

**ASSOCIATION OF US DELEGATES TO
THE GULF OF MAINE COUNCIL
ON THE MARINE ENVIRONMENT CORP.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2015

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2015

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MARSHALL & LIBBY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

PAUL R. MARSHALL, CPA, PFS
RANDOLPH F. LIBBY, CPA
THOMAS G. TATON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.

Report on the Financial Statements

We have audited the accompanying financial statements of Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp. as of June 30, 2015, 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

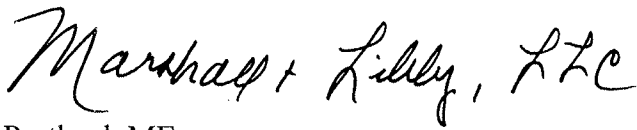
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and of management and administration cost allocation, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are 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 audit 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 October 26, 2015, on our consideration of Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.'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 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 Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.'s 2014 financial statements, and our report dated November 7, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Marshall + Lilly, LLC".

Portland, ME
October 26, 2015

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

STATEMENT OF FINANCIAL POSITION

June 30, 2015, with Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 116,188	\$ 138,722
Grants receivable	284,590	149,441
Accounts receivable	13,767	33,111
Total current assets	<u>414,545</u>	<u>321,274</u>
Total assets	\$ <u>414,545</u>	\$ <u>321,274</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 266,080	\$ 149,454
Refundable advances	30,820	47,627
Total liabilities	<u>296,900</u>	<u>197,081</u>
NET ASSETS:		
Unrestricted	<u>117,645</u>	<u>124,193</u>
Total net assets	<u>117,645</u>	<u>124,193</u>
Total liabilities and net assets	\$ <u>414,545</u>	\$ <u>321,274</u>

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015, with Comparative Totals for 2014

	<u>2015 Total</u>	<u>2014 Total</u>
SUPPORT AND REVENUES:		
Federal grant awards	\$ 1,098,944	\$ 1,409,279
Other grants and contracts	93,618	275,142
Contributions	-	950
Dues and member support	67,125	71,279
In-kind revenue	116,689	183,905
Interest income	15	17
Total support and revenues	<u>1,376,391</u>	<u>1,940,572</u>
EXPENSES:		
Program services	1,275,828	1,806,810
Fundraising	12,928	33,032
Administrative and general	93,858	80,821
Total expenses	<u>1,382,614</u>	<u>1,920,663</u>
Excess (deficiency) of revenues over expenses	(6,223)	19,909
Foreign exchange transaction	<u>(325)</u>	<u>(14,173)</u>
Change in net assets	(6,548)	5,736
NET ASSETS, beginning of year	<u>124,193</u>	<u>118,457</u>
Net assets, end of year	\$ <u><u>117,645</u></u>	\$ <u><u>124,193</u></u>

See accompanying notes to financial statements.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

	Program Services			Total Program Services	Fundraising	Management and Administration	Total Expenses
	Education	Monitoring/ Research	Fiscal Agent				
Grants	\$ -	\$ -	\$ 23,264	\$ 23,264	\$ -	\$ -	\$ 23,264
Contractors	25,767	116,823	909,613	1,052,203	11,600	147,342	1,211,145
Printing	4,993	-	-	4,993	-	-	4,993
Meeting expense/facility rental/meals	-	-	8,273	8,273	-	3,280	11,553
Internet/Web Design	2,860	-	-	2,860	-	-	2,860
Accounting/legal/insurance	-	-	-	-	-	11,837	11,837
Dues and subscriptions	-	-	-	-	-	273	273
Subtotal before allocation of administrative and general and in-kind expenses	33,620	116,823	941,150	1,091,593	11,600	162,732	1,265,925
Allocated management and administration expenses	5,502	22,862	88,282	116,646	1,328	(117,974)	-
In-kind expenses	-	67,589	-	67,589	-	49,100	116,689
Total expenses	<u>\$ 39,122</u>	<u>\$ 207,274</u>	<u>\$ 1,029,432</u>	<u>\$ 1,275,828</u>	<u>\$ 12,928</u>	<u>\$ 93,858</u>	<u>\$ 1,382,614</u>

See accompanying notes to financial statements.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2014

