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INDEPENDENT AUDITOR’S REPORT

To the Executive Committee of
Scientific Committee on Oceanic Research, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Scientific Committee on Oceanic Research, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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 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 Scientific Committee on Oceanic Research, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2019, on our consideration of Scientific Committee on Oceanic Research, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Scientific Committee on Oceanic Research, Inc.’s 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 Scientific Committee on Oceanic Research, Inc.’s internal control over financial reporting and compliance.

KBSTK

Timonium, Maryland
August 14, 2019
### SCIENTIFIC COMMITTEE ON OCEANIC RESEARCH, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

#### ASSETS

**CURRENT ASSETS**
- Cash and cash equivalents: $367,642
- Accounts receivable, net: 45,266
- Grants and contracts receivable: 149,996
- Prepaid expenses: 8,379

**TOTAL CURRENT ASSETS / TOTAL ASSETS** $571,283

#### LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES**
- Accounts payable and accrued expenses: $172,752
- Deferred revenue: 178,265

**Total current liabilities / total liabilities** 351,017

**NET ASSETS**
- Without donor restrictions: 173,175
- With donor restrictions: 47,091

**Total net assets** 220,266

**TOTAL LIABILITIES AND NET ASSETS** $571,283

See accompanying notes and independent auditor's report.
<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant and contract revenue</td>
<td>$ 822,524</td>
<td></td>
</tr>
<tr>
<td>Contribution revenue</td>
<td>$ -</td>
<td>84,459</td>
</tr>
<tr>
<td>Membership dues</td>
<td>379,196</td>
<td></td>
</tr>
<tr>
<td>Meeting registration fees and miscellaneous income</td>
<td>61,146</td>
<td>61,146</td>
</tr>
<tr>
<td>Interest income</td>
<td>3,062</td>
<td></td>
</tr>
<tr>
<td><strong>NET ASSETS RELEASED FROM RESTRICTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>126,337</td>
<td>(126,337)</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>1,392,265</td>
<td>(41,878)</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scientific programs</td>
<td>1,021,883</td>
<td></td>
</tr>
<tr>
<td>Travel and subsistence programs</td>
<td>77,494</td>
<td></td>
</tr>
<tr>
<td>Other conferences and meetings</td>
<td>20,401</td>
<td></td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>1,119,778</td>
<td></td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>308,535</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,428,313</td>
<td></td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(36,048)</td>
<td>(41,878)</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEGINNING OF YEAR</td>
<td>209,223</td>
<td>88,969</td>
</tr>
<tr>
<td>END OF YEAR</td>
<td>$ 173,175</td>
<td>$ 47,091</td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditor's report.
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Travel &amp; Subsistence Programs</th>
<th>Other Conferences &amp; Meetings</th>
<th>Total Program Services</th>
<th>Administrative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and assistance</td>
<td>$ 368,507</td>
<td>$ 77,494</td>
<td>$ -</td>
<td>$ 446,001</td>
<td>$ -</td>
<td>$ 446,001</td>
</tr>
<tr>
<td>Salaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>172,419</td>
<td>172,419</td>
</tr>
<tr>
<td>Conference and meetings</td>
<td>592,146</td>
<td>-</td>
<td>20,401</td>
<td>612,547</td>
<td>-</td>
<td>612,547</td>
</tr>
<tr>
<td>Travel</td>
<td>12,721</td>
<td>-</td>
<td>-</td>
<td>12,721</td>
<td>35,138</td>
<td>47,859</td>
</tr>
<tr>
<td>Professional fees</td>
<td>32,137</td>
<td>-</td>
<td>-</td>
<td>32,137</td>
<td>48,620</td>
<td>80,757</td>
</tr>
<tr>
<td>Office expense</td>
<td>16,372</td>
<td>-</td>
<td>-</td>
<td>16,372</td>
<td>44,533</td>
<td>60,905</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,705</td>
<td>2,705</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,120</td>
<td>5,120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 1,021,883</td>
<td>$ 77,494</td>
<td>$ 20,401</td>
<td>$ 1,119,778</td>
<td>$ 308,535</td>
<td>$ 1,428,313</td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditor’s report.
### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets $ (77,926)  
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:  
- Bad debt expense 5,120  
- (Increase) decrease in:  
  - Accounts receivable (13,069)  
  - Grants and contracts receivable (30,222)  
  - Prepaid expenses 7,555  
- Increase (decrease) in:  
  - Accounts payable and accrued expenses 24,224  
  - Deferred revenue 62,845  

