

**New York City H2O**  
**Reviewed Financial Statements (Modified Cash Basis)**  
**For the Year Ended December 31, 2022**  
**With Comparative Financial Information**  
**as of December 31, 2021**

## TABLE OF CONTENTS

---

	<b>Page</b>
<b>Independent accountants' review report</b> .....	1-2
<b>Financial statements:</b>	
Statements of financial position (modified cash basis) .....	3
Statements of activities and changes in net assets (modified cash basis) (with summarized financial information for 2021) .....	4
Statements of functional expenses (modified cash basis) (with summarized financial information for 2021) .....	5
Statements of cash flows (modified cash basis) .....	6
Notes to financial statements .....	7-11



**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, 2022 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 2021 financial statements, and in our conclusion dated February 10, 2022 stated that based on our review, we are not aware of any material modifications that should be made to the 2021 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, 2021, 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  
March 6, 2023

## New York City H2O

### Statements of Financial Position (Modified Cash Basis)

<i>As of December 31,</i>	2022	2021
<b>Assets</b>		
Cash and equivalents	\$ 185,914	\$ 88,123
Investment account	107	17,394
Other asset	1,515	-
Property and Equipment, net of accumulated depreciation	33,786	18,037
<b>Total Assets</b>	<b>221,322</b>	<b>\$ 123,554</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Credit card payable	288	-
 <b>Net Assets</b>		
Without restriction	221,034	123,554
<b>Total Net Assets</b>	<b>221,034</b>	<b>123,554</b>
 <b>Total Net Assets</b>	 <b>\$ 221,322</b>	 <b>\$ 123,554</b>

*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 2022 Total	Without Restriction 2021 Total
<i>For the years ended December 31,</i>		
<b>Revenues and Support</b>		
Grants	\$ 721,368	\$ 429,449
Contributions	106,596	142,927
Program Income	6,651	5,842
SBA Paycheck Protection Program Grant	-	75,265
Investment Income, Net	(1,787)	3,153
<b>Total Revenue and Support</b>	<b>832,828</b>	<b>656,636</b>
<b>Expenses</b>		
Program Services	577,476	449,397
General and Administrative	137,997	108,176
Fundraising	19,875	21,908
<b>Total Expenses</b>	<b>735,348</b>	<b>579,482</b>
<b>Change in Net Assets</b>	<b>97,480</b>	<b>77,154</b>
Net Assets- Beginning of Year	123,554	46,400
<b>Net Assets at End of Year</b>	<b>\$ 221,034</b>	<b>\$ 123,554</b>

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

## New York City H20

### Statements of Functional Expenses (Modified Cash Basis)

<i>For the Years Ended December 31,</i>	<i>Program</i>	<i>General and</i>		<i>2022</i>	<i>2021</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	\$ 520,945	\$ 62,934	\$ -	\$ 583,879	\$ 424,343
Equipment & supplies	33,127	-	-	33,127	37,477
Professional Services	7,692	15,528	-	23,220	23,259
Travel	-	21,449	-	21,449	13,877
Direct fundraising costs	-	-	19,875	19,875	21,908
Advertising and promotion	-	13,712	-	13,712	17,746
Insurance	9,631	2,438	-	12,069	9,979
Meals	-	10,013	-	10,013	6,593
Office	-	5,895	-	5,895	6,213
Depreciation	5,370	-	-	5,370	2,526
Rent	-	2,535	-	2,535	13,510
Charitable contributions	-	1,870	-	1,870	80
Dues and subscriptions	-	1,623	-	1,623	992
Continuing education	359	-	-	359	700
Business licenses and permits	330	-	-	330	191
Repairs and maintenance	22	-	-	22	88
<b>Total</b>	<b>\$ 577,476</b>	<b>\$ 137,997</b>	<b>\$ 19,875</b>	<b>\$ 735,348</b>	<b>\$ 579,482</b>

*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>	2022	2021
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 97,480	\$ 77,154
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	5,370	2,526
Realized and unrealized gain from investments	1,787	(3,153)
Donated investments	-	(14,011)
Paycheck Protection Program Loan Forgiveness	-	(75,265)
Changes in operating assets and liabilities		
(Increase) Decrease in other asset	(1,515)	195
Increase in credit card payable	288	-
Net cash provided by (used in) operating activities	103,410	(12,555)
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(21,119)	(10,032)
Proceeds from investments	15,500	-
Cash flows provided by (used in) investing activities	(5,619)	(10,032)
<b>Cash Flows From Financing Activities</b>		
Proceeds from Payroll Protection Program loan	-	45,613
<b>Net Increase in Cash</b>	<b>97,791</b>	<b>23,026</b>
Cash and cash equivalents at beginning of year	88,123	65,097
<b>Cash and cash equivalents at end of year</b>	<b>\$ 185,914</b>	<b>\$ 88,123</b>

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



## New York City H2O

### Notes to 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 and grants are 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.

## New York City H20

### Notes to Financial Statements

#### **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, 2022 and 2021.

##### **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, 2022 and 2021, advertising costs totaled \$10,356 and \$14,466, 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, 2022 and 2021.

#### **NOTE 3 – EQUIPMENT**

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

	2022	2021
Equipment	\$ 43,149	\$ 22,030
Accumulated Depreciation	(9,363)	(3,993)
<b>Net Equipment</b>	<b>\$ 33,786</b>	<b>\$ 18,037</b>

Depreciation expense for the year ended December 31, 2022 and 2021 was \$5,370 and \$2,526, respectively.

## New York City H2O

### 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, 2022 and 2021, the Organization recognized income of \$0 and \$14,011 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:

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, 2022 and 2021:

December 31, 2022

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 107	-	-	\$ 107
Publically traded securities	-	-	-	-
	\$ 107	\$ -	\$ -	\$ 107

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

## New York City H2O

### 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, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial date because of donor-imposed restrictions:

	2022	2021
Cash - operating account - Unrestricted	\$ 185,914	\$ 88,123
Cash - money market account - Unrestricted	107	263
Equity securities - Unrestricted	-	17,131
<b>Total unrestricted cash and cash equivalents</b>	<b>\$ 186,021</b>	<b>\$ 105,517</b>

#### **NOTE 7 – SHORT TERM RENTALS**

During 2019, the Organization entered into various short term lease arrangements with unrelated parties. These arrangements include storage (\$214 per month in 2022, and \$157 a month in 2021) and \$985 a month for office space. The lease terms are reviewed and renewed annually. There was no office rental during 2022. Rent expense for the year ended December 31, 2022 and 2021 was \$2,535 and \$13,510, 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, 2022 and 2021, the Organization received approximately \$90,000 and \$89,011 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.

## New York City H2O

### **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 – EMPLOYEE RETENTION CREDIT**

The Organization became eligible for the Employee Retention Tax Credit (“ERTC”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) of 2020, as modified by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021. For the year ended December 31, 2020, the ERTC provides a refundable tax credit against certain employment taxes of up to \$5,000 per employee. For the year ended December 31, 2021, the ERTC provides a refundable tax credit against certain employment taxes of up to \$7,000 per employee for each of the first three quarters of 2021. During the year ended December 31, 2022, the Organization received \$5,435 in ERTC credits. This is included in Grants on the Statement of Activities.

#### **NOTE 12 – NEW YORK GRANTS**

The Organization receives various grants from New York City to fund program related operations. Grants are recognized when received. During the years ended December 31, 2022 and 2021, the Organization received \$567,154 and \$324,449, respectively.

#### **NOTE 13 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through March 6, 2023, which is the date the financial statements were available to be issued.