	Program Services							
	Education	Monitoring/ Research	Habitat Restoration/ Conservation	Fiscal Agent	Total Program Services	Fundraising	Management and Administration	Total Expenses
Grants	\$ -	\$ 44,254	\$ 426,809	\$ 6,500	\$ 477,563	\$ -	\$ -	\$ 477,563
Contractors	43,834	200,680	80,000	680,071	1,004,585	27,000	199,515	1,231,100
Printing	3,534	-	-	-	3,534	-	-	3,534
Meeting expense/facility rental/meal	-	901	-	4,854	5,755	-	4,099	9,854
Internet/web design	360	-	-	2,000	2,360	-	-	2,360
Accounting	-	-	-	-	-	-	9,500	9,500
Dues and subscriptions	-	29	-	-	29	-	2,818	2,847
Subtotal before allocation of administrative and general and in-kind expenses	47,728	245,864	506,809	693,425	1,493,826	27,000	215,932	1,736,758
Allocated management and administration expenses	8,600	44,221	86,485	65,423	204,729	6,032	(210,761)	-
In-kind expenses	-	104,655	3,600	-	108,255	-	75,650	183,905
Total expenses	<u>\$ 56,328</u>	<u>\$ 394,740</u>	<u>\$ 596,894</u>	<u>\$ 758,848</u>	<u>\$ 1,806,810</u>	<u>\$ 33,032</u>	<u>\$ 80,821</u>	<u>\$ 1,920,663</u>

See accompanying notes to financial statements.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015, with Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (6,548)	\$ 5,736
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Grants receivable	(135,149)	114,408
Accounts receivable	19,344	(30,866)
Increase (decrease) in liabilities:		
Accounts payable	116,626	(49,673)
Refundable advances	<u>(16,807)</u>	<u>24,068</u>
Net cash provided by (used in) operating activities	(22,534)	63,673
CASH, beginning of year	<u>138,722</u>	<u>75,049</u>
Cash, end of year	\$ <u><u>116,188</u></u>	\$ <u><u>138,722</u></u>

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015, with Comparative Totals for 2014

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Nature of Activities – Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp. (the Association) was formed in 1993 as a nonprofit organization whose purpose is to support the activities of the Gulf of Maine Council, which focuses on sustaining and improving the Gulf of Maine’s ecosystem by establishing long-term, cooperative environmental management strategies and promoting a framework to unite the protection efforts and responsibilities of the bordering states and Canadian provinces. The Association promotes sustainable development and management of the Gulf’s marine and coastal resources. It also promotes public awareness about Gulf resources and issues, as well as ways that the public can become involved. The Association seeks to foster marine research on the structure and function of the Gulf ecosystem as well as the effects of pollution, habitat loss, and other stresses. The mission of the Association is to maintain and enhance environmental quality in the Gulf of Maine and to allow for sustainable resource use by existing and future generations.

Basis of Presentation – The Association reports its activities according to the disclosure and display requirements of the Financial Accounting Standards Board. Under these provisions, net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets that are not subject to donor imposed stipulations. This category includes assets that may be designated for use by the Board.
- **Temporarily restricted net assets** – Net assets subject to donor imposed stipulations that may or will be met either by actions of the Association and/or passage of time.
- **Permanently restricted net assets** – Net assets subject to donor imposed stipulations that they be maintained permanently by the Association.

Generally, the donors of the assets permit the Association to use all or part of the income earned on related investments for general or specific purposes. For the years ended June 30, 2015 and 2014, the Association reported no restricted net assets.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015, with Comparative Totals for 2014

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (continued)**

Grants Receivable – The Association operates primarily in the states and provinces bordering the Gulf of Maine and receives various governmental grants and contracts to provide services in this area. Management has deemed amounts receivable to be fully collectible; therefore, no allowance was considered necessary.

Use of Estimates – The preparation of financial statements in conformity with US generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.

Revenue Recognition – For reimbursable cost type grants, such as the federal grants, revenue is recognized to the extent that expenses have been incurred for the purposes specified by the funding source. For other grants that are voluntary and non-reciprocal, revenue is recognized when the grants are authorized. Dues revenue is reported in the year dues are assessed.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Association utilizes a cost allocation plan using a percentage of direct program expenses as its base. This percentage is derived by dividing its total allowable management and administration expenses by its allowable program expenses, and is based on the prior year's actual expense amounts. The management and administration cost percentages calculated for the years ended June 30, 2015 and 2014 were 14.91% and 14.45%, respectively.

