



MARINE MAMMAL COMMISSION

GENERAL FUND

FINANCIAL STATEMENTS

As of and For The Years Ended September 30, 2013 and 2012

Independent Auditor's Report
Commission Members and Executive Director
Marine Mammal Commission
Bethesda, MD

Report on the Financial Statements

We have audited the accompanying balance sheets of the Marine Mammal Commission (MMC) as of September 30, 2013 and 2012, and the related statements of net cost, changes in net position, and statement of budgetary resources, for the years then ended. In our audit of the Marine Mammal Commission for the fiscal year ended September 30, 2013, we found:

- the financial statements are presented fairly in all material respects, in conformity with U.S. generally accepted accounting principles,
- no material weaknesses or significant deficiencies in internal control over financial reporting (including safeguarding assets),
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis (MD&A) and other accompanying information, and (3) our audit objectives, scope, and methodology.

Opinion on Financial Statements

In our opinion, the financial statements, including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the financial position of the Marine Mammal Commission as of September 30, 2013 and 2012, and its net costs; changes in net position; and budgetary resources for the years then ended.

Consideration of Internal Control

In planning and performing our audit, we considered the Marine Mammal Commission's internal control over financial reporting as a basis for designing our auditing procedures and to comply with the Office of Management and Budget (OMB) audit guidance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on internal control and compliance or on management's assertion on internal control included in the MD&A. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on the effectiveness of the entity's internal control over financial reporting, or on management's assertion on internal control included in the MD&A.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that the design or operation of one or more internal controls will not allow management or employees, in the normal course of performing their duties, to promptly detect or prevent errors, fraud, or noncompliance in amounts that would be material to the financial statements.

Our consideration of internal control over financial reporting was for the purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the Commission's internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined above.

Compliance With Laws and Regulations

As part of obtaining reasonable assurance about whether the Marine Mammal Commission's financial statements are free from material misstatement, we also performed tests of its compliance with certain provisions of laws and regulations for fiscal year 2013. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Consistency of Other Information

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Chairman's Message, Performance Section, and Other Accompanying Information is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Responsibilities

Management's Responsibilities. Management is responsible for preparing the financial statements; establishing and maintaining effective internal control over financial reporting; and complying with laws, regulations, contracts, and grant agreements applicable to the Commission.

Auditors' Responsibilities. Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management

and Budget (OMB) Bulletin No. 14-02, Audit Requirements for Federal Financial Statements. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation 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 agency's internal control. Accordingly, we do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Rocha & Company, PC

*Gaithersburg, Maryland
December 12, 2013*

MARINE MAMMAL COMMISSION
BALANCE SHEET

As Of September 30, 2013 and 2012

| | | 2013 | 2012 |
|--|----------|------------|--------------|
| Assets: | | | |
| Intragovernmental: | | | |
| Fund Balance With Treasury | (Note 2) | \$ 789,420 | \$ 1,071,193 |
| Total Intragovernmental | | 789,420 | 1,071,193 |
| Total Assets | | \$ 789,420 | \$ 1,071,193 |
| Liabilities: | (Note 3) | | |
| Intragovernmental: | | | |
| Accounts Payable | | \$ 25 | \$ 1,542 |
| Other: | (Note 4) | | |
| Employee Benefits | | 7,183 | 6,248 |
| Total Intragovernmental | | 7,208 | 7,790 |
| Liabilities With the Public: | | | |
| Accounts Payable | | 92,039 | 3,504 |
| Other: | (Note 4) | | |
| Accrued Funded Payroll and Leave | | 32,384 | 28,689 |
| Employer Contributions and Payroll Taxes Payable | | 1,238 | 1,013 |
| Unfunded Leave | | 206,549 | 206,955 |
| Total Liabilities With the Public | | 332,209 | 240,161 |
| Total Liabilities | | \$ 339,417 | \$ 247,951 |
| Net Position: | | | |
| Unexpended Appropriations - Other Funds | | \$ 656,551 | \$ 1,030,196 |
| Cumulative Results of Operations - Other Funds | | (206,549) | (206,955) |
| Total Net Position | | 450,002 | 823,241 |
| Total Liabilities and Net Position | | \$ 789,420 | \$ 1,071,193 |

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

The accompanying notes are an integral part of these statements.

