

**NEW YORK HARBOR
FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Financial Statements and
Supplementary Information
For the Years Ended
June 30, 2019
and
June 30, 2018**

Table of Contents

	Page(s)
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13
Supplementary Information	
Schedule of Expenditures of Federal Awards	14
Notes to Schedule of Expenditures of Federal Awards	15
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 <i>Government Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	18-19
Schedule of Findings and Questioned Costs	20-21

Independent Auditor's Report

To the Board of Directors of
New York Harbor Foundation, Inc.
d/b/a Billion Oyster Project

Report on the Financial Statements

We have audited the accompanying financial statements of New York Harbor Foundation, Inc. d/b/a Billion Oyster Project ("BOP") which comprise the statements of financial position as of June 30, 2019 and June 30, 2018 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 BOP as of June 30, 2019 and June 30, 2018 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.

Other Matters

Our audit for the year ended June 30, 2019 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* (CFR) 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 December 9, 2019 on our consideration of BOP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BOP'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 BOP's internal control over financial reporting and compliance.

Condon O'Meara McGinty + Dowd LLP

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Statements of Financial Position

Assets

	June 30	
	2019	2018
Current assets		
Cash	\$ 619,794	\$ 411,410
Investments, at fair value	28,791	29,765
Grants, contracts and contributions receivable, current portion	873,410	1,069,758
Prepaid expenses and other assets	37,886	58,661
Total current assets	1,559,881	1,569,594
Grants, contracts and contributions receivable, net of current portion	137,698	425,395
Property and equipment, net	332,606	383,837
Total assets	\$2,030,185	\$2,378,826

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 81,033	\$ 223,318
Unearned revenue	176,929	65,893
Total current liabilities	257,962	289,211
Net assets		
Without donor restrictions	856,604	806,265
With donor restrictions	915,619	1,283,350
Total net assets	1,772,223	2,089,615
Total liabilities and net assets	\$2,030,185	\$2,378,826

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Statements of Activities
For the Years Ended June 30, 2019 and June 30, 2018

	<u>2019</u>		<u>2018</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Public support and revenue				
Grants, contracts and contributions	\$ 2,670,283	\$ 355,200	\$3,025,483	\$ 301,156
Special events, net of direct expenses of \$224,806 in 2019 and \$190,311 in 2018	441,673	-	441,673	-
Program service fees	4,050	-	4,050	-
In-kind contributions	15,475	-	15,475	-
Net investment return	(251)	-	(251)	-
Other	8,841	-	8,841	-
Net assets released from restrictions	<u>722,931</u>	<u>(722,931)</u>	<u>-</u>	<u>(707,941)</u>
Total public support and revenue	<u>3,863,002</u>	<u>(367,731)</u>	<u>3,495,271</u>	<u>(406,785)</u>
Expenses				
Program services	2,717,416	-	2,717,416	-
Management and general	545,729	-	545,729	-
Development	549,518	-	549,518	-
Total expenses	<u>3,812,663</u>	<u>-</u>	<u>3,812,663</u>	<u>-</u>
Increase (decrease) in net assets	50,339	(367,731)	(317,392)	(406,785)
Net assets, beginning of year	<u>806,265</u>	<u>1,283,350</u>	<u>2,089,615</u>	<u>1,690,135</u>
Net assets, end of year	<u>\$ 856,604</u>	<u>\$ 915,619</u>	<u>\$1,772,223</u>	<u>\$1,283,350</u>
			<u>\$ 2,275,449</u>	<u>\$2,576,605</u>
			351,342	351,342
			17,920	17,920
			42,500	42,500
			3,691	3,691
			24,025	24,025
			<u>707,941</u>	<u>-</u>
			<u>3,422,868</u>	<u>3,016,083</u>
			2,619,324	2,619,324
			408,762	408,762
			386,080	386,080
			<u>3,414,166</u>	<u>3,414,166</u>
			8,702	(398,083)
			<u>797,563</u>	<u>2,487,698</u>
			<u>\$ 806,265</u>	<u>\$2,089,615</u>

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Statements of Functional Expenses
For the Years Ended June 30, 2019 and June 30, 2018