Refundable Advances – Grant revenues received in advance of costs incurred for reimbursable cost grants are recorded as refundable advances until such costs are recognized.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015, with Comparative Totals for 2014

NOTE B – CASH MAINTAINED IN FINANCIAL INSTITUTIONS

The Association maintains its cash balances in one financial institution in an interest bearing checking account. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. During the year ended June 30, 2015, the Association did not have balances in excess of the insurable amount. During the year ended June 30, 2014, the Association had a balance in excess of the insurable amount by \$22,050.

NOTE C – GRANTS RECEIVABLE

The following is a summary of net grants receivable at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
U.S. National Oceanic and Atmospheric Administration:		
NOS/NROC FA1	\$ 250,897	\$ 126,846
NOS/NROC FA2	2,431	3,873
U.S. Geological Survey	7,996	3,678
Environment Canada	11,437	9,900
NH Department of Environmental Services	9,000	5,144
US Fish & Wildlife Services	2,829	-
	<u>\$ 284,590</u>	<u>\$ 149,441</u>

NOTE D – REFUNDABLE ADVANCES

Refundable advances represent funds received or committed but not yet expended. At June 30, 2015 and 2014, the amounts of refundable advances were \$30,820 and \$20,827, respectively. Included in these amounts are \$23,820 and \$20,827 of funds held for future expenditures as part of a fiscal agent agreement for 2015 and 2014, respectively.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015, with Comparative Totals for 2014

NOTE E – CONCENTRATION OF REVENUE

The principal sources of revenue are grants and reimbursements from governmental agencies for costs incurred in performing program services. Approximately 80% and 71% of the Association's total revenue (not including in-kind revenue) for the years ended June 30, 2015 and 2014, respectively, was derived from grants from the National Oceanic and Atmospheric Administration (NOAA). Grants and reimbursements from government agencies are recognized when costs are incurred and billed to the agencies. Such amounts not received by year-end are reflected in grants receivable.

NOTE F – INCOME TAXES

No provision has been made for income taxes in the financial statements. The Association is a not-for-profit organization determined to be exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation within the meaning of Section 509(a). This code section enables the Association to accept donations that qualify as charitable contributions to the donor.

The Organization's federal income tax returns for 2014, 2013, and 2012 are still subject to examination by the IRS.

NOTE G – IN-KIND REVENUE AND EXPENSES

During the years ended June 30, 2015 and 2014, certain specialized services were donated to the Association. In addition, the Association reports other in-kind contributions for meeting any matching requirements contained in its grants from governmental agencies. The estimated value of these services totaling \$116,689 and \$183,905, respectively, has been reflected in the accompanying financial statements as in-kind revenue with a like amount included in in-kind expenses.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015, with Comparative Totals for 2014

NOTE H – CONTINGENCIES

Financial awards and fees from governmental entities are subject to special audits. Such audits could result in claims against the Association for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE I – COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 26, 2015, the date on which the financial statements were available to be issued.



MARSHALL & LIBBY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

PAUL R. MARSHALL, CPA, PFS

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THOMAS G. TATON, CPA

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

Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.

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 Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp. (the Association) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marshall + Libby, LLC

Portland, Maine
October 26, 2015



MARSHALL & LIBBY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors

Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.

Report on Compliance for Each Major Federal Program

We have audited Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.'s (the Association) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Association's major federal programs for the year ended June 30, 2015. The Association'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 the Association'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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association'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 of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association 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 June 30, 2015.

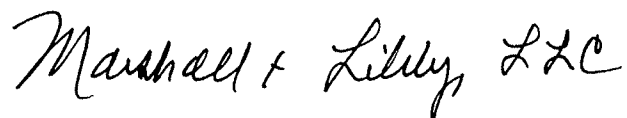
Report on Internal Control Over Compliance

Management of the Association 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 Association'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Marshall & Libby, LLC". The script is cursive and fluid, with the letters connected. The "L" in "Libby" is particularly large and stylized.

