

CENTER FOR COASTAL STUDIES, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

CENTER FOR COASTAL STUDIES, INC.
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For the Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Center for Coastal Studies, Inc.
Provincetown, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Center for Coastal Studies, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conduct our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Coastal Studies, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2016, on our consideration of the Center for Coastal Studies, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center for Coastal Studies, Inc.'s internal control over financial reporting and compliance.

Osterville, Massachusetts
February 18, 2016

CENTER FOR COASTAL STUDIES, INC.

Statements of Financial Position

December 31, 2015 and 2014

ASSETS

| | <u>2015</u> | <u>2014</u> |
|---------------------------|---------------------|---------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,132,769 | \$ 267,716 |
| Inventory | 14,385 | 14,740 |
| Investments | 414,855 | 413,393 |
| Accounts receivable | 281,570 | 358,234 |
| Prepaid expenses | 9,472 | 4,572 |
| Total Current Assets | <u>1,853,051</u> | <u>1,058,655</u> |
| Fixed Assets: | | |
| Land | 499,950 | 751,449 |
| Building and improvements | 2,034,487 | 2,545,084 |
| Equipment | 1,766,089 | 1,766,089 |
| Total Fixed Assets | <u>4,300,526</u> | <u>5,062,622</u> |
| Accumulated depreciation | <u>(2,291,429)</u> | <u>(2,351,353)</u> |
| Net Fixed Assets | <u>2,009,097</u> | <u>2,711,269</u> |
| Other Assets: | | |
| Dock Rights | <u>250,000</u> | <u>250,000</u> |
| Total Other Assets | <u>250,000</u> | <u>250,000</u> |
| Total Assets | <u>\$ 4,112,148</u> | <u>\$ 4,019,924</u> |

LIABILITIES AND NET ASSETS

| | | |
|-----------------------------------|---------------------|---------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 31,894 | \$ 7,656 |
| Accrued expenses | 11,060 | 13,582 |
| Current portion of long-term debt | 2,562 | 15,600 |
| Total Current Liabilities | <u>45,516</u> | <u>36,838</u> |
| Long-Term Liabilities: | | |
| Notes payable | - | 75,000 |
| Mortgage payable - Seaman's Bank | 55,274 | 368,159 |
| Total Long-Term Liabilities | <u>55,274</u> | <u>443,159</u> |
| Total Liabilities | <u>100,790</u> | <u>479,997</u> |
| Net Assets | | |
| Unrestricted net assets | 3,596,491 | 3,126,522 |
| Temporarily Restricted Net Assets | 331,725 | 329,914 |
| Permanently Restricted Net Assets | 83,142 | 83,491 |
| Total Net Assets | <u>4,011,358</u> | <u>3,539,927</u> |
| Total Liabilities and Net Assets | <u>\$ 4,112,148</u> | <u>\$ 4,019,924</u> |

The accompanying notes are an integral part of these financial statements.

CENTER FOR COASTAL STUDIES, INC.

Statement of Activities

For the Year Ended December 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Revenue: | | | | |
| Memberships | \$ 71,015 | \$ - | \$ - | \$ 71,015 |
| Contributions, grants, contracts | 2,657,045 | 276,199 | - | 2,933,244 |
| Special events | 50,486 | - | - | 50,486 |
| Merchandise sales | 76,081 | - | - | 76,081 |
| Other earned income | 77,940 | - | - | 77,940 |
| Gain from sale of real estate | 501,706 | | | 501,706 |
| Investment income (loss) | 141 | 1,811 | (349) | 1,603 |
| Net asset release from restrictions due to satisfaction of the purpose of restrictions | 276,199 | (276,199) | | |
| Total Revenue | <u>3,710,613</u> | <u>1,811</u> | <u>(349)</u> | <u>3,712,075</u> |
| Expenses: | | | | |
| Program services | 2,569,966 | - | - | 2,569,966 |
| General and administrative | 577,442 | - | - | 577,442 |
| Fund raising | 93,236 | - | - | 93,236 |
| Total Expenses | <u>3,240,644</u> | <u>-</u> | <u>-</u> | <u>3,240,644</u> |
| Net increase (decrease) in net assets | 469,969 | 1,811 | (349) | 471,431 |
| Net assets at beginning of year | <u>3,126,522</u> | <u>329,914</u> | <u>83,491</u> | <u>3,539,927</u> |
| Net assets at end of year | <u>\$ 3,596,491</u> | <u>\$ 331,725</u> | <u>\$ 83,142</u> | <u>\$ 4,011,358</u> |

The accompanying notes are an integral part of these financial statements.

