

FINANCIAL REPORT
Audited
EAST OF HUDSON WATERSHED CORPORATION
December 31, 2025

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

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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, 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, 2025 and 2024, 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 Corporation as of December 31, 2025 and 2024, 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.

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, 2025 and 2024, and the Schedule of Filtration Avoidance Determination Committed as of December 31, 2025 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 21, 2026, 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 21, 2026

**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, 2025 and 2024, 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 \$2,405,988 and \$1,861,534 at December 31, 2025 and 2024, respectively.

Right-to-Use Assets:

The Corporation's right-to-use assets as of December 31, 2025 and December 31, 2024 totaled \$6,430 and \$45,006 (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, 2025 and December 31, 2024 totaled \$3,500 and \$44,604, 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

| | 2025 | 2024 | \$ Change | % Change |
|--------------------------------------|---------------------|---------------------|--------------------|----------------|
| Assets | | | | |
| Current Assets | \$ 12,380,345 | \$ 13,802,494 | \$(1,422,149) | -10.30% |
| Non-Current Assets | 10,824 | 50,145 | (39,321) | -78.41% |
| Total Assets | 12,391,169 | 13,852,639 | (1,461,470) | -10.55% |
| Liabilities and Net Position | | | | |
| Current Liabilities | 821,558 | 433,708 | 387,850 | 89.43% |
| Non-Current Liabilities | - | 3,500 | (3,500) | -100.00% |
| Total Liabilities | 821,558 | 437,208 | 384,350 | 87.91% |
| Deferred Inflows of Resources | 9,163,623 | 11,553,897 | (2,390,274) | -20.69% |
| Net Position | | | | |
| Net Investment in Capital Assets | 3,824 | 2,041 | 1,783 | 87.36% |
| Unrestricted | 2,402,164 | 1,859,493 | 542,671 | 29.18% |
| Total Net Position | \$ 2,405,988 | \$ 1,861,534 | \$ 544,454 | 29.25% |

FINANCIAL OPERATIONS HIGHLIGHTS

There was a decrease in current assets of \$1,422,149 in 2025, due to a decrease in accounts receivable and short-term investments. The decrease in accounts receivable is mostly the result of a large receivable from the US Army Corps of Engineers in the prior year. Deferred inflows decreased \$2,390,274 in 2025 due to a decrease in deferred grant revenue.

Program revenue increased by \$19,579 in 2025. This was primarily due to the recognition of previously deferred program revenues that correspond with project expenditures. Investment income decreased \$57,779 in 2025. This was due to a reduction in investments used to fund projects and operations.

Program and administrative expenses increased by \$21,264 in 2025. This was primarily the result of an increase in legal and accounting expenses related to a property easement fee.

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

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | 2025 | 2024 | \$ Change | % Change |
|---------------------------------------|-------------------|-------------------|--------------------|----------------|
| Operating Revenues: | | | | |
| Program Revenue | \$ 2,634,483 | \$ 2,614,904 | \$ 19,579 | 0.75% |
| Total Operating Revenues | <u>2,634,483</u> | <u>2,614,904</u> | <u>19,579</u> | <u>0.75%</u> |
| Operating Expenses: | | | | |
| Program and Administrative Expenses | 2,594,342 | 2,573,078 | 21,264 | 0.83% |
| Depreciation and Amortization Expense | 39,321 | 39,321 | - | 0.00% |
| Total Operating Expenses | <u>2,633,663</u> | <u>2,612,399</u> | <u>21,264</u> | <u>0.81%</u> |
| Operating Income | <u>820</u> | <u>2,505</u> | <u>(1,685)</u> | <u>100.00%</u> |
| Non-Operating Revenues (Expenses): | | | | |
| Investment Income | 544,530 | 602,309 | (57,779) | -9.59% |
| Rental Income | - | 1,000 | (1,000) | -100.00% |
| Interest Expense | (896) | (2,505) | 1,609 | 64.23% |
| Net Non-Operating Revenues | <u>543,634</u> | <u>600,804</u> | <u>(57,170)</u> | <u>9.52%</u> |
| Change in Net Position | <u>\$ 544,454</u> | <u>\$ 603,309</u> | <u>\$ (58,855)</u> | <u>9.76%</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 2025 the Corporation continued to work on NYSDEP approved projects under the SRPs and Filtration Avoidance Determination Basins and upstream projects.

