

Recreational Boating and Fishing Foundation

Financial Statements
Including Uniform Guidance Reports
and Independent Auditors' Report

March 31, 2018 and 2017 (As Restated)

Recreational Boating and Fishing Foundation

Financial Statements
March 31, 2018 and 2017 (As Restated)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Recreational Boating and Fishing Foundation

We have audited the accompanying financial statements of the Recreational Boating and Fishing Foundation ("the Foundation") which comprise the statements of financial position as of March 31, 2018 and 2017, the related statements of activities 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.

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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 3, the Foundation's net assets as of April 1, 2016 have been restated to correct an error. Our opinion is not modified with respect to this matter.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information for the years ended March 31, 2018 and 2017 included on pages 14-15 is presented for purposes of additional analysis and is not a required part of the financial statements. 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* (Uniform Guidance), 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 11, 2018, 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 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 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.



Vienna, Virginia
June 11, 2018

Recreational Boating and Fishing Foundation

Statements of Financial Position March 31, 2018 and 2017 (As Restated)

	2018	2017
Assets		
Cash and cash equivalents	\$ 119,981	\$ 225,091
Government grant receivable	131,632	74,563
Other receivables	14,295	5,320
Investments	921,752	792,192
Prepaid expenses	45,056	50,258
Deposits	17,785	17,785
Property and equipment, net	85,368	128,052
Total assets	<u>\$ 1,335,869</u>	<u>\$ 1,293,261</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 56,199	\$ 17,116
Accrued expenses	143,777	115,519
Deferred rent and lease incentives	188,741	252,166
Total liabilities	<u>388,717</u>	<u>384,801</u>
Net Assets		
Unrestricted:		
Undesignated	573,046	538,590
Board-designated	374,106	369,870
Total net assets	<u>947,152</u>	<u>908,460</u>
Total liabilities and net assets	<u>\$ 1,335,869</u>	<u>\$ 1,293,261</u>

Recreational Boating and Fishing Foundation

Statements of Activities
For the Years Ended March 31, 2018 and 2017 (As Restated)

	2018	2017
Unrestricted Revenue and Support		
Government grants	\$ 12,301,927	\$ 11,834,315
Sponsorships and other revenue	81,762	70,900
Contributions	55,497	201,739
Investment income	10,770	9,152
Total unrestricted revenue and support	12,449,956	12,116,106
Expenses		
Program services:		
Consumer engagement	9,674,440	9,534,585
State engagement	1,397,789	1,213,532
Industry engagement	407,958	347,607
Total program services	11,480,187	11,095,724
Management, office operations	931,077	888,222
Total expenses	12,411,264	11,983,946
Change in Net Assets	38,692	132,160
Net Assets , beginning of year, as restated	908,460	776,300
Net Assets , end of year	\$ 947,152	\$ 908,460

See accompanying notes.

Recreational Boating and Fishing Foundation

Statements of Cash Flows
For the Years Ended March 31, 2018 and 2017 (As Restated)

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 38,692	\$ 132,160
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	42,684	42,684
Change in operating assets and liabilities:		
(Increase) decrease in:		
Government grant receivable	(57,069)	206,847
Other receivables	(8,975)	(5,320)
Prepaid expenses	5,202	(21,768)
Increase (decrease) in:		
Accounts payable	39,083	(129,510)
Accrued expenses	28,258	19,494
Deferred rent and lease incentives	(63,425)	(56,594)
	24,450	187,993
Cash Flows from Investing Activities		
Purchases of investments	(909,560)	(787,914)
Maturities of investments	780,000	650,000
	(129,560)	(137,914)
Net (Decrease) Increase in Cash and Cash Equivalents	(105,110)	50,079
Cash and Cash Equivalents, beginning of year	225,091	175,012
Cash and Cash Equivalents, end of year	\$ 119,981	\$ 225,091

See accompanying notes.

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

1. Nature of Operations

The accompanying financial statements include the assets, liabilities and net assets, and results of activities of the Recreational Boating and Fishing Foundation (“the Foundation”), a not-for-profit corporation. The 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.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Foundation’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions. Unrestricted net assets represent funds that are not subject to donor-imposed stipulations and are available for support of the Foundation’s operations. Included in unrestricted net assets at March 31, 2018 and 2017 is \$374,106 and \$369,870, respectively, of Board-designated funds, which represent amounts set aside for the George H.W. Bush *Vamos A Pescar*™ Education Fund. At March 31, 2018 and 2017, all net assets are unrestricted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 Equivalents

The Foundation considers as cash equivalents all short-term, highly liquid investments with original maturities of 90 days or less that are easily convertible to known amounts of cash.

