

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Consolidated Financial Statements and
Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Watershed Agricultural Council of the
New York City Watersheds, Inc.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate (the Council) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in Schedules 1 through 3 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with the Government Auditing Standards, we have also issued our report dated October 27, 2020, on our consideration of the Council'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 the effectiveness of the Council's 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 Council's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 27, 2020

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Consolidated Statements of Activities
Year ended June 30, 2020
with comparative totals for 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Revenue:				
Program revenue:				
Watershed Agricultural Program	\$ 9,489,372	-	9,489,372	8,174,317
Program administration	2,160,256	-	2,160,256	2,354,140
Outreach communication/economic viability	489,648	-	489,648	585,014
Forestry program	1,343,260	-	1,343,260	2,127,848
Easements	3,679,013	-	3,679,013	4,262,011
Total program revenue	17,161,549	-	17,161,549	17,503,330
Other revenue:				
Federal awards	33,368	-	33,368	309,654
Pure catskills membership and advertising	25,107	-	25,107	23,561
Interest income	6,874	48	6,922	6,544
Investment income, net of fiscal advisory fees	-	67,094	67,094	139,950
Council Stewardship revenue/donations	2,306	611,285	613,591	614,074
Donated services	364,894	-	364,894	333,027
Net assets released from restriction	1,586	(1,586)	-	-
Total other revenue	434,135	676,841	1,110,976	1,426,810
Total revenue	17,595,684	676,841	18,272,525	18,930,140
Expenses:				
Program services	15,405,235	-	15,405,235	15,815,429
Administration	2,253,743	-	2,253,743	2,310,241
Total expenses	17,658,978	-	17,658,978	18,125,670
Change in net assets	(63,294)	676,841	613,547	804,470
Net assets at beginning of year	2,036,136	3,381,937	5,418,073	4,613,603
Net assets at end of year	\$ 1,972,842	4,058,778	6,031,620	5,418,073

See accompanying notes to consolidated financial statements.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Consolidated Statements of Activities
Year ended June 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Program revenue:			
Watershed Agricultural Program	\$ 8,174,317	-	8,174,317
Program administration	2,354,140	-	2,354,140
Outreach communication/economic viability	585,014	-	585,014
Forestry program	2,127,848	-	2,127,848
Easements	4,262,011	-	4,262,011
Total program revenue	<u>17,503,330</u>	<u>-</u>	<u>17,503,330</u>
Other revenue:			
Federal awards	309,654	-	309,654
Pure catskills membership and advertising	23,561	-	23,561
Interest income	6,512	32	6,544
Investment income, net of fiscal advisory fees	-	139,950	139,950
Council Stewardship revenue	-	614,074	614,074
Donated services	333,027	-	333,027
Total other revenue	<u>672,754</u>	<u>754,056</u>	<u>1,426,810</u>
Total revenue	<u>18,176,084</u>	<u>754,056</u>	<u>18,930,140</u>
Expenses:			
Program services	15,815,429	-	15,815,429
Administration	2,310,241	-	2,310,241
Total expenses	<u>18,125,670</u>	<u>-</u>	<u>18,125,670</u>
Change in net assets	50,414	754,056	804,470
Net assets at beginning of year	<u>1,985,722</u>	<u>2,627,881</u>	<u>4,613,603</u>
Net assets at end of year	<u>\$ 2,036,136</u>	<u>3,381,937</u>	<u>5,418,073</u>

See accompanying notes to consolidated financial statements.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE
Consolidated Statement of Functional Expenses
Year ended June 30, 2020
with comparative totals for 2019