The 2025 accomplishments for the Corporation are as follows:

During the January – December 31, 2025 fiscal year, the East of Hudson Watershed Corporation conducted 16 public meetings. These meetings included 4 regular board meetings, 1 annual meeting, and 11 Executive Committee meetings.

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 EOHWC 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)

Approval of the Years 11-15 Work Plan was issued in December 2025. This work plan will serve to meet the TMDL requirements set forth in NYSDEC General Permit No. GP-0-24-001. Work on these projects will commence once funding has been made available to the Corporation. It is anticipated that funding will be secured in late 2026.

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 | 2025 | 2024 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 7,418,541 | \$ 6,823,059 |
| Short-Term Investments (Note IV) | 4,536,999 | 5,059,875 |
| Accounts Receivable (Note III) | 349,163 | 1,884,222 |
| Prepaid Expenses | 75,642 | 35,338 |
| Total Current Assets | <u>12,380,345</u> | <u>13,802,494</u> |
| Non-Current Assets: | | |
| Security Deposits | 3,500 | 3,500 |
| Capital Assets (Note V) | 7,324 | 46,645 |
| Total Non-Current Assets | <u>10,824</u> | <u>50,145</u> |
| TOTAL ASSETS | <u>12,391,169</u> | <u>13,852,639</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts and Retainage Payable (Note VI) | 788,628 | 366,999 |
| Accrued Expenses | 29,430 | 25,605 |
| Lease Liability - Current Portion (Note VIII) | 3,500 | 41,104 |
| Total Current Liabilities | <u>821,558</u> | <u>433,708</u> |
| Long-Term Liabilities: | | |
| Lease Liability, Net of Current Portion (Note VIII) | - | 3,500 |
| TOTAL LIABILITIES | <u>821,558</u> | <u>437,208</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Revenue (Note IX) | 9,163,623 | 11,553,897 |
| TOTAL DEFERRED INFLOWS | <u>9,163,623</u> | <u>11,553,897</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 3,824 | 2,041 |
| Unrestricted | 2,402,164 | 1,859,493 |
| TOTAL NET POSITION | <u>\$ 2,405,988</u> | <u>\$ 1,861,534</u> |

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

| For the Years Ended December 31 | 2025 | 2024 |
|---|---------------------|---------------------|
| Operating Revenues: | | |
| Program Revenue | \$ 2,634,483 | \$ 2,614,904 |
| Total Operating Revenues | 2,634,483 | 2,614,904 |
| Operating Expenses: | | |
| Payroll | 335,461 | 385,877 |
| Employee Health and Payroll Taxes | 123,566 | 131,112 |
| Supplies | 4,218 | 6,580 |
| Travel | 493 | 1,438 |
| Consulting | 40,660 | 56,555 |
| Construction | 1,589,366 | 1,648,383 |
| Printing and Postage | 344 | 256 |
| Advertising | 143 | 121 |
| Legal and Accounting | 281,607 | 122,754 |
| Telephone | 3,659 | 3,164 |
| Insurance | 26,197 | 28,542 |
| Permits and Licensing | 660 | 511 |
| Equipment Rental | 3,651 | 3,436 |
| Conferences | 841 | 405 |
| Depreciation and Amortization | 39,321 | 39,321 |
| O&M - Bubble Compliance | 182,300 | 182,710 |
| Miscellaneous | 1,176 | 1,234 |
| Total Operating Expenses | 2,633,663 | 2,612,399 |
| Operating Income | 820 | 2,505 |
| Non-Operating Revenues (Expenses): | | |
| Interest Income | 544,530 | 602,309 |
| Rental Income | - | 1,000 |
| Interest Expense | (896) | (2,505) |
| Net Non-Operating Revenue/(Expense) | 543,634 | 600,804 |
| Change in Net Position | 544,454 | 603,309 |
| Net Position - Beginning | 1,861,534 | 1,258,225 |
| Net Position - Ending | \$ 2,405,988 | \$ 1,861,534 |