CENTER FOR COASTAL STUDIES, INC.

Statement of Activities

For the Year Ended December 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Revenue: | | | | |
| Memberships | \$ 84,763 | \$ - | \$ - | \$ 84,763 |
| Contributions, grants, contracts | 2,568,750 | 185,000 | - | 2,753,750 |
| Special events | 26,408 | - | - | 26,408 |
| Merchandise sales | 69,269 | - | - | 69,269 |
| Other earned income | 34,247 | - | - | 34,247 |
| Gain from sale of equipment | 11,583 | - | - | 11,583 |
| Investment income | 66 | 10,812 | 5,080 | 15,958 |
| Total Revenue | <u>2,795,086</u> | <u>195,812</u> | <u>5,080</u> | <u>2,995,978</u> |
| Expenses: | | | | |
| Program services | 2,185,079 | - | - | 2,185,079 |
| General and administrative | 515,054 | - | - | 515,054 |
| Fund raising | 161,732 | - | - | 161,732 |
| Total Expenses | <u>2,861,865</u> | <u>-</u> | <u>-</u> | <u>2,861,865</u> |
| Net increase in net assets | (66,779) | 195,812 | 5,080 | 134,113 |
| Net assets at beginning of year | <u>3,193,301</u> | <u>134,102</u> | <u>78,411</u> | <u>3,405,814</u> |
| Net assets at end of year | <u>\$ 3,126,522</u> | <u>\$ 329,914</u> | <u>\$ 83,491</u> | <u>\$ 3,539,927</u> |

The accompanying notes are an integral part of these financial statements.

CENTER FOR COASTAL STUDIES, INC.**Statement of Functional Expenses**

For the Year Ended December 31, 2015

| | Program Services | Management & General | Fund Raising | Totals |
|-------------------------------|---------------------|-------------------------|------------------|---------------------|
| Salaries and taxes | \$ 1,309,893 | \$ 378,039 | \$ 52,634 | \$ 1,740,566 |
| Employee benefits | 118,655 | 56,202 | 7,152 | 182,009 |
| Consulting fees | 174,618 | 8,333 | - | 182,951 |
| Advertising/promotion | 2,113 | 5,165 | - | 7,278 |
| Auto expense | 4,260 | - | - | 4,260 |
| Bad debt | 11,577 | - | - | 11,577 |
| Contributions | 7,586 | 250 | - | 7,836 |
| Cost of merchandise sold | 35,693 | - | - | 35,693 |
| Dues and subscriptions | 1,313 | 2,091 | 1,225 | 4,629 |
| Maintenance and repairs | 8,203 | 8,511 | - | 16,714 |
| Insurance | 83,179 | 7,796 | - | 90,975 |
| Intern housing and stipend | 12,475 | - | - | 12,475 |
| Miscellaneous | 13,708 | 12,797 | 5,251 | 31,756 |
| Office supplies and photocopy | 26,704 | 2,709 | - | 29,413 |
| Postage | 15,226 | 3,514 | 3,521 | 22,261 |
| Outside printing | 8,188 | 388 | 10,971 | 19,547 |
| Program operations | 417,218 | - | - | 417,218 |
| Telephone | 11,292 | 8,113 | - | 19,405 |
| Travel | 16,003 | 3,339 | - | 19,342 |
| Training and conferences | 62,638 | 3,824 | 1,849 | 68,311 |
| Utilities | 19,739 | 8,335 | - | 28,074 |
| Membership premiums | - | - | 2,008 | 2,008 |
| Depreciation | 148,382 | 18,000 | - | 166,382 |
| Computer expense | 37,084 | 4,431 | 3,981 | 45,496 |
| Interest | 5,471 | 15,093 | - | 20,564 |
| Rent | 14,401 | - | - | 14,401 |
| Fees and taxes | 8,798 | 24,891 | 5,814 | 39,503 |
| Total Expenses | <u>\$ 2,574,417</u> | <u>\$ 571,821</u> | <u>\$ 94,406</u> | <u>\$ 3,240,644</u> |

The accompanying notes are an integral part of these financial statements.