	Program Services							Total Program Services	Management and general	Total	
	Non NYC funds and grants	Easement agriculture and forestry CAT 403	Administration of stewardship conservation CAT 450	Watershed agriculture and forestry CAT 487	Capital agriculture and forestry CAT 487	Plant fund	Eliminations			2020	2019
Salaries and wages	\$ 14,824	721,512	-	2,012,840	617,033	-	-	3,366,209	742,963	4,109,172	3,875,100
Payroll taxes and employee benefits	5,289	268,270	-	858,313	239,293	-	-	1,371,165	267,311	1,638,476	1,534,102
Total salaries and related expenses	20,113	989,782	-	2,871,153	856,326	-	-	4,737,374	1,010,274	5,747,648	5,409,202
BMP implementation	9,871	-	-	33,994	4,121,734	-	-	4,165,599	-	4,165,599	3,938,099
Easements	-	2,598,962	-	-	-	-	-	2,598,962	-	2,598,962	2,586,673
Stewardship	-	-	607,897	-	-	-	(607,897)	-	-	-	-
Subcontracts (SWCD & CCE)	-	-	-	1,275,822	577,701	-	-	1,853,523	-	1,853,523	2,185,398
Forestry	90	-	-	474,302	-	-	-	474,392	-	474,392	405,420
Nutrient management credit	-	-	-	535,145	-	-	-	535,145	-	535,145	517,654
Other program expenses	-	59	-	148,782	-	-	-	148,841	39,086	187,927	273,979
Office expense	-	-	-	-	-	-	-	-	174,072	174,072	236,698
Director expenses	-	-	-	-	-	-	-	-	101,018	101,018	105,682
Space costs and utilities	-	-	-	-	-	-	-	-	236,442	236,442	234,736
Web services	-	-	-	53,266	-	-	-	53,266	-	53,266	-
Advertising	-	-	-	-	-	-	-	-	8,654	8,654	22,610
Insurance	-	-	-	-	-	-	-	-	83,526	83,526	80,984
Meetings	-	-	-	-	-	-	-	-	500	500	1,149
Transportation	-	3,886	-	16,528	-	-	-	20,414	59,759	80,173	79,792
IT services and maintenance	-	-	-	-	-	-	-	-	81,697	81,697	78,700
Tools and equipment	-	-	-	-	-	-	-	-	48,543	48,543	4,289
Vehicle purchases	-	-	-	-	-	-	-	-	-	-	147,347
Education and training	33,313	3,606	-	99,823	-	-	-	136,742	1,357	138,099	206,995
Professional fees - legal and accounting	-	134,183	-	-	-	-	-	134,183	66,676	200,859	174,364
Contract services	1,317	87,189	-	43,026	50,368	-	-	181,900	147,669	329,569	900,495
Donated services	13,128	-	-	351,766	-	-	-	364,894	-	364,894	333,027
Miscellaneous	-	-	-	-	-	-	-	-	4,697	4,697	7,457
Total expenses before depreciation	77,832	3,817,667	607,897	5,903,607	5,606,129	-	(607,897)	15,405,235	2,063,970	17,469,205	17,930,750
Depreciation	-	-	-	-	-	189,773	(189,773)	-	189,773	189,773	194,920
Total expenses	\$ 77,832	3,817,667	607,897	5,903,607	5,606,129	189,773	(797,670)	15,405,235	2,253,743	17,658,978	18,125,670

See accompanying notes to consolidated financial statements.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE
Consolidated Statement of Functional Expenses
Year ended June 30, 2019

