



**GENERAL FUND
FINANCIAL STATEMENTS**

As Of And For The Fiscal Year Ended September 30, 2025

Independent Auditor's Report

To: Chair and Executive Director
Marine Mammal Commission
Bethesda, MD

In our audit of the fiscal year 2025 financial statements of **Marine Mammal Commission (MMC)**, we found:

- MMC's financial statements as of and for the fiscal year ended September 30, 2025, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- one significant deficiency in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2025 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 a section on required supplementary information (RSI) and a section on other information included with the financial statements; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

Report on the Financial Statements

Opinion

In accordance with Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, we have audited MMC's financial statements. MMC's financial statements comprise the balance sheet as of September 30, 2025; the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended; and the related notes to the financial statements. In our opinion, MMC's financial statements present fairly, in all material respects, MMC's financial position as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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 MMC 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

MMC's management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in MMC's Performance and Accountability Report, and ensuring the consistency of that information with the audited financial statements and the RSI; and
- 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 (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) 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 and OMB Bulletin No. 24-02 guidance 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 a 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 and OMB Bulletin No. 24-02 guidance, 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 MMC'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

MMC’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 MMC’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 audit of MMC’s financial statements, we considered MMC’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 MMC’s internal control over financial reporting. However,

we identified a deficiency in internal control that we consider to be a significant deficiency. The details of this significant deficiency are presented in Exhibit A.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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.

During our 2025 audit, we identified other deficiencies in MMC's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant MMC's management's attention. We have communicated these matters to MMC'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 MMC'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

MMC 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 MMC's financial statements as of and for the fiscal year ended September 30, 2025, in accordance with U.S. generally accepted government auditing standards, we considered MMC'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 MMC's internal control over financial reporting. Accordingly, we do not express an opinion on MMC'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:

- 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
- 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 MMC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of MMC'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 audit of MMC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities 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 2025 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 MMC. 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

MMC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to MMC.

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

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to MMC that have a direct effect on the determination of material amounts and disclosures in MMC's financial statements, and to perform certain other limited procedures. Accordingly,

we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to MMC. 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, MD

March 11, 2026

Introduction to Exhibit A – Internal Control Deficiency

The internal control deficiency and finding related to financial reporting identified during our audit of MMC's FY 2025 financial statement is presented below.

Exhibit A: Significant deficiency identified at MMC at the financial statement level.

A-1: Improvements are Needed in the Internal Controls over Trial Balances and Adjustments

Background: During our audit procedures, we noted that the beginning balance for Unexpended Appropriations did not agree to the ending balance on the financial statements from the prior year.

Condition: The trial balance and related financial statements presented to Rocha & Company, PC for audit showed a beginning balance for Unexpended Appropriations of \$2,437,700.61, while the ending balance for Unexpended Appropriations on the financial statements from the prior year was \$2,370,700.61. For financial statement reporting purposes, the ending balance of Unexpended Appropriations for one fiscal year should agree to the beginning balance of Unexpended Appropriations for the following fiscal year.

Cause/Effect: MMC's controls were not sufficient to detect the discrepancy between the FY2025 beginning balance of Unexpended Appropriations and the FY2024 ending balance of Unexpended Appropriations. As a result, the FY2025 net costs were overstated by \$67,000 and required an audit adjustment.

Criteria:

1) Section OV4.03 of the Government Accountability Office Standards for Internal Control in the Federal Government states "Management may consider the following when determining the extent of oversight for the operational processes assigned to the service organization:

- The nature of services outsourced.
- The service organization's standards of conduct.
- The quality and frequency of the service organization's enforcement of adherence to standards of conduct by its personnel.
- The magnitude and level of complexity of the entity's operations and organizational structure.
- The extent to which the entity's internal controls are sufficient so that the entity achieves its objectives and addresses risk related to the assigned operational process".

2) GAO's Standards for Internal Control in the Federal Government states,

Internal control comprises the plans, methods, policies and procedures used to fulfill the mission, strategic plan, goals and objectives for the entity. Internal control services as the first line of defense in safeguarding assets. In short, internal control helps managers achieve desired results through effective stewardship of public resources.

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

Recommendations:

MMC should discuss the error with their third-party service provider to understand why the difference occurred and how it will be prevented in the future.

Management's Response:

MMC's response to the finding identified in our audit is described in the accompanying Audit Response Letter. MMC's response was not subject to auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Marine Mammal Commission

BALANCE SHEET

As Of September 30, 2025
(in dollars)