**MARINE MAMMAL COMMISSION
STATEMENT OF NET COST**

As Of And For The Years Ended September 30, 2013 and 2012

| | | <u>2013</u> | <u>2012</u> |
|-------------------------------|----------|----------------------------|----------------------------|
| Program Costs: | | | |
| | | | |
| Gross Costs | | <u>\$ 3,335,493</u> | <u>\$ 3,264,463</u> |
| Net Program Costs | (Note 5) | <u>3,335,493</u> | <u>3,264,463</u> |
| Net Cost of Operations | | <u><u>\$ 3,335,493</u></u> | <u><u>\$ 3,264,463</u></u> |

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

The accompanying notes are an integral part of these statements.

MARINE MAMMAL COMMISSION

STATEMENT OF CHANGES IN NET POSITION

As Of And For The Years Ended September 30, 2013 and 2012

| | 2013 | 2012 |
|--|--------------|--------------|
| Cumulative Results of Operations: | | |
| Beginning Balances | \$ (206,955) | \$ (177,851) |
| Budgetary Financing Sources: | | |
| Appropriations Used | 3,218,564 | 3,110,786 |
| Other Financing Resources (Non-Exchange): | | |
| Imputed Financing | 117,335 | 124,574 |
| Total Financing Sources | 3,335,899 | 3,235,360 |
| Net Cost of Operations (+/-) | 3,335,493 | 3,264,463 |
| Net Change | 406 | (29,104) |
| Cumulative Results of Operations | \$ (206,549) | \$ (206,955) |
| Unexpended Appropriations: | | |
| Beginning Balances | \$ 1,030,196 | \$ 1,169,138 |
| (b) Corrections of Errors (+/-) | - | 2,448 |
| Beginning Balances, as Adjusted | \$ 1,030,196 | \$ 1,171,586 |
| Budgetary Financing Sources: | | |
| Appropriations Received | 3,081,000 | 3,025,000 |
| Other Adjustments | (236,081) | (55,605) |
| Appropriations Used | (3,218,564) | (3,110,786) |
| Total Budgetary Financing Sources | (373,644) | (141,390) |
| Total Unexpended Appropriations | 656,551 | 1,030,196 |
| Net Position | \$ 450,002 | \$ 823,241 |

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

The accompanying notes are an integral part of these statements.

MARINE MAMMAL COMMISSION
STATEMENT OF BUDGETARY RESOURCES

As Of And For The Years Ended September 30, 2013 and 2012

| | <u>2013</u> <u>Budgetary</u> | <u>2012</u> <u>Budgetary</u> |
|--|---------------------------------|---------------------------------|
| BUDGETARY RESOURCES | | |
| Unobligated balance brought forward, October 1 | \$ 26,940 | \$ 31,977 |
| Recoveries of prior year unpaid obligations (unobligated balances) | 17,798 | 61,760 |
| Other changes in unobligated balance | <u>(20,029)</u> | <u>(55,605)</u> |
| Unobliged balance from prior year budget authority, net | 24,709 | 38,133 |
| Appropriations (discretionary and mandatory) | 2,864,948 | 3,025,000 |
| Spending authority from offsetting collections | 2,700 | 12,010 |
| Total budgetary resources | <u>\$ 2,892,357</u> | <u>\$ 3,075,143</u> |
| STATUS OF BUDGETARY RESOURCES | | |
| Obligations incurred | (Note 6) \$ 2,852,348 | \$ 3,048,203 |
| Apportioned | 17,547 | 14,794 |
| Unapportioned | <u>22,462</u> | <u>12,146</u> |
| Unobligated balance brought forward, end of year | 40,009 | 26,940 |
| Total budgetary resources | <u>\$ 2,892,357</u> | <u>\$ 3,075,143</u> |
| CHANGE IN OBLIGATED BALANCE | | |
| Unpaid obligations, brought forward, October 1 (gross) | \$ 1,044,253 | \$ 1,241,054 |
| Obligations incurred | 2,852,348 | 3,048,203 |
| Outlays (gross) (-) | (3,129,392) | (3,183,243) |
| Recoveries of prior year unpaid obligations (-) | (17,798) | (61,760) |
| Unpaid obligations, end of year | (Note 7) 749,411 | 1,044,253 |
| Obligated balance, start of year (net) | 1,044,253 | 1,241,054 |
| Obligated balance, end of year (net) | <u>\$ 749,411</u> | <u>\$ 1,044,253</u> |
| BUDGET AUTHORITY AND OUTLAYS, NET | | |
| Budget authority, gross (discretionary and mandatory) | \$ 2,867,648 | \$ 3,037,010 |
| Actual offsetting collections (discretionary and mandatory) (-) | <u>(2,700)</u> | <u>(12,010)</u> |
| Budget authority, net (discretionary and mandatory) | 2,864,948 | 3,025,000 |
| Outlays, gross (discretionary and mandatory) | 3,129,392 | 3,183,243 |
| Actual offsetting collections (discretionary and mandatory) (-) | <u>(2,700)</u> | <u>(12,010)</u> |
| Outlays, net (discretionary and mandatory) | 3,126,692 | 3,171,233 |
| Agency outlays, net (discretionary and mandatory) | <u>\$ 3,126,692</u> | <u>\$ 3,171,233</u> |