Marshall & Libby, LLC
Portland, Maine
October 26, 2015

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2015

<u>Federal/Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA number</u>	<u>Award period</u>	<u>Program or award amount</u>	<u>Expenditures</u>
Department of Commerce/ NOAA:				
Direct program:				
Coastal Services Center-				
Northeast Regional Ocean Council- Focus Area 1 Year 1	11.473	1/1/12 - 6/30/15	1,300,000	\$ 516,558
Northeast Regional Ocean Council- Focus Area 1 Year 2	11.473	10/1/12 - 9/30/15	625,000	126,526
Northeast Regional Ocean Council- Focus Area 1 Year 3	11.473	10/1/13 - 9/30/15	453,730	212,212
Northeast Regional Ocean Council- Focus Area 2 Year 3	11.473	10/1/13 - 9/30/15	189,085	<u>151,499</u>
Total Direct Programs				<u>1,006,795</u>
Pass-through to New Hampshire Department of Environmental Services:				
Coastal Zone Management Administration Awards	11.419	8/5/14 - 6/30/15	9,000	<u>9,000</u>
Total Pass-through				<u>9,000</u>
Total Department of Commerce				<u>1,015,795</u>
Department of the Interior				
Direct program:				
U.S. Geological Survey- Research and Data Collection	15.808	10/1/13 - 9/30/14	70,150	23,881
U.S. Geological Survey- Research and Data Collection	15.808	10/1/14 - 9/30/15	125,000	<u>33,028</u>
				<u>56,909</u>
Hurricane Sandy Disaster Relief Activities-FWS	15.677	11/1/14 - 10/31/16	340,000	<u>18,387</u>
				<u>18,387</u>
Total Department of the Interior				<u>75,296</u>
Total federal awards				<u>\$ 1,091,091</u>

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

SCHEDULE OF MANAGEMENT AND ADMINISTRATION COST ALLOCATION

Year ended June 30, 2015

<u>Description</u>	<u>Expenses per financials</u>	<u>Unallowable costs</u>	<u>Allowable expense</u>
Program service expenses:			
Grants	\$ 23,264	\$ -	\$ 23,264
Contractors	1,052,203	-	1,052,203
Printing	4,993	-	4,993
Meeting expense/facility rental/ meals	8,273	-	8,273
Internet/ web design	2,860	-	2,860
In-kind expenses	67,589	(67,589)	-
Total program service expenses	<u>1,159,182</u>	<u>(67,589)</u>	<u>1,091,593</u>
Management and administration expenses:			
Contractors	147,342	-	147,342
Meeting expense/facility rental/meals	3,280	-	3,280
Accounting/legal/insurance	11,837	-	11,837
Dues and subscriptions	273	-	273
In-kind expenses	49,100	(49,100)	-
Total management and administration expenses	<u>211,832</u>	<u>(49,100)</u>	<u>162,732</u>
Totals	<u>\$ 1,371,014</u>	<u>\$ (116,689)</u>	<u>\$ 1,254,325</u>

Management and administration cost allocation:

$$\frac{\text{Allowable management and administration expenses}}{\text{Allowable program services expenses}} = \frac{\$ 162,732}{\$ 1,091,593} = 14.91\%$$

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE
OF MANAGEMENT AND ADMINISTRATION COST ALLOCATION**

Year Ended June 30, 2015

NOTE A - PURPOSE OF THE SCHEDULES

Office of Management and Budget (OMB) Circular A-133, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA). The Schedule of Management and Administration Cost Allocation identifies the management and administration cost rate.

NOTE B - SUBRECIPIENTS

The Association provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Coastal Services Center- Northeast Regional Ocean Council- Focus Area 2 Year 3	11.473	\$ 23,264

NOTE C - SIGNFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp. for the fiscal year ended June 30, 2015. The reporting entity is defined in Notes to Financial Statements of the Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
 2. Major Programs - OMB Circular A-133 establishes the levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the Association of US Delegates to the Gulf of Maine Council on the Marine Environment Corp. have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditors' Results.
 3. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards and the Schedule of Management and Administration Cost Allocation is presented on the accrual basis of accounting, which is consistent with the reporting in the Association's financial statements.

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with 510(a) of Circular A-133?	No

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.473	Coastal Services Center- Northeast Regional Ocean Council
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2015

Section II - Findings Required to be Reported Under Government Auditing Standards

None reported

Section III - Findings and Questioned Costs for Federal Awards

None reported

Section IV - Status of Prior Year Findings Required to be Reported Under Government Auditing Standards

No findings from prior year.

Section V - Status of Prior Year Findings and Questioned Costs for Federal Awards

No findings from prior year.

