



MARINE MAMMAL COMMISSION

**GENERAL FUND
FINANCIAL STATEMENTS**

As Of And For The Years Ended September 30, 2023 and 2022

Independent Auditor's Report

Chair and Executive Director
Marine Mammal Commission
Bethesda, MD

In our audits of the fiscal years 2023 and 2022 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, 2023, and 2022, 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 2023 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) and other information included with the financial statements; (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 Office of Management and Budget (OMB) Bulletin No. 24-01, *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, 2023, and 2022; 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, 2023, and 2022, 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 the 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 Performance and Accountability 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.
- 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. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our 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 Performance and Accountability Report. The other information comprises financial summaries and historical information 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 2023 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 2023 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 attention of the Commission's management. 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 and Office of Management and Budget audit guidance.

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, 2023, 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 internal control over financial reporting 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 2023 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.

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
January 19, 2024*

Marine Mammal Commission

BALANCE SHEETS

As Of September 30, 2023 and 2022

(in dollars)

		2023	2022
Assets:			
Intragovernmental Assets:			
Fund Balance With Treasury	(Note 2)	\$ 2,363,420.14	\$ 1,757,364.01
Total Intragovernmental Assets		2,363,420.14	1,757,364.01
Other than Intragovernmental Assets:			
Accounts Receivable, net		0.00	360.64
Property, Plant and Equipment, net	(Note 3)	3,196.74	6,492.93
Total Other than Intragovernmental Assets		3,196.74	6,853.57
Total Assets		\$ 2,366,616.88	\$ 1,764,217.58
Liabilities:			
Intragovernmental Liabilities:			
Accounts Payable		61,830.35	10,472.32
Other Liabilities	(Note 5)	11,652.68	10,710.98
Total Intragovernmental Liabilities		73,483.03	21,183.30
Other than Intragovernmental Liabilities:			
Accounts Payable	(Note 4)	60,020.85	22,084.95
Federal Employees and Veterans Benefit Payable		197,570.82	159,299.85
Other Liabilities	(Note 5)	38,694.00	36,067.58
Total Other than Intragovernmental Liabilities		296,285.67	217,452.38
Total Liabilities		\$ 369,768.70	\$ 238,635.68
Net Position:			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		\$ 2,189,475.05	\$ 1,676,385.61
Cumulative Results of Operations - All Other Funds (Consolidated Totals)		(192,626.87)	(150,803.71)
Total Net Position - All Other Funds (Consolidated Totals)		1,996,848.18	1,525,581.90
Total Net Position		\$ 1,996,848.18	\$ 1,525,581.90
Total Liabilities and Net Position		\$ 2,366,616.88	\$ 1,764,217.58

The accompanying notes are an integral part of these statements.

Marine Mammal Commission
STATEMENTS OF NET COST

For The Fiscal Years Ended September 30, 2023 and 2022
(in dollars)

	2023	2022
Program Costs:		
Gross Costs	<u>\$ 3,956,793.00</u>	<u>\$ 3,887,597.37</u>
Net Program Costs	<u>3,956,793.00</u>	<u>3,887,597.37</u>
Net Cost of Operations	<u><u>\$ 3,956,793.00</u></u>	<u><u>\$ 3,887,597.37</u></u>

The accompanying notes are an integral part of these statements.

Marine Mammal Commission
STATEMENTS OF CHANGES IN NET POSITION
For The Fiscal Years Ended September 30, 2023 and 2022
(in dollars)

FY 2023 (CY)

	All Other Funds (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:		
Beginning Balance	\$ 1,676,385.61	\$ 1,676,385.61
Appropriations received	4,500,000.00	4,500,000.00
Other Adjustments (+/-)	(223,218.71)	(223,218.71)
Appropriations used	(3,763,691.85)	(3,763,691.85)
Net Change in Unexpended Appropriations	<u>513,089.44</u>	<u>513,089.44</u>
Total Unexpended Appropriations	\$ 2,189,475.05	\$ 2,189,475.05
Cumulative Results from Operations		
Beginning Balances	\$ (150,803.71)	\$ (150,803.71)
Appropriations used	3,763,691.85	3,763,691.85
Imputed Financing	151,277.99	151,277.99
Net Cost of Operations	(3,956,793.00)	(3,956,793.00)
Net Change in Cumulative Results of Operations	<u>(41,823.16)</u>	<u>(41,823.16)</u>
Cumulative Results of Operations	(192,626.87)	(192,626.87)
Net Position	\$ 1,996,848.18	\$ 1,996,848.18

The accompanying notes are an integral part of these statements.