	2019			2018			
	Supporting Activities			Supporting Activities			
	Program Services	Management and General	Development	Program Services	Management and General	Development	Total
Salaries	\$1,391,102	\$ 232,179	\$ 348,740	\$1,972,021	\$ 167,606	\$ 266,035	\$1,730,565
Payroll taxes and employee benefits	365,098	82,612	107,236	554,946	48,451	71,497	471,660
Contract services and professional fees	374,345	112,930	51,716	538,991	105,040	19,207	511,067
Program supplies	186,229	-	-	186,229	-	-	259,337
Program equipment	63,003	-	-	63,003	-	-	34,050
Grantmaking	70,000	-	-	70,000	-	-	65,175
Scholarships and internships	-	-	-	-	-	-	3,000
Supplies	1,795	11,329	779	13,903	7,089	51	7,432
Automobile	96	10,059	-	10,155	131	-	433
Printing, copying and mailing	10,863	368	8,781	20,012	1,768	3,355	11,235
Travel and meals	60,415	4,437	9,905	74,757	8,525	4,200	76,491
Insurance	36,661	19,677	-	56,338	18,896	182	61,870
Facilities and equipment rental	62,064	2,450	-	64,514	-	11,200	53,131
Marine fuel	7,803	-	-	7,803	-	-	7,227
Bank fees	-	6,801	9,637	16,438	4,641	4,336	8,977
Depreciation	25,331	21,900	-	47,231	21,900	-	42,865
Other	62,611	40,987	12,724	116,322	24,715	6,017	69,651
Total	\$2,717,416	\$ 545,729	\$ 549,518	\$3,812,663	\$ 408,762	\$ 386,080	\$3,414,166

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Statements of Cash Flows

	For Year	
	Ended June 30	
	2019	2018
Cash flows from operating activities		
(Decrease) in net assets	\$ (317,392)	\$ (398,083)
Adjustments to reconcile (decrease) in net assets to net increase (decrease) in cash		
Depreciation	47,231	42,865
Donated boat	(6,000)	(42,500)
Write-off of equipment	10,000	17,025
Donated stock	(175,247)	(195,833)
Proceeds from sale of donated stock	175,128	197,406
Net realized and unrealized (gains) loss on investments	1,093	(3,515)
Decrease in assets		
Grants, contracts and contributions receivable	484,045	380,812
Prepaid expenses and other assets	20,775	19,331
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(142,285)	(126,966)
Unearned revenue	<u>111,036</u>	<u>28,554</u>
Net increase (decrease) in cash	208,384	(80,904)
Cash, beginning of year	<u>411,410</u>	<u>492,314</u>
Cash, end of year	<u>\$ 619,794</u>	<u>\$ 411,410</u>

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Notes to Financial Statements
June 30, 2019 and June 30, 2018**

Note 1 – Nature of organization

The New York Harbor Foundation, Inc. d/b/a Billion Oyster Project (“BOP”) is a non-profit organization. BOP conducts research, information outreach activities and designing and running services to improve the quality of the Harbor. BOP’s mission is to restore oyster reefs to New York Harbor through public education initiatives.

Note 2 – Summary of significant accounting policies

Net assets

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

- Net assets without donor restrictions, which consist of amounts that can be spent at the discretion of BOP; and
- Net assets with donor restrictions, which consist of grants, contracts and contributions that are either restricted by the donor for a specific purpose or relate to future periods.

Funding

BOP derives its revenue primarily from grants, cost reimbursement contracts and contributions from individuals, corporations and foundations.

Funding contracts and grants are often subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if an audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. Management is of the opinion that any potential disallowances will not be material to the accompanying financial statements.

Grants and contributions

BOP records grants and contributions as revenue without donor restrictions unless the donor restricts the grants and contribution for a specific purpose or future periods. Grants and contributions received with donor stipulations that limit the use of the donated assets are reported as donor restricted support. When a donor stipulation regarding a restricted asset expires, i.e., when a stipulated time restriction ends or the purpose for the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 2 – Summary of significant accounting policies (continued)

Cash equivalents

BOP considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. As of June 30, 2019 and June 30, 2018, BOP did not have any cash equivalents.

Investments

BOP's investments are recorded at fair value. The value of BOP'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, 2019 and June 30, 2018, BOP's investments are deemed to be Level 1 as their fair value is measured using quoted prices in active markets.

Grants, contracts and contributions receivable

Grants, contracts 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

BOP deems all receivables 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.

