was not an objective of this financial audit and, accordingly, we do not express an opinion.

Because the Commission does not have its own financial systems and relies upon GSA Heartland for financial transactions processing and GSA National Payroll Center for payroll processing to meet this requirement, we performed tests of compliance by —

- Evaluating the SAS 70 “Report on Controls Placed in Operation and Test of Operating Effectiveness for the Period July 1, 2009 to June 30, 2010 for the GSA Pegasys Financial System,” dated August 31, 2010, and the SAS 70 “Report on Controls Placed in Operation and Test of Operating Effectiveness for the Period July 1, 2009 to June 30, 2010” for the GSA’s National Payroll Center, Payroll Accounting and Reporting System (PAR), dated August 31, 2010. These reports were issued by the CPA firm of KPMG, LLC.
- Performing substantive tests of transactions to evaluate the effectiveness of controls at the Marine Mammal Commission that interface with GSA’s control systems throughout the accounting cycle. And

- Considering the financial system requirements, accounting standards, and standard general ledger at the transaction level for FFMIA compliance set forth in original OMB Memorandum M-08-24, dated August 25, 2008, and “Technical Amendments to OMB
- Bulletin 07-04,” *Audit Requirements for Federal Financial Statements* as applicable to 2010 reporting requirements.

The results of our tests of FFMIA disclosed no instances in which the Commission’s financial management systems did not substantially comply with the three requirements discussed in the Responsibilities section of this report.

RESTRICTED USE

This report is intended solely for the information and use of the Marine Mammal Commission’s management and Commissioners, the Office of Management and Budget, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

November 10, 2010

A handwritten signature in cursive script, appearing to read "Mark S. Gordon". The signature is written in dark ink and spans across the width of the page.



MARINE MAMMAL COMMISSION

GENERAL FUND

FINANCIAL STATEMENTS

As of and For The Years Ended September 30, 2010 & 2009

MARINE MAMMAL COMMISSION

BALANCE SHEET

As Of September 30, 2010 and 2009

		2010	2009
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 1,337,106	\$ 1,576,176
Total Intragovernmental		1,337,106	1,576,176
Total Assets		\$ 1,337,106	\$ 1,576,176
Liabilities:			
Intragovernmental:			
Accounts Payable		\$ 1,542	\$ 16,519
Other	(Note 4)	20,275	15,560
Total Intragovernmental		21,817	32,079
Accounts Payable		55,271	76,954
Other	(Note 4)	229,497	248,921
Total Liabilities		306,586	357,954
Net Position:			
Unexpended Appropriations - Other Funds		1,186,222	1,408,973
Cumulative Results of Operations - Other Funds		(155,702)	(190,752)
Total Net Position		1,030,520	1,218,221
Total Liabilities and Net Position		\$ 1,337,106	\$ 1,576,176

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these financial statements.*

MARINE MAMMAL COMMISSION

STATEMENT OF NET COST

For The Years Ended September 30, 2010 and 2009

		<u>2010</u>	<u>2009</u>
Program Costs:			
Program A:			
Gross Costs	(Note 5)	\$ 3,511,593	\$ 3,002,475
Less: Earned Revenue			<u>202</u>
Net Program Costs		<u>3,511,593</u>	<u>3,002,273</u>
Net Cost of Operations		<u>\$ 3,511,593</u>	<u>\$ 3,002,273</u>

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these financial statements.*

MARINE MAMMAL COMMISSION
STATEMENT OF CHANGES IN NET POSITION
For The Years Ended September 30, 2010 and 2009

