

**RECREATIONAL BOATING  
AND FISHING FOUNDATION**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**MARCH 31, 2020 AND 2019**

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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 statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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. Those standards 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 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Other Information*

Our audits were 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 16, 2020, 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.*

Baltimore, Maryland  
June 16, 2020

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Statements of Financial Position**  
**March 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 892,822	\$ 916,410
Other receivables	4,058	54,362
Tenant improvement allowance receivable	-0-	115,504
Prepaid expenses	510,438	328,535
Total Current Assets	<u>1,407,318</u>	<u>1,414,811</u>
<b>Property</b>		
Leasehold improvements	555,504	426,840
Office furniture	57,174	72,486
Computers	10,371	-0-
Total Cost	<u>623,049</u>	<u>499,326</u>
Less: Accumulated depreciation	<u>500,337</u>	<u>456,642</u>
Net Property	<u>122,712</u>	<u>42,684</u>
<b>Other Assets</b>		
Security deposits	<u>17,785</u>	<u>17,785</u>
<b>Total Assets</b>	<u>\$ 1,547,815</u>	<u>\$ 1,475,280</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 227,665	\$ 156,550
Government grant advance	323,836	151,167
Total Current Liabilities	<u>551,501</u>	<u>307,717</u>
<b>Non-Current Liabilities</b>		
Deferred rent and lease incentives	<u>413,972</u>	<u>358,713</u>
<b>Total Liabilities</b>	<u>965,473</u>	<u>666,430</u>
<b>Commitments (Note 3)</b>		
<b>Net Assets Without Donor Restrictions</b>		
General	198,474	382,255
Board-designated - George H.W. Bush		
Vamos a Pescar Education Fund	383,868	426,595
Total Net Assets Without Donor Restrictions	<u>582,342</u>	<u>808,850</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,547,815</u>	<u>\$ 1,475,280</u>

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

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Statements of Activities**  
**Years Ended March 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Support and Revenue</b>		
Government grants	\$ 12,084,655	\$ 12,205,687
Royalties and other revenue	43,245	13,684
Contributions	55,893	109,888
Interest income	16,361	12,477
	<hr/>	<hr/>
Total Support and Revenue	<b>12,200,154</b>	12,341,736
	<hr/>	<hr/>
<b>Expenses</b>		
Program services:		
Consumer engagement	9,065,587	8,904,104
State engagement	1,718,697	2,056,154
Industry engagement	685,806	533,314
Federal engagement	43,571	-0-
Total program services	11,513,661	11,493,572
Management and general	913,001	986,466
	<hr/>	<hr/>
Total Expenses	<b>12,426,662</b>	12,480,038
	<hr/>	<hr/>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(226,508)</b>	(138,302)
	<hr/>	<hr/>
<b>Net Assets Without Donor Restrictions at Beginning of Year</b>	<b>808,850</b>	947,152
	<hr/>	<hr/>
<b>Net Assets Without Donor Restrictions at End of Year</b>	<b>\$ 582,342</b>	\$ 808,850
	<hr/> <hr/>	<hr/> <hr/>

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

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Statements of Functional Expenses**  
**Years Ended March 31, 2020 and 2019**