CENTER FOR COASTAL STUDIES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

| | Program Services | Management & General | Fund Raising | Totals |
|-------------------------------|---------------------|-------------------------|-------------------|---------------------|
| Personnel: | | | | |
| Salaries and taxes | \$ 1,097,433 | \$ 309,075 | \$ 57,309 | \$ 1,463,817 |
| Employee benefits | 98,186 | 46,710 | 5,307 | 150,203 |
| Fees | 106,223 | 51,849 | 46,846 | 204,918 |
| Advertising and promotions | 5,455 | 6,394 | - | 11,849 |
| Auto expense | 4,771 | - | - | 4,771 |
| Contributions | - | 1,200 | - | 1,200 |
| Cost of merchandise sold | 60,719 | - | - | 60,719 |
| Dues and subscriptions | 1,100 | 2,249 | - | 3,349 |
| Maintenance and repairs | 4,715 | 2,311 | - | 7,026 |
| Insurance | 77,170 | 12,416 | - | 89,586 |
| Intern housing and stipend | 10,310 | - | - | 10,310 |
| Miscellaneous | 23,608 | 1,842 | 12,473 | 37,923 |
| Office supplies and photocopy | 8,894 | 3,860 | - | 12,754 |
| Postage | 14,640 | 3,409 | 5,174 | 23,223 |
| Outside printing | 3,952 | 1,369 | 17,255 | 22,576 |
| Program operations | 373,943 | - | - | 373,943 |
| Telephone | 12,827 | 9,311 | - | 22,138 |
| Travel | 9,330 | 3,259 | 158 | 12,747 |
| Training and conferences | 20,290 | 3,437 | 8,413 | 32,140 |
| Utilities | 21,919 | 9,490 | - | 31,409 |
| Premiums | - | - | 1,593 | 1,593 |
| Depreciation | 189,522 | 19,865 | - | 209,387 |
| Computer expense | 20,331 | 2,296 | 3,752 | 26,379 |
| Interest | 5,827 | 17,971 | - | 23,798 |
| Rent | 12,184 | - | - | 12,184 |
| Fees and taxes | 1,730 | 6,741 | 3,452 | 11,923 |
| Total Expenses | <u>\$ 2,185,079</u> | <u>\$ 515,054</u> | <u>\$ 161,732</u> | <u>\$ 2,861,865</u> |

The accompanying notes are an integral part of these financial statements.

CENTER FOR COASTAL STUDIES, INC.
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|--|--------------|--------------|
| Cash Flows from Operating Activities: | | |
| Increase in net assets | \$ 471,431 | \$ 134,113 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation | 166,382 | 209,387 |
| Unrealized (gain)/loss on investments | 1,917 | (11,586) |
| Realized gains | (501,706) | (11,583) |
| (Increase)/decrease in: | | |
| Inventory | 355 | (5,872) |
| Account receivable | 76,664 | (90,833) |
| Prepaid expenses | (4,900) | 2,376 |
| Increase/(decrease) in: | | |
| Accounts payable | 24,238 | (19,041) |
| Accrued expenses | (2,521) | 5,334 |
| Net cash provided by operating activities | 231,860 | 212,295 |
| Cash Flows from Investing Activities: | | |
| Sale of fixed assets | 1,034,257 | 17,500 |
| Purchases of fixed assets | - | (128,089) |
| Purchases of investments | (141) | (189,294) |
| Net cash used in investing activities | 1,034,116 | (299,883) |
| Cash Flows from Financing Activities: | | |
| Proceeds from note/mortgage payables | - | 100,000 |
| Payments of notes payable | (75,000) | (25,000) |
| Repayment of long-term debt | (325,923) | (14,549) |
| Net cash provided by (used in) financing activities | (400,923) | 60,451 |
| Net increase (decrease) in cash and cash equivalents | 865,053 | (27,137) |
| Cash and cash equivalents, beginning of year | 267,716 | 294,853 |
| Cash and cash equivalents, end of year | \$ 1,132,769 | \$ 267,716 |

The accompanying notes are an integral part of these financial statements.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Center for Coastal Studies, Inc. (the Center) was formed in 1977 to engage in education, research, conservation and related activities in the coastal marine environment.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services are received from unpaid volunteers assisting the Center in carrying out its exempt purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under ASC No 116.