	Program Services								Total Program Services	Management and general	Total	
	Non NYC funds and grants	Easement agriculture and forestry CAT 403	Watershed agriculture and forestry CAT 433	Capital agriculture and forestry CAT 433	Administration of stewardship conservation CAT 450	Watershed agriculture and forestry CAT 487	Capital agriculture and forestry CAT 487	Plant fund				Eliminations
Salaries and wages	\$ 189,953	708,036	1,478,563	374,668	-	330,959	94,754	-	-	3,176,933	698,167	3,875,100
Payroll taxes and employee benefits	55,743	237,884	371,377	108,991	-	363,652	99,032	-	-	1,236,679	297,423	1,534,102
Total salaries and related expenses	245,696	945,920	1,849,940	483,659	-	694,611	193,786	-	-	4,413,612	995,590	5,409,202
BMP implementation	830,747	-	-	2,875,579	-	-	231,773	-	-	3,938,099	-	3,938,099
Easements	-	2,586,673	-	-	-	-	-	-	-	2,586,673	-	2,586,673
Stewardship	-	-	-	-	607,897	-	-	-	(607,897)	-	-	-
Subcontracts	-	-	1,245,030	399,110	-	398,511	142,747	-	-	2,185,398	-	2,185,398
Forestry	39	-	277,008	-	-	128,373	-	-	-	405,420	-	405,420
Nutrient management credit	-	-	517,654	-	-	-	-	-	-	517,654	-	517,654
Other program expenses	-	2,273	194,546	-	-	77,160	-	-	-	273,979	-	273,979
Office expense	-	-	-	-	-	-	-	-	-	-	236,698	236,698
Director expenses	-	-	-	-	-	-	-	-	-	-	105,682	105,682
Space costs and utilities	-	-	-	-	-	-	-	-	-	-	234,736	234,736
Web services	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-	22,610	22,610
Insurance	-	-	-	-	-	-	-	-	-	-	80,984	80,984
Meetings	-	-	-	-	-	-	-	-	-	-	1,149	1,149
Transportation	-	2,974	6,738	-	-	6,609	-	-	-	16,321	63,471	79,792
IT services and maintenance	-	-	-	-	-	-	-	-	-	-	78,700	78,700
Tools and equipment	1,359	2,930	-	-	-	-	-	-	-	4,289	-	4,289
Vehicle purchases	-	-	-	-	-	-	-	-	-	-	147,347	147,347
Education and training	47,137	3,294	127,645	-	-	22,704	-	-	-	200,780	6,215	206,995
Professional fees - legal and accounting	-	129,250	-	-	-	-	-	-	-	129,250	45,114	174,364
Contract services	69,365	722,922	18,640	-	-	-	-	-	-	810,927	89,568	900,495
Donated services	31,786	-	227,884	-	-	73,357	-	-	-	333,027	-	333,027
Miscellaneous	-	-	-	-	-	-	-	-	-	-	7,457	7,457
Total expenses before depreciation	1,226,129	4,396,236	4,465,085	3,758,348	607,897	1,401,325	568,306	-	(607,897)	15,815,429	2,115,321	17,930,750
Depreciation	-	-	-	-	-	-	-	194,920	(194,920)	-	194,920	194,920
Total expenses	\$ 1,226,129	4,396,236	4,465,085	3,758,348	607,897	1,401,325	568,306	194,920	(802,817)	15,815,429	2,310,241	18,125,670

See accompanying notes to consolidated financial statements.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE
Consolidated Statements of Cash Flows
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from funding agencies	\$ 12,780,130	17,855,503
Payments to land owners, vendors and contractors	(11,732,277)	(12,713,178)
Payments for wages and employee benefits	<u>(5,660,768)</u>	<u>(5,355,937)</u>
Net cash used in operating activities	<u>(4,612,915)</u>	<u>(213,612)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(84,297)	(169,443)
Purchase of investments	(679,824)	(753,781)
Proceeds from sale of property and equipment	-	32,458
Investment income, net of fiscal advisory fees	<u>67,299</u>	<u>139,950</u>
Net cash used in investing activities	<u>(696,822)</u>	<u>(750,816)</u>
Net change in cash and equivalents	(5,309,737)	(964,428)
Cash and equivalents at beginning of year	<u>8,801,463</u>	<u>9,765,891</u>
Cash and equivalents at end of year	<u>\$ 3,491,726</u>	<u>8,801,463</u>

See accompanying notes to consolidated financial statements.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(1) Summary of Significant Accounting Policies

This summary of significant accounting policies of Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate is presented to assist in understanding the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

(a) Nature of Activities

The Organization is composed of affiliated entities which are described as follows:

Watershed Agricultural Council of the New York City Watersheds, Inc.

The Watershed Agricultural Council of the New York City Watersheds, Inc. (the Council) was organized as a nonprofit corporation under the laws of the State of New York on September 23, 1993, and commenced operations on October 1, 1994. The Council was formed to control and prevent contamination of New York City's drinking water supplies from non-point sources of agricultural pollution by promoting best management practices through whole farm planning while maintaining the economic vitality of agriculture within the watershed. Since its incorporation, the Council has developed into a full-service natural resource conservation consultancy, implementing water quality best management practices on farms and forestland, buying and stewarding farmland and forestland conservation easements, and working with landowners, producers, and consumers to improve the economic viability of the working landscape in the New York City water supply watershed.

Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund

Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund (the Affiliate), was formed on September 15, 2008, under the Not-for-Profit Laws of the State of New York. The Affiliate, sponsored by the Council, was organized solely and exclusively to provide financial resources to the Council, or any qualified successor such as a not-for-profit organization as defined by Article 49 of the New York State Environmental Conservation Law, of the agricultural conservation easements (CE's) now held by the Council, for the stewardship of those CE's.

The Council and Affiliate are collectively referred to as the Council.

