

CASCADIA RESEARCH COLLECTIVE AND SUBSIDIARY

Consolidated Financial Statements

For the Year Ended December 31, 2022

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Independent Auditor's Report

To the Board of Directors
Cascadia Research Collective
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Cascadia Research Collective (CRC) and subsidiary (collectively, the Organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Organization and to meet our other ethical responsibilities, in accordance with the 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 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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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 the Organization's ability to continue as a going concern for one year after the date that 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 GAAS 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 GAAS 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 the Organization'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 the Organization'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Clark Nuber P.S.

Certified Public Accountants
September 27, 2023

CASCADIA RESEARCH COLLECTIVE

Statement of Financial Position December 31, 2022

Assets

Current Assets:

Cash and cash equivalents	\$ 470,669
Grant and contract receivables	809,234
Prepayments and other current assets	<u>6,644</u>

Total Current Assets **1,286,547**

Property and equipment, net	<u>63,879</u>
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Total Assets **\$ 1,350,426**

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 39,388
Accrued expenses	<u>229,117</u>

Total Liabilities **301,505**

Net Assets:

Without donor restrictions	1,033,666
With donor restrictions	<u>15,255</u>

Total Net Assets **1,048,921**

Total Liabilities and Net Assets **\$ 1,350,426**

See accompanying notes.

CASCADIA RESEARCH COLLECTIVE

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and contracts	\$ 1,346,015	\$ -	\$ 1,346,015
Program service revenue	343,566		343,566
Other revenue	26,075	15,255	41,330
Total Support and Revenue	1,715,656	15,255	1,730,911
Expenses:			
Program services	1,296,092		1,296,092
Management and general	400,696		400,696
Total Expenses	1,696,788		1,696,788
Total Change in Net Assets	18,868	15,255	34,123
Net assets, beginning of year	1,014,798		1,014,798
Net Assets, End of Year	\$ 1,033,666	\$ 15,255	\$ 1,048,921

See accompanying notes.

CASCADIA RESEARCH COLLECTIVE

Statement of Functional Expenses For the Year Ended December 31, 2022

	Program Services	Management and General	Total
Salaries and wages	\$ 607,206	\$ 171,281	\$ 778,487
Payroll taxes and benefits	222,967	58,929	281,896
	830,173	230,210	1,060,383
Project contractual services	269,027		269,027
Travel	87,668	3,619	91,287
Boat expenses	78,337		78,337
Project supplies	30,887	6,652	37,539
Professional fees and services		10,291	10,291
Rent		51,189	51,189
Business taxes		23,211	23,211
Dues and subscriptions		1,515	1,515
Telephone and internet		5,178	5,178
Publications		3,287	3,287
Conference expense		5,132	5,132
Insurance		2,206	2,206
Printing and postage		765	765
Computer supplies and services		12,292	12,292
Scientific literature		35	35
Repairs and maintenance		61	61
Other		6,192	6,192
	465,919	131,625	597,544
Depreciation expense		38,861	38,861
Total Expenses	\$ 1,296,092	\$ 400,696	\$ 1,696,788

See accompanying notes.

CASCADIA RESEARCH COLLECTIVE

**Statement of Cash Flows
For the Year Ended December 31, 2022**

Cash Flows From Operating Activities:

Change in net assets	\$ 34,123
Adjustments to reconcile change in net assets to cash provided by operating activities-	
Depreciation	38,861
Changes in assets and liabilities:	
Grant and contract receivables	216,178
Prepayments and other current assets	(1,024)
Accounts payable	28,426
Accrued expenses	<u>(10,268)</u>

Net Cash Provided by Operating Activities	<u>339,296</u>
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Net Change in Cash and Cash Equivalents	339,296
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Cash and cash equivalents, beginning of year	<u>131,373</u>
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Cash and Cash Equivalents, End of Year	<u><u>\$ 470,669</u></u>
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See accompanying notes.

CASCADIA RESEARCH COLLECTIVE

Notes to Financial Statements For the Year Ended December 31, 2022

Note 1 - Organization

Cascadia Research Collective (CRC) is a not-for-profit organization founded in 1979 to conduct scientific research and education in the fields of mammal biology, animal behavior and pollution ecology to promote environmental protection by providing findings to the public, managers and other scientists. Accomplishments are demonstrated through publications in scientific journals and in public and scientific presentations. CRC is registered as a not-for-profit corporation in the State of Washington.

