

**RECREATIONAL BOATING
AND FISHING FOUNDATION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

MARCH 31, 2023 AND 2022

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Independent Auditor's Report

To the Board of Directors
Recreational Boating and Fishing Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Recreational Boating and Fishing Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Recreational Boating and Fishing Foundation as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. 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 Recreational Boating and Fishing Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Recreational Boating and Fishing Foundation adopted Accounting Standards Codification Topic 842, *Leases*, as of April 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Recreational Boating and Fishing Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement 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 are considered 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Recreational Boating and Fishing Foundation's internal control. 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Recreational Boating and Fishing Foundation's ability to continue as a going concern for a reasonable period of time.

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 audit.

Independent Auditor's Report (Continued)

Supplementary 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 schedule of expenditures of federal awards 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 29, 2023, on our consideration of Recreational Boating and Fishing 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 Recreational Boating and Fishing 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 Recreational Boating and Fishing Foundation's internal control over financial reporting and compliance.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
June 29, 2023

RECREATIONAL BOATING AND FISHING FOUNDATION
Statements of Financial Position
March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 874,804	\$ 989,766
Grants receivable	5,000	-0-
Other receivables	4,860	-0-
Prepaid expenses	350,084	499,020
Total Current Assets	<u>1,234,748</u>	<u>1,488,786</u>
Property		
Leasehold improvements	555,504	555,504
Office furniture	57,174	57,174
Computers	10,371	10,371
Finance lease right-of-use asset	50,421	-0-
Total Cost	<u>673,470</u>	623,049
Less: Accumulated depreciation	545,850	532,983
Accumulated amortization	4,855	-0-
Net Property	<u>122,765</u>	<u>90,066</u>
Other Assets		
Operating lease right-of-use asset	1,009,170	-0-
Security deposits	17,785	17,785
Total Other Assets	<u>1,026,955</u>	<u>17,785</u>
Total Assets	<u><u>\$ 2,384,468</u></u>	<u><u>\$ 1,596,637</u></u>

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 155,067	\$ 265,138
Government grant advance	227,855	370,704
Deferred rent and lease incentives	-0-	50,681
Current portion of finance lease liabilities	9,900	-0-
Current portion of operating lease liabilities	230,190	-0-
Total Current Liabilities	<u>623,012</u>	<u>686,523</u>
Non-Current Liabilities		
Deferred rent and lease incentives, net of current portion	-0-	409,386
Finance lease liabilities, net of current portion	37,412	-0-
Operating lease liabilities, net of current portion	1,188,366	-0-
Total Non-Current Liabilities	<u>1,225,778</u>	<u>409,386</u>
Total Liabilities	<u>1,848,790</u>	<u>1,095,909</u>
Commitments (Note 5)		
Net Assets Without Donor Restrictions		
General	234,557	160,669
Board-designated - George H.W. Bush <i>Vamos a Pescar</i> ™ Education Fund	301,121	340,059
Total Net Assets Without Donor Restrictions	<u>535,678</u>	<u>500,728</u>
Total Liabilities and Net Assets	<u>\$ 2,384,468</u>	<u>\$ 1,596,637</u>

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

RECREATIONAL BOATING AND FISHING FOUNDATION
Statements of Activities
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Support and Revenue		
Government grants	\$ 14,328,508	\$ 14,251,541
Royalties and other revenue	36,729	22,205
Contributions	61,302	24,464
Interest income	8,630	4,247
	<u>14,435,169</u>	<u>14,302,457</u>
Expenses		
Program services:		
Consumer engagement	10,339,208	10,015,276
State engagement	2,071,027	2,063,695
Industry engagement	829,881	823,590
Federal engagement	62,185	147,221
Total program services	<u>13,302,301</u>	<u>13,049,782</u>
Management and general	<u>1,097,918</u>	<u>1,257,548</u>
	<u>14,400,219</u>	<u>14,307,330</u>
Change in Net Assets Without Donor Restrictions	34,950	(4,873)
Net Assets Without Donor Restrictions at Beginning of Year	<u>500,728</u>	<u>505,601</u>
Net Assets Without Donor Restrictions at End of Year	<u><u>\$ 535,678</u></u>	<u><u>\$ 500,728</u></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, 2023 and 2022