(b) Endowment

The Affiliate's endowment was established by donations made directly to the Affiliate. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of explicit donor-imposed restrictions. See note 10 for endowment detail.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Accounting

In order to ensure observance of limitations placed on the use of resources available to the Council, the accounts are maintained in accordance with the principles of fund accounting, and are grouped according to the categories identified below. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. Accordingly, all financial transactions have been recorded and reported by fund. Material interfund activity has been eliminated through consolidation. The Council records all transactions in self-balancing funds classified by the restriction categories identified below.

(i) Operating Funds - The Operating Funds include resources that are expendable for support of the Council's operations. These funds are separated by type and include a General Fund; Other Funds and Grants; Whole Farm Easements; and Agriculture and Forestry.

(ii) Plant Fund - The Plant Fund represents resources for plant acquisition and funds expended for plant, property, and equipment.

(iii) Unemployment Reserve Fund - The Unemployment Reserve Fund represents resources that are reserved for unemployment claims. This fund is supported by the Operating Funds. The Council is self-insured for unemployment.

The Affiliate records all transactions in a self-balancing fund representing financial resources provided to the Affiliate for stewardship of conservation easements.

(d) Basis of Presentation

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Council's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Council.

(e) Revenue Recognition

Program revenue is recognized when the related program expenditures are incurred or committed, as expenditures are the prime factor in determining funding eligibility. Program receipts in excess of revenue recognized is recorded as deferred revenue.

(f) Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Cash and Equivalents

The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amounts reported in the consolidated statements of financial position approximate fair values because of the short maturities of those instruments. At June 30, 2020 and 2019, the Council had \$2,711,477 and \$7,942,451, respectively, of cash restricted for DEP contract funding.

(h) Property and Equipment

Property and equipment are stated at cost, or at fair market value for donated items. Expenditures for additions, improvements, and major renewals in excess of \$1,000 that extend the life of an asset are capitalized, whereas expenditures for maintenance and repairs are charged to operations when incurred. Gains and losses from sales or other dispositions of depreciable property are included in current operations. Depreciation is provided for financial reporting purposes using principally the straight-line method over the estimated useful lives of the respective assets as follows:

<u>Asset Description</u>	<u>Life</u>
Equipment	5
Furniture and fixtures	7
Vehicles	5
Buildings	39

(i) Concentration of Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash and equivalents, which from time to time exceed Federal depository insurance coverage limit. The Council has a collateral agreement with its financial institution to collateralize uninsured balances. The collateral is held by a third-party custodial bank. Deposits and investments at year-end were covered by the Federal Depository Insurance Corporation in the amount of \$250,000 and by \$3,320,396 of collateral. All deposits were insured or collateralized at year end.

(j) Advertising Costs

Advertising costs are charged to operations when incurred.

(k) Functional Expenses

The costs of providing the Council's various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated based on direct allocation where related items are allocated to program services and office related items are allocated to management and general.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Subsequent Events

The Council has evaluated subsequent events through the date of the report which is the date the consolidated financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Council and its future results and financial position is not presently determinable.

(m) Income Taxes

The Council and Affiliate are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the consolidated financial statements. The Council and Affiliate have been classified as publicly supported organizations that are not a private foundation under Section 509(a) of the Code. The Council and Affiliate presently disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Council and Affiliate have taken no uncertain tax positions that require adjustment in their financial statements. U.S. Forms 990 filed by the Council and Affiliate are subject to examination by taxing authorities.

(n) Inventory

Inventory consists of items used by the WAC Investigation Repair Crew (WIRC) in emergency repairs as needed and is stated at cost using the first in first out method.

(o) Recent Accounting Standards Issued

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made." ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These consolidated financial statements and notes reflect adoption of this new standard.

(p) Reclassifications

Reclassifications have been made to certain 2019 balances in order to conform them to the 2020 presentation.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(2) Liquidity

The Council has \$9,576,804 of financial assets available within one year of the consolidated statement of financial position date consisting of \$3,491,726 of cash, \$2,027,364 of gross accounts receivable and \$4,057,714 of investments. Some of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2020 consolidated statement of financial position. Additionally, the Council has available a committed line of credit which could be drawn on to fund current operations.

