



MARINE MAMMAL COMMISSION

**GENERAL FUND
FINANCIAL STATEMENTS**

As of and For The Years Ended September 30, 2022 and 2021

Independent Auditor's Report

Chairman and Executive Director
Marine Mammal Commission
Bethesda, MD

In our audits of the fiscal years 2022 and 2021 financial statements of the **Marine Mammal Commission (the Commission)**, we found:

- the Commission's financial statements as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2022 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI), such as Management's Discussion and Analysis, the Balance Sheet, and the Statements of Net Cost, and Statement of Changes in Net Position, and Budgetary Resources; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

Opinion

In accordance with Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*, we have audited the Commission's financial statements. The Commission's financial statements comprise the balance sheets as of September 30, 2022, and 2021; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. In our opinion, the Commission's financial statements present fairly, in all material respects, the Commission's financial position as of September 30, 2022, and 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit

of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Commission's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in the Commission's documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

The Commission's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in the Commission's documents. The other information comprises financial summaries but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of the Commission's financial statements, we considered the Commission's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, or to express an opinion on the effectiveness of the Commission's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our 2022 audit, we identified deficiencies in the Commission's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these

deficiencies warrant the Commission's management attention. We have communicated these matters to the Commission's management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to the Commission's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Internal Control over Financial Reporting

The Commission's management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of the Commission's financial statements as of and for the year ended September 30, 2022, in accordance with U.S. generally accepted government auditing standards, we considered the Commission's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the Commission's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Commission's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of the Commission's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2022 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Commission. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts and Grant Agreements

The Commission's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Commission.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the Commission that have a direct effect on the determination of material amounts and disclosures in the Commission's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Commission. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Rocha & Company, PC

*Gaithersburg, Maryland
December 27, 2022*

Marine Mammal Commission

BALANCE SHEET

As Of September 30, 2022 and 2021

		2022	2021
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 1,757,364.01	\$ 1,552,648.33
Total Intragovernmental		\$ 1,757,364.01	\$ 1,552,648.33
Other than intra-governmental:			
Accounts Receivable		360.64	-
General Property, Plant and Equipment	(Note 3)	6,492.93	9,789.12
Total other than intragovernmental/with the public		6,853.57	9,789.12
Total Assets		\$ 1,764,217.58	\$ 1,562,437.45
Liabilities:	(Note 4)		
Intragovernmental:			
Accounts Payable		10,472.32	28,132.57
Other Liabilities	(Note 5)	10,710.98	7,379.66
Total Intragovernmental Liabilities		\$ 21,183.30	\$ 35,512.23
Other than Intragovernmental:			
Accounts Payable		22,084.95	19,452.28
Federal Employees and Veterans Benefit Payable		159,299.85	197,476.26
Other Liabilities	(Note 5)	36,067.58	101,636.74
Total Other than Intragovernmental		\$ 217,452.38	\$ 318,565.28
Total Liabilities		\$ 238,635.68	\$ 354,077.51
Net Position:			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		1,676,385.61	1,391,562.98
Cumulative Results of Operations - All Other Funds (Consolidated Totals)		(150,803.71)	(183,203.04)
Total Net Position - All Other Funds (Consolidated Totals)		1,525,581.90	1,208,359.94
Total Net Position		\$ 1,525,581.90	\$ 1,208,359.94
Total Liabilities and Net Position		\$ 1,764,217.58	\$ 1,562,437.45

The accompanying notes are an integral part of these statements.

**Marine Mammal Commission
STATEMENT OF NET COST**

For The Years Ended September 30, 2022 and 2021

	2022	2021
Program Costs:		
Gross Costs	<u>\$ 3,887,597.37</u>	<u>\$ 3,674,754.42</u>
Net Program Costs	<u>3,887,597.37</u>	<u>3,674,754.42</u>
Net Cost of Operations	<u><u>\$ 3,887,597.37</u></u>	<u><u>\$ 3,674,754.42</u></u>

The accompanying notes are an integral part of these statements.

