

FINANCIAL REPORT  
Audited  
**EAST OF HUDSON WATERSHED CORPORATION**  
December 31, 2022

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*Audited for:*

Board of Directors  
East of Hudson Watershed Corporation



*Audited by:*  
RBT CPAs, LLP  
4071 Route 9, Stop 1  
Hudson, NY 12534  
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# EAST OF HUDSON WATERSHED CORPORATION

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LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
East of Hudson Watershed Corporation  
2 Route 164  
Patterson, NY 12563

### Opinion

We have audited the financial statements of East of Hudson Watershed Corporation (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021 and the changes in its operations and its cash flows for the years 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

### Emphasis of Matter: Change in Accounting Principle

As discussed in Note 11 to the financial statements, the Organization implemented Accounting Standards Codification 842, Leases, in 2022. Our opinion is not modified with respect to this 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 the Organization's ability to continue as a going concern for twelve months from the report date.

## **Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 the Organization’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 the Organization’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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023 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 Accounting Standards* in considering East of Hudson Watershed Corporation's internal control over financial reporting and compliance.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 18 through 20 is presented for purposes of additional analysis and is 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 audits 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 Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations**

In accordance with Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations, we have also issued our report, dated March 27, 2023 on our consideration of East of Hudson Watershed Corporation's compliance with these regulations. The purpose of that report is to describe the compliance and the results of that testing.

*RBT CPAs, LLP*

Hudson, NY  
March 27, 2023

## EAST OF HUDSON WATERSHED CORPORATION

### STATEMENTS OF FINANCIAL POSITION

As of December 31	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 7,735,419	\$ 8,666,167
Short-Term Investments (Note 4)	4,301,812	502,995
Accounts Receivable (Note 5)	267,304	144,139
Prepaid Expenses	72,050	32,161
<b>Total Current Assets</b>	<b>12,376,585</b>	<b>9,345,462</b>
Fixed Assets:		
Building Improvements	21,032	21,032
Furniture and Fixtures	2,858	2,858
Computer Equipment	10,288	10,288
	<b>34,178</b>	<b>34,178</b>
Less: Accumulated Depreciation	31,050	30,086
<b>Total Net Fixed Assets (Note 7)</b>	<b>3,128</b>	<b>4,092</b>
<b>Right-of-Use Asset-Operating, net of Amortization (Note 11)</b>	<b>3,495</b>	<b>-</b>
Other Assets:		
Security Deposits	3,500	3,500
Long-Term Investments (Note 4)	3,066,696	7,415,840
<b>Total Other Assets</b>	<b>3,070,196</b>	<b>7,419,340</b>
<b>Total Assets</b>	<b>\$ 15,453,404</b>	<b>\$ 16,768,894</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable (Note 8)	\$ 276,390	\$ 154,379
Accrued Expense	17,979	14,556
Deferred Income (Note 10)	7,168,216	6,619,942
Current Portion of Operating Lease (Note 11)	3,495	-
<b>Total Current Liabilities</b>	<b>7,466,080</b>	<b>6,788,877</b>
Long-Term Liabilities:		
Deferred Income (Note 10)	7,366,603	9,382,476
Net Assets:		
Without Donor Restrictions	620,721	597,541
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,453,404</b>	<b>\$ 16,768,894</b>

*See Notes to Financial Statements.*

## EAST OF HUDSON WATERSHED CORPORATION

### STATEMENT OF ACTIVITIES

<b>For the Years Ended December 31, 2022</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues, Gains and Other Support:			
Program Revenues	\$ 1,637,750	\$ -	\$ 1,637,750
O&M Bubble Compliance	171,784	-	171,784
Net Investment Return	20,180	-	20,180
Rental Income	3,000	-	3,000
<b>Total Revenues, Gains and Other Support</b>	<b>1,832,714</b>	<b>-</b>	<b>1,832,714</b>
Expenses:			
Program Services			
Phosphorus Removal	1,205,255	-	1,205,255
O&M Services	171,784	-	171,784
<b>Total Program Services</b>	<b>1,377,039</b>	<b>-</b>	<b>1,377,039</b>
Administrative and General	432,495	-	432,495
<b>Total Expenses</b>	<b>1,809,534</b>	<b>-</b>	<b>1,809,534</b>
Change in Net Assets	23,180	-	23,180
Net Assets - Beginning	597,541	-	597,541
<b>Net Assets - Ending</b>	<b>\$ 620,721</b>	<b>\$ -</b>	<b>\$ 620,721</b>

