



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

Federal Financial Assistance Reports

Year ended September 30, 2018

(With Independent Auditors' Reports Thereon)

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

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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, 2018, 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 June 28, 2019.

### **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

June 28, 2019



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Suite 600  
701 West Eighth Avenue  
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**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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's (SAAMS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on SAAMS's major federal program for the year ended September 30, 2018. SAAMS's major federal program is 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 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 SAAMS's major federal program 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 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 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 the 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 its major federal program for the year ended September 30, 2018.



## **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 the 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of SAAMS as of and for the year ended September 30, 2018, and have issued our report thereon dated June 28, 2019, 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 the Uniform Guidance 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**KPMG LLP**

June 28, 2019

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

Schedule of Expenditures of Federal Awards

Year ended September 30, 2018

Federal grantor/pass-through grantor program title	CFDA number	Grant number	Subrecipient expenditures	Federal expenditures
Department of Commerce:				
National Oceanic and Atmospheric Administration:				
National Marine Fisheries Service:				
Forging Public Connections with Marine Mammals through the Alaska SeaLife Center	11.439	NA17NMF4390094	\$ —	29,365
Comparative Measures of Health and Physiology for Ice-Dependent Seals	11.439	NA16NMF4390027	97,569	286,271
Reproduction, Survival and Depredation in Harbor Seals – Phase 1: Validation	11.439	NA15NMF4390171	—	51,839
Lactation Bioenergetics, Immune Competence, Age Determination Models, Temperature Patterns and Fetal Development in Steller Sea Lion Females and their Pups	11.439	NA16NMF4390025	—	56,393
Long-Term Monitoring of Trends in Steller Sea Lion Behavior, Ecology, Vital Rates, and Demography within the Endangered, Western Distinct Population Segment	11.439	NA16NMF4390030	—	172,492
			<u>97,569</u>	<u>596,360</u>
Congressionally Identified Awards and Projects				
Passed through National Fish and Wildlife Foundation:				
Critical Care of Stranded Endangered Cook Inlet Beluga Whale	11.469	0312.17.058998	—	54,631
Unallied Science Program:				
Passed through North Pacific Research Board:				
Developing a Habitat Use Model for Juvenile Steller Sea Lions in the Gulf of Alaska with Inclusion of Predation Risk	11.472	1512	—	52,976
Effects of Increased Salinity in Coastal Wetlands on Growth and Survival of Threatened Steller's Eider and Spectacled Eider Ducklings	11.472	1518B	—	18,581
Developing Vitalink: Autonomous Remote Satellite Tag Data Recovery Stations	11.472	1620	—	9,119
Bioenergetics, movement behavior and temperature ranges of the poorly understood Pacific sleeper sharks – part 1	11.472	1711A	—	76,017
Bioenergetics, movement behavior and temperature ranges of the poorly understood Pacific sleeper sharks – part 2	11.472	1711B	—	103,963
Bioenergetics, movement behavior and temperature ranges of the poorly understood Pacific sleeper sharks – part 3	11.472	1711C	—	47
Are changes in suitability of essential lagoon habitats driving declines of Steller's eiders in the eastern Aleutians	11.472	1814	—	486
			<u>—</u>	<u>261,189</u>
National Science Foundation:				
Sustainability of Critical Areas for Eiders and Subsistence Hunters in an Industrializing Nearshore Zone	47.050	PLR-1262825	—	24,302
IDBR Type B: Life-long Vital Rate Telemetry in Marine Homeotherms	47.074	1556495	—	215,360
Collaborative Research: At-sea experimental disturbances to characterize physiological plasticity in diving northern elephant seals	47.074	1656020	—	13,593
Passed through the University of Rhode Island				
Northwest Passage Project	47.076	0005471/101916	—	3,665
Department of the Interior:				
U.S. Fish and Wildlife Service:				
Maintenance of a Captive Flock of Alaska-Origin Steller's and Spectacled Eiders	15.657	F12AC01617	—	67,494
Maintenance and Funding Transition of the Captive Flocks at the Alaska SeaLife Center	15.657	F19AP00280	—	231,423
National Park Service:				
Teacher Professional Development Workshop	15.945	P15AC00234	—	8,789
Changing Tides – Bivalve Bioassay and Analysis Component	15.945	P15AC00797	—	25,620
Changing Tides: A Virtual Field Trip	15.945	P17AC00481	—	4,601
Alaska SeaLife Center Marine Science Interpretation Internships	15.945	P16AC00329	—	6,770
			<u>—</u>	<u>45,780</u>
Village Marine Science Outreach	15.954	P14AC01181	—	13,278
Institute of Museum and Library Services:				
AZA Disaster Preparedness Training for Zoos and Aquariums Nationwide	45.312	MG-20-16-0049-16	—	175,816
Total federal awards			\$ <u>97,569</u>	<u>1,702,891</u>

See accompanying independent auditors' report.

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

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2018

**(1) General**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Seward Association for the Advancement of Marine Science (SAAMS) under programs of the federal government for the year ended September 30, 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 SAAMS, it is not intended to and does not present the financial position, changes in net position, or cash flows of SAAMS. Federal awards received directly from federal agencies as well as federal awards passed through other organizations 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**(3) Loan Programs**

SAAMS has not entered into any federal loan programs.

**(4) Cost Rate**

SAAMS has not elected to use the de minimis 10% indirect cost rate.



**SEWARD ASSOCIATION FOR THE  
ADVANCEMENT OF MARINE SCIENCE**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2018

**(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? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to the financial statements noted?

\_\_\_\_\_ Yes   X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   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 200.516(a)?

\_\_\_\_\_ Yes   X   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

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

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes \_\_\_\_\_ No

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

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