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

The accompanying notes are an integral part of these statements.

**MARINE MAMMAL COMMISSION
STATEMENT OF FINANCING**

As Of And For The Years Ended September 30, 2013 and 2012

| | 2013 | 2012 |
|---|--------------|--------------|
| <i>Resources Used to Finance Activities:</i> | | |
| Budgetary Resources Obligated | | |
| Obligations Incurred | \$ 2,852,348 | \$ 3,048,203 |
| Less: Spending Authority from Offsetting Collections and Recoveries | 20,498 | 73,770 |
| Obligations Net of Offsetting Collections and Recoveries | 2,831,850 | 2,974,433 |
| Net Obligations | 2,831,850 | 2,974,433 |
| | | |
| Other Resources | | |
| Imputed Financing from Costs Absorbed by Others | 117,335 | 124,574 |
| Net Other Resources Used to Finance Activities | 117,335 | 124,574 |
| | | |
| <i>Total Resources Used to Finance Activities</i> | 2,949,185 | 3,099,007 |
| | | |
| <i>Resources Used to Finance Items not Part of the Net Cost of Operations</i> | | |
| Change in Budgetary Resources Obligated for Goods | | |
| Services and Benefits Ordered But Not Yet Provided | (386,713) | (136,353) |
| <i>Total Resources Used to Finance Items Not Part of the Net Cost of Operations</i> | (386,713) | (136,353) |
| | | |
| <i>Total Resources Used to Finance the Net Cost of Operations</i> | 3,335,899 | 3,235,360 |
| | | |
| <i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i> | | |
| <i>Components Requiring or Generating Resources in Future Periods:</i> | | |
| Increase in Annual Leave Liability | (406) | 29,104 |
| <i>Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods</i> | (406) | 29,104 |
| | | |
| <i>Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period</i> | (406) | 29,104 |
| <i>Net Cost of Operations</i> | \$ 3,335,493 | \$ 3,264,463 |

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

MARINE MAMMAL COMMISSION

GENERAL FUND

Note 1 – Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

OMB Circular No. A-136 requires agencies to prepare financial statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2013, amounts of future economic benefits owned or managed by MMC (assets), amounts owed by MMC (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within MMC and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial

statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenues and Other Financing Sources

MMC is an appropriated fund. It receives appropriations. Other financing sources for MMC consist of imputed financing sources which are costs financed by other Federal entities on behalf of MMC, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

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 2008 and the multi-year for FY 2007/2008 were cancelled and the remaining fund balance of \$18,475 and \$1,553, respectively, were given back to Treasury during fiscal year 2013.

| | | |
|---|-------------------|---------------------|
| A. Fund Balance with Treasury | <u>2013</u> | <u>2012</u> |
| Appropriated Fund | \$ 789,420 | \$ 1,071,193 |
| B. Status of Fund Balance with Treasury | | |
| 1) Unobligated Balance | | |
| a) Available | 17,547 | 14,794 |
| b) Unavailable | 22,462 | 12,146 |
| 2) Obligated Balance not yet Disbursed | <u>749,411</u> | <u>1,044,253</u> |
| Total | <u>\$ 789,420</u> | <u>\$ 1,071,193</u> |

Note 3 – Liabilities Not Covered by Budgetary Resources

Liabilities of MMC are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2013, MMC showed liabilities covered by budgetary resources of \$132,869 and liabilities not covered by budgetary resources of \$206,549. As of September 30, 2012, MMC showed liabilities covered by budgetary resources of \$40,996 and liabilities not covered by budgetary resources of \$206,955.