Fair Value Measurements

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes inputs used in measuring fair values. Those tiers include:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable for similar securities, interest rates, prepayment spreads, and credit risk.

Level 3 - Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fair Value Measurements (continued):

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Income Taxes

The Center is a tax-exempt organization subject to Section 501(c)(3) of the Internal Revenue Code. However, the Center may be required to pay income taxes on unrelated business income. For the years ended December 31, 2015 and 2014, the Center had no unrelated business income and, therefore, no income tax liability.

On July 1, 2009, the Center adopted the provisions of Financial Accounting Standards Board's, "Accounting for Uncertainty in Income Taxes." At December 31, 2015, the Center had no material unrecognized tax benefits and no adjustments to liabilities or operations were required. The Center's tax returns for the years ended December 31, 2013 through 2015, are subject to examination by the Internal Revenue Service and state taxing authorities, generally for the three years after they are filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents, for purposes of the statement of cash flows, exclude permanently restricted cash and cash equivalents.

Investments

Investments are composed primarily of mutual funds investing in debt and equity securities and are carried at fair value in the statement of financial condition. Interest, dividends and realized gains and losses on sales of investments are included in the statement of activities. Unrealized gains and losses are also included in the statement of activities.

Inventory

Inventory is stated at the lower of cost or market and accounted for on the first in - first out basis and consist of clothing, books, etc.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Accounts Receivable

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was required at December 31, 2015 and 2014. In 2015, the organization used as an exception the direct write off for old uncollectible receivables in amount of \$11,577 to be in compliance with the IRS requirements for reporting taxable income in US.

Land, Buildings and Equipment

Land, buildings and equipment are capitalized at cost or fair value on the date donated. It is the Center's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Buildings and equipment are depreciated using the straight line method.

Advertising

Advertising costs are expensed as incurred. Total advertising costs was \$7,278 and \$11,849 for the years ended December 31, 2015 and 2014, respectively.

Functional Expenses

Expenses are charged directly to program services, management and general or fundraising categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

Inventory

Inventories are valued at lower of cost or market, with cost determined on the first-in, first-out method. The inventory contains merchandise and was \$14,385 and \$14,740 for the years ended December 31, 2015 and 2014, respectively

NOTE B - CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially expose the Center to concentration of credit risk consist primarily of cash and cash equivalents. The Center currently maintains its cash and cash equivalents in bank deposit accounts at two financial institutions which, at times, may exceed federally insured limits of \$250,000. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with its cash and cash equivalents.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE C - INVESTMENTS:

The Center's investments of \$414,855 and \$413,393 are in mutual funds and are accounted for at fair value at December 31, 2015 and 2014, respectively. All investments have been valued at Level 1 in the fair value measurement hierarchy.

Investment income for the years ended December 31, 2015 and 2014 are as follows:

| | 2015 | 2014 |
|---|--------------|---------------|
| Interest and Dividends | 3,520 | 6,598 |
| Net Realized Gain (Loss) | 204 | 250 |
| Net Unrealized Gain (Loss) on Investments | (2,121) | 9,110 |
| | <u>1,603</u> | <u>15,958</u> |

NOTE D - LAND, BUILDINGS AND EQUIPMENT:

Land, buildings and equipment as of December 31, 2015 and 2014 consisted of the following:

| | 2015 | 2014 |
|-----------------------------------|--------------------|-----------------------|
| Land | \$ 499,950 | \$ 751,449 |
| Building and improvements | 2,034,487 | 2,545,084 |
| Vehicles and trailers | 54,351 | 54,351 |
| Boat R/V Shearwater | 253,472 | 253,472 |
| Boat R/V Ibis | 281,560 | 281,560 |
| Boat R/V SeaSprite | 9,330 | 9,330 |
| Boat R/V Seaway | 10,000 | 10,000 |
| Boat R/V Marindin | 19,404 | 19,404 |
| Equipment | 1,137,972 | 1,137,972 |
| | <u>4,300,526</u> | <u>5,062,622</u> |
| Accumulated depreciation | <u>(2,291,429)</u> | <u>\$ (2,351,353)</u> |
| Net Land, Buildings and Equipment | <u>2,009,097</u> | <u>\$ 2,711,269</u> |

Depreciation expense for the years ended December 31, 2015 and 2014, was \$166,382 and \$209,388, respectively.

