

New York City H2O, Inc.
Audited Financial Statements
For the Year Ended December 31, 2024
With Independent Auditors' Report

New York City H2O, Inc.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
New York City H2O, Inc.

Opinion

We have audited the accompanying financial statements of New York City H2O, Inc. (a nonprofit organization), which comprise of the statement of financial position as of December 31, 2024 and the related statement of activities and change in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York City H2O, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New York City H2O, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Basis of Accounting

The Organization had previously kept its records and has prepared its financial statements for previous years on the modified cash basis of accounting, which recognizes revenues when received and expenses when paid, with limited exceptions for certain accrued items. This method differs from accounting principles generally accepted in the United States of America (GAAP), which require the recognition of revenues when earned and expenses when incurred, regardless of the timing of cash flows. As described in Note 10 to the financial statements, the Organization has adopted GAAP as of the beginning of the current year. Appropriate adjustments were made to beginning net assets to reflect the cumulative effect of the change in accounting principle. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New York City H2O, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New York City H2O, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about New York City H2O, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Jobin & Company
Certified Public Accountants, PC

Purchase, New York
May 6, 2025

New York City H2O, Inc.

Statement of Financial Position

As of December 31, 2024

Assets

Cash and equivalents	\$ 322,265
Investment	41
Grant receivable	620
Equipment, net of accumulated depreciation	31,548
Total Assets	354,474

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	7,982
Total liabilities	7,982

Net Assets

With donor restriction	25,000
Without donor restriction	321,492
Total Net Assets	346,492

Total Liabilities and Net Assets	\$ 354,474
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See accompanying notes to financial statements.

New York City H2O, Inc.

Statement of Activities and Change in Net Assets

<i>For the year ended December 31,</i>	2024		Total
	Without Donor Restriction	With Donor Restriction	
Revenues and Support			
Grants	\$ 1,106,254	\$ 70,000	\$ 1,176,254
Contributions	136,316	-	136,316
Program income	3,269	-	3,269
Investment return, net	1,812	-	1,812
Satisfaction of restriction	45,000	(45,000)	-
Total revenue and support	1,292,651	25,000	1,317,651
Expenses			
Program services	996,745	-	996,745
General and administrative	167,908	-	167,908
Fundraising	2,703	-	2,703
Total expenses	1,167,356	-	1,167,356
Change in Net Assets	125,295	25,000	150,295
Net Assets - beginning of year	196,197	-	196,197
Net Assets at End of Year	\$ 321,492	\$ 25,000	\$ 346,492

See accompanying notes to financial statements.

New York City H2O, Inc.

Statement of Functional Expenses

<i>For the year ended December 31,</i>	Program Services	General and Administrative	Fundraising	2024 Total
Payroll and related	\$ 868,047	\$ 112,624	\$ -	\$ 980,671
Equipment & supplies	56,718	-	-	56,718
Travel	47,572	-	-	47,572
Professional services	-	20,122	-	20,122
Meals	-	13,630	-	13,630
Office	-	12,462	-	12,462
Depreciation	10,930	-	-	10,930
Insurance	10,254	-	-	10,254
Dues and subscriptions	-	7,802	-	7,802
Rent	2,924	-	-	2,924
Advertising and promotion	-	-	2,703	2,703
Continuing education	-	596	-	596
Charitable contributions	-	375	-	375
Repairs and maintenance	300	-	-	300
Taxes	-	297	-	297
Total	\$ 996,745	\$ 167,908	\$ 2,703	\$ 1,167,356

See accompanying notes to financial statements.

New York City H2O, Inc.

Statement of Cash Flows

<i>For the year ended December 31,</i>	2024
Cash Flows From Operating Activities	
Change in Net Assets	\$ 150,295
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	10,930
Realized and unrealized gain from investments	(1,812)
Donated securities	(14,820)
Change in operating assets and liabilities	
Decrease in grants receivable	38,035
Increase in accounts payable and accrued expenses	11,650
Proceeds from sale of donated securities	16,699
Net cash provided by operating activities	210,977
Cash Flows From Investing Activities	
Capital expenditures	(3,438)
Cash flows used in investing activities	(3,438)
Net Increase in Cash	207,539
Cash and cash equivalents at beginning of year	114,726
Cash and Cash Equivalents at End of Year	\$ 322,265

See accompanying notes to financial statements.

NOTE 1 – NATURE OF ACTIVITIES

New York City H2O, Inc. (“the Organization”) is a nonprofit organization formed in 2009 in the state of New York. The Organization 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 skills 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 Organization prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Under the provisions of the Guide, 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 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.

Revenue and Support

The Organization receives grants from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements. Such government grants are nonreciprocal transactions and include conditions stipulated by the governmental agencies and are therefore, accounted for as conditional contributions unless the conditions are already satisfied, as is the case with cost reimbursement grants. Cash received from government grants prior to incurring allowable expenses are recorded as advances (deferred revenue) upon receipt. The Organization did not have any refundable advances as of December 31, 2024.