Cascadia Scientific Services LLC (CSS) is a for-profit company established in 2022 solely to access certain federal grants and contracts for scientific research and education that are only available to for-profit companies. CRC has both economic interest and control in CSS.

CRC receives operational program grants and contracts from foundations, corporations, and individuals, as well as the U.S. government.

Principles of Consolidation - These consolidated financial statements include the accounts of CRC and CSS (collectively, the Organization) after elimination of intra-entity balances and transactions. All amounts in these consolidated financial statements are stated in United States dollars.

Note 2 - Significant Accounting Policies

Basis of Presentation - The Organization's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to externally imposed donor restrictions that may or will be met either by actions of the Organization and/or the passage of time or net assets received by donations wherein the donors imposed a restriction in perpetuity on the use of the gift or assets.

Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restrictions. Donor restrictions can be for specific purposes or for a specific time period. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Revenues with donor-imposed restrictions that are met in the same reporting period are classified as increases in net assets without donor restrictions.

CASCADIA RESEARCH COLLECTIVE

Notes to Financial Statements For the Year Ended December 31, 2022

Note 2 - Continued

Cash and Cash Equivalents - Short-term deposits and investments with original maturities of three months or less are reported as cash equivalents.

Concentrations of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times may exceed federally insured limits.

For the year ended December 31, 2022, total support and revenue of 76% were from agencies of the United States government. Management is aware of the related vulnerabilities but does not anticipate material losses in connection with these concentrations. The Organization actively pursues a broad base of donors and funding sources.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Grant and Contract Receivables - Unconditional grants and contracts that are expected to be collected within one year are recorded at net realization value. Unconditional grants and contracts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the grants and contracts are received. All unconditional grants and contracts receivable at December 31, 2022 are expected to be collected within one year.

Property and Equipment - Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Property and equipment with an original cost of \$5,000 or greater are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, principally three to four years.

Grant and Contract Revenue Recognition - Grants and contracts from United States and other funders are recognized as net assets without donor restrictions when the donor-imposed conditions have been met. Current grants and contracts from governmental agencies are recognized as expenditures are made, liabilities are incurred, or project milestones met in connection with fulfilling the specific restricted purposes of the award. Revenue from contracts with customers are recognized at the time the service or good is provided.

A portion of the Organization's revenue is derived from cost-reimbursable federal and nonfederal grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant and contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Cost reimbursable grants and contracts of \$563,077 and \$444,206 were awarded from federal and nonfederal sources respectively that have not been recognized at December 31, 2022 because qualifying expenditures have not yet been incurred. No amounts have been received in advance under the Organization's federal and nonfederal grants and contracts.

CASCADIA RESEARCH COLLECTIVE

Notes to Financial Statements For the Year Ended December 31, 2022

Note 2 - Continued

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants contributions receivable.

Revenue for fixed price contracts is recorded based on expenses incurred, as management believes this method is the best estimate of percentage completion and expects total project expenses to approximate revenue over the contract period. Because of the inherent uncertainties in estimating the total project expenses, it is at least reasonably possible that the estimates used will change within the near term.

The Organization receives reimbursement for indirect costs on certain research grants based upon an indirect rate applied to certain direct costs. Any adjustments that are necessary when final rates are determined are recorded in the period, they become known.

Federal Income Taxes - The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Functional Expenses, Allocation Methodology - The cost of providing program research, management and general administration of the Organization has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs including payroll, travel and research related expenses have been allocated between program and general administration based on time spent on each category. Expenses which relate to only one category and cannot be reasonably allocated between the two categories include depreciation, professional fees and services, rent and other office related expenses which are presented as management and general expenses as the program portion of these expenses are not considered material.

Subsequent Events - Organization has evaluated subsequent events with respect to the financial statements for the year ended December 31, 2022 through September 27, 2023, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any events occurred, the nature of which would require disclosure.

