

EAST OF HUDSON WATERSHED CORPORATION

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT

For the Years Ended  
December 31, 2013 and 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
East of Hudson Watershed Corporation

We have audited the accompanying financial statements of East of Hudson Watershed Corporation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities 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 statements 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*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgment, 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East of Hudson Watershed Corporation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

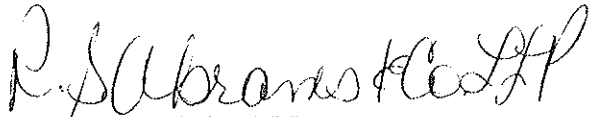
## *Other Matters*

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 11-16 of functional expenses and of stormwater retrofit funds expended, repaid, committed and on hand are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014 on our consideration of East of Hudson Watershed Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East of Hudson Watershed Corporation's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP

Islandia, NY

November 13, 2014

**EAST OF HUDSON WATERSHED CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 17,242,340	\$ 16,795,207
Receivables	131,000	84
Prepaid insurance	63,626	82,574
Total Current Assets	17,436,966	16,877,865
<b>Other Assets</b>		
Property and equipment, net	22,646	15,918
Other assets-rent security	1,400	1,400
Total Assets	\$ 17,461,012	\$ 16,895,183
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,446,527	\$ 1,148,255
Non SRP temporarily restricted	30,000	
Deferred revenues-short-term	2,779,554	10,492,170
Total Current Liabilities	5,256,081	11,640,425
<b>Long Term Liabilities</b>		
Deferred revenues	12,148,619	5,231,203
Total Liabilities	17,404,700	16,871,628
<b>Net Assets</b>		
Program temporarily restricted	56,312	23,555
Total Net Assets	56,312	23,555
Total Liabilities and Net Assets	\$ 17,461,012	\$ 16,895,183

See notes to financial statements

**EAST OF HUDSON WATERSHED CORPORATION**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>REVENUES</b>			
Program revenues		\$ 10,795,201	\$ 10,795,201
Non SRP Reimbursements		40,000	40,000
Interest		32,762	32,762
Net assets released from restrictions	\$ 10,795,206	(10,795,206)	-
Total Revenues	<u>10,795,206</u>	<u>72,757</u>	<u>10,867,963</u>
<b>EXPENSES</b>			
Program Services:			
Phosphorus removal	10,439,985		10,439,985
Non-SRP expenses reimbursed		40,000	40,000
Total Program Services	<u>10,439,985</u>	<u>40,000</u>	<u>10,479,985</u>
Supporting Services:			
General and administrative	355,221		355,221
Total Supporting Services	<u>355,221</u>	<u>-</u>	<u>355,221</u>
Total Expenses	<u>10,795,206</u>	<u>40,000</u>	<u>10,835,206</u>
Change in Net Assets	-	32,757	32,757
Net Assets at Beginning of Year	-	23,555	23,555
Net Assets at End of Year	<u>\$ -</u>	<u>\$ 56,312</u>	<u>\$ 56,312</u>

See notes to financial statements

**EAST OF HUDSON WATERSHED CORPORATION**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>REVENUES</b>			
Program revenues		\$ 2,050,422	\$ 2,050,422
Non SRP Reimbursements			
Interest		23,555	23,555
Net assets released from restrictions	\$ 2,050,422	(2,050,422)	
	<u>2,050,422</u>	<u>23,555</u>	<u>2,073,977</u>
Total Revenues			
<b>EXPENSES</b>			
Program Services:			
Phosphorus removal	<u>1,801,195</u>	<u>-</u>	<u>1,801,195</u>
Total Program Services	<u>1,801,195</u>	<u>-</u>	<u>1,801,195</u>
Non Program Services:			
Non SRP Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Non Program Services	<u>-</u>	<u>-</u>	<u>-</u>
Supporting Services:			
General and administrative	<u>249,227</u>	<u>-</u>	<u>249,227</u>
Total Supporting Services	<u>249,227</u>	<u>-</u>	<u>249,227</u>
Total Expenses	<u>2,050,422</u>	<u>-</u>	<u>2,050,422</u>
Change in Net Assets	-	23,555	23,555
Net Assets at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets at End of Year	<u>\$ -</u>	<u>\$ 23,555</u>	<u>\$ 23,555</u>

See notes to financial statements

**EAST OF HUDSON WATERSHED CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the Year\$ Ended December 31, 2013 and 2012

	2013	2012
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 32,757	\$ 23,555
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,752	1,886
(Increase) decrease in:		
Other receivables	(130,916)	(84)
Prepaid insurance	18,948	(82,574)
Other assets-rent security		(1,400)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,298,272	1,148,255
Non SRP temporarily restricted	30,000	
Deferred revenues-short-term	(7,712,616)	10,492,170
Net Cash Provided (Used) by Operating Activities	(6,459,803)	11,581,808
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets	(10,480)	(17,804)
Net Cash (Used) by Investing Activities	(10,480)	(17,804)
<b>Cash Flows From Financing Activities</b>		
Deferred revenues-long term	6,917,416	5,231,203
Net Cash Provided by Financing Activities	6,917,416	5,231,203
Net Increase in Cash	447,133	16,795,207
Cash and Cash Equivalents at Beginning of Year	16,795,207	
Cash and Cash Equivalents at End of Year	\$ 17,242,340	\$ 16,795,207



