



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

Federal Financial Assistance Reports

Year ended September 30, 2013

(With Independent Auditors' Reports Thereon)

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

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Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

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

Report on Compliance for Each Major Federal Program

We have audited Seward Association for the Advancement of Marine Science (SAAMS) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of SAAMS's major federal programs for the year ended September 30, 2013. SAAMS major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SAAMS'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 SAAMS'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 SAAMS's compliance.

Opinion on Each Major Federal Program

In our opinion, SAAMS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control over Compliance

Management of SAAMS 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 SAAMS'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 OMB Circular A-133, 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 SAAMS'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of SAAMS as of and for the year ended September 30, 2013, and have issued our report thereon dated March 24, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

March 24, 2014

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

Schedule of Expenditures of Federal Awards

Year ended September 30, 2013

Federal grantor/pass-through grantor program title	Catalog of federal assistance number	Grant number	Federal expenditures
Department of Commerce:			
National Oceanic and Atmospheric Administration:			
National Marine Fisheries Service:			
Marine Mammal Research Program 2009 – 2013	11.439	NA09NMF4390169	S 430,184
Marine Mammal Research Program 2012 – 2014	11.439	NA12NMF4390066	1,323,668
Basic Operations and Medical Care of Rehab Patients	11.439	NA11NMF4390100	5,152
Basic Operations and Medical Care of Rehabilitation Patients 2012-13	11.439	NA12NMF4390164	95,866
Alaska Regional Stranding Network Annual Meetings and Training	11.439	NA11NMF4390099	18,927
Passed through Alaska Native Harbor Seal Commission:			
Scientific Advisory Services	11.439	N/A	16,759
			<u>1,890,556</u>
Unallied Science Program:			
Passed through North Pacific Research Board:			
Impact of Predation on Juvenile Stellar Sea Lions	11.472	F4011	6,990
Development and Testing of Alternative methods for Satellite tagging of Beluga Whales	11.472	F5224	11,781
Passed through Prince William Sound Science Center:			
LTM – Marine Conditions and Injured Resources and Services Synthesis Component	11.472	12-81-02	59,056
			<u>77,827</u>
National Ocean Services:			
Passed through Alaska Ocean Observing System:			
Seward AHON Sensor Replacement	11.012	H2300-57	7,170
Office of Education:			
Building Ocean Awareness Together (BOAT) Interpreting Challenging Ocean Issues	11.008	NA12SEC0080023	94,721
Education Mini Grant	11.unknown	N/A	800
Total Department of Commerce			<u>2,071,074</u>
National Science Foundation:			
Passed through University of Alaska Fairbanks:			
COSEE Alaska, People, Oceans and Climate Change	47.050	UAF 09-0055	73,703
Thermoregulation in Free-Living Antarctic Seals: The missing link in Effective Ecological Modeling	47.078	UAF 12-0029	78,930
Total National Science Foundation			<u>152,633</u>
Department of the Interior:			
U. S. Fish and Wildlife Service:			
Eider Infrastructure	15.608	F10AP00303	215,892
Marine Invasive Species Monitoring Program	15.608	F13AP00459	3,216
			<u>219,108</u>
Maintenance of a captive flock of Alaska-origin Steller's and spectacled eiders	15.657	F12AC01617	374,075
BIOMap Alaska at Alaska SeaLife Center	15.669	F11AC00618	14,709
Characterization of Novel Adenoviruses Isolated from Long-Tailed Ducks (<i>Clangula hycmalis</i>)	15.665	F12AP00801	15,167
Passed through the State of Alaska:			
Alaska Corps of Coastal Observers	15.668	10-CIAP-046	32,157
Walrus Diets in Bristol Bay: Conservation Concerns and Environmental Monitoring	15.668	10-CIAP-033	4,931
Passed through Kenai Peninsula Borough:			
Seward Weather and Ocean Observing System	15.668	271.21135.11104.43011	67,627
			<u>104,715</u>
Bureau of Ocean Energy Management:			
Passed through University of Alaska Fairbanks:			
Sensitivity to HydroCarbons and Baselines of Exposure in Marine Birds on the Chukchi and Beaufort Seas	15.421	UAF 14-0011	5,554
National Park Service:			
Cooperative Learning Center 2010	15.945	H9911080028	213,739
Total Department of the Interior			<u>947,067</u>
Department of the Navy:			
Office of Naval Research:			
Improving Attachments of Remotely Deployed Dorsal Fin Tags	12.300	N00014-10-1-0686	118,914
Development and Testing of a Data logging Device for Physiological Measurements of Deep Diving Odontocetes	12.300	N00014-11-1-0537	974
Total Department of the Navy			<u>119,888</u>
National Endowment for the Arts:			
GYRE Exhibit on Marine Debris	45.024	12-4400-7047	32,307
Total National Endowment for the Arts			<u>32,307</u>
Department of Military and Veterans Affairs:			
Division of Homeland Security and Emergency Management:			
State Disaster Public Assistance Grant 2012 Flood Event	97.036	FEMA-4094-DR-AK	134,416
Total Department of Military and Veterans Affairs			<u>134,416</u>
Total Federal Awards			S <u>3,457,385</u>

See accompanying notes to schedule of expenditures of federal awards.

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

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2013

(1) General

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Seward Association for the Advancement of Marine Science (SAAMS) under programs of the federal government. 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 assets, or cash flows of SAAMS. Federal awards received directly from federal agencies as well as federal awards passed through other agencies are included on the schedule.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in note 1 to the SAAMS's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Subrecipients

During the year ended September 30, 2013, SAAMS provided \$92,912 to subrecipients under federal awards for CFDA # 12.300.

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

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	_____ <u>X</u> no
• Significant deficiencies identified that are not considered to be material weakness?	_____	yes	_____ <u>X</u> none reported
Noncompliance material to the financial statements noted?	_____	yes	_____ <u>X</u> no

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	_____	yes	_____ <u>X</u> no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____	yes	_____ <u>X</u> no

Identification of Major Programs

<u>CFDA number</u>	<u>Name of federal program</u>
11.439	Department of Commerce, National Oceanic and Atmospheric Administration – Marine Mammal Data Program
15.657	Department of Interior, Fish and Wildlife Service – Endangered Species Conservation Recovery Implementation Funds

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	_____ <u>X</u> yes _____ no

(2) There were no findings relating to the financial statements reported in accordance with *Government Auditing Standards*

(3) There were no findings or questioned costs relating to federal awards



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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 the statement of financial position as of September 30, 2013, and 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 March 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAAMS'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 SAAMS's internal control. Accordingly, we do not express an opinion on the effectiveness of SAAMS'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 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 SAAMS'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 SAAMS'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 SAAMS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

March 24, 2014