



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

State Financial Assistance Reports

Year ended September 30, 2014

(With Independent Auditors' Reports Thereon)

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

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of State Financial Assistance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	1-2
Schedule of State Financial Assistance	3
Note to Schedule of State Financial Assistance	4
Schedule of Findings and Questioned Costs	5
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 <i>Government Auditing Standards</i>	6-7



**KPMG LLP**  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

**Independent Auditors' Report on Compliance for Each State Major 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**

We have audited Seward Association for the Advancement of Marine Science's (SAAMS) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of SAAMS's major state programs for the year ended September 30, 2014. SAAMS's major state programs are identified in the accompanying schedule of state financial assistance.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of SAAMS's major state 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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* 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 state 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 state program. However, our audit does not provide a legal determination of SAAMS's compliance.

***Opinion on Each Major State 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 state programs for the year ended September 30, 2014.

**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 a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, 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 state 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 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 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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. 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 and Compliance Supplement for State Single Audits**

We have audited the financial statements of SAAMS as of and for the year ended September 30, 2014, and have issued our report thereon dated March 13, 2015 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 state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* 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 state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

March 13, 2015

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

Schedule of State Financial Assistance

Year ended September 30, 2014

<u>State grantor/pass-through grantor program title</u>	<u>Grant number</u>	<u>State expenditures</u>
State of Alaska:		
Department of Commerce, Community, and Economic Development:		
Division of Community and Regional Affairs:		
Major Maintenance and Repairs (major program)	13-RR-021	\$ 93,796
Critical Building and Equipment Repairs, Upgrades and Replacements (major program)	14-DC-162	402,602
Veterinary and Emergency Oil Spill Response Equipment	15-DC-187	40,971
Passed through Alaska Energy Authority:		
Trans-Critical CO2 Heat Pump System	7310213	<u>5,310</u>
Total Department of Commerce, Community, and Economic Development		<u>542,679</u>
Department of Military and Veterans Affairs:		
Division of Homeland Security & Emergency Management:		
State Disaster Public Assistance Grant 2012 Flood Event	FEMA-4094-DR-AK	4,412
State Disaster Public Assistance Grant 2013 Flood Event	FEMA-4161-DR-AK	<u>13,535</u>
Total Department of Military and Veterans Affairs		<u>17,947</u>
Total State of Alaska Awards		<u>\$ 560,626</u>

See accompanying note to schedule of state financial assistance.

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

Note to Schedule of State Financial Assistance

Year ended September 30, 2014

**(1) General**

The accompanying schedule of state financial assistance includes the state award activity of the Seward Association for the Advancement of Marine Science (SAAMS) under programs of the State of Alaska. 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. State awards received directly from State agencies as well as state awards passed through other agencies are included on the schedule.

**(2) Basis of Accounting**

The accompanying schedule of state financial assistance is presented using the accrual basis of accounting, which is described in note 1 to the SAAMS's financial statements.

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

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

**(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 deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u>  X  </u> none reported	
Noncompliance material to the financial statements noted?	_____ yes	<u>  X  </u> no	

*State Financial Assistance*

Internal control over major programs:			
• Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
• Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	<u>  X  </u> none reported	
Type of auditors' report issued on compliance for major programs:	Unmodified		
Dollar threshold used to distinguish between major and nonmajor programs:	\$50,000		

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

**(3) There were no reportable findings or questioned costs relating to State Financial Assistance.**



**KPMG LLP**  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

**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, 2014, 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 13, 2015.

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

KPMG LLP

March 13, 2015