Marine Mammal Commission
STATEMENTS OF CHANGES IN NET POSITION
For The Fiscal Years Ended September 30, 2023 and 2022
(in dollars)

FY 2022 (PY)

	All Other Funds (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:		
Beginning Balance	\$ 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)
Net Change in Unexpended Appropriations	284,822.63	284,822.63
Total Unexpended Appropriations	\$ 1,676,385.61	\$ 1,676,385.61
Cumulative Results from Operations		
Beginning Balances	\$ (183,203.04)	\$ (183,203.04)
Appropriations used	3,810,806.85	3,810,806.85
Imputed Financing	109,189.85	109,189.85
Net Cost of Operations	(3,887,597.37)	(3,887,597.37)
Net Change in Cumulative Results of Operations	32,399.33	32,399.33
Cumulative Results of Operations	(150,803.71)	(150,803.71)
Net Position	\$ 1,525,581.90	\$ 1,525,581.90

The accompanying notes are an integral part of these statements.

Marine Mammal Commission
STATEMENTS OF BUDGETARY RESOURCES

For The Fiscal Years Ended September 30, 2023 and 2022
(in dollars)

	<u>2023</u> <u>Budgetary</u>	<u>2022</u> <u>Budgetary</u>
Budgetary resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 666,955.05	\$ 526,024.81
Appropriations (discretionary and mandatory)	<u>4,500,000.00</u>	<u>4,200,000.00</u>
Total budgetary resources	<u>\$ 5,166,955.05</u>	<u>\$ 4,726,024.81</u>
Status of budgetary resources:		
New obligations and upward adjustments (total)	(Note 6) \$ 4,249,629.61	\$ 3,892,159.32
Unobligated balance, end of year:		
Apportioned, unexpired account	<u>253,112.26</u>	<u>391,440.66</u>
Unexpired unobligated balance, end of year	<u>253,112.26</u>	<u>391,440.66</u>
Expired unobligated balance, end of year	<u>664,213.18</u>	<u>442,424.83</u>
Unobligated balance, end of year (total)	<u>917,325.44</u>	<u>833,865.49</u>
Total budgetary resources	<u>\$ 5,166,955.05</u>	<u>\$ 4,726,024.81</u>
Outlay, net:		
Outlays, net (total) (discretionary and mandatory)	\$ 3,670,725.16	\$ 3,890,913.80
Agency outlays, net (discretionary and mandatory)	(Note 10) \$ 3,670,725.16	\$ 3,890,913.80

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, 2023, and 2022, 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 received the funding necessary to support its programs from appropriations.

In certain instances, operating costs of MMC are paid out of funds appropriated to other federal agencies. In accordance with SFFAS 5, “*Accounting for Liabilities of the Federal Government*,” all expenses of a federal entity should be reported by that agency, regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of MMC, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. MMC records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM). The amount of imputed costs for FY2023 and FY2022 were \$151,277.99 and \$109,189.85, respectively.

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 8673, 8672, 8671, 8670, 8679). The annual fund for FY 2018 was cancelled and the remaining fund balance of \$223,218.71 was returned to Treasury during FY 2023.

	<u>2023</u>	<u>2022</u>
1. Status of Fund Balance with Treasury		
(1) Unobligated Balance		
(a) Available	\$253,112.66	391,440.66
(b) Unavailable	664,212.78	442,424.83
(2) Obligated Balance not yet Disbursed	1,446,094.70	923,498.52
Total	<u>\$ 2,363,420.14</u>	<u>\$ 1,757,364.01</u>

Note 3 - General Property, Plant and Equipment, Net

MMC's policy for equipment is that accountable personal property with an acquisition cost of \$5,000 or more per item is capitalized 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 capitalized in the general ledger and depreciated based on class life in accordance with federal accounting standards. For example, the bulk purchase of equipment systems or furniture components costing \$100,000 or more is capitalized in the Commission Accounting System (CAS) general ledger although individual components are not accountable in the property management system. As of September 30, 2023, and 2022, general property, plant and equipment were comprised of the following and currently held a useful asset life of 60 months.

<u>2023</u>	<u>Operating Equipment</u>	<u>Total</u>
Cost	16,399.56	16,399.56
Accum. Depr.	<u>(13,202.82)</u>	<u>(13,202.82)</u>
Net Book Value	<u>3,196.74</u>	<u>3,196.74</u>

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

Note 4 – Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources require future congressional actions whereas liabilities covered by budgetary resources reflect prior congressional actions. Regardless of when congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit). The composition of liabilities not covered by budgetary resources as of September 30, 2023, and 2022 is as follows:

Liabilities Not Covered by Budgetary Resources		
	2023	2022
Unfunded Leave	\$195,823.61	\$157,657.28
Total Liabilities Not Covered by Budgetary Resources	<u>\$195,823.61</u>	<u>\$157,657.28</u>
Total Liabilities Covered by Budgetary Resources	<u>173,945.09</u>	<u>80,978.40</u>
Total Liabilities	\$369,768.70	\$238,635.68

Note 5 – Other Liabilities

Other liabilities with the public for the year ended September 30, 2023, and 2022 consist of Accrued Funded Payroll and Leave, Employer Contributions and Payroll Taxes Payable and Unfunded Leave in the amounts shown below.

