

OYSTER RECOVERY PARTNERSHIP, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report.....	3-4
Financial Statements:	
Statements of Financial Position.....	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements.....	9-12
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	14
Notes to Schedule of Expenditures of Federal Awards	15
Summary Schedule of Prior Audit Findings	16
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	19-20
Schedule of Findings and Questioned Costs.....	21

TOAL, GRIFFITH & AYERS, LLC
CERTIFIED PUBLIC ACCOUNTANTS

200 HARRY S. TRUMAN PARKWAY, STE. 300
ANNAPOLIS, MARYLAND 21401
Voice: (410) 224-0343, Facsimile: (410) 224-0043

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Oyster Recovery Partnership, Inc. as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. 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 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


September 26, 2012

OYSTER RECOVERY PARTNERSHIP, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,026,454	\$ 1,136,664
Accounts Receivable	29,073	120,117
Grants Receivable	<u>-</u>	<u>-</u>
Total Current Assets	<u>1,055,527</u>	<u>1,256,781</u>
Total Assets	<u>\$ 1,055,527</u>	<u>\$ 1,256,781</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Grant Funds Unapplied	\$ <u>470,214</u>	\$ <u>700,318</u>
Total Current Liabilities	<u>470,214</u>	<u>700,318</u>
Total Liabilities	470,214	700,318
Net Assets:		
Unrestricted Net Assets	404,460	300,610
Temporarily Restricted Net Assets	<u>180,853</u>	<u>255,853</u>
Total Net Assets	<u>585,313</u>	<u>556,463</u>
Total Liabilities and Net Assets	<u>\$ 1,055,527</u>	<u>\$ 1,256,781</u>

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

OYSTER RECOVERY PARTNERSHIP, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Public Support:						
Government Grants	\$ 5,719,287	\$ -	\$ 5,719,287	\$ 3,597,587	\$ -	\$ 3,597,587
Private Grants	37,729	-	37,729	243,942	-	243,942
Contributions	60,469	-	60,469	26,320	-	26,320
Contract Revenue	66,000	-	66,000	85,500	-	85,500
Other Income	4,685	-	4,685	3,392	-	3,392
Net Assets Released from Restrictions	75,000	(75,000)	-	37	(37)	-
Total Public Support and Revenue	5,963,170	(75,000)	5,888,170	3,956,778	(37)	3,956,741
FUNCTIONAL EXPENSES						
Program Services	5,612,402	-	5,612,402	3,620,941	-	3,620,941
Support Services:						
Administrative	211,846	-	211,846	180,079	-	180,079
Fundraising	35,072	-	35,072	32,527	-	32,527
Total Support Services	246,918	-	246,918	212,606	-	212,606
Total Functional Expenses	5,859,320	-	5,859,320	3,833,547	-	3,833,547
Increase (Decrease) in Net Assets	103,850	(75,000)	28,850	123,231	(37)	123,194
Net Assets, Beginning of Year	300,610	255,853	556,463	177,379	255,890	433,269
Net Assets, End of Year	<u>\$ 404,460</u>	<u>\$ 180,853</u>	<u>\$ 585,313</u>	<u>\$ 300,610</u>	<u>\$ 255,853</u>	<u>\$ 556,463</u>