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

2. Summary of Significant Accounting Policies (continued)

Government Grant Receivable

Government grant receivable consists of amounts to be reimbursed to the Foundation for expenses incurred under its Cooperative Agreements with the U.S. Fish and Wildlife Service (USFWS) and the United States Department of Agriculture (USDA). The entire amount of the grant receivable is expected to be collected within one year, and is recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all amounts are fully collectible.

Investments

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the accompanying statements of activities.

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to five years. Leasehold improvements are stated at cost, and are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. Repairs and maintenance costs are expensed as incurred.

Revenue Recognition

Government grants that are cost reimbursable in nature are recognized as revenue as the related expenditures are incurred. Costs incurred in excess of cash received are reflected as government grant receivable in the accompanying statements of financial position.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Foundation reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, restrictions met in the same accounting period in which the related contribution was received are treated as unrestricted.

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

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

2. Summary of Significant Accounting Policies (continued)

Donated Services

A number of industry companies have donated significant amounts of volunteer time for the benefit of the Foundation's programs and activities, as well as conducting general industry marketing campaigns that indirectly benefit the Foundation's mission. However, these donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-25-16, *Contributed Services*.

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. Accordingly, certain costs have been allocated among the programs or functions benefited.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Foundation's fiscal year 2021.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective beginning in the Foundation's fiscal year 2019.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 11, 2018, the date the financial statements were available to be issued.

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

3. Prior Period Adjustment

The net assets as of April 1, 2016 reported in the accompanying financial statements have been restated to correct errors in cash to accrual conversion calculations that accumulated in the Foundation's external financial statements prior to the current Cooperative Agreement with USFWS. The result of the restatement decreased grant receivables and net assets by \$4,353,300 as of April 1, 2016. This restatement had no impact on cumulative cash disbursements and receipts as reported to USFWS.

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and cash equivalents. The Foundation maintains various cash deposit and transaction accounts with financial institutions, which from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

Most 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, 2018 and 2017. Any reduction in the level of support from the U.S. Fish and Wildlife Service could affect the Foundation's program activities.

5. Investments and Fair Market Value Measurements

The Foundation follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

5. Investments and Fair Market Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels are recognized at the end of the reporting period. Following is a description of the valuation methodology used for investments measured at fair value.

Certificates of deposit are generally valued at original cost plus accrued interest, which approximates fair value.

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis as of March 31, 2018:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 921,752	\$ -	\$ 921,752
Total investments	\$ -	\$ 921,752	\$ -	\$ 921,752

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis as of March 31, 2017:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 792,192	\$ -	\$ 792,192
Total investments	\$ -	\$ 792,192	\$ -	\$ 792,192

Investment income totaled \$10,770 and \$9,152 for the years ended March 31, 2018 and 2017, respectively, and consists solely of interest income.

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

6. Prepaid Expenses

Prepaid expenses consist of the following at March 31:

	<u>2018</u>	<u>2017</u>
Prepaid media expenses	\$ -	\$ 4,850
Prepaid professional fees	-	4,625
Other prepaid expenses	<u>45,056</u>	<u>40,783</u>
Total prepaid expenses	<u>\$ 45,056</u>	<u>\$ 50,258</u>

7. Property and Equipment

Property and equipment consists of the following at March 31:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 426,840	\$ 426,840
Office furniture	<u>72,486</u>	<u>75,324</u>
Total property and equipment	499,326	502,164
Less: accumulated depreciation and amortization	<u>(413,958)</u>	<u>(374,112)</u>
Property and equipment, net	<u>\$ 85,368</u>	<u>\$ 128,052</u>

8. Commitments and Contingencies

Operating Leases

The Foundation leases office space in Alexandria, Virginia under the terms of an operating lease that commenced on May 1, 2010 and expires on September 30, 2020. The terms of the lease contain provisions for a free rent period and future rent increases of nearly 3% per year. In addition, the Foundation was provided a build-out allowance totaling \$426,840 as an incentive to lease the office space.

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 expenses, which are not included in base rental payments.

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

8. Commitments and Contingencies (continued)

Operating Leases (continued)

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.

In addition, the Foundation leases equipment under operating leases with restrictive cancellation clauses, which are set to expire in various years through 2018. Office and equipment rent expense totaled \$193,038 and \$190,046 for the years ended March 31, 2018 and 2017, respectively.

