

FINANCIAL REPORT
Audited
EAST OF HUDSON WATERSHED CORPORATION
December 31, 2023

Audited for:
Board of Directors
East of Hudson Watershed Corporation



Audited By:

RBT CPAs, LLP
4071 Route 9, Stop 1
Hudson, NY 12534
(518) 828-4616

EAST OF HUDSON WATERSHED CORPORATION

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on the Financial Statements	1-3
Management’s Discussion and Analysis (Unaudited)	4-6
Financial Statements:	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to the Financial Statements	10-16
Other Information:	
Schedule of Expenses by County and Funding Source	17-18
Schedule of Filtration Avoidance Determination Committed	19
Other Reporting Required by <i>Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i>	20-21
Other Reporting in Accordance with <i>New York State Public Authorities Law</i>:	
Independent Auditor’s Report on Compliance with Section 2925(3)(f) of the New York State Public Authorities Law	22
Schedule of Findings	23



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, New York 12563

Report on the Financial Statements

Opinion

We have audited the financial statements of East of Hudson Watershed Corporation (the "Corporation"), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Corporation as of December 31, 2023 and 2022, and the changes in financial position and 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 audits 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* ("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 Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1.B., the Corporation's financial statements as of and for the year ended December 31, 2022, have been restated using Government Accounting Standards Board accounting standards. 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 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.

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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Corporation'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 Corporation'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4-6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included on pages 17-19. The other information is comprised of the Schedule of Expenses by County and Funding Source for the years ended December 31, 2023 and 2022, and the Schedule of Filtration Avoidance Determination Committed as of December 31, 2023 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 13, 2024, on our consideration of the 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 solely 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 the Corporation's internal control over financial reporting and compliance.

RBT CPAs, LLP

Hudson, NY
March 13, 2024

**EAST OF HUDSON WATERSHED CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

The following Management’s Discussion and Analysis report (“MD&A”) provides the reader with an introduction and overview to the financial activities and performance of the East of Hudson Watershed Corporation (the “Corporation”) for the years ended December 31, 2023 and 2022, as mandated by GASB 34. This information should be reviewed in conjunction with the Corporation’s audited financial statements.

The Corporation was established in 2011 to administer and coordinate East of the Hudson Regional Stormwater Retrofit Plans approved by the New York State Department of Environmental Conservation (NYSDEC).

FINANCIAL POSITION SUMMARY

Net position may serve as an indicator of the Corporation’s financial position. The Corporation’s net position was \$1,264,869 and \$620,721 at December 31, 2023 and 2022, respectively.

Right-to-Use Assets:

The Corporation’s right-to-use assets as of December 31, 2023 and December 31, 2022 totaled \$83,582 and \$3,495 (net of accumulated amortization), respectively. This asset is for office space leasing.

Lease Obligations:

The Corporation’s lease obligations for its governmental activities as of December 31, 2023 and December 31, 2022 totaled \$84,099 and \$3,495, respectively. These obligations represent the present value of the periodic lease payments for right-to-use assets discounted at the Corporation’s cost of borrowing.

For details of the Corporation’s finances, see the accompanying financial statements and notes thereof.

SUMMARY OF NET POSITION

	2023	Restated 2022	\$ Change	% Change
Assets				
Current Assets	\$ 14,064,972	\$ 12,376,585	\$ 1,688,387	13.64%
Non-Current Assets	89,466	3,076,819	(2,987,353)	-97.09%
Total Assets	14,154,438	15,453,404	(1,298,966)	-8.41%
Liabilities and Net Position				
Current Liabilities	569,725	297,864	271,861	91.27%
Non-Current Liabilities	44,604	-	44,604	100.00%
Total Liabilities	614,329	297,864	316,465	106.24%
Deferred Inflows of Resources	12,281,884	14,534,819	(2,252,935)	-15.50%
Net Position				
Net Investment in Capital Assets	1,867	3,128	(1,261)	-40.31%
Unrestricted	1,256,358	617,593	638,765	103.43%
Total Net Position	\$ 1,258,225	\$ 620,721	\$ 637,504	102.70%

FINANCIAL OPERATIONS HIGHLIGHTS

There was a decrease in non-current assets of \$2,987,353 in 2023, due to long-term investments converted to short term investments. Deferred inflows decreased \$2,252,935 in 2023 due to a decrease in deferred grant revenue.