**Net cash provided (used) by operating activities** (21,473)

### CASH FLOWS FROM INVESTING ACTIVITIES

-  

### CASH FLOWS FROM FINANCING ACTIVITIES

-  

### NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS

(21,473)

### CASH & CASH EQUIVALENTS, beginning of year 389,115  
### CASH & CASH EQUIVALENTS, end of year $ 367,642  

See accompanying notes and independent auditor's report.
NOTE 1  
**Summary of Significant Accounting Policies**

**Organization and nature of activities** - The Scientific Committee on Oceanic Research, Inc. (SCOR) was established in 1957 as a committee of the International Council of Scientific Unions (ICSU), and was incorporated as a Maryland non-stock corporation on February 23, 2004. SCOR is comprised of 31 member countries, the primary purpose of which is to further international scientific activity in all branches of oceanic research by organizing international conferences and workshops in the field of oceanography. All assets and liabilities are expressed in U.S. dollars.

**Basis of accounting and presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). SCOR reports information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions**: Net assets that are not subject to donor-imposed restrictions and may be expanded for any purpose in performing the primary objectives of SCOR. These net assets may be used at the discretion of SCOR’s management and the board of directors.

- **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SCOR or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Use of estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents** - SCOR considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**Accounts and grants receivable** - Accounts and grants receivable are recorded at net realizable value and represent amounts due from government agencies and other organizations resulting from allowable expenditures incurred, as well as, dues from member countries and other miscellaneous amounts. Management periodically evaluates the balances in the aging categories, as well as, the status of any past due accounts and makes allowances as deemed necessary. When management deems that a receivable may not be collectible, bad debt expense is charged and the allowance for doubtful accounts is adjusted. Balances still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. The Executive Committee determines when to terminate a member and charge off uncollectible accounts receivable.

**Support and revenue** - SCOR’s primary source of funding for its exempt purpose is grants and contracts from the U.S. government and other interested parties. Grant and contract revenue is recognized when SCOR incurs expenses in compliance with the specific grant requirements.

SCOR also receives contributions, which are recorded when management is notified by the donor. Contributions are recorded without donor restrictions or with donor restrictions, depending on the existence and/or nature of any restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.
NOTE 1  

Summary of Significant Accounting Policies (continued)

Support and revenue (continued) - SCOR bills member dues to representative countries at the beginning of each year. Membership dues are recognized as revenue in the period earned. All other revenues are recognized when the event or service has occurred.

Deferred revenue consists of grant and contract advances in excess of expenditures incurred, as well as, conference registration fees received in advance of the event.

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited. SCOR does not conduct fundraising activities. Professional fees are allocated based on estimated time and effort.

Income taxes - SCOR is a nonprofit organization and is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the year ended December 31, 2018, as SCOR had no significant unrelated business income.

New accounting pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. SCOR has adjusted the presentation of these statements accordingly. There was no impact on the classification of net assets, as previously presented.

NOTE 2  

Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2018:

Cash and cash equivalents $ 367,642  
Accounts receivable 45,266  
Grants and contracts receivable 149,996  

Financial Assets, as of December 31, 2018 562,904  

Less those unavailable for general expenditures within one year, due to:  
Reserected by donor with purpose restrictions: (47,091)  

Financial assets available to meet cash needs for general expenditures within one year $ 515,813  

As part of the liquidity management plan, SCOR invests cash, in excess of daily requirements, in interest-bearing money market funds.
NOTE 3  
**Grants and Contracts Receivable**

Grants receivable at December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSF - Geosciences</td>
<td>$103,722</td>
</tr>
<tr>
<td>NASA</td>
<td>$44,104</td>
</tr>
<tr>
<td>NSF - Travel</td>
<td>$1,370</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$800</td>
</tr>
<tr>
<td><strong>Total grants and contracts receivable</strong></td>
<td><strong>$149,996</strong></td>
</tr>
</tbody>
</table>

NOTE 4  
**Accounts Receivable**

Accounts receivable of $45,266 at December 31, 2018, consists of dues outstanding from member countries, and other miscellaneous amounts, as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member country dues receivable</td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>$5,120</td>
</tr>
<tr>
<td>France</td>
<td>$35,406</td>
</tr>
<tr>
<td><strong>Total member country dues receivable</strong></td>
<td><strong>40,526</strong></td>
</tr>
<tr>
<td>Total other receivables</td>
<td>$9,860</td>
</tr>
<tr>
<td>Less: allowance for doubtful accounts</td>
<td>(5,120)</td>
</tr>
<tr>
<td><strong>Accounts receivable, net</strong></td>
<td><strong>$45,266</strong></td>
</tr>
</tbody>
</table>

