

**Southeast Coastal Ocean  
Observing Regional Association**

***Report on Financial Statements***

***For the years ended June 30, 2024 and 2023***

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# Southeast Coastal Ocean Observing Regional Association

## Contents

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	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1-3
<b>Financial Statements</b>	
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-13
<b>Reporting Under Government Auditing Standards</b>	
Independent Auditor's 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> .....	14-15
<b>Reporting Under Uniform Guidance</b>	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	16-18
Schedule of Expenditures of Federal Awards .....	19
Notes to Schedule of Expenditures of Federal Awards .....	20
Schedule of Findings and Questioned Costs .....	21

## Independent Auditor's Report

To the Board of Directors  
Southeast Coastal Ocean Observing Regional Association  
Charleston, South Carolina

### Opinion

We have audited the accompanying financial statements of Southeast Coastal Ocean Observing Regional Association ("SECOORA"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SECOORA as of June 30, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SECOORA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SECOORA's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SECOORA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SECOORA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

## **Supplementary Information**

Our audits were 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* 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 schedule of expenditures of federal awards 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 November 19, 2024, on our consideration of SECOORA’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 solely 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 effectiveness of SECOORA’s of 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 SECOORA’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Charleston, South Carolina  
November 19, 2024

# Southeast Coastal Ocean Observing Regional Association

## Statements of Financial Position

As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 779,075	\$ 405,372
Grants receivable	1,235,177	1,467,917
Prepaid expenses and other assets	70,398	33,610
Property and equipment, net	547,841	591,206
Total assets	<u>\$ 2,632,491</u>	<u>\$ 2,498,105</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,284,313	\$ 1,121,160
Accrued expenses	103,580	112,241
Accrued payroll, vacation, and taxes	92,559	54,821
Deferred revenue	13,000	13,402
Total liabilities	<u>1,493,452</u>	<u>1,301,624</u>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	1,035,952	1,086,698
Designated by the Board	26,636	26,636
With donor restrictions	76,451	83,147
Total net assets	<u>1,139,039</u>	<u>1,196,481</u>
Total liabilities and net assets	<u>\$ 2,632,491</u>	<u>\$ 2,498,105</u>

See Notes to Financial Statements

## Southeast Coastal Ocean Observing Regional Association

### Statements of Activities

For the years ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Grant revenue	\$ -	\$ 6,435,361	\$ 6,435,361	\$ -	\$ 6,166,824	\$ 6,166,824
Membership dues	68,755	-	68,755	36,500	-	36,500
Miscellaneous income	9,792	59,065	68,857	57,810	1,000	58,810
Subtotal	78,547	6,494,426	6,572,973	94,310	6,167,824	6,262,134
Net assets released from program restrictions	6,501,122	(6,501,122)	-	6,131,419	(6,131,419)	-
Total support and revenue	6,579,669	(6,696)	6,572,973	6,225,729	36,405	6,262,134
<b>Expenses</b>						
Program services	6,522,017	-	6,522,017	5,657,380	-	5,657,380
Supporting services:						
Management and general	100,019	-	100,019	235,971	-	235,971
Fundraising	8,379	-	8,379	8,739	-	8,739
Total expenses	6,630,415	-	6,630,415	5,902,090	-	5,902,090
Increase (decrease) in net assets	(50,746)	(6,696)	(57,442)	323,639	36,405	360,044
<b>Net assets, beginning of year</b>	1,113,334	83,147	1,196,481	789,695	46,742	836,437
<b>Net assets, end of year</b>	\$ 1,062,588	\$ 76,451	\$ 1,139,039	\$ 1,113,334	\$ 83,147	\$ 1,196,481

**See Notes to Financial Statements**

# Southeast Coastal Ocean Observing Regional Association

## Statements of Cash Flows

For the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Operating activities</b>		
(Decrease) increase in net assets	\$ (57,442)	\$ 360,044
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	78,007	38,524
Change in accrued and deferred amounts:		
Grants receivable	232,740	(338,786)
Prepaid expenses and other assets	(36,788)	(20,381)
Accounts payable	163,153	89,433
Accrued expenses	(8,661)	112,241
Accrued payroll, vacation, and taxes	37,738	(16,220)
Deferred revenue	(402)	13,152
Net cash provided by operating activities	<u>408,345</u>	<u>238,007</u>
<b>Investing activities</b>		
Purchases of property and equipment	(34,642)	(300,083)
Net cash used for investing activities	<u>(34,642)</u>	<u>(300,083)</u>
Net increase (decrease) in cash and cash equivalents	373,703	(62,076)
<b>Cash and cash equivalents, beginning of year</b>	405,372	467,448
<b>Cash and cash equivalents, end of year</b>	<u>\$ 779,075</u>	<u>\$ 405,372</u>