The organization sold the building on 115 Bradford Street, Provincetown, MA and realized gain on sale of fixed asset in amount of \$501,706.

NOTE E - DOCK RIGHTS:

The Center is the sole shareholder of a corporation that owns dock rights on MacMillan Wharf in Provincetown, Massachusetts. The dock rights are carried on the statement of financial position at \$250,000, the cost of acquiring the corporation's stock.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE F - LINE OF CREDIT:

The Center has a line of credit in the amount of \$175,000 with a local financial institution. The line of credit is renewable on an annual basis, must be paid in full for thirty consecutive days in a twelve month period and has an interest rate based on the Wall Street Journal Prime Rate plus one half of a percent. The line is collateralized by all of the Center's business and personal property. Amounts outstanding at December 31, 2015 and 2014, were \$0 and \$0, respectively.

NOTE G - NOTES PAYABLE:

In 2014, the Center borrowed \$100,000 from the Cape Cod Five Cents Savings Bank to purchase side scan sonar equipment. The note requires monthly payments of interest only at 3.75% with the outstanding principal due on June 23, 2016. Amounts outstanding at December 31, 2015 and 2014 were \$0 and \$75,000, respectively.

NOTE H - MORTGAGES PAYABLE:

The Center has mortgage with a local financial institution secured by the Annex building located at 5 Holway Avenue in Provincetown, MA. The Center also had other mortgage that was secured by the Center's administration building located at 115 Bradford Street in Provincetown, MA. The building at 115 Bradford Street was sold at 11/30/2015 and the mortgage balance for that building was paid in full. At December 31, 2015 and 2014, the Center's outstanding mortgage balance is as follows:

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|-----------------------|
| Mortgage - Seaman's Bank (115 Bradford Street). Payable in monthly installments of \$2,420 with interest at 5% per year through April, 2031. | - | 323,561 |
| Mortgage - Seaman's Bank (5 Holway Avenue). Payable in monthly installments of \$447 with interest at 5% per year through August, 2031. | <u>57,836</u> | <u>60,198</u> |
| Mortgages payable | <u>57,836</u> | <u>383,759</u> |
| Less current portion | <u>(2,562)</u> | <u>(15,600)</u> |
| Long-term mortgages | <u><u>55,274</u></u> | <u><u>368,159</u></u> |

Maturities of long-term debt are as follows:

| | <u>2015</u> |
|---------------------|-------------------------|
| 2015 | \$ 2,562 |
| 2016 | 2,975 |
| 2017 | 3,265 |
| 2018 | 3,588 |
| 2019 and thereafter | <u>45,446</u> |
| | <u><u>\$ 57,836</u></u> |

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE I - FAIR VALUE MEASUREMENTS:

Investments are reflected in the financial statements at their estimated fair values as of December 31, 2015:

| Asset Category | Carrying Value on Statement of Financial Position | FAS 107 Estimated Fair Value | Assets and Liabilities Measured at Fair Value | Quoted Market Prices for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Observable Inputs Level 3 |
|----------------|---|------------------------------------|--|---|---|--|
| Investments | | | | | | |
| Trading | - | - | - | - | - | - |
| Mutual Funds | 414,855 | 414,855 | 414,855 | 414,855 | - | - |

Investments are reflected in the financial statements at their estimated fair values as of December 31, 2014:

| Asset Category | Carrying Value on Statement of Financial Position | FAS 107 Estimated Fair Value | Assets and Liabilities Measured at Fair Value | Quoted Market Prices for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Observable Inputs Level 3 |
|----------------|---|------------------------------------|--|---|---|--|
| Investments | | | | | | |
| Trading | - | - | - | - | - | - |
| Mutual Funds | 413,393 | 413,393 | 413,393 | 413,393 | - | - |