2010

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
Cumulative Results of Operations:				
Beginning Balances	\$	\$ (190,752)	\$	\$ (190,752)
Adjustments:				
(b) Corrections of Errors (+/-)		9,146		9,146
Beginning Balances, as Adjusted	\$	\$ (181,606)	\$	\$ (181,606)
Budgetary Financing Sources:				
Appropriations Used		3,434,727		3,434,727
Other Financing Resources (Non-Exchange):				
Imputed Financing		102,771		102,771
Total Financing Sources		3,537,497		3,537,497
Net Cost of Operations (+/-)		3,511,593		3,511,593
Net Change		25,904		25,904
Cumulative Results of Operations	\$	\$ (155,702)	\$	\$ (155,702)
Unexpended Appropriations:				
Beginning Balances	\$	\$ 1,408,973	\$	\$ 1,408,973
Adjustments:				
(b) Corrections of Errors (+/-)		(9,146)		(9,146)
Beginning Balances, as Adjusted	\$	\$ 1,399,827	\$	\$ 1,399,827
Budgetary Financing Sources:				
Appropriations Received		3,250,000		3,250,000
Other Adjustments		(28,878)		(28,878)
Appropriations Used		(3,434,727)		(3,434,727)
Total Budgetary Financing Sources		(213,605)		(213,605)
Total Unexpended Appropriations		1,186,222		1,186,222
Net Position	\$	\$ 1,030,520	\$	\$ 1,030,520

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these financial statements.*

MARINE MAMMAL COMMISSION
STATEMENT OF CHANGES IN NET POSITION
For The Years Ended September 30, 2010 and 2009

2009

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
Cumulative Results of Operations:				
Beginning Balances	\$	\$ (179,282)	\$	\$ (179,282)
Beginning Balances, as Adjusted	\$	\$ (179,282)	\$	\$ (179,282)
Budgetary Financing Sources:				
Appropriations Used		2,888,910		2,888,910
Other Financing Resources (Non-Exchange):				
Imputed Financing		101,893		101,893
Total Financing Sources		2,990,803		2,990,803
Net Cost of Operations (+/-)		3,002,273		3,002,273
Net Change		(11,470)		(11,470)
Cumulative Results of Operations	\$	\$ (190,752)	\$	\$ (190,752)
Unexpended Appropriations:				
Beginning Balances	\$	\$ 1,148,814	\$	\$ 1,148,814
Beginning Balances, as Adjusted	\$	\$ 1,148,814	\$	\$ 1,148,814
Budgetary Financing Sources:				
Appropriations Received		3,200,000		3,200,000
Other Adjustments		(50,931)		(50,931)
Appropriations Used		(2,888,910)		(2,888,910)
Total Budgetary Financing Sources		260,159		260,159
Total Unexpended Appropriations		1,408,973		1,408,973
Net Position	\$	\$ 1,218,221	\$	\$ 1,218,221

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these financial statements.*

MARINE MAMMAL COMMISSION
STATEMENT OF BUDGETARY RESOURCES
For The Years Ended September 30, 2010 and 2009

	2010	2010	2009	2009
	Budgetary	Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
Budgetary Resources:				
Unobligated Balance:				
Beginning of Period	\$ 59,611	\$	\$ 107,142	\$
Recoveries of Prior Year Obligations	21,042		17,494	
Budget Authority:				
Appropriations Received	3,250,000		3,200,000	
Earned				
Collected	6,872		1,602	
Change in Unfilled Customer Orders (+/-)				
Advance Received			(202)	
Subtotal	\$ 3,256,872		\$ 3,201,400	
Permanently Not Available	(28,878)		(50,931)	
Total Budgetary Resources	<u>\$ 3,308,646</u>	<u>\$</u>	<u>\$ 3,275,104</u>	<u>\$</u>
Status of Budgetary Resources:				
Obligations Incurred				
Direct	\$ 3,231,158	\$	\$ 3,008,946	\$
Reimbursable	59,532		206,548	
Subtotal	\$ 3,290,691		\$ 3,215,494	
Unobligated Balances				
Apportioned	7,631		8,146	
Subtotal	\$ 7,631		\$ 8,146	
Unobligated Balances - Not Available	10,325		51,465	
Total Status of Budgetary Resources	<u>\$ 3,308,646</u>	<u>\$</u>	<u>\$ 3,275,104</u>	<u>\$</u>
Change in Obligated Balances:				
Obligated Balance, Net:				
Unpaid Obligations, Brought Forward, October 1	\$ 1,516,565	\$	\$ 1,405,820	\$
Total, Unpaid Obligated Balance, Brought Forward, Net	\$ 1,516,565		\$ 1,405,820	
Obligations Incurred	3,290,691		3,215,494	
Gross Outlays (-)	(3,467,063)		(3,087,255)	
Recoveries of Prior-Year Unpaid Obligations, Actual (-)	(21,042)		(17,494)	
Obligated Balance, Net, End of Period:				
Unpaid Obligations (+)	1,319,151		1,516,565	
Total, Unpaid Obligated Balance, Net, End of Period	<u>\$ 1,319,151</u>	<u>\$</u>	<u>\$ 1,516,565</u>	<u>\$</u>
Net Outlays:				
Gross Outlays (+)	3,467,063		3,087,255	
Offsetting Collections (-)	(6,872)		(1,400)	
Net Outlays	<u>\$ 3,460,191</u>	<u>\$</u>	<u>\$ 3,085,855</u>	<u>\$</u>