See Notes to Financial Statements



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# Southeast Coastal Ocean Observing Regional Association

## Notes to Financial Statements

June 30, 2024 and 2023

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies

#### Nature of activities:

Southeast Coastal Ocean Observing Regional Association ("SECOORA") is a non-profit organization dedicated to coordinating coastal and ocean observing activities and facilitating continuous dialogue among stakeholders so that the benefits from the sustained operation of a coastal and ocean observing system can be realized. SECOORA is one of eleven (11) regional associations within the Integrated Coastal Ocean Observation System ("ICOOS"), a multidisciplinary network designed to provide data required by decision makers. SECOORA is also a member of the Integrated Ocean Observing System Association, working along with ten (10) other Regional Associations (RA's) to assure the needs and positions of on-the-ground users in the regions are adequately reflected in national policy and priority setting. SECOORA was incorporated under the laws of South Carolina in September 2007. SECOORA is supported primarily through memberships and grants.

#### Basis of accounting:

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

#### Basis of presentation:

Net assets and support and revenue and expenses are classified based on the existence or absence of donor-restrictions. Accordingly, net assets of SECOORA and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SECOORA. These net assets may be used at the discretion of SECOORA's management and the Board.

**Net assets with donor restrictions:** Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SECOORA or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. SECOORA had no net assets with permanent donor restrictions at June 30, 2024 or 2023.

#### Revenue recognition:

Revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration SECOORA expects to receive in exchange for those products or services. Contracts are analyzed with the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract based on the standalone selling price or estimated standalone selling price of the good or service; and (v) recognize revenue when (or as) each performance obligation is satisfied.

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# Southeast Coastal Ocean Observing Regional Association

## Notes to Financial Statements

June 30, 2024 and 2023

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Revenue recognition, continued:

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Codification (“ASC”) 606. Revenue is allocated to each performance obligation as the related performance obligation is satisfied as discussed below.

Revenue from grants may be recognized either when a grant is received and available for immediate use or on a reimbursement basis. Reimbursement grants are recognized when expenses have been incurred and a reimbursement request has been prepared for the granting agency. Advances received from granting agencies before projects or services start or which have a finite time period are included in deferred revenue until earned.

Grant and donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the restriction purpose is accomplished), net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the Statements of Activities as net assets released from program restrictions.

Membership dues are recognized as revenue over the periods in which the dues relate and are recorded as increases in net assets without donor restrictions. Membership dues received in advance are included in deferred revenue. Deferred revenue as of June 30, 2024, 2023, and 2022 was \$13,000, \$13,402, and \$250, respectively.

#### Cash and cash equivalents:

For purposes of the Statements of Cash Flows, SECOORA considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Grants receivable and allowance for credit losses:

Grants receivable represents outstanding balances for reimbursed expenditures due from granting agencies which are recorded when expenses have been paid and a reimbursement request has been sent to the granting agency.

Management periodically evaluates receivables for collectability based on prior collection experience. An allowance for credit losses is established as estimated by management through recognition of bad debt expense. When management confirms a grant receivable cannot be collected, such amount is charged off against the allowance for credit losses. Based on management’s evaluation of grants receivable, there was no allowance for credit losses at June 30, 2024 or 2023.

#### Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

# Southeast Coastal Ocean Observing Regional Association

## Notes to Financial Statements

June 30, 2024 and 2023

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Property and equipment:

SECOORA capitalizes expenditures in excess of \$5,000 for property and equipment with an extended useful life. Property and equipment are recorded at cost, or if donated, at fair market value on the date received. Major improvements are capitalized and depreciated; maintenance and repairs which do not significantly improve or extend the useful life of respective assets are expensed. Upon sale or retirement, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in income. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets, ranging from 8 to 10 years.