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

OYSTER RECOVERY PARTNERSHIP, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011				2010			
	Program Services	Administrative	Fundraising	Total Expenses	Program Services	Administrative	Fundraising	Total Expenses
Conference, Meetings and Travel	\$ 39,558	\$ -	\$ -	\$ 39,558	\$ 44,272	\$ -	\$ -	\$ 44,272
Contractual Services	4,276,473	-	-	4,276,473	2,187,975	-	-	2,187,975
Fringe Benefits	130,794	21,799	3,114	155,707	129,899	21,650	3,093	154,642
Insurance	72,980	-	-	72,980	64,582	-	-	64,582
Miscellaneous	1,521	-	-	1,521	3,896	-	-	3,896
Occupancy	42,153	7,025	1,004	50,182	48,975	8,163	1,166	58,304
Office Supplies and Equipment	112,909	18,818	2,688	134,415	29,996	4,999	714	35,709
Personnel	721,021	120,169	17,167	858,357	603,181	100,529	14,361	718,072
Postage and Shipping	2,780	463	66	3,309	3,316	553	79	3,948
Printing	18,947	-	-	18,947	16,775	-	-	16,775
Professional Fees	-	40,018	-	40,018	-	40,899	-	40,899
Program Supplies and Equipment	119,896	-	-	119,896	431,090	-	-	431,090
Promotion and Outreach	-	-	10,526	10,526	-	-	12,644	12,644
Repairs and Maintenance	48,034	-	-	48,034	34,600	-	-	34,600
Subscriptions and Dues	4,013	-	-	4,013	2,665	-	-	2,665
Telephone	21,323	3,554	507	25,384	19,718	3,286	469	23,474
Totals	<u>\$ 5,612,402</u>	<u>\$ 211,846</u>	<u>\$ 35,072</u>	<u>\$ 5,859,320</u>	<u>\$ 3,620,941</u>	<u>\$ 180,079</u>	<u>\$ 32,527</u>	<u>\$ 3,833,547</u>

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

OYSTER RECOVERY PARTNERSHIP, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 28,850	\$ 123,194
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Decrease in Accounts Receivable	91,044	6,989
Decrease in Grants Receivable	-	251,087
Increase (Decrease) in Grant Funds Unapplied	(230,104)	483,153
Net Cash Provided (Used) by Operating Activities	(110,210)	864,423
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase (Decrease) in Cash	(110,210)	864,423
Cash Balance, Beginning of Year	1,136,664	272,241
Cash Balance, End of Year	\$ 1,026,454	\$ 1,136,664

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

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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 the ecological restoration of oysters in the Chesapeake Bay.

The Partnership administers a variety of public programs developed from guidelines promoted by the Maryland Oyster Roundtable Action Plan. Programs primarily include the development and coordination of disease free, spat on shell, oyster planting in the Chesapeake Bay in cooperation with area watermen, environmentalists, state agencies, local businesses and the community at large. Other programs promote public awareness through community based educational programs, outreach projects and displays at public forums. Funding for oyster restoration projects is acquired through public and private grants, community activities, and individual contributions.

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.

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.
- 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.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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, 2011, there were no uninsured cash balances.

Grants Receivable

Receivables are stated at full value and are expected to be collected within one year. The Partnership uses the direct write-off method based on management's analysis of specific promises made to determine uncollectible grants receivable. Accounts are written off when they are determined to be uncollectible. The difference between the Partnership's direct write-off method and the allowance method is immaterial.

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 financial statements, as such, services do not create or enhance nonfinancial assets or require specialized skills.

Allocation of Expenses

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

NOTE 2 - 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.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - INCOME TAXES (CONTINUED)

The Partnership adopted FASB ASC 740, which prescribed a comprehensive model for how an entity should measure, recognize, present and disclose its financial statements uncertain tax positions that the Partnership has taken or expects to take on a tax return, as of January 2009. Under this standard, the Partnership recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. For the years ended December 31, 2011 and 2010, the Partnership has documented its consideration of FASB ASC 740-10 and determined that no material uncertain positions qualify for either recognition or disclosure in the financial statements. The Partnership's informational return filings are subject to audit by the IRS. The Partnership's open audit periods are 2008-2010.

NOTE 3 - PENSION PLAN

During 2002, the Partnership started 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 \$12,000 for the years ended December 31, 2011 and 2010, respectively.

NOTE 4 - RENTAL LEASE

The Partnership entered into a five year lease for 1,150 square feet of office space during June 2008. The terms of the lease call for base rent of \$12.50 per square foot with an escalation of approximately 3% per year. On January 1, 2010, the Partnership entered into an agreement to lease additional space. The terms of this lease calls for base rent of \$11.00 per sq. ft. and is for a period of forty-four months. The future minimum rental payments under the leases are as follows:

2012	\$	45,036
2013		<u>26,730</u>
Total	\$	<u>71,766</u>

In 2009, the Partnership agreed to a month-to-month sublease of a portion of the current office space. This sublease requires monthly rental payments to Chesapeake Appreciation, Inc. in the amount of \$800.