As of September 30, 2013, liabilities covered by budgetary resources are composed of Accounts Payable of \$92,064, Accrued Funded Payroll and Leave of \$32,384, and Employer Contributions and Payroll Taxes Payable of \$8,421. As of September 30, 2012, liabilities covered by budgetary resources were composed of Accounts Payable of \$5,046, Accrued Funded Payroll and Leave of \$28,689, Employer Contributions and Payroll Taxes Payable of \$7,261.

| | | |
|--|-------------|-------------|
| With the Public | <u>2013</u> | <u>2012</u> |
| Other (Unfunded leave liability) | \$206,549 | \$206,955 |
| Total liabilities not covered by budgetary resources | 206,549 | 206,955 |
| Total liabilities covered by budgetary resources | 132,869 | 40,996 |
| Total liabilities | \$339,417 * | \$247,951 |

* Rounding

Note 4 – Other Liabilities

As of September 30, 2013, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$32,384, Unfunded Leave of \$206,549, and employer contributions and payroll taxes payable – TSP of \$1,238. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$7,183. As of September 30, 2012, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$28,689, Unfunded Leave in the amount of \$206,955, and employer contributions and payroll taxes payable – TSP of \$1,013. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$6,248.

| | <u>With the Public</u> | <u>Non-Current</u> | <u>Current</u> | <u>Total</u> |
|------|--------------------------|--------------------|----------------|--------------|
| 2013 | Other Liabilities | \$206,549 | \$33,622 | \$240,170 * |
| 2012 | Other Liabilities | \$206,955 | \$29,702 | \$236,657 |
| | <u>Intragovernmental</u> | <u>Non-Current</u> | <u>Current</u> | <u>Total</u> |
| 2013 | Other Liabilities | \$0 | \$7,183 | \$7,183 |
| 2012 | Other Liabilities | \$0 | \$6,248 | \$6,248 |

* Rounding

Note 5 – Intragovernmental Costs and Exchange Revenue

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

| | <u>2013</u> | <u>2012</u> |
|-------------------------|------------------|------------------|
| Program A | | |
| Intragovernmental costs | 687,628 | 770,084 |
| Public costs | <u>2,647,865</u> | <u>2,494,379</u> |
| Total Program A costs | 3,335,493 | 3,264,463 |

Note 6 – Apportionment Categories of Obligations Incurred

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

| | <u>2013</u> | <u>2012</u> |
|---------------------|------------------|------------------|
| Direct - Category A | 0 | 2,932 |
| Direct - Category B | <u>2,852,348</u> | <u>3,045,271</u> |
| Total | 2,852,348 | 3,048,203 |

Note 7 – Undelivered Orders at the End of the Period

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

| | <u>Undelivered Orders</u> | <u>Accounts Payable</u> | <u>Unpaid Obl. Balance, Net</u> |
|------|---------------------------|-------------------------|---------------------------------|
| 2013 | \$616,543 | \$132,869 | \$749,411 * |
| 2012 | \$1,003,256 | \$40,997 | \$1,044,253 |

* Rounding

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

| | FY 2013 | | FY 2012 | |
|---|----------------|---|----------------|---|
| Budgetary Resources Obligated | \$2,852,348 | | \$3,048,203 | |
| Spending Authority from Recoveries and Offsetting Collections | (20,498) | | (73,770) | |
| Imputed Financing from Costs Absorbed by Others | 117,335 | | 124,574 | |
| Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided | 386,713 | | 136,353 | |
| Components Not Requiring or Generating Resources | (406) | | 29,104 | |
| Net Cost of Operations | \$3,335,493 | * | \$3,264,463 | * |

*Rounding

Liabilities not covered by budgetary resources total \$206,549 and the change in components requiring or generating resources in future period shows (\$406). The \$406 is the net decrease of future funded expenses – leave between appropriations of annual fund 2012 and annual fund 2013. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the decrease in annual leave liability for which the budgetary resources will be provided in a subsequent period.

| | | |
|---|-------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Liabilities not covered by budgetary resources | 206,549 | 206,955 |
| Change in components requiring/generating resources | (406) | 29,104 |