



**MARINE MAMMAL COMMISSION**

**GENERAL FUND**

**FINANCIAL STATEMENTS**

**As of and For The Years Ended September 30, 2014 and 2013**

**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 as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended. In our audit of the Marine Mammal Commission for the fiscal year ended September 30, 2014, 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 included with the financial statements, (3) management's responsibility and (4) our responsibilities.

**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, 2014 and 2013, 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.

We noted other non-reportable matters involving internal control and its operation that we will communicate in a separate management letter to the Marine Mammal Commission's management.

#### **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 2014. 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 Marine Mammal 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

November 12, 2014

# MARINE MAMMAL COMMISSION

## BALANCE SHEET

As Of September 30, 2014 and 2013

		2014	2013
<b>Assets:</b>			
<b>Intragovernmental:</b>			
Fund Balance With Treasury	(Note 2)	\$ 1,182,552	\$ 789,420
<b>Total Intragovernmental</b>		1,182,552	789,420
<b>Total Assets</b>		\$ 1,182,552	\$ 789,420
<b>Liabilities:</b>	(Note 3)		
<b>Intragovernmental:</b>			
Accounts Payable		\$ 2,648	\$ 25
<b>Other:</b>	(Note 4)		
Employer Contributions and Payroll Taxes Payable		8,732	7,183
Liability for Advances and Prepayments		63,772	
<b>Total Intragovernmental</b>		75,152	7,208
<b>Liabilities With the Public:</b>			
Accounts Payable		60,878	92,039
<b>Other:</b>	(Note 4)		
Accrued Funded Payroll and Leave		39,484	32,384
Employer Contributions and Payroll Taxes Payable		1,484	1,238
Unfunded Leave		197,853	206,549
<b>Total Liabilities</b>		\$ 374,851	\$ 339,417
<b>Net Position:</b>			
Unexpended Appropriations - All Other Funds		\$ 1,005,554	\$ 656,551
Cumulative Results of Operations - All Other Funds		(197,853)	(206,549)
<b>Total Net Position - All Other Funds</b>		807,701	450,002
<b>Total Net Position</b>		\$ 807,701	\$ 450,002
<b>Total Liabilities and Net Position</b>		\$ 1,182,552	\$ 789,420

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, 2014 and 2013

	2014	2013
<b>Program Costs:</b>		
<b>MMC:</b>		
<b>Gross Costs</b>	(Note 5) \$ 3,015,197	\$ 3,335,493
<b>Less: Earned Revenue</b>	14,228	
<b>Net Program Costs</b>	3,000,969	3,335,493
<b>Net Cost of Operations</b>	\$ 3,000,969	\$ 3,335,493

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, 2014 and 2013**

FY 2014 (CY)

	Total
<b>Cumulative Results of Operations:</b>	
Beginning Balances	\$ (206,549)
Beginning balance, as adjusted	(206,549)
<b>Budgetary Financing Sources:</b>	
Appropriations used	2,896,424
<b>Other Financing Sources (Non-Exchange):</b>	
Imputed financing	113,241
Total Financing Sources	3,009,665
Net Cost of Operations	3,000,969
Net Change	8,696
<b>Cumulative Results of Operations</b>	(197,853)
<b>Unexpended Appropriations:</b>	
Beginning Balance	656,551
<b>Budgetary Financing Sources:</b>	
Appropriations received	3,250,000
Other adjustments	(4,573)
Appropriations used	(2,896,424)
Total Budgetary Financing Sources	349,003
Total Unexpended Appropriations	1,005,554
Net Position	\$ 807,701

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, 2014 and 2013**

FY 2013 (PY)

