

**RECREATIONAL BOATING  
AND FISHING FOUNDATION**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**MARCH 31, 2019 AND 2018**

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## **Independent Auditor's Report**

To the Board of Directors  
Recreational Boating and Fishing Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Recreational Boating and Fishing Foundation ("Foundation"), a nonprofit organization, which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of 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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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 audit opinion.

## **Independent Auditor's Report (Continued)**

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The financial statements of Recreational Boating and Fishing Foundation as of March 31, 2018, were audited by other auditors whose report dated June 11, 2018, expressed an unmodified opinion on those statements.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Gross, Mendelsohn & Associates, P.A.*

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Statements of Financial Position**  
**March 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 916,410	\$ 1,041,733
Government grant receivable	-0-	131,632
Other receivables	54,362	14,295
Tenant improvement allowance receivable	115,504	-0-
Prepaid expenses	328,535	45,056
Total Current Assets	<u>1,414,811</u>	<u>1,232,716</u>
<b>Property</b>		
Leashold improvements	426,840	426,840
Office furniture	72,486	72,486
Total Cost	<u>499,326</u>	<u>499,326</u>
Less: Accumulated depreciation	456,642	413,958
Net Property	<u>42,684</u>	<u>85,368</u>
<b>Other Assets</b>		
Security deposits	<u>17,785</u>	<u>17,785</u>
<b>Total Assets</b>	<u><u>\$ 1,475,280</u></u>	<u><u>\$ 1,335,869</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 156,550	\$ 199,976
Government grant advance	151,167	-0-
Total Current Liabilities	<u>307,717</u>	<u>199,976</u>
<b>Non-Current Liabilities</b>		
Deferred rent and lease incentives	<u>358,713</u>	<u>188,741</u>
<b>Total Liabilities</b>	<u>666,430</u>	<u>388,717</u>
<b>Net Assets Without Donor Restrictions</b>		
General	382,255	573,046
Board-designated - George H.W. Bush		
Vamos a Pescar Education Fund	426,595	374,106
Total Net Assets Without Donor Restrictions	<u>808,850</u>	<u>947,152</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,475,280</u></u>	<u><u>\$ 1,335,869</u></u>

The accompanying notes are an integral part of these financial statements.

**RECREATIONAL BOATING AND FISHING FOUNDATION****Statements of Activities****Years Ended March 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Support and Revenue</b>		
Government grants	\$ 12,205,687	\$ 12,301,927
Royalties and other revenue	13,684	81,762
Contributions	109,888	55,497
Interest income	12,477	10,770
	<hr/>	<hr/>
Total Support and Revenue	12,341,736	12,449,956
	<hr/>	<hr/>
<b>Expenses</b>		
Program services:		
Consumer engagement	8,904,104	9,674,440
State engagement	2,056,154	1,472,104
Industry engagement	533,314	407,958
Total program services	11,493,572	11,554,502
Management and general	986,466	856,762
	<hr/>	<hr/>
Total Expenses	12,480,038	12,411,264
	<hr/>	<hr/>
<b>Change in Net Assets Without Donor Restrictions</b>	(138,302)	38,692
	<hr/>	<hr/>
<b>Net Assets Without Donor Restrictions at Beginning of Year</b>	947,152	908,460
	<hr/>	<hr/>
<b>Net Assets Without Donor Restrictions at End of Year</b>	<u>\$ 808,850</u>	<u>\$ 947,152</u>

The accompanying notes are an integral part of these financial statements.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Statements of Functional Expenses**  
**Years Ended March 31, 2019 and 2**

	2019					
	Consumer Engagement	State Engagement	Industry Engagement	Total Program Services	Management and General	Total
<b>Expenses</b>						
Professional fees - consulting	\$ 7,128,397	\$ 847,646	\$ 44,171	\$ 8,020,214	\$ 59,003	\$ 8,079,217
Salaries	849,157	384,839	216,680	1,450,676	509,512	1,960,188
Personnel benefits	183,044	83,476	48,885	315,405	112,491	427,896
Travel and training	76,157	144,126	22,819	243,102	69,343	312,445
Subgrants and agreements	-0-	227,270	-0-	227,270	-0-	227,270
Meetings	30,993	165,739	6,496	203,228	15,117	218,345
Rent and utilities	89,976	40,777	22,959	153,712	53,987	207,699
Pension plan	84,973	38,510	21,683	145,166	50,985	196,151
Sponsorships and event costs	53,500	39,333	103,000	195,833	-0-	195,833
Payroll taxes	57,493	25,924	15,042	98,459	34,673	133,132
Dues and subscriptions	92,269	8,590	4,837	105,696	11,374	117,070
Merchandise	73,442	4,504	68	78,014	160	78,174
Website Hosting	25,071	11,362	6,397	42,830	15,043	57,873
Office expense	24,231	11,978	6,931	43,140	12,234	55,374
Professional fees - accounting and legal	28,268	1,484	836	30,588	18,053	48,641
Non-capitalized equipment	38,879	1,878	1,057	41,814	2,487	44,301
Depreciation and amortization	18,491	8,380	4,718	31,589	11,095	42,684
Staff development	11,235	5,092	2,867	19,194	6,741	25,935
Temporary services	25,200	-0-	-0-	25,200	-0-	25,200
Event registration	1,539	2,434	2,285	6,258	435	6,693
Insurance	2,795	1,267	713	4,775	1,677	6,452
Taxes	2,616	1,186	668	4,470	1,570	6,040
Miscellaneous	6,331	337	190	6,858	457	7,315
Repairs and maintenance	47	22	12	81	29	110
<b>Total Expenses</b>	<b>\$ 8,904,104</b>	<b>\$ 2,056,154</b>	<b>\$ 533,314</b>	<b>\$ 11,493,572</b>	<b>\$ 986,466</b>	<b>\$ 12,480,038</b>