(3) Accounts Receivable

Accounts receivable consist of funds advanced or paid to various county agencies for the benefit of the farmers which have yet to be expended by the agencies and funds that are due from the New York City Department of Environmental Protection and various foundations for expenditures incurred. These accounts receivables at June 30, 2020 and 2019 are as follows:

		2020				
		Other Funds and Grants	Whole Farm Easements	Endowment	Agriculture and Forest	Total
Delaware County SWCD/CCE	\$	-	14	-	156,440	156,454
Other		<u>32,719</u>	<u>1,147</u>	<u>19</u>	<u>1,837,025</u>	<u>1,870,910</u>
	\$	<u>32,719</u>	<u>1,161</u>	<u>19</u>	<u>1,993,465</u>	<u>2,027,364</u>
		2019				
		Other Funds and Grants	Whole Farm Easements	Endowment	Agriculture and Forest	Total
Grants - New York City	\$	-	343,578	-	-	343,578
Delaware County SWCD/CCE		-	-	-	210,314	210,314
Other		<u>864,327</u>	<u>35</u>	<u>1,464</u>	<u>2,180</u>	<u>868,006</u>
	\$	<u>864,327</u>	<u>343,613</u>	<u>1,464</u>	<u>212,494</u>	<u>1,421,898</u>

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(4) Investments

Financial Instruments

The cost and fair value of investments in marketable securities at June 30, 2020 and 2019 is summarized as follows:

<u>Asset Category</u>	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash	\$ 85,662	85,662	77,434	77,434
Mutual Funds:				
Domestic Equity	926,446	999,160	699,427	779,360
Global Equity	260,273	242,920	236,214	258,788
International Equity	793,067	780,876	779,911	815,570
International Equity Income	41,061	41,705	33,573	32,043
Taxable Fixed Income Funds	<u>1,810,077</u>	<u>1,907,391</u>	<u>1,370,648</u>	<u>1,414,695</u>
Total assets	<u>\$ 3,916,586</u>	<u>4,057,714</u>	<u>3,197,207</u>	<u>3,377,890</u>

Investments in marketable securities are stated at fair value. A summary of investment income for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 105,952	81,023
Realized gains	23,796	20,833
Unrealized (depreciation) appreciation	<u>(39,555)</u>	<u>56,782</u>
Investment income	90,193	158,638
Less advisory fees	<u>(23,099)</u>	<u>(18,688)</u>
Investment income, net of advisory fees	<u>\$ 67,094</u>	<u>139,950</u>

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used. 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 below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Affiliate has the ability to access.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(4) Investments, Continued

Fair Value Measurements, Continued

- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Affiliate 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.

The following tables set forth by level, within the fair value hierarchy, the Affiliate's assets at fair value as of June 30, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 85,662	-	-	85,662
Mutual Funds:				
Domestic Equity	999,160	-	-	999,160
Global Equity	242,920	-	-	242,920
International Equity	780,876	-	-	780,876
International Equity Income	41,705	-	-	41,705
Taxable Fixed Income Funds	<u>1,907,391</u>	<u>-</u>	<u>-</u>	<u>1,907,391</u>
	<u>\$ 4,057,714</u>	<u>-</u>	<u>-</u>	<u>4,057,714</u>

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(4) Investments, Continued

Fair Value Measurements, Continued

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 77,434	-	-	77,434
Mutual Funds:				
Domestic Equity	779,360	-	-	779,360
Global Equity	258,788	-	-	258,788
International Equity	815,570	-	-	815,570
International Equity Income	32,043	-	-	32,043
Taxable Fixed Income Funds	<u>1,414,695</u>	<u>-</u>	<u>-</u>	<u>1,414,695</u>
	<u>\$ 3,377,890</u>	<u>-</u>	<u>-</u>	<u>3,377,890</u>

(5) Property and Equipment

Property and equipment at June 30, 2020 and 2019 are summarized as follows:

	2020		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 961,522	(719,282)	242,240
Furniture and Fixtures	33,712	(31,631)	2,081
Vehicles	557,186	(403,058)	154,128
Buildings	761,703	(304,219)	457,484
Leasehold improvements	32,565	(17,140)	15,425
Land	<u>291,807</u>	<u>-</u>	<u>291,807</u>
	<u>\$ 2,638,495</u>	<u>(1,475,330)</u>	<u>1,163,165</u>
	2019		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 905,667	(642,743)	262,924
Furniture and Fixtures	33,712	(31,252)	2,460
Vehicles	539,278	(332,370)	206,908
Buildings	761,703	(279,441)	482,262
Leasehold improvements	32,565	(10,284)	22,281
Land	<u>291,807</u>	<u>-</u>	<u>291,807</u>
	<u>\$ 2,564,732</u>	<u>(1,296,090)</u>	<u>1,268,642</u>