*See Notes to Financial Statements.*



## EAST OF HUDSON WATERSHED CORPORATION

### STATEMENT OF ACTIVITIES

For the Years Ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Program Revenues	\$ 1,414,947	\$ -	\$ 1,414,947
O&M Bubble Compliance	143,304	-	143,304
Net Investment Return	(20,936)	-	(20,936)
Rental Income	3,000	-	3,000
<b>Total Revenues, Gains and Other Support</b>	<b>1,540,315</b>	<b>-</b>	<b>1,540,315</b>
Expenses:			
Program Services			
Phosphorus Removal	938,785	-	938,785
O&M Services	143,304	-	143,304
<b>Total Program Services</b>	<b>1,082,089</b>	<b>-</b>	<b>1,082,089</b>
Administrative and General	476,162	-	476,162
<b>Total Expenses</b>	<b>1,558,251</b>	<b>-</b>	<b>1,558,251</b>
Change in Net Assets	(17,936)	-	(17,936)
Net Assets - Beginning	615,478	-	615,478
<b>Net Assets - Ending</b>	<b>\$ 597,541</b>	<b>\$ -</b>	<b>\$ 597,541</b>

*See Notes to Financial Statements.*

**EAST OF HUDSON WATERSHED CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

<b>For the Year Ended December 31, 2022</b>	Program Services					
		Phosphorus Removal	O&M Services	Total	Administrative and General	Total Expenses
Salaries	A	\$ 136,659	\$ -	\$ 136,659	\$ 217,319	\$ 353,978
Employee Benefits and Payroll Taxes	A	40,874	-	40,874	65,000	105,874
Compensation and Related Expenses		177,533	-	177,533	282,319	459,852
Supplies	B	-	-	-	7,613	7,613
Travel	B	993	-	993	961	1,954
Consulting	B	207,383	-	207,383	8,024	215,407
Construction	B	762,777	-	762,777	-	762,777
Printing & Postage	B	122	-	122	262	384
Advertising	B	215	-	215	923	1,138
Legal & Accounting	B	55,682	-	55,682	54,792	110,474
Telephone	B	-	-	-	3,191	3,191
Insurance	B	-	-	-	25,618	25,618
Permits & Licensing	B	550	-	550	-	550
Equipment Rental	B	-	-	-	3,796	3,796
Rent	B	-	-	-	42,039	42,039
Conferences	B	-	-	-	640	640
Depreciation & Amortization	B	-	-	-	964	964
O&M - Bubble Compliance	B	-	171,784	171,784	-	171,784
Miscellaneous	A	-	-	-	1,353	1,353
<b>Total Expenses</b>		<b>\$ 1,205,255</b>	<b>\$ 171,784</b>	<b>\$ 1,377,039</b>	<b>\$ 432,495</b>	<b>\$ 1,809,534</b>

**Method of Allocation:**

- A Estimated Time and Effort
- B Direct Expense

*See Notes to Financial Statements.*

## EAST OF HUDSON WATERSHED CORPORATION

### STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021	Program Services					
		Phosphorus Removal	O&M Services	Total	Administrative and General	Total Expenses
Salaries	A	\$ 112,769	\$ -	\$ 112,769	\$ 250,338	\$ 363,107
Employee Benefits and Payroll Taxes	A	21,545	-	21,545	47,829	69,374
Total Salaries and Related Expenses		134,314	-	134,314	298,167	432,481
Supplies	B	-	-	-	7,507	7,507
Travel	B	945	-	945	707	1,652
Consulting	B	161,729	-	161,729	9,555	171,284
Construction	B	600,203	-	600,203	-	600,203
Printing and Postage	B	820	-	820	225	1,045
Advertising	B	476	-	476	1,432	1,908
Legal & Accounting	B	40,298	-	40,298	70,319	110,617
Telephone	B	-	-	-	3,275	3,275
Insurance	B	-	-	-	25,745	25,745
Equipment Rental	B	-	-	-	3,721	3,721
Rent	B	-	-	-	42,000	42,000
Conferences	B	-	-	-	1,540	1,540
Depreciation & Amortization	B	-	-	-	2,046	2,046
O&M - Bubble Compliance	B	-	143,304	143,304	-	143,304
Miscellaneous	B	-	-	-	5,185	5,185
Loss on Disposal of Assets	B	-	-	-	4,738	4,738
<b>Total Expenses</b>		<b>\$ 938,785</b>	<b>\$ 143,304</b>	<b>\$ 1,082,089</b>	<b>\$ 476,162</b>	<b>\$ 1,558,251</b>