NOTE J - RETIREMENT PLAN:

The Center has established a 403(b) retirement plan for all eligible employees. Under the terms of the plan, employees may make voluntary before-tax contributions, limited to amounts specified by the Internal Revenue Code. The Center's funding policy is to contribute up to 4% of compensation to each covered employee. The percentage is to be determined by the Board of Directors annually. Contributions to the plan were \$56,202 and \$45,324 in 2015 and 2014, respectively.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE K - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purpose:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------|----------------|----------------|
| Barbara Mayo Education Fund | 40,612 | 40,818 |
| Marine Vessels Fund | 278,796 | 276,708 |
| Operating Reserve Fund | 12,317 | 12,388 |
| | <u>331,725</u> | <u>329,914</u> |

Permanently restricted net assets at December 31, 2015 and 2014 are available for the following purpose:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|---------------|---------------|
| Mayo Endangered Species Fund | 13,027 | 13,034 |
| Geise Coastal & Ocean Education Fund | 25,284 | 25,402 |
| Mayo Education Fund | 44,831 | 45,055 |
| | <u>83,142</u> | <u>83,491</u> |

NOTE L -SUBSEQUENT EVENTS:

Management has evaluated events occurring subsequent to the year end through February 18, 2016, the date the financial statements were available to be issued. At February 18, 2016, there were no subsequent events to report.

CENTER FOR COASTAL STUDIES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

| Federal Grantor/Pass-Through Grantor /Program | CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|-------------|--|----------------------|
|---|-------------|--|----------------------|

| | | | |
|---|--------|------------------------|----------------|
| U.S. Department of Commerce/NOAA Pass Through MA Division of Marine Fisheries Unalied Science Programs: | 11.472 | NA14NMF-4720166-FY2015 | \$ 407,316 |
| Large Whale Research and Rescue | 11.472 | NA15NMF-4720146-FY2016 | 155,783 |
| Large Whale Research and Rescue | 11.472 | NA15NMF-4720146-FY2016 | 155,783 |
| Pass Through NFWF | | | |
| Satellite Tagging Humpback Whales | 11.463 | 2007-0145-007 | 108,656 |
| Total Pass Through Programs | | | <u>671,755</u> |

| | | | |
|---|--------|----------------|-------------------|
| U.S. Department of Commerce/NOAA and NPS Education: Cape Cod Bay Watershed | 11.008 | NA12NMF4690101 | 12,490 |
| Fisheries: Bycatch Reduction | 11.427 | NA15NMF4270286 | 10,000 |
| Seafloor and Benthic Habitat Mapping | 15.945 | P14AC00888 | 198,300 |
| Water Sample Analysis | 15.945 | P09AC00212 | 5,998 |
| Coastal Stability | 15.945 | P12AC11258 | 80,000 |
| Total Direct Programs | | | <u>306,788</u> |
| Total Federal Financial Assistance | | | <u>\$ 978,543</u> |

Type A programs are determined to be the larger of \$750,000 or three (3) percent of total federal awards expended if total awards exceed \$750,000.

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (The Schedule) includes the federal grant activity of the Center for Coastal Studies, Inc. under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of the Center for Coastal Studies, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center for Coastal Studies, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

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*

Independent Auditor's Report

To the Board of Directors
Center for Coastal Studies, Inc.
Provincetown, Massachusetts

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 the Center for Coastal Studies, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated February 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center for Coastal Studies, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the Center for Coastal Studies, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the the Center for Coastal Studies, Inc.'s internal control.

Our consideration of the 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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, 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weakness [2015-1].

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies [2015-2].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the the Center for Coastal Studies, Inc.'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items [2015-3].

Center for Coastal Studies' Response to Findings

Center for Coastal Studies' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Center for Coastal Studies' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Osterville, Massachusetts
February 18, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Directors
Center for Coastal Studies, Inc.

Report on Compliance for Each Major Federal Program

We have audited Center for Coastal Studies, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Center for Coastal Studies, Inc.'s major federal programs for the year ended December 31, 2015. The Center for Coastal Studies, Inc.'s 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Center for Coastal Studies, Inc.'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 the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the 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 Center for Coastal Studies Inc.'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 on Center for Coastal Studies, Inc.'s compliance.