**EAST OF HUDSON WATERSHED CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**(1) Organization**

The East of Hudson Watershed Corporation (“EOHWC”) was formed on October 18, 2011 under Section 1411 of the New York State Not-for-Profit Corporation Law. EOHWC is operated for charitable purposes and was established to administer, coordinate and implement through a single entity the East of Hudson regional stormwater retrofit plans (SRPs) approved by the New York State Department of Environmental Conservation (NYSDEC). The EOHWC is an organization comprised of a coalition of municipalities in Westchester, Putnam and Dutchess Counties which are located in the New York City Watershed east of the Hudson River.

The SRPs were developed in response to heightened phosphorus removal requirements of the NYDEC. These are embodied in the Municipal Separate Storm Sewer Systems State Pollutant Discharge Elimination System (SPDES) General Permit No. GP-0-10-002 (the MS4 Permit). Entities covered under the MS4 permit (MS4 operators) that exceed their established discharge levels must address requirements aimed at achieving specified pollutant load reductions and to implement SRPs. The NYSDEC phosphorus reduction targets applicable to the SRPs are for the five year period May 1, 2010 to April 30, 2015 as follows: 2010-Year 1; 2011-Year 2; 2012-Year 3, 2013-Year 4 and 2014-Year 5.

Prior to the formation of EOHWC, MS4 operators were responsible for implementing their own SRPs in Years 1 and 2. EOHWC was created to act as a Regional Stormwater Entity (RSE) through which MS4 operators could act in concert by becoming a member of the RSE. Membership will enable resource sharing as well as enhanced funding opportunities among participating members. In addition, through the RSE MS4 operators are subject to “bubble compliance” whereby members can jointly implement SRPs throughout the members’ communities in order to achieve the five-year phosphorus removal requirement as a whole.

In May of 2012, the NYSDEC authorized EOHWC to combine the separate SRPs into one consolidated program which enabled EOHWC to assume the obligations of the municipalities in Westchester, Putnam and Dutchess Counties, which are located within the East of Hudson New York City Watershed. As a result, EOHWC was eligible for funding as follows: \$15.5 million from the NYCDEP 2010 Water Supply Permit; \$4.5 million from the NYCDEP 2007 Filtration Avoidance Determination (FAD); \$10 million from Westchester County and \$8.2 million from Putnam County of which \$676,204 was used by the Putnam County to fund Year 2 SRPs. In total during 2013 EOHWC received funds totaling \$10,070,000 of which \$70,000 was from the Town of Bedford for requested modifications.

As of December 31, 2013, EOHWC had 19 members (18 towns/villages and 1 county). Each member has passed resolutions to join EOHWC and to authorize the implementation of the SRPs on their behalf.

**(2) Summary of Significant Accounting Policies**

**(a) Financial Statement Presentation**

EOHWC follows the requirements of the Not-For-Profit Topic of the FASB Accounting Standards Codification. As required, EOHWC reports information regarding its financial position and activities according to three classes of net assets, unrestricted net assets temporarily restricted net assets and permanently restricted net assets depending on donor imposed restrictions, if any.

**(b) Basis of Accounting**

The EOHWC’s financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**EAST OF HUDSON WATERSHED CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

(c) Cash and Cash Equivalents

EOHWC considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(d) Investment Income

Interest on investments funds are reported as increases in temporarily restricted net assets in accordance with the NYCDEP funding agreement.

(e) Property and Equipment

Expenditures for furniture, equipment and certain intangibles with useful lives in excess of one year that costs more than \$300 are capitalized and recorded at cost while repairs and maintenance which do not improve or extend the life of an asset are expensed. Furniture and equipment are generally depreciated using the straight line method over their estimated useful lives of 5 – 7 years.

(f) Tax Status

EOHWC has applied for exempt status as an organization under Section 501(c) 3 of the Internal Revenue Code. As of December 31, 2013 the application was still pending.

EOHWC has adopted the provisions of FASB ASC 740, *Income Taxes*, which requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. EOHWC does not believe its financial statements include any uncertain tax positions.

(g) Functional Allocation of Expenses

The costs of implementing the phosphorus removal program (Stormwater Retrofit Projects) and other activities have been summarized on a functional basis in the statement of activities and the schedule of functional expenses. Accordingly, certain costs have been allocated between program and non-program services.

(h) The Use of Estimates in the Preparation of Financial Statements

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 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 revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) **Credit Risk**

Financial instruments which potentially subject EOHWC to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. At December 31, 2013, EOHWC’s only cash accounts (money market, operating and NYC DEP WSP) with balances that exceeded the current FDIC limit are subject to a third party collateral agreement and therefore management believes the credit risk related to these accounts are minimal. There were no investments made during the 2013 and 2012 fiscal years.

