

**NEW YORK HARBOR  
FOUNDATION, INC.**

**Financial Statements  
For the Years Ended  
June 30, 2015  
and  
June 30, 2014**

**Independent Auditor's Report**

To the Board of Directors of  
New York Harbor Foundation, Inc.

We have audited the accompanying financial statements of New York Harbor Foundation, Inc. which comprise the statements of financial position as of June 30, 2015 and June 30, 2014 and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Harbor Foundation, Inc. as of June 30, 2015 and June 30, 2014 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Condon O'Meara McGinty & Donnelly LLP*

March 9, 2016

## NEW YORK HARBOR FOUNDATION, INC.

## Statements of Financial Position

## Assets

	<b>June 30</b>	
	<u>2015</u>	<u>2014</u>
<b>Current assets</b>		
Cash	\$ 466,265	\$ 492,937
Investments, at fair value	200,379	119,185
Grants and contributions receivable	283,939	30,000
Prepaid expenses and other assets	<u>235,653</u>	<u>429,979</u>
Total current assets	1,186,236	1,072,101
<b>Property and equipment, net</b>	<u>127,655</u>	<u>147,382</u>
<b>Total assets</b>	<b><u>\$1,313,891</u></b>	<b><u>\$1,219,483</u></b>

## Liabilities and Net Assets

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 127,580	\$ 105,332
Unearned revenue	<u>85,000</u>	<u>20,000</u>
Total current liabilities	<u>212,580</u>	<u>125,332</u>
<b>Net assets</b>		
Unrestricted	560,334	790,665
Temporarily restricted	<u>540,977</u>	<u>303,486</u>
<b>Total net assets</b>	<u>1,101,311</u>	<u>1,094,151</u>
<b>Total liabilities and net assets</b>	<b><u>\$1,313,891</u></b>	<b><u>\$1,219,483</u></b>

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.

Statements of Activities

For the Years Ended June 30, 2015 and June 30, 2014

	2015		2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>Public support and revenue</b>				
Grants and contributions	\$ 567,711	\$ 886,705	\$ 273,764	\$ 530,503
In-kind contributions	-	-	143,758	-
Special events, net of direct expenses of \$262,985 in 2015 and \$252,547 in 2014	325,249	-	342,129	-
Program service fees	61,986	-	15,087	-
Net investment return (loss)	(210)	-	14,880	-
Other	29,666	-	20,128	-
Net assets released from restrictions	649,214	(649,214)	711,060	(711,060)
Total public support and revenue	<u>1,633,616</u>	<u>237,491</u>	<u>1,871,107</u>	<u>(180,557)</u>
<b>Expenses</b>				
Program services	1,570,814	-	1,032,631	-
Management and general	172,721	-	196,843	-
Development	120,412	-	121,506	-
Total expenses	<u>1,863,947</u>	<u>-</u>	<u>1,350,980</u>	<u>-</u>
<b>Increase (decrease) in net assets</b>	<b>(230,331)</b>	<b>237,491</b>	<b>169,826</b>	<b>(180,557)</b>
Net assets, beginning of year	<u>790,665</u>	<u>303,486</u>	<u>620,839</u>	<u>484,043</u>
Net assets, end of year	<u>\$ 560,334</u>	<u>\$ 540,977</u>	<u>\$ 790,665</u>	<u>\$ 303,486</u>
				<u>\$ 1,094,151</u>

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.

Statements of Functional Expenses  
For the Years Ended June 30, 2015 and June 30, 2014