Grant revenue increased by \$639,932 in 2023. This was primarily due to the recognition of previously deferred grant revenues. Investment income increased \$617,985 in 2023. This was primarily the result of market fluctuations and the maturity of US Treasury Notes and investment in US Treasury Bills during the year.

Administrative expenses increased by \$601,296 in 2023. This was primarily the result of an increase in program expenses.

**EAST OF HUDSON WATERSHED CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2023	Restated 2022	\$ Change	% Change
Operating Revenues:				
Program Revenue	\$ 2,449,466	\$ 1,809,534	\$ 639,932	35.36%
Total Operating Revenues	<u>2,449,466</u>	<u>1,809,534</u>	<u>639,932</u>	<u>35.36%</u>
Operating Expenses:				
Administrative Expenses	2,409,866	1,808,570	601,296	33.25%
Depreciation and Amortization Expense	39,600	964	38,636	4007.88%
Total Operating Expenses	<u>2,449,466</u>	<u>1,809,534</u>	<u>639,932</u>	<u>35.36%</u>
Operating Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>100.00%</u>
Non-Operating Revenues (Expenses):				
Investment Income	638,165	20,180	617,985	3062.36%
Rental Income	3,000	3,000	-	0.00%
Interest Expense	(3,661)	-	(3,661)	-
Net Non-Operating Revenues	<u>637,504</u>	<u>23,180</u>	<u>614,324</u>	<u>-2650.23%</u>
Change in Net Position	<u>\$ 637,504</u>	<u>\$ 23,180</u>	<u>\$ 614,324</u>	<u>-2650.23%</u>

FINANCIAL STATEMENTS

The Corporation’s financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (“GASB”). The Corporation is structured as a proprietary fund.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Corporation is a local development corporation established by municipalities in Northern Westchester, Putnam and Dutchess Counties in the New York City Watershed to install stormwater retrofit projects (“SRPs”) to meet the requirements for phosphorus reduction defined by the New York State Department of Environmental Conservation (“NYSDEC”). The Corporation is working in conjunction with the NYSDEC and New York City Department of Environmental Protection (“NYCDEP”) to further Stormwater MS4 quality projects in the Croton and Kensico Reservoir Basins.

In 2023 the Corporation continued to work on NYSDEP approved projects under the SRPs and Filtration Avoidance Determination Bins and upstream projects.

The 2023 accomplishments for the Corporation are as follows:

During the January – December 31, 2023 fiscal year, the East of Hudson Watershed Corporation conducted 17 public meetings. These meetings included 4 regular board meetings, 1 annual meeting, and 12 Executive Committee meetings.

Completion of the 10-Year Stormwater Retrofit Program

The Corporation is advancing towards the completion of the 10-Year Stormwater Retrofit Program. There are currently enough projects projected to exceed the phosphorus reduction requirements set by the NYSDEC, and the Corporation will continue to look for the most economical and best environmental impacts moving forward into the next years of the program.

**EAST OF HUDSON WATERSHED CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS – (CONTINUED)

The Corporation started work on Year 10 of the Stormwater Retrofit Program in the beginning of 2021. This Work Plan will provide the Corporation with enough projects to reach our goal of 919.2 kg/year at the completion of the program. The flexibility of project selection at this junction can allow the Corporation to concentrate on construction efforts at the conclusion of the program and limit any open design contracts that are pursued.