NOTE 5  
**Deferred Revenue**

Deferred revenue at December 31, 2018 is as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agouron Institute funds</td>
<td>$48,805</td>
</tr>
<tr>
<td>Simons Foundation funds</td>
<td>$70,000</td>
</tr>
<tr>
<td>Registration fees</td>
<td>$58,660</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$800</td>
</tr>
<tr>
<td><strong>Deferred revenue</strong></td>
<td><strong>$178,265</strong></td>
</tr>
</tbody>
</table>
NOTE 6  Net Assets with Donor Restrictions

SCOR’s net assets with donor restrictions are available for the following purposes:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>IQOE Program</td>
<td>$20,694</td>
</tr>
<tr>
<td>GLOBALHAB</td>
<td>10,240</td>
</tr>
<tr>
<td>WG 149 Best Practice Guide</td>
<td>16,078</td>
</tr>
<tr>
<td>SOLAS Summer School</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total Net Assets with Donor Restrictions</strong></td>
<td><strong>$47,091</strong></td>
</tr>
</tbody>
</table>

NOTE 7  Commitments

**Contract** - SCOR occupies office space at University of Delaware under an open-ended contract. SCOR is required to reimburse the University for all direct expenses, as well as overhead at a rate of 15% of total direct expenditures. Overhead expenses under this contract totaled $27,285 in 2018.

**Management services** - The payroll and fringe benefits for the executive director of SCOR are managed and administered by the University of Delaware. SCOR reimburses all costs to University of Delaware for payroll and fringe benefits. Salaries and benefits reimbursed totaled $172,419 in 2018.

NOTE 8  Concentrations of Risk

SCOR receives approximately 52% of its funding from National Science Foundation grants. Thus, its funding is vulnerable to changes in the legislative priorities of the Federal government. SCOR management does not expect that the support from NSF will be lost in the near term. General SCOR operations are funded with member dues and not government grants.

SCOR invests cash in money market funds, which are not federally insured. These items are identified as concentrations of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by utilizing Treasury-backed investments. At December 31, 2018, the balance invested in money market funds totaled $235,542.

NOTE 9  Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for SCOR until annual periods beginning
NOTE 9  Recent Accounting Pronouncements Not Yet Adopted (continued)

after December 15, 2018. Early adoption is permitted subject to certain limitations. The 
amendments in this update are required to be applied retrospectively to each prior reporting period 
presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, to clarify and improve the scope and the accounting guidance for contributions received and made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance [for example, ASU 2014-09, Revenue from Contracts with Customers (Topic 606) noted above] and (2) determining whether a contribution is conditional. The ASU is effective for SCOR’s financial statements for fiscal years beginning after December 15, 2018. Early adoption is permitted. The provisions of the ASU should be applied on a modified prospective basis. Retrospective application is permitted. Under modified prospective basis, the amendments should be applied to agreements that are either (1) not completed as of the effective date or (2) entered into after the effective date. Management is currently evaluating the impact of this ASU on its financial statements.

NOTE 10  Subsequent Events

Subsequent events have been evaluated through August 14, 2019, the date the audited financial statements were available to be issued. SCOR is not aware of any subsequent events which would require recognition or disclosure in the financial statements.
SUPPLEMENTARY INFORMATION
<table>
<thead>
<tr>
<th>Scientific Committee on Oceanic Research, Inc.</th>
<th>Schedule of Expenditures of Federal Awards</th>
<th>Year Ended December 31, 2018</th>
</tr>
</thead>
</table>

Federal Grantor/Pass-Through Grantor/Program or Cluster Title

<table>
<thead>
<tr>
<th>Federal CFDA Grant or Award Number</th>
<th>Program Grant Number</th>
<th>Expenditures Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Research and Development Cluster:

National Science Foundation (NSF)

Direct Awards:

- Geosciences/Sciences 2018
  - CFDA: 47.050
  - Grant: OCE-1840868
  - Amount: $633,418
  - Subrecipients: $46,157
  - Awards: $75,887

- Geosciences/Sciences 2015
  - CFDA: 47.050
  - Grant: OCE-1546580
  - Amount: $1,751,808
  - Subrecipients: $237,886
  - Awards: $547,300