2015 Fiscal Year Financial Recap

Statement of Activities

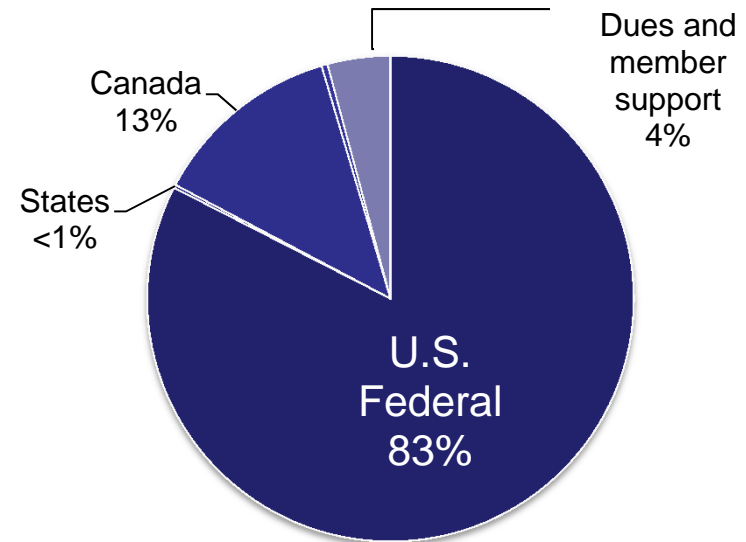
REVENUE

U.S. Federal	\$	1,098,944
States		20,368
Canada		73,250
Dues and member support		67,125
Interest		15
Total Revenue	\$	<u>1,259,702</u>

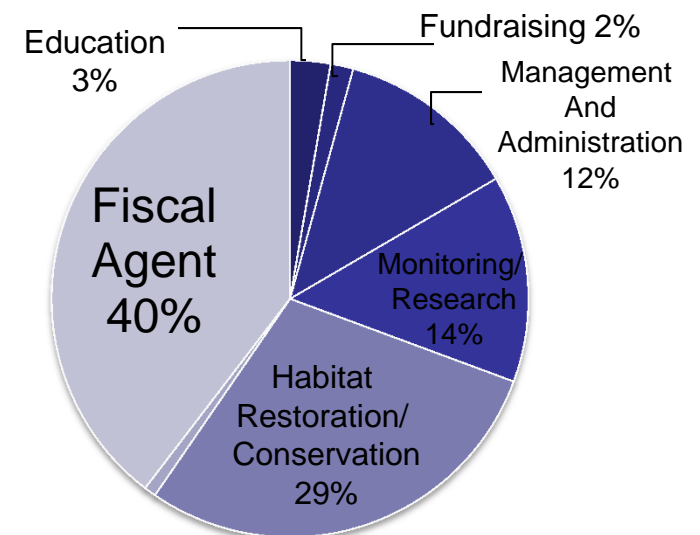
EXPENSES BY PROGRAM CATEGORY

Education	\$	33,620
Monitoring/ Research		116,823
Fiscal Agent		941,150
Fundraising		11,600
Management and Administration		162,732
Foreign Exchange Transaction		325
Total Expenses	\$	<u>1,266,250</u>

Revenue by Source



Expenses by Program Category



2014 Fiscal Year Financial Recap

Statement of Activities

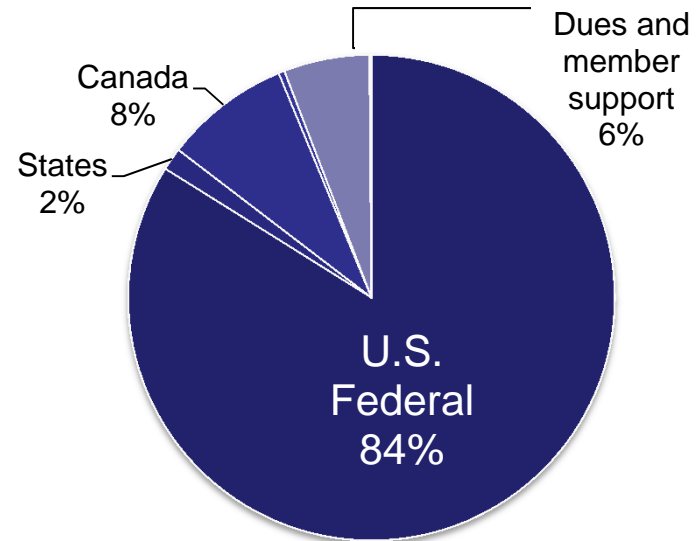
REVENUE

U.S. Federal	\$	1,409,279
States		3,563
Canada		216,334
Organizational funding		950
Dues and member support		71,279
Interest		17
Total Revenue	\$	1,701,422