Program Requirements and Funding for Years 6-10

The East of Hudson Watershed Coalition successfully signed an agreement with the NYCDEP for the receipt of an additional \$22 million which can be applied to a select group of projects within the program. All projects which are located within the Filtration Avoidance Determination (“FAD”) Basins are eligible for this funding, along with those basins hydrologically connected.

The Federal and State Grant programs are actively being pursued, with various projects qualifying for USACOE funding and the potential Drinking Water and Wastewater Infrastructure Act of 2021.

Advancement of Engineering and Project Techniques

The Corporation will continue to explore new techniques and products to further the advancement of the phosphorus reduction program with the NYCDEP and NYSDEC. New approaches may not be limited to product selection, but also include expansion of existing site development plans to incorporate a phosphorus reduction element to further advance the pollution reduction initiative.

EAST OF HUDSON WATERSHED CORPORATION
STATEMENTS OF NET POSITION

As of December 31	2023	Restated 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,907,806	\$ 7,735,419
Short-Term Investments (Note IV)	6,912,860	4,301,812
Accounts Receivable (Note III)	190,341	267,304
Prepaid Expenses	53,965	72,050
	<hr/>	<hr/>
Total Current Assets	14,064,972	12,376,585
Non-Current Assets:		
Long-Term Investments (Note IV)	-	3,066,696
Security Deposits	3,500	3,500
Capital Assets, Net of Accumulated Depreciation (Note V)	2,384	3,128
Intangible Right-to-Use Assets, Net of Accumulated Amortization (Note V)	83,582	3,495
	<hr/>	<hr/>
Total Non-Current Assets	89,466	3,076,819
	<hr/>	<hr/>
TOTAL ASSETS	14,154,438	15,453,404
LIABILITIES		
Current Liabilities:		
Accounts Payable (Note VI)	244,733	276,390
Accrued Expenses	24,733	17,979
Cash Overdraft	260,764	-
Lease Liability - Current Portion (Note VIII)	39,495	3,495
Total Current Liabilities	569,725	297,864
	<hr/>	<hr/>
Long-Term Liabilities:		
Lease Liability, Net of Current Portion (Note VIII)	44,604	-
	<hr/>	<hr/>
TOTAL LIABILITIES	614,329	297,864
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue (Note IX)	12,281,884	14,534,819
TOTAL DEFERRED INFLOWS	12,281,884	14,534,819
NET POSITION		
Net Investment in Capital Assets	1,867	3,128
Unrestricted	1,256,358	617,593
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 1,258,225	\$ 620,721
	<hr/> <hr/>	<hr/> <hr/>

See Notes to the Financial Statements

EAST OF HUDSON WATERSHED CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31	2023	Restated 2022
Operating Revenues:		
Program Revenue	\$ 2,449,466	\$ 1,809,534
Total Operating Revenues	<u>2,449,466</u>	<u>1,809,534</u>
Operating Expenses:		
Payroll	391,327	353,978
Employee Health and Payroll Taxes	121,513	105,874
Supplies	6,980	7,613
Travel	2,541	1,954
Consulting	289,323	215,407
Construction	1,214,326	762,777
Printing and Postage	533	384
Advertising	1,185	1,138
Legal and Accounting	127,866	110,474
Telephone	2,956	3,191
Insurance	39,986	25,618
Permits and Licensing	8,419	550
Equipment Rental	3,721	3,796
Rent	-	42,039
Conferences	1,404	640
Depreciation and Amortization	39,600	964
O&M - Bubble Compliance	196,531	171,784
Miscellaneous	1,255	1,353
Total Operating Expenses	<u>2,449,466</u>	<u>1,809,534</u>
Operating Income	<u>-</u>	<u>-</u>
Non-Operating Revenues (Expenses):		
Interest Income	638,165	20,180
Rental Income	3,000	3,000
Interest Expense	(3,661)	-
Net Non-Operating Revenue/(Expense)	<u>637,504</u>	<u>23,180</u>
Change in Net Position	<u>637,504</u>	<u>23,180</u>
Net Position - Beginning	<u>620,721</u>	<u>597,541</u>
Net Position - Ending	<u>\$ 1,258,225</u>	<u>\$ 620,721</u>

