



**OYSTER RECOVERY
PARTNERSHIP | ORP**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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Independent Auditor's Report

To the Board of Directors of
Oyster Recovery Partnership, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Oyster Recovery Partnership, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oyster Recovery Partnership, Inc. and affiliate as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 8, 2018 on our consideration of Oyster Recovery Partnership, Inc.'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 solely 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 Oyster Recovery Partnership, Inc.'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 Oyster Recovery Partnership, Inc.'s internal control over financial reporting and compliance.

Alta CPA Group, LLC

October 8, 2018

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets:		
Cash	\$	519,762
Investments		479,169
Grants Receivable		<u>414,496</u>
Total Current Assets		<u>1,413,427</u>
Total Assets	\$	<u><u>1,413,427</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$	<u>251,350</u>
Total Current Liabilities		<u>251,350</u>
Total Liabilities		251,350
Net Assets:		
Unrestricted Net Assets		<u>1,162,077</u>
Total Net Assets		<u>1,162,077</u>
Total Liabilities and Net Assets	\$	<u><u>1,413,427</u></u>

See independent auditor's report and accompanying notes to consolidated financial statements.

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

PUBLIC SUPPORT AND REVENUE

Public Support:

Government Grants	\$ 5,699,876
Private Grants and Contributions	1,196,629
Contract and Sales Revenue	448,739
Other Income	<u>30,423</u>
Total Public Support and Revenue	7,375,667

FUNCTIONAL EXPENSES

Program Services	6,939,714
Support Services:	
Administrative	249,903
Fundraising	<u>135,203</u>
Total Support Services	<u>385,106</u>
Total Functional Expenses	<u>7,324,820</u>

Increase in Net Assets	50,847
Net Assets, Beginning of Year	<u>1,111,230</u>
Net Assets, End of Year	<u>\$ 1,162,077</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Conference, Meetings and Travel	\$ 92,628	\$ -	\$ -	\$ 92,628
Contractual Services	4,596,350	-	-	4,596,350
Fringe Benefits	284,698	32,537	8,134	325,369
Insurance	87,180	-	-	87,180
Occupancy	93,907	10,732	2,683	107,322
Office Expense	-	6,755	-	6,755
Personnel	1,378,011	157,487	39,372	1,574,870
Postage and Shipping	6,668	762	191	7,621
Printing	4,168	476	119	4,763
Professional Fees	-	37,859	-	37,859
Program Supplies and Equipment	214,902	-	-	214,902
Promotion and Outreach	41,111	-	83,880	124,991
Repairs and Maintenance	84,712	-	-	84,712
Subscriptions and Dues	26,553	-	-	26,553
Telephone	28,826	3,295	824	32,945
Totals	<u>\$ 6,939,714</u>	<u>\$ 249,903</u>	<u>\$ 135,203</u>	<u>\$ 7,324,820</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 50,847
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:	
Appreciation in Investment Value	(30,146)
Increase in Grants Receivable	(414,496)
Increase in Accounts Payable	251,350
Decrease in Grant Funds Unapplied	<u>(444,998)</u>
Net Cash Used by Operating Activities	(587,443)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(250,000)
Sale of Investments	<u>23,536</u>
Net Cash Used by Investing Activities	(226,464)
CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-</u>
Net Decrease in Cash	(813,907)
Cash Balance, Beginning of Year	<u>1,333,669</u>
Cash Balance, End of Year	<u>\$ 519,762</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Oyster Recovery Partnership, Inc. (the Partnership) is a not-for-profit corporation created to coordinate, develop, initiate and foster projects dedicated to enhancing the Chesapeake Bay oyster population for ecologic and economic purposes.

The Partnership was established to help coordinate, manage and implement Maryland's oyster restoration efforts including administrating a variety of public programs identified in the 1993 Maryland Oyster Roundtable Action Plan. Programs primarily include the production and planting of oyster spat on shall, shell acquisition and recycling, aquaculture training and support, educational and community outreach programming and other sustainable fisheries management efforts. The Partnership collaborates with federal and state agencies, non-government organizations and interested citizens and groups. Funding for projects is acquired through public and private grants, community activities, and individual and corporate contributions.

Principles of Consolidation

The accompanying financial statements as of December 31, 2017 include the financial statements of Old Line Fish Company, LLC, a wholly-owned subsidiary of the Partnership which was formed in July 2015. Old Line Fish Company, LLC is a community supported fishery which assists local watermen in bringing their fresh seafood catch to market. All intercompany transactions have been eliminated upon consolidation.

Basis of Presentation

The Partnership's financial reporting classifies resources, for accounting and reporting purposes, into three net asset categories according to externally (donor) imposed restrictions. The Partnership records unconditional promises to give (pledges) as receivables and revenues and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows.

- Permanently Restricted - the portion of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Partnership pursuant to those stipulations.
- Temporarily Restricted - the portion of the net assets resulting from contributions or other inflows of assets whose use by the Partnership is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Partnership pursuant to those stipulations.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- Unrestricted - the portion of the net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. When contributions are received and the restrictions met within the same fiscal year, the amounts are reported as unrestricted contributions.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist primarily of petty cash, checking accounts, and money market accounts with original maturities of 90 days or less.