#### Donated facilities, materials and services:

Donated facilities and materials are included as in-kind donations at their estimated fair value at the date of donation. SECOORA did not receive any in-kind donations during the years ended June 30, 2024 and 2023.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SECOORA. SECOORA benefits from the work of many volunteers, but their services did not meet the required criteria to be recorded for the years ended June 30, 2024 or 2023.

#### Accrued payroll, vacation, and taxes:

Regular full-time employees accrue vacation beginning on their hire date. Full-time employees earn 15 days of annual vacation leave for the first 5 years of service. After 5 years of service with SECOORA, employees will earn annual leave at a higher rate, which increases incrementally by 1.25 days each year up to 20 years of service. No more than 45 vacation days can be carried over from one calendar year to the next. SECOORA's policy for paying accrued absences is to pay up to 45 days of the employee's unused vacation upon termination if the employee is in good standing at the date of termination. These amounts total \$65,144 and \$54,821 as of June 30, 2024 and 2023, respectively, and are included in accrued payroll, vacation, and taxes on the Statements of Financial Position.

#### Income tax status:

SECOORA is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, SECOORA qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization other than a private foundation under Section 509 (a)(2).

Management has evaluated SECOORA's tax positions and concluded that SECOORA has taken no uncertain tax positions that require adjustment to the financial statements as of and for the years ended June 30, 2024 or 2023. SECOORA's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. With few exceptions, SECOORA is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for fiscal years ended before June 30, 2021.

# Southeast Coastal Ocean Observing Regional Association

## Notes to Financial Statements

June 30, 2024 and 2023

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Availability of funds for general expenditures:

SECOORA has certain net assets that are available for general expenditures within one year of June 30, 2024 and 2023 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (See Note 2).

#### Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities and in Note 8. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses of SECOORA include:

**Program services expenses** – Program services expenses include direct and allocated costs for coordinating coastal and ocean observing activities.

**Management and general expenses** – Management and general expenses include the general, administrative, and operating costs of SECOORA.

**Fundraising expenses** – These expenses include direct and indirect activities undertaken to solicit contributions from donors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated and the method of allocation include:

<b><u>Expense Type</u></b>	<b><u>Method of Allocation</u></b>
Salaries	Time and effort
Employee benefits and taxes	Time and effort
Subcontract Research	Direct costs to programs and management/general
Contractual	Direct costs to programs and management/general
Business Services	Direct costs to programs, management/general, and fundraising
Travel	Direct costs to programs and management/general

#### Recently issued and adopted accounting pronouncements:

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which created a new credit impairment standard for financial assets measured at amortized cost and certain other instruments. The ASU required these financial assets to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU required that credit losses be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the Statements of Activities as the amounts expected to be collected change. SECOORA adopted ASU 2016-13 with a date of initial application of July 1, 2023, and adoption of the ASU did not have a material effect on the financial statements.

# Southeast Coastal Ocean Observing Regional Association

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Recently issued and adopted accounting pronouncements, continued:

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on SECOORA's net assets or changes in net assets.

#### Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation adopted in the current year financial statements.

#### Subsequent events:

In preparing these financial statements, SECOORA has evaluated events and transactions for potential recognition or disclosure through November 19, 2024, the date the financial statements were available to be issued.

### Note 2. Availability and Liquidity

Total assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statements of Financial Position date of June 30, 2024 and 2023, are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Assets at year end	\$ 2,632,491	\$ 2,498,105
Less amounts not available to be used within one year due to illiquidity:		
Prepaid expenses and other assets	(70,398)	(33,610)
Property and equipment, net	<u>(547,841)</u>	<u>(591,206)</u>
	<u>(618,239)</u>	<u>(624,816)</u>
Less amounts not available to be used within one year due to:		
Board/donor designations:		
Restricted and board designated amounts that may not be used within one year – Scholarship Fund and Resiliency Fund	<u>(103,087)</u>	<u>(109,783)</u>
Assets available to meet cash needs for general expenditures within one year	<u>\$ 1,911,165</u>	<u>\$ 1,763,506</u>

As part of its liquidity plan, SECOORA has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

# Southeast Coastal Ocean Observing Regional Association

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 3. Concentrations

SECOORA maintains its cash in two financial institutions. Cash accounts are guaranteed in aggregate by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. From time to time, cash balances may exceed FDIC insured limits.