**Method of Allocation:**

- A** Estimated Time and Effort
- B** Direct Expense

*See Notes to Financial Statements.*

## EAST OF HUDSON WATERSHED CORPORATION

### STATEMENTS OF CASH FLOWS

<b>For the Years Ended December 31</b>	<b>2022</b>	<b>2021</b>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 23,180	\$ (17,936)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Depreciation & Amortization	964	2,046
Gain/(Loss) on Sale of Investment	48,089	54,214
Change in Working Capital Components:		
(Increase)/Decrease in:		
Accounts Receivable	(123,165)	39,595
Prepaid Expenses	(39,889)	13,995
Right-of-Use Assets	(3,495)	-
Increase/(Decrease) in:		
Accounts Payable	122,011	(49,897)
Accrued Expense	3,423	4,702
Lease Payable	3,495	-
Deferred Income	(1,467,599)	(1,414,946)
<b>Total Adjustments</b>	<b>(1,456,166)</b>	<b>(1,350,291)</b>
<b>Net Cash Used in Operating Activities</b>	<b>(1,432,986)</b>	<b>(1,368,227)</b>
Cash Flows from Investing Activities		
Proceed from Investment Maturities/Sales	1,164,000	7,440,450
Purchase of Investments	(661,762)	(7,448,304)
<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>502,238</b>	<b>(7,854)</b>
<b>Net Increase in Cash</b>	<b>(930,748)</b>	<b>(1,376,081)</b>
Cash - Beginning	8,666,167	10,042,248
Cash - Ending	\$ 7,735,419	\$ 8,666,167

*See Notes to Financial Statements.*

# EAST OF HUDSON WATERSHED CORPORATION

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## NOTES TO FINANCIAL STATEMENTS

### 1. Nature of Business:

East of Hudson Watershed Corporation ("the Organization") was formed on October 18, 2011 under Section 1411 of the New York State Not-for-Profit Corporation Law. The Organization 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 Organization 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 NYSDEC. 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 target applicable to the SRPs are for the five year period of May 1, 2010 to April 30, 2015. The NYCDEP authorized the second five year plan as follows; 2016-Year 6; 2017-Year 7; 2018-Year 8; 2019-Year 9 and 2020-Year 10. In 2016, EOHWC was provided a one-year extension for plan year 6-10 by NYSDEC through 2021. Subsequent to 2021, the Organization continued to work on projects from plan year 6-10. Upon issuance by NYS DEC of a new MS4 general permit, the Organization will proceed with agreement discussions for plan year 11-15.

Prior to the formation of the Organization, MS4 operators were responsible for implementing their own SRPs in Years 1 and 2. The Organization 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 the Organization to combine the separate SRPs into one consolidated program which enabled the Organization to assist its member municipalities in Westchester, Putnam and Dutchess Counties, which are located within the East of Hudson New York City Watershed.

As of December 31, 2022, the Organization had 19 members (18 towns/villages and 1 county). Each member has passed resolutions to join the Organization and to authorize the implementation of the SRPs on their behalf.

### 2. Summary of Significant Accounting Policies:

#### Financial Statement Presentation

Financial statement presentation follows guidance issued by the Financial Accounting Standards Board Accounting Standards Codification 958 ("FASB ASC 958"), concerning financial statements for not-for-profit Organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

#### Basis of Accounting

The Organization uses the accrual method of accounting which recognizes income when it is earned and expenses as they are incurred.

#### Cash and Cash Equivalents

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

#### Investments

Available-for-sale securities consist of marketable securities not classified as trading or held-to-maturity. Available-for-sale securities are stated at fair value and unrealized holding gains and losses are included in the change of net assets. Short-term investments are either cash equivalents or mature with one year from fiscal year end.

## EAST OF HUDSON WATERSHED CORPORATION

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### 2. Summary of Significant Accounting Policies (continued):

#### Fixed Assets

Fixed assets are stated at cost. Expenditures for furniture, equipment, and certain intangibles with useful lives in excess of one year that cost more than \$2,000 are capitalized and recorded at cost while repairs and maintenance activities that 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 3-7 years,

#### Income Taxes

The Organization files an annual Form 990 as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no federal or New York State taxes are paid by the Organization. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The Organization adopted the provisions of accounting principles generally accepted in the United States of America regarding accounting for uncertain tax positions. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustment to the financial statements in order to comply with the provisions of this guidance. With few exceptions, the Organization is not subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years prior to 2019.

#### Pervasiveness of 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 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.

#### Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. The methods of these allocations are disclosed on the Statement of Functional Expenses.

#### Advertising Expenses

Advertising expenses are charged against income as incurred and totaled \$1,138 and \$1,908 for the years ended December 31, 2022 and 2021, respectively.