**EAST OF HUDSON WATERSHED CORPORATION
STATEMENTS OF CASH FLOWS**

| For the Years Ended December 31 | 2025 | 2024 |
|--|---------------------|-----------------------|
| Cash Flows from Operating Activities | | |
| Cash from Funding Agencies | \$ 1,779,268 | \$ (26,908) |
| Payments to Contractors | (1,753,990) | (1,956,016) |
| Payments to Employees and Benefits | (455,202) | (516,117) |
| Net Cash (Used in) Operating Activities | <u>(429,924)</u> | <u>(2,499,041)</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Lease Principal Payments | (41,104) | (39,495) |
| Lease Interest Payments | (896) | (2,505) |
| Net Cash (Used in) Capital and Related Financing Activities | <u>(42,000)</u> | <u>(42,000)</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from Sale of Investments | 11,500,784 | 13,123,173 |
| Purchase of Investments | (10,960,958) | (11,180,578) |
| Rental Income | - | 1,000 |
| Interest Income | 527,580 | 512,699 |
| Net Cash Provided by Investing Activities | <u>1,067,406</u> | <u>2,456,294</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 595,482 | (84,747) |
| Cash and Cash Equivalents - Beginning | 6,823,059 | 6,907,806 |
| Cash and Cash Equivalents - Ending | \$ 7,418,541 | \$ 6,823,059 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating Income | \$ 820 | \$ 2,505 |
| Adjustments to Reconcile Operating Income to Net Cash (Used in) Operating Activities: | | |
| Depreciation | 745 | 745 |
| Amortization | 38,576 | 38,576 |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | 1,535,059 | (1,107,805) |
| Prepaid Expenses | (40,304) | 18,627 |
| Accounts Payable | 421,629 | 81,446 |
| Accrued Expenses | 3,825 | 872 |
| Cash Overdraft | - | (260,764) |
| Deferred Inflows | (2,390,274) | (1,273,243) |
| Net Cash (Used in) Operating Activities | \$ (429,924) | \$ (2,499,041) |

**EAST OF HUDSON WATERSHED CORPORATION
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.

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 enables 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, 2025, 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.

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles ("GAAP"), as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Based on application of criteria established by GASB, the Corporation is not a component unit of any other 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.

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.

Cash equivalents also include investments in short-term securities that are issued by or guaranteed by the US government, its agencies or instrumentalities.

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.

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.

EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Accounts Receivable

The Corporation's accounts receivable consists primarily of receivables from member municipalities for bubble compliance, 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, 2025 and 2024.

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:

- a. **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 publicly available sources.
- b. **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.
- c. **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.

**EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

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, 2025 through March 21, 2026, the date on which the financial statements were available for issuance.

L. Reclassification of Amounts

Certain amounts for the year ended December 31, 2024 have been reclassified to conform with the presentation of amounts for the year ended December 31, 2025. There is no effect on the 2024 results from operations.

II. CASH AND CASH EQUIVALENTS

At December 31, 2025 and 2024, the carrying amount of the Corporation’s deposits (cash, certificates of deposit, interest-bearing savings accounts and short-term securities) were \$7,418,341 and \$6,822,112, respectively, and the bank balances were \$8,188,432 and \$6,826,145, respectively. The Corporation’s deposits at December 31, 2025 and 2024, and during the years then ended, were entirely covered by FDIC Insurance, by pledged collateral held by the Corporation’s agent bank in the Corporation’s name or invested in eligible securities. 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, | 2025 | 2024 |
|------------------------------------|-------------------|---------------------|
| O&M - Bubble Compliance Receivable | \$ 287,255 | \$ 297,481 |
| US Army Corps of Engineers | 61,908 | 1,586,741 |
| | \$ 349,163 | \$ 1,884,222 |

**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, 2025 | | | | |
| Assets: | | | | |
| U.S. Treasury Bills | \$ 4,536,999 | \$ 4,536,999 | \$ - | \$ - |
| As of December 31, 2024 | | | | |
| Assets: | | | | |
| U.S. Treasury Bills | \$ 5,059,875 | \$ 5,059,875 | \$ - | \$ - |

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.

| | 2025 | | |
|-------------------|----------------|-------------|--------------|
| | Unrealized | | |
| | Carrying Value | Gain/(Loss) | Market Value |
| US Treasury Bills | \$ 4,454,966 | \$ 82,033 | \$ 4,536,999 |
| Total Short-Term | \$ 4,454,966 | \$ 82,033 | \$ 4,536,999 |

| | 2024 | | |
|-------------------|----------------|-------------|--------------|
| | Unrealized | | |
| | Carrying Value | Gain/(Loss) | Market Value |
| US Treasury Bills | \$ 4,951,010 | \$ 108,865 | \$ 5,059,875 |
| Total Short-Term | \$ 4,951,010 | \$ 108,865 | \$ 5,059,875 |

**EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

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 | \$ 4,845 | \$ - | \$ - | \$ 4,845 |
| Computer Software | 17,972 | - | - | 17,972 |
| Right-to-Use Leased Assets | 118,943 | - | - | 118,943 |
| Total Capital Assets being depreciated | <u>141,760</u> | <u>-</u> | <u>-</u> | <u>141,760</u> |
| Accumulated Depreciation and Amortization for: | | | | |
| Furniture & Equipment | (4,845) | - | - | (4,845) |
| Computer Software | (16,333) | (745) | - | (17,078) |
| Right-to-Use Leased Assets | (73,937) | (38,576) | - | (112,513) |
| Total Accumulated Depreciation and Amortization | <u>(95,115)</u> | <u>(39,321)</u> | <u>-</u> | <u>(134,436)</u> |
| Total Capital Assets, being depreciated, net | <u>46,645</u> | <u>(39,321)</u> | <u>-</u> | <u>7,324</u> |
| Total Capital Assets, net | <u>\$ 46,645</u> | <u>\$ (39,321)</u> | <u>\$ -</u> | <u>\$ 7,324</u> |

VI. ACCOUNTS AND RETAINAGE PAYABLE

Accounts payable consisted of the following:

| <u>As of December 31,</u> | <u>2025</u> | <u>2024</u> |
|-------------------------------|-------------------|-------------------|
| Accounts Payable | \$ 432,138 | \$ 283 |
| O&M Bubble Compliance Payable | 287,245 | 297,471 |
| Retainage Payable | 69,245 | 69,245 |
| | <u>\$ 788,628</u> | <u>\$ 366,999</u> |

VII. COMPENSATED ABSENCES

The Corporation's policy is to accrue for compensated absences for paid time off if such expenses can be reasonably expected to be taken. As of December 31, 2025 and 2024, the amounts included in accrued liabilities for compensated absences were \$6,806 and \$12,237, 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. The Corporation renewed its office space lease effective February 1, 2026 to January 1, 2029. The lease requires monthly minimum lease payments of \$3,600.

Minimum lease payments are as follows:

| | Principal | Interest | Total |
|------|-----------------|-------------|-----------------|
| 2026 | 3,500 | - | 3,500 |
| | <u>\$ 3,500</u> | <u>\$ -</u> | <u>\$ 3,500</u> |

**EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

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 Wastewater grant in the amount of \$300,000. The Corporation has retained qualified consultants to identify wastewater 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.

During 2024, the Corporation received payments from 18 municipalities for administrative and planning costs associated with creating the Years 11-15 Stormwater Retrofit Plan. The funding was advanced to be used on future updates and workplan development costs for compliance with the NYSDEC General Permit (GP-0-024-001).

Deferred inflows of resources consisted of the following:

| As of December 31, | 2025 | 2024 |
|------------------------------------|---------------------|----------------------|
| Water Quality Improvement Project | \$ 1,636,201 | \$ 2,327,376 |
| Filtration Avoidance Determination | 7,389,107 | 9,075,172 |
| New York State Wastewater | 66,886 | 66,886 |
| Non-SRP Municipal Workplan | 71,429 | 84,463 |
| | <u>\$ 9,163,623</u> | <u>\$ 11,553,897</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.

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, 2025 and 2024, the engineering firm was due \$4,090 and \$0, respectively. The total amount paid to the firm for the years ended December 31, 2025 and 2024 was \$10,906 and \$24,263, respectively.

XII. RETIREMENT PROGRAM (DEFINED CONTRIBUTION)

The Corporation offers a defined contribution retirement plan under Internal Revenue Code Section 401(k) that allows eligible employees to defer a portion of their compensation for retirement. Employees may contribute to the plan through payroll deductions. The Corporation may elect to make contributions to the plan. For fiscal year 2025, the Corporation contributed a match of the employee contribution up to 3% of the employee gross salary, and a 50% match on amounts above 3% to a maximum match of 5%. Pension expense for year ended December 31, 2025, and 2024 were \$18,620 and \$22,038, respectively.