	Total
<b>Cumulative Results of Operations:</b>	
Beginning Balances	\$ (206,955)
Beginning balance, as adjusted	(206,955)
<b>Budgetary Financing Sources:</b>	
Appropriations used	3,218,564
<b>Other Financing Sources (Non-Exchange):</b>	
Imputed financing	117,335
Total Financing Sources	3,128,944
Net Cost of Operations	3,335,493
Net Change	406
<b>Cumulative Results of Operations</b>	(206,549)
<b>Unexpended Appropriations:</b>	
Beginning Balance	1,030,196
<b>Budgetary Financing Sources:</b>	
Appropriations received	3,081,000
Other adjustments	(236,081)
Appropriations used	(3,218,564)
Total Budgetary Financing Sources	(373,645)
Total Unexpended Appropriations	656,551
Net Position	\$ 450,002

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, 2014 and 2013

	<u>2014</u> <u>Budgetary</u>	<u>2013</u> <u>Budgetary</u>
<b>BUDGETARY RESOURCES</b>		
Unobligated balance brought forward, October 1	\$ 40,009	\$ 26,940
Unobligated balance brought forward, October 1, adjusted	40,009	26,940
Recoveries of prior year unpaid obligations (unobligated balances)	48,505	17,798
Other changes in unobligated balance	<u>(4,574)</u>	<u>(20,029)</u>
Unobligated balance from prior year budget authority, net	83,940	24,709
Appropriations (discretionary and mandatory)	3,250,000	2,864,948
Spending authority from offsetting collections	78,379	2,700
<b>Total budgetary resources</b>	<u>\$ 3,412,319</u>	<u>\$ 2,892,357</u>
 <b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations incurred	(Note 6) \$ 3,250,302	\$ 2,852,348
Apportioned	155,191	17,547
Unapportioned	<u>6,826</u>	<u>22,462</u>
Unobligated balance brought forward, end of year	162,017	40,009
<b>Total budgetary resources</b>	<u>\$ 3,412,319</u>	<u>\$ 2,892,357</u>
 <b>CHANGE IN OBLIGATED BALANCE</b>		
Unpaid obligations, brought forward, October 1 (gross)	\$ 749,411	\$ 1,044,253
Obligations incurred	3,250,302	2,852,348
Outlays (gross) (-)	<u>(2,930,673)</u>	<u>(3,129,392)</u>
Recoveries of prior year unpaid obligations (-)	(48,505)	(17,798)
Unpaid obligations, end of year	1,020,535	749,411
Obligated balance, start of year (net)	749,411	1,044,253
Obligated balance, end of year (net)	(Note 7) \$ <u>1,020,535</u>	\$ <u>749,411</u>
 <b>BUDGET AUTHORITY AND OUTLAYS, NET</b>		
Budget authority, gross (discretionary and mandatory)	\$ 3,328,379	\$ 2,867,648
Actual offsetting collections (discretionary and mandatory) (-)	<u>(78,379)</u>	<u>(2,700)</u>
Budget authority, net (discretionary and mandatory)	3,250,000	2,864,948
Outlays, gross (discretionary and mandatory)	2,930,673	3,129,392
Actual offsetting collections (discretionary and mandatory) (-)	<u>(78,379)</u>	<u>(2,700)</u>
Outlays, net (discretionary and mandatory)	2,852,294	3,126,692
Agency outlays, net (discretionary and mandatory)	<u>\$ 2,852,294</u>	<u>\$ 3,126,692</u>

The accompanying notes are an integral part of these statements.

## MARINE MAMMAL COMMISSION

### GENERAL FUND

#### **Note 1 – Significant Accounting Policies**

##### **Reporting Entity**

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

##### **Basis of Presentation**

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

OMB Circular No. A-136 requires agencies to prepare financial statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2014, 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 8674, 8673, 8672, 8671, 8670). The annual fund for FY 2009 was cancelled and the remaining fund balance of \$4,573 was given back to Treasury during fiscal year 2014.

