

CONSOLIDATED FINANCIAL REPORT
Audited
**WATERSHED AGRICULTURAL COUNCIL OF THE NEW
YORK CITY WATERSHEDS, INC. AND AFFILIATE**
June 30, 2023

Audited for:

Council of Directors

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

Audited by:

RBT CPAs, LLP
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**WATERSHED AGRICULTURAL COUNCIL OF THE NEW YORK CITY
WATERSHEDS, INC. AND AFFILIATE**

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Council Members
Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate
33195 State Highway 10
Walton, New York 13856

Opinion

We have audited the accompanying consolidated financial statements of Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate (the "Council", a non-profit organization) which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as of June 30, 2023 and 2022, and the changes in its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits of the financial statements 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 Audit Standards)* issued by the Comptroller General of the United States. Our responsibilities under these 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 Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As explained in Note 18 to the financial statements, the financial information as of and for the year ended June 30, 2022 has been restated to correct amounts recorded to revenue.

As discussed in Note 24 to the financial statements, the Council implemented Accounting Standards Codification (ASC) 842, Leases, in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months from the report date.

Auditor's Responsibility

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 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 Council'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 Council'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Consolidating Schedules of Financial Position and Activities are 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 *Government Auditing Standards*, we have also issued our report, dated December 19, 2023, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

RBT CPAs, LLP

Poughkeepsie, NY
December 19, 2023

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30	2023	RESTATED 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 7,506,795	\$ 6,566,713
Investments - Other	495,752	493,451
Equity Investments (Note 4)	6,372,432	5,363,176
Accounts Receivable (Note 6)	153,133	235,571
Inventory	250	250
Deposits	1,812	147,227
Prepaid Expenses	62,098	124,117
Total Current Assets	14,592,272	12,930,505
Property, Plant and Equipment:		
Land	291,807	291,807
Buildings	761,703	761,703
Leasehold Improvements	29,137	29,137
Vehicles	595,016	557,186
Furniture and Fixtures	27,582	35,917
Equipment	763,082	972,546
	2,468,327	2,648,296
Less: Accumulated Depreciation	1,597,045	1,806,290
Total Net Property, Plant and Equipment	871,282	842,006
Other Assets:		
Right to Use Asset, Operating Lease (Note 7)	348,890	-
Total Assets	\$ 15,812,444	\$ 13,772,511
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 477,809	\$ 113,923
Accrued Expenses (Note 8)	479,032	563,452
Deferred Revenue	6,075,502	5,801,669
Operating Lease Liability - Current Portion (Note 7)	163,582	-
Total Current Liabilities	7,195,925	6,479,044
Long Term Liabilities:		
Paycheck Protection Program Loan (Note 9)	7,422	9,882
Operating Lease Liability - Net of Current Portion (Note 7)	189,290	-
Total Liabilities	7,392,637	6,488,926
Net Assets:		
Without Donor Restrictions:		
Board Designated (Note 10)	893,096	848,684
Unrestricted	957,298	926,268
With Donor Restrictions (Note 11)	6,569,413	5,508,633
Total Net Assets	8,419,807	7,283,585
Total Liabilities and Net Assets	\$ 15,812,444	\$ 13,772,511

See Notes to Financial Statements

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

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contract Revenues	\$ 11,992,906	\$ 607,897	\$ 12,600,803
Grants	81,814	-	81,814
Contributions	6,243	1,164	7,407
Contributed Non-Financial Assets (Note 14)	387,211	-	387,211
Miscellaneous Revenue	49,265	-	49,265
Net Investment Results	3,689	451,898	455,587
	12,521,128	1,060,959	13,582,087
Net Assets Released From Restrictions	179	(179)	-
Total Revenues, Gains and Other Support	12,521,307	1,060,780	13,582,087
Expenses and Losses:			
Program	11,032,405	-	11,032,405
Management and General	1,413,194	-	1,413,194
Loss on Disposal of Asset	266	-	266
Total Expenses and Losses	12,445,865	-	12,445,865
Change in Net Assets	75,442	1,060,780	1,136,222
Net Assets - Beginning	1,774,952	5,508,633	7,283,585
Net Assets - Ending	\$ 1,850,394	\$ 6,569,413	\$ 8,419,807