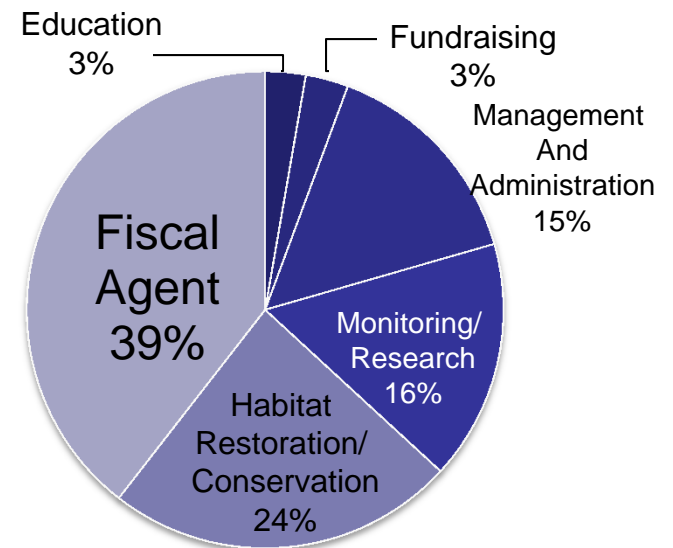
EXPENSES BY PROGRAM CATEGORY

Education	\$	47,728
Monitoring/ Research		245,864
Habitat Restoration/Conservation		506,809
Fiscal Agent		693,425
Fundraising		27,000
Management and Administration		215,932
Foreign Exchange Transactions		14,173
Total Expenses	\$	1,750,931

