New York City H2O

Reviewed Financial Statements (Modified Cash Basis)

For the Years Ended December 31, 2020 and 2019

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TOBIN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, PC

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To: Board of Directors
New York City H2O
New York, NY 10009

We have reviewed the accompanying financial statements of New York City H2O (a Not-for-profit entity), which comprise the statement of financial position (modified cash basis) as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets (modified cash basis), functional expenses (modified cash basis) and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are we aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

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Report on Summarized Comparative Information

We have previously reviewed New York City H2O's 2019 financial statements, and in our conclusion dated July 29, 2020 stated that based on our review, we are not aware of any material modifications that should be made to the 2019 financial statements in order for them to be in accordance with the modified cash basis of accounting. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

Tobin & Company
Certified Public Accountants, PC

Purchase, New York
February 27, 2021

New York City H2O

Statements of Financial Position (Modified Cash Basis)

As of December 31,	2020	2019
Assets		
Cash and equivalents	$ 65,097	$ 73,734
Investment account	229	303
Other asset	195	-
Property and Equipment, net of accumulated depreciation	10,531	6,898
Total Assets	**76,052**	**80,934**
LIABILITIES AND NET ASSETS		
Liabilities		
Payroll Protection Program Loan Payable	29,652	-
Net Assets		
Without restriction	46,400	80,934
Total Net Assets	46,400	80,934
Total Net Assets	**$ 76,052**	**$ 80,934**

See accountant's report and accompanying notes to the financial statements

New York City H2O

Statements of Activities and Change in Net Assets (Modified Cash Basis)

For the years ended December 31,	Without Restriction 2020 Total	Without Restriction 2019 Total
Revenues and Support		
Grants	$ 227,858	$ 244,445
Contributions	113,564	102,466
Program Income	2,676	33,120
Net investment return	423	1,731
EIDLE Advance Grant	8,000	-
Total Revenue and Support	352,521	381,762
Expenses		
Program Services	304,877	290,326
General and Administrative	55,598	41,997
Fundraising	26,580	-
Total Expenses	387,055	332,323
Change in Net Assets	**(34,534)**	**49,439**
Net Assets- Beginning of Year	80,934	31,496
Net Assets at End of Year	**$ 46,400**	**$ 80,934**

See accountant's report and accompanying notes to the financial statements

Statements of Functional Expenses (Modified Cash Basis)

For the Years Ended December 31,	*Program Services*	*General and Administrative*	*Fundraising*	*2020 Total Expenses*	*2019 Total Expenses*
Payroll and related	249,392	24,495	-	273,887	$ 248,741
Direct fundraising costs	-	-	26,580	26,580	-
Advertising and promotion	16,451	-	-	16,451	6,598
Equipment & supplies	15,784	-	-	15,784	22,976
Rent	-	13,317	-	13,317	4,239
Insurance	11,304	-	-	11,304	9,371
Professional Services	-	10,184	-	10,184	8,960
Travel	1,032	5,571	-	6,604	11,268
Meals	5,141	-	-	5,141	7,720
Vehicle lease payments	3,663	-	-	3,663	5,924
Office	-	2,031	-	2,031	1,058
Depreciation	1,211	-	-	1,211	256
Continuing education	743	-	-	743	-
Repairs and maintenance	72	-	-	72	2,121
Business licenses and permits	50	-	-	50	2,466
Dues and subscriptions	35	-	-	35	50
Charitable contributions	-	-	-	-	575
Total	**$ 304,877**	**$ 55,598**	**$ 26,580**	**$ 387,055**	**$ 332,323**

See accountant's report and accompanying notes to the financi

New York City H2O

Statements of Cash Flows (Modified Cash Basis)

For the years ended December 31,	2020	2019
Cash Flows From Operating Activities		
Change in Net Assets	$ (34,534)	$ 49,439
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	1,211	256
Realized and unrealized gain from investments	(421)	(1,705)
Donated investments	(10,004)	(9,907)
Changes in operating assets and liabilities		
Increase in other asset	(195)	-
Net cash provided by (used in) operating activities	(43,943)	38,082
Cash Flows From Investing Activities		
Capital expenditures	(4,844)	(7,154)
Proceeds from investments	10,497	20,000
Cash flows provided by investing activities	5,653	12,846
Cash Flows From Financing Activities		
Proceeds from Payroll Protection Program loan	29,652	-
Net Increase (Decrease) in Cash	**(8,637)**	**50,928**
Cash and cash equivalents at beginning of year	73,734	22,806
Cash and cash equivalents at end of year	**$ 65,097**	**$ 73,734**

See accountant's report and accompanying notes to the financial statements

NOTE 1 – NATURE OF ACTIVITIES

New York City H2O ("the Company") is a nonprofit organization formed in 2009 in the state of New York. The Company offers educational programs about water and waste treatment systems (in New York City and elsewhere) to interested members of the public. The goal is to raise awareness about the water system and waste treatment processes; expand the understanding that significant resources and skill are required to establish, maintain, and improve the public water system and waste treatment systems; and encourage recycling to reduce the burden imposed on such systems.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statement has been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment, related depreciation, and accounting for unrealized gains and losses on trading investments and recording trading investments at fair market value.

Classes of Net Assets

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

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid assets with a maturity of six month or less. The Organization maintains substantially all of their cash deposits with one financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC).

Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Assets
Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Income Taxes
The Organization is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

The Organization has evaluated the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020 and 2019.