See Notes to Financial Statements

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

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	RESTATED		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, Gains and Other Support:			
Contract Revenues	\$ 9,954,876	\$ 607,897	\$ 10,562,773
Grants	91,692	-	91,692
Contributions	4,436	50	4,486
Contributed Non-Financial Assets (Note 14)	343,944	-	343,944
Miscellaneous Revenue	245,601	-	245,601
Net Investment Results	6,243	(689,283)	(683,040)
	10,646,792	(81,336)	10,565,456
Net Assets Released From Restrictions	90	(90)	-
Total Revenues, Gains and Other Support	10,646,882	(81,426)	10,565,456
Expenses:			
Program	8,765,895	-	8,765,895
Management and General	1,969,330	-	1,969,330
Total Expenses	10,735,225	-	10,735,225
Change in Net Assets	(88,343)	(81,426)	(169,769)
Net Assets - Beginning - Previously Reported	3,472,063	5,590,059	9,062,122
Prior Period Adjustment (Note 18)	(1,608,768)	-	(1,608,768)
Net Assets - Beginning - Restated	1,863,295	5,590,059	7,453,354
Net Assets - Ending	\$ 1,774,952	\$ 5,508,633	\$ 7,283,585

See Notes to Financial Statements

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

		Program	Management and General	Total
Salaries	A	\$ 3,683,797	\$ 401,397	\$ 4,085,194
Payroll Taxes and Benefits	A	1,626,183	126,828	1,753,011
Total Compensation and Related Expenses		5,309,980	528,225	5,838,205
Director's Expenses	B	-	76,162	76,162
BMP Implementation	C	2,004,420	-	2,004,420
Subcontracts	C	1,491,972	-	1,491,972
Forestry	C	434,462	-	434,462
Nutrient Management	C	554,926	-	554,926
Outreach	C	134,903	-	134,903
Easements	C	23,401	-	23,401
Occupancy	A	10,930	191,292	202,222
Advertising	B	-	11,639	11,639
Transportation	A	38,019	44,525	82,544
Insurance	A	6,276	96,672	102,948
Web Service	C	42,657	-	42,657
IT Services and Maintenance	B	-	89,816	89,816
Education and Training	A	33,869	5,992	39,861
Professional Fees	A	-	105,719	105,719
In-Kind Expenses	C	387,211	-	387,211
Contract Services	A	445,367	-	445,367
Tools and Equipment	A	53,213	103,788	157,001
Office Expense	A	61,905	157,821	219,726
Administrative Expenses	A	75,629	4,701	80,330
Interest Expense	B	-	550	550
Depreciation	B	-	115,323	115,323
Bad Debt Expense	B	-	1,279	1,279
		11,109,140	1,533,504	12,642,644
Plant Funds Capitalized (Note 16)	A	(29,249)	(115,614)	(144,863)
Unemployment Reserve Refunds (Note 17)	A	(47,486)	(4,696)	(52,182)
Total Expenses		\$ 11,032,405	\$ 1,413,194	\$ 12,445,599

Method of Allocation:

- A Estimated Time and Effort
- B Direct Management Expense
- C Direct Program Expense