Grants Receivable

Grants receivable consist primarily of amounts due from the government for services rendered under various grants. Grants receivable are uncollateralized obligations for reimbursements and generally require payment within thirty days from the invoice date. Grants receivable are stated at the invoice amount. Unpaid receivables do not incur late fees or accrue interest. Payments of grants receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices. Uncollectible receivables are written off in the period management determines they are uncollectible. No allowance for doubtful accounts has been recorded, as management believes the amounts will be fully collectible based on historical collection experience.

Revenue Recognition

The majority of the Partnership's revenue is derived from government grants, which are treated as exchange transactions. As such, revenue is recognized in amounts equal to expenditures incurred. Accordingly, grants receivable are recorded for expenditures not yet reimbursed and grant funds unapplied are recorded for amounts received in advance of the related expenditures.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Partnership and its programs (approximately 7,500 volunteer hours annually). The value of these contributed services is not included in the accompanying consolidated financial statements, as such services do not create or enhance nonfinancial assets or require specialized skills.

Fair Value Measurement

FASB ASC 820-10-20 establishes a three level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the consolidated statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the changes in unrestricted net assets unless the donor or law restricts the income or loss.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Partnership has received a determination letter indicating that is exempt from federal taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required. The Partnership monitors its activities and considers the potential for income taxes, if any, on activities that are not related to its exempt purpose.

The Partnership's informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

Allocation of Expenses

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

Cash Concentration

The Partnership maintains cash at local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2017, balances were approximately \$250,000 in excess of insured limits.

Subsequent Events

The Partnership evaluated subsequent events through the date that the consolidated financial statements were available to be issued. The Partnership is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to October 8, 2018 that would have a material impact on the consolidated financial statements.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - INVESTMENTS

The following table presents the Organization’s fair value hierarchy for assets measured at fair value on a recurring basis as of December 31, 2017:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Exchange Traded Funds	\$ <u>479,169</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>479,169</u>

The Partnership also had \$50,470 held within its portfolio that is included in cash in the accompanying consolidated statement of financial position.

NOTE 3 - PENSION PLAN

The Partnership has a qualified contributory 401(k) plan, covering substantially all employees. Employee contributions are voluntary and are based on percentages of compensation which may not exceed maximum amounts established by the Internal Revenue Code. Under the terms of the plan, the Partnership contributes 4% of the participant’s compensation for those participants voluntarily contributing at least 5% of their compensation.

The Partnership’s contribution to the plan was approximately \$35,000 for the year ended December 31, 2017.

NOTE 4 - RENTAL LEASE

The Partnership entered into a six year lease for office space during September 2013. The terms of the lease call for monthly rent of \$6,635 with an escalation of approximately 3% per year. The future minimum rental payments under the leases are as follows:

2018	\$	90,509
2019		<u>61,534</u>
 Total	 \$	 <u>152,043</u>

The Partnership agreed to a month-to-month sublease of a portion of the current office space. This sublease requires monthly rental payments to Oyster Recovery Partnership, Inc. in the amount of approximately \$500.

SUPPLEMENTARY INFORMATION

OYSTER RECOVERY PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. DEPARTMENT OF COMMERCE / NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION</u>				
Passed Through Maryland State				
Department of Natural Resources:				
Interjurisdictional Fisheries Act of 1986	11.407	K00B7422102	\$ 700,000	\$ -
Habitat Conservation	11.463	0602.14.045338	86,808	-
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
Passed Through National Fish and Wildlife Foundation				
National Fish and Wildlife Foundation	15.663	0602.15.0498806	9,096	-
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed Through Maryland State				
Department of Natural Resources:				
Chesapeake Bay Program	66.466	0602.15.0498806	104,468	-
Chesapeake Bay Program	66.466	0602.14.045338	43,855	-
Total Chesapeake Bay Program	66.466		<u>148,323</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 944,227</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Oyster Recovery Partnership, Inc. under programs of the federal government for the year ended December 31, 2017. The information in the schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operation of Oyster Recovery Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Oyster Recovery Partnership, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Costs

Oyster Recovery Partnership, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The grant agreements the organization has signed contain specified dollar amounts or percentages of allowable indirect costs.

OYSTER RECOVERY PARTNERSHIP, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None



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

To the Board of Directors of
Oyster Recovery Partnership, Inc.

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 consolidated financial statements of Oyster Recovery Partnership, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of December 31, 2017, and related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 8, 2018.

Internal Control Over Financial Reporting

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

Alta CPA Group, LLC

October 8, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Oyster Recovery Partnership, Inc.

Report on Compliance for Each Major Federal Program

We have audited Oyster Recovery Partnership, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oyster Recovery Partnership, Inc.'s major federal programs for the year ended December 31, 2017. Oyster Recovery Partnership, Inc.'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 Oyster Recovery Partnership, Inc.'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 Oyster Recovery Partnership, Inc.'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 Oyster Recovery Partnership, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Oyster Recovery Partnership, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Oyster Recovery Partnership, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oyster Recovery Partnership, Inc.'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 federal 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 Oyster Recovery Partnership, Inc.'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 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 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.

Alta CPA Group, LLC

October 8, 2018

OYSTER RECOVERY PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 x No
- Significant deficiency(ies) identified? ___ Yes x None reported

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes x No
- Significant deficiency(ies) identified ___ Yes x 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 x No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA No. 11.407	Interjurisdictional Fisheries Act of 1986

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? ___ Yes x No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.