

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

**Financial Statements and
Supplementary Information
For the Years Ended
June 30, 2018
and
June 30, 2017**

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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, 2018 and June 30, 2017 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, 2018 and June 30, 2017 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, 2018 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 October 22, 2018 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 + Donnelly LLP

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

Statements of Financial Position

Assets

	June 30	
	2018	2017
Current assets		
Cash	\$ 411,410	\$ 492,314
Investments, at fair value	29,765	27,823
Grants, contracts and contributions receivable, current portion	1,069,758	1,020,290
Prepaid expenses and other assets	58,661	77,992
Total current assets	1,569,594	1,618,419
Grants, contracts and contributions receivable, net of current portion	425,395	855,675
Property and equipment, net	383,837	401,227
Total assets	\$2,378,826	\$2,875,321

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 223,318	\$ 350,284
Unearned revenue	65,893	37,339
Total current liabilities	289,211	387,623
Net assets		
Unrestricted	806,265	797,563
Temporarily restricted	1,283,350	1,690,135
Total net assets	2,089,615	2,487,698
Total liabilities and net assets	\$2,378,826	\$2,875,321

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, 2018 and June 30, 2017

	2018		2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue						
Grants, contracts and contributions	\$2,275,449	\$ 301,156	\$2,576,605	\$2,155,959	\$1,348,254	\$3,504,213
Special events, net of direct expenses of \$190,311 in 2018 and \$284,461 in 2017	351,342	-	351,342	431,309	-	431,309
Program service fees	17,920	-	17,920	13,015	-	13,015
In-kind contributions	42,500	-	42,500	46,985	-	46,985
Net investment return	3,691	-	3,691	7,528	-	7,528
Other	24,025	-	24,025	11,230	-	11,230
Net assets released from restrictions	<u>707,941</u>	<u>(707,941)</u>	<u>-</u>	<u>839,549</u>	<u>(839,549)</u>	<u>-</u>
Total public support and revenue	<u>3,422,868</u>	<u>(406,785)</u>	<u>3,016,083</u>	<u>3,505,575</u>	<u>508,705</u>	<u>4,014,280</u>
Expenses						
Program services	2,619,324	-	2,619,324	2,770,445	-	2,770,445
Management and general	408,762	-	408,762	382,740	-	382,740
Development	386,080	-	386,080	272,791	-	272,791
Total expenses	<u>3,414,166</u>	<u>-</u>	<u>3,414,166</u>	<u>3,425,976</u>	<u>-</u>	<u>3,425,976</u>
Increase (decrease) in net assets	8,702	(406,785)	(398,083)	79,599	508,705	588,304
Net assets, beginning of year	<u>797,563</u>	<u>1,690,135</u>	<u>2,487,698</u>	<u>717,964</u>	<u>1,181,430</u>	<u>1,899,394</u>
Net assets, end of year	<u>\$ 806,265</u>	<u>\$1,283,350</u>	<u>\$2,089,615</u>	<u>\$ 797,563</u>	<u>\$1,690,135</u>	<u>\$2,487,698</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	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (398,083)	\$ 588,304
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation	42,865	35,162
Donated boat	(42,500)	-
Loss on disposal of equipment	17,025	-
Donated stock	(195,833)	(194,775)
Proceeds from sale of donated stock	197,406	195,587
Net realized and unrealized (gains) on investments	(3,515)	(7,106)
(Increase) decrease in assets		
Grants, contracts and contributions receivable	380,812	(882,024)
Prepaid expenses and other assets	19,331	(34,964)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(126,966)	159,988
Unearned revenue	<u>28,554</u>	<u>(17,661)</u>
Net cash (used in) operating activities	<u>(80,904)</u>	<u>(157,489)</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(100,387)
Purchases of investments	-	(6,174)
Proceeds from the sale of investments	<u>-</u>	<u>113,315</u>
Net cash provided by investing activities	<u>-</u>	<u>6,754</u>
Net (decrease) in cash	(80,904)	(150,735)
Cash, beginning of year	<u>492,314</u>	<u>643,049</u>
Cash, end of year	<u>\$ 411,410</u>	<u>\$ 492,314</u>

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

Notes to Financial Statements
June 30, 2018 and June 30, 2017

Note 1 – Nature of organization

The New York Harbor Foundation, Inc. d/b/a Billion Oyster Project (“BOP”) is a non-profit organization. BOP was organized to promote the public good by identifying and carrying out activities that improve awareness of the existence and condition of, and access to, the New York Harbor (the “Harbor”). BOP meets these purposes through conducting 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:

- Unrestricted net assets, which consist of amounts that can be spent at the discretion of BOP; and
- Temporarily restricted net assets, 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 unrestricted revenue 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 temporarily restricted support. When a donor stipulation regarding a temporarily restricted asset 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.

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

**Notes to Financial Statements (continued)
June 30, 2018 and June 30, 2017**

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, 2018 and June 30, 2017, 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, 2018 and June 30, 2017, 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 grants, contracts 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.