Marine Mammal Commission
STATEMENT OF CHANGES IN NET POSITION
For The Years Ended September 30, 2022 and 2021

FY 2022 (CY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
Beginning Balance	\$	\$ 1,391,562.98	\$	\$ 1,391,562.98
Beginning balance, as adjusted		1,391,562.98		1,391,562.98
Appropriations received		4,200,000.00		4,200,000.00
Other Adjustments (+/-)		(104,370.52)		(104,370.52)
Appropriations used		(3,810,806.85)		(3,810,806.85)
Total Budgetary Financing Sources		<u>284,822.63</u>		<u>284,822.63</u>
Total Unexpended Appropriations		<u>1,676,385.61</u>		<u>1,676,385.61</u>
Cumulative Results from Operations				
Beginning Balances		(183,203.04)		(183,203.04)
Beginning balances, as adjusted		(183,203.04)		(183,203.04)
Appropriations used		3,810,806.85		3,810,806.85
Imputed Financing		109,189.85		109,189.85
Total Financing Sources		<u>3,919,996.70</u>		<u>3,919,996.70</u>
Net Cost of Operations		<u>3,887,597.37</u>		<u>3,887,597.37</u>
Net Change		32,399.33		32,399.33
Cumulative Results of Operations		<u>(150,803.71)</u>		<u>(150,803.71)</u>
Net Position	<u>\$</u>	<u>\$ 1,525,581.90</u>	<u>\$</u>	<u>\$ 1,525,581.90</u>

The accompanying notes are an integral part of these statements.

Marine Mammal Commission
STATEMENT OF CHANGES IN NET POSITION
For The Years Ended September 30, 2022 and 2021

FY 2021 (PY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
Beginning Balance		\$ 1,360,070.09		\$ 1,360,070.09
Adjustments (+/-)				
Corrections of errors (+/-)		15.89		15.89
Beginning balance, as adjusted		1,360,085.98		1,360,085.98
Appropriations received		3,769,000.00		3,769,000.00
Other Adjustments		(156,245.99)		(156,245.99)
Appropriations used		(3,581,277.01)		(3,581,277.01)
Total Budgetary Financing Sources		31,477.00		31,477.00
Total Unexpended Appropriations		1,391,562.98		1,391,562.98
Cumulative Results from Operations				
Beginning Balances		(194,265.64)		\$ (194,265.64)
Beginning balances, as adjusted		(194,265.64)		(194,265.64)
Appropriations used		3,581,277.01		3,581,277.01
Imputed Financing		104,540.01		104,540.01
Total Financing Sources		3,685,817.02		3,685,817.02
Net Cost of Operations		3,674,754.42		3,674,754.42
Net Change		11,062.60		11,062.60
Cumulative Results of Operations		(183,203.84)		(183,203.84)
Net Position		1,208,359.94		\$ 1,208,359.94

The accompanying notes are an integral part of these statements.

Marine Mammal Commission
STATEMENT OF BUDGETARY RESOURCES

For The Years Ended September 30, 2022 and 2021

	2022 Budgetary	2021 Budgetary
Budgetary resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 526,024.81	\$ 489,151.76
Appropriations (discretionary and mandatory)	4,200,000.00	3,769,000.00
Total budgetary resources	\$ 4,726,024.81	\$ 4,258,151.76
Status of budgetary resources:		
New obligations and upward adjustments (total)	(Note 6) \$ 3,892,159.32	3,674,473.66
Unobligated balance, end of year:		
Apportioned, unexpired account	391,440.66	137,299.38
Unexpired unobligated balance, end of year	391,440.66	137,299.38
Expired unobligated balance, end of year	442,424.83	446,378.72
Unobligated balance, end of year (total)	833,865.49	583,678.10
Total budgetary resources	\$ 4,726,024.81	\$ 4,258,151.76
Outlay, net:		
Outlays, net (total) (discretionary and mandatory)	\$ 3,890,913.80	\$ 3,534,260.44
Agency outlays, net (discretionary and mandatory)	\$ 3,890,913.80	\$ 3,534,260.44

The accompanying notes are an integral part of these statements.

MARINE MAMMAL COMMISSION

GENERAL FUND

Note 1 – Summary of 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. MMC consists of three members who are nominated by the President and confirmed by the Senate. MMC 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, 2022, and 2021, 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

Basis of Accounting (Continued)

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.