# EAST OF HUDSON WATERSHED CORPORATION

## 2. Summary of Significant Accounting Policies (continued):

### Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Organization made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the remaining term for leases existing upon the adoption of Topic 842.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

### Revenue Recognition

The Organization derives the majority of its revenues from exchange contracts.

### Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Organization's performance obligations include:

- Design, construction, implementation, and maintenance of storm water measures
- Providing Waste Water and Storm Water Grants
- Design and construction of filtration avoidance determination contracts

### Transaction Price

The transaction price of a contract is comprised of the following: (1) fixed cash consideration due from the customer; plus (2) estimated cash variable consideration due from the customer; plus (3) noncash consideration due from the customer; minus (4) estimated cash or noncash consideration payable to the customer; minus (5) contingent amounts, unless no revenue reversal is probable (i.e., constraint); plus or minus (6) any financing component.

Revenue for grants and contracts are set forth in the contract either as a set amount or as a reimbursable grant. For the reimbursable grants, the Organization first spends the funds and then submits vouchers to the granting agency for reimbursement through grant funds.

### Disaggregation of Revenue

For the Years Ended December 31	2022	2021
Performance Obligations Satisfied at a Point in Time	\$ 3,000	\$ 3,000
Performance Obligations Satisfied Over Time	1,809,534	1,558,251
Interest Income	20,180	(20,936)
Total	\$ 1,832,714	\$ 1,540,315

## EAST OF HUDSON WATERSHED CORPORATION

### 3. Concentration of Credit Risk:

The Organization maintains its cash in accounts whose balances may exceed federally insured limits. The Organization has not experienced any losses to date resulting from this policy.

### 4. Fair Value Measurements:

The estimated carrying and fair values of the Organization's financial instruments are as follows:

As of December 31	2022		2021	
	Carrying Value	Market Value	Carrying Value	Market Value
<b><u>Short Term</u></b>				
Money Market	\$ 865	\$ 865	\$ 2,298	\$ 2,298
Certificate of Deposit	250,000	248,183	500,000	500,697
US Treasury Bill	4,728,282	4,052,764	-	-
	<u>4,979,147</u>	<u>4,301,812</u>	502,298	502,995
<b><u>Long Term</u></b>				
US Treasury Bill	663,195	667,770	7,198,303	7,166,441
US Treasury Notes	2,468,938	2,398,926	-	-
Certificate of Deposit	-	-	250,000	249,399
	<u>3,132,133</u>	<u>3,066,696</u>	7,448,303	7,415,840
	<u>\$ 8,111,280</u>	<u>\$ 7,368,508</u>	\$ 7,950,601	\$ 7,918,835

The fair value of the available for sale securities is based on quoted market rates.

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the 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 lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

To determine the appropriate levels, the Organization performed a detailed analysis of the assets and liabilities that are subject to fair value measurement in accordance with accounting principles generally accepted in the United States of America.

For the year ended December 31, 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Money Market	\$ 865	\$ 865	-	-
Certificate of Deposit	248,184	248,184	-	-
US Treasury Bill	4,720,533	4,720,533	-	-
US Treasury Notes	2,398,926	2,398,926	-	-
	<u>\$ 7,368,508</u>	<u>\$ 7,368,508</u>	\$ -	\$ -
December 31, 2021				
	Total	Level 1	Level 2	Level 3
Money Market	\$ 2,298	\$ 2,298	-	-
Certificate of Deposit	750,097	750,097	-	-
US Treasury Bill	7,166,440	7,166,440	-	-
	<u>\$ 7,918,835</u>	<u>\$ 7,918,835</u>	\$ -	\$ -

Fixed income securities are valued at the closing price reported on the active market on which the individual security is traded.



## EAST OF HUDSON WATERSHED CORPORATION

### 5. Accounts Receivable:

Accounts receivable consisted of the following:

As of December 31	2022	2021
O&M - Bubble Accounts Receivable	\$ 172,153	\$ 144,139
USA Corps of Engineers	95,151	-
	<b>\$ 267,304</b>	<b>\$ 144,139</b>

### 6. Liquidity and Availability of Financial Resources:

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

As of December 31	2022	2021
Financial Assets at Year-End		
Cash and Cash Equivalents	\$ 7,735,419	\$ 8,666,167
Short-Term Investments	4,301,812	502,996
Accounts Receivable	267,304	144,139
Total Financial Assets at Year-End	<b>12,304,535</b>	<b>9,313,302</b>
Less: those unavailable for General Expenditures within one year, due to:		
Restricted O&M Payments	172,153	144,139
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<b>\$ 12,132,382</b>	<b>\$ 9,169,163</b>

At December 31, 2022, the Organization had \$12,132,382, representing approximately six years of annual expenditures. The Organization may use a large portion of their purpose restricted net assets to meet program related expenditures.