See Notes to the Financial Statements

EAST OF HUDSON WATERSHED CORPORATION
STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2023	Restated 2022
Cash Flows from Operating Activities		
Cash from Funding Agencies	\$ 288,225	\$ 266,859
Payments to Contractors	(1,910,598)	(1,266,596)
Payments to Employees and Benefits	(506,086)	(456,429)
Net Cash Used in Operating Activities	<u>(2,128,459)</u>	<u>(1,456,166)</u>
Cash Flows from Capital and Related Financing Activities		
Lease Principal Payments	(38,339)	-
Lease Interest Payments	(3,661)	-
Net Cash Used in Capital and Related Financing Activities	<u>(42,000)</u>	<u>-</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	12,482,346	1,164,000
Purchase of Investments	(11,780,665)	(661,762)
Rental Income	3,000	3,000
Interest Income	638,165	20,180
Net Cash Provided by Investing Activities	<u>1,342,846</u>	<u>525,418</u>
Net Decrease in Cash and Cash Equivalents	(827,613)	(930,748)
Cash and Cash Equivalents - Beginning	7,735,419	8,666,167
Cash and Cash Equivalents - Ending	\$ 6,907,806	\$ 7,735,419
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ -	\$ -
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Change in Investment Market Value	(246,033)	48,089
Depreciation	744	219
Amortization	38,856	745
Changes in Operating Assets and Liabilities:		
Accounts Receivable	76,963	(123,165)
Prepaid Expenses	18,085	(39,889)
Accounts Payable	(31,657)	122,011
Accrued Expenses	6,754	3,423
Cash Overdraft	260,764	-
Deferred Inflows	(2,252,935)	(1,467,599)
Net Cash Used in Operating Activities	\$ (2,128,459)	\$ (1,456,166)

See Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

East of Hudson Watershed Corporation ("the Corporation") was formed on October 18, 2011 under Section 1411 of the New York State Not-for-Profit Corporation Law. The Corporation 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 Corporation 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 Corporation continued to work on projects from plan year 6-10. Upon issuance by NYS DEC of a new MS4 general permit, the Corporation will proceed with agreement discussions for plan year 11-15.

Prior to the formation of the Corporation, MS4 operators were responsible for implementing their own SRPs in Years 1 and 2. The Corporation 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 Corporation to combine the separate SRPs into one consolidated program which enabled the Corporation 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, 2023, the Corporation had 19 members (18 towns/villages and 1 county). Each member has passed resolutions to join the Corporation and to authorize the implementation of the SRPs on their behalf.

Based on application of these criteria, the Corporation is not a component unit of another entity as it is a joint venture of the participating municipalities.

B. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles ("GAAP"), as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation is considered a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

The financial statements of the Corporation as of and for the year ended December 31, 2022 were previously reported using the FASB not-for-profit standards. Subsequently, the Corporation determined that, as a public authority, it should follow GASB standards. The 2022 financial statements have been restated to reflect this change.

C. Cash and Cash Equivalents

For the purpose of presenting the Statements of Cash Flows, the Corporation considers all demand deposits, time and savings accounts and certificates of deposit with an original maturity of three months or less to be cash or cash equivalents.

The Corporation has adopted an investment policy in accordance with public authority law which is re-affirmed annually. Such policy defines the Corporation's investment objectives, authorization and collateralization procedures, and monitoring of compliance with stated policies. As described below, the Corporation is in compliance with such policies.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Corporation monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand deposit, time and money market savings accounts, and certificates of deposit.

D. Accounts Receivable

The Corporation's accounts receivable consists primarily of operations and maintenance of completed projects by the participating municipalities, and grant receivables. The Corporation reviews individual accounts based on past history and communication with payors to determine collectability, and has not identified any material uncollectible accounts. Accordingly, no allowance has been recorded as of December 31, 2023 and 2022.