SECOORA received approximately 96% and 98% of its total support and revenue through grants received directly from the National Oceanic and Atmospheric Administration ("NOAA") during the years ended June 30, 2024 and 2023, respectively.

Grants receivable totaling \$1,175,787 and \$1,436,474 were due from the NOAA and represented 95% and 100% of total outstanding receivables on June 30, 2024 and 2023, respectively. Any loss of this support in future years could have a significant impact on SECOORA's operations.

### Note 4. Retirement Plan

SECOORA has implemented a Simplified Employee Pension ("SEP") plan for all eligible employees. The plan calls for an employer match of approximately 10% percent of all wages of salaried employees. The employer contributions for the years ended June 30, 2024 and 2023 totaled \$39,413 and \$42,962, respectively.

### Note 5. Property and Equipment, Net

Property and equipment, net, consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Gliders	\$ 468,557	\$ 221,845
High frequency radar (HFR)/WERA equipment	214,250	214,250
Water elevation equipment (RTK/RTN with Rover)	34,643	-
Website	53,370	53,370
Equipment not placed in service	<u>-</u>	<u>246,713</u>
	770,820	736,178
Less: accumulated depreciation	<u>(222,979)</u>	<u>(144,972)</u>
Net property and equipment	<u>\$ 547,841</u>	<u>\$ 591,206</u>

For the years ended June 30, 2024 and 2023, depreciation expense was \$78,007 and \$38,524, respectively.

Customized glider equipment was purchased during 2023 but was not placed in service until 2024.

Property and equipment has been acquired with funds from certain grants and federal awards. These grants or federal awards may contain reversionary interests in the assets acquired or may require that the assets be used for a particular purpose for a specific period of time.

### Note 6. Net Assets Without Donor Restrictions

At June 30, 2024 and 2023, SECOORA has board designated funds of \$26,636 to be used for purposes of the Vembu Subramarian Scholarship Fund. The remaining net assets without donor restrictions of \$1,035,952 and \$1,086,698, respectively, are undesignated as of June 30, 2024 and 2023.

# Southeast Coastal Ocean Observing Regional Association

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 7. Net Assets With Donor Restrictions

At June 30, 2024 and 2023, net assets with donor restrictions of \$76,451 and \$83,147, respectively, were available for the Vembu Subramarian Scholarship Fund and the Resiliency Fund.

### Note 8. Functional Expense Allocation

Management and general expenses include expenses that are not identifiable with any program service but provide for the overall support and direction of SECOORA. Organizational expenses are allocated as follows for the years ended June 30:

	<b>2024</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Subcontract research	\$ 5,484,778	\$ 1,599	\$ -	\$ 5,486,377
Salaries	539,796	57,250	6,700	603,746
Employee benefits and taxes	129,230	11,727	1,679	142,636
Contractual	111,754	7,848	-	119,602
Meetings and conferences	82,598	-	-	82,598
Depreciation	78,007	-	-	78,007
Business services	40,517	6,686	-	47,203
Travel	46,171	909	-	47,080
Dues and subscriptions	-	14,000	-	14,000
Supplies	9,091	-	-	9,091
Meeting sponsorship	75	-	-	75
Total expenses	<u>\$ 6,522,017</u>	<u>\$ 100,019</u>	<u>\$ 8,379</u>	<u>\$ 6,630,415</u>

	<b>2023</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Subcontract research	\$ 5,009,936	\$ -	\$ -	\$ 5,009,936
Salaries	390,112	111,935	7,410	509,457
Employee benefits and taxes	96,287	27,510	1,250	125,047
Contractual	22,399	79,795	-	102,194
Travel	40,111	2,427	-	42,538
Depreciation	38,524	-	-	38,524
Meetings and conferences	27,220	-	-	27,220
Business services	11,987	9,963	79	22,029
Dues and subscriptions	17,912	-	-	17,912
Supplies	-	4,341	-	4,341
Meeting sponsorship	2,892	-	-	2,892
Total expenses	<u>\$ 5,657,380</u>	<u>\$ 235,971</u>	<u>\$ 8,739</u>	<u>\$ 5,902,090</u>