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 2 – Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are carried at cost and, if donated, at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. BOP capitalizes, as property and equipment, expenditures for such assets in excess of \$5,000 with an estimated useful life of three years or greater. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

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 years ended June 30, 2019 and June 30, 2018, BOP received in-kind contributions of boats and other items valued at \$15,475 and \$42,500, respectively.

In addition, a number of volunteers, including members of the Board of Directors, have donated significant amounts of their time to BOP's program services and supporting activities. 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 program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on time and effort.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

BOP's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and receivables. BOP places its cash with what it believes to be quality financial institutions. At times during the year, BOP's bank account balances exceeded the FDIC insurance limit. BOP has not incurred any losses in these accounts to date. BOP'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 at June 30, 2019. BOP's receivables are monitored and deemed collectible by management. As a result, BOP believes no significant concentrations of credit risk exist with respect to its cash, investments and receivables.

Subsequent events

BOP has evaluated events and transactions for potential recognition or disclosure through December 9, 2019, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

BOP's working capital and cash flows vary due to the timing of payments received from grants, contracts, contributions and other revenue items.

The following is a summary of BOP's financial assets as of June 30, 2019 available to pay expenditures within one year of the statement of financial position date:

Cash	\$ 619,794
Investments, at fair value	28,791
Grants, contracts and contributions receivable, current portion	<u>873,410</u>
Total	<u>\$ 1,521,995</u>

Note 4 – Investments

Investments consist of the following as of June 30, 2019 and June 30, 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange-traded funds	\$ 21,920	\$ 28,791	\$ 21,920	\$ 28,068
Common stock	<u>-</u>	<u>-</u>	<u>1,553</u>	<u>1,697</u>
Total	<u>\$ 21,920</u>	<u>\$ 28,791</u>	<u>\$ 23,473</u>	<u>\$ 29,765</u>

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018

Note 4 – Investments (continued)

The components of net investment return consist of the following for the years ended June 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 1,607	\$ 1,315
Realized gain (loss) on sales of investments	(1,672)	1,573
Unrealized gain on investments	579	1,942
Investment management fees	<u>(765)</u>	<u>(1,139)</u>
Net investment return	<u>\$ (251)</u>	<u>\$ 3,691</u>

Note 5 – Grants, contracts and contributions receivable

At June 30, 2019 and June 30, 2018, grants, contracts and contributions receivable are expected to be collected as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 873,410	\$1,069,758
Receivable in one to five years	<u>137,698</u>	<u>425,395</u>
Total	<u>\$1,011,108</u>	<u>\$1,495,153</u>

Note 6 – Property and equipment

Property and equipment consist of the following at June 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 142,470	\$ 142,470
Vehicle	11,300	11,300
Boats	<u>352,109</u>	<u>356,109</u>
Total property and equipment	505,879	509,879
Less accumulated depreciation	<u>173,273</u>	<u>126,042</u>
Net property and equipment	<u>\$ 332,606</u>	<u>\$ 383,837</u>

During the 2019 and 2018 fiscal years, BOP wrote off property and equipment for a loss of \$10,000 and \$17,025, respectively.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018

Note 7 – Net assets with donor restrictions

The amounts released from restrictions during the years ended June 30, 2019 and June 30, 2018 are for the following:

<u>Description</u>	<u>2019</u>	<u>2018</u>
New York Harbor School		
After school	\$ 240,142	\$ 285,646
Career and Technical Education	90	6,870
General	11,139	61,561
Lettie G. Howard	-	949
Billion Oyster Project		
General	5,000	60,132
Public engagement	315,480	254,238
Reef construction	28,489	38,545
After school	47,138	-
B.O.P. schools	6,000	-
Facilities & workforce development	50,000	-
Oyster recovery plan	9,348	-
Waterfront	10,105	-
Total	<u>\$ 722,931</u>	<u>\$ 707,941</u>

At June 30, 2019 and June 30, 2018, net assets with donor restrictions are available for the following:

<u>Description</u>	<u>2019</u>	<u>2018</u>
New York Harbor School		
After school	\$ 314,897	\$ 519,709
Career and Technical Education	-	91
General	-	1,139
Partnership manager	35,400	-
Billion Oyster Project		
General	-	27,002
Public engagement	436,442	706,920
Reef construction	50,000	28,489
After school	2,833	-
Facilities & workforce development	12,500	-
Oyster recovery plan	23,652	-
Waterfront	39,895	-
Total	<u>\$ 915,619</u>	<u>\$1,283,350</u>

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 8 – Retirement plan

Effective June 2019, BOP provides a defined contribution plan for all eligible employees, as defined by the plan. BOP may elect to make matching or non-elective contributions to the plan. BOP did not contribute to the plan in 2019.