### 7. Fixed Assets:

Total depreciation expense was \$964 and \$2,046 for the years ended December 31, 2022 and 2021, respectively.

### 8. Accounts Payable:

Accounts payable consisted of the following:

As of December 31	2022	2021
Accounts Payable	\$ 104,237	\$ 10,240
O&M Bubble Compliance Payable	172,153	144,139
	<b>\$ 276,390</b>	<b>\$ 154,379</b>

### 9. Compensated Absences:

The Organization's policy is to accrue for compensated absences for paid time off if such expenses can be reasonably estimated. As of December 31, 2022 and 2021, the accrued liabilities for compensated absences were \$8,669 and \$7,733, respectively.

## EAST OF HUDSON WATERSHED CORPORATION

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### 10. Deferred Revenue:

The Organization was eligible for funding from NYCDEP 2013 Water Quality Improvement Program (QIP) totaling \$18,200,000 towards the planning, design and implementation of the various SRPs. These funds are treated as deferred (unearned) revenues until actual expenditures are made for both program and non-program (supporting) costs. An agreement effective January 18, 2019 with NYCDEP authorized the funds from the 2013 QIP funding agreement to be used to fund the cost of administration and QIP projects.

During 2019, the Organization received funding from NYCDEP 2017 New York City Filtration Avoidance Determination (FAD) totaling \$15,000,000 towards design and construction of stormwater retrofits in the East of Hudson FAD Basins and in basins upstream.

During 2022, the Organization was awarded a NYS DEC Waste Water grant in the amount of \$300,000. The Organization has retained qualified consultants to identify waste water concerns, and prepare a report to the Organization summarizing all areas of concern. Based on the available funding, the Organization will prepare a final list of areas for which an engineering assessment may be completed by the consultant.

Deferred revenue consisted of the following:

As of December 31	<b>2022</b>	2021
Water Quality Improvement Project	\$ 4,820,651	\$ 5,733,383
Filtration Avoidance Determination	9,641,537	10,269,035
NYS Waste Water	72,631	-
	<u>\$ 14,534,819</u>	<u>\$ 16,002,418</u>

## EAST OF HUDSON WATERSHED CORPORATION

### 11. Leases:

The Organization leases office space at 2 Route 164, Patterson, NY, under an operating lease agreement for the period February 1, 2020 to January 31, 2023. The operating lease does not have renewal options. A new lease was signed for an additional three year period, effective February 1, 2023 to January 1, 2026.

The lease contains a termination option, where the rights to terminate are held by either the Organization, the lessor or both parties. The Organization's operating lease does not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term.

The components of lease expense are as follows:

For the Year Ended December 31	<b>2022</b>
<i>Lease Costs:</i>	
Operating Lease Costs:	
Amortization of ROU Assets	\$ 41,940
Interest on Lease Liabilities	621
Sublease Income	(3,000)
Total Lease Cost	\$ 39,561

Supplemental balance sheet information related to leases is as follows:

As of December 31	<b>2022</b>
<i>Operating Leases:</i>	
Original Cost of ROU Assets	\$ 45,435
Accumulated Amortization	(41,940)
Operating Lease ROU Assets, Net	\$ 3,495

Weighted-Average Remaining Lease Term:	
Operating Leases	0.08 Years

Weighted-Average Discount Rate:	
Operating Leases	1.5 %

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows:

During the Years Ended December 31	<b>Operating Leases</b>
2023	\$ 3,500
Total Lease Payments	3,500
Imputed Interest	(5)
Total Present Value of Lease Liabilities	3,495
Less: Current Maturities	3,495
Long-Term Portion	\$ -

### 12. Commitments and Contingencies:

Government contracts and grants received are subject to audit and adjustment by the funding agency or its representatives. If contract or grant revenues are received for expenditures which are subsequently disallowed, the Organization may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, would not be material to the accompanying financial statements.

The Organization entered into an agreement with NYC DEP to receive an additional \$7,000,000 in funding provided the Organization meets certain contingencies. The Organization is required to submit projects that have been identified and designed to support stormwater retrofits within the East of Hudson Basins totaling \$7,000,000 in commitments (signed agreements). Once the supporting documentation for the projects is submitted, reviewed and approved, then the funding will be made available.

