



**OYSTER RECOVERY
PARTNERSHIP | ORP**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2020 and 2019**

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

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.

We have audited the accompanying consolidated financial statements of Oyster Recovery Partnership, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 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 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 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated 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 consolidated 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 consolidated 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, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alta CPA Group, LLC

July 26, 2021

OYSTER RECOVERY PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 622,024	\$ 752,566
Investments	616,290	569,933
Grants Receivable	916,535	261,392
Total Current Assets	2,154,849	1,583,891
Total Assets	\$ 2,154,849	\$ 1,583,891
<u>LIABILITIES AND NET ASSETS</u>		
Accounts Payable	\$ 38,656	\$ 15,050
Grant Funds Unapplied	369,941	217,013
Total Current Liabilities	408,597	232,063
Total Liabilities	408,597	232,063
Net Assets:		
Without Donor Restrictions	1,746,252	1,351,828
Total Net Assets	1,746,252	1,351,828
Total Liabilities and Net Assets	\$ 2,154,849	\$ 1,583,891

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, 2020 AND 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>
PUBLIC SUPPORT AND REVENUE						
Public Support:						
Government Grants	\$ 5,123,971	\$ -	\$ 5,123,971	\$ 5,457,823	\$ -	\$ 5,457,823
Private Grants and Contributions	781,751	-	781,751	674,591	-	674,591
Contract and Sales Revenue	101,815	-	101,815	125,563	-	125,563
Investment Income (Loss)	<u>46,521</u>	<u>-</u>	<u>46,521</u>	<u>85,332</u>	<u>-</u>	<u>85,332</u>
Total Public Support and Revenue	6,054,058	-	6,054,058	6,343,309	-	6,343,309
FUNCTIONAL EXPENSES						
Program Services	5,345,857	-	5,345,857	5,869,386	-	5,869,386
Support Services:						
Administrative	258,121	-	258,121	272,573	-	272,573
Fundraising	<u>55,656</u>	<u>-</u>	<u>55,656</u>	<u>82,116</u>	<u>-</u>	<u>82,116</u>
Total Support Services	<u>313,777</u>	<u>-</u>	<u>313,777</u>	<u>354,689</u>	<u>-</u>	<u>354,689</u>
Total Functional Expenses	<u>5,659,634</u>	<u>-</u>	<u>5,659,634</u>	<u>6,224,075</u>	<u>-</u>	<u>6,224,075</u>
Increase in Net Assets	394,424	-	394,424	119,234	-	119,234
Net Assets, Beginning of Year	<u>1,351,828</u>	<u>-</u>	<u>1,351,828</u>	<u>1,232,594</u>	<u>-</u>	<u>1,232,594</u>
Net Assets, End of Year	<u>\$ 1,746,252</u>	<u>\$ -</u>	<u>\$ 1,746,252</u>	<u>\$ 1,351,828</u>	<u>\$ -</u>	<u>\$ 1,351,828</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, 2020

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Conference, Meetings and Travel	\$ 49,730	\$ -	\$ -	\$ 49,730
Contractual Services	3,468,268	-	-	3,468,268
Fringe Benefits	281,993	32,228	8,057	322,278
Insurance	92,814	5,374	-	98,188
Occupancy	91,578	10,466	2,617	104,661
Office Expense	-	23,198	-	23,198
Personnel	1,171,436	133,878	33,470	1,338,784
Postage and Shipping	1,606	184	46	1,836
Printing	9,427	1,077	269	10,773
Professional Fees	-	48,952	-	48,952
Program Supplies and Equipment	130,467	-	-	130,467
Promotion and Outreach	2,050	-	10,506	12,556
Repairs and Maintenance	1,984	-	-	1,984
Subscriptions and Dues	20,323	-	-	20,323
Telephone	24,181	2,764	691	27,636
Totals	<u>\$ 5,345,857</u>	<u>\$ 258,121</u>	<u>\$ 55,656</u>	<u>\$ 5,659,634</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, 2019

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Conference, Meetings and Travel	\$ 81,962	\$ -	\$ -	\$ 81,962
Contractual Services	3,633,191	-	-	3,633,191
Fringe Benefits	302,276	34,546	8,636	345,458
Insurance	102,094	5,374	-	107,468
Occupancy	92,656	10,589	2,647	105,892
Office Expense	-	8,110	-	8,110
Personnel	1,299,132	148,472	37,118	1,484,722
Postage and Shipping	3,170	362	91	3,623
Printing	7,984	913	228	9,125
Professional Fees	-	61,147	-	61,147
Program Supplies and Equipment	249,619	-	-	249,619
Promotion and Outreach	28,867	-	32,631	61,498
Repairs and Maintenance	20,595	-	-	20,595
Subscriptions and Dues	21,061	-	-	21,061
Telephone	26,779	3,060	765	30,604
Totals	<u>\$ 5,869,386</u>	<u>\$ 272,573</u>	<u>\$ 82,116</u>	<u>\$ 6,224,075</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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 394,424	\$ 119,234
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized/Unrealized Gain on Investment	(42,702)	(65,661)
Decrease in Grants Receivable	(655,143)	33,872
(Decrease) in Accounts Payable	23,606	(196,513)
(Decrease) in Grant Funds Unapplied	152,928	(90,767)
Net Cash Used by Operating Activities	(126,887)	(199,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(326,529)	-
Sale of Investments	322,874	-
Net Cash Used by Investing Activities	(3,655)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net Increase (Decrease) in Cash	(130,542)	(199,835)
Cash Balance, Beginning of Year	752,566	952,401
Cash Balance, End of Year	\$ 622,024	\$ 752,566

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, 2020 and 2019

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, 2020 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.

Recent Accounting Pronouncements Adopted

The Partnership has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Partnership's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Partnership recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

The Partnership has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Partnership's financial reporting.

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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, 2020, balances were approximately \$571,000 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 July 26, 2021 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, 2020 and 2019

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, 2020 and 2019:

<u>2020</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>616,290</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>616,290</u>
<u>2019</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>569,933</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>569,933</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>2020</u>	<u>2019</u>
Cash	\$ 622,024	\$ 752,566
Investments	616,290	569,933
Grants Receivable	<u>916,535</u>	<u>261,392</u>
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>2,154,849</u>	\$ <u>1,583,891</u>

OYSTER RECOVERY PARTNERSHIP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

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 \$22,000 and \$25,000 for the years ended December 31, 2020 and 2019 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:

2021	\$	96,000
2022		96,000
2023		96,000
2024		<u>48,000</u>
Total	\$	<u>336,000</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, Oyster recovery Partnership applied and was approved for a loan in the amount of \$287,308 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration. The loan accrues interest, but payments are not required to begin for 24-weeks after funding of the loan. The Partnership is eligible for loan forgiveness of up to 100% of the principal upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Partnership incurred eligible expenses and met criteria required for forgiveness of the full amount during the year ended December 31, 2020. The entire amount of the loan has been forgiven and included in Government Grants on the accompanying Consolidated Statement of Activities for the year ending December 31, 2020.