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$189,773 and \$194,920, respectively.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(6) Compensated Absences

Employees of the Council, employees of the Delaware County Cornell Cooperative Extension, and employees of the Delaware County Soil and Water Conservation District, who are paid in connection with projects funded by the Council, earn vacation time at various amounts. In the event of termination of employment or upon retirement, employees are entitled to payment for accumulated vacation time. Estimated vacation time at June 30, 2020 and 2019, has been recorded as a liability in the accompanying consolidated financial statements.

(7) Line of Credit

The Council has a line of credit with Wayne Bank providing for maximum borrowings of \$1,500,000 at the interest rate of 3.25% and 5.50% at June of 2020 and 2019, respectively, secured by receivables from the New York City Department of Environmental Protection. The line is extended to October 26, 2020. At June 30, 2020 and 2019, the Council had no outstanding liabilities under this line of credit.

(8) Net Assets Without Donor Restrictions

The Board of Directors has designated net assets without donor restrictions for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Designated for unemployment reserve	\$ <u>731,001</u>	<u>674,647</u>

(9) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Stewardship of agricultural conservation easements:		
Time or purpose restricted	\$ 967,731	633,348
Endowment	<u>3,069,588</u>	<u>2,725,472</u>
Total stewardship of agricultural conservation easements	4,037,319	3,358,820
Conservation easement	20,414	20,534
Agricultural Fairbairn CD	<u>1,045</u>	<u>2,583</u>
Total	\$ <u>4,058,778</u>	<u>3,381,937</u>

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(10) Endowment Funds

The Affiliate's endowment includes donor restricted funds to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Affiliate classifies as net assets with donor restrictions (a) the original value of gifts donated to permanent endowments, (b) the original value of any subsequent gifts to permanent endowments, and (c) accumulations to the permanently restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Effective in September 2010, New York State modified its law governing the management and investment of charitable gifts by adopting the NYPMIFA. NYPMIFA moves away from the "historic dollar value" standards and permits charities to apply a spending policy to endowments based on certain specified standards of prudence.

In accordance with NYPMIFA, the Affiliate considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

1. The duration and preservation of the fund.
2. The purposes of the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Affiliate.
7. Alternatives to expenditure of the endowment fund.
8. The investment policies of the Affiliate.

Investment Return Objectives, Risk Parameters and Strategies - The Affiliate has adopted investment and spending policies, approved by the Endowment Committee of the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(10) Endowment Funds, Continued

Interpretation of Relevant Law, Continued

Spending Policy - The Endowment Committee of the Affiliate will determine from time to time the amount available for expenditure from the donor-restricted endowment funds.

	<u>2020</u>	<u>2019</u>
Time or purpose restricted	\$ 967,731	633,348
Endowment	<u>3,069,588</u>	<u>2,725,472</u>
Total	\$ <u>4,037,319</u>	<u>3,358,820</u>

(11) Related Party Transactions

At times, members of the Council’s Board of Directors and other committees have owned property on which projects directly funded by the Council has occurred.

(12) Donated Services

The value of donated services included in the consolidated financial statements and the corresponding expenses for the years ended June 30, 2020 and 2019 consist of both personal and non-personal services amounting to \$364,894 and \$333,027, respectively.

(13) Retirement Program

Information regarding funding, benefits, and participation in the optional TIAA-CREF retirement program may be obtained from the plan administrators. Total employer contributions for the years ended June 30, 2020 and 2019 amounted to \$311,380 and \$287,118, respectively.

(14) Rental of Facilities and Equipment

The Council leases office facilities in the Town of Yorktown, New York. The agreement expires on June 30, 2022. Terms of the lease provide for monthly rents of \$1,640 to \$1,915. Rental charges for the years ended June 30, 2020 and 2019 amounted to \$21,240 and \$20,400, respectively.

The Council also leases office facilities in Walton, New York. The lease agreement expires on March 31, 2021. This lease was amended on January 15, 2019 for additional square footage. Terms of the lease provide for monthly rent of \$15,139 to \$15,751. Rental charges for the years ended June 30, 2020 and 2019 amounted to \$186,231 and \$182,577, respectively.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(14) Rental of Facilities and Equipment, Continued

The Council also leases other facilities in Walton, New York. The lease agreement expired on December 31, 2018. The Council is currently in negotiations for a new lease and paying month to month at the current rate. Terms for the lease provide for monthly rent of \$300. Rental charges for each of the years ended June 30, 2020 and 2019 amounted to \$3,300 and \$3,600, respectively.