	2023						
	Consumer Engagement	State Engagement	Industry Engagement	Federal Engagement	Total Program Services	Management and General	Total
Expenses							
Professional fees - consulting	\$ 8,843,984	\$ 283,735	\$ 129,800	\$ 2,105	\$ 9,259,624	\$ 71,388	\$ 9,331,012
Salaries	760,211	346,531	341,069	37,126	1,484,937	576,382	2,061,319
Subgrants and agreements	-0-	542,173	-0-	-0-	542,173	-0-	542,173
Personnel benefits	155,150	67,432	70,883	6,965	300,430	119,072	419,502
Meetings	28,977	314,361	13,423	1,400	358,161	21,738	379,899
Travel	44,071	119,008	48,585	-0-	211,664	58,814	270,478
Office expense	15,568	202,380	7,365	701	226,014	10,865	236,879
Dues and subscriptions	176,027	10,130	9,970	1,085	197,212	16,848	214,060
Pension plan	75,524	34,427	33,884	3,688	147,523	57,262	204,785
Lease expense	70,405	32,093	31,587	3,438	137,523	53,380	190,903
Sponsorships and event costs	35,691	53,619	89,630	14	178,954	220	179,174
Payroll taxes	53,680	24,161	23,078	2,593	103,512	38,703	142,215
Website hosting	19,949	9,094	8,950	974	38,967	15,125	54,092
Staff development	14,111	6,432	6,331	689	27,563	10,699	38,262
Professional fees - accounting and legal	7,733	877	863	94	9,567	26,970	36,537
Miscellaneous	13,717	1,616	1,450	138	16,921	2,167	19,088
Depreciation and amortization	6,536	2,979	2,932	319	12,766	4,956	17,722
Insurance	5,687	2,592	2,551	278	11,108	4,312	15,420
Non-capitalized equipment	5,515	2,514	2,474	269	10,772	4,182	14,954
Repairs and maintenance	4,226	1,926	1,896	206	8,254	3,204	11,458
Merchandise	815	8,180	835	25	9,855	396	10,251
Event registration	30	4,038	1,607	-0-	5,675	22	5,697
Occupancy costs	876	399	393	43	1,711	664	2,375
Taxes	725	330	325	35	1,415	549	1,964
Total Expenses	\$ 10,339,208	\$ 2,071,027	\$ 829,881	\$ 62,185	\$ 13,302,301	\$ 1,097,918	\$ 14,400,219

2022

Consumer Engagement	State Engagement	Industry Engagement	Federal Engagement	Total Program Services	Management and General	Total	Increase (Decrease)
\$ 8,553,549	\$ 313,200	\$ 132,621	\$ 30,811	\$ 9,030,181	\$ 69,875	\$ 9,100,056	\$ 230,956
739,136	421,157	307,502	69,459	1,537,254	676,047	2,213,301	(151,982)
-0-	430,072	-0-	-0-	430,072	-0-	430,072	112,101
177,457	98,200	75,513	18,881	370,051	157,394	527,445	(107,943)
13,687	316,174	5,600	1,265	336,726	12,312	349,038	30,861
34,376	72,352	18,754	-0-	125,482	46,224	171,706	98,772
24,383	206,735	8,465	1,534	241,117	14,943	256,060	(19,181)
165,785	11,404	20,326	1,881	199,396	18,305	217,701	(3,641)
74,826	42,641	31,117	7,027	155,611	68,450	224,061	(19,276)
-0-	-0-	-0-	-0-	-0-	-0-	-0-	190,903
27,469	50,838	150,611	138	229,056	1,344	230,400	(51,226)
48,668	27,269	20,317	4,571	100,825	45,445	146,270	(4,055)
19,649	11,196	8,175	1,847	40,867	17,972	58,839	(4,747)
11,409	6,501	4,746	1,072	23,728	10,435	34,163	4,099
3,153	1,020	745	168	5,086	35,427	40,513	(3,976)
11,651	1,343	1,306	221	14,521	2,155	16,676	2,412
5,451	3,106	2,268	512	11,337	4,986	16,323	1,399
5,041	2,873	2,097	474	10,485	4,611	15,096	324
12,296	7,006	5,115	1,155	25,572	11,247	36,819	(21,865)
495	282	206	47	1,030	453	1,483	9,975
21,465	106	78	18	21,667	170	21,837	(11,586)
50	3,024	870	5	3,949	46	3,995	1,702
64,540	36,774	26,850	6,065	134,229	59,031	193,260	(190,885)
740	422	308	70	1,540	676	2,216	(252)
\$ 10,015,276	\$ 2,063,695	\$ 823,590	\$ 147,221	\$ 13,049,782	\$ 1,257,548	\$ 14,307,330	\$ 92,889