		2025
Assets:		
Intragovernmental Assets:		
Fund Balance With Treasury	(Note 2)	\$ 2,530,512.57
Total Intragovernmental Assets		2,530,512.57
Other than Intragovernmental Assets:		
Accounts Receivable, net		254.59
Total Other than Intragovernmental Assets		254.59
Total Assets		\$ 2,530,767.16
Liabilities:		
Intragovernmental Liabilities:	(Note 4)	
Accounts Payable		115.10
Other Liabilities	(Note 5)	15,696.40
Total Intragovernmental Liabilities		15,811.50
Other than Intragovernmental Liabilities:		
Accounts Payable		69,140.93
Federal Employee Salary, Leave, and Benefits Payable		264,085.31
Total Other than Intragovernmental Liabilities		333,226.24
Total Liabilities		\$ 349,037.74
Net Position:		
Unexpended Appropriations - All Other Funds (Consolidated Totals)		2,381,746.76
Cumulative Results of Operations - All Other Funds (Consolidated Totals)		\$ (200,017.34)
Total Net Position - All Other Funds (Consolidated Totals)		2,181,729.42
Total Net Position		\$ 2,181,729.42
Total Liabilities and Net Position		\$ 2,530,767.16

The accompanying notes are an integral part of these statements

Marine Mammal Commission
STATEMENT OF NET COST

For The Fiscal Year Ended September 30, 2025
(in dollars)

	2025
Program Costs:	
Gross Costs	<u>\$ 4,588,380.16</u>
Net Program Costs	<u>4,588,380.16</u>
Net Cost of Operations	<u><u>\$ 4,588,380.16</u></u>

The accompanying notes are an integral part of these statements

Marine Mammal Commission
STATEMENT OF CHANGES IN NET POSITION
For The Fiscal Year Ended September 30, 2025
(in dollars)

FY 2025 (CY)

	All Other Funds (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:		
Beginning Balance	\$ 2,370,700.61	\$ 2,370,700.61
Appropriations received	4,500,000.00	4,500,000.00
Other Adjustments (+/-)	(139,950.48)	(139,950.48)
Appropriations used	(4,349,003.37)	(4,349,003.37)
Net Change in Unexpended Appropriations	11,046.15	11,046.15
Total Unexpended Appropriations	\$ 2,381,746.76	\$ 2,381,746.76
Cumulative Results from Operations		
Beginning Balances	\$ (187,160.63)	\$ (187,160.63)
Appropriations used	4,349,003.37	4,349,003.37
Imputed Financing	226,520.08	226,520.08
Net Cost of Operations	(4,588,380.16)	(4,588,380.16)
Net Change in Cumulative Results of Operations	(12,856.71)	(12,856.71)
Total Cumulative Results of Operations	(200,017.34)	(200,017.34)
Net Position	\$ 2,181,729.42	\$ 2,181,729.42

The accompanying notes are an integral part of these statements

Marine Mammal Commission
STATEMENT OF BUDGETARY RESOURCES

For The Fiscal Year Ended September 30, 2025
(in dollars)

		<u>2025</u> <u>Budgetary</u>
Budgetary resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	(Note 11)	\$ 1,006,824.01
Appropriations (discretionary and mandatory)		<u>4,500,000.00</u>
Total budgetary resources		<u>\$ 5,506,824.01</u>
Status of budgetary resources:		
New obligations and upward adjustments (total)	(Note 6)	\$ 3,999,948.99
Unobligated balance, end of year:		
Apportioned, unexpired account		<u>500,707.92</u>
Unexpired unobligated balance, end of year		<u>500,707.92</u>
Expired unobligated balance, end of year		<u>1,006,167.10</u>
Unobligated balance, end of year (total)		<u>1,506,875.02</u>
Total budgetary resources		<u>\$ 5,506,824.01</u>
Outlay, net:		
Outlays, net (total) (discretionary and mandatory)		<u>\$ 4,368,575.09</u>
Agency outlays, net (discretionary and mandatory)	(Note 10)	<u>\$ 4,368,575.09</u>

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, 2025, 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

Note 1 – Summary of Significant Accounting Policies (continued)

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 FY2025 is \$226,520.08.

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

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 8675, 8674, 8673, 8672, 8671). The annual fund for FY 2020 was cancelled and the remaining fund balance of \$139,950.48 was returned to Treasury during FY 2025.

Note 2 – Fund Balance with Treasury (continued)

A. Fund Balance with Treasury General Fund	<u>\$ 2,530,512.57</u>
B. Status of Fund Balance with Treasury	
(1) Unobligated Balance	
(a) Available	\$ 500,707.92
(b) Unavailable	1,006,167.10
(2) Obligated Balance not yet Disbursed	<u>1,023,637.55</u>
Total	<u>\$2,530,512.57</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.

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, 2025 is as follows:

Unfunded Leave	<u>\$200,271.93</u>
Total Liabilities Not Covered by Budgetary Resources	\$200,271.93
Total Liabilities Covered by Budgetary Resources	<u>\$148,765.81</u>
Total Liabilities	<u>\$349,037.74</u>

Note 5 – Other Liabilities

Other liabilities for the year ended September 30, 2025 consist of Employer Contributions and Payroll Taxes Payable in the amount shown below.

	Total
Intragovernmental	
Employer Contributions and Payroll Taxes Payable	<u>\$ 15,696.40</u>
Total Other Liabilities	<u><u>\$ 15,696.40</u></u>

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

Obligations incurred by MMC in fiscal year 2025 include direct obligations, category B. Direct – Category B obligations were incurred against amounts apportioned under category B on the latest SF 132.