Lease Agreement

The Marine Mammal Commission has a lease for office space through the General Services Administration. The lease runs through August 2023, and the space can be relinquished with four months' notice.

Note 2 – Fund Balance with Treasury

MMC's fund balance with treasury comes from appropriations. 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 8672, 8671, 8670, 8679, 8678). The annual fund for FY 2017 was cancelled and the remaining fund balance of \$104,370.52 was returned to Treasury during FY 2022.

	<u>2022</u>	<u>2021</u>
1. Status of Fund Balance with Treasury		
(1) Unobligated Balance		
(a) Available	\$ 391,440.66	\$ 137,299.38
(b) Unavailable	442,424.83	446,378.72
(2) Obligated Balance not yet Disbursed	<u>923,498.52</u>	<u>968,970.23</u>
Total	<u>\$ 1,757,364.01</u>	<u>\$ 1,552,648.33</u>

Note 3 - General Property, Plant and Equipment, Net

MMC’s policy for capitalized equipment is that accountable non-expendable personal property with an acquisition cost of \$5,000 or more per item that is recorded in the general ledger of the Commission accounting system. In certain situations, equipment that is non-accountable in the property management system is nevertheless capitalized. Bulk purchases of equipment of \$100,000 or more shall be recorded in the general ledger and depreciated based on class life in accordance with GAO accounting standards. For example, the bulk purchase of systems furniture components costing \$100,000 or more is capitalized in the CAS general ledger although individual components are not accountable in the property management system. As of September 30, 2022, and 2021, general property, plant and equipment were comprised of the following and currently held a useful asset life of 60 months.

<u>2022</u>	Operating <u>Equipment</u>	<u>Total</u>
Cost	16,399.56	16,399.56
Accum. Depr.	(9,906.63)	(9,906.63)
Net Book Value	<u>6,492.93</u>	<u>6,492.93</u>

<u>2021</u>	Operating <u>Equipment</u>	<u>Total</u>
Cost	16,399.56	16,399.56
Accum. Depr.	(6,610.44)	(6,610.44)
Net Book Value	<u>9,789.12</u>	<u>9,789.12</u>

Note 4 – Liabilities Not Covered by Budgetary Resources

Liabilities of MMC are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2022, MMC had intragovernmental liabilities of \$21,183.30 and non-intragovernmental liabilities of \$217,452.38. As of September 30, 2021, MMC had intragovernmental liabilities of \$35,512.23 and non-intragovernmental liabilities of \$318,565.28.

	<u>2022</u>	<u>2021</u>
Intragovernmental		
Accounts Payable	\$ 10,472.32	\$ 28,132.57
Other Liabilities	10,710.98	7,379.66
Total Intragovernmental	<u>21,183.30</u>	<u>35,512.23</u>
Other than Intragovernmental		
Accounts payable	22,084.95	19,452.28
Federal employee (and veteran) benefits payable	159,299.85	197,476.26
Other	36,067.58	101,636.74
Total other than intragovernmental	<u>217,452.38</u>	<u>318,565.28</u>
Total liabilities	<u>\$ 238,635.68</u>	<u>\$ 354,077.51</u>

Note 5 – Other Liabilities

As of September 30, 2022, and 2021, the amounts reported on the Balance Sheet as Other Liabilities (both Intragovernmental and Other than Intragovernmental) are current liabilities. The Intragovernmental Other Liabilities consist of the Employer Contributions and Payroll Taxes Payable – Non-Reciprocal amounts. The Other than Intragovernmental Other Liabilities consist of the Accrued Funded Payroll and Leave.

	<u>2022</u>	<u>2021</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 10,710.98	\$ 7,379.66
Total Intragovernmental	<u>10,710.98</u>	<u>7,379.66</u>
Other than Intragovernmental		
Accrued Funded Payroll & Leave	36,067.58	101,636.74
Total Other than Intragovernmental	<u>36,067.58</u>	<u>101,636.74</u>
Total Other Liabilities	<u>\$ 46,778.56</u>	<u>\$ 109,016.40</u>

Note 6 – Apportionment Categories of New Obligations and Upward Adjustments: Direct vs Reimbursable Obligations

Obligations incurred by MMC in fiscal years 2022 and 2021 include direct and reimbursable obligations, category B. Direct – Category B obligations were incurred against amounts apportioned under category B on the latest SF 132.