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

2019	\$	261,724
2020		268,945
2021		<u>136,304</u>
Future minimum lease payments	\$	<u><u>666,973</u></u>

Government Grants

The funds that the Foundation receives from the U.S. Fish and Wildlife Service and the USDA are subject to audit under the provisions of the Cooperative Agreements. The ultimate determination of amounts received under the U.S. Government grants are based upon the allowance of costs reported to and accepted by the oversight agencies. Until the grant is closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

Employment Agreement

The Foundation has a signed employment agreement with the President and Chief Executive Officer, which contains terms that require a severance payment upon the occurrence of certain contractual events.

Recreational Boating and Fishing Foundation

Notes to Financial Statements
March 31, 2018 and 2017 (As Restated)

9. Retirement Plan

The Foundation maintains a qualified Section 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 contributions in its discretion, which will be allocated among all eligible employees. Employer contributions totaled \$177,256 and \$151,753 for the years ended March 31, 2018 and 2017, respectively.

10. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from federal and state income taxes other than unrelated business income. At March 31, 2018 and 2017, no income tax provision was made, as the Foundation did not incur any significant net unrelated business income.

Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Recreational Boating and Fishing Foundation

Schedule of Functional Expenses
For the Year Ended March 31, 2018

	Program Services				Management, Office Operations	Total
	Consumer Engagement	State Engagement	Industry Engagement	Total Program Services		
Professional fees – consulting	\$ 8,069,694	\$ 480,884	\$ 50,617	\$ 8,601,195	\$ 29,756	\$ 8,630,951
Salaries	834,632	329,003	166,625	1,330,260	464,333	1,794,593
Subgrants and agreements	-	104,891	-	104,891	74,315	179,206
Rent and utilities	89,778	35,390	17,923	143,091	49,947	193,038
Travel	40,525	110,456	25,968	176,949	42,064	219,013
Personnel benefits	192,075	74,320	38,497	304,892	107,223	412,115
Depreciation and amortization	19,852	7,825	3,963	31,640	11,044	42,684
Pension plan	82,427	32,494	16,463	131,384	45,872	177,256
Payroll taxes	57,213	22,877	11,739	91,829	32,401	124,230
Sponsorships and event costs	34,000	9,500	53,000	96,500	-	96,500
Meetings	26,459	152,607	4,908	183,974	13,677	197,651
Professional fees – accounting and legal	16,381	1,246	631	18,258	18,136	36,394
Printing and publication	5,989	810	550	7,349	300	7,649
Temporary services	25,141	-	-	25,141	-	25,141
Postage and copying	5,206	2,052	1,039	8,297	2,896	11,193
Telephone – local and long distance	5,708	2,250	1,140	9,098	3,176	12,274
Staff development	4,887	1,925	976	7,788	2,719	10,507
Office supplies	3,356	1,558	670	5,584	1,867	7,451
FedEx/UPS/messenger	1,684	1,284	597	3,565	162	3,727
Dues and subscriptions	102,282	8,246	4,176	114,704	11,637	126,341
Insurance	4,486	1,769	896	7,151	2,496	9,647
Non-capitalized equipment	5,060	1,995	1,010	8,065	2,815	10,880
Fulfillment – shipping	3,061	-	-	3,061	-	3,061
Fulfillment – storage	3,559	-	-	3,559	-	3,559
Taxes	939	370	187	1,496	522	2,018
Telephone – internet access	6,244	2,461	1,247	9,952	3,474	13,426
Repairs and maintenance	651	257	130	1,038	362	1,400
Event registration	192	3,856	1,498	5,546	107	5,653
Merchandise	14,668	565	15	15,248	41	15,289
Registration fees	15,018	5,920	2,998	23,936	8,355	32,291
Miscellaneous	3,273	978	495	4,746	1,380	6,126
Total Expenses	\$ 9,674,440	\$ 1,397,789	\$ 407,958	\$ 11,480,187	\$ 931,077	\$ 12,411,264