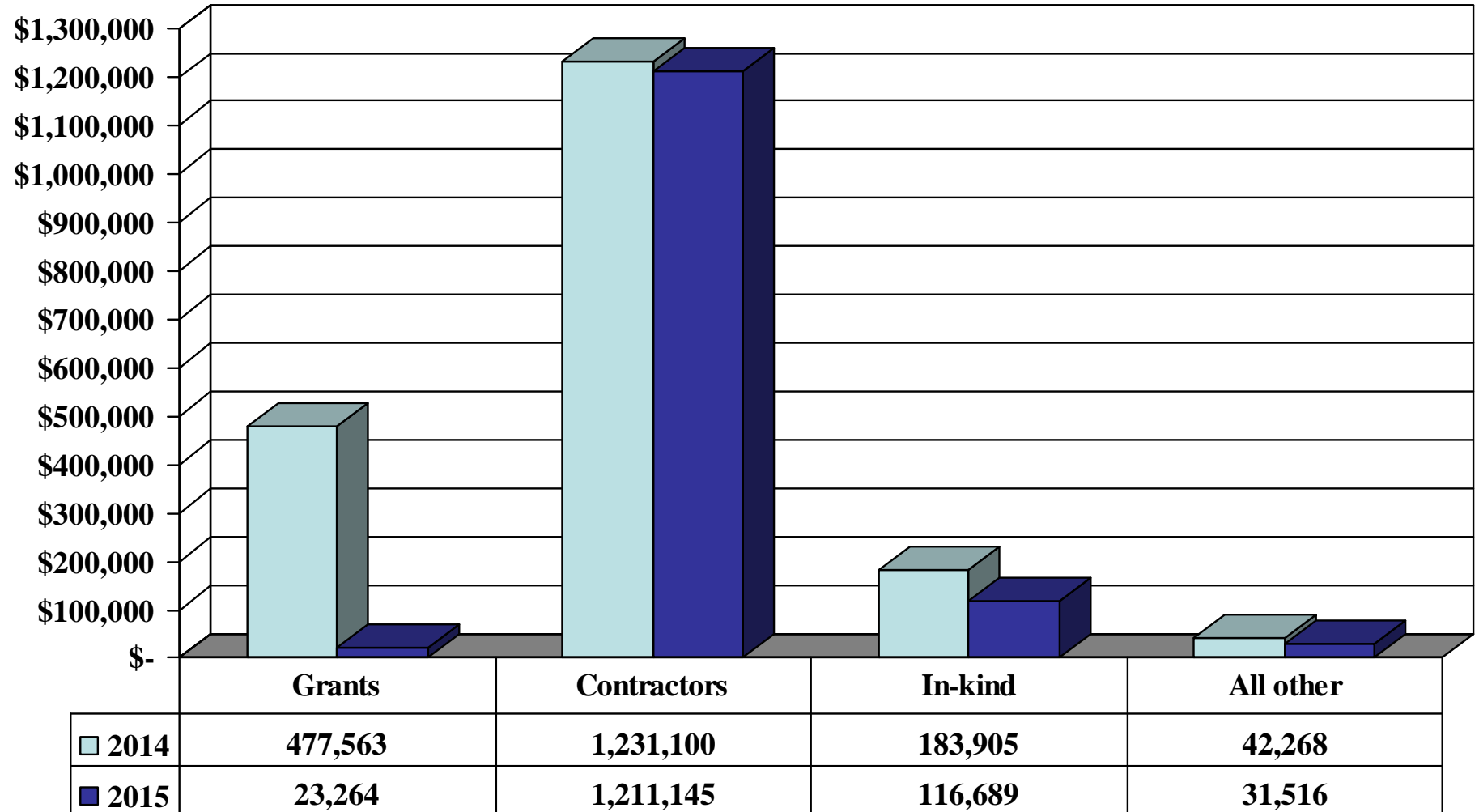
Revenue by Source



Expenses by Program Category



Expenses by Natural Category





MARSHALL & LIBBY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

PAUL R. MARSHALL, CPA, PFS
RANDOLPH F. LIBBY, CPA
THOMAS G. TATON, CPA

October 26, 2015

Association of US Delegates to the Gulf of Maine
Council on the Marine Environment Corp.
Cindy Krum, Executive Director
P.O. Box 6063
Falmouth, Maine 04105

Dear Cindy,

We have attached a "Schedule of Management and Administration Cost Allocation" based on your 2015 audited financial statements. We understand that the Association will be using this rate until a new rate is measured again at June 30, 2016 for new grant agreements and contracts.

Management and Administration costs are costs that benefit common activities and are not specifically identifiable with one grant or contract. In the case of your Association, they are represented by management and general expenses incurred to keep the Association running on a day to day basis. This would include some contractors that perform management functions, as well as travel, accounting, and office supplies. There are various acceptable alternatives to calculating and negotiating management and administration costs under federal regulations. We have set up your allocation using a simplified method, which separates program services costs from management and administration costs, then divides the latter by the former. The resulting percentage, also referred to as the Association's administrative rate, is 14.91% for the year ended June 30, 2015. This means for every dollar of direct expense the Association incurs, it needs to raise an additional fourteen cents to cover the management and administration costs mentioned above. For the year ended June 30, 2014, the management and administration cost rate was calculated at 14.45%. This rate has fluctuated due to a variety of changes, but primarily resulting from an increase in direct program grant expenditures.

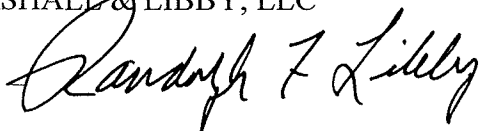
Association of US Delegates to the Gulf of Maine
Council on the Marine Environment Corp.
October 26, 2015
Page two

In the case of small agencies, it is often difficult to keep up with changes that occur in actual management and administration costs if the percentage is only calculated annually. You may want to obtain feedback from your grant agencies on the process you have used to determine the management and administration cost percentage. This may be done by letter, or as part of your annual grant or contract negotiation process.

It has been a pleasure working with you, and if you any questions on this please do not hesitate to contact us. Thank you for your assistance!

Sincerely,

MARSHALL & LIBBY, LLC

A handwritten signature in black ink, reading "Randolph F. Libby". The signature is written in a cursive, flowing style.

Randolph F. Libby, CPA

Attachment

**ASSOCIATION OF US DELEGATES TO THE GULF
OF MAINE COUNCIL ON THE MARINE ENVIRONMENT CORP.**

**Schedule of Management and Administration Cost Allocation
Year ended June 30, 2015**

<u>Description</u>	<u>Expenses per financials</u>	<u>Unallowable costs</u>	<u>Allowable expense</u>
Program service expenses:			
Grants	\$ 23,264	\$ -	\$ 23,264
Contractors	1,052,203	-	1,052,203
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Totals	<u>\$ 1,371,014</u>	<u>\$ (116,689)</u>	<u>\$ 1,254,325</u>

Management and administration cost allocation:

<u>Allowable management and administration expenses</u>	<u>\$ 162,732</u>	= 14.91%
<u>Allowable program services expenses</u>	<u>\$ 1,091,593</u>	