- Geosciences/Travel Awards
  - CFDA: 47.050
  - Grant: OCE-1724881
  - Amount: $150,000
  - Subrecipients: $76,482

Total NSF direct awards

- $2,535,226
- $284,043
- $699,669

National Aeronautics and Space Administration (NASA)

Direct Awards:

- Science/Research Opportunities in Space & Earth Sciences
  - CFDA: 43.001
  - Grant: NNX14AP85G
  - Amount: $375,877
  - Subrecipients: $84,464
  - Awards: $76,073

- 2018 Summer School of SOLAS
  - CFDA: 43.001
  - Grant: 80NSSC18K0839
  - Amount: $25,000
  - Subrecipients: -
  - Awards: $6,775

- 2017 IOCS Meeting
  - CFDA: 43.001
  - Grant: NNX17AH44G
  - Amount: $39,220
  - Subrecipients: -
  - Awards: $8,391

Total NASA direct awards

- $440,097
- $84,464
- $91,239

Total Research and Development Cluster

- $2,975,323
- $368,507
- $790,908

TOTAL EXPENDITURES OF FEDERAL AWARDS

- $3,335,826
- $452,511
- $881,177

The accompanying notes are an integral part of this schedule. See independent auditor's report.
NOTE 1  **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Scientific Committee on Oceanic Research, Inc. and is presented on the accrual basis of accounting. 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 Scientific Committee on Oceanic Research, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Scientific Committee on Oceanic Research, Inc.

NOTE 2  **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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3  **Indirect Cost Rate**

SCOR has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4  **Reconciliation to Statement of Activities**

Program expenditures presented on the Statement of Activities does not agree with the Schedule of Expenditures of Federal Awards as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Reimbursed Indirect Costs</th>
<th>Non-Federal Program Funds</th>
<th>Total Reconciling Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific programs</td>
<td>$2,317</td>
<td>$319,074</td>
<td>$316,757</td>
</tr>
<tr>
<td>Travel and subsistence programs</td>
<td>-</td>
<td>(1,012)</td>
<td>(1,012)</td>
</tr>
<tr>
<td>Other conferences &amp; meetings</td>
<td>-</td>
<td>(11,101)</td>
<td>(11,101)</td>
</tr>
</tbody>
</table>
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 Executive Committee of Scientific Committee on Oceanic Research, Inc.

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 Scientific Committee on Oceanic Research, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scientific Committee on Oceanic Research, Inc.’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Scientific Committee on Oceanic Research, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Scientific Committee on Oceanic Research, Inc.’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 Scientific Committee on Oceanic Research, Inc.’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 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 organization's internal control or on compliance. This report is an integral part of the audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KBST SM

Timonium, Maryland
August 14, 2019
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Executive Committee of
Scientific Committee on Oceanic Research, Inc.

Report on Compliance for Each Major Federal Program

We have audited Scientific Committee on Oceanic Research, Inc.’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Scientific Committee on Oceanic Research, Inc.’s major federal programs for the year ended December 31, 2018. Scientific Committee on Oceanic Research, Inc.’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Scientific Committee on Oceanic Research, Inc.’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scientific Committee on Oceanic Research, Inc.’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Scientific Committee on Oceanic Research, Inc.’s compliance.

Opinion on Each Major Federal Program

In our opinion, Scientific Committee on Oceanic Research, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.
Report on Internal Control Over Compliance

Management of Scientific Committee on Oceanic Research, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scientific Committee on Oceanic Research, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scientific Committee on Oceanic Research, Inc.'s internal control over compliance.

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

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

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

KBSTM

Timonium, Maryland
August 14, 2019
SUMMARY OF AUDITOR’S RESULTS

Financial Statements
1. Type of auditor’s report issued: Unqualified

2. Internal control over financial reporting:
   Material weaknesses identified? No
   Significant deficiencies identified? No

3. Noncompliance material to financial statements noted: No

Federal Awards
4. Internal control over major programs:
   Material weaknesses identified? No
   Significant deficiencies identified? No

5. Type of auditor’s report issued on compliance for major programs: Unqualified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

7. Identification of major programs:
   Research and Development Cluster:
   NSF/Geosciences CFDA No. 47.050
   NASA/Sciences CFDA No. 43.001

8. Dollar threshold used to distinguish between Type A and Type B programs was $750,000.

9. Auditee qualified as low-risk auditee? No

FINDINGS - FINANCIAL STATEMENT AUDIT
NONE NOTED

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
NONE NOTED