Note 3 - Property and Equipment

A summary of property and equipment at December 31, 2022 is as follows:

Boats and vehicles	\$ 95,091
Equipment	<u>611,764</u>
	706,855
Less accumulated depreciation	<u>(642,976)</u>
	<u><u>\$ 63,879</u></u>

CASCADIA RESEARCH COLLECTIVE

Notes to Financial Statements For the Year Ended December 31, 2022

Note 4 - Retirement Plan

The Organization offers a tax-deferred retirement plan under IRC Section 403(b) (the Plan). After six months of service, employees are eligible to receive a discretionary matching contribution from the Organization and begins vesting after working a minimum of 500 hours per year. The Organization provides a discretionary matching contribution of up to 100 percent of the per employee Plan contribution approved by the Board of Directors for the year. For the year ended December 31, 2022, the Board of Directors approved total matching contributions of \$3,000 per employee. For the year ended December 31, 2022, the Organization contributed \$-, to the Plan which is included in employee benefits expense as reported in the statement of activities and changes in net assets.

Note 5 - Related Party Transactions

A Senior Research Biologist and Research Biologist are board members and employees compensated by the Organization for employment. For the year ended December 31, 2022, total compensation paid to them as employees amounted to \$130,502.

Note 6 - Liquidity and Availability

As part of Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of the statement of financial position date, available for general use within one year of the statement of financial position date. The Organization considers cash advances that are for programs related to its normal operations as available for general use within one year.

Cash and cash equivalents	\$ 470,669
Grant and contract receivables	<u>809,234</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,279,903</u>

CASCADIA RESEARCH COLLECTIVE

Single Audit Reports

For the Year Ended December 31, 2022

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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

**To the Board of Directors
Cascadia Research Collective
Olympia, Washington**

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 (*Government Auditing Standards*), the financial statements of Cascadia Research Collective and subsidiary (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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 were not identified.

Report on Compliance and Other Matters

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

Clark Nuber P.S.

Certified Public Accountants
September 27, 2023

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance; and
Report of Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

**To the Board of Directors
Cascadia Research Collective
Olympia, Washington**

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Cascadia Research Collective and Subsidiary (collectively, the Organization) 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 the Organization's major federal programs for the year ended December 31, 2022. The Organization'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, the Organization complied, in all material respects, with the 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, 2022.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Organization and to meet our other 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 the Organization's compliance with the compliance requirements referred to above.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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 the Organization'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 the Organization'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 GAAS, *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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Organization'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 the Organization'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 the Organization'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 a 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 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 material weaknesses, 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.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the Organization as of and for the year ended December 31, 2022, and have issued our report thereon dated September 27, 2023 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
September 27, 2023

CASCADIA RESEARCH COLLECTIVE

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

Federal Grantor/Program Title/Pass-Through Grantor	Federal Assistance Listing Number	Agreement or Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Disbursements/ Expenditures
Research and Development Cluster				
Department of Commerce:				
National Oceanic and Atmospheric Administration- Marine Mammal Data Program:				
Direct	11.439	FNA21NMF4390367	\$ -	\$ 25,086
Direct	11.439	NA19NMF4390130		32,135
Direct	11.439	NA22NMF4390242		300
Direct	11.439	NA20NMF4390133		56,589
Passed Through from Prescott	11.439	NA21NMF4390422		11,828
Total for Assistance Listing #11.439				125,938
Unallied Management Projects:				
Direct	11.454	NA20NMF4540264		151,372
Direct	11.454	NA21NMF4540475		82,237
Direct	11.454	NA22NMF4540349		7,872
Total for Assistance Listing #11.454				241,481
Unallied Science Program:	11.472	NA19NMF4720070		227,007
Passed Through from Washington Department of Fish and Wildlife	11.472	22-19836		128,677
Total for Assistance Listing #11.472				355,684
Total Department of Commerce				723,103
Department of Defense:				
Department of the Navy, Office of the Chief of Naval Research- Basic and Applied Scientific Research:				
Direct	12.300	3720925-S007 of N00014-21-1-2712		12,830
Passed Through from Oregon State University of Naval Research	12.300	N00014-21-1-2713		23,938
Total for Assistance Listing #12.300/ Total Department of Defense				36,768
Department of Energy:				
Renewable Energy Research and Development- Passed Through from Oregon State University	81.087	DE-EE0009800		27,398
Total Department of Energy				27,398
Department of the Interior:				
Bureau of Ocean Energy Management (BOEM) Environment Studies (ES)- Passed Through from Oregon State University	15.423	M22AC00022		152
Total Department of Energy				152
Total Research and Development Cluster/ Total Expenditures of Federal Awards			\$ -	\$ 787,421

See independent auditor's report and notes to the schedule of expenditures of federal awards.

