

**RECREATIONAL BOATING
AND FISHING FOUNDATION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

MARCH 31, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 October 26, 2021, 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
October 26, 2021

RECREATIONAL BOATING AND FISHING FOUNDATION
Statements of Financial Position
March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 958,210	\$ 892,822
Other receivables	-0-	4,058
Prepaid expenses	400,152	510,438
Total Current Assets	<u>1,358,362</u>	<u>1,407,318</u>
Property		
Leasehold improvements	555,504	555,504
Office furniture	57,174	57,174
Computers	10,371	10,371
Total Cost	<u>623,049</u>	<u>623,049</u>
Less: Accumulated depreciation	<u>516,660</u>	<u>500,337</u>
Net Property	<u>106,389</u>	<u>122,712</u>
Other Assets		
Security deposits	<u>17,785</u>	<u>17,785</u>
Total Assets	<u>\$ 1,482,536</u>	<u>\$ 1,547,815</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 399,427	\$ 227,665
Government grant advance	73,225	323,836
Deferred rent and lease incentives	44,216	-0-
Total Current Liabilities	<u>516,868</u>	<u>551,501</u>
Non-Current Liabilities		
Deferred rent and lease incentives, net of current portion	<u>460,067</u>	<u>413,972</u>
Total Liabilities	<u>976,935</u>	<u>965,473</u>
Commitments (Note 3)		
Net Assets Without Donor Restrictions		
General	119,199	198,474
Board-designated - George H.W. Bush		
<i>Vamos a Pescar</i> ™ Education Fund	<u>386,402</u>	<u>383,868</u>
Total Net Assets Without Donor Restrictions	<u>505,601</u>	<u>582,342</u>
Total Liabilities and Net Assets	<u>\$ 1,482,536</u>	<u>\$ 1,547,815</u>

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

RECREATIONAL BOATING AND FISHING FOUNDATION
Statements of Activities
Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Support and Revenue		
Government grants	\$ 12,968,537	\$ 12,084,655
Royalties and other revenue	14,879	43,245
Contributions	105,114	55,893
Interest income	11,932	16,361
	<hr/>	<hr/>
Total Support and Revenue	13,100,462	12,200,154
	<hr/>	<hr/>
Expenses		
Program services:		
Consumer engagement	9,054,868	9,065,587
State engagement	2,651,533	1,718,697
Industry engagement	561,399	685,806
Federal engagement	12,887	43,571
Total program services	12,280,687	11,513,661
Management and general	896,516	913,001
	<hr/>	<hr/>
Total Expenses	13,177,203	12,426,662
	<hr/>	<hr/>
Change in Net Assets Without Donor Restrictions	(76,741)	(226,508)
	<hr/>	<hr/>
Net Assets Without Donor Restrictions at Beginning of Year	582,342	808,850
	<hr/>	<hr/>
Net Assets Without Donor Restrictions at End of Year	\$ 505,601	\$ 582,342
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The accompanying notes are an integral part of these financial statements.

RECREATIONAL BOATING AND FISHING FOUNDATION
Statements of Functional Expenses
Years Ended March 31, 2021 and 2020

	2021						
	Consumer Engagement	State Engagement	Industry Engagement	Federal Engagement	Total Program Services	Management and General	Total
Expenses							
Professional fees - consulting	\$ 7,442,249	\$ 655,980	\$ 57,110	\$ 75	\$ 8,155,414	\$ 40,111	\$ 8,195,525
Salaries	915,751	441,178	259,740	7,944	1,624,613	510,175	2,134,788
Subgrants and agreements	-0-	1,101,742	-0-	-0-	1,101,742	-0-	1,101,742
Personnel benefits	235,376	111,855	66,751	1,870	415,852	128,055	543,907
Retirement plan	88,726	42,891	25,243	784	157,644	53,737	211,381
Rent	81,380	39,207	23,082	706	144,375	45,338	189,713
Dues and subscriptions	115,200	12,342	6,354	194	134,090	12,479	146,569
Payroll taxes	60,643	29,219	16,896	583	107,341	33,381	140,722
Sponsorships and event costs	7,500	17,000	82,500	-0-	107,000	-0-	107,000
Grant agreements	-0-	155,516	-0-	-0-	155,516	-0-	155,516
Website hosting	24,903	11,998	7,063	216	44,180	13,874	58,054
Office expense	23,407	10,075	5,838	179	39,499	11,464	50,963
Professional fees - accounting and legal	10,955	577	339	10	11,881	26,998	38,879
Meetings	10,139	4,953	2,876	88	18,056	5,649	23,705
Non-capitalized equipment	7,216	5,252	2,046	63	14,577	4,020	18,597
Staff development	7,710	3,714	2,187	67	13,678	4,295	17,973
Depreciation	7,002	3,373	1,986	61	12,422	3,901	16,323
Insurance	6,149	2,962	1,744	53	10,908	3,426	14,334
Miscellaneous	7,636	846	498	15	8,995	968	9,963
Merchandise	5,358	425	-0-	-0-	5,783	-0-	5,783
Event registration	-0-	1,600	(164)	-0-	1,436	-0-	1,436
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Temporary services	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Travel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Taxes expense (refund)	(2,432)	(1,172)	(690)	(21)	(4,315)	(1,355)	(5,670)
Total Expenses	\$ 9,054,868	\$ 2,651,533	\$ 561,399	\$ 12,887	\$ 12,280,687	\$ 896,516	\$ 13,177,203