**EAST OF HUDSON WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

XIII. NEW REPORTING STANDARDS

In January 2024, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires governmental entities to assess and disclose concentrations and constraints that make the entity vulnerable to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Corporation implemented this standard for fiscal 2025 as required. The implementation did not have a significant impact on the Corporation's financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement makes targeted improvements to the governmental financial reporting model in order to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Areas impacted by the changes include the MD&A, budgetary comparison information, and major component unit information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. Management has not estimated the potential impact of GASB 103, if any, on the Corporation's financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires leases, intangible right-to-use assets, and subscription-based information technology arrangements to be disclosed separately in the capital assets note disclosures. Additionally, this statement mandates the separate disclosure of all other intangible assets by major class, excluding the aforementioned types. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. Management has not estimated the potential impact of GASB 104, if any, on the Corporation's financial statements.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued and requires the reporting entity to disclose the date through which subsequent events have been evaluated. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The Corporation implemented this standard for fiscal 2025. The implementation did not have a significant impact on the Corporation's financial statements.

**OTHER
INFORMATION**

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

Program Services
Stormwater Retrofit Project

Supporting Services
Administrative and General

| | Purnam | | | | Westchester | | Wastewater | | Non-SRP | | USACOE | | Subtotal | | Purnam | | Westchester | | Workplan | | Total |
|-----------------------------------|-------------------|---------------------|-------------------|------------------|-------------|-------------|------------------|-------------------|-------------------|------------------|-------------|-----------------|-------------------|---------------------|--------|------|-------------|------|----------|------|-------|
| | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | |
| Payroll | \$ 36,179 | \$ 9,481 | \$ 43,262 | \$ 10,917 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employee Health and Payroll Taxes | 13,326 | 3,492 | 15,935 | 4,021 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Travel | 27 | 26 | 105 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Consulting | 4,800 | 14,996 | 11,380 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Construction | 5,201 | 1,472,963 | 49,294 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Printing and Postage | 102 | - | 11 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advertising | 143 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Legal and Accounting | 10,668 | 165,956 | 1,162 | 1,541 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Telephone | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Permits and Licensing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equipment Rental | 110 | 110 | 440 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rent | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conferences | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation & Amortization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| O&M - Bubble Compliance | 112,724 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | \$ 183,280 | \$ 1,667,024 | \$ 191,165 | \$ 16,479 | \$ - | \$ - | \$ 61,908 | \$ 244,180 | \$ 257,489 | \$ 13,034 | \$ - | \$ 1,176 | \$ 514,703 | \$ 2,634,559 | | | | | | | |

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

| | Program Services Stormwater Retrofit Project | | | | Supporting Services Administrative and General | | | | Total | | | |
|--------------------------------------|---|------------------|------------------|-----------------|---|--------------------|--------------------|------------------|------------------|----------------|------------------|--------------------|
| | Putnam | | Westchester | | Putnam | | Westchester | | | | | |
| | QIP | FAD | QIP | FAD | QIP | FAD | QIP | FAD | | | | |
| FOR THE YEAR ENDED DECEMBER 31, 2024 | | | | | | | | | | | | |
| Payroll | \$ 46,115 | \$ 8,341 | \$ 60,980 | \$ 10,821 | \$ 899 | \$ - | \$ 127,156 | \$ 126,429 | \$ 125,529 | \$ 6,763 | \$ 258,721 | \$ 385,877 |
| Employee Health and Payroll Taxes | 15,669 | 2,834 | 20,719 | 3,677 | 306 | - | 43,205 | 42,958 | 42,651 | 2,298 | 87,907 | 131,112 |
| Supplies | - | - | - | - | - | - | - | 3,281 | 3,299 | - | - | 6,580 |
| Travel | 95 | - | 638 | 7 | - | - | 740 | 316 | 315 | 67 | 698 | 1,438 |
| Consulting | 760 | 28,814 | 16,837 | 1,528 | - | - | 47,939 | 4,308 | 4,308 | - | 8,616 | 56,555 |
| Construction | - | 194,384 | 453,334 | - | - | 1,000,665 | 1,648,383 | - | - | - | - | 1,648,383 |
| Printing and Postage | - | - | 84 | - | - | 84 | 84 | 86 | 86 | - | 172 | 256 |
| Advertising | - | - | 121 | - | - | 121 | 121 | - | - | - | - | 121 |
| Legal and Accounting | 9,508 | 3,495 | 1,053 | 2,750 | - | - | 16,806 | 52,974 | 52,974 | - | 105,948 | 122,754 |
| Telephone | - | - | - | - | - | - | - | 1,582 | 1,582 | - | 3,164 | 3,164 |
| Insurance | - | - | - | - | - | - | - | 14,271 | 14,271 | - | 28,542 | 28,542 |
| Permits and Licensing | - | 123 | 278 | 110 | - | - | 511 | - | - | - | - | 511 |
| Equipment Rental | - | - | - | - | - | - | - | 1,860 | 1,576 | - | 3,436 | 3,436 |
| Conferences | - | - | - | - | - | - | - | 203 | 202 | - | 405 | 405 |
| Depreciation & Amortization | - | - | - | - | - | - | - | 19,660 | 19,661 | - | 39,321 | 39,321 |
| Interest | - | - | - | - | - | - | - | 1,253 | 1,252 | - | 2,505 | 2,505 |
| O&M - Bubble Compliance | 106,327 | - | 76,383 | - | - | - | 182,710 | - | - | - | - | 182,710 |
| Miscellaneous | - | - | - | - | - | - | - | 617 | 617 | - | 1,234 | 1,234 |
| Total Expenses | \$178,474 | \$237,991 | \$630,427 | \$18,893 | \$1,205 | \$1,000,665 | \$2,067,655 | \$269,798 | \$268,323 | \$9,128 | \$547,249 | \$2,614,904 |

