



**OYSTER RECOVERY
PARTNERSHIP | ORP**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2022 and 2021**

OYSTER RECOVERY PARTNERSHIP, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor’s Report	3-4
Consolidated Financial Statements:	
Consolidated Statements of Financial Position.....	5
Consolidated Statements of Activities	6
Consolidated Statements of Functional Expenses	7-8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements.....	10-15



Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Oyster Recovery Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oyster Recovery Partnership, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oyster Recovery Partnership, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oyster Recovery Partnership, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oyster Recovery Partnership, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oyster Recovery Partnership, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Alta CPA Group, LLC

May 4, 2023

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 160,434	\$ 355,004
Investments	606,930	678,248
Grants Receivable	<u>1,153,988</u>	<u>1,043,940</u>
Total Current Assets	<u>1,921,352</u>	<u>2,077,192</u>
Total Assets	<u>\$ 1,921,352</u>	<u>\$ 2,077,192</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts Payable	\$ -	\$ 128,084
Grant Funds Unapplied	<u>300,309</u>	<u>185,309</u>
Total Current Liabilities	<u>300,309</u>	<u>313,393</u>
Total Liabilities	300,309	313,393
Net Assets:		
Without Donor Restrictions	<u>1,621,043</u>	<u>1,763,799</u>
Total Net Assets	<u>1,621,043</u>	<u>1,763,799</u>
Total Liabilities and Net Assets	<u>\$ 1,921,352</u>	<u>\$ 2,077,192</u>

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

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	Without Donor Restrictions	With Donor Restrictions	2021 Total
PUBLIC SUPPORT AND REVENUE						
Public Support:						
Government Grants	\$ 6,221,547	\$ -	\$ 6,221,547	\$ 5,263,012	\$ -	\$ 5,263,012
Private Grants and Contributions	624,103	-	624,103	874,505	-	874,505
Contract and Sales Revenue	107,316	-	107,316	119,157	-	119,157
Investment Income (Loss)	<u>(71,223)</u>	<u>-</u>	<u>(71,223)</u>	<u>62,078</u>	<u>-</u>	<u>62,078</u>
Total Public Support and Revenue	6,881,743	-	6,881,743	6,318,752	-	6,318,752
FUNCTIONAL EXPENSES						
Program Services	5,987,179	-	5,987,179	5,495,385	-	5,495,385
Support Services:						
Administrative	742,646	-	742,646	587,707	-	587,707
Fundraising	<u>294,674</u>	<u>-</u>	<u>294,674</u>	<u>218,113</u>	<u>-</u>	<u>218,113</u>
Total Support Services	<u>1,037,320</u>	<u>-</u>	<u>1,037,320</u>	<u>805,820</u>	<u>-</u>	<u>805,820</u>
Total Functional Expenses	<u>7,024,499</u>	<u>-</u>	<u>7,024,499</u>	<u>6,301,205</u>	<u>-</u>	<u>6,301,205</u>
Change in Net Assets	(142,756)	-	(142,756)	17,547	-	17,547
Net Assets, Beginning of Year	<u>1,763,799</u>	<u>-</u>	<u>1,763,799</u>	<u>1,746,252</u>	<u>-</u>	<u>1,746,252</u>
Net Assets, End of Year	<u>\$ 1,621,043</u>	<u>\$ -</u>	<u>\$ 1,621,043</u>	<u>\$ 1,763,799</u>	<u>\$ -</u>	<u>\$ 1,763,799</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, 2022

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Conference, Meetings and Travel	\$ 48,524	\$ 16,195	\$ 6,369	\$ 71,088
Contractual Services	4,258,945	7,328	43,964	4,310,237
Fringe Benefits	220,415	99,069	26,428	345,912
Insurance	46,456	41,497	-	87,953
Miscellaneous	4,270	10,881	1,816	16,967
Occupancy	7,540	103,161	-	110,701
Office Expense	1,439	9,670	54	11,163
Personnel	893,477	401,588	107,128	1,402,193
Postage and Shipping	500	669	1,617	2,786
Printing	38	3,680	4,086	7,804
Professional Fees	15,829	21,139	1,010	37,978
Program Supplies and Equipment	456,394	-	1,118	457,512
Promotion and Outreach	20,007	-	84,088	104,095
Repairs and Maintenance	-	2,828	-	2,828
Subscriptions and Dues	50	14,881	16,996	31,927
Telephone	13,295	10,060	-	23,355
Totals	<u>\$ 5,987,179</u>	<u>\$ 742,646</u>	<u>\$ 294,674</u>	<u>\$ 7,024,499</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, 2021