A. Fund Balance with Treasury	<u>2014</u>	<u>2013</u>
Appropriated Fund	\$ 1,182,552	\$ 789,420
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	155,191	17,547
b) Unavailable	6,826	22,462
2) Obligated Balance not yet Disbursed	1,020,535	749,411
Total	<u>\$ 1,182,552</u>	<u>\$ 789,420</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, 2014, MMC showed liabilities covered by budgetary resources of \$176,998 and liabilities not covered by budgetary resources of \$197,853. 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, 2014, liabilities covered by budgetary resources are composed of Accounts Payable of \$63,527, Accrued Funded Payroll and Leave of \$39,484, Employer Contributions and Payroll Taxes Payable of \$10,216, and Liability for Advances and

**Note 3 – Liabilities Not Covered by Budgetary Resources (Continued)**

Prepayments of \$63,772. As of September 30, 2013, liabilities covered by budgetary resources were composed of Accounts Payable of \$92,064, Accrued Funded Payroll and Leave of \$32,384, Employer Contributions and Payroll Taxes Payable of \$8,421.

With the Public	<u>2014</u>	<u>2013</u>
Other (Unfunded leave liability)	\$197,853	\$206,549
Total liabilities not covered by budgetary resources	197,853	206,549
Total liabilities covered by budgetary resources	176,998	132,869
Total liabilities	<u>\$374,851</u>	<u>\$339,417</u> *

\* Rounding

**Note 4 – Other Liabilities**

As of September 30, 2014, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$39,484, Unfunded Leave of \$197,853, and employer contributions and payroll taxes payable – TSP of \$1,484. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$8,732 and Liability for Advances and Prepayments of \$63,772. As of September 30, 2013, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$32,384, Unfunded Leave in the amount 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.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>	
2014	Other Liabilities	\$197,853	\$40,967	\$238,821	*
2013	Other Liabilities	\$206,549	\$33,622	\$240,170	*
	<u>Intragovernmental</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>	
2014	Other Liabilities	\$0	\$72,503	\$72,503	
2013	Other Liabilities	\$0	\$7,183	\$7,183	

\* Rounding

### Note 5 – Intragovernmental Costs and Exchange Revenue

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

	<u>2014</u>	<u>2013</u>
Program A		
Intragovernmental costs	804,343	687,628
Public costs	<u>2,210,854</u>	<u>2,647,865</u>
Total Program A costs	3,015,198	3,335,493
Intragovernmental earned revenue	<u>14,228</u>	<u>          </u>
Total Program A earned revenue	14,228	0
Total Program A Net Costs	<u><u>3,000,969</u></u> *	<u><u>3,335,493</u></u>

\* Rounding

### Note 6 – Apportionment Categories of Obligations Incurred

Obligations incurred by MMC in fiscal year 2014 include direct and reimbursable obligations, category B. All obligations incurred by MMC in fiscal year 2013 were direct obligations, category B. Direct and reimbursable – Category B obligations were incurred against amounts apportioned under category B on the latest SF 132.

	<u>2014</u>	<u>2013</u>
Direct - Category B	3,172,302	2,852,348
Reimbursable - Category B	<u>78,000</u>	<u>0</u>
Total	3,250,302	2,852,348

### 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>	
2014	\$907,308	\$113,226	\$1,020,534	
2013	\$616,543	\$132,869	\$749,411	*

\* Rounding

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

	<b>FY 2014</b>	<b>FY 2013</b>
Budgetary Resources Obligated	\$3,250,302	\$2,852,348
Spending Authority from Recoveries and Offsetting Collections	(126,884)	(20,498)
Imputed Financing from Costs Absorbed by Others	113,241	117,335
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(226,994)	386,714
Components Not Requiring or Generating Resources	(8,696)	(406)
Net Cost of Operations	\$3,000,969	\$3,335,493

Liabilities not covered by budgetary resources total \$197,853 and the change in components requiring or generating resources in future period shows (\$8,696). The \$8,696 is the net decrease of future funded expenses – leave between appropriations of annual fund 2013 and annual fund 2014. 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>2014</u>	<u>2013</u>
Liabilities not covered by budgetary resources	197,853	206,549
Change in components requiring/generating resources	(8,695) *	(406)

\*Rounding

**Note 9 – Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 12, 2014, which is the date the financial statements were available to be issued.