



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

Federal Financial Assistance Reports

Year ended September 30, 2012

(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 Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with 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:

Compliance

We have audited Seward Association for the Advancement of Marine Science's (SAAMS) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*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, 2012. SAAMS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of SAAMS's management. Our responsibility is to express an opinion on SAAMS's compliance based on our audit.

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. Our audit does not provide a legal determination of SAAMS's compliance with those requirements.

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 federal programs for the year ended September 30, 2012.

Internal Control over Compliance

Management of SAAMS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered SAAMS's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of SAAMS as of and for the year ended September 30, 2012, and have issued our report thereon dated June 24, 2013 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to June 24, 2013. 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.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 24, 2013

**SEWARD ASSOCIATION FOR THE
ADVANCEMENT OF MARINE SCIENCE**
Schedule of Expenditures of Federal Awards
Year ended September 30, 2012

| Federal grantor/pass through grantor program title | Catalog of federal domestic assistance number | Grant number | Federal expenditures |
|--|---|-----------------------|-------------------------|
| Department of Commerce: | | | |
| National Oceanic and Atmospheric Administration: | | | |
| National Marine Fisheries Service: | | | |
| 2008 Marine Mammal Stranding | 11.439 | NA08NMF4390527 | \$ 45,007 |
| Marine Mammal Research Program 2009 – 2013 | 11.439 | NA09NMF4390169 | 1,892,652 |
| Basic Operations & Medical Care of Rehab Patients | 11.439 | NA11NMF4390100 | 94,843 |
| Alaska Regional Stranding Network Annual Meetings and Training | 11.439 | NA10NMF4390261 | 10,877 |
| Alaska Regional Stranding Network Annual Meetings and Training | 11.439 | NA11NMF4390099 | 47,956 |
| Passed through Kenai Peninsula Borough: | | | |
| Oral History of Habitat Use by Cook Inlet Belugas in Waters Adjacent to the Kenai Peninsula Borough | 11.439 | 271.21135.90216.43011 | 40,283 |
| | | | <u>2,131,618</u> |
| Passed through North Pacific Research Board: | | | |
| Studying Diets in Threatened Eiders | 11.472 | F3912 | 41,694 |
| SSL Predation | 11.472 | F4011 | 23,176 |
| Development & Testing of Alternative methods for Satellite tagging of Beluga Whales | 11.472 | F5224 | 20,786 |
| Passed through Prince William Sound Science Center: | | | |
| LTM – Marine Conditions and Injured Resources and Services Synthesis Component | 11.472 | 12-81-02 | 5,115 |
| | | | 90,771 |
| Passed through Alaska Ocean Observing System: | | | |
| Alaska Harbor Observing Network (AHON) | 11.473 | H2226 | 44,181 |
| Seward AHON Sensor Replacement | 11.012 | H2300-57 | 2,030 |
| Passed through Monterey Bay Aquarium: | | | |
| Talking About Climate Change | 11.469 | NA09SEC4690045 | 3,342 |
| Total Department of Commerce | | | <u>2,271,942</u> |
| National Science Foundation: | | | |
| Passed through University of Alaska Fairbanks: | | | |
| COSEE Alaska, People, Oceans and Climate Change | 47.050 | UAF 09-0055 | 60,108 |
| Thermoregulation in Free-Living Antarctic Seals: | | | |
| The Missing Link in Effective Ecological Modeling | 47.078 | UAF 12-0029 | 114,901 |
| Total National Science Foundation | | | <u>175,009</u> |
| Department of the Interior: | | | |
| U.S. Fish and Wildlife Service: | | | |
| Eider Research Program 2006 – 2008 | 15.608 | 701816G413 | 99,893 |
| Eider Infrastructure | 15.608 | 70181AG025 | 647,688 |
| | | | <u>747,581</u> |
| Maintenance of a captive flock of Alaska-origin Steller's and spectacled eiders | 15.657 | F12AC01617 | 47,306 |
| BIOmap Alaska at Alaska SeaLife Center | 15.669 | 701817K403 | 35,232 |
| Economic Analysis of Invasive Species in Alaska | 15.650 | 70181BG033 | 10,000 |
| Characterization of Novel Adenoviruses Isolated from Long-Tailed Ducks (Clangula hyemalis) | 15.655 | F12AP00801 | 11,712 |
| U.S. Park Service: | | | |
| Cooperative Learning Center 2010 | 15.945 | H9911080028 | 168,527 |
| Bureau of Ocean Energy Management, Regulation and Enforcement for the Coastal Impact Assistance Program: | | | |
| Passed through Kenai Peninsula Borough: | | | |
| Seward Weather and Ocean Observing System | 15.668 | 271.21135.11104.43011 | 71,983 |
| Total Department of the Interior | | | <u>1,092,341</u> |
| Department of the Navy: | | | |
| Office of Naval Research: | | | |
| Imp Attachments of Remotely Deployed Dorsal Fin Tags | 12.300 | N00014-10-1-0686 | 279,878 |
| Development and Testing of a Data logging Device for Physiological Measurements of Deep-Diving Odontocetes | 12.300 | N00014-11-1-0537 | 28,837 |
| Total Department of the Navy | | | <u>308,715</u> |
| National Endowment for the Arts: | | | |
| GYRE Exhibit on Marine Debris | 45.024 | 12-4400-7047 | 6,693 |
| Total National Endowment for the Arts | | | <u>6,693</u> |
| Denali Commission: | | | |
| Passed through University of Alaska Fairbanks: | | | |
| Alaska SeaLife Center Seawater Heat Pump Demo Project | 90.100 | UAF 10-0069 | 23,710 |
| Total Denali Commission | | | <u>23,710</u> |
| Corporation for National and Community Service: | | | |
| Passed through State of Alaska: | | | |
| AmeriCorps Members at the Seward Association for the Advancement of Marine Science | 94.006 | 06AFHAK001-0009 | 43,104 |
| Total Corporation for National and Community Service | | | <u>43,104</u> |
| Total Federal Awards | | | <u>\$ 3,921,514</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, 2012

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Seward Association for the Advancement of Marine Science (SAAMS). SAAMS's reporting entity is defined in note 1 to the SAAMS's financial statements. 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.

(3) Subrecipients

During the year ended September 30, 2012, SAAMS provided \$185,227 to subrecipients under the Department of Navy Office of Naval Research awards.

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

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

(4) Summary of Auditors' Results

Financial Statements

| | | | |
|--|-------------|------------------------------|--|
| Type of auditors' report issued | Unqualified | | |
| 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 | Unqualified | | |
| 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

| CFDA number | Name of federal program |
|-------------|---|
| 11.439 | U.S. Department of Commerce, National Oceanic and Atmospheric Administration – Marine Mammal Data Program |
| 12.300 | Department of Defense – Basic and Applied Scientific Research |

| | |
|--|-----------------------------|
| 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 |

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

(6) 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 the financial statements of Seward Association for the Advancement of Marine Science (SAAMS) as of and for the year ended September 30, 2012, and have issued our report thereon dated June 24, 2013. We conducted our audit 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.

Internal Control over Financial Reporting

Management of SAAMS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered SAAMS's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SAAMS's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 over financial reporting, 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAAMS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of management, the board of directors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 24, 2013