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

		Program	Management and General	Total
Salaries	A	\$ 3,040,098	\$ 591,126	\$ 3,631,224
Payroll Taxes and Benefits	A	1,316,124	206,110	1,522,234
Total Compensation and Related Expenses		4,356,222	797,236	5,153,458
Director's Expenses	B	-	71,771	71,771
BMP Implementation	C	732,201	-	732,201
Subcontracts	C	1,499,021	-	1,499,021
Forestry	C	232,946	-	232,946
Nutrient Management	C	445,255	-	445,255
Outreach	C	103,814	-	103,814
Easements	C	354,216	-	354,216
Occupancy	A	10,708	165,336	176,044
Advertising	B	-	30,661	30,661
Transportation	A	33,400	39,525	72,925
Insurance	A	9,960	93,047	103,007
Web Service	C	85,667	-	85,667
IT Services and Maintenance	B	-	64,049	64,049
Education and Training	A	14,191	5,763	19,954
Professional Fees	A	-	436,658	436,658
In-Kind Expenses	C	343,944	-	343,944
Contract Services	A	334,665	-	334,665
Tools and Equipment	C	34,061	37	34,098
Office Expense	A	81,985	107,942	189,927
Administrative Expenses	A	132,749	3,771	136,520
Interest	B	-	6,520	6,520
Depreciation	B	-	154,171	154,171
		8,805,005	1,976,487	10,781,492
Unemployment Reserve Refunds (Note 17)	A	(39,110)	(7,157)	(46,267)
Total Expenses		\$ 8,765,895	\$ 1,969,330	\$ 10,735,225

Method of Allocation:

- A Estimated Time and Effort
- B Direct Management Expense
- C Direct Program Expense

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

CONSOLIDATED STATEMENTS OF CASH FLOWS	RESTATED	
For the Years Ended June 30	2023	2022
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,136,222	\$ (169,769)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Depreciation	115,323	154,171
Loss on Disposal of Asset	266	-
Realized (Gain)/Loss on Investments	19,583	(169,049)
Unrealized (Gain)/Loss on Investments	(317,502)	950,818
Reinvested Dividends	(639)	(967)
Changes in Working Capital:		
(Increase)/Decrease in:		
Accounts Receivable	82,438	3,937,577
Prepaid Expenses	62,019	(66,295)
Deposits	145,415	32,123
Right of Use Asset - Operating Lease	124,853	-
Increase/(Decrease) in:		
Accounts Payable	363,886	(291,278)
Accrued Expenses	(84,420)	(89,124)
Deferred Revenue	273,833	2,867,689
Operating Lease Payable	(120,871)	-
Net Cash Provided by Operating Activities	1,800,406	7,155,896
Cash Flows From Investing Activities:		
Purchase of Property, Plant and Equipment	(144,865)	(13,228)
Purchase of Investments	(1,061,130)	(1,521,898)
Proceeds from Sale of Investments	348,131	496,967
Net Cash Used in Investing Activities	(857,864)	(1,038,159)
Cash Flows From Financing Activities:		
Repayments of Paycheck Protection Program Loan	(2,460)	(1,038,600)
Net Cash Used in Financing Activities	(2,460)	(1,038,600)
Net Increase in Cash and Cash Equivalents	940,082	5,079,137
Cash and Cash Equivalents - Beginning	6,566,713	1,487,576
Cash and Cash Equivalents - Ending	\$ 7,506,795	\$ 6,566,713
Supplemental Disclosures:		
Cash Paid for Interest	\$ 550	\$ 9,882

Non-Cash Transaction:

During 2023 and 2022, the Council received various non-cash contributions totaling \$387,211 and \$343,944, respectively, all of which were utilized in the year received.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business:

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 (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 (“CEs”) now held by the Council, for the stewardship of those CEs.

2. Summary of Significant Accounting Policies:

Basis of Accounting

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

Principles of Consolidation

The consolidated financial statements include all accounts of the Council and its Affiliate. Inter-entity transactions are eliminated in consolidation.

Pervasiveness of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets

The Council reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Accounts Receivable

The Council provides for bad debts using the reserve method. The allowance for doubtful accounts is based on specifically identified amounts that the Council believes to be uncollectible. Management has determined that no allowance was necessary as of June 30, 2023 and 2022.