Unconditional contributions and grants are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities. Donations of property and equipment, if any, are recorded as support at their estimated fair value at the date of donation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization recognizes revenue from program service fees when the educational and other programs take place or are delivered, which is in accordance with ASC Topic 606.

Grants Receivable and Allowance for Credit Loss

Grant receivable is recorded at its net realizable value, which approximates fair value. Management considers the full amount of the grant receivable to be collectible within one year. Accordingly, no allowance for a credit loss is required. Grants receivable at December 31, 2024 was \$620.

Cash, Cash Equivalents and Credit Risk

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Financial instruments, that potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. At times during the year such investments may be in excess of Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2024, the Organization had \$62,967 in excess of FDIC limits.

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.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. In addition to non-financial assets, volunteers contribute significant amounts of time to program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by general accepted accounting principles.

Tax Status

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, 2024.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Payroll and related costs are allocated based on time and effort.

Compensated Absences

Compensated absences for vacation and sick pay have not been accrued since the amount is immaterial but are expensed as incurred.

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, 2024, advertising costs totaled \$2,703.

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, 2024.

Investments

Investments are carried at fair values, which generally represents the quoted market price as of the last business day of the fiscal year. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Fair Value Measurements

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

NOTE 3 – EQUIPMENT

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

	<u>2024</u>
Equipment	\$ 60,181
Accumulated depreciation	<u>(28,633)</u>
Net Equipment	<u>\$ 31,548</u>

Depreciation expense for the year ended December 31, 2024, was \$10,930.

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. In 2024, the Organization received 125 shares of stock with a fair market value on the date of donation of \$14,820.

NOTE 5 – INVESTMENTS

The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are 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 - Quoted prices in markets that are not considered to be active or financial instruments for 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, the Organization’s investment assets measured at fair value as of December 31, 2024:

	Level 1
Money market funds	\$ 10
Publically traded securities	31
	\$ 41

Net investment return consisted of the following:

	2024
Dividends	\$ 136
Realized and unrealized gains (loss), net	1,676
Investment return, net	\$ 1,812

New York City H2O, Inc.

Notes to the Financial Statements

NOTE 6 – LIQUIDITY

The Organization regularly monitors the 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 expenditure. Revenues available to meet general expenditure 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, 2024, reduced by amounts not available for general use within one year of the statement of financial date because of donor-imposed restrictions:

	2024
Cash and cash equivalents	\$ 322,265
Investments	41
Grant receivable	620
Net financial assets available within one year	322,926
Less: spendable net assets with donor restrictions	(25,000)
Financial assets available to meet general expenditures within one year	\$ 297,926

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

On December 31, 2024, the Organization had \$25,000 of net assets with donor restrictions. These assets were restricted for the purpose of the Eco Internship program.

For the year ended December 31, 2024, net assets amounting to \$45,000, were released to operations by satisfying purpose restrictions.

NOTE 8 – SHORT TERM RENTALS

The Organization has short term storage lease arrangements with an unrelated party. The lease terms are reviewed and renewed annually. Rent expense for the year ended December 31, 2024, was \$2,924.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, the Organization received approximately \$97,000 in donations from the board members of the Organization.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

The beginning net assets shown on the statement of financial position include a prior period adjustment resulting in a net increase of \$41,556. This adjustment reflects the cumulative impact of the Organization’s change in accounting principle from the modified cash basis to the accrual basis of accounting, adopted as of January 1, 2024.

As part of this transition, the Organization increase 2023 net assets by \$41,556, which represented grants receivable in which the income was earned in 2023 but not received until 2024.

These adjustments were necessary to align the financial statements with generally accepted accounting principles (GAAP) and properly reflect assets and liabilities that existed as of the beginning of the year.

NOTE 11 – GRANTS

The Organization receives various grants from New York, Federal agencies, and private foundations to fund program related operations. A summary of grants received during the year ended December 31, 2024 is as follows:

New York City Department of Youth and Community	\$ 715,000
New York City discretionary grants	171,719
Various private and corporate foundations	146,991
Federal agencies	97,500
New York City Department of Cultural Affairs	45,044
	<u>\$ 1,176,254</u>

The Organization receives a substantial portion of its grant revenue through contracts administered by the New York City Department of Youth and Community Development (DYCD). These contracts are funded by discretionary grants awarded directly by 29 individual New York City Council Members to support the Organization’s educational and stewardship programs benefiting constituents within their respective districts.

Although DYCD administers and manages the contract process, the underlying source of funding for these grants is municipal tax revenue and not pass-through funds from federal or state government agencies. During the year, the Organization fulfilled all programmatic and contractual requirements associated with these grants.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 6, 2025, which is the date the financial statements were available to be issued.