**EAST OF HUDSON WATERSHED CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

(4) **Receivables**

The receivables for EOHWC for the year ended December 31, 2013 and 2012 are \$131,000 and \$84, respectively. The current receivables are reimbursements composed of \$40,000 from the Town of Bedford and \$91,000 Putnum County. EOHWC has deemed these amounts to be fully collectible.

(5) **Property and Equipment**

Property and equipment as of December 31, 2013 and 2012, is summarized as follows:

	2013			2012
	Historic Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Equipment	\$ 7,342	\$ 3,268	\$ 4,074	\$ 4,501
Computer Software	20,316	2,325	17,991	11,417
Furnitures and Fixtures	626	45	581	
	<u>\$ 28,284</u>	<u>\$ 5,638</u>	<u>\$ 22,646</u>	<u>\$ 15,918</u>

Depreciation/amortization expense for the years ended December 31, 2013 and 2012 is \$3,752 and \$1,886, respectively.

(6) **Compensated Absences**

EOHWC's policy is to accrue for compensated absences for vacation time and sick pay if such expenses can be reasonably estimated. As of December 31, 2013 and 2012 the accrued liabilities for compensated absences were \$11,854 and \$0 respectively.

(7) **Temporarily Restricted Net Assets**

Temporarily restricted assets are available for Stormwater Retrofit Projects.

(8) **Deferred Revenues**

During 2013 EOHWC received funding from Westchester and Putnam Counties totaling \$17,773,796 towards the planning, design and implementation of various SRPs. These funds are treated as deferred (unearned) revenues until actual expenditures are made for both program and non-program (supporting) costs. As of December 31, 2013 and 2012, EOHWC has total expenditures (paid and incurred) of \$10,835,206 and \$2,050,422, respectively. The liability deferred revenues totaled \$14,931,926 and \$15,723,373 respectively for the fiscal year ended December 31, 2013 and 2012 of which \$6,780,418 and \$10,492,170 is short-term based on total actual expenditures paid and incurred during calendar year 2013 and 2012.

**EAST OF HUDSON WATERSHED CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

(9) **Commitments and Contingencies**

Operating Leases:

EOHWC has operating leases for its office space and its copier. The copier lease is a month-to-month lease which can be canceled by either party upon thirty days written notice. Total expense related to the copier lease was \$3,670 and \$794 for the year ended December 31, 2013 and 2012, respectively.

The original office lease was for the three year period commencing April 2, 2012 and ending December 31, 2014. This lease required monthly rent payments of \$1,400. Beginning November 1, 2012 the lease was amended as a result of EOHWC increasing the amount of office space occupied and monthly rent increased to \$1,800 through February 2013. In March 2013 monthly rent increased again to \$2,161 as a result of utilizing additional office space.

Rental payments for the year ended December 31, 2013 and 2012 amounted to \$25,555 and \$13,516.

The minimum rental payments under the office lease for future fiscal years through the last lease payment are as follows:

	<u>Amount</u>
For the year ended:	
December 31, 2014	\$40,700
December 31, 2015	42,700
December 31, 2016	42,700
December 31, 2017	<u>3,500</u>
Total	\$129,600

(10) **Subsequent Events**

Subsequent to the year ended December 31, 2013, EOHWC executed additional contracts related to Stormwater Retrofit projects with various towns and villages located in Westchester and Putnam Counties. The supplemental schedule of Stormwater Retrofit Funds (SRFs) Expended, Repaid, Committed and On Hand presented on pages 13-16 of the financial statements presents a summary of contracts entered into since inception. From January 1, 2014 to October 31, 2014 EOHWC had additional outstanding commitments related to Stormwater Retrofit Projects totaling \$2,779,554 of which \$1,963,396 was applicable to Westchester County and \$816,158 was applicable to Putnam County.

In June 2014 EOHWC and the landlord executed a rider to the original lease to formally recognize the increased space occupied by EOHWC. The rider established monthly rent at \$3,500 for the period February 1, 2014 through January 31, 2017. The lease can be terminated by either party at any time upon thirty days prior notice in writing.

Management of EOHWC evaluated subsequent events through November 13, 2014, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**EAST OF HUDSON WATERSHED CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2013