2020

Consumer Engagement	State Engagement	Industry Engagement	Federal Engagement	Total Program Services	Management and General	Total	Increase (Decrease)
\$ 7,262,342	\$ 486,778	\$ 38,804	\$ 6,480	\$ 7,794,404	\$ 54,103	\$ 7,848,507	\$ 347,018
900,264	385,320	294,038	20,851	1,600,473	476,625	2,077,098	57,690
-0-	134,896	-0-	-0-	134,896	-0-	134,896	966,846
207,576	88,891	70,180	6,414	373,061	112,122	485,183	58,724
89,203	38,206	29,165	2,067	158,641	47,256	205,897	5,484
79,325	33,952	25,909	1,837	141,023	41,997	183,020	6,693
124,972	10,702	8,071	572	144,317	13,083	157,400	(10,831)
58,477	25,801	19,632	1,339	105,249	31,660	136,909	3,813
41,500	26,322	110,000	-0-	177,822	-0-	177,822	(70,822)
-0-	100,842	-0-	-0-	100,842	-0-	100,842	54,674
25,901	11,086	8,460	600	46,047	13,713	59,760	(1,706)
25,673	11,832	8,967	502	46,974	11,467	58,441	(7,478)
11,997	1,683	1,285	91	15,056	29,089	44,145	(5,266)
17,054	194,960	5,516	377	217,907	8,626	226,533	(202,828)
3,845	1,292	986	70	6,193	1,599	7,792	10,805
17,035	7,291	5,564	395	30,285	9,019	39,304	(21,331)
25,576	10,946	8,353	592	45,467	13,540	59,007	(42,684)
6,060	2,594	1,979	141	10,774	3,208	13,982	352
9,259	546	416	29	10,250	823	11,073	(1,110)
50,229	447	7	-0-	50,683	11	50,694	(44,911)
583	4,051	1,708	1	6,343	32	6,375	(4,939)
212	91	70	5	378	112	490	(490)
122	45	33	2	202	54	256	(256)
105,992	139,100	45,882	1,151	292,125	43,597	335,722	(335,722)
2,390	1,023	781	55	4,249	1,265	5,514	(11,184)
\$ 9,065,587	\$ 1,718,697	\$ 685,806	\$ 43,571	\$ 11,513,661	\$ 913,001	\$ 12,426,662	\$ 750,541

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

RECREATIONAL BOATING AND FISHING FOUNDATION
Statements of Cash Flows
Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ (76,741)	\$ (226,508)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,323	59,007
Changes in operating assets and liabilities:		
Other receivables	4,058	50,304
Tenant improvement allowance receivable	-0-	115,504
Prepaid expenses	110,286	(181,903)
Accounts payable and accrued expenses	171,762	71,115
Government grant advance	(250,611)	172,669
Deferred rent and lease incentives	90,311	55,259
Net Cash Provided by Operating Activities	<u>65,388</u>	<u>115,447</u>
Cash Flows from Investing Activities		
Purchases of property	<u>-0-</u>	<u>(139,035)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	65,388	(23,588)
Cash and Cash Equivalents at Beginning of Year	<u>892,822</u>	<u>916,410</u>
Cash and Cash Equivalents at End of Year	<u>\$ 958,210</u>	<u>\$ 892,822</u>

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

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2021 and 2020

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, 2021 and 2020 was \$16,323 and \$59,007, 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, 2021 and 2020, the Foundation’s net assets were all without donor restrictions.

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2021 and 2020

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 \$83,000 and \$107,639 of federal program income for the years ended March 31, 2021 and 2020, 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 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 unrelated business income for the years ended March 31, 2021 and 2020. 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, 2021 and 2020

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

Recent Accounting Pronouncements: The Financial Accounting Standards Board (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 of any leases on the financial statements.

Reclassification: Certain amounts previously reported in the financial statements for the year ended March 31, 2020 have been reclassified to conform to the financial statement presentation for the year ended March 31, 2021.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 26, 2021, the date the financial statements were available to be issued. During the period April 1, 2021 through October 26, 2021, 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:

	2021	2020
Cash and cash equivalents, undesignated	\$ 571,808	\$ 508,954
Other receivables	-0-	4,058
Financial Assets Available for General Expenditure	<u>\$ 571,808</u>	<u>\$ 513,012</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, 2021 and 2020

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 \$189,713 and \$183,020 for the years ended March 31, 2021 and 2020, respectively.

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

2022	\$ 235,119
2023	241,585
2024	248,229
2025	255,055
2026	262,069
2027 and thereafter	<u>709,914</u>
	<u>\$ 1,951,971</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 \$211,381 and \$205,897 for the years ended March 31, 2021 and 2020, respectively.

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Financial Statements
March 31, 2021 and 2020

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, 2021 and 2020, 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. The pandemic continues and 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, 2021

RECREATIONAL BOATING AND FISHING FOUNDATION
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Pass-Through Entity Identifying Numbers	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Interior				
<i>Passed through from U.S. Fish and Wildlife Service</i>				
National Outreach and Communication	F18AC00145	15.653	\$ 861,742	\$ 12,652,494
Multistate Conservation Grant	F20AP00169	15.628	-0-	58,543
Multistate Conservation Grant	F20AP00170	15.628	240,000	257,500
			<u>240,000</u>	<u>316,043</u>
Total Expenditures of Federal Awards			<u>\$ 1,101,742</u>	<u>\$ 12,968,537</u>

RECREATIONAL BOATING AND FISHING FOUNDATION
Notes to Schedule of Expenditures of Federal Awards
Year Ended March 31, 2021

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, 2021. 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 CFDA 15.653. The Foundation has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for CFDA 15.628.

**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, 2021, 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 October 26, 2021.

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) as a basis for designing 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 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 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
October 26, 2021

**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, 2021. 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, 2021.

**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
October 26, 2021

RECREATIONAL BOATING AND FISHING FOUNDATION
Schedule of Findings and Questioned Costs
Year Ended March 31, 2021

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 (CFDA No. 15.653) and the Multistate Conservation Grant (CFDA No. 15.628) were tested as major programs.
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.