	2020						
	Consumer Engagement	State Engagement	Industry Engagement	Federal Engagement	Total Program Services	Management and General	Total
<b>Expenses</b>							
Professional fees - consulting	\$ 7,262,342	\$ 486,778	\$ 38,804	\$ 6,480	\$ 7,794,404	\$ 54,103	\$ 7,848,507
Salaries	900,264	385,320	294,038	20,851	1,600,473	476,625	2,077,098
Personnel benefits	207,576	88,891	70,180	6,414	373,061	112,122	485,183
Travel	105,992	139,100	45,882	1,151	292,125	43,597	335,722
Subgrants and agreements	-0-	235,738	-0-	-0-	235,738	-0-	235,738
Meetings	17,054	194,960	5,516	377	217,907	8,626	226,533
Retirement plan	89,203	38,206	29,165	2,067	158,641	47,256	205,897
Rent and utilities	79,325	33,952	25,909	1,837	141,023	41,997	183,020
Sponsorships and event costs	41,500	26,322	110,000	-0-	177,822	-0-	177,822
Dues and subscriptions	124,972	10,702	8,071	572	144,317	13,083	157,400
Payroll taxes	58,477	25,801	19,632	1,339	105,249	31,660	136,909
Website hosting	25,901	11,086	8,460	600	46,047	13,713	59,760
Depreciation and amortization	25,576	10,946	8,353	592	45,467	13,540	59,007
Office expense	25,673	11,832	8,967	502	46,974	11,467	58,441
Merchandise	50,229	447	7	-0-	50,683	11	50,694
Professional fees - accounting and legal	11,997	1,683	1,285	91	15,056	29,089	44,145
Staff development	17,035	7,291	5,564	395	30,285	9,019	39,304
Insurance	6,060	2,594	1,979	141	10,774	3,208	13,982
Miscellaneous	9,259	546	416	29	10,250	823	11,073
Non-capitalized equipment	3,845	1,292	986	70	6,193	1,599	7,792
Event registration	583	4,051	1,708	1	6,343	32	6,375
Taxes	2,390	1,023	781	55	4,249	1,265	5,514
Repairs and maintenance	212	91	70	5	378	112	490
Temporary services	122	45	33	2	202	54	256
<b>Total Expenses</b>	<b>\$ 9,065,587</b>	<b>\$ 1,718,697</b>	<b>\$ 685,806</b>	<b>\$ 43,571</b>	<b>\$ 11,513,661</b>	<b>\$ 913,001</b>	<b>\$ 12,426,662</b>

**2019**

<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>
\$ 7,128,397	\$ 847,646	\$ 44,171	\$ 8,020,214	\$ 59,003	\$ 8,079,217	\$ (230,710)
849,157	384,839	216,680	1,450,676	509,512	1,960,188	116,910
183,044	83,476	48,885	315,405	112,491	427,896	57,287
76,157	144,126	22,819	243,102	69,343	312,445	23,277
-0-	227,270	-0-	227,270	-0-	227,270	8,468
30,993	165,739	6,496	203,228	15,117	218,345	8,188
84,973	38,510	21,683	145,166	50,985	196,151	9,746
89,976	40,777	22,959	153,712	53,987	207,699	(24,679)
53,500	39,333	103,000	195,833	-0-	195,833	(18,011)
92,269	8,590	4,837	105,696	11,374	117,070	40,330
57,493	25,924	15,042	98,459	34,673	133,132	3,777
25,071	11,362	6,397	42,830	15,043	57,873	1,887
18,491	8,380	4,718	31,589	11,095	42,684	16,323
24,231	11,978	6,931	43,140	12,234	55,374	3,067
73,442	4,504	68	78,014	160	78,174	(27,480)
28,268	1,484	836	30,588	18,053	48,641	(4,496)
11,235	5,092	2,867	19,194	6,741	25,935	13,369
2,795	1,267	713	4,775	1,677	6,452	7,530
6,331	337	190	6,858	457	7,315	3,758
38,879	1,878	1,057	41,814	2,487	44,301	(36,509)
1,539	2,434	2,285	6,258	435	6,693	(318)
2,616	1,186	668	4,470	1,570	6,040	(526)
47	22	12	81	29	110	380
25,200	-0-	-0-	25,200	-0-	25,200	(24,944)
<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>	<b>\$ (53,376)</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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets without donor restrictions	\$ (226,508)	\$ (138,302)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	59,007	42,684
Changes in operating assets and liabilities:		
Government grant receivable	-0-	131,632
Other receivables	50,304	(40,067)
Tenant improvement allowance receivable	115,504	(115,504)
Prepaid expenses	(181,903)	(283,479)
Accounts payable and accrued expenses	71,115	(43,426)
Government grant advance	172,669	151,167
Deferred rent and lease incentives	55,259	169,972
Net Cash Provided by (Used in) Operating Activities	<u>115,447</u>	<u>(125,323)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property	<u>(139,035)</u>	-0-
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(23,588)</b>	<b>(125,323)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>916,410</u>	<u>1,041,733</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 892,822</u>	<u>\$ 916,410</u>