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 - 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.

NOTE 6 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Shell Purchase and Recycling	\$ 25,000	\$ 100,000
Research Study	<u>155,853</u>	<u>155,853</u>
Total	\$ <u>180,853</u>	<u>255,853</u>

NOTE 7 - SUBSEQUENT EVENTS

The Partnership evaluated subsequent events through the date that the financial statements were available to be issued. The Partnership is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to September 26, 2012 that would have a material impact on the financial statements.

SUPPLEMENTARY INFORMATION

OYSTER RECOVERY PARTNERSHIP, INC,
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass-Through Grant/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	DNR Reference Number	Federal Expenditures
US DEPARTMENT OF COMMERCE				
Passed-Through National Oceanic and Atmosphere Administration/ Maryland Department of Natural Resources				
Chesapeake Bay Studies:				
Chesapeake Bay Studies	11.457	NA09NMF4570394	K00B0400100	\$ 680,345
Chesapeake Bay Studies	11.457	NA09NMF4570396	K00B1400136	1,633,218
Chesapeake Bay Studies	11.457	NA09NMF4570394	K00B1400133	<u>250,000</u>
Total Chesapeake Bay Studies				2,563,563
Habitat Conservation	11.463	NA11NMF4630271	K00B2400083	252,789
Fisheries Disaster Relief:				
Fisheries Disaster Relief	11.477	NA09NMF4520025	K00B0400099	10,000
Fisheries Disaster Relief	11.477	NA09NMF4520025	K00B0400149	1,072,393
Fisheries Disaster Relief	11.477	NA09NMF4520025	K00B1400135	<u>34,787</u>
Total Fisheries Disaster Relief				<u>1,117,180</u>
Total U.S. Department of Commerce				<u>3,933,532</u>
Total Expenditures of Federal Awards				\$ <u><u>3,933,532</u></u>

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

OYSTER RECOVERY PARTNERSHIP, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oyster Recovery Partnership, Inc. and is presented on the accrual basis of accounting which is more fully described in Note 1 to the Partnership's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

OYSTER RECOVERY PARTNERSHIP, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

TOAL, GRIFFITH & AYERS, LLC
CERTIFIED PUBLIC ACCOUNTANTS

200 HARRY S. TRUMAN PARKWAY, STE. 300
ANNAPOLIS, MARYLAND 21401
Voice: (410) 224-0343, Facsimile: (410) 224-0043

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 the financial statements of Oyster Recovery Partnership, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated September 26, 2012. 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.

Internal Control Over Financial Reporting

Management of Oyster Recovery Partnership, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Oyster Recovery Partnership, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oyster Recovery Partnership, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control over financial reporting.

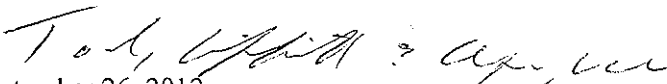
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oyster Recovery Partnership, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


September 26, 2012

TOAL, GRIFFITH & AYERS, LLC
CERTIFIED PUBLIC ACCOUNTANTS

200 HARRY S. TRUMAN PARKWAY, STE. 300
ANNAPOLIS, MARYLAND 21401
Voice: (410) 224-0343, Facsimile: (410) 224-0043

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Oyster Recovery Partnership, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oyster Recovery Partnership, Inc.'s management. Our responsibility is to express an opinion on Oyster Recovery Partnership, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of Oyster Recovery Partnership, Inc.'s compliance with those requirements.

In our opinion, Oyster Recovery Partnership, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.


Internal Control Over Compliance

Management of Oyster Recovery Partnership, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oyster Recovery Partnership, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


September 26, 2012

OYSTER RECOVERY PARTNERSHIP, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA No. 11.457 CDFA No. 11.477	Chesapeake Bay Studies Fisheries Disaster Relief

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.