

**WEST HARLEM ENVIRONMENTAL
ACTION, INC**

FINANCIAL STATEMENTS

**DECEMBER 31, 2020
(With Report of Independent Auditor)**

Audited Financial Statements

WEST HARLEM ENVIRONMENTAL ACTION, INC

AS OF DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Harlem Environmental Action, Inc
New York, NY

Report on the Financial Statements

I have audited the accompanying financial statements of **West Harlem Environmental Action, Inc** which comprise of the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement .

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion , the financial statements referred to above present fairly, in all material respects, the financial position of **West Harlem Environmental Action, Inc** as of December 31, 2020 and the results of its operations and its cash flows for the year ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the financial statements of **West Harlem Environmental Action, Inc** as of December 31, 2019 and expressed an unmodified audit opinion on those audited financial statements in my report dated July 3 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Linden, NJ
June 30, 2021

A handwritten signature in black ink, appearing to read "S. [unclear]", is written over a horizontal line.

WEST HARLEM ENVIRONMENTAL ACTION, INC

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents- Note 4	\$ 3,319,994	\$ 1,565,664
Accounts receivable- Note 5	385,000	850,000
Prepaid expenses	10,652	10,875
Total current assets	3,715,646	2,426,539
Construction in progress- Note 8	632,989	484,463
Fixed assets - net- Notes 2 and 6	94,603	123,697
Security deposits	8,000	8,000
TOTAL ASSETS	<u>\$ 4,451,238</u>	<u>\$ 3,042,699</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses payable	\$ 59,061	\$ 68,843
Advance payments	15,044	
Loan payable- Note 10	288,500	
Deferred rent payable		3,776
Total Current Liabilities	<u>362,605</u>	<u>72,619</u>
NET ASSETS		
Without donor restrictions	2,347,963	1,150,853
With donor restrictions- Note 7	1,740,670	1,819,227
TOTAL NET ASSETS	<u>4,088,633</u>	<u>2,970,080</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,451,238</u>	<u>\$ 3,042,699</u>

See notes to financial statements.

WEST HARLEM ENVIRONMENTAL ACTION, INC

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Restrictions	2020 Totals	2019 Totals
SUPPORT AND REVENUES				
Grants and contributions	\$ 62,878	\$ 4,156,906	\$ 4,219,784	\$ 2,074,692
Government grants		146,739	146,739	1,413,719
Program income			-	3,079
Interest income	1,777		1,777	1,691
Other income	280		280	7,979
Special events -net- Note 9	275,460		275,460	220,992
Total Support and Revenues	340,395	4,303,645	4,644,040	3,722,152
Net assets released from restrictions	4,414,198	(4,414,198)		
TOTAL SUPPORT AND REVENUES	4,754,593	(110,553)	4,644,040	3,722,152
EXPENSES				
Programs	3,013,300		3,013,300	2,120,102
Management and general	348,784		348,784	365,788
Fund raising	163,403		163,403	140,135
TOTAL EXPENSES	3,525,487	-	3,525,487	2,626,025
CHANGES IN NET ASSETS	1,229,106	(110,553)	1,118,553	1,096,127
Net assets at beginning of year	1,118,857	1,851,223	2,970,080	1,873,953
Net assets at end of the year	\$ 2,347,963	\$ 1,740,670	\$ 4,088,633	\$ 2,970,080

See notes to financial statements.

WEST HARLEM ENVIRONMENTAL ACTION, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,118,553	\$ 1,096,127
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	50,687	47,221
Decrease (increase in) operating assets:		
Accounts receivable	465,000	256,250
Prepaid expenses	223	(1,996)
Increase (decrease) in operating liabilities:		
Accrued expenses payable	(9,782)	46,397
Deferred rent payable	(3,776)	
Advance payments	15,044	
Net Cash Provided By Operating Activities	<u>1,635,949</u>	<u>1,443,999</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets additions	(21,593)	(22,097)
Construction in progress	(148,526)	(31,997)
Net Cash Used In Investing Activities	<u>(170,119)</u>	<u>(54,094)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payable proceeds	288,500	
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,754,330	1,389,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,565,664</u>	<u>175,759</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,319,994</u></u>	<u><u>\$ 1,565,664</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest expense paid	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

WEST HARLEM ENVIRONMENTAL ACTION, INC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020
 (With Comparative Totals for 2019)