The Council also has a lease for equipment with Kubota. The lease agreement was signed on August 6, 2019 and will expire on August 6, 2022. Terms of the lease provide for the rental of an Excavator with monthly rent of \$686. Rental charges for the year ended June 30, 2020 amounted to \$6,858.

The minimum annual rental payments for each of the remaining years of the leases are as follows:

Years ending June 30,	
2021	\$ 172,069
2022	31,210
2023	<u>1,373</u>
	\$ <u>204,652</u>

(15) Council's Continued Existence

The Council's continued existence is dependent upon funds received from the City of New York funding agencies to meet its normal operating expenditures.

(16) Easements

The Council has purchased and committed to purchase easements that place various restrictions on real property within the Watershed. These restrictions generally limit the use of the land and or limit the contents of the water that drains from the property and eventually into the New York City drinking water system. These easements must be stewarded in perpetuity. This stewardship responsibility creates an undetermined liability. As of June 30, 2020, the Council owned 170 original grantor conservation easements consisting of 32,014 acres. The Council also had commitments to acquire new conservation easements consisting of 356 acres for a total purchase price of \$391,050 at June 30, 2020.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(17) Commitments and Contingencies

(a) Litigation

The Council is also involved in various claims and lawsuits, both for and against the Council, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Council's financial position.

(b) Other

Commitments and contingencies at June 30, 2020 consist of the following:

The Council receives both Federal and New York City funding for specific purposes that are subject to review and audit by both Federal and City agencies. Such audits could result in a request for reimbursement by the Federal Government or the City for expenditures disallowed under the terms and conditions of the appropriate agency. The Council believes that disallowed expenditures, if any, will not have a material effect on any of the individual Council funds or the overall financial position of the Council.

The Council through the contracts to acquire easements is obligated to steward these easements in perpetuity. The liability created by this stewardship commitment cannot be estimated.

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Consolidating Schedule of Financial Position
June 30, 2020

<u>Assets</u>	<u>Watershed Agricultural Council</u>	<u>Stewardship Endowment Fund</u>	<u>Total</u>
Current assets:			
Cash and equivalents	\$ 3,491,726	-	3,491,726
Accounts receivables	2,027,345	19	2,027,364
Inventory	610	-	610
Prepaid expenses	88,474	-	88,474
Deposits	176,843	-	176,843
Investments, at fair value	<u>20,414</u>	<u>4,037,300</u>	<u>4,057,714</u>
Total current assets	5,805,412	4,037,319	9,842,731
Property and equipment, net of accumulated depreciation	<u>1,163,165</u>	-	<u>1,163,165</u>
Total assets	<u>\$ 6,968,577</u>	<u>4,037,319</u>	<u>11,005,896</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	144,815	-	144,815
Accrued payroll	169,457	-	169,457
Compensated absences	365,088	-	365,088
Accrued expenses	727,525	-	727,525
Deferred revenue	<u>3,567,391</u>	-	<u>3,567,391</u>
Total current liabilities	<u>4,974,276</u>	-	<u>4,974,276</u>
Net assets:			
Net assets without donor restrictions:			
Designated	731,001	-	731,001
Unreserved	<u>1,241,841</u>	-	<u>1,241,841</u>
Total net assets without donor restrictions	1,972,842	-	1,972,842
Net assets with donor restrictions	<u>21,459</u>	<u>4,037,319</u>	<u>4,058,778</u>
Total net assets	1,994,301	4,037,319	6,031,620
Commitments and contingencies (note 17)			
Total liabilities and net assets	<u>\$ 6,968,577</u>	<u>4,037,319</u>	<u>11,005,896</u>

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Consolidating Schedule of Activities

