

# CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

FEDERAL SINGLE AUDIT REPORT  
JUNE 30, 2018

# CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

## FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2018

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

To the Board of Trustees  
Cary Institute of Ecosystem Studies, Inc.  
Millbrook, New York

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

We have audited Cary Institute of Ecosystem Studies, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Cary Institute of Ecosystem Studies, Inc.'s major federal program for the year ended June 30, 2018. Cary Institute of Ecosystem Studies, Inc.'s major federal program is identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for Cary Institute of Ecosystem Studies, Inc.'s major federal program 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 Cary Institute of Ecosystem Studies, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Cary Institute of Ecosystem Studies, Inc.'s compliance.

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

In our opinion, Cary Institute of Ecosystem Studies, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

Management of Cary Institute of Ecosystem Studies, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cary Institute of Ecosystem Studies, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Cary Institute of Ecosystem Studies, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Cary Institute of Ecosystem Studies, Inc., as of and for the year ended June 30, 2018 and have issued our report thereon dated October 23, 2018, which contained an unmodified opinion on those financial statements. 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 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.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
October 23, 2018

**CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Entity/Program Title</u>	<u>Pass-Through Entity Grant Number</u>	<u>CFDA Number</u>	<u>Subrecipient Expenditures</u>	<u>Total Expenditures</u>
<b>National Oceanic and Atmospheric Administration</b>				
<i>Passed Through University of Michigan:</i>				
Sustainable Shoreline Structures	NA14NOS4190145	11.419	\$ 52,127	\$ 108,513
<b>Department of Agriculture</b>				
<i>Direct:</i>				
Agriculture and Food Research Initiative	2015-67019-23496	10.310	-	38,867
<i>Passed Through University of Washington:</i>				
Agriculture and Food Initiative	USDA-2012-67015-19960	10.310	-	50
Agriculture and Food Initiative	2017-67015-26956	10.310	-	3,751
Total Agriculture and Food Initiative			-	42,668
<i>Passed Through University of New Hampshire:</i>				
Forestry Research	13-DG-11242307-051	10.652	-	670
Forestry Research	16-DG-11242307-064	10.652	-	42,004
<i>Passed Through University of Vermont:</i>				
Forestry Research	14-DG-11242307-087	10.652	-	20,055
Total Forestry Research			-	62,729
<i>Passed Through Penn State:</i>				
Plant and Animal Disease, Pest Control and Animal Care	16-8130-0169-CA	10.025	-	74,969
<i>Passed Through William Marsh Rice University:</i>				
Monitoring Organisms	2016-33522-25629	10.219	-	171
Total Department of Agriculture			-	180,537
<b>National Aeronautics and Space Administration</b>				
<i>Passed Through Dartmouth College:</i>				
Science	80NSSC17K0273	43.001	-	28,518

The accompanying notes are an integral part of this schedule

**CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Entity/Program Title</u>	<u>Pass-Through Entity Grant Number</u>	<u>CFDA Number</u>	<u>Subrecipient Expenditures</u>	<u>Total Expenditures</u>
<b>National Science Foundation</b>				
Research and Development Cluster:				
<i>Direct:</i>				
Integrating Chemistry and Earth Science	DRL-1721163	47.076	\$ 31,629	\$ 183,861
Geosciences	EAR-1426819	47.050	-	116,338
Biological Sciences		47.074	1,244,915	3,547,399
<i>Passed Through Virginia Polytechnic: Institute:</i>				
Biological Sciences	ICER-1517823	47.050	-	54,664
<i>Passed Through University of Illinois:</i>				
Social, Behavioral and Economic Sciences	BCS-1313822	47.075	-	26,546
<i>Passed Through Colorado State:</i>				
Education and Human Resources	1543228	47.076	-	93,043
Collaborative Research: Climate Variability and Patterns of Urban Development	CBET-1444758	47.041	9,575	65,625
<i>Passed Through Arizona State University:</i>				
Social, Behavioral and Economic Sciences	SES-1444755	47.075	82,283	255,142
<i>Passed Through Penn State University:</i>				
The Community Ecology of Viromes	1619072	47.074	-	148,008
<i>Passed Through Syracuse University:</i>				
Biological Sciences	1457675	47.074	-	89,041
Total National Science Foundation			<u>1,368,402</u>	<u>4,579,667</u>
<b>Environmental Protection Agency</b>				
<i>Passed Through AMEC:</i>				
Monitoring Sites	F013600354	66.034	-	30,000
Monitoring Sites	6064130418	66.009	-	1,345
Total Environmental Protection Agency			<u>-</u>	<u>31,345</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,420,529</u>	<u>\$ 4,928,580</u>

The accompanying notes are an integral part of this schedule

# CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

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### NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Cary Institute of Ecosystem Studies, Inc., under programs of the federal government for the year ended June 30, 2018. The information in the 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 Cary Institute of Ecosystem Studies, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Cary Institute of Ecosystem Studies, Inc.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

### NOTE 3 - INDIRECT COST RECOVERY

Cary Institute of Ecosystem Studies, Inc., has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### NOTE 4 - RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

The following is a reconciliation of the total federal grants and contracts as reported in the Cary Institute of Ecosystem Studies, Inc.'s financial statements to the federal expenditures reported in the schedule of expenditures of federal awards:

Government grants and contracts reported in the financial statements	\$ 5,125,343
Nonfederal government grants and contracts	<u>(196,763)</u>
Expenditures in the Schedule of Expenditures of Federal Awards	<u>\$ 4,928,580</u>



**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Trustees  
Cary Institute of Ecosystem Studies, Inc.  
Millbrook, New York

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 Cary Institute of Ecosystem Studies, Inc., which comprise the statement of financial position as of June 30, 2018 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cary Institute of Ecosystem Studies, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cary Institute of Ecosystem Studies, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cary Institute of Ecosystem Studies, 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 Cary Institute of Ecosystem Studies, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 Cary Institute of Ecosystem Studies, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cary Institute of Ecosystem Studies, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
October 23, 2018

# CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

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### I. SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

yes  no

Major programs:

CFDA #	Name of Federal Program or Cluster
47.041/47.050/47.074 47.075/47.076	Research and Development Cluster

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

\$ 750,000

Auditee qualified as a low-risk auditee?

yes  no

### II. FINANCIAL STATEMENT FINDINGS

No matters are reported.

### III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.