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

# RECREATIONAL BOATING AND FISHING FOUNDATION

## Notes to Financial Statements

March 31, 2020 and 2019

### 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, 2020 and 2019 was \$59,007 and \$42,684, 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. At March 31, 2020 and 2019, the Foundation’s net assets were all without donor restrictions.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**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 \$107,639 and \$124,470 of federal program income for the years ended March 31, 2020 and 2019, 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.

Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU which is collectively Accounting Standards Codification 606 (ASC 606) generally became effective for all private companies for years beginning after December 15, 2018. The Foundation evaluated the applicability of ASC 606 for the year beginning April 1, 2019. The Foundation determined it did not have revenue transactions which met the definition of "contracts with customers", therefore there has been no change to the revenue recognition policies of the Foundation.

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 ended March 31, 2020 and 2019. The Foundation paid \$4,594 and \$4,179 in estimated tax payments for the years ended March 31, 2020 and 2019, respectively. 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.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

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

Recent Accounting Pronouncements: The FASB issued ASU 2016-02, *Leases*, which will be 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 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.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 16, 2020, the date the financial statements were available to be issued. During the period April 1, 2020 through June 16, 2020, 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:

	2020	2019
Cash and cash equivalents, undesignated	\$ 508,954	\$ 489,815
Other receivables	4,058	54,362
Financial Assets Available for General Expenditure	\$ 513,012	\$ 544,177

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, 2020 and 2019**

**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 of \$288,760 which was utilized during the year ended March 31, 2020. The tenant improvement allowance was utilized for leasehold improvements of \$128,664 in fiscal year 2020 and \$128,234 was utilized as a credit against future rent. The remaining tenant improvement allowance was utilized towards the purchase of office equipment and furniture in accordance with the amended lease agreement.

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 \$183,020 and \$207,699 for the years ended March 31, 2020 and 2019, respectively.

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

2021	\$ 100,593
2022	235,119
2023	241,585
2024	248,229
2025	255,055
2026 and thereafter	<u>971,983</u>
	<u>\$ 2,052,564</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 \$205,897 and \$196,151 for the years ended March 31, 2020 and 2019, respectively.

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**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 99% of the Foundation's support was provided by a Cooperative Agreement with the U.S. Fish and Wildlife Service for both of the years ended March 31, 2020 and 2019, respectively. Any reduction in the level of support from the U.S. Fish and Wildlife Service could affect the Foundation's program activities.

National Health Emergency: In March 2020, the President of the United States declared a national emergency due to a viral pandemic. The declaration of the national emergency and similar declarations made by various states, and the outbreak of the virus itself, will have far reaching social, economic, and financial impacts on the United States going forward. At this time, the impact on the operation and financial status of the Foundation cannot be determined.

**RECREATIONAL BOATING AND FISHING FOUNDATION**

**SUPPLEMENTARY INFORMATION**

**MARCH 31, 2020**

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended March 31, 2020**

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	\$ 137,396	\$ 12,084,655
<b>Total Expenditures of Federal Awards</b>			<u>\$ 137,396</u>	<u>\$ 12,084,655</u>



**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended March 31, 2020**

**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, 2020. 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 January 31, 2020. During the years ended March 31, 2020 and 2019, the Foundation spent down \$109,833 and \$100,000, respectively.

**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, 2020, 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 16, 2020.

### **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 16, 2020

**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, 2020. 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, 2020.

**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 16, 2020

**RECREATIONAL BOATING AND FISHING FOUNDATION**  
**Schedule of Findings and Questioned Costs**  
**Year Ended March 31, 2020**

**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.