E. Capital Assets

Property, plant and equipment with a useful life more than one year that cost more than \$2,000 are capitalized. Donated property, plant and equipment are recorded at the estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is computed using the straight-line methods over their estimated useful lives of 3-7 years.

F. Leases

Lessee

The Corporation is a lessee for a noncancellable lease of office space. For leases with a maximum possible term of 12 months or less at commencement (short-term), the Corporation recognizes lease expense based on the provisions of the lease agreement in the Statements of Revenues, Expenses, and Changes in Net Position. For all other leases, the Corporation recognizes a lease liability and an intangible right-to-use leased asset in the Statements of Net Position.

At the commencement of a lease, the Corporation initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The leased asset is initially measured at the amount of the lease liability, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the Corporation is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

The following key estimates and judgments are used by the Corporation to determine the following:

- Discount rate: The Corporation generally uses its incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the Corporation does not have any debt, the Corporation estimates its incremental borrowing rate using observable inputs from publicity available sources.
- Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either a Corporation or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the Corporation and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.
- Lease payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Corporation is reasonably certain to exercise.

The Corporation monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

G. Deferred Inflows of Resources

Revenues received in advance of the period to which they relate are deferred and recorded as revenue when earned. Grants and aid received prior to the incidence of qualifying expense are deferred. When the Corporation has legal claim to the resources, the deferred inflow is removed and revenues are recorded.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets and right-to-use assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of debt attributable to acquisition, construction, or improvement of those assets, increased by deferred outflows of resources – loss on refunding, and decreased by deferred inflows of resources – deferred revenues pertaining to acquisition of those assets.

Restricted net position – Consists of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation and reduced by liabilities related to those assets.

Unrestricted net position – Consists of the net amount of the assets that do not meet the definition of “restricted” or “net investment in capital assets”.

The Corporation is required to segregate and reserve the net income generated under the service agreements between the Corporation and the member municipalities by each service agreement area.

I. Income Taxes

The Corporation is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3).

J. Use of Estimates

The preparation of basic 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 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 could differ from those estimates.

K. Subsequent Events

The Corporation evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2023 through March 13, 2024, the date on which the financial statements were available for issuance.

II. CASH AND CASH EQUIVALENTS

At December 31, 2023 and 2022, the carrying amount of the Corporation’s deposits (cash, certificates of deposit and interest-bearing savings accounts) were \$6,907,806 and \$7,735,419, respectively, and the bank balances were \$6,919,392 and \$7,740,990, respectively. The Corporation’s deposits at December 31, 2023 and 2022, and during the years then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Corporation’s agent bank in the Corporation’s name. Petty cash is included in Cash and Cash Equivalents and totaled \$200 at year end.

III. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

As of December 31,	2023	2022
O&M - Bubble Accounts Receivable	\$ 190,341	\$ 172,153
USA Corps of Engineers	-	95,151
	\$ 190,341	\$ 267,304

EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

IV. INVESTMENTS

U.S. GAAP established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs

Directly or indirectly observable (market based) information– This includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Inputs

Unobservable inputs for the asset or liability for which there is no market data or for which asset and liability values are not correlated with market value.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Major categories of assets and liabilities measured at fair value on a recurring basis comprise the following:

Description	Fair Value	Level 1	Level 2	Level 3
As of December 31, 2023				
Assets:				
U.S. Treasury Bills	\$ 6,912,860	\$ 6,912,860	\$ -	\$ -
As of December 31, 2022				
Assets:				
Money Market	\$ 865	\$ 865	\$ -	\$ -
Certificate of Deposit	248,184	248,184	-	-
U.S. Treasury Bills	4,720,533	4,720,533	-	-
U.S. Treasury Notes	2,398,926	2,398,926	-	-
	\$ 7,368,508	\$ 7,368,508	\$ -	\$ -