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these financial statements.*

MARINE MAMMAL COMMISSION

GENERAL FUND

Note 1 – Significant Accounting Policies

Reporting Entity

The Marine Mammal Commission (MMC) is an independent agency of the U.S. Government, established under Title II of the Marine Mammal Protection Act of 1972. The Commission consists of three members who are nominated by the President and confirmed by the Senate. The Commission is charged with developing, reviewing, and making recommendations on domestic and international actions and policies of all federal agencies with respect to marine mammal protection and conservation and with carrying out a research program.

Basis of Presentation

These financial statements have been prepared from the accounting records of MMC in accordance with Generally Accepted Accounting Principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the federal government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agencies to prepare financial statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2010, amounts of future economic benefits owned or managed by MMC (assets), amounts owed by MMC (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within MMC and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to

receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenues and Other Financing Sources

MMC is an appropriated fund. It receives appropriations. Other financing sources for MMC consist of imputed financing sources which are costs financed by other Federal entities on behalf of MMC, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government. MMC also had a reimbursable agreement with the National Oceanic and Atmospheric Administration (NOAA) for fiscal year 2006.

Note 2 – Fund Balance with Treasury

MMC’s fund balance with treasury comes from appropriations and the NOAA reimbursable agreements. No trust, revolving or other fund type are used to fund MMC’s activities. MMC operates as an annual fund, where each year is a new appropriation. This fund balance with treasury is a consolidated balance of five annual funds (Fund Code 8670, 8679, 8678, 8677, 8676) and two multi-year funds (Fund Codes 8676/7 and 8677/8). The annual fund for FY 2005 and the multi-year (Fund 871 FY04/05) were cancelled and the remaining fund balance of \$329 and \$28,549 was given back to US Treasury during fiscal year 2010.

A. Fund Balance with Treasury	<u>2010</u>	<u>2009</u>
Appropriated Fund	\$ 1,337,106	\$ 1,576,176
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	7,631	8,146
b) Unavailable	10,325	51,465
2) Unobligated Balance not yet Disbursed	1,319,151	1,516,565
Total	<u>\$ 1,337,106</u>	<u>* \$ 1,576,176</u>

*Rounding

Note 3 – Liabilities Not Covered by Budgetary Resources

Liabilities of MMC are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2010, MMC showed liabilities covered by budgetary resources of \$150,884 and liabilities not covered by budgetary resources of \$155,702.

Liabilities covered by budgetary resources are composed of Accounts Payable of \$56,813, Accrued Funded Payroll and Leave of \$73,796, Employer Contributions and Payroll Taxes Payable of \$17,828, and other Intragovernmental Liability of \$2,448.