	Program Services		Supporting Services			Total
	Stormwater Retrofit Projects		General and Administrative			
	Putnam	Westchester	Putnam	Westchester		
Salaries	\$ 54,770	\$ 70,718	\$ 73,881	\$ 73,881	\$ 273,250	
Employee health and payroll taxes	5,516	7,272	21,673	21,673	56,134	
<b>Total Salaries and Related Expenses</b>	<b>60,286</b>	<b>77,990</b>	<b>95,554</b>	<b>95,554</b>	<b>329,384</b>	
Supplies	731	1,023	2,816	2,816	5,632	
Travel	726,490	528,373	421	421	2,596	
Consulting	5,599,242	1,812,786	17,873	17,873	1,290,609	
Construction*	5,804	950	333	333	7,420	
Printing & postage	6,627	705	4,374	4,374	16,080	
Advertising	811,793	823,284			1,635,077	
Municipal Reimbursable			95	95	190	
Bank charges	9,750	2,340	22,404	22,404	56,898	
Legal & audit			1,986	1,986	3,972	
Telephone			14,178	14,178	28,356	
Insurance					11,811	
Permits & licensing	6,411	5,400	1,835	1,835	3,670	
Equipment rental			12,778	12,778	25,556	
Rent			550	550	1,100	
Conferences			1,876	1,876	3,752	
Depreciation & amortization			538	537	1,075	
Miscellaneous						
<b>Total Other Expenses</b>	<b>7,166,848</b>	<b>3,174,861</b>	<b>82,057</b>	<b>82,056</b>	<b>10,505,822</b>	
<b>Total Expenses</b>	<b>\$ 7,227,134</b>	<b>\$ 3,252,851</b>	<b>\$ 177,611</b>	<b>\$ 177,610</b>	<b>\$ 10,835,206</b>	

\*Includes non SRP expenses of \$40,000

**EAST OF HUDSON WATERSHED CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2012

	Program Services		Supporting Services		Total
	Stormwater Retrofit Projects		General and Administrative		
	Putnam	Westchester	Putnam	Westchester	
Salaries	\$ 22,614	\$ 25,562	\$ 44,105	\$ 44,105	\$ 136,386
Employee health and payroll taxes	2,714	3,067	7,000	7,000	19,781
	<u>25,328</u>	<u>28,629</u>	<u>51,105</u>	<u>51,105</u>	<u>156,167</u>
Total Salaries and Related Expenses					
Supplies	10	11	2,335	2,335	4,691
Travel	173	196	935	935	2,239
Consulting	535,661	605,501	7,872	7,872	1,156,906
Printing & postage	577	652	40	39	1,308
Public relations	359	406	625	625	2,015
Municipal Reimbursable	272,345	307,853			580,198
Bank charges			60	60	120
Legal & audit	2,222	2,512	37,624	37,624	79,982
Telephone			1,998	1,998	3,996
Insurance		424.00	12,960	12,960	26,344
Permits & licensing	376				376
Equipment rental			397	397	794
Rent			6,758	6,758	13,516
Conferences			360	360	720
Depreciation & amortization			943	943	1,886
Miscellaneous	8,400	9,560	602	602	19,164
Total Other Expenses	<u>820,123</u>	<u>927,115</u>	<u>73,509</u>	<u>73,508</u>	<u>1,894,255</u>
Total Expenses	<u>\$ 845,451</u>	<u>\$ 955,744</u>	<u>\$ 124,614</u>	<u>\$ 124,613</u>	<u>\$ 2,050,422</u>

See Other Matters Paragraph Included in Independent Auditors' Report

East of Hudson Watershed Corporation  
 Schedule of Stormwater Retrofit Funds (SRFs) Expended,  
 Repaid, Committed and On Hand  
 For the Year Ended December 31, 2013