**13. Related Party Transactions:**

The Organization contracted professional services with an engineering firm with whom a Board of Director's son is a Partner. The Director had disclosed the relationship to the Board, and abstained from voting on the bid award. As of December 31, 2022, and 2021, the engineering firm was due \$0 and \$0, respectively. The total amount paid to the firm for the years ended December 31, 2022 and 2021 was \$75,601 and \$39,915 respectively.

**14. Subsequent Events:**

Management of the Organization evaluated subsequent events through March 27, 2023, which is the date the financial statements were available to be issued.

**15. Change of Accounting Policy:**

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore measured the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

**SUPPLEMENTARY  
INFORMATION**

**EAST OF HUDSON WATERSHED CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES BY COUNTY AND FUNDING SOURCE**

FOR THE YEAR ENDED DECEMBER 31, 2022	Program Services Stormwater Retrofit Projects					Supporting Services Administrative and General					Total
	Putnam		Westchester		Subtotal	Putnam		Westchester		Subtotal	
	QIP *	FAD	QIP	FAD		QIP *	FAD	QIP	FAD		
Salaries	\$ 37,369	\$ 16,657	\$ 61,704	\$ 20,929	\$ 136,659	\$ 108,660	\$ 108,659	\$ 217,319	\$ 353,978		
Employee Health and Payroll Taxes	11,177	4,982	18,455	6,260	40,874	32,500	32,500	65,000	105,874		
<b>Total Salaries and Related Expenses</b>	<b>48,546</b>	<b>21,639</b>	<b>80,159</b>	<b>27,189</b>	<b>177,533</b>	<b>141,160</b>	<b>141,159</b>	<b>282,319</b>	<b>459,852</b>		
Supplies	-	-	-	-	-	3,806	3,807	7,613	7,613		
Travel	122	88	482	301	993	484	477	961	1,954		
Consulting	12,167	90,104	74,611	30,501	207,383	4,012	4,012	8,024	215,407		
Construction	84,650	433,370	225,757	19,000	762,777	-	-	-	762,777		
Printing & Postage	(296)	357	32	29	122	131	131	262	384		
Advertising	23	25	69	98	215	337	586	923	1,138		
Legal & Accounting	28,659	1,648	22,226	3,149	55,682	25,117	29,675	54,792	110,474		
Telephone	-	-	-	-	-	1,595	1,596	3,191	3,191		
Insurance	-	-	-	-	-	12,809	12,809	25,618	25,618		
Permits & Licensing	550	-	-	-	550	-	-	-	550		
Equipment Rental	-	-	-	-	-	1,898	1,898	3,796	3,796		
Rent	-	-	-	-	-	21,019	21,020	42,039	42,039		
Conferences	-	-	-	-	-	320	320	640	640		
Depreciation & Amortization	-	-	-	-	-	482	482	964	964		
O&M - Bubble Compliance	116,764	-	55,020	-	171,784	-	-	-	171,784		
Miscellaneous	-	-	-	-	-	677	676	1,353	1,353		
<b>Total Other Expenses</b>	<b>242,639</b>	<b>525,592</b>	<b>378,197</b>	<b>53,078</b>	<b>1,199,506</b>	<b>72,687</b>	<b>77,489</b>	<b>150,176</b>	<b>1,349,682</b>		
<b>Total Expenses</b>	<b>\$ 291,185</b>	<b>\$ 547,231</b>	<b>\$ 458,356</b>	<b>\$ 80,267</b>	<b>\$ 1,377,039</b>	<b>\$ 213,847</b>	<b>\$ 218,648</b>	<b>\$ 432,495</b>	<b>\$ 1,809,534</b>		

\* Includes salaries in the amount of \$652 and consulting expenses of \$1,717, a total of \$2,369 related to NYS Waste Water contract.

