



**SEWARD ASSOCIATION FOR THE
ADVANCEMENT OF MARINE SCIENCE**

State of Alaska Single Audit Report

Year ended September 30, 2024

(With Independent Auditors' Reports Thereon)

**SEWARD ASSOCIATION FOR THE
ADVANCEMENT OF MARINE SCIENCE**

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KPMG LLP
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**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***

The Board of Directors
Seward Association for the Advancement of Marine Science:

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 Seward Association for the Advancement of Marine Science (SAAMS), which comprise SAAMS' statement of financial position as of September 30, 2024, 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 August 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAAMS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAAMS' internal control. Accordingly, we do not express an opinion on the effectiveness of SAAMS' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-01 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAAMS' 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*.



SAAMS' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on SAAMS' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. SAAMS' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 SAAMS' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SAAMS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Anchorage, Alaska
August 28, 2025



KPMG LLP
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**Independent Auditors' Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance; and Report on Schedule of State
Financial Assistance Required by the *State of Alaska Audit Guide and
Compliance Supplement for State Single Audits***

The Board of Directors
Seward Association for the Advancement of Marine Science:

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Seward Association for the Advancement of Marine Science's (SAAMS) compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide* that could have a direct and material effect on each of SAAMS's major state programs for the year ended September 30, 2024. SAAMS's major state programs are identified in the accompanying schedule of state financial assistance.

In our opinion, SAAMS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements in the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska Audit Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SAAMS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of SAAMS's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SAAMS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and State of Alaska Audit Guide requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SAAMS's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State of Alaska Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SAAMS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SAAMS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of SAAMS's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State 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 state 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Report on Schedule of State Financial Assistance Required by the State of Alaska Audit Guide

We have audited the consolidated financial statements of SAAMS as of and for the year ended September 30, 2024, and have issued our report thereon dated August 28, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the State of Alaska 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 GAAS. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Anchorage, Alaska
August 28, 2025

SEWARD ASSOCIATION FOR THE
ADVANCEMENT OF MARINE SCIENCE

Schedule of State Financial Assistance

Year ended September 30, 2024

State grantor / program title	Grant number	Subrecipient expenditures	State expenditures	Major program
State of Alaska:				
Department of Commerce, Community, and Economic Development:				
Division of Community and Regional Affairs:				
Exxon Valdez Oil Spill Trustee Council:				
Facilities Project	23-DC-049	\$ —	466,068	N
Roof Replacement	25-DC-045	\$ —	348,131	N
Department of Fish and Game:				
Division of Administrative Services:				
Exxon Valdez Oil Spill Division:				
Community Organized Restoration and Learning (CORaL) Network	23-018	1,215,517	1,575,069	Y
Injured Seabirds in the Kenai Peninsula Coast and Kachemak Bay	21-109	<u>64,676</u>	<u>154,827</u>	N
Total State Financial Assistance		<u>\$ 1,280,193</u>	<u>2,544,095</u>	

See accompanying notes to schedule of state financial assistance.

**SEWARD ASSOCIATION FOR THE
ADVANCEMENT OF MARINE SCIENCE**

Notes to Schedule of State Financial Assistance

Year ended September 30, 2024

(1) General

The accompanying schedule of state financial assistance (the schedule) includes the activity of all state financial assistance programs of the Seward Association for the Advancement of Marine Science (SAAMS) for the year ended September 30, 2024. Because the schedule presents only a selected portion of the operations of SAAMS, it is not intended to and does not present the financial position, changes in net position, or cash flows of SAAMS.

(2) Basis of Accounting

The schedule is presented using the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement*. Subrecipient expenditures are recognized when disbursed. A reconciliation of amounts reported in the financial statements to the amounts reported on the Schedule of State Financial Assistance is as follows:

Grant expenditures reported in the financial statements	\$ 2,849,139
Subrecipient expenditures reported in the financial statements in 2023, but disbursed in 2024	40,583
Subrecipient expenditures reported in the financial statements in 2024, but disbursed in 2025	<u>(345,627)</u>
Grant expenditures reported in the schedule of expenditures of federal awards	<u><u>\$ 2,544,095</u></u>

**SEWARD ASSOCIATION FOR THE
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Schedule of Findings and Questioned Costs

Year ended September 30, 2024

(1) Summary of Auditors' Results

Financial Statements

Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- | | | | | |
|--|---------------|-----|---------------|---------------|
| • Material weakness(es) identified? | <u> X </u> | Yes | <u> </u> | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | <u> </u> | Yes | <u> X </u> | None reported |

Noncompliance material to the financial statements noted?

 Yes X No

State Financial Assistance

Type of auditor's report issued on compliance for major programs:

Unmodified

Internal control over major programs:

- | | | | | |
|--|---------------|-----|--------------|---------------|
| • Material weakness(es) identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | <u> </u> | Yes | <u> X </u> | None reported |

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

(2) Reportable findings related to the financial statements reported in accordance with *Government Auditing Standards*.

Finding number: 2024-01

Criteria: Principles of internal control require an effective control system be designed and operating to ensure reliable financial reporting.

Condition: Over the past two years SAAMS experienced significant turnover and delays in hiring qualified personnel for finance leadership roles and was unable to assign these responsibilities to existing staff. Vacancies and lack of supervision have caused a lack of transaction-level review, delays in recording of transactions, untimely preparation of account reconciliations, and significant annual financial reporting delays.

Context: This deficiency impacts all financial reporting processes of SAAMS.

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Schedule of Findings and Questioned Costs

Year ended September 30, 2024

Cause: SAAMS did not have an appropriate control environment to attract, develop, and retain adequate competent staff to ensure reliable financial reporting.

Effect: Inadequate internal controls could result in a material misstatement to the financial statements. During our audit, we identified multiple misstatements in accounts. As a result, SAAMS recorded financial statement adjustments. Additionally, we noted significant delays in financial reporting, which could cause SAAMS to be out of compliance with grant and other agreements.

Recommendations: We recommend that SAAMS prioritize filling finance department roles and implement interim oversight procedures, such as cross-departmental reviews or external support, to ensure timely and accurate financial reporting. We also recommend SAAMS cross-train staff and document procedures to reduce the time it takes to onboard new personnel.

Views of responsible officials: SAAMS acknowledges the audit finding regarding the control environment within the finance department and the importance of ensuring timely and accurate financial reporting. To address this deficiency, SAAMS will prioritize the recruitment of qualified finance personnel by increasing wages to remain competitive in attracting and retaining skilled staff. In addition, SAAMS will engage external contractors to provide immediate capacity and oversight while permanent roles are being filled. SAAMS will also implement interim oversight procedures, including cross-departmental reviews, to strengthen accountability during the transition period. To improve resilience and reduce onboarding time, SAAMS will cross-train finance staff and document key procedures, ensuring consistency and continuity of operations regardless of staffing changes. These corrective actions will enhance SAAMS's ability to maintain a strong control environment, provide reliable financial reporting, and ensure that the organization has the staff and systems necessary to meet its financial responsibilities.

(3) There were no reportable findings and no questioned costs related to state awards.