Description	Westchester County					Putnam County				
	Total Contracts*/	Expended	Reclass	Expended	Remaining (Committed) Contract Amount After	Total Contracts*/	Expended	Reclass	Expended	Remaining (Committed) Contract Amount After
	Committed thru 12/31/2013	thru 12/31/2012		during 2013	12/31/2013	Committed thru 12/31/2013	thru 12/31/2012		during 2013	12/31/2013
<b>Active/Pending Contracts:</b>	<b>Project</b>									
2012-02-1	B-MU-07	\$ 67,694	\$ 26,150		\$ 35,773	\$ 5,771				\$ -
B-MU-07	B-MU-07	432,626			341,351	91,275				-
B-MU-21	B-MU-21		85,029	\$ (85,029)						-
B-MU-36	B-MU-36	702			702					-
2013-10-01	Carmel-AM-111					\$ 46,473			\$ 373	46,100
2012-01-3	Carmel-AM-112					129,679	\$ 22,480		107,199	-
Carmel-AM-112	Carmel-AM-112					594,213			564,504	29,709
2012-01-3	Carmel-AM-116					113,193	35,128		70,337	7,728
Carmel-AM-116	Carmel-AM-116					331,218			314,657	16,561
2012-01-1	Carmel-CF-102					55,029	8,756		32,045	14,229
2013-10-01	Carmel-CF-103					55,124	10,318		1,225	43,581
2012-01-1	Carmel-CF-113					63,784	8,454		39,901	15,429
2012-01-1	Carmel-PA-01						12,620	\$ (12,620)		-
2013-10-01	Carmel-PA-03					54,365			5,246	49,119
2012-02-2	C-NC-01	4,239	3,901		338					-
2012-02-2	C-NC-01A	103,210	9,396		35,043	58,772				-
2012-02-2	C-NC-01B	51,141	1,746		18,204	31,191				-
2013-03-01	Kent-MB-311B					55,732			23,782	31,949
2012-01-2	Kent-MB-ADD2						26,576	(26,576)		-
2012-01-2	Kent-MB-ADD3					46,523	22,542		17,051	6,920
Kent-MB-ADD3	Kent-MB-ADD3					127,250			123,950	3,300
2012-01-2	Kent-MB-ADD5					33,592	16,387		12,416	4,788
Kent-MB-ADD5	Kent-MB-ADD5					91,250			84,765	6,485
2012-01-2	Kent-PA-31					29,852	19,138		4,426	6,289
Kent-PA-31	Kent-PA-31					54,400				54,400
2013-11-01	L-CR-10A	31,327			327	31,000				-
2013-11-01	L-CR-10B	30,327			327	30,000				-
2013-06-01	L-CR-11A	46,101			4,422	41,678				-
2013-06-01	L-CR-11B	46,101			993	45,107				-
2013-06-01	L-CR-11C	37,127			704	36,422				-
2013-06-01	L-CR-11D	4,401			645	3,756				-
2013-06-01	L-CR-11E	4,401			645	3,756				-
2012-02-3	L-CR-14	68,761	7,314		29,523	31,924				-
2012-02-3	L-CR-16	53,076	7,266		20,022	25,787				-
2012-02-3	L-CR-17		5,116	(5,116)						-
2012-02-3	L-CR-25		6,398	(6,398)						-
2013-11-01	L-CR-28	65,239			239	65,000				-
2013-07-01	MK-NC-20	27,317			12,905	14,412				-
2013-07-01	MK-NC-21	22,412			11,919	10,493				-
2013-07-01	MK-NC-22	30,583			15,458	15,125				-
MK-NC-29	MK-NC-29	4,057			4,057					-
2013-12-01	NewC-NCR-12A	40,947			21,463	19,483				-
2013-12-01	NewC-NCR-12B	40,937			1,654	39,283				-
2013-12-01	NewC-NCR-12C	40,875			1,591	39,283				-
2013-12-01	NewC-NCR-13	21,198			1,048	20,150				-
2013-04-01	NewC-NCR-32-2B	37,500			249	37,251				-
2013-04-01	NewC-NCR-32-3	29,170			249	28,921				-
2013-04-01	NewC-NCR-32-4	27,270			249	27,021				-
2012-02-4	NS-MU-01A	48,892	13,290	(2,000)	27,467	10,135				-
2012-02-4	NS-MU-01B	22,636	5,874		10,945	5,818				-
2012-02-4	NS-MU-01C	21,602	5,459		9,078	7,065				-
2012-02-4	NS-MU-10	34,026	4,666		2,409	26,951				-
2012-02-4	NS-MU-11	39,843	10,033		18,822	10,989				-
Pat-EB-09-01	Pat-EB-09-01					77,520	77,520			-
2012-01-4	Pat-EB-09-01					29,089			8,049	21,040
2012-01-4	PAT-EB-09-02					21,764			1,764	20,000
2013-09-01	PAT-EB-09-03A					51,888			21,893	29,995
2013-09-01	PAT-EB-09-03B					3,008			3,008	-
2012-01-4	PAT-MB-05					25,198			1,198	24,000
Pat-MB-06	Pat-MB-06					15,125				15,125
2012-01-4	Pat-MB-06					17,899			4,179	13,720
2012-01-4	Patterson-PA-11					35,060			6,100	28,960
Patterson-PA-11	Patterson-PA-11					181,940			172,843	9,097
2012-01-3	PC-1					175,119	55,327		119,792	-
PC-1	PC-1					1,277,794			969,168	308,626
2012-01-1	PC-10						5,777	(5,777)		-
2012-01-1	PC-12						5,939	(5,939)		-
2012-01-3	PC-1A					77,831			13,026	64,805
PC-1A	PC-1A					785,818			534,861	230,957
PC-5N-55	PC-5N-55					148			148	-
PutVal-PA-02	PutVal-PA-02						60,131	(60,131)		-
SE-POT-01	SE-POT-01					973,197	73,173	(73,173)	185,992	787,205
SE-POT-02	SE-POT-02						1,315	(1,315)		-
2013-09-01	SE-POT-08					47,443			2,486	44,958



East of Hudson Watershed Corporation  
 Schedule of Stormwater Retrofit Funds (SRFs) Expended,  
 Repaid, Committed and On Hand  
 For the Year Ended December 31, 2013