	<u>2022</u>	<u>2021</u>
Direct - Category B	3,892,159.32	3,674,473.66
Total	<u>3,892,159.32</u>	<u>3,674,473.66</u>

Note 7 – Explanation of Differences between the SBR and the Budget of the US Government

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget). The Budget that will include FY 2022 actual budgetary execution information is scheduled for publication in February 2023, which will be available through OMB’s website at <https://www.whitehouse.gov/omb/budget/>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements. Balances reported in the FY 2021 SBR and the related President’s Budget reflected the following:

FY2021	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 4,258,151.76	\$ 3,674,473.66	\$ -	\$ 3,534,260.44
<i>Budget of the U.S. Government</i>	4,200,000.00	3,000,000.00	-	4,000,000.00
Difference	<u>\$ 58,151.76</u>	<u>\$ 674,473.66</u>	<u>\$ -</u>	<u>\$ (465,739.56)</u>

The difference between the Statement of Budgetary Resources and the *Budget of the United States Government* for budgetary resources, obligations incurred and net outlays are primarily due to rounding. A portion of the difference in the budgetary resources is due to expired unobligated balances being reported in the Statement of Budgetary Resources but not in the Budget of the United States Government.

Note 8 – Undelivered Orders at the End of the Period

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

	Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
2022	\$ 842,520.12	\$ -	\$ 842,520.12
2021	\$ 807,884.88	\$ -	\$ 807,884.88

Note 9 – Reconciliation of Net Cost of Operations to Outlays

MMC has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations. The FY 2021 reconciliation is presented as it was in FY 2021.

	FY 2022	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)		1,121,589.04	2,766,008.33	3,887,597.37
Components of net cost not part of the budgetary outlays				
Property, plant, and equipment depreciation expense		-	(3,296.19)	(3,296.19)
Increase/(Decrease) in Assets:				
Accounts receivable		-	360.64	360.64
(Increase)/Decrease in Liabilities:				
Accounts payable		(4,124.05)	(2,632.67)	(6,756.72)
Federal employee and veteran benefits payable			38,176.41	38,176.41
Other Liabilities		18,452.98	65,569.16	84,022.14
Financing Sources:				
Imputed Cost		(109,189.85)	-	(109,189.85)
Total Components of Net Operating Cost Not Part of the Budget Outlays		(94,860.92)	97,816.71	3,316.43
Net Outlays (Calculated Total)		1,026,728.12	2,864,185.68	3,890,913.80
Budgetary Agency Outlays, net (SBR 4210)				3,890,913.80
Budgetary Agency Outlays, net				3,890,913.80
Agency Outlays, Net (SBR Line 4210)				3,890,913.80
	FY 2021	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)		1,139,749.73	2,535,004.69	3,674,754.42
Components of net cost not part of the budgetary outlays				
Property, plant, and equipment depreciation expense		-	(3,296.19)	(3,296.19)
(Increase)/Decrease in Liabilities:				
Accounts payable		(10,236.07)	(12,492.58)	(22,728.65)
Federal employee and veteran benefits payable			13,744.44	13,744.44
Other Liabilities		(1,593.29)	(22,080.28)	(23,673.57)
Financing Sources:				
Imputed Cost		(104,540.01)	-	(104,540.01)
Total Components of Net Operating Cost Not Part of the Budget Outlays		(116,369.37)	(24,124.61)	(140,493.98)
Net Outlays (Calculated Total)		1,023,380.36	2,510,880.08	3,534,260.44
Budgetary Agency Outlays, net (SBR 4210)				3,534,260.44
Budgetary Agency Outlays, net				3,534,260.44
Agency Outlays, Net (SBR Line 4210)				3,534,260.44

Note 10 – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 27, 2022, which is the date the financial statements were available to be issued.