**EAST OF HUDSON WATERSHED CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES BY COUNTY AND FUNDING SOURCE**

FOR THE YEAR ENDED DECEMBER 31, 2021	Program Services Stormwater Retrofit Projects						Supporting Services Administrative and General				Total
	Putnam		Westchester		Subtotal	Putnam		Westchester		Subtotal	
	QIP	FAD	QIP	FAD		QIP	FAD	QIP	FAD		
Salaries	\$ 23,126	\$ 23,897	\$ 49,765	\$ 15,981	\$ 112,769	\$ 125,137	\$ 125,202	\$ 250,339	\$ 363,108		
Employee Health and Payroll Taxes	4,418	4,566	9,508	3,053	21,545	23,908	23,920	47,828	69,373		
Total Salaries and Related Expenses	27,544	28,463	59,273	19,034	134,314	149,045	149,122	298,167	432,481		
Supplies	-	-	-	-	-	3,753	3,754	7,507	7,507		
Travel	117	196	408	224	945	362	344	706	1,652		
Consulting	-	40,090	68,433	53,206	161,729	4,777	4,778	9,555	171,284		
Construction	-	257,191	243,262	99,750	600,203	-	-	-	600,203		
Printing & Postage	14	55	731	19	819	113	113	226	1,045		
Advertising	32	218	136	90	476	716	716	1,432	1,908		
Legal & Accounting	8,462	8,936	18,737	4,164	40,299	35,471	34,847	70,318	110,617		
Telephone	-	-	-	-	-	1,638	1,638	3,276	3,275		
Insurance	-	-	-	-	-	12,872	12,872	25,744	25,744		
Equipment Rental	-	-	-	-	-	1,861	1,861	3,722	3,722		
Rent	-	-	-	-	-	21,000	21,000	42,000	42,000		
Conferences	-	-	-	-	-	770	770	1,540	1,540		
Depreciation & Amortization	-	-	-	-	-	1,023	1,023	2,046	2,046		
O&M - Bubble Compliance	95,267	-	48,037	-	143,304	-	-	-	143,304		
Miscellaneous	-	-	-	-	-	2,592	2,593	5,185	5,185		
Loss (Gain) on Disposal of Fixed Assets	-	-	-	-	-	2,369	2,369	4,738	4,738		
Total Other Expenses	103,892	306,686	379,744	157,453	947,775	89,317	88,678	177,995	1,125,770		
Total Expenses	\$ 131,436	\$ 335,149	\$ 439,017	\$ 176,487	\$ 1,082,089	\$ 238,362	\$ 237,800	\$ 476,162	\$ 1,558,251		

**EAST OF HUDSON WATERSHED CORPORATION  
SCHEDULE OF FILTRATION AVOIDANCE DETERMINATION COMMITTED  
FOR THE YEAR ENDED DECEMBER 31, 2022**

*FAD - FAD Basins Yrs 6-10*

<b>Vendor Name</b>	<b>Contract Number</b>	<b>Contract Date</b>	<b>Contract Amount</b>	<b>Balance Remaining on Contract</b>
Wernert Construction Management, LLC	Carmel-CF-601-C	3/25/2021	\$ 164,376	\$ -
KC Engineering and Land Surveying, PC	Carmel-CF-601-D	11/19/2018	28,000	-
Pitingaro & Doetsch Consulting Engineers	Carmel-CF-703-D	10/17/2018	23,500	8,751
Dunn and Sgromo Engineers PLLC	Carmel-CF-901-D	4/14/2020	17,500	-
Dunn and Sgromo Engineers PLLC	Carmel-CF-902-D	4/14/2020	17,500	-
Lawrence J Paggi PC	Carmel-GL-615-D	11/28/2017	28,100	-
TEC Land Surveying PC	Carmel-GL-615-S	11/28/2017	5,380	-
Pitingaro & Doetsch Consulting Engineers	Carmel-GL-815-D	6/12/2019	34,500	12,840
Insite Engineering Surveying and Landscape Architecture PC	Carmel-GL-915-D	6/23/2022	57,000	49,305
Pitingaro & Doetsch Consulting Engineers	Kent-BC-830-D	6/12/2019	34,500	8,850
Insite Engineering Surveying and Landscape Architecture PC	Kent-CF-845-D	7/25/2019	39,000	33,015
Insite Engineering Surveying and Landscape Architecture PC	L-CR-1001-D	10/20/2022	36,000	33,340
Rennia Engineering Design PLLC	L-CR-701-D	7/11/2019	32,192	22,202
Rennia Engineering Design PLLC	L-CR-803-D	7/11/2019	34,353	6,113
Coyle Industries, Inc.	L-CR-803-C	10/15/2022	138,800	138,800
Hudson Valley Engineering Associates	L-CR-804-D	6/11/2021	60,000	16,300
Rennia Engineering Design PLLC	L-CR-805-D	7/11/2019	25,504	20,710
Hudson Valley Engineering Associates	PR-CR-601-D	2/19/2020	42,800	12,685
Coyle Industries, Inc.	PR-CR-701-C	4/8/2021	110,000	-
Pitingaro & Doetsch Consulting Engineers	PR-CR-701-D	11/19/2018	15,750	-
Pitingaro & Doetsch Consulting Engineers	S-CF-901-D	8/27/2020	24,500	10,440
<b>Total FAD Basins Yrs 6-10 *</b>			<b>\$ 969,255</b>	<b>\$ 373,351</b>