Expenses	PROGRAM SERVICES										2020	2019
	ENVIRONMENTAL JUSTICE ADVOCACY & GOVERNMENT ACCOUNTABILITY	ENVIRONMENTAL HEALTH & COMMUNITY BASED RESEARCH	SUSTAINABLE DEVELOPMENT	MOVEMENT BUILDING	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	
Salaries	\$ 229,247	\$ 458,493	\$ 178,303	\$ 140,095	\$ 1,006,138	\$ 191,038	\$ 76,416	\$ 1,273,592	\$ 1,170,682	\$ 1,170,682		
Payroll taxes and fringe benefits	63,897	127,795	49,698	39,048	280,438	53,248	21,299	354,985	374,687	374,687		
Professional fees	6,133	11,994	4,770	3,748	26,645	5,111	2,316	34,072	25,415	25,415		
Consultants and contractual services	23,825	47,650	18,531	14,560	104,566	19,854	7,941	132,361	163,198	163,198		
Stipends	9,881	19,762	7,685	6,038	43,366	8,234	3,294	54,894	16,557	16,557		
Promotions and Marketing	3,624	7,249	2,819	2,215	15,907	3,020	1,208	20,135	6,257	6,257		
Travel and conference	12,705	25,409	9,881	7,764	55,759	10,587	4,235	70,581	248,955	248,955		
Staff training	1,167	2,333	907	713	5,120	972	389	6,481	77,553	77,553		
Printing and design	1,902	3,803	1,479	1,162	8,346	1,585	633	10,564	29,857	29,857		
Telecommunications	10,111	20,221	7,864	6,179	44,375	8,426	3,369	56,170	47,561	47,561		
Web services	12,052	18,078	7,030	5,524	42,684	7,532	26,631	76,847				
Occupancy	28,591	57,183	22,238	17,473	125,485	23,826	9,530	158,841	128,384	128,384		
Office supplies and expenses	4,010	8,021	3,119	2,451	17,601	3,342	1,337	22,280	45,472	45,472		
Equipment rental and repair	2,157	4,314	1,678	1,318	9,467	1,797	719	11,983	30,443	30,443		
Postage and messenger	631	1,261	490	385	2,767	525	211	3,503	4,639	4,639		
Dues and subscriptions	969	1,939	754	592	4,254	808	323	5,385	2,662	2,662		
Insurance	1,331	2,663	1,035	814	5,843	1,109	444	7,396	5,388	5,388		
Grants given	1,146,500				1,146,500			1,146,500	161,350	161,350		
Program supplies	27,117				27,117			27,117	26,089	26,089		
Others	200	401	156	122	879	167	67	1,113	13,655	13,655		
Depreciation	9,124	18,247	7,096	5,576	40,043	7,603	3,041	50,687	47,221	47,221		
Total Expenses	\$ 1,595,174	\$ 836,816	\$ 325,533	\$ 255,777	\$ 3,013,300	\$ 348,784	\$ 163,403	\$ 3,525,487	\$ 2,626,025	\$ 2,626,025		

See notes to financial statements

WEST HARLEM ENVIRONMENTAL ACTION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

NOTE 1 ORGANIZATION

West Harlem Environmental Action, Inc ("WeAct") was organized under the not for profit laws of the State of New York. WeAct mission is to improve environmental equality and to secure environmental justice in predominantly African-American and Latino communities.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on the accrual basis of accounting. WeAct adheres to accounting principles generally accepted in the United States of America ("U.S . GAAP")

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Depreciation

Fixed assets are recorded at cost. Depreciation is recorded using the straight line method over the estimated useful life of the assets.

Financial Statement Presentation

The Organization's financial statements adhere to the established standards for external financial statements provided by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into three classes of net assets - permanently restricted, temporarily restricted and unrestricted.

Cash and Cash Equivalents

Cash and cash equivalents include demand and money market accounts. All short-term investments with an original maturity of three months or less are considered cash equivalents.

Revenue Recognition

The Organization's revenue relating to contributions received, including unconditional promises to give, is recognized as revenue in the period received at its fair values. The Organization distinguishes such contributions received for each net asset category in accordance with donor-imposed restrictions.

Financial Statement Presentation

The Organization's financial statements adhere to the established standards for external financial statements provided by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into two of net assets - Net assets without donor restrictions and Net assets with donor restrictions.

WEST HARLEM ENVIRONMENTAL ACTION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The cost of programs and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on same allocation as salaries and benefits. Salaries and benefits have been allocated based upon employees' time and effort to each function.

Subsequent Events

WeAct has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 30, 2021, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through June 30, 2021, which would require adjustment to or disclosure in the accompanying financial statements.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

WeAct was organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue code and is exempt from Federal, State and City income taxes based upon this letter of determination issued by the Internal Revenue Service.