**2018**

<b>Consumer Engagement</b>	<b>State Engagement</b>	<b>Industry Engagement</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Total</b>	<b>Increase (Decrease)</b>
\$ 8,069,694	\$ 480,884	\$ 50,617	\$ 8,601,195	\$ 29,756	\$ 8,630,951	\$ (551,734)
834,632	329,003	166,625	1,330,260	464,333	1,794,593	165,595
192,075	74,320	38,497	304,892	107,223	412,115	15,781
40,525	110,456	25,968	176,949	42,064	219,013	93,432
-0-	179,206	-0-	179,206	-0-	179,206	48,064
26,459	152,607	4,908	183,974	13,677	197,651	20,694
89,778	35,390	17,923	143,091	49,947	193,038	14,661
82,427	32,494	16,463	131,384	45,872	177,256	18,895
34,000	9,500	53,000	96,500	-0-	96,500	99,333
57,213	22,877	11,739	91,829	32,401	124,230	8,902
102,282	8,246	4,176	114,704	11,637	126,341	(9,271)
14,668	565	15	15,248	41	15,289	62,885
15,018	5,920	2,998	23,936	8,355	32,291	25,582
28,187	10,415	5,243	43,845	11,875	55,720	(346)
16,381	1,246	631	18,258	18,136	36,394	12,247
5,060	1,995	1,010	8,065	2,815	10,880	33,421
19,852	7,825	3,963	31,640	11,044	42,684	-0-
4,887	1,925	976	7,788	2,719	10,507	15,428
25,141	-0-	-0-	25,141	-0-	25,141	59
192	3,856	1,498	5,546	107	5,653	1,040
4,486	1,769	896	7,151	2,496	9,647	(3,195)
939	370	187	1,496	522	2,018	4,022
9,893	978	495	11,366	1,380	12,746	(5,431)
651	257	130	1,038	362	1,400	(1,290)
<b>\$ 9,674,440</b>	<b>\$ 1,472,104</b>	<b>\$ 407,958</b>	<b>\$ 11,554,502</b>	<b>\$ 856,762</b>	<b>\$ 12,411,264</b>	<b>\$ 68,774</b>

The accompanying notes are an integral part of these financial statements.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Statements of Cash Flows**  
**Years Ended March 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets without donor restrictions	\$ (138,302)	\$ 38,692
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	42,684	42,684
Changes in operating assets and liabilities:		
Government grant receivable	131,632	(57,069)
Other receivables	(40,067)	(8,975)
Tenant improvement allowance receivable	(115,504)	-0-
Prepaid expenses	(283,479)	5,202
Accounts payable and accrued expenses	(43,426)	67,341
Government grant advance	151,167	-0-
Deferred rent and lease incentives	169,972	(63,425)
Net Cash Provided by (Used in) Operating Activities	<u>(125,323)</u>	<u>24,450</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(125,323)</b>	<b>24,450</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,041,733</u>	<u>1,017,283</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><b>\$ 916,410</b></u>	<u><b>\$ 1,041,733</b></u>

The accompanying notes are an integral part of these financial statements.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**Note 1: Summary of Significant Accounting Policies**

Recreational Boating and Fishing Foundation (“Foundation”) was organized on October 7, 1998 to facilitate the implementation of the National Outreach and Communications Program mandated by the Sportfishing and Boating Safety Act of 1998. Its mission is to implement an informed, consensus-based national outreach strategy that will increase participation in recreational angling and boating, thereby increasing public awareness and appreciation of the need for protecting, conserving, and restoring this nation’s aquatic natural resources.