\* \$7 mil of signed contracts for four FAD basins are required before DEP will fund remaining \$7 mil on Contract CRO-574.  
(Currently in design phase on all open FAD Basin projects)

*Upstream Basins - Upstream Basins - Yrs 6-10*

<b>Vendor Name</b>	<b>Contract Number</b>	<b>Contract Date</b>	<b>Contract Amount</b>	<b>Balance Remaining on Contract</b>
Legacy Supply LLC	Kent-MB-601-C	9/15/2020	\$ 955,693	\$ -
Lawrence J Paggi PC	Kent-MB-601-D	1/15/2020	77,400	-
Tectonic Engineering and Surveying Consultants PC	Kent-MB-601-S	3/30/2017	8,900	-
PVE LLC	Kent-MB-601-S (2)	2/21/2020	11,394	-
Earth Alterations LLC	Kent-MB-602-C	7/11/2019	223,780	-
Insite Engineering Surveying and Landscape Architecture PC	Kent-MB-602-D	11/19/2018	49,500	-
Town of Kent	Kent-MB-701-C	12/20/2018	68,320	-
Town of Kent	Kent-MB-701-D	12/20/2018	18,696	-
Pitingaro & Doetsch Consulting Engineers	NS-EB-901-D	8/27/2020	22,500	10,110
KC Engineering and Land Surveying, PC	Pat-EB-601-D	8/7/2017	15,950	-
Coyle Industries, Inc.	Pat-EB-602-C	11/8/2019	69,000	-
Lawrence J Paggi PC	Pat-EB-602-D	6/21/2017	24,500	-
Tectonic Engineering and Surveying Consultants PC	Pat-EB-602-S	3/30/2017	7,800	-
Coyle Industries, Inc.	Pat-EB-603-C	1/7/2020	165,000	-
KC Engineering and Land Surveying, PC	Pat-EB-603-D	9/11/2017	7,508	-
KC Engineering and Land Surveying, PC	Pat-EB-701-D	11/19/2018	15,000	-
Putnam County	PC-MB-701	10/26/2021	137,113	-
Putnam County	PC-MB-701-C	10/2/2018	240,350	-
Insite Engineering Surveying and Landscape Architecture PC	PC-MB-1000-D	10/20/2022	40,000	37,150
Hudson Valley Engineering Associates	PW-MB-1000-D	6/23/2022	52,000	52,000
Insite Engineering Surveying and Landscape Architecture PC	SE-DI-601-D	3/25/2019	22,000	-
KC Engineering and Land Surveying, PC	SE-DI-701-D	11/19/2018	3,795	-
Rennia Engineering Design PLLC	SE-DI-815-D	5/10/2019	39,958	24,391
Insite Engineering Surveying and Landscape Architecture PC	SE-EB-715-D	3/25/2019	51,300	-
Yonkers Excavation Corporation	SE-EB-715-C	11/16/2021	401,237	-
Brennan Construction	SE-POT-02-C	6/14/2019	1,770,486	-
Town of Southeast	SE-POT-02-C (2)	8/2/2017	9,779	-
Town of Southeast	SE-POT-02-D (2)	1/1/2017	235,017	-
<b>Total Upstream Basins - Yrs 6-10</b>			<b>4,743,976</b>	<b>123,651</b>
<b>Total FAD and Upstream Basins - Yrs 6-10</b>			<b>\$ 5,713,231</b>	<b>\$ 497,002</b>



**Other Reporting Required by  
*Government Accounting Standards***



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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  
East of Hudson Watershed Corporation  
2 Route 164  
Patterson, New York 12563

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, 2022, and the related statements of activities, statement of functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2023.

**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.

*RBT CPAs, LLP*

Hudson, New York  
March 27, 2023

**Other Reporting in Accordance with**  
*New York State Public Authorities Law*



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH SECTION 2925(3)(f) OF THE  
NEW YORK STATE PUBLIC AUTHORITIES LAW**

The Board of Directors  
East of Hudson Watershed Corporation  
2 Route 164  
Patterson, New York 12563

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of East of Hudson Watershed Corporation (a nonprofit organization), as of December 31, 2022, which collectively comprise East of Hudson Watershed Corporation's financial statements listed in the table of contents, and we have issued our report thereon dated March 27, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that East of Hudson Watershed Corporation failed to comply with Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations regarding investment guidelines during the year ended December 31, 2022. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding East of Hudson Watershed Corporation's noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management, the Board of Directors, officials of New York City, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

*RBT CPAs, LLP*

Hudson, New York  
March 27, 2023