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

RECREATIONAL BOATING AND FISHING FOUNDATION
Statements of Cash Flows
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ 34,950	\$ (4,873)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,867	16,323
Amortization	4,855	-0-
Changes in operating assets and liabilities:		
Grants receivable	(5,000)	-0-
Other receivables	(4,860)	-0-
Prepaid expenses	148,936	(98,868)
Operating lease right of use asset	169,640	-0-
Accounts payable and accrued expenses	(110,071)	(134,289)
Government grant advance	(142,849)	297,479
Operating lease liabilities	(220,322)	-0-
Deferred rent and lease incentives	-0-	(44,216)
Net Cash Provided by (Used in) Operating Activities	<u>(111,854)</u>	31,556
Cash Flows from Financing Activities		
Payments on finance lease liabilities	<u>(3,108)</u>	-0-
Net Increase (Decrease) in Cash and Cash Equivalents	(114,962)	31,556
Cash and Cash Equivalents at Beginning of Year	<u>989,766</u>	958,210
Cash and Cash Equivalents at End of Year	<u>\$ 874,804</u>	<u>\$ 989,766</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest portion of finance lease	<u>\$ 375</u>	<u>\$ -0-</u>
Cash paid for operating leases	<u>\$ 241,585</u>	<u>\$ -0-</u>
Non-Cash Operating Activities:		
Right-of-use assets acquired under operating leases	<u>\$ 1,178,810</u>	<u>\$ -0-</u>
Right-of-use liabilities assumed under operating leases	<u>\$ 1,638,877</u>	<u>\$ -0-</u>
Non-Cash Investment and Financing Activities:		
Property acquired under finance lease	<u>\$ 50,421</u>	<u>\$ -0-</u>

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

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2023 and 2022

Note 1: Nature of Organization and 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.

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
Computers	3 years

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, 2023 and 2022 was \$12,867 and \$16,323, respectively.

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets 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 that focuses on engaging Hispanic families in fishing and boating activities. At March 31, 2023 and 2022, the Foundation’s net assets were all without donor restrictions.

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net Assets with Donor Restrictions: Net assets 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 \$116,000 and \$86,000 of federal program income for the years ended March 31, 2023 and 2022, respectively, 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 by function.

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 unrelated business income for the years ended March 31, 2023 and 2022. 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.

Recently Adopted Accounting Standards: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (ASC 842), which was effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance for 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-of-use asset (ROU) 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 any payments to be made in lease option 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 ROU assets will be amortized over the term of the lease and the lease liability will be reduced by lease payments.

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Foundation evaluates each contract and determines if an arrangement contains a lease at the inception of a contract. As permitted under the ASU, the Foundation has elected not to record short-term leases with initial contract terms of 12 months or less on the statements of financial position. Short term lease costs for the year ended March 31, 2023 was \$1,200. The Foundation accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the ROU or lease liabilities. These are expensed as incurred. The Foundation has elected to use the risk-free rate to discount the lease payments for all classes of ROU. As part of adoption of the new lease standard, the Foundation has elected the following practical expedients: a) The Foundation has not reevaluated expiring or existing leases to determine lease classification, b) The Foundation has not reevaluated whether expired or existing contracts are or contain a lease, and c) The Foundation has not reassessed initial direct costs for an existing lease. The Foundation adopted the new lease standard effective as of April 1, 2022.

Prior to the adoption of ASU 2016-02, the Foundation entered into a lease agreement for office space which contains annual rent escalations and lease incentives. Prior to January 1, 2022, the Foundation was recognizing rent expense on a straight-line basis over the term of the lease. Deferred rent represented the difference between rent expense recognized to date and the actual payments made to date. Upon the adoption of ASU 2016-02, deferred rent is included in the calculation of the operating lease right-of-use assets and the operating lease liabilities.

Reclassification: Certain amounts previously reported in the financial statements for the year ended March 31, 2022 have been reclassified to conform to the financial statement presentation for the year ended March 31, 2023.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 29, 2023, the date the financial statements were available to be issued. During the period April 1, 2023 through June 29, 2023, 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:

	2023	2022
Cash and cash equivalents	\$ 573,683	\$ 649,707
Grants receivable	5,000	-0-
Other receivable	4,860	-0-
Financial Assets Available for General Expenditure within one year	<u>\$ 583,543</u>	<u>\$ 649,707</u>

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2023 and 2022

Note 2: Liquidity and Availability of Funds (Continued)

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.

Note 3: Finance Leases

In September 2022, the Foundation entered into a non-cancellable finance lease agreement for a copier machine. The copier machine is the Foundation's only material underlying asset class under finance lease agreements. The Foundation adopted ASC 842 and recorded a right-of-use asset of \$50,421 which is being amortized over the life of the lease and an off-setting finance lease liability of \$47,312. The lease requires monthly principal and interest payments of \$871 through November 2027.

