

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

**Financial Statements
For the Years Ended
June 30, 2021
and
June 30, 2020**

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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, 2021 and June 30, 2020 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2021 and June 30, 2020 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, 2021 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 September 22, 2021 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.

Corden O'Meara McGinty + Donnelly LLP

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

Statements of Financial Position

Assets

	June 30	
	2021	2020
Current assets		
Cash	\$1,865,963	\$1,197,706
Investments, at fair value	39,664	31,648
Grants, contracts and contributions receivable	659,704	729,470
Prepaid expenses and other assets	51,713	43,911
Total current assets	2,617,044	2,002,735
Property and equipment, net	579,814	641,011
Total assets	\$3,196,858	\$2,643,746

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 122,918	\$ 127,425
Unearned revenue	210,926	270,399
Total current liabilities	333,844	397,824
Net assets		
Without donor restrictions	1,929,408	1,189,849
With donor restrictions	933,606	1,056,073
Total net assets	2,863,014	2,245,922
Total liabilities and net assets	\$3,196,858	\$2,643,746

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, 2021 and June 30, 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Grants, contracts and contributions	\$ 3,299,222	\$ 969,911	\$4,269,133	\$ 2,988,400	\$ 902,930	\$3,891,330
Special events, net of direct expenses of \$25,980 in 2021 and \$48,459 in 2020	189,793	-	189,793	122,108	-	122,108
Program service fees	168,344	-	168,344	15,971	-	15,971
In-kind contributions	48,975	-	48,975	279,000	-	279,000
Net investment return	9,766	-	9,766	(813)	-	(813)
Other	5,323	-	5,323	2,155	-	2,155
Net assets released from restrictions	<u>1,092,378</u>	<u>(1,092,378)</u>	<u>-</u>	<u>762,476</u>	<u>(762,476)</u>	<u>-</u>
Total public support and revenue	<u>4,813,801</u>	<u>(122,467)</u>	<u>4,691,334</u>	<u>4,169,297</u>	<u>140,454</u>	<u>4,309,751</u>
Expenses						
Program services	3,222,427	-	3,222,427	2,785,711	-	2,785,711
Management and general	450,697	-	450,697	572,110	-	572,110
Development	<u>401,118</u>	<u>-</u>	<u>401,118</u>	<u>478,231</u>	<u>-</u>	<u>478,231</u>
Total expenses	<u>4,074,242</u>	<u>-</u>	<u>4,074,242</u>	<u>3,836,052</u>	<u>-</u>	<u>3,836,052</u>
Increase (decrease) in net assets	739,559	(122,467)	617,092	333,245	140,454	473,699
Net assets, beginning of year	<u>1,189,849</u>	<u>1,056,073</u>	<u>2,245,922</u>	<u>856,604</u>	<u>915,619</u>	<u>1,772,223</u>
Net assets, end of year	<u>\$ 1,929,408</u>	<u>\$ 933,606</u>	<u>\$2,863,014</u>	<u>\$ 1,189,849</u>	<u>\$1,056,073</u>	<u>\$2,245,922</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, 2021 and June 30, 2020

	<u>2021</u>				<u>2020</u>			
	<u>Program Services</u>	<u>Supporting Activities</u>			<u>Program Services</u>	<u>Supporting Activities</u>		
		<u>Management and General</u>	<u>Development</u>	<u>Total</u>		<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Salaries	\$1,714,776	\$ 206,895	\$ 249,940	\$2,171,611	\$1,498,167	\$ 258,988	\$ 314,624	\$2,071,779
Payroll taxes and employee benefits	509,445	54,781	77,700	641,926	433,031	108,764	87,859	629,654
Contract services and professional fees	468,008	84,952	19,350	572,310	417,653	129,075	30,017	576,745
Program supplies	348,663	-	-	348,663	223,057	-	-	223,057
Grantmaking	-	-	-	-	675	-	-	675
Scholarships and internships	3,000	-	-	3,000	3,000	-	-	3,000
Supplies	-	896	20,294	21,190	-	2,955	6,067	9,022
Printing, copying and mailing	1,156	65	4,393	5,614	1,693	204	7,327	9,224
Travel and meals	6,707	696	2,630	10,033	40,838	8,020	8,834	57,692
Insurance	17,792	44,322	-	62,114	40,607	22,274	-	62,881
Facilities and equipment rental	51,379	10,445	125	61,949	28,668	3,972	-	32,640
Bank fees	-	418	9,886	10,304	-	4,990	5,460	10,450
Special events-direct benefits to donors	-	-	25,980	25,980	-	-	48,459	48,459
Depreciation	42,174	19,023	-	61,197	26,350	21,033	-	47,383
Other	59,327	28,204	16,800	104,331	71,972	11,835	18,043	101,850
Total expenses by function	3,222,427	450,697	427,098	4,100,222	2,785,711	572,110	526,690	3,884,511
Less: direct benefits to donors	-	-	25,980	25,980	-	-	48,459	48,459
Total	<u>\$3,222,427</u>	<u>\$ 450,697</u>	<u>\$ 401,118</u>	<u>\$4,074,242</u>	<u>\$2,785,711</u>	<u>\$ 572,110</u>	<u>\$ 478,231</u>	<u>\$3,836,052</u>