Note 9 – Tax status

BOP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BOP 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, BOP qualifies for the maximum charitable contribution deductions for donors.

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grant/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
Research and Development – Cluster			
National Science Foundation			
Passed Through Pace University Curriculum and Community Enterprise for New York Harbor Restoration in New York City Public School STEM-C	47.076	CW2282165	\$ 33,248
Passed Through Pace University Curriculum and Community Enterprise for New York Harbor Restoration in New York City Public School STEM-C - Smart and Connected Communities Supplemental	47.076	CW2282165	13,923
Passed Through Pace University Integrating Computational Science with Environmental Sciences Associated with Habitat Restoration and Education in New York Harbor	47.076	CW2282165	57,670
Passed Through Pace University Curriculum and Community Enterprise of Restoration of a Keystone Species in New York Harbor	47.076	CW2282165	146,833
			<u>\$ 251,674</u>
Other Programs			
The Governor’s Office of Storm Recovery Passed Through the Housing Trust Fund Corporation Community Development Block Grant Disaster Recovery (CDBG-DR)	14.269	N/A	\$ 675,483
Passed Through The Housing Trust Fund Corporation Environmental Youth Education Program	14.269	N/A	185,042
Total			<u>860,525</u>
Total federal expenditures			<u>\$ 1,112,199</u>

See accompanying notes to schedule of expenditures of federal awards.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Notes to Schedule of Expenditures of Federal Awards
June 30, 2019

Note 1 – Summary of significant accounting policies

1. General information

The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of BOP for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

2. Basis of accounting

The accompanying schedule of expenditures of federal awards was prepared using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified cash basis of accounting.

3. Relationship to financial statements

Federal program expenditures are reported in the statement of functional expenses as program expenses. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to the capitalization of assets or in-kind contributions.

4. Indirect cost rate

BOP has elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**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***

**CONDON
O'MEARA
MCGINTY &
DONNELLY LLP**

Certified Public Accountants

One Battery Park Plaza
New York, NY 10004-1405
Tel: (212) 661 - 7777
Fax: (212) 661 - 4010

To the Board of Directors of
New York Harbor Foundation, Inc. d/b/a Billion Oyster Project

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 New York Harbor Foundation, Inc. d/b/a Billion Oyster Project ("BOP") which comprise that statement of financial position as of June 30, 2019 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 December 9, 2019.

Internal Control Over Financial Reporting

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

Condon O'Meara McBinty + Donnelly LLP

**Independent Auditor's Report on Compliance
For Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

**CONDON
O'MEARA
MCGINTY &
DONNELLY LLP**

Certified Public Accountants

One Battery Park Plaza
New York, NY 10004-1405
Tel: (212) 661 - 7777
Fax: (212) 661 - 4010

To the Board of Directors of
New York Harbor Foundation, Inc. d/b/a Billion Oyster Project

Report on Compliance for Each Major Federal Program

We have audited New York Harbor Foundation, Inc. d/b/a Billion Oyster Project ("BOP") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BOP's major federal programs for the year ended June 30, 2019. BOP'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 BOP'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 BOP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of BOP's compliance.

Opinion on Each Major Federal Program

In our opinion, BOP 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 June 30, 2019.

Report on Internal Control Over Compliance

Management of BOP is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to on the previous page. In planning and performing our audit of compliance, we considered BOP'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 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 BOP'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 a 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.

Condon O'Meara McGinty + Donnelly LLP

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT
Schedule of Findings and Questioned Costs
June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:		UNMODIFIED
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified		
Not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified		
Not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> 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 Section 200.516 (a)	_____ Yes	_____ <input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Expenditures</u>
14.269	U.S. Department of Housing and Urban Development – Community Development Block Grant Disaster Recovery and Environmental Youth Education Program	\$ 860,525

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
---	-------------------

Auditee qualified as low-risk auditee	_____ <input checked="" type="checkbox"/> Yes	_____ No
---------------------------------------	---	----------

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT
Schedule of Findings and Questioned Costs (continued)
June 30, 2019

Section II – Financial Statement Findings

There were no findings for the current year.

Section III – Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for the current year.