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Conference, Meetings and Travel	\$ 42,437	\$ 1,164	\$ 4,638	\$ 48,239
Contractual Services	4,035,851	7,784	52,292	4,095,927
Fringe Benefits	234,648	81,462	24,935	341,045
Insurance	44,972	44,564	-	89,536
Miscellaneous	6,413	1,638	4,527	12,578
Occupancy	6,925	99,464	-	106,389
Office Expense	2,107	12,111	1,136	15,354
Personnel	972,644	280,645	94,875	1,348,164
Postage and Shipping	495	530	2,291	3,316
Printing	-	3,625	4,897	8,522
Professional Fees	10,256	25,314	1,777	37,347
Program Supplies and Equipment	119,370	-	31	119,401
Promotion and Outreach	2,363	103	15,274	17,740
Repairs and Maintenance	55	4,380	-	4,435
Subscriptions and Dues	617	12,288	11,440	24,345
Telephone	16,232	12,635	-	28,867
Totals	<u>\$ 5,495,385</u>	<u>\$ 587,707</u>	<u>\$ 218,113</u>	<u>\$ 6,301,205</u>

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

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ (142,756)	\$ 17,547
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized/Unrealized (Gain) Loss on Investment	50,556	(46,710)
(Increase) Decrease in Grants Receivable	(110,048)	(127,405)
Increase (Decrease) in Accounts Payable	(128,084)	89,428
Increase (Decrease) in Grant Funds Unapplied	<u>115,000</u>	<u>(184,632)</u>
Net Cash Used by Operating Activities	(215,332)	(251,772)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments and Reinvestment of Dividends	(182,598)	(283,631)
Sale of Investments	<u>203,360</u>	<u>268,383</u>
Net Cash Provided (Used) by Investing Activities	20,762	(15,248)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Decrease in Cash	(194,570)	(267,020)
Cash Balance, Beginning of Year	<u>355,004</u>	<u>622,024</u>
Cash Balance, End of Year	<u>\$ 160,434</u>	<u>\$ 355,004</u>

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

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed.

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

A significant portion of the Partnership's revenue is derived from cost-reimbursable government contracts and grants that are cost-reimbursable or received in advance, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Partnership has incurred expenditures in compliance with specific contract or grant provisions.

The Partnership recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promise to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 statements of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the changes in net assets without donor restrictions unless the donor or law restricts the income or loss.

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Partnership has received a determination letter indicating that it 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 statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Partnership are reported as expenses of those functional areas. Certain costs, such as some salary, payroll taxes, and employee benefits, are allocated based on estimates of staff time spent on each functional area.

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, 2022, there were no balances 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 May 4, 2023 that would have a material impact on the consolidated financial statements.

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021:

<u>2022</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Exchange Traded Funds	\$ <u>606,930</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>606,930</u>
<u>2021</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Exchange Traded Funds	\$ <u>678,248</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>678,248</u>

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 160,434	\$ 355,004
Investments	606,930	678,248
Grants Receivable	<u>1,153,988</u>	<u>1,043,940</u>
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>1,921,352</u>	\$ <u>2,077,192</u>

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 - 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 5% 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 \$51,000 and \$45,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 - RENTAL LEASE

The Partnership entered into a five year lease for office space during July 2019. The terms of the lease call for monthly rent of approximately \$8,000. The future minimum rental payments under the leases are as follows:

2023	\$	100,000
2024		<u>59,000</u>
Total	\$	<u>159,000</u>

Accounting Standards Codification 842 (ASC 842) stipulates that leases be capitalized on the balance sheet via right-of-use asset and deferred lease liability. However, the Partnership has deemed the amount to be capitalized immaterial to the financial statements and, thus, has not performed such capitalization.