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	
	2021	2020
Cash flows from operating activities		
Increase in net assets	\$ 617,092	\$ 473,699
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	61,197	47,383
Donated boat	-	(279,000)
Net loss on write-off of equipment	-	24,792
Donated stock	(181,659)	(41,908)
Proceeds from sale of donated stock	179,960	37,705
Net realized and unrealized (gain) loss on investments	(9,129)	1,347
(Increase) decrease in assets		
Grants, contracts and contributions receivable	69,766	281,638
Prepaid expenses and other assets	(7,802)	(6,025)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(4,507)	46,392
Unearned revenue	(59,473)	93,470
Net cash provided by operating activities	<u>665,445</u>	<u>679,493</u>
Cash flows from investing activities		
Purchases of investments	(15)	(1,385)
Proceeds from sales of investments	2,827	1,384
Purchases of property and equipment	-	(101,580)
Net cash provided by (used in) investing activities	<u>2,812</u>	<u>(101,581)</u>
Net increase in cash	668,257	577,912
Cash, beginning of year	<u>1,197,706</u>	<u>619,794</u>
Cash, end of year	<u>\$1,865,963</u>	<u>\$1,197,706</u>

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

**Notes to Financial Statements
June 30, 2021 and June 30, 2020**

Note 1 – Nature of organization

The New York Harbor Foundation, Inc. d/b/a Billion Oyster Project (“BOP”) is a non-profit organization. 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 and/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.

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, 2021 and June 30, 2020, BOP did not have any cash equivalents.

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

**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020**

Note 2 – Summary of significant accounting policies (continued)

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, 2021 and June 30, 2020, 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.

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.

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

**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020**

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 years ended June 30, 2021 and June 30, 2020, BOP received in-kind contributions of boats and other items valued at \$48,975 and \$279,000, 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.

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, 2021. 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.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. As the coronavirus pandemic continues, the economic impact on BOP's future financial operations is not readily determinable.

Subsequent events

BOP has evaluated events and transactions for potential recognition or disclosure through September 22, 2021, which is the date the financial statements were available to be issued.

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

**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020**

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, 2021 and June 30, 2020 available to pay expenditures within one year of the statements of financial position date:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,865,963	\$ 1,197,706
Investments, at fair value	39,664	31,648
Grants, contracts and contributions receivable	<u>659,704</u>	<u>729,470</u>
Total	<u>\$ 2,565,331</u>	<u>\$ 1,958,824</u>

Note 4 – Investments

Investments consist of the following as of June 30, 2021 and June 30, 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange-traded funds	\$ 21,920	\$ 39,664	\$ 21,920	\$ 28,805
Common stock	<u>-</u>	<u>-</u>	<u>211</u>	<u>2,843</u>
Total	<u>\$ 21,920</u>	<u>\$ 39,664</u>	<u>\$ 22,131</u>	<u>\$ 31,648</u>

The components of net investment return consist of the following for the years ended June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 671	\$ 1,385
Realized gain (loss) on sales of investments	902	(3,993)
Unrealized gain on investments	8,227	2,646
Investment management fees	<u>(34)</u>	<u>(851)</u>
Net investment return	<u>\$ 9,766</u>	<u>\$ (813)</u>

Note 5 – Grants, contracts and contributions receivable

At June 30, 2021 and June 30, 2020, grants, contracts and contributions receivable are expected to be collected in less than one year.

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

Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020

Note 6 – Property and equipment

Property and equipment consist of the following at June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Property and equipment	\$ 244,051	\$ 244,051
Vehicle	11,300	11,300
Boats	<u>588,608</u>	<u>588,608</u>
Total property and equipment	843,959	843,959
Less accumulated depreciation	<u>264,145</u>	<u>202,948</u>
Net property and equipment	<u>\$ 579,814</u>	<u>\$ 641,011</u>

During the 2020 fiscal year, BOP wrote off property and equipment resulting in a net loss of \$24,792.