With the Public	<u>2010</u>	<u>2009</u>
Other (Unfunded leave liability)	\$155,702	\$181,606
Total liabilities not covered by budgetary resources	155,702	181,606
Total liabilities covered by budgetary resources	150,884	176,349
Total liabilities	<u>\$306,586</u>	<u>\$357,954 *</u>

*Rounding

Note 4 – Other Liabilities

Other liabilities with the public consist of Accrued Funded Payroll and Leave of \$73,796 and Unfunded Leave in the amount of \$155,702. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$17,828 and liabilities for advances and prepayments \$2,448. FY10 Other Intragovernmental liabilities consist of the unobligated portion of the NOAA reimbursable agreement.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2010	Other Liabilities	\$155,702	\$73,796	\$229,497 *
2009	Other Liabilities	\$181,606	\$67,315	\$248,921
	<u>Intragovernmental</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2010	Other Liabilities	\$0	\$20,275	\$20,275
2009	Other Liabilities	\$0	\$15,560	\$15,560

*Rounding

Note 5 – Intragovernmental Costs and Exchange Revenue

Intragovernmental costs are those of goods/services purchased from a federal entity.

	<u>2010</u>	<u>2009</u>
Program A		
Intragovernmental costs	390,802	436,803
Public costs	<u>3,120,791</u>	<u>2,565,672</u>
Total Program A costs	3,511,593	3,002,475
Intragovernmental earned revenue		
Total Program A earned revenue		<u>202</u>
Total Program A Net Costs	<u><u>3,511,593</u></u>	<u><u>3,002,273</u></u>

Note 6 – Apportionment Categories of Obligations Incurred

Obligations incurred by MMC include direct and reimbursable obligations, category A & category B. Direct – Category A & B are the amounts of direct obligations incurred against amounts apportioned under category A & B on the latest SF 132.

	<u>2010</u>	<u>2009</u>
Direct - Category A	\$15,473	\$23,437
Direct - Category B	\$3,215,686	\$2,985,509
Reimbursable - Category B	<u>\$59,532</u>	<u>\$206,548</u>
Total	3,290,691	3,215,494

Note 7 – Undelivered Orders at the End of the Period

The amount of Unpaid Obligated Balance, Net, End of Period shown on the Statement of Budgetary Resources includes obligations relating to Undelivered Orders (goods and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year by MMC for goods and services received). The amount of each is as follows:

	<u>Undelivered Orders</u>	<u>Accounts Payable</u>	<u>Unpaid Obl. Balance, Net</u>	
2010	\$1,170,714	\$148,436	\$1,319,151	*
2009	\$1,342,664	\$173,901	\$1,516,565	

*Rounding

Note 8 – Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)

	2010	2009
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 3,290,691	\$ 3,215,494
Less: Spending Authority from Offsetting Collections & Recoveries	27,914	18,893
Net Obligations	<u>3,262,777</u>	<u>3,196,600</u>
Imputed Financing from Costs Absorbed by Others	102,771	101,893
<i>Net Other Resources Used to Finance Activities</i>	<u>102,771</u>	<u>101,893</u>
<i>Total Resources Used to Finance Activities</i>	3,365,548	3,298,494
Change in Budgetary Resources Obligated for Goods		
Services and Benefits Ordered But Not Yet Provided	<u>(171,950)</u>	301,223
<i>Total Resources Used to Finance Items Not Part of the Net Cost of Operations</i>	<u>(171,950)</u>	<u>301,223</u>
<i>Total Resources Used to Finance the Net Cost of Operations</i>	3,537,497	2,997,271
<i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i>		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability	<u>(25,904)</u>	5,002
<i>Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods</i>	<u>(25,904)</u>	5,002
<i>Components Not Requiring or Generating Resources:</i>		
<i>Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period</i>	<u>(25,904)</u>	5,002
<i>Net Cost of Operations</i>	<u>\$ 3,511,593</u>	<u>\$ 3,002,273</u>

*Amounts may be off by a dollar due to rounding.

Liabilities not covered by budgetary resources total \$155,702 and the change in components requiring or generating resources in future period shows \$(25,904). The \$(25,904) is the net decrease of future funded expenses – leave between appropriations of annual fund 2009 and annual fund 2010. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the decrease in annual leave liability for which the budgetary resources will be provided in a subsequent period.

	<u>2010</u>	<u>2009</u>
Liabilities not covered by budgetary resources	155,702	181,606
Change in components requiring/generating resources	(25,904)	5,002