The Foundation's total finance lease expense for the year ended March 31, 2023 consists of the following:

Finance lease expense:	
Amortization of right-of-use assets	\$ 4,855
Interest expense	<u>375</u>
Total expense	<u><u>\$ 5,230</u></u>

As of March 31, 2023, the right-of-use assets and finance lease liabilities related to finance leases are as follows:

Finance lease right-of-use assets, net	<u><u>\$ 45,566</u></u>
Finance lease liabilities:	
Current portion of finance lease liabilities	\$ 9,900
Finance lease liabilities, net of current portion	<u>37,412</u>
Total Finance lease liabilities	<u><u>\$ 47,312</u></u>

Other finance lease details are as follows:

Other information:	
Weighted average remain lease term in years	4.75
Weighted average discount rate	1.29%

As of March 31, 2023, future minimum lease payments under finance leases are as follows:

2024	\$ 10,452
2025	10,452
2026	10,452
2027	10,452
2028	<u>6,968</u>
	48,776
Less: Amount representing interest (1.29%)	<u>1,464</u>
Present value of future minimum lease payments	<u><u>\$ 47,312</u></u>

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2023 and 2022

Note 4: Operating Lease

Office Lease: The Foundation has a non-cancelable operating lease agreement for office space which expires in October 31, 2028. The lease requires monthly payments which escalate over the term of the lease. The lease provided for a rent free period and a tenant improvement allowance. On April 1, 2022, the Foundation adopted ASC 842 and recorded a right-of-use asset of \$1,178,810, which is being expensed over the life of the lease and an off-setting operating lease liability of \$1,638,877, which were adjusted by the balance of the existing deferred rent liability at March 31, 2022.

The Foundation's lease expense for the office lease for the year ended March 31, 2023 was \$190,903.

Rent expense for 2022 prior to the adoption of ASC 842 Leases was \$193,260 and was classified as occupancy expense.

As of March 31, 2023, the right-of-use asset and operating lease liability related to the operating lease was as follows:

Operating lease right-of-use assets	<u>\$ 1,009,170</u>
Operating lease liabilities:	
Current portion of operating lease liabilities	\$ 230,190
Operating lease liabilities, net of current portion	<u>1,188,366</u>
Total operating lease liabilities	<u>\$ 1,418,556</u>

Other operating lease details are as follows:

Other information:	
Weighted average remaining lease term in years	5.59
Weighted average discount rate	1.40%

As of March 31, 2023, future minimum lease payments under operating leases are as follows:

2024	\$ 248,229
2025	255,055
2026	262,069
2027	269,276
2028	276,681
Thereafter	<u>163,957</u>
Total	1,475,267
Less: Amount representing interest (1.40%)	<u>56,711</u>
Present value of future minimum lease payments	<u>\$ 1,418,556</u>

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2023 and 2022

Note 5: 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 \$204,785 and \$224,061 for the years ended March 31, 2023 and 2022, respectively.

Note 6: 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 99% and 98% 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, 2023 and 2022, 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, 2023

RECREATIONAL BOATING AND FISHING FOUNDATION
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2023

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Numbers	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Interior				
<i>Passed through from U.S. Fish and Wildlife Service</i>				
National Outreach and Communication	15.653	F18AC00145	\$ 445,413	\$ 14,323,508
U.S. Department of Agriculture				
<i>Passed through from U.S. Forest Service</i>				
Partnership Agreements	10.699	23-CS-11132422-095	-0-	5,000
Total Expenditures of Federal Awards			<u>\$ 445,413</u>	<u>\$ 14,328,508</u>

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Schedule of Expenditures of Federal Awards
Year Ended March 31, 2023

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, 2023. 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 for Federal Assistance Listing Numbers 15.653 and 10.699.

Note 4: Program Income

The National Outreach and Communication Program federal expenditures includes \$116,000 of program income.

**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 (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, 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 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Recreational Boating and Fishing Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Recreational Boating and Fishing Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Recreational Boating and Fishing 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 or significant deficiencies may exist that were not 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)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Recreational Boating and Fishing Foundation's financial statements are free from 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 financial statements. 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Recreational Boating and Fishing Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gross, Mendelsohn & Associates, P. A.

Baltimore, Maryland
June 29, 2023

**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

Opinion on Each Major Federal Program

We have audited Recreational Boating and Fishing Foundation's ("Foundation") compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended March 31, 2023.

Basis for Opinion on Each Major Federal Program

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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**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

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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 29, 2023

RECREATIONAL BOATING AND FISHING FOUNDATION
Schedule of Findings and Questioned Costs
Year Ended March 31, 2023

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 accounting principles generally accepted in the United States of America.
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 (Federal Assistance Listing Number 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.