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

IV. INVESTMENTS - Continued

	2023		
	Unrealized		
	Carry Value	Gain/(Loss)	Market Value
US Treasury Bills	\$ 6,785,439	\$ 127,421	\$ 6,912,860
Total Short-Term	<u>\$ 6,785,439</u>	<u>\$ 127,421</u>	<u>\$ 6,912,860</u>
	2022		
	Unrealized		
	Carry Value	Gain/(Loss)	Market Value
Money Market	\$ 865	\$ -	\$ 865
Certificate of Deposits	250,000	(1,816)	248,184
US Treasury Bills	4,728,282	(675,519)	4,052,763
Total Short-Term	<u>\$ 4,979,147</u>	<u>\$ (677,335)</u>	<u>\$ 4,301,812</u>
US Treasury Bills	\$ 663,195	\$ 4,575	\$ 667,770
US Treasury Notes	2,468,938	(70,012)	2,398,926
Total Long-Term	<u>\$ 3,132,133</u>	<u>\$ (65,437)</u>	<u>\$ 3,066,696</u>

V. CAPITAL ASSETS

Capital asset activity consisted of the following at December 31:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated and amortized:				
Furniture & Equipment & Machinery	\$ 13,146	\$ -	\$ (8,301)	\$ 4,845
Computer Software	21,032	-	(3,060)	17,972
Right-to-Use Leased Assets	45,435	118,943	(45,435)	118,943
Total Capital Assets being depreciated	<u>79,613</u>	<u>118,943</u>	<u>(56,796)</u>	<u>141,760</u>
Accumulated Depreciation and Amortization for:				
Furniture & Equipment	(13,146)	-	8,301	(4,845)
Computer Software	(17,904)	(744)	3,060	(15,588)
Right-to-Use Leased Assets	(41,940)	(38,856)	45,435	(35,361)
Total Accumulated Depreciation and Amortization	<u>(72,990)</u>	<u>(39,600)</u>	<u>56,796</u>	<u>(55,794)</u>
Total Capital Assets, being depreciated, net	<u>6,623</u>	<u>79,343</u>	<u>-</u>	<u>85,966</u>
Total Capital Assets, net	<u>\$ 6,623</u>	<u>\$ 79,343</u>	<u>\$ -</u>	<u>\$ 85,966</u>

VI. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

As of December 31,	2023	2022
Accounts Payable	\$ 54,403	\$ 104,237
O&M Bubble Compliance Payable	190,330	172,153
	<u>\$ 244,733</u>	<u>\$ 276,390</u>

EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

VII. COMPENSATED ABSENCES

The Corporation's policy is to accrue for compensated absences for paid time off if such expenses can be reasonably estimated. As of December 31, 2023 and 2022, the amounts included in accrued liabilities for compensated absences were \$11,368 and \$8,669, respectively.

VIII. LEASE LIABILITY

The Corporation leases office space at 2 Route 164, Patterson, N.Y. for a term of 36 months, effective February 1, 2023 to January 31, 2026. The lease requires monthly minimum lease payments of \$3,500. The lease was discounted using the U.S. Treasury Rate effective on the lease commencement date. The leased office space and accumulated amortization of the right-to-use assets are outlined in Note V.

Minimum lease payments are as follows:

	Principal	Interest	Total
2024	\$ 39,495	\$ 2,505	\$ 42,000
2025	41,104	896	42,000
2026	3,500	-	3,500
	<u>\$ 84,099</u>	<u>\$ 3,401</u>	<u>\$ 87,500</u>

IX. DEFERRED INFLOWS OF RESOURCES

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

Deferred inflows of resources consisted of the following:

As of December 31,	2023	2022
Water Quality Improvement Project	\$ 2,942,351	\$ 4,820,651
Filtration Avoidance Determination	9,336,137	9,641,537
New York State Waste Water	3,396	72,631
	<u>\$ 12,281,884</u>	<u>\$ 14,534,819</u>

X. 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 Corporation 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 Corporation entered into an agreement with NYC DEP to receive an additional \$7,000,000 in funding provided the Corporation meets certain contingencies. The Corporation 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.

EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

XI. RELATED PARTY TRANSACTIONS

The Corporation 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, 2023 and 2022, the engineering firm was due \$0 and \$0, respectively. The total amount paid to the firm for the years ended December 31, 2023 and 2022 was \$130,669 and \$75,601, respectively.

XII. NEW REPORTING STANDARDS

The GASB has issued statements 99 through 102, with varying implementation dates, none of which are expected to have substantive effects on the Corporation's net position.

**OTHER
INFORMATION**

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

FOR THE YEAR ENDED DECEMBER 31, 2023	Program Services Stormwater Retrofit Project					Supporting Services Administrative and General					Total
	Putnam		Westchester		Non-SRP	Subtotal	Putnam	Westchester	Subtotal		
	QIP	FAD	QIP	FAD	Waste Water						
Payroll	\$ 41,986	\$ 7,730	\$ 68,926	\$ 19,019	\$ 3,741	\$ 141,402	\$ 124,963	\$ 124,962	\$ 249,925	\$ 391,327	
Employee Health and Payroll Taxes	14,199	2,400	21,402	5,906	-	43,907	38,803	38,803	77,606	121,513	
Supplies	-	-	-	-	-	-	3,491	3,491	6,982	6,982	
Travel	62	77	1,018	322	-	1,479	531	531	1,062	2,541	
Consulting	14,565	95,090	145,558	26,448	-	281,661	3,831	3,830	7,661	289,322	
Construction	108,538	26,838	894,456	119,800	64,695	1,214,327	-	-	-	1,214,327	
Printing and Postage	26	37	241	84	-	388	73	72	145	533	
Advertising	-	176	-	-	-	176	425	584	1,009	1,185	
Legal and Accounting	9,325	956	10,214	7,164	800	28,459	50,510	48,896	99,406	127,865	
Telephone	-	-	-	-	-	-	1,478	1,477	2,955	2,955	
Insurance	-	-	-	-	-	-	19,993	19,993	39,986	39,986	
Permits and Licensing	864	-	7,555	-	-	8,419	-	-	-	8,419	
Equipment Rental	-	-	-	-	-	-	1,861	1,861	3,722	3,722	
Conferences	-	-	-	-	-	-	702	702	1,404	1,404	
Depreciation & Amortization	-	-	-	-	-	-	19,799	19,800	39,599	39,599	
O&M - Bubble Compliance	110,429	-	86,102	-	-	196,531	-	-	-	196,531	
Miscellaneous	-	-	-	-	-	-	628	627	1,255	1,255	
Total Expenses	\$ 299,994	\$ 133,304	\$ 1,235,472	\$ 178,743	\$ 69,236	\$ 1,916,749	\$ 267,088	\$ 265,629	\$ 532,717	\$ 2,449,466	

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

FOR THE YEAR ENDED DECEMBER 31, 2022	Program Services Stormwater Retrofit Project				Supporting Services Administrative and General				Total	
	Putnam		Westchester		Subtotal	Putnam		Westchester		Subtotal
	QIP*	FAD	QIP	FAD		QIP*	FAD			
Payroll	\$ 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	
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 and Postage	(296)	357	32	29	122	131	131	262	384	
Advertising	23	25	69	98	215	337	586	923	1,138	
Legal and 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 and 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	-	-	-	-	-	672	681	1,353	1,353	
Total Expenses	\$ 291,185	\$ 547,231	\$ 458,356	\$ 80,267	\$ 1,377,039	\$ 213,842	\$ 218,653	\$ 432,495	\$ 1,809,534	