	2015			2014			
	Program Services	Management and General	Development	Program Services	Management and General	Development	Total
Salaries	\$ 382,878	\$ 65,235	\$ 96,392	\$ 330,872	\$ 101,676	\$ 82,931	\$ 515,479
Payroll taxes and employee benefits	82,931	14,781	14,781	54,500	16,724	13,667	84,891
Contract services and professional fees	157,612	50,821	468	295,599	35,366	21,916	352,881
Charitable contribution expense	252,023	-	-	-	-	-	-
Program expenses	283,776	-	-	105,230	-	-	105,230
Scholarships and internships	16,629	-	-	15,805	-	-	15,805
Supplies	242,073	5,135	251	120,829	3,062	323	124,214
Automobile	5,772	-	-	4,193	-	-	4,193
Printing, copying and mailing	8,937	2,606	-	7,770	1,398	616	9,784
Travel and meals	52,297	5,354	67	49,963	4,990	1,983	56,936
Insurance	12,508	6,189	-	16,015	18,386	-	34,401
Facilities and equipment rental	25,411	220	-	18,710	-	-	18,710
Marine fuel	12,229	-	-	4,045	-	-	4,045
Bank fees	45	-	7,289	-	4,173	-	4,173
Depreciation	-	19,727	-	-	2,656	-	2,656
Other	35,693	2,653	1,164	9,100	8,412	70	17,582
<b>Total</b>	<b>\$1,570,814</b>	<b>\$ 172,721</b>	<b>\$ 120,412</b>	<b>\$1,032,631</b>	<b>\$ 196,843</b>	<b>\$ 121,506</b>	<b>\$1,350,980</b>

See notes to financial statements.

## NEW YORK HARBOR FOUNDATION, INC.

## Statements of Cash Flows

	<b>For The Year</b>	
	<b>Ended June 30</b>	
	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 7,160	\$ (10,731)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation	19,727	2,656
Donated stock	(136,274)	(19,947)
In-kind contributions of property and equipment	-	(133,158)
Realized and unrealized (gains) losses on investments	1,794	(12,046)
(Increase) decrease in assets		
Grants and contributions receivable	(253,939)	70,958
Prepaid expenses and other assets	194,326	(208,425)
Increase in liabilities		
Accounts payable and accrued expenses	22,248	70,446
Unearned revenue	65,000	20,000
Net cash (used in) operating activities	<u>(79,958)</u>	<u>(220,247)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	-	(1,963)
Purchases of investments	(88,747)	(54,720)
Proceeds on the sale of investments	142,033	74,471
Net cash provided by investing activities	<u>53,286</u>	<u>17,788</u>
Net (decrease) in cash	(26,672)	(202,459)
<b>Cash, beginning of year</b>	<u>492,937</u>	<u>695,396</u>
<b>Cash, end of year</b>	<u>\$ 466,265</u>	<u>\$ 492,937</u>

See notes to financial statements.

**NEW YORK HARBOR FOUNDATION, INC.****Notes to Financial Statements  
June 30, 2015 and June 30, 2014****Note 1 – Nature of organization**

The New York Harbor Foundation, Inc. (the “Foundation”) is a non-profit organization. The Foundation was organized to promote the public good by identifying and carrying out activities that improve awareness of the existence and condition of the New York Harbor and access to the New York Harbor. The Foundation will meet these purposes through conducting research, information outreach activities and designing and running services to improve the quality of the New York Harbor. The Foundation’s mission is to create and support a diverse network of environmentally literate schools, students and communities working together to restore New York Harbor.

**Note 2 – Summary of significant accounting policies****Net assets**

The Foundation reports information regarding its financial position and activities in two classes of net assets as follows:

- Unrestricted net assets, which consist of amounts that can be spent at the discretion of the Foundation; and
- Temporarily restricted net assets, which consist of contributions that are either restricted by the donor for a specific purpose or relate to future periods.

**Contributions**

The Foundation records contributions as unrestricted revenue unless the donor restricts the contribution for a specific purpose or future periods. Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted support. When a donor stipulation regarding a temporarily restricted contribution expires, i.e., when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Cash equivalents**

The Foundation considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. As of June 30, 2015 and June 30, 2014, the Foundation had no cash equivalents.

**NEW YORK HARBOR FOUNDATION, INC.****Notes to Financial Statements (continued)  
June 30, 2015 and June 30, 2014****Note 2 – Summary of significant accounting policies (continued)****Investments**

The Foundation's investments, which consist of mutual funds and exchange-traded funds, are recorded at fair value. The value of the Foundation's investments has been determined by using publicly reported market quotes. Net realized gains or (losses) on the sale of investments are determined using the first-in, first-out method and along with the net unrealized gain or (loss) on investments, are recorded in the statements of activities as part of investment return.

**Fair value measurements**

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. At June 30, 2015 and June 30, 2014, the Foundation's investments are deemed to be Level 1, their fair value are measured using quoted prices in active markets.