Opinion of Each Major Federal Program

In our opinion, Center for Coastal Studies, Inc. 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 December 31, 2015.

Management of Center for Coastal Studies, Inc., 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 the Center for Coastal Studies, Inc.'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 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 the Center for Coastal Studies, Inc.'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 the 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 the 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 identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items [2015-1], that we considered to be a material weakness and [2015-2], that we considered to be a significant deficiency.

Those material weaknesses and significant deficiencies in internal control over compliance related to the following programs and compliance requirements:

| <u>Finding #</u> | <u>CFDA#</u> | <u>Program Name</u> | <u>Compliance Requirement</u> |
|------------------|--------------|--------------------------|----------------------------------|
| 2015-1 & 2 | 11.492 | Unallied science program | Activities allowed and unallowed |
| 2015-2 & 2 | 11.492 | Unallied science program | Allowable costs |

Center for Coastal Studies' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Center for Coastal Studies' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

February 18, 2016

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | | |
|--|--------------------|----------------|
| Type of auditor's report issued | Unmodified opinion | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? (Finding 2015-1) | <u> X </u> yes | <u> </u> no |
| Significant deficiencies identified not considered to be material weaknesses? (Finding 2015-2) | <u> X </u> yes | <u> </u> no |
| Compliance and other matters: | | |
| Material Noncompliance of grant agreement: (Findine 2015-3) | <u> X </u> yes | <u> </u> no |
| Noncompliance material to financial statements noted? | <u> </u> yes | <u> X </u> no |

Federal Awards

| | | |
|--|--------------------|----------------|
| Internal control over major programs: | | |
| Material weakness(es) identified? (Finding 2015-1) | <u> X </u> yes | <u> </u> no |
| Significant deficiencies identified not considered to be material weaknesses? (Finding 2015-2) | <u> X </u> yes | <u> </u> no |
| Type of auditor's report issued on compliance with major programs: | Unmodified opinion | |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance. | <u> X </u> yes | <u> </u> no |

Identification of major programs:

| | |
|----------------|------------------------------------|
| CFDA Number(s) | Name of Federal Program or Cluster |
| 11.472 | Unallied Science Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified for low-risk auditee: yes X no

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

Internal Control Over Financial Statements

2015-1 Allocation of Payroll Costs

Material Weakness:

Payroll allocation to different programs. Failure to have and follow statistical payroll allocation to federal programs could be deemed a lack of internal control and expenditure of Organizational Funds for unallowable costs.

Condition:

The organization's board is not currently involved in the review and approval of the personnel's timesheets and there is no policy governing this process.

Criteria:

OMB Circular A-122, Attachment B8- Compensation for Personnel Services.

Cause:

Unawareness of the standard.

Effect:

Overstatement of payroll costs and unsubstantiated payroll cost.

Recommendation:

Adopt and implement a policy to have the Board or designated officer routinely review and approve personnel's timesheets and to acknowledge review and receipt of services performed.

Client Response:

Timing:

2015-2 Indirect program labor costs allocated to Federal programs based on budgeted time instead of actual time

Significant Deficiency:

Payroll allocation of direct and indirect labor to federal programs based on budgeted time instead of actual time spent on program.

Condition:

The personnel labor costs allocated to the federal programs are not supported by actual time incurred for the benefit of those programs. Instead costs are allocated based on a pre-determined budget time estimate without regard to actual time incurred to benefit the programs.

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2015

2015-2 Indirect program labor costs allocated to Federal programs based on budgeted time instead of actual time (continued)

Criteria:

OMB Circular A-122, Attachment A.D., Allocation of Indirect Costs.

Cause:

Unawareness of standard.

Effect:

Overstatement or understatement of payroll costs of shared personnel to federal programs.

Recommendation:

Enhance the existing time keeping function with payroll service's (Paychex) payroll system to include tracking of hours by federal program.