Direct - Category B	
New Obligations	\$ 3,999,292.08
Upward Adjustments	656.91
Total	<u><u>\$ 3,999,948.99</u></u>

Note 7 – Lease Agreement

The Marine Mammal Commission has a lease for office space through the General Services Administration (GSA). A lease was signed for a period beginning August 26, 2023, through August 25, 2033. Due to a rent abatement negotiated by GSA, the Commission received total rent credits totaling \$89,631.35 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, 2025, totaled \$217,136.14. Future minimum lease payments are as follows:

Note 7 – Lease Agreement (continued)

Fiscal Year Ended September 30,	<u>Lease Amount</u>
2026	\$ 224,176.51
2027	225,612.13
2028	227,077.90
2029	228,574.45
2030	230,102.42
2031-2033	<u>667,772.39</u>
Total	<u>\$1,803,315.80</u>

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 2025 actual budgetary execution information is scheduled for publication in February 2026, 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 2024 SBR and the related President’s Budget reflected the following:

FY2024	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 5,436,231.63	\$ 4,385,058.88	\$ -	\$ 4,287,188.74
<i>Budget of the U.S. Government</i>	<u>5,000,000.00</u>	<u>5,000,000.00</u>	<u>-</u>	<u>5,000,000.00</u>
Difference	<u>\$ 436,231.63</u>	<u>\$ (614,941.12)</u>	<u>\$ -</u>	<u>\$ (712,811.26)</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
2025	\$ 874,871.74	\$ -	\$ 874,871.74

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 2025	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	1,263,686.11	3,324,694.05	4,588,380.16
Components of net cost not part of the budgetary outlays			
Accounts receivable	-	254.59	254.59
(Increase)/Decrease in Liabilities not Affecting Budgetary Outlays:			
Accounts payable	428.70	35,588.16	36,016.86
Federal employee, salary, leave, and benefits payable	-	(27,824.36)	(27,824.36)
Other Liabilities	(1,732.08)		(1,732.08)
Other Financing Sources:			
Imputed Cost	(226,520.08)	-	(226,520.08)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(227,823.46)	8,018.39	(219,805.07)
Net Outlays (Calculated Total)	1,035,862.65	3,332,712.44	4,368,575.09
Budgetary Agency Outlays, net (SBR 4210)			4,368,575.09
Budgetary Agency Outlays, net			4,368,575.09
Agency Outlays, Net (SBR Line 4210)			4,368,575.09

Note 11 – Net Adjustments to Unobligated Balance Brought Forward, October 1

MMC fiscal year 2025 includes adjustments made to the prior year's unobligated balance (i.e., current year's beginning unobligated balance) are as follows:

	<u>2025</u>
Unobligated Balance	
Unobligated Balance brought forward	\$ 1,051,172.75
Recovery of prior year unpaid obligations	95,307.76
Recovery of prior year paid obligations	293.98
Other balances withdrawn to Treasury	<u>(139,950.48)</u>
Unobligated Balance from Prior Year Budget Authority, Net	<u>\$ 1,006,824.01</u>

Note 12 – Inter-Entity Costs

Goods and services are received from other Federal entities at no cost or at a cost less than the full cost to the providing entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized as imputed costs and are offset by imputed revenue. Such imputed costs and revenues relate to business-type activities, employee benefits, and claims to be settled by the Treasury Judgement Fund. However, unreimbursed cost of goods and services other than those identified above are not included in our financial statements.

Note 13 – Subsequent Costs

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 6, 2026, which is the date the financial statements were issued.



MARINE MAMMAL COMMISSION

16 March 2026

Mr. Christopher Toht
Rocha & Company, PC
9801 Washingtonian Blvd., Ste. 710
Gaithersburg, MD 20878

Dear Mr. Toht:

We are providing this letter in connection with your audit of the balance sheet of the **Marine Mammal Commission** (MMC) as of September 30, 2025, and the related statements of net costs, changes in net position, and budgetary resources for the year then ended, and the related notes to the financial statements, hereinafter referred to as the “financial statements.”

In the audit, it was noted that the beginning balance for Unexpended Appropriations did not agree to the ending balance on the financial statements from the prior year. The trial balance and related financial statements presented to Rocha & Company, PC for audit showed a beginning balance for Unexpended Appropriations of \$2,437,700.61, while the ending balance for Unexpended Appropriations on the financial statements from the prior year was \$2,370,700.61. For financial statement reporting purposes ending Unexpended Appropriations for one fiscal year should agree to the beginning Unexpended Appropriations for the following fiscal year.

Rocha & Company, PC has recommended that the Commission discuss the error with their third-party service provider to understand why the difference occurred and how it will be prevented in the future. MMC management concurs with the significant deficiency identified in the audit report and recommendation and has provided a corrective action plan, with milestone dates to address the condition. The Service provider has been contacted and made aware of the error, which was corrected. The Service provider has been advised of the necessity to improve the level of service to the Commission.

Sincerely,

Peter O. Thomas, Ph.D.,
Executive Director