	FY 2023 Current Year Total	FY2022 Prior Year Total
Intragovernmental Liabilities		
Employer Contributions and Payroll Taxes Payable	\$ 11,652.68	\$ 10,710.98
Total Intragovernmental	<u>\$ 11,652.68</u>	<u>\$ 10,710.98</u>
Other than Intragovernmental		
Accrued Funded Payroll & Leave	\$ 38,694.00	\$ 36,067.58
Total Other than Intragovernmental	<u>\$ 38,694.00</u>	<u>\$ 36,067.58</u>
 Total Other Liabilities	 <u>\$ 50,346.68</u>	 <u>\$ 46,778.56</u>

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

Obligations incurred by MMC in fiscal years 2023 and 2022 include direct obligations, category B. Direct – Category B obligations were incurred against amounts apportioned under category B on the latest SF 132.

	<u>2023</u>	<u>2022</u>
Direct - Category B		
New Obligations	\$ 4,243,908.42	\$ 3,855,382.29
Upward Adjustments	5,721.19	36,777.03
Total	<u>\$ 4,249,629.61</u>	<u>\$ 3,892,159.32</u>

Note 7 – Lease Agreement

The Marine Mammal Commission has a lease for office space through the General Services Administration (GSA). A lease with GSA expired on August 25, 2023. A new lease was signed for a period beginning August 26, 2023, through August 25, 2033. Due to a rent abatement negotiated by GSA, the Commission will receive total rent credits totaling \$86,167.71 beginning on August 26, 2023, for five months. If the rent agreement is cancelled prior to its expiration, the rent credit is treated as pro-rata over the entire agreement, and the unearned portion returned to GSA. The space can be relinquished with four months’ notice after the first twelve (12) months of occupancy. Total rent payments during the fiscal year ended September 30, 2023, totaled \$207,108.55. The Commission also received \$18,439.89 in abated rent during the fiscal year. Future minimum lease payments are as follows:

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>Lease Amount</u>
2024	\$ 147,633.69 *
2025	222,770.42
2026	224,176.51
2027	225,612.13
2028	227,077.90
2029-2033	<u>1,126,449.26</u>
Total	<u>\$ 2,173,719.91</u>

*The lease expense for fiscal year 2024 includes an abatement of \$73,759.56.

Note 8 – 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 2023 actual budgetary execution information is scheduled for publication in February 2024, 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 2022 SBR and the related President’s Budget reflected the following:

FY2022	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$4,726,024.81	\$ 3,892,159.32	\$ -	\$ 3,890,913.80
Budget of the U.S. Government	4,000,000.00	4,000,000.00	\$ -	4,000,000.00
Difference	<u>\$ 726,024.81</u>	<u>\$ (107,840.68)</u>	<u>\$ -</u>	<u>\$ (109,086.20)</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 9 – 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
2023	\$ 1,272,149.61	\$ -	\$ 1,272,149.61
2022	\$ 842,520.12	\$ -	\$ 842,520.12

Note 10 – 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.

FY 2023	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	1,165,003.32	2,791,789.68	3,956,793.00
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 not Affecting Budgetary Outlays:			
Accounts payable	(51,358.03)	(37,935.90)	(89,293.93)
Federal employee and veteran benefits payable	-	(38,270.97)	(38,270.97)
Other Liabilities	(941.70)	(2,626.42)	(3,568.12)
Other Financing Sources:			
Imputed Cost	(151,277.99)	-	(151,277.99)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(203,577.72)	(82,490.12)	(286,067.84)
Net Outlays (Calculated Total)	961,425.60	2,709,299.56	3,670,725.16
Budgetary Agency Outlays, net (SBR 4210)			<u>3,670,725.16</u>
Budgetary Agency Outlays, net Agency Outlays, Net (SBR Line 4210)			<u>3,670,725.16</u>
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 not Affecting Budgetary Outlays:			
Accounts receivable	-	360.64	360.64
(Increase)/Decrease in Liabilities not Affecting Budgetary Outlays:			
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
Other 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)			<u>3,890,913.80</u>
Budgetary Agency Outlays, net Agency Outlays, Net (SBR Line 4210)			<u>3,890,913.80</u>

Note 11 – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 19, 2024, which is the date the financial statements were issued.