Description	Westchester County					Putnam County					
	Total Contracts*/ Committed thru 12/31/2013	Expended thru 12/31/2012	Reclass	Expended during 2013	Remaining (Committed) Contract Amount After 12/31/2013	Total Contracts*/ Committed thru 12/31/2013	Expended thru 12/31/2012	Reclass	Expended during 2013	Remaining (Committed) Contract Amount After 12/31/2013	
	S-MU-01	S-MU-01	196,794	56,552	(4,988)	138,421	6,810				-
2013-05-01	S-MU-03	260,661			98,936	161,725				-	
S-MU-09A	S-MU-09A	152,398	43,860	(3,868)	107,354	5,053				-	
S-MU-09B	S-MU-09B	171,289	49,339	(4,352)	120,765	5,536				-	
S-MU-09C	S-MU-09C	627,734	180,912	(15,957)	456,930	5,849				-	
S-MU-09D	S-MU-09D	171,626	49,339	(4,352)	120,765	5,874				-	
S-MU-09E	S-MU-09E	228,341	65,787	(5,802)	166,025	2,332				-	
S-MU-09F	S-MU-09F	304,413	87,719	(7,737)	219,709	4,723				-	
S-MU-16/17	S-MU-16/17		593	(593)	-	-				-	
S-NC-36	S-NC-36	400			400					-	
Southeast-PA-05	Southeast-PA-05				-	219,866	65,091	(65,091)	203,775	16,091	
2012-02-1	Southeast-PA-23		16,250	(16,250)	-	-			420,240	-	
Southeast-PA-23	Southeast-PA-23				-	420,240				-	
VB-DI-31	VB-DI-31				-	6,140			6,140	-	
VB-DI-31	VB-DI-31				-	2,439,930			1,272,899	1,167,031	
VB-DI-32	VB-DI-32				-	13,260			13,260	-	
VB-DI-32	VB-DI-32				-	2,162,113	314,634		808,075	1,039,404	
2012-02-2	Y-MU-10	57,067	7,101		20,428	29,538				-	
2012-02-2	Y-MU-14	56,997	7,771		28,822	20,403				-	
2012-02-2	Y-MU-17A	27,371	7,605		19,766	-				-	
Y-MU-17A	Y-MU-17A	76,475			72,126	4,349				-	
2012-02-2	Y-MU-17B	41,366	6,493		30,850	4,023				-	
Y-MU-17B	Y-MU-17B	141,150			135,432	5,718				-	
		\$ 4,049,820	\$ 770,957	\$ (162,442)	\$ 2,365,552	\$ 1,075,752	\$ 10,919,066	\$ 841,305	\$ (250,622)	\$ 6,170,783	\$ 4,157,600

**Reimbursement Contracts:**

B-MU-07	B-MU-07	\$ 70,000			\$ 40,000	\$ 30,000				\$ -	
B-MU-21	B-MU-21	459,803		\$ 49,004	409,180	1,619				-	
B-MU-22	B-MU-22	80,468		38,025	42,443	-				-	
Carmel-CF-119B	Carmel-CF-119B				-	\$ 53,299	\$ 281		\$ 518	52,500	
Kent-MB-ADD 4/19	Kent-MB-ADD 4/19				-	201,619	1,632		188,852	11,135	
NS-MU-05	NS-MU-05	246,585			246,585	-				-	
PutVal-PA-02	PutVal-PA-02				-	122,631	\$ 60,131		62,500	-	
SE-DI-03	SE-DI-03				-	16,350			16,350	-	
SE-PA-24	SE-PA-24				-	5,156			5,156	-	
SE-POT-01	SE-POT-01				-	157,514			73,173	94,341	
SE-POT-02	SE-POT-02				-	113,432			1,315	102,423	
S-MU-01	S-MU-01	13,870	\$ 1,286	3,347	9,237	-				-	
S-MU-09A	S-MU-09A	10,610	804	2,865	6,941	-				-	
S-MU-09B	S-MU-09B	11,977	804	3,525	7,648	-				-	
S-MU-09C	S-MU-09C	44,460	804	15,936	27,720	-				-	
S-MU-09D	S-MU-09D	11,977	804	3,188	7,985	-				-	
S-MU-09E	S-MU-09E	16,078	768	5,156	10,154	-				-	
S-MU-09F	S-MU-09F	21,873	862	7,513	13,498	-				-	
S-MU-16/17	S-MU-16/17	44,392		6,119	1,892	36,381				-	
Southeast-EB-05	Southeast-EB-05				-	25,873	-	158	25,715	-	
Southeast-PA-05	Southeast-PA-05				-	119,172	-	65,850	53,322	-	
Southeast-PA-06	Southeast-PA-06				-	289	-	289	-	-	
Southeast-PA-23	Southeast-PA-23				-	50,846	-	16,250	34,596	-	
VB-DI-31	VB-DI-31				-	455,870	-		113,464	342,406	
VB-DI-31 Bond	VB-DI-31				-	2,500	-		2,500	-	
VB-DI-32	VB-DI-32				-	500,042	-		94,555	405,487	
VB-DI-32 Bond	VB-DI-32				-	2,500	-		2,500	-	
		\$ 1,032,093	\$ 6,132	\$ 134,678	\$ 823,283	\$ 68,000	\$ 1,837,094	\$ 1,913	\$ 217,166	\$ 796,793	\$ 821,222