**EAST OF HUDSON WATERSHED CORPORATION
SCHEDULE OF FILTRATION AVOIDANCE DETERMINATION COMMITTED
DECEMBER 31, 2025**

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-GI-615-D | 11/28/2017 | 28,100 | - |
| TEC Land Surveying PC | Carmel-GI-615-S | 11/28/2017 | 5,380 | - |
| Pitingaro & Doetsch Consulting Engineers | Carmel-GI-815-D | 6/12/2019 | 34,500 | 6,855 |
| Insite Engineering Surveying and Landscape Architecture PC | Carmel-GI-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 | 19,090 |
| 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 | 11,550 |
| 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 | \$ 149,031 |

* \$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 | - |
| 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 | - |
| Scape-Tech Landscape Technology, Inc. | Kent-MB-1000-C | 9/10/2025 | 1,959,297 | 486,334 |
| Insite Engineering Surveying and Landscape Architecture PC | Kent-MB-1000-D | 7/24/2025 | 28,700 | 13,704 |
| Pitingaro & Doetsch Consulting Engineers | NS-EB-901-D | 8/27/2020 | 16,150 | - |
| 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 | 221,221 | - |
| Insite Engineering Surveying and Landscape Architecture PC | PC-MB-1000-D | 10/20/2022 | 50,000 | - |
| Hudson Valley Engineering Associates | PW-MB-1000-D | 6/23/2022 | 52,000 | 8,300 |
| 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 Upstream Basins Years 6-10 | | | \$ 6,980,954 | \$ 532,729 |

**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, 2025, 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 21, 2026.

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 21, 2026

TRIAL

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 INTERNAL CONTROL OVER
INVESTMENT POLICIES AND ON COMPLIANCE WITH INVESTMENT POLICIES
AND OTHER MATTERS
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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 the East of Hudson Watershed Corporation, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise East of Hudson Watershed Corporation's basic financial statements, and have issued our report thereon dated March 21, 2026. Further we conducted an audit of investment practices, as required by Section 2925 of the NYS Public Authorities Law and described in Authorities Budget Office Policy Guidance 18-02, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* described above.

Report on Internal Control Over Investment Practices

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

A deficiency in internal control over investment practices 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, noncompliance over investment practices on a timely basis. *A material weakness in internal control over investment practices* is a deficiency, or a combination of deficiencies, in internal control over investment practices, such that there is a reasonable possibility that material noncompliance will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over investment practices* is a deficiency, or a combination of deficiencies, in internal control over investment practices that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over investment practices 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over investment practices that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance with Investment Policies and Other Matters

As part of obtaining reasonable assurance about whether the East of Hudson Watershed Corporation obtained and managed its investments in compliance with its own policies and relevant sections of law and regulations, including relevant investment guideline requirements, we performed tests of its compliance with its investment policies and related provisions of laws and regulations. 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 items tested were found to be in compliance with the criteria described above. 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 over investment policies and compliance with those policies and the results of that testing, and not to provide an opinion on the effectiveness of the East of Hudson Watershed Corporation's internal control over investment policies or on compliance with those policies. This report is an integral part of an audit of investment practices performed in accordance with *Government Auditing Standards*, as required by Section 2925 of the NYS Public Authorities Law, in considering the East of Hudson Watershed Corporation's internal control over investment policies and compliance with those policies. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, New York
March 21, 2026

**EAST OF HUDSON WATERSHED CORPORATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025**

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.