Year ended June 30, 2020

	Watershed Agricultural Council	Stewardship Endowment Fund	Eliminations	Total
Revenue:				
Program revenue:				
Watershed Agricultural Program	\$ 10,097,269	-	(607,897)	9,489,372
Program administration	2,160,256	-	-	2,160,256
Outreach communication/economic viability	489,648	-	-	489,648
Forestry program	1,343,260	-	-	1,343,260
Easements	<u>3,679,013</u>	-	-	<u>3,679,013</u>
Total program revenue	<u>17,769,446</u>	-	<u>(607,897)</u>	<u>17,161,549</u>
Other revenue:				
Federal awards	33,368	-	-	33,368
Pure catskills membership and advertising	25,107	-	-	25,107
Interest income	6,922	-	-	6,922
Investment income, net investment advisory fees	(120)	67,214	-	67,094
Council stewardship revenue/donations	2,306	611,285	-	613,591
Donated services	<u>364,894</u>	-	-	<u>364,894</u>
Total other revenue	<u>432,477</u>	<u>678,499</u>	-	<u>1,110,976</u>
Total revenue	<u>18,201,923</u>	<u>678,499</u>	<u>(607,897)</u>	<u>18,272,525</u>
Expenses:				
Program services expenses:				
Watershed Agricultural Program	10,098,587	-	(607,897)	9,490,690
Easements	3,679,013	-	-	3,679,013
Outreach communication/economic viability	494,010	-	-	494,010
Forestry program	1,376,628	-	-	1,376,628
Donated services	<u>364,894</u>	-	-	<u>364,894</u>
Total program service expenses	<u>16,013,132</u>	-	<u>(607,897)</u>	<u>15,405,235</u>
Administration	<u>2,253,743</u>	-	-	<u>2,253,743</u>
Total expenses	<u>18,266,875</u>	-	<u>(607,897)</u>	<u>17,658,978</u>
Change in net assets	(64,952)	678,499	-	613,547
Net assets at beginning of year	<u>2,059,253</u>	<u>3,358,820</u>	-	<u>5,418,073</u>
Net assets at end of year	<u>\$ 1,994,301</u>	<u>4,037,319</u>	-	<u>6,031,620</u>

WATERSHED AGRICULTURAL COUNCIL OF
THE NEW YORK CITY WATERSHEDS, INC.
AND AFFILIATE

Combining Schedule of Department of Environmental Protection (DEP) Revenue and Expenses

Year ended June 30, 2020

	Easement agriculture and forestry <u>CAT 403</u>	Administration of stewardship conservation <u>CAT 450</u>	Watershed agriculture and forestry <u>CAT 487</u>	Capital agriculture and forestry <u>CAT 487</u>	<u>Total</u>
Revenue:					
Program services:					
Watershed Agricultural Program	\$ -	-	3,868,170	5,606,128	9,474,298
Program administration	656,808	-	1,359,561	(935)	2,015,434
Outreach communication/economic viability	43,022	-	450,988	-	494,010
Forestry program	95,575	-	1,232,687	-	1,328,262
Stewardship	-	607,897	-	-	607,897
Easements	<u>3,679,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,679,013</u>
Total program services	4,474,418	607,897	6,911,406	5,605,193	17,598,914
Other revenue - donated services	<u>-</u>	<u>-</u>	<u>351,766</u>	<u>-</u>	<u>351,766</u>
Total revenue	<u>4,474,418</u>	<u>607,897</u>	<u>7,263,172</u>	<u>5,605,193</u>	<u>17,950,680</u>
Expenses:					
Program services expenses:					
Watershed Agricultural Program	-	-	3,868,170	5,606,128	9,474,298
Easements	3,679,013	-	-	-	3,679,013
Stewardship	-	607,897	-	-	607,897
Outreach communication/economic viability	43,022	-	450,988	-	494,010
Forestry program	95,575	-	1,232,687	-	1,328,262
Donated services	<u>-</u>	<u>-</u>	<u>351,766</u>	<u>-</u>	<u>351,766</u>
Total program services expenses	3,817,610	607,897	5,903,611	5,606,128	15,935,246
Administration	<u>656,808</u>	<u>-</u>	<u>1,359,561</u>	<u>(935)</u>	<u>2,015,434</u>
Total expenses	<u>4,474,418</u>	<u>607,897</u>	<u>7,263,172</u>	<u>5,605,193</u>	<u>17,950,680</u>
Change in net assets without donor restrictions	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

INDEPENDENT AUDITORS' 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
Watershed Agricultural Council of the
New York City Watersheds, Inc.:

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 consolidated financial statements of Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate (the Council), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated October 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Council'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

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

Compliance and Other Matters

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 27, 2020