**Grants and contributions receivable**

Grants and contributions, including unconditional promises to give, are recognized as revenue in the period received and when any conditions on which they depend have been substantially met.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can be determined.

**Allowance for doubtful accounts**

The Foundation deems all grants and contributions receivable to be collectible and, accordingly, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

**Property and equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Foundation capitalizes, as property and equipment, expenditures for such assets in excess of \$5,000 with an estimated useful life greater than 3 years. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years.



**NEW YORK HARBOR FOUNDATION, INC.****Notes to Financial Statements (continued)  
June 30, 2015 and June 30, 2014****Note 2 – Summary of significant accounting policies (continued)**Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

In-kind contributions

For the year ended June 30, 2014, the Foundation received in-kind contributions of property and equipment valued at \$133,158, which have been recorded as revenue and a corresponding asset in the accompanying financial statements. For the year ended June 30, 2014, the Foundation also received an in-kind contribution for services of \$10,600, related to the contributed property and equipment, which has been recorded as revenue and a corresponding expense in the accompanying financial statements. There were no in-kind contributions in 2015.

Also, a number of volunteers, including members of the Board of Directors, have donated significant amounts of their time in the Foundation's program and supporting services. These donated services have not been recorded in the accompanying statements of activities because they do not meet the criteria for recording such services.

Functional allocation of expenses

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

Concentrations of credit risk

The Foundation's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and receivables. The Foundation places its cash with what it believes to be quality financial institutions. The Foundation's investments are exposed to various risks, such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the aforementioned risks, it is at least reasonably possible that changes in these risks could have a material effect on the amounts reported in the statements of financial position and the statements of activities. The Foundation's receivables are monitored and deemed collectible by management. As a result, the Foundation believes no significant concentrations of credit risk exist with respect to its cash, investments and receivables.

Subsequent events

The Foundation has evaluated events and transactions for potential recognition or disclosure through March 9, 2016, which is the date the financial statements were available to be issued.

**NEW YORK HARBOR FOUNDATION, INC.**

**Notes to Financial Statements (continued)  
June 30, 2015 and June 30, 2014**

**Note 3 – Investments**

Investments consist of the following as of June 30, 2015 and June 30, 2014:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 91,429	\$ 89,692	\$ 21,615	\$ 21,985
Exchange-traded funds	104,644	110,687	88,005	97,200
Total	\$ 196,073	\$ 200,379	\$ 109,620	\$ 119,185

The components of net investment return (loss) consist of the following for the years ended June 30, 2015 and June 30, 2014:

	2015	2014
Interest and dividends	\$ 2,595	\$ 4,240
Realized gain on sales of investments	3,465	447
Unrealized gain (loss) on investments	(5,259)	11,599
Investment management fees	(1,011)	(1,406)
Net investment return (loss)	\$ (210)	\$ 14,880

**Note 4 – Property and equipment**

Property and equipment consist of the following at June 30, 2015 and June 30, 2014:

	2015	2014
Furniture and equipment	\$ 142,470	\$ 142,470
Vehicle	11,300	11,300
Total property and equipment	153,770	153,770
Less accumulated depreciation	26,115	6,388
Net property and equipment	\$ 127,655	\$ 147,382

**NEW YORK HARBOR FOUNDATION, INC.****Notes to Financial Statements (continued)****June 30, 2015 and June 30, 2014****Note 5 – Boat donation agreements**

The Foundation entered into two boat donation agreements with a nonprofit organization for the use of two sailing vessels. Under the agreements, the Foundation acquired title to the vessels, and both the donor and the Foundation have the right to cause the vessels to be transferred back to the donor and sold, in which case the proceeds will be split equally. During 2015, the Foundation transferred title to one of the vessels back to the nonprofit organization.

**Note 6 – Program services expense**

Program services expense in 2015 includes the contribution by the Foundation to New York Harbor School of a navigational bridge simulator consisting of hardware, software and related assets valued at \$252,023.

**Note 7 – Tax status**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a publicly supported organization as described in Section 509(a)(1) and 170(b)(1)(A)(vi) and not as a private foundation; therefore, the Foundation qualifies for the maximum charitable contribution deductions for donors.