Recreational Boating and Fishing Foundation

Schedule of Functional Expenses
For the Year Ended March 31, 2017

	Program Services				Management, Office Operations	Total
	Consumer Engagement	State Engagement	Industry Engagement	Total Program Services		
Professional fees – consulting	\$ 8,023,166	\$ 572,141	\$ 44,324	\$ 8,639,631	\$ 40,191	\$ 8,679,822
Salaries	758,656	194,881	142,143	1,095,680	440,953	1,536,633
Subgrants and agreements	-	120,200	-	120,200	35,043	155,243
Rent and utilities	93,828	24,102	17,580	135,510	54,536	190,046
Travel	49,151	67,568	17,511	134,230	60,214	194,444
Personnel benefits	161,903	40,587	30,147	232,637	93,248	325,885
Depreciation and amortization	21,074	5,413	3,948	30,435	12,249	42,684
Pension plan	74,944	19,247	14,025	108,216	43,537	151,753
Payroll taxes	50,674	13,052	9,525	73,251	30,018	103,269
Sponsorships and event costs	18,593	12,500	48,000	79,093	-	79,093
Meetings	25,155	116,735	4,391	146,281	13,621	159,902
Professional fees – accounting and legal	46,523	798	582	47,903	19,143	67,046
Printing and publication	2,232	2,436	85	4,753	265	5,018
Temporary services	16,498	-	-	16,498	-	16,498
Postage and copying	5,788	1,393	1,016	8,197	3,151	11,348
Telephone – local and long distance	5,362	1,377	1,005	7,744	3,117	10,861
Staff development	6,737	1,731	1,262	9,730	3,916	13,646
Office supplies	3,729	1,038	699	5,466	2,167	7,633
FedEx/UPS/messenger	3,336	1,610	741	5,687	559	6,246
Dues and subscriptions	90,719	5,877	4,287	100,883	13,298	114,181
Advertising	742	191	139	1,072	431	1,503
Insurance	6,190	1,590	1,160	8,940	3,598	12,538
Non-capitalized equipment	21,836	2,668	1,946	26,450	6,037	32,487
Fulfillment – shipping	1,039	-	-	1,039	-	1,039
Fulfillment – storage	4,137	-	-	4,137	-	4,137
Taxes	956	246	179	1,381	556	1,937
Telephone – internet access	5,869	1,508	1,100	8,477	3,411	11,888
Repairs and maintenance	328	84	62	474	191	665
Event registration	2,050	1,900	215	4,165	-	4,165
Merchandise	23,525	567	9	24,101	28	24,129
Registration fees	6,797	1,746	1,274	9,817	3,951	13,768
Miscellaneous	3,048	346	252	3,646	793	4,439
Total Expenses	\$ 9,534,585	\$ 1,213,532	\$ 347,607	\$ 11,095,724	\$ 888,222	\$ 11,983,946

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITORS' 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 of
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 the Recreational Boating and Fishing Foundation ("the Foundation"), which comprise the statement of financial position as of March 31, 2018, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2018.

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 our 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.

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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vienna, Virginia
June 11, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Recreational Boating and Fishing Foundation

Report on Compliance for Each Major Federal Program

We have audited the Recreational Boating and Fishing Foundation's ("the Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended March 31, 2018. The Foundation's major federal program is identified in the summary of auditors' 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.

Auditors' 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 the major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on the 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, 2018.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.



Vienna, Virginia
June 11, 2018

Recreational Boating and Fishing Foundation

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Agency or Pass-Through Grant Number	Federal CFDA Number	Total Federal Expenditures	Passed- Through to Subrecipients
<u>United States Department of Interior</u>				
U.S. Fish and Wildlife Service:				
National Outreach and Communications Program	F13AC00158	15.653	\$ 12,294,238	\$ 179,206
<u>United States Department of Agriculture</u>				
Forest Service:				
Partnership Agreements	16-CS-11132422-292	10.699	<u>7,689</u>	<u>-</u>
Total expenditures of federal awards			<u><u>\$ 12,301,927</u></u>	<u><u>\$ 179,206</u></u>

See accompanying notes to this schedule.

Recreational Boating and Fishing Foundation

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (“the Schedule”) includes the federal grant activity of the Foundation under programs of the federal government for the year ended March 31, 2018. The information in this Schedule is presented in accordance with the 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). 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.

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 the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the Schedule follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

3. Indirect Cost Rates

The Foundation has elected not to use the 10% *de minimis* indirect cost rate, which is allowed in accordance with the Uniform Guidance.

Recreational Boating and Fishing Foundation

Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2018

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors’ report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.653	National Outreach and Communications Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Recreational Boating and Fishing Foundation

Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2018

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2018 audit.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2018 audit.

Recreational Boating and Fishing Foundation

Corrective Action Plan For the Year Ended March 31, 2018

There were no findings for the year ended March 31, 2018; therefore, a corrective action plan was not needed.

Recreational Boating and Fishing Foundation

Schedule of Prior Audit Findings
For the Year Ended March 31, 2018

There were no findings or questioned costs reported for the 2017 audit.