**Closed Contracts:**

Carmel-AM-127	Carmel-AM-127				\$ -	\$ 351	\$ 211		\$ 140	\$ -
Carmel-CF-123	Carmel-CF-123				-	221	211		10	-
2012-01-1	Carmel-PA-01				-	17,674		\$ 12,620	5,054	-
Carmel-PA-18	Carmel-PA-18				-	268	258		10	-
Kent-MB-ADD2	Kent-MB-ADD2				-	50,503		26,576	23,927	-
Kent-MB-ADD2	Kent-MB-ADD2				-	203,581			203,581	-
Kent-MB-NLC	Kent-MB-NLC				-	209	199		10	-
2012-02-3	L-CR-17	\$ 7,939		\$ 5,116	\$ 2,823	-				-
2012-02-3	L-CR-25	14,826		6,398	8,428	-				-
2012-02-1	MK-NC-09	110			110	-				-
MK-NC-14	MK-NC-14	100			100	-				-
2013-07-01	MK-NC-25	560			560	-				-
MK-NC-33	MK-NC-33	78			78	-				-

East of Hudson Watershed Corporation  
 Schedule of Stormwater Retrofit Funds (SRFs) Expended,  
 Repaid, Committed and On Hand  
 For the Year Ended December 31, 2013

Description	Westchester County					Putnam County					
	Total Contracts*/ Committed thru	Expended thru	Reclass	Expended during 2013	Remaining (Committed) Contract Amount After	Total Contracts*/ Committed thru	Expended thru	Reclass	Expended during 2013	Remaining (Committed) Contract Amount After	
	12/31/2013	12/31/2012			12/31/2013	12/31/2013	12/31/2012			12/31/2013	
2013-04-01	NwC-NCR-32-2A	33,406			33,406	-				-	
NS-MU-08/09	NS-MU-08/09	171,981	\$ 171,435		\$46					-	
Pat-EB-09-04a-c	Pat-EB-09-04a-c					151	118		43	-	
Patterson-PA-10	Patterson-PA-10					598	194		404	-	
2012-01-1	PC-10					8,748		5,777	2,971	-	
2012-01-1	PC-12					12,885		5,939	6,946	-	
PW-120	PW-120					147			147	-	
S-MU-35	S-MU-35	19			19					-	
S-MU-NP3	S-MU-NP3	2,538	961		1,577					-	
S-MU-NP4	S-MU-NP4	349	314		35					-	
S-NC-NP4	S-NC-NP4	19			19					-	
Southeast-EB-05	Southeast-EB-05						158	(158)		-	
Southeast-PA-05	Southeast-PA-05						759	(759)		-	
Southeast-PA-06	Southeast-PA-06						289	(289)		-	
		231,924	172,710	11,514	47,701	-	295,346	2,397	49,706	243,243	
Add Program reporting		16,316			16,316		16,316			16,316	
Add payroll taxes allocated to programs		3,067	3,067				2,714	2,714			
<b>Grand Totals by County</b>		<b>\$ 5,333,220</b>	<b>\$ 952,866</b>	<b>\$ (16,250)</b>	<b>\$ 3,252,852</b>	<b>\$ 1,143,752</b>	<b>\$ 13,070,536</b>	<b>\$ 848,329</b>	<b>\$ 16,250</b>	<b>\$ 7,227,135</b>	<b>\$ 4,978,822</b>

**Grand Totals-Both Counties:**

Westchester	\$ 5,333,220	\$ 952,866	\$ (16,250)	\$ 3,252,852	\$ 1,143,752
Putnam	13,070,536	848,329	16,250	7,227,135	4,978,822
<b>Grand Totals Both Counties</b>	<b>\$ 18,403,756</b>	<b>\$ 1,801,195</b>	<b>-</b>	<b>\$ 10,479,987</b>	<b>\$ 6,122,574</b>

As of December 31, 2013 EOHWC had cash on hand available in the amount of \$17,242,340 for Stormwater Retrofit Projects.

\* based on EOHWC's responsible portion, in some instances the Total Contract dollar amount reflects costs advanced through 12/31/2013 ahead of execution of a formal contract or resolution which occurred after 12/31/2013

**Notes:**

- 1) The contracts reflected in the above reflect Stormwater Retrofit project activities in various Westchester and Putnam County municipalities including Carmel, Kent, Patterson, Bedford, Mt Kisco, Cortlandt, Lewisboro, North Salem, New Castle, Somers, Southeast, Yorktown, Putnam Valley and Village of Brewster
- 2) Total Contracts/Committed amounts include administrative costs associated with individual projects allowable under funding agreements
- 3) The listing of contracts presented in this schedule represents contracts that were executed 2012 through December 31, 2013
- 4) Contract amounts can change at any time ,up or down, due to change orders reflecting revisions to the project
- 5) A contract initially started can be closed if the project is deemed not viable and/or cost prohibitive

East of Hudson Watershed Corporation  
Schedule of Stormwater Retrofit Funds (SRFs) Expended,  
Repaid, Committed and On Hand  
For the Year Ended December 31, 2012