Client Response:

Timing:

2015-3 No audit performed for 2014 under the OMB-A-133 and Government Auditing Standards

Material Weakness:

The organization expended \$1,233,929 of federal expenditures for the year ended December 31, 2014 and did not have an audit performed under the OMB-A-133 and government audit standards. The audit was performed under GAAS. Failure to have an audit performed under the OMB A-133 and government auditing standards could be deemed a lack of internal control and management oversight.

Condition:

The organization's board is not currently aware of the standards and the fact that in 2014, the organization received money under federal, not state, programs.

Criteria:

The OMB Circular A-133.

Cause:

Lack of awareness regarding the standards.

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2015

2015-3 Lack of audit performed under the OMB-A-133 Standards (continued)

Effect:

Failure to comply with the federal requirements for audits of entities receiving federal awards.

Recommendation:

Adopt and implement a policy to have the Board or designated officer routinely follow the Uniform Guidance Standards including the calculation of schedule of federal expenditures to monitor government audit requirements.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Internal Control Over Federal Awards

2015-1 Allocation of Payroll Costs

Material Weakness:

Payroll allocation to federal programs. Failure to have and follow payroll allocation to federal programs could be deemed a lack of internal control and expenditure of Organizational Funds for unallowable costs.

Condition:

The organization's board is not currently involved in the review and approval of the Program Director's timesheet and there is no policy governing this process.

Criteria:

OMB Circular A-122, Attachment B8- Compensation for Personnel Services.

Cause:

Unawareness of the standard.

Effect:

Overstatement of payroll costs and unsubstantiated payroll cost.

Recommendation:

Adopt and implement a policy to have the Board or designated officer routinely review and Program Director's timesheets and to acknowledge review and receipt of services performed.

Client Response:

Timing:

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2015

2015-2 Indirect program labor costs allocated to Federal programs based on budgeted time instead of actual time

Significant Deficiency:

Payroll allocation of direct and indirect labor to federal programs based on budgeted time instead of actual time spent on program.

Condition:

The personnel labor costs allocated to the federal programs are not supported by actual time incurred for the benefit of those programs. Instead costs are allocated based on a pre-determined budget time estimate without regard to actual time incurred to benefit the programs.

Criteria:

OMB Circular A-122, Attachment A.D., Allocation of Indirect Costs.

2015-2 Indirect program labor costs allocated to Federal programs based on budgeted time instead of

Cause:

Unawareness of standard.

Effect:

Overstatement or understatement of payroll costs of shared personnel to federal programs.

Recommendation:

Enhance the existing time keeping function with payroll service's (Paychex) payroll system to include tracking of hours by federal program.

Client Response:

Timing:

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section IV - PRIOR YEAR FINDINGS

Internal Control Over Financial Statements

2014-1 Allocation of Payroll Costs

Material Weakness:

Payroll allocation to different programs. Failure to have and follow statistical payroll allocation to federal programs could be deemed a lack of internal control and expenditure of Organizational Funds for unallowable costs.

Condition:

The organization's board is not currently involved in the review and approval of the personnel's timesheets and there is no policy governing this process.

Criteria:

OMB Circular A-122, Attachment B8- Compensation for Personnel Services.

Cause:

Unawareness of the standard.

Effect:

Overstatement of payroll costs and unsubstantiated payroll cost.

Recommendation:

Adopt and implement a policy to have the Board or designated officer routinely review and approve personnel's timesheets and to acknowledge review and receipt of services performed.

Client Response:

Timing:

2014-2 Indirect program labor costs allocated to Federal programs based on budgeted time instead of

Significant Deficiency:

Payroll allocation of direct and indirect labor to federal programs based on budgeted time instead of actual time spent on program.

Condition:

The personnel labor costs allocated to the federal programs are not supported by actual time incurred for the benefit of those programs. Instead costs are allocated based on a pre-determined budget time estimate without regard to actual time incurred to benefit the programs.

Criteria:

OMB Circular A-122, Attachment A.D., Allocation of Indirect Costs.

Cause:
Unawareness of standard.

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2015

2014-2 Indirect program labor costs allocated to Federal programs based on budgeted time instead of actual time (continued)

Effect:

Overstatement or understatement of payroll costs of shared personnel to federal programs.

Recommendation:

Enhance the existing time keeping function with payroll service's (Paychex) payroll system to include tracking of hours by federal program.

Client Response: