

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

**Financial Statements  
For the Years Ended  
June 30, 2017  
and  
June 30, 2016**

**Independent Auditor's Report**

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

We have audited the accompanying financial statements of New York Harbor Foundation, Inc. d/b/a Billion Oyster Project which comprise the statements of financial position as of June 30, 2017 and June 30, 2016 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Harbor Foundation, Inc. d/b/a Billion Oyster Project as of June 30, 2017 and June 30, 2016 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Condon O'Meara McGinty & Donnelly LLP*

February 13, 2018

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

**Statements of Financial Position**

**Assets**

	<b>June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Current assets</b>		
Cash	\$ 492,314	\$ 643,049
Investments, at fair value	27,823	128,670
Grants, contracts and contributions receivable, current portion	1,020,290	543,941
Prepaid expenses and other assets	<u>77,992</u>	<u>43,028</u>
Total current assets	1,618,419	1,358,688
<b>Grants, contracts and contributions receivable, net of current portion</b>	855,675	450,000
<b>Property and equipment, net</b>	<u>401,227</u>	<u>336,002</u>
<b>Total assets</b>	<b><u>\$2,875,321</u></b>	<b><u>\$2,144,690</u></b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 350,284	\$ 190,296
Unearned revenue	<u>37,339</u>	<u>55,000</u>
Total current liabilities	<u>387,623</u>	<u>245,296</u>
<b>Net assets</b>		
Unrestricted	797,563	717,964
Temporarily restricted	<u>1,690,135</u>	<u>1,181,430</u>
<b>Total net assets</b>	<u>2,487,698</u>	<u>1,899,394</u>
<b>Total liabilities and net assets</b>	<b><u>\$2,875,321</u></b>	<b><u>\$2,144,690</u></b>

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, 2017 and June 30, 2016**

	2017		2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>						
Grants, contracts and contributions	\$2,155,959	\$1,348,254	\$3,504,213	\$1,321,673	\$1,307,577	\$2,629,250
Special events, net of direct expenses of \$284,461 in 2017 and \$243,733 in 2016	431,309	-	431,309	471,815	-	471,815
Program service fees	13,015	-	13,015	7,350	-	7,350
In-kind contributions	46,985	-	46,985	17,531	-	17,531
Net investment return (loss)	7,528	-	7,528	(5,570)	-	(5,570)
Other	11,230	-	11,230	26,878	-	26,878
Net assets released from restrictions	839,549	(839,549)	-	667,124	(667,124)	-
Total public support and revenue	<u>3,505,575</u>	<u>508,705</u>	<u>4,014,280</u>	<u>2,506,801</u>	<u>640,453</u>	<u>3,147,254</u>
<b>Expenses</b>						
Program services	2,770,445	-	2,770,445	1,855,520	-	1,855,520
Management and general	382,740	-	382,740	319,574	-	319,574
Development	272,791	-	272,791	174,077	-	174,077
Total expenses	<u>3,425,976</u>	<u>-</u>	<u>3,425,976</u>	<u>2,349,171</u>	<u>-</u>	<u>2,349,171</u>
<b>Increase in net assets</b>	<b>79,599</b>	<b>508,705</b>	<b>588,304</b>	<b>157,630</b>	<b>640,453</b>	<b>798,083</b>
Net assets, beginning of year	<u>717,964</u>	<u>1,181,430</u>	<u>1,899,394</u>	<u>560,334</u>	<u>540,977</u>	<u>1,101,311</u>
Net assets, end 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>

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, 2017 and June 30, 2016**

	2017			2016				
	Supporting Services		Program Services	Supporting Services		Program Services		
	Management and General	Development		Management and General	Development			
Program Services	Total	Total	Total	Total	Total	Total		
Salaries	\$1,061,628	\$ 154,723	\$ 155,172	\$1,371,523	\$ 611,771	\$ 101,214	\$ 68,898	\$ 781,883
Payroll taxes and employee benefits	236,426	27,851	30,866	295,143	133,502	26,163	12,277	171,942
Contract services and professional fees	871,600	117,680	18,585	1,007,865	630,164	124,510	62,954	817,628
Program	460,150	-	-	460,150	358,463	-	-	358,463
Scholarships and internships	1,725	-	-	1,725	15,851	-	-	15,851
Supplies	-	13,492	2,158	15,650	320	4,609	2,712	7,641
Automobile	187	209	-	396	2,056	65	-	2,121
Printing, copying and mailing	13,760	1,143	1,013	15,916	14,569	2,314	1,047	17,930
Travel and meals	53,793	4,949	4,458	63,200	53,201	12,294	3,196	68,691
Insurance	25,118	17,596	798	43,512	4,583	11,512	12,905	29,000
Facilities and equipment rental	16,837	4,034	-	20,871	14,808	436	-	15,244
Marine fuel	1,001	-	-	1,001	3,355	-	-	3,355
Bank fees	-	663	8,321	8,984	-	404	7,549	7,953
Auction items	-	-	46,985	46,985	-	-	-	-
Depreciation	13,262	21,900	-	35,162	-	21,900	-	21,900
Other	14,958	18,500	4,435	37,893	12,877	14,153	2,539	29,569
<b>Total</b>	<b>\$2,770,445</b>	<b>\$ 382,740</b>	<b>\$ 272,791</b>	<b>\$3,425,976</b>	<b>\$1,855,520</b>	<b>\$ 319,574</b>	<b>\$ 174,077</b>	<b>\$2,349,171</b>

See notes to financial statements.

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

**Statements of Cash Flows**

	<b>For Year</b>	
	<b>Ended June 30</b>	
	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 588,304	\$ 798,083
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	35,162	21,900
Donated stock	(194,775)	(322,595)
Proceeds from sale of donated stock	195,587	324,352
Realized and unrealized (gains) losses on investments	(7,106)	8,062
(Increase) in assets		
Grants, contracts and contributions receivable	(882,024)	(710,002)
Prepaid expenses and other assets	(34,964)	(37,622)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	159,988	62,716
Unearned revenue	(17,661)	(30,000)
Net cash provided by (used in) operating activities	<u>(157,489)</u>	<u>114,894</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(100,387)	-
Purchases of investments	(6,174)	(1,658)
Proceeds from the sale of investments	113,315	63,548
Net cash provided by investing activities	<u>6,754</u>	<u>61,890</u>
<b>Net increase (decrease) in cash</b>	<b>(150,735)</b>	<b>176,784</b>
<b>Cash, beginning of year</b>	<u><b>643,049</b></u>	<u><b>466,265</b></u>
<b>Cash, end of year</b>	<u><b>\$ 492,314</b></u>	<u><b>\$ 643,049</b></u>

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

**Notes to Financial Statements  
June 30, 2017 and June 30, 2016**

**Note 1 – Nature of organization**

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

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

**Net assets**

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

- Unrestricted net assets, which consist of amounts that can be spent at the discretion of the Organization; 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.

**Grants, contracts and contributions**

The Organization records grants, contracts and contributions as unrestricted revenue unless the donor restricts the grant, contract or contribution for a specific purpose or future periods. Grants, contracts 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.

**Cash equivalents**

The Organization considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. As of June 30, 2017 and June 30, 2016, the Organization did not have any cash equivalents.

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

**Notes to Financial Statements (continued)  
June 30, 2017 and June 30, 2016**

**Note 2 – Summary of significant accounting policies (continued)**

Investments

The Organization's investments are recorded at fair value. The value of the Organization'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 (loss).

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, 2017 and June 30, 2016, the Organization's investments are deemed to be Level 1, their fair value are 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

The Organization 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.

Property and equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization 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.



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

Notes to Financial Statements (continued)  
June 30, 2017 and June 30, 2016

**Note 2 – Summary of significant accounting policies (continued)**

Use of estimates

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

In-kind contributions

For the year ended June 30, 2017, the Organization received in-kind contributions of auction items of \$46,985. For the year ended June 30, 2016, the Organization received in-kind contributions of legal services of \$17,531.

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

Functional allocation of expenses

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

Concentrations of credit risk

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

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through February 13, 2018, which is the date the financial statements were available to be issued.

Reclassification

Certain items in the 2016 financial statements have been reclassified for comparative purposes only.

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

**Notes to Financial Statements (continued)**  
**June 30, 2017 and June 30, 2016**

**Note 3 – Investments**

Investments consist of the following as of June 30, 2017 and June 30, 2016:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ -	\$ -	\$ 76,677	\$ 70,385
Exchange-traded products	21,920	25,923	58,359	58,285
Common stock	<u>1,553</u>	<u>1,900</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,473</u>	<u>\$ 27,823</u>	<u>\$ 135,036</u>	<u>\$ 128,670</u>

The components of net investment return (loss) consist of the following for the years ended June 30, 2017 and June 30, 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 2,058	\$ 3,946
Realized gain (loss) on sales of investments	(3,610)	2,610
Unrealized gain (loss) on investments	10,716	(10,672)
Investment management fees	<u>(1,636)</u>	<u>(1,454)</u>
Net investment return (loss)	<u>\$ 7,528</u>	<u>\$ (5,570)</u>

**Note 4 – Grants, contracts and contributions receivable**

At June 30, 2017 and June 30, 2016, grants, contracts and contributions receivable are expected to be collected as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$1,020,290	\$ 543,941
Receivable in one to five years	<u>855,675</u>	<u>450,000</u>
Total	<u>\$1,875,965</u>	<u>\$ 993,941</u>

**Note 5 – Property and equipment**

Property and equipment consist of the following at June 30, 2017 and June 30, 2016:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 142,470	\$ 142,470
Vehicle	11,300	11,300
Boats	313,609	-
Work in progress	<u>17,025</u>	<u>230,247</u>
Total property and equipment	484,404	384,017
Less accumulated depreciation	<u>83,177</u>	<u>48,015</u>
Net property and equipment	<u>\$ 401,227</u>	<u>\$ 336,002</u>

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

**Notes to Financial Statements (continued)**  
**June 30, 2017 and June 30, 2016**

**Note 6 – Temporarily restricted net assets**

The amounts released from restrictions during the years ended June 30, 2017 and June 30, 2016 are for the following:

<u>Description</u>	<u>2017</u>	<u>2016</u>
New York Harbor School		
After school	\$ 231,855	\$ 57,432
College office	-	69,325
Career and Technical Education	13,351	19,201
General	35,000	35,000
Lettie G. Howard	66,451	183,600
Waterfront	10,000	1,605
Billion Oyster Project		
General	138,935	94,695
Public engagement	301,945	114,796
Reef construction	17,467	5,000
Shell collection	-	60,474
Administration	<u>24,545</u>	<u>25,996</u>
Total	<u>\$ 839,549</u>	<u>\$ 667,124</u>

At June 30, 2017 and June 30, 2016, temporarily restricted net assets are available for the following:

<u>Description</u>	<u>2017</u>	<u>2016</u>
New York Harbor School		
After school	\$ 643,355	\$ 830,210
Career and Technical Education	1,805	-
General	5,700	-
Lettie G. Howard	949	67,400
Billion Oyster Project		
General	60,135	65,570
Public engagement	961,157	159,204
Reef construction	17,034	34,501
Administration	<u>-</u>	<u>24,545</u>
Total	<u>\$1,690,135</u>	<u>\$1,181,430</u>

**Note 7 – Tax status**

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