Expense Allocation
Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the prorated basis determined by Management. Administrative and general expenses include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising
The Organization uses advertising to promote its programs among the public it serves. Advertising costs are expensed as incurred. During the year ending December 31, 2020 and 2019, advertising costs totaled $16,451 and $6,598, respectively.

Property and Equipment
Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets ranging between 5 and 7 years. No asset impairments were noted at December 31, 2020 and 2019.

Recent Pronouncements
In February 2016, the Financial Accounting and Standards Board (FASB) issued ASU 2016-02, Leases (842). The new guidance requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and a lease liability on the statement of financial position at the date of lease commencement. The pattern of expense recognition in the statement of activities will depend on the lease's classification. For not-for-profit operations, the standard takes effect for years beginning after December 31, 2021. The Organization is currently evaluating the impact that this standard may have on its financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The new standard is effective for NYC H2O's 2019 financial statements.

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 – EQUIPMENT

Property and equipment consist of the following as of December 31:

	2020	2019
Machinery	$ 11,997	$ 7,154
Accumulated Depreciation	(1,467)	(256)
Net Equipment	$ 10,531	$ 6,898

Depreciation expense for the year ended December 31, 2020 and 2019 was $1,211 and $256, respectively.

NOTE 4 – IN-KIND DONATIONS

The Organization receives various types of in-kind support throughout the year. Donated property, marketable securities, and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. During the year ended December 31, 2020 and 2019, the Organization recognized income of $10,003 and $9,907 from stock donations. These stock donations were recorded at the fair market value on the date of donation.

A substantial amount of management, administrative, and fundraising duties are performed voluntarily by the Board of Directors. Those services have not been recorded as they do meet the criteria outlined above.

NOTE 5 – FAIR VALUE MEASUREMENTS

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have lowest priority. The three levels of the fair value hierarchy under SFAS No. 157 are described as follows:

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

Level1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quotes prices in markets that are not considered to be active or financial instruments which all the significant inputs are observable, either directly, or indirectly.

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets measured at fair value as of December 31, 2020 and 2019:

December 31, 2020

	Level 1	Level 2	Level 3	Total
Money market funds	$ 178	-	-	$ 178
Publically traded securities	50	-	-	50
	$ 228	$ -	$ -	$ 228

December 31, 2019

	Level 1	Level 2	Level 3	Total
Money market funds	$ 243	-	-	$ 243
Publically traded securities	59	-	-	59
	$ 302	$ -	$ -	$ 302

NOTE 6 – LIQUIDITY

The Organization regularly monitors liquidity required to meet its general operating needs while also striving to maintain sufficient reserves to meet operating needs during periods of uncertainty and to assure longer term commitments will continue to be met. The Organization's strategy is to operate within a balanced budget that anticipates collecting sufficient revenue to cover general expenditures. Revenues available to meet general expenditures include all revenues, gains, and other support generated from ongoing operations, unless certain restrictions exist.

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use within one year of the statement of financial date because of donor-imposed restrictions:

	2019	2019
Cash - operating account - Unrestricted	$ 65,097	$ 73,734
Cash - money market account - Unrestricted	178	243
Equity securities - Unrestricted	50	59
Total unrestricted cash and cash equivalents	$ 65,325	$ 74,036

NOTE 7 – OPERATING LEASES AND RENTALS

During 2019, the Organization entered into various lease arrangements with unrelated parties. These arrangements include storage for $161 a month and $941 a month for office space. The lease terms are reviewed and renewed annually. Rent expense for the year ended December 31, 2020 and 2019 was $13.318 and $4,239, respectively.

In August 2019, the Organization entered into a new vehicle lease agreement. The new agreement requires 36 monthly payments of $305, which includes a base payment of $250 and $55 in prepaid maintenance fees. Future minimum payments lease payments related to this lease as of December 31, 2020 is as follows:

December 31, 2021	$	3,663
December 31, 2022		2,442
Total	$	6,105

NOTE 8 – RECLASSIFICATION

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with current year presentation.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2020 and 2019, the Organization received approximately $85,500 and $40,793 respectively in donations from the Board Members of the Organization.

NOTE 10 – PAYCHECK PROTECTION PROGRAM ("PPP") LOAN

The Organization received loan proceeds in the amount of $29,652 under the Paycheck Protection Program ("PPP") and a EIDL Advance Grant of $8,000. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP Loan has a two-year term and bears interest at a rate of 1% per annum. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries. The Organization currently believes that its use of the PPP loan proceeds will meet the conditions for forgiveness of the loan.

NOTE 11 – RISKS AND UNCERTAINTIES

The Organization's future operations and financial performance may be affected by the recent COVID-19 pandemic which has adversely affected economic conditions throughout the world. The Organization may experience a disruption in operations, decline in support revenue, as well as a decline in fair value of its assets as a result of this pandemic. At the date of this report, Management has not quantified the effects of this pandemic, but will monitor the matter closely. Depending on the duration of this pandemic, the outlook of the Organization's financial conditions and results of operations cannot be determined.

NOTE 12 – SUBSEQUENT EVENTS

During February 2021, the Organization received loan proceeds in the amount of $45,320 through a second draw of the Paycheck Protection Program. The PPP Loan has a two-year term and bears interest at a rate of 1% per annum. The PPP loan may be prepaid at any time prior to maturity with no prepayment penalties. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization believes that they will meet the requirements for forgiveness.

The Organization has evaluated subsequent events through February 27, 2021 which is the date the financial statements were available to be issued.