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

**EAST OF HUDSON WATERSHED CORPORATION
SCHEDULE OF FILTRATION AVOIDANCE DETERMINATION COMMITTED
DECEMBER 31, 2023**

FAD - FAD Basins Years 6-10

Vendor Name	Contract Number	Contract Date	Contract Amount	Balance Remaining on Contract
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	1/1/2021	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	6,855
Insite Engineering Surveying and Landscape Architecture PC	Carmel-GL-915-D	4/20/2023	71,000	40,600
Pitingaro & Doetsch Consulting Engineers	Kent-BC-830-D	6/12/2019	27,000	-
Insite Engineering Surveying and Landscape Architecture PC	Kent-CF-845-D	6/30/2023	9,000	-
Insite Engineering Surveying and Landscape Architecture PC	L-CR-1001-D	10/20/2022	36,000	19,850
Rennia Engineering Design PLLC	L-CR-701-D	7/11/2019	32,192	22,202
Coyle Industries, Inc.	L-CR-803-C	10/5/2022	138,800	-
Rennia Engineering Design PLLC	L-CR-803-D	7/11/2019	34,353	6,113
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	2,720
Coyle Industries, Inc.	PR-CR-701-C	1/21/2022	110,000	-
Pitingaro & Doetsch Consulting Engineers	PR-CR-701-D	11/19/2018	15,750	-
Pitingaro & Doetsch Consulting Engineers	PR-CR-702-D	11/19/2018	4,850	-
Pitingaro & Doetsch Consulting Engineers	S-CF-901-D	8/27/2020	24,500	10,440
Total FAD Basins Years 6-10 *			\$ 950,605	\$ 154,541

* \$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 - Years 6-10

Vendor Name	Contract Number	Contract Date	Contract Amount	Balance Remaining on Contract
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	1,482
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	7,118
KC Engineering and Land Surveying, PC	Pat-EB-601-D	11/11/2022	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	55,800	-
KC Engineering and Land Surveying, PC	Pat-EB-701-D	11/11/2022	15,000	-
Putnam County	PC-MB-701	10/26/2021	137,113	-
Putnam County	PC-MB-701-C	10/2/2018	240,350	-
WD Excavation & Contracting, Inc.	PC-MB-1000-C	11/6/2023	245,721	218,884
Insite Engineering Surveying and Landscape Architecture PC	PC-MB-1000-D	10/20/2022	50,000	13,615
Hudson Valley Engineering Associates	PW-MB-1000-D	6/23/2022	52,000	23,500
Insite Engineering Surveying and Landscape Architecture PC	SE-DI-601-D	11/17/2020	22,000	-
KC Engineering and Land Surveying, PC	SE-DI-701-D	11/11/2022	3,795	-
Rennia Engineering Design PLLC	SE-DI-815-D	5/10/2019	39,958	24,391
Yonkers Excavation Corporation	SE-EB-715-C	5/26/2022	377,055	-
Insite Engineering Surveying and Landscape Architecture PC	SE-EB-715-D	3/1/2021	51,300	-
Brennan Construction	SE-POT-02-C	6/14/2019	1,770,486	-
Town of Southeast	SE-POT-02-C (2)	2/18/2020	9,779	-
Town of Southeast	SE-POT-02-D (2)	10/29/2020	235,017	-
Total FAD Basins Years 6-10			\$ 5,023,807	\$ 288,989
Total FAD and Upstream Basins - Yrs 6 - 10			\$ 5,974,412	\$ 443,530

**OTHER REPORTING
REQUIRED BY
*GOVERNMENT AUDITING
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**

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* (“*Government Auditing Standards*”) issued by the Comptroller General of the United States, the financial statements of the East of Hudson Watershed Corporation (the “Corporation”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated March 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, NY
March 13, 2024

**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**

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 corporation), as of and for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the Corporation's financial statement, and have issued our report thereon dated March 13, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the 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, 2023. 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 the 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 13, 2024

**EAST OF HUDSON WATERSHED CORPORATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.