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

**Notes to Financial Statements (continued)
June 30, 2018 and June 30, 2017**

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 unrestricted support 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 3 years or greater. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 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 year ended June 30, 2018, BOP received an in-kind contribution of a boat valued at \$42,500. For the year ended June 30, 2017, BOP received in-kind contributions of auction items of \$46,985.

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.

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

Notes to Financial Statements (continued)
June 30, 2018 and June 30, 2017

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 cash 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 and the statements of activities as of and for the year ended June 30, 2018. 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 October 22, 2018, which is the date the financial statements were available to be issued.

Note 3 – Investments

Investments consist of the following as of June 30, 2018 and June 30, 2017:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange-traded products	\$ 21,920	\$ 28,068	\$ 21,920	\$ 25,923
Common stock	<u>1,553</u>	<u>1,697</u>	<u>1,553</u>	<u>1,900</u>
Total	<u>\$ 23,473</u>	<u>\$ 29,765</u>	<u>\$ 23,473</u>	<u>\$ 27,823</u>

The components of net investment return consist of the following for the years ended June 30, 2018 and June 30, 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 1,315	\$ 2,058
Realized gain (loss) on sales of investments	1,573	(3,610)
Unrealized gain on investments	1,942	10,716
Investment management fees	<u>(1,139)</u>	<u>(1,636)</u>
Net investment return	<u>\$ 3,691</u>	<u>\$ 7,528</u>

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

Notes to Financial Statements (continued)
June 30, 2018 and June 30, 2017

Note 4 – Grants, contracts and contributions receivable

At June 30, 2018 and June 30, 2017, grants, contracts and contributions receivable are expected to be collected as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$1,069,758	\$1,020,290
Receivable in one to five years	<u>425,395</u>	<u>855,675</u>
Total	<u>\$1,495,153</u>	<u>\$1,875,965</u>

Note 5 – Property and equipment

Property and equipment consist of the following at June 30, 2018 and June 30, 2017:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 142,470	\$ 142,470
Vehicle	11,300	11,300
Boats	356,109	313,609
Work in progress	<u>-</u>	<u>17,025</u>
Total property and equipment	509,879	484,404
Less accumulated depreciation	<u>126,042</u>	<u>83,177</u>
Net property and equipment	<u>\$ 383,837</u>	<u>\$ 401,227</u>

During the 2018 fiscal year, BOP disposed of work in progress for a loss on disposal of \$17,025.

Note 6 – Temporarily restricted net assets

The amounts released from restrictions during the years ended June 30, 2018 and June 30, 2017 are for the following:

<u>Description</u>	<u>2018</u>	<u>2017</u>
New York Harbor School		
After school	\$ 285,646	\$ 231,855
Career and Technical Education	6,870	13,351
General	61,561	35,000
Lettie G. Howard	949	66,451
Waterfront	-	10,000
Billion Oyster Project		
General	60,132	138,935
Public engagement	254,238	301,945
Reef construction	38,545	17,467
Administration	<u>-</u>	<u>24,545</u>
Total	<u>\$ 707,941</u>	<u>\$ 839,549</u>

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

Notes to Financial Statements (continued)
June 30, 2018 and June 30, 2017

Note 6 – Temporarily restricted net assets (continued)

At June 30, 2018 and June 30, 2017, temporarily restricted net assets are available for the following:

<u>Description</u>	<u>2018</u>	<u>2017</u>
New York Harbor School		
After school	\$ 519,709	\$ 643,355
Career and Technical Education	91	1,805
General	1,139	5,700
Lettie G. Howard	-	949
Billion Oyster Project		
General	27,002	60,135
Public engagement	706,920	961,157
Reef construction	<u>28,489</u>	<u>17,034</u>
Total	<u>\$1,283,350</u>	<u>\$1,690,135</u>

Note 7 – 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, 2018

<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	\$ 210,017
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	19,899
Other Programs			
U.S. Department of Housing and Urban			
Development			
Passed Through The Housing Trust Fund			
Corporation			
Community Development Block Grant			
Disaster Recovery (CDBG-DR)			
	14.269	N/A	615,997
Passed Through The Housing Trust Fund			
Corporation			
Environmental Youth Education Program			
	14.269	N/A	<u>185,890</u>
Total federal expenditures			<u>\$ 1,031,803</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, 2018

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, 2018. 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
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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 that statement of financial position as of June 30, 2018 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 October 22, 2018.

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 McGinty & 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**

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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, 2018. 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, 2018.

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.

Cordw O'Meara, McKinty + Dowdally LLP

October 22, 2018

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

**Schedule of Findings and Questioned Costs
June 30, 2018**

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	_____√_____ No
Significant deficiency(ies) identified Not considered to be material weaknesses?	_____ Yes	_____√_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____√_____ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____√_____ No
Significant deficiency(ies) identified Not considered to be material weaknesses?	_____ Yes	_____√_____ None reported

Type of auditor’s report issued on compliance
for major programs

UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)	_____ Yes	_____√_____ No
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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	\$ 801,887

Dollar threshold used to distinguish between Type A and Type B programs:	\$ _____ 750,000
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Auditee qualified as low-risk auditee	_____ Yes	_____√_____ 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, 2018

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.