Description	Westchester County				Putnam County			
	Total Contract*	Expended through 12/31/2012	Reclass	Remaining(Committed)Contract Amount After 12/31/2012	Total Contract*	Expended through 12/31/2012	Reclass	Remaining(Committed)Contract Amount After 12/31/2012
<b>Active Contracts:</b>								
2012-01-1				\$ -	\$ 161,660	\$ 51,863		\$ 109,797
2012-01-2				-	145,812	93,178		52,634
2012-01-3				-	574,850	104,200		470,650
2012-01-4				-	119,500	77,520		41,980
2012-02-1	\$ 109,432	\$ 42,400		67,032				-
2012-02-2	332,314	44,013		288,301				-
2012-02-3	141,400	26,094		115,306				-
2012-02-4	177,700	39,322		138,378				-
B-MU-07	502,626	-		502,626				-
B-MU-21 & B-MU-22	85,029	85,029		-				-
S-MU-01 & MU-09A	2,048,225	533,506		1,514,719				-
S-MU-16/17	593	593		-				-
Kent-MB-ADD3				-	200	200		-
Kent-MB-ADD 4 & 19				-	171,250	-		171,250
Pat-EB-09-01				-				-
PutVal-PA-02				-	60,131	60,131		-
SE-POT-01				-	73,173	73,173		-
SE-POT-02				-	1,315	1,315		-
SE-PA-05				-	65,091	65,091		-
VB-DI-31 & VB-DI-32				-	314,634	314,634		-
	<b>3,397,319</b>	<b>770,957</b>		<b>2,626,362</b>	<b>1,687,616</b>	<b>841,305</b>		<b>846,311</b>
<b>Reimbursement Contracts:</b>								
Carmel-CF-119B				-	281	281		-
Kent-MB-Add 4				-	171,250	1,632		169,618
S-MU-01	210,047	1,286		208,761				-
S-MU-09A	153,095	804		152,291				-
S-MU-09B	174,965	804		174,161				-
S-MU-09C	677,991	804		677,187				-
S-MU-09D	174,965	804		174,161				-
S-MU-09E	240,578	768		239,810				-
S-MU-09F	349,930	862		349,068				-
	<b>1,981,571</b>	<b>6,132</b>		<b>1,975,439</b>	<b>171,531</b>	<b>1,913</b>		<b>169,618</b>
<b>Closed Contracts:</b>								
Carmel-AM-127				-	211	211		-
Carmel-CF-123				-	211	211		-
Carmel-PA-18				-	258	258		-
Kent-MB-NLC				-	199	199		-
NS-MU-08/09	171,435	171,435		-				-
Pat-EB-09-04a-c				-	118	118		-
Patterson-PA-10				-	194	194		-
Southeast-EB-05				-	158	158		-
Southeast-PA-05				-	759	759		-
Southeast-PA-06				-	289	289		-
S-MU-NP3	961	961		-				-
S-MU-NP4	314	314		-				-
	<b>172,710</b>	<b>172,710</b>		<b>-</b>	<b>2,397</b>	<b>2,397</b>		<b>-</b>
Add payroll taxes allocated to programs	3,067	3,067		-	2,714	2,714		-
<b>Grand Totals by County</b>	<b>\$ 5,554,667</b>	<b>\$ 952,866</b>	<b>\$ -</b>	<b>\$ 4,601,801</b>	<b>\$ 1,864,258</b>	<b>\$ 848,329</b>	<b>\$ -</b>	<b>\$ 1,015,929</b>
<b>Grand Totals-Both Counties:</b>								
Westchester	\$ 5,554,667	\$ 952,866	\$ -	\$ 4,601,801				
Putnam	1,864,258	848,329	-	1,015,929				
<b>Grand Totals Both Counties</b>	<b>\$ 7,418,925</b>	<b>\$ 1,801,195</b>	<b>\$ -</b>	<b>\$ 5,617,730</b>				

As of December 31, 2012 EOHWC had cash on hand available for SRFs of \$16,795,207

\* based on EOHWC's responsible portion; in some instances the Total Contract dollar amount reflects costs advanced through 12/31/2012 ahead of the execution of a formal contract which occurred after 12/31/2012.

**Notes:**

- 1) the contracts reflected in the above reflect Stormwater Retrofit project activities in various Westchester and Putnam County towns and villages including Carmel, Kent, Patterson, Bedford, Mt. Kisco, Cortlandt, Lewisboro, North Salem, New Castle, Somers, Southeast, Yorktown, Putnam Valley and Village of Brewster.
- 2) contract amounts can change at any time ,up or down, due to change orders reflecting revisions to the project.
- 3) a contract initially started can be closed if the project is deemed not viable and/or cost prohibitive.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
East of Hudson Watershed Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East of Hudson Watershed Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered East of Hudson Watershed Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East of Hudson Watershed Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of East of Hudson Watershed Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether East of Hudson Watershed Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



R.S. Abrams & Co., LLP

Islandia, NY  
November 13, 2014