The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Presentation: The Foundation is required to report information regarding its financial position and activities according to two classes of net asset:

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restriction, net assets for the George H.W. Bush *Vamos A Pescar*™ Education Fund. At March 31, 2019 and 2018, the Foundation’s net assets were all without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents: The Foundation considers as cash equivalents all highly liquid investments, including certificates of deposit, that are easily convertible to known amounts of cash.

Government Grant Receivable and Advance: Government grant receivable consists of amounts to be reimbursed to the Foundation for expenses incurred in excess of cash received under its Cooperative Agreement with the U.S. Fish and Wildlife Service (USFWS). Government grant advance consists of amounts advanced to the Foundation for draws in excess of expenses incurred under its Cooperative Agreement with the USFWS.

Property and Depreciation: Property is stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows.

Leasehold improvements	10 years (term of lease)
Office furniture	5 years

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**Note 1: Summary of Significant Accounting Policies (Continued)**

Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. The Foundation's threshold for capitalization is any acquisition that meets the above criteria and is greater than or equal to \$5,000. Depreciation expense for the years ended March 31, 2019 and 2018 was \$42,684 for each year.

Revenue Recognition: Revenue from government grants is recognized when services are rendered and the Foundation has a contractual right to payment. Included in government grants is \$124,470 of federal program income, which is recognized when services are rendered.

Contributions received are recorded as without donor restrictions or with donor restriction support depending on the existence and/or nature of any donor restrictions.

Royalties and other revenue are recognized within the period to which they relate.

Donated Services: Donated services are recorded as contributions at the estimated fair value of the services provided only if the services provided require specialized skills provided by individuals possessing those skills, or if the services create or enhance a nonfinancial asset. A number of industry companies have donated significant amounts of volunteer time for the benefit of the Foundation's programs, activities, and general marketing campaigns which do not meet the criteria for recognition.

Functional Allocation of Expenses: The costs of the Foundation's programs and administration have been summarized on a functional basis in the accompanying statements of activities and by natural classification in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on the proportion of expenses in each program.

Income Taxes: The Foundation is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3). Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Foundation did not incur any significant unrelated business income for the years March 31, 2019 and 2018. The Foundation paid \$4,179 in estimated tax payments for the year ended March 31, 2019. The Foundation's federal exempt organization tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Recent Accounting Pronouncements: During the year ended March 31, 2019, the Foundation implemented the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* which is effective for fiscal years beginning after December 15, 2017. Accordingly, the beginning balances of the donor restricted net asset categories (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, *with donor restrictions*. The ASU requires additional disclosures in the areas of liquidity and requires reclassification of investment expenses which are netted in net investment return to include internal investment expenses.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**Note 1: Summary of Significant Accounting Policies (Continued)**

The FASB issued ASU 2016-02, *Leases*, which will be effective for fiscal years beginning after December 15, 2019. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance on leases. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. Management has elected not to early adopt the standard and will assess the future impact on any leases.

Reclassifications: Certain amounts previously reported in the March 31, 2018 financial statements have been reclassified to conform to the March 31, 2019 presentation.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 18, 2019, the date the financial statements were available to be issued. During the period April 1, 2019 through June 18, 2019, the Foundation did not have any material recognizable subsequent events.

**Note 2: Liquidity and Availability of Funds**

A summary of the financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following:

	2019	2018
Cash and cash equivalents, undesignated	\$ 489,815	\$ 667,627
Government grants receivable	-0-	131,632
Other receivables	54,362	14,295
Financial Assets Available for General Expenditure	<u>\$ 544,177</u>	<u>\$ 813,554</u>

The Foundation manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability, and maintaining adequate liquid assets to fund near-term operating needs. In addition, the Foundation invests cash in excess of daily requirements in certificates of deposit.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**Note 3: Operating Lease**

The Foundation leases office space in Alexandria, Virginia under the terms of an operating lease that commenced on May 1, 2010. The original terms of the lease contain provisions for a free rent period and future rent increases of 2.75% per year. In addition, the Foundation was provided a build-out allowance totaling \$426,840 as an incentive to lease the office space.

In November 2018, the lease was amended and expires in October 2028. The amended lease includes additional provisions for a free rent period and amended monthly rental payments. The amended rental payments include increases of 2.75% per year. Under the amended lease agreement, the Foundation was provided a tenant improvement allowance which has not been utilized as of March 31, 2019. Approximately 40% of the tenant improvement allowance is expected to be utilized for leasehold improvements in fiscal year 2020. The remaining 60% is expected to be utilized as a credit against future rent and purchase of office equipment in accordance with the amended lease agreement. The portion expected to be utilized for leasehold improvement has been reflected as a tenant improvement allowance receivable as of March 31, 2019.

Other lease provisions include termination fees in the event the Foundation elects to cancel the lease prior to the expiration date and the Foundation's proportionate share of real estate taxes and operating expense, which are not included in base rental payments.

