

New York City H2O
Reviewed Financial Statements (Modified Cash Basis)
For the Year Ended December 31, 2021
With Comparative Financial Information
as of December 31, 2020

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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, 2021 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 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.

We are required to be independent of New York City H2O and to meet our ethical responsibilities, in responsibilities in accordance with the relevant ethical requirements related to our review.

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.

Report on Summarized Comparative Information

We have previously reviewed New York City H2O's 2020 financial statements, and in our conclusion dated March 15, 2021 stated that based on our review, we are not aware of any material modifications that should be made to the 2020 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, 2020, 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 10, 2022

New York City H2O

Statements of Financial Position (Modified Cash Basis)

<i>As of December 31,</i>	2021	2020
Assets		
Cash and equivalents	\$ 88,123	\$ 65,097
Investment account	17,394	229
Other asset	-	195
Property and Equipment, net of accumulated depreciation	18,037	10,531
Total Assets	\$ 123,554	76,052
LIABILITIES AND NET ASSETS		
Liabilities		
Payroll Protection Program Loan Payable	-	29,652
Net Assets		
Without restriction	123,554	46,400
Total Net Assets	123,554	46,400
Total Net Assets	\$ 123,554	\$ 76,052

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)

	Without Restriction 2021 Total	Without Restriction 2020 Total
<i>For the years ended December 31,</i>		
Revenues and Support		
Grants	\$ 429,449	\$ 227,858
Contributions	142,927	113,564
Program Income	5,842	2,676
SBA Paycheck Protection Program Grant	75,265	-
Unrealized gains and losses	3,153	423
EIDL Advance Grant	-	8,000
Total Revenue and Support	656,636	352,521
Expenses		
Program Services	473,736	304,877
General and Administrative	83,838	55,598
Fundraising	21,908	26,580
Total Expenses	579,482	387,055
Change in Net Assets	77,154	(34,534)
Net Assets- Beginning of Year	46,400	80,934
Net Assets at End of Year	\$ 123,554	\$ 46,400

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

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Statements of Functional Expenses (Modified Cash Basis)

<i>For the Years Ended December 31,</i>	<i>Program</i>	<i>General and</i>		<i>2021</i>	<i>2020</i>
	<i>Services</i>	<i>Administrative</i>	<i>Fundraising</i>	<i>Total</i>	<i>Total</i>
				<i>Expenses</i>	<i>Expenses</i>
Payroll and related	\$ 387,378	\$ 36,965	\$ -	\$ 424,343	\$ 273,887
Equipment & supplies	37,477	-	-	37,477	15,784
Professional Services	8,548	14,711	-	23,259	10,184
Direct fundraising costs	-	-	21,908	21,908	26,580
Advertising and promotion	17,746	-	-	17,746	16,451
Rent	-	13,510	-	13,510	13,317
Travel	1,439	12,438	-	13,877	11,304
Insurance	9,979	-	-	9,979	6,604
Meals	6,593	-	-	6,593	5,141
Office	-	6,213	-	6,213	2,031
Depreciation	2,526	-	-	2,526	1,211
Dues and subscriptions	992	-	-	992	743
Continuing education	700	-	-	700	72
Business licenses and permits	191	-	-	191	50
Repairs and maintenance	88	-	-	88	35
Charitable contributions	80	-	-	80	-
Total	\$ 473,736	\$ 83,838	\$ 21,908	\$ 579,482	\$ 383,392

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

New York City H2O

Statements of Cash Flows (Modified Cash Basis)

<i>For the years ended December 31,</i>	2021	2020
Cash Flows From Operating Activities		
Change in Net Assets	\$ 77,154	\$ (34,534)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	2,526	1,211
Realized and unrealized gain from investments	(3,153)	(421)
Donated investments	(14,011)	(10,004)
Paycheck Protection Program Loan Forgiveness	(75,265)	-
Changes in operating assets and liabilities		
(Increase) Decrease in other asset	195	(195)
Net cash used in operating activities	(12,555)	(43,943)
Cash Flows From Investing Activities		
Capital expenditures	(10,032)	(4,844)
Proceeds from investments	-	10,497
Cash flows provided by (used in) investing activities	(10,032)	5,653
Cash Flows From Financing Activities		
Proceeds from Payroll Protection Program loan	45,613	29,652
Net Increase (Decrease) in Cash	23,026	(8,637)
Cash and cash equivalents at beginning of year	65,097	73,734
Cash and cash equivalents at end of year	\$ 88,123	\$ 65,097

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 the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Statements of Functional Expenses (Modified Cash Basis)

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, 2021 and 2020.

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, 2021 and 2020, advertising costs totaled \$17,746 and \$16,451, 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, 2021 and 2020.

NOTE 3 – EQUIPMENT

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

	2021	2020
Equipment	\$ 22,030	\$ 11,997
Accumulated Depreciation	(3,993)	(1,467)
Net Equipment	\$ 18,037	\$ 10,531

Depreciation expense for the year ended December 31, 2021 and 2020 was \$2,526 and \$1,211, respectively.

Notes to the Financial Statements

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, 2021 and 2020, the Organization recognized income of \$14,011 and \$10,003 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)

Level 1: 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, 2021 and 2020:

December 31, 2021	Level 1	Level 2	Level 3	Total
Money market funds	\$ 263	-	-	\$ 263
Publically traded securities	17,131	-	-	17,131
	\$ 17,394	\$ -	\$ -	\$ 17,394

December 31, 2020	Level 1	Level 2	Level 3	Total
Money market funds	\$ 178	-	-	\$ 178
Publically traded securities	50	-	-	50
	\$ 229	\$ -	\$ -	\$ 229

Notes to the Financial Statements

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, 2021 and 2020, reduced by amounts not available for general use within one year of the statement of financial date because of donor-imposed restrictions:

	2021	2020
Cash - operating account - Unrestricted	\$ 88,123	\$ 65,097
Cash - money market account - Unrestricted	263	178
Equity securities - Unrestricted	17,131	50
Total unrestricted cash and cash equivalents	\$ 105,517	\$ 65,326

NOTE 7 – OPERATING LEASES AND RENTALS

During 2019, the Organization entered into various lease arrangements with unrelated parties. These arrangements include storage for \$157 a month and \$985 a month for office space. The lease terms are reviewed and renewed annually. Rent expense for the year ended December 31, 2021 and 2020 was \$13,510 and \$13,318, respectively.

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, 2021 and 2020, the Organization received approximately \$89,011 and \$85,500 respectively in donations from the Board Members of the Organization.

NOTE 10 – PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN

During 2020 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. 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, 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.

Notes to the Financial Statements

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.

During the year ended December 31, 2021, the Organization used substantially all of its loan proceeds to subsidize direct payroll, benefits, and utilities expenses. The Organization met PPP's eligibility criteria and both loans were forgiven.

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

The Organization has evaluated subsequent events through February 10, 2022 which is the date the financial statements were available to be issued.