**Reporting Under *Government Auditing Standards***





**Independent Auditor's 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**

To the Board of Directors  
Southeast Coastal Ocean Observing Regional Association  
Charleston, South Carolina

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 Southeast Coastal Ocean Observing Regional Association ("SECOORA"), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise SECOORA's basic financial statements, and have issued our report thereon dated November 19, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SECOORA's internal control over financial reporting (internal control) as a basis for designing 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 SECOORA's internal control. Accordingly, we do not express an opinion on the effectiveness of SECOORA'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 SECOORA'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 or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SECOORA'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 financial statements. 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 SECOORA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SECOORA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Elliott Davis, LLC*

Charleston, South Carolina  
November 19, 2024

## **Reporting Under Uniform Guidance**



**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Southeast Coastal Ocean Observing Regional Association  
Charleston, South Carolina

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Southeast Coastal Ocean Observing Regional Association's ("SECOORA's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SECOORA's major federal programs for the year ended June 30, 2024. SECOORA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SECOORA complied, in all material aspects, 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 June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SECOORA and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SECOORA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SECOORA's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SECOORA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SECOORA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SECOORA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SECOORA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 SECOORA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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.

## Report on Internal Control over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Elliott Davis, LLC*

Charleston, South Carolina  
November 19, 2024

**Southeast Coastal Ocean Observing Regional Association**

*Schedule of Expenditures of Federal Awards*

*For the year ended June 30, 2024*

Federal Grantor/Pass-through Grantor/Program or Cluster Title/Project Title	Federal CFDA Number	Award Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Commerce Integrated Ocean Observation System (IOOS) Delivering actionable coastal and ocean information from high-quality science and observations for the Southeast	11.012	NA21NOS0120097	N/A	\$ 3,525,197	\$ 4,323,115
U.S. Department of Commerce Integrated Ocean Observation System (IOOS) Accelerate Improvements in Hurricane Intensity Forecasting Through Underwater Glider Field Campaigns	11.012	NA22NOS0120178	N/A	948,753	983,472
U.S. Department of Commerce Integrated Ocean Observation System (IOOS) Implementation of the Infrastructure Investments and Jobs Act	11.012	NA23NOS0120081	N/A	695,963	773,661
U.S. Department of Commerce Integrated Ocean Observation System (IOOS) Webcams for Coastal Observation and Operational Support	11.012	NA20NOS0120220	N/A	130,053	158,950
U.S. Department of Commerce Integrated Ocean Observation System (IOOS) Webcams for Coastal Observation and Operational Support	11.012	NA20NOS0120243	N/A	42,869	100,101
<b>Total U.S. Department of Commerce</b>				<u>5,342,835</u>	<u>6,339,299</u>
<b>Total Federal Expenditures</b>				<u>\$ 5,342,835</u>	<u>\$ 6,339,299</u>

**See accompanying Notes to Schedule of Expenditures of Federal Awards**

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## **Southeast Coastal Ocean Observing Regional Association**

### ***Notes to Schedule of Expenditures of Federal Awards***

***For the year ended June 30, 2024***

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#### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of SECOORA under programs of the federal government for the year ended June 30, 2024. 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 SECOORA, it is not intended to and does not represent the financial position, changes in net assets, or cash flows of SECOORA.

#### **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 the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Indirect Cost Rate**

SECOORA was not permitted to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for federal grants which existed prior to the fiscal year ended June 30, 2022. SECOORA became eligible to use the new 10% de minimis indirect cost rate during fiscal year ended June 30, 2022, which will be applied on the new IOOS grant for the term through May 2026.



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# **Southeast Coastal Ocean Observing Regional Association**

## ***Schedule of Findings and Questioned Costs***

***For the year ended June 30, 2024***

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### **Section I – Summary of Auditor's Results**

#### **Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None identified
Noncompliance material to financial statements noted?	No

#### **Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None identified
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	No

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
11.012	Integrated Ocean Observation System (IOOS)

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

### **Section II – Financial Statements Findings**

None

### **Section III – Federal Award Findings and Questioned Costs**

None

### **Section IV – Summary Schedule of Prior Year Findings**

None