CASCADIA RESEARCH COLLECTIVE

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Cascadia Research Collective (the Organization) under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

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 the Uniform Guidance cost principles, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

CASCADIA RESEARCH COLLECTIVE

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?

☐ Yes

☒ No

- Significant deficiencies identified?

☐ Yes

☒ None reported.

Noncompliance material to financial statements noted?

☐ Yes

☒ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified?

☐ Yes

☒ No

- Significant deficiencies identified?

☐ Yes

☒ None reported.

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 2 CFR 200.516(a)?

☐ Yes

☒ No

Identification of Major Programs

CFDA Numbers

11.439

11.454

11.472

12.300

81.087

15.423

Name of Federal Program or Cluster

Research and Development Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes

☒ No

CASCADIA RESEARCH COLLECTIVE

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022**

Section II - Financial Statement Findings

No matters reported.

Section III - Federal Award Findings and Questioned Costs

No matters reported.

CASCADIA RESEARCH COLLECTIVE

**Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2022**

Section IV - Summary Schedule of Prior Year Findings

Finding 2018-001

Material weakness in internal control over compliance and instances of noncompliance related to subrecipient monitoring.

Condition/Context for Evaluation

During the year ended December 31, 2018, CRC had no process in place to evaluate subrecipients for risk of noncompliance and did not document their assessment of the subrecipient as it related to their monitoring of the subrecipient.

Current Year Status

Cascadia Research Collective has developed and implemented new systems and personnel responsibilities consistent with the correction actions we had proposed in response to this finding. This has included:

1. Hired a new position, Operations Manager, that would now be responsible for developing and managing subrecipient monitoring.
2. The Secretary and Treasurer and Operations Manager have developed new policies and tracking system for subrecipients and subcontractors.
3. Made PIs of project more aware of responsibilities and requirements for subrecipient monitoring.
4. The Subrecipient and subcontract tracking system maintained by the Operations Manager and Secr.-Treas. included better documentation of all required aspects related to the source of the funding, subrecipient, tasks, monitoring, and compliance.
5. PI monitors the overall progress and performance of the subrecipients on a regular basis.

Finding 2018-002

Significant deficiencies in internal controls over compliance and instances of noncompliance related to reporting.

Condition/Context for Evaluation

For the year ended December 31, 2018, the Single Audit reporting package was submitted after the required nine month reporting deadline.

Current Year Status

As we had called for in our corrective action plan, we took measures to both identify and act on this earlier in the cycle. We identified in late 2022 that we were going to be close to the audit threshold and notified both our BOD and also reached out to our auditors to let them know. Once this was confirmed in early 2023 we set up a schedule with CN to initiate the audit earlier to help ensure it would be completed prior to the 9-month deadline. Our BOD, Secretary/Treasurer and Operations Manager are now all fully aware of the required timeline needed to be able to complete the audit on schedule and review the status of this need prior to the end of each fiscal year.

CASCADIA RESEARCH COLLECTIVE

**Summary Schedule of Prior Year Findings - Continued
For the Year Ended December 31, 2022**

Finding 2018-003

Significant deficiencies in internal controls over compliance and instances of noncompliance related to procurement.

Condition/Context for Evaluation

During the year ended December 31, 2018, CRC has a procurement policy that is fairly consistent with the standards set out at 2 CFR sections 200.318 through 200.326. However, although the policy mandates the review of multiple quotes if over \$1,500, there is no requirement to document this process nor is it done in practice.

Current Year Status

Cascadia has reviewed our procurement policy in relation to procurement standards and updated it accordingly. For all procurements related to subrecipients or subcontractors, we now maintain better documentation of all selections and the basis for these selections. PIs are aware of the thresholds for seeking competitive bids and these are conducted where needed.