WeAct has no uncertain tax positions as of December 31, 2017 and for prior years in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes", which provides standards for establishing and classifying tax provisions for uncertain tax positions. The Organization is no longer subject to federal or state and local income tax examinations by the authorities for years ended before December 31, 2017.

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENDITURES

WeAct regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. There are various sources of liquidity at its disposal, including cash and cash equivalents.

For the purpose of analyzing resources available to meet general expenditures over a 12-month periods. WeAct considers all expenditures related to its ongoing activities stated in Note 1.

WEST HARLEM ENVIRONMENTAL ACTION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENDITURES

In addition to financial assets available to meet general expenditures over the next 12 months, WeAct expects to operate at a surplus and anticipates collecting sufficient revenue to cover general expenditures.

As of December 31, 2020, the financial assets available to meet general expenditures over the next 12 months were as follows:

	<u>Amount</u>
Cash and cash equivalents	\$ 3,319,994
Accounts receivable	385,000
Total	<u><u>\$ 3,704,994</u></u>

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Checking accounts	\$ 1,499,743	\$ 653,980
Savings accounts	1,820,251	911,684
Total	<u><u>\$ 3,319,994</u></u>	<u><u>\$ 1,565,664</u></u>

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Grants Receivable		
Foundation	\$ 385,000	\$ 850,000
Government	-	-
Total Grants	<u><u>\$ 385,000</u></u>	<u><u>\$ 850,000</u></u>

WEST HARLEM ENVIRONMENTAL ACTION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

NOTE 6 FIXED ASSETS

Fixed assets as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvement	\$ 270,316	\$ 270,316
Furniture and equipment	185,035	163,442
Website	16,000	16,000
	<u>471,351</u>	<u>449,758</u>
Less: accumulated depreciation	(376,748)	(326,061)
Net	<u><u>\$ 94,603</u></u>	<u><u>\$ 123,697</u></u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the balance of restricted grants received as of December 31, 2020 and 2019 that will be used in the subsequent years. The following represented an analysis as follow:

	<u>2020</u>	<u>2019</u>
Program grants	\$ 1,740,670	\$ 1,770,007
Capital grants (to be used for Building rehabilitation- See Note 6)		49,220
Total	<u><u>\$ 1,740,670</u></u>	<u><u>\$ 1,819,227</u></u>

NOTE 8 CONSTRUCTION IN PROGRESS

In 2004, WeAct purchased a building from the City of New York for one dollar (\$1). The building which will be used for its office, requires substantial rehabilitation work since the intention is to convert the building into a "green building". It is estimated to cost approximately \$4,500,000 to convert the building and make it operational. Construction funding is expected from the following sources.

<u>Funding Sources</u>	<u>Amount</u>
Capital grants (1)	\$ 550,000
Construction loans	3,950,000
Total	<u><u>\$ 4,500,000</u></u>

(1) Capital grants received to date amounted to \$533,683 as of December 31, 2020 of which all was used as of December 31, 2020.

The board is expected to rely more on capital fundraising plans to help fund the rehabilitation cost estimated above.

WEST HARLEM ENVIRONMENTAL ACTION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

NOTE 8 CONSTRUCTION IN PROGRESS concluded

Construction In Progress

As of December 31, 2020 rehabilitation cost incurred to date amounted to \$632,989 consisted of mostly predevelopment cost. Full scale rehabilitation work which was expected to start during 2009, has been put on hold for the reasons stated previously.

Asset Impairment

The organization reviews its investment in real property stated above for any events or changes in circumstances that could result in an impairment loss that could affect the carrying value of its asset. No loss was recognized for the year ended December 31, 2020.

NOTE 9 SPECIAL EVENTS

Special events for the years ended December 31, 2020 and 2019 were summarized as followed:

	<u>2020</u>	<u>2019</u>
Revenue	\$ 282,242	\$ 293,564
Less: expenses	(6,782)	(72,572)
Net	<u><u>\$ 275,460</u></u>	<u><u>\$ 220,992</u></u>

NOTE 10 LOAN PAYABLE

In May 2020, WeAct received \$288,500 in loan receipts from the Small Business Administration ("SBA"). The loan was part of the SBA's Payroll Protection Program that was introduced to assist companies the endure hardship from the spread of the coronavirus ("COVID-19") which started in March 2020.

The loan can be converted to a grant if certain conditions as stated in the agreement were met.