Note 7 – Net assets with donor restrictions

The amounts released from restrictions during the years ended June 30, 2021 and June 30, 2020 are for the following:

<u>Description</u>	<u>2021</u>	<u>2020</u>
New York Harbor School		
After school	\$ 105,826	\$ 120,396
Career and technical education	132,563	49,388
Partnership manager	72,584	69,142
Billion Oyster Project		
General	-	1,000
Public engagement	419,116	290,960
Reef construction	78,036	33,072
After school	15,168	2,868
B.O.P. schools	4,746	-
Facilities & workforce development	12,500	-
Oyster recovery plan	46,565	44,087
Shell collection	182,378	110,527
Restoration	2,000	-
Waterfront	<u>20,896</u>	<u>41,036</u>
Total	<u>\$1,092,378</u>	<u>\$ 762,476</u>

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

**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020**

Note 7 – Net assets with donor restrictions (continued)

At June 30, 2021 and June 30, 2020, net assets with donor restrictions are available for the following:

<u>Description</u>	<u>2021</u>	<u>2020</u>
New York Harbor School		
After school	\$ 130,171	\$ 229,502
Career and technical education	72,149	99,712
Partnership manager	34,984	102,568
Billion Oyster Project		
General	50,000	-
Public engagement	135,140	280,481
Reef construction	46,393	74,428
After school	4,796	9,964
B.O.P. schools	11,254	-
Facilities & workforce development	-	12,500
Oyster recovery plan	-	46,565
Shell collection	417,095	189,473
Restoration	13,488	-
Waterfront	<u>18,136</u>	<u>10,880</u>
Total	<u>\$ 933,606</u>	<u>\$1,056,073</u>

Note 8 – Government grant

During the 2021 fiscal year, BOP applied for and received \$516,100 under the Paycheck Protection Program (“PPP”) which is a loan program established under the Coronavirus Aid, Relief, and Economic Security Act. PPP loans are wholly forgivable if the proceeds are spent in accordance with the terms of the PPP loan program. As of the date of these financial statements, BOP believes it has met the requirements of the PPP loan program and expects the loan to be forgiven in its entirety. Accordingly, BOP has elected to record the \$516,100 of proceeds spent as grant revenue in the fiscal 2021 statement of activities. During the 2022 fiscal year, BOP will apply to have the loan legally forgiven as required by the PPP. Amounts that are not forgiven, if any, are subject to interest at a fixed rate of 1% for a five-year term.

During the 2020 fiscal year, BOP applied for and received \$481,115 under the Paycheck Protection Program (“PPP”). BOP elected to record the \$481,115 of proceeds spent as grant revenue in the fiscal 2020 statement of activities. During July 2021, BOP received forgiveness of the loan.

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

**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020**

Note 9 – Retirement plan

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 2021 and 2020.

Note 10– 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, 2021

<u>Federal Grantor/Pass-Through Grant/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass-through/ Contract Number</u>	<u>Federal Expenditures</u>
Research and Development – Cluster			
National Science Foundation Passed Through Pace University Integrating Computational Science with Environmental Sciences Associated with Habitat Restoration and Education in New York Harbor	47.076	DRL 1839656	\$ 379,734
Passed Through Pace University Curriculum and Community Enterprise for Restoration of a Keystone Species in New York Harbor	47.076	DRL 1759006	<u>197,702</u>
Total Research and Development-Cluster			<u>577,436</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	320,049
National Fish and Wildlife Foundation Grant Agreement (NFWF) Passed Through Guardians of Flushing Bay Enhancing Community Education and Stewardship in Flushing Bay (NY)	66.437	1401.19.066088	<u>13,000</u>
Total other programs			<u>333,049</u>
Total federal expenditures			<u>\$ 910,485</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, 2021**

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the activities in all the Federal programs of BOP and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. 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
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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 the statement of financial position as of June 30, 2021 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 September 22, 2021.

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, McIntyre + Dowd LLP

September 22, 2021

**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
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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, 2021. 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, 2021.

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 & Dowd/LLP

September 22, 2021

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

**Schedule of Findings and Questioned Costs
June 30, 2021**

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:		UNMODIFIED	
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	
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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
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Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Expenditures</u>
47.076	Research and Development Cluster	\$ 577,436

Dollar threshold used to distinguish between Type A and Type B programs:		\$ <u>750,000</u>	
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Auditee qualified as low-risk auditee	_____ Yes	_____ <input checked="" type="checkbox"/> _____	No
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NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT
Schedule of Findings and Questioned Costs (continued)
June 30, 2021

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.