The effects of the scheduled rent increases and paid leasehold improvement costs are being recognized over the life of the lease on a straight-line basis. The difference between rent expense recorded and the required lease payments is reflected as deferred rent and lease incentives in the accompanying statements of financial position.

Office rent expense totaled \$207,699 and \$193,038 for the years ended March 31, 2019 and 2018, respectively.

Future minimum lease payments on all leases are as follows for the years ending March 31:

2020	\$ 148,805
2021	228,827
2022	235,119
2023	241,585
2024	248,229
2025 and Thereafter	<u>1,227,038</u>
	<u>\$ 2,329,603</u>

**Note 4: Retirement Plan**

The Foundation maintains a 401(k) plan covering all employees who have completed 1,000 hours of service during the plan year. Under this plan, participating employees may contribute up to 92% of their salaries up to the statutory dollar limit, and employee deferrals are immediately vested. The Foundation can make matching contributions, the amount of which is discretionary and based on an employee's annual compensation. The Foundation may also make profit sharing contributions at its discretion, which will be allocated among all eligible employees. Employer contributions totaled \$196,151 and \$177,256 for the years ended March 31, 2019 and 2018, respectively.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**Note 5: Other Matters**

Uninsured Balances: The Foundation maintains its cash balances at one financial institution. Periodically during the year, the Foundation's cash balances may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to significant risk of its cash balances.

Concentrations: Approximately 97% and 99% of the Foundation's support was provided by a Cooperative Agreement with the U.S. Fish and Wildlife Service for the years ended March 31, 2019 and 2018, respectively. Any reduction in the level of support from the U.S. Fish and Wildlife Service could affect the Foundation's program activities.

**RECREATIONAL BOATING AND FISHING FOUNDATION**

**SUPPLEMENTARY INFORMATION**

**MARCH 31, 2019**

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended March 31, 2019**

Federal Grantor / Pass-Through Grantor / Program Title	Pass-Through Entity Identifying Numbers	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Interior</b>				
<i>Passed through from U.S. Fish and Wildlife Service</i>				
National Outreach and Communication	F18AC00145	15.653	\$ 169,021	\$ 12,026,125
Multistate Conservation Grant	F18AP00165	15.628	-0-	174,562
Total U.S. Department of Interior			169,021	12,200,687
<b>U.S. Department of Agriculture</b>				
<i>Passed through from U.S. Forest Service</i>				
Partnership Agreements	16-CS-11132422-292	10.699	-0-	5,000
<b>Total Expenditures of Federal Awards</b>			<b>\$ 169,021</b>	<b>\$ 12,205,687</b>

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Schedule of Expenditure of Federal Awards**  
**Year Ended March 31, 2019**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Recreational Boating and Fishing Foundation (“Foundation”) under programs of the federal government for the year ended March 31, 2019. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

The Foundation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: Program Income from Closed Award**

During the year ended March 31, 2019, grant award F19AP00101 was issued by the U.S. Fish and Wildlife Service. This award relates to program income from closed award F13AC00158. Under the terms of award F19AP00101, the Foundation is asked to spend \$209,833 related to prior years’ program income. Amounts must be spent between December 1, 2018 and March 31, 2020. During the year ended March 31, 2019, the Foundation spent down \$100,000.

**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
Recreational Boating and Fishing Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Recreational Boating and Fishing Foundation ("Foundation"), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 18, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

*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 material weakness* is a deficiency, or a combination of deficiencies, in internal control 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. *A significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards (Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gross, Mendelsohn & Associates, P.A.*

Baltimore, Maryland  
June 18, 2019

**Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control over Compliance  
Required by the Uniform Guidance**

To the Board of Directors  
Recreational Boating and Fishing Foundation

**Report on Compliance for Each Major Federal Program**

We have audited Recreational Boating and Fishing Foundation's ("Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended March 31, 2019. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2019.

**Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control over Compliance  
Required by the Uniform Guidance (Continued)**

**Report on Internal Control Over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Gross, Mendelsohn & Associates, P.A.*

Baltimore, Maryland  
June 18, 2019

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Schedule of Findings and Questioned Costs**  
**Year Ended March 31, 2019**

**Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Recreational Boating and Fishing Foundation were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Recreational Boating and Fishing Foundation which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Recreational Boating and Fishing Foundation expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The National Outreach and Communication Program (CFDA No. 15.653) was tested as a major program.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Recreational Boating and Fishing Foundation was determined to be a low risk auditee as defined by the Uniform Guidance.

**Financial Statement Audit**

No findings were reported.

**Findings and Questioned Costs - Major Federal Award Program Audit**

No findings were reported.

**Summary Schedule of Prior Audit Findings**

No findings were reported in the prior year.