Property, Plant and Equipment

The Council’s capitalization policy is to capitalize purchases of \$1,000 or more for assets that have useful lives of more than one year. These assets are stated at cost. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years. Improvements to leased property are depreciated over the lesser of the expected life of the lease or the life of the improvements.

Compensated Absences

Employees of the Council are generally entitled to paid vacation and sick time depending on length of service and other factors. The Council also pays for compensated absences related to subcontracts. The Council accrues for unused sick and vacation days based upon actual days accrued and available as of year-end.

Investments

Marketable securities are stated at fair value and unrealized holding gains and losses are included in the change of net assets.

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

2. Summary of Significant Accounting Policies (continued):

Investments - Other

Certificates of deposit held for investment that are not debt securities are included in "Investments - Other".

Paycheck Protection Program Loan

The Council accounts for its Paycheck Protection Program ("PPP") Loan as a financial liability in accordance with FASB ASC 470 Debt. See Note 9.

Revenue Recognition

The Council derives 100% of its revenues from non-exchange contracts and other revenues not subject to FASB ASC 606, Revenue from Contracts with Customers.

Contributions

The Council recognizes contributions when an unconditional promise is made or when cash or cash equivalents are received, if an unconditional promise does not exist. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. Conditional promises to give without a stipulated due date, and for which the Council has met all conditions precedent to receipt of the contribution prior to year-end, are classified as net assets without donor restrictions.

A donor restriction is satisfied when a stipulated time restriction expires or when a purpose restriction is accomplished. Upon satisfaction, net assets with donor restrictions are re-classified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The principal and any donor restricted income from restricted gifts are classified as net assets with donor restrictions. Income on those assets, not restricted by the donor, is classified as net assets with donor restrictions (if restricted by relevant law) or revenue without donor restrictions.

Contributed supplies and other in-kind contributions are reflected as contributions at their estimated fair values when received or when an unconditional promise to give has been made. The Council does not imply time restrictions on contributions of long-lived assets (or assets restricted to the purchase of long-lived assets) received without donor stipulations about how long the contributed assets must be used. As a result, those restrictions expire when the long-lived assets are placed in service.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of functional expenses. The methods of allocation are disclosed on the statement of functional expenses.

Advertising

Advertising expenses are charged against income as incurred. Advertising costs for the years ended June 30, 2023 and 2022 totaled \$11,639 and \$30,661, respectively.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including receivables and payables arising in the ordinary course of business, approximate fair value due to the short maturity of these instruments. The carrying amount of long-term debt approximates fair value because the interest rates fluctuate with the market interest rates or the fixed rates are based on current rates offered to the Council for debt with similar terms and maturities. See Note 5 for disclosure about the fair value of investments.

Income Taxes

The Council files an annual form 990 as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no federal or New York State taxes are paid by the Council. The Council has been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi). With few exceptions, the Council is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years prior to 2020.

Subsequent Events

Management has evaluated subsequent events from June 30, 2023 through December 19, 2023, the date on which the financial statements were available to be issued.

Deferred Revenues

Deferred revenues consist of NYC DEP contract advances and encumbered amounts as of June 30, 2023 and 2022.

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

2. Summary of Significant Accounting Policies (continued):

Reclassification of Amounts

Certain amounts for the year ended June 30, 2022 have been reclassified to conform with the presentation of amounts for the year ended June 30, 2023. There is no effect on the 2022 results from operations.

Leases

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

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

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

3. Cash and Cash Equivalents:

Cash and cash equivalents held by the Council consisted of the following:

As of June 30	2023	2022
Cash in Bank	\$ 7,311,015	\$ 6,421,707
Cash Held with Investments	195,180	144,406
Petty Cash	600	600
	\$ 7,506,795	\$ 6,566,713

4. Investments:

The following is a summary of the Council's investment in securities:

	Cost	Unrealized Gain	Unrealized (Loss)	Fair Market Value
As of June 30	2023			
Mutual Funds - Bond Funds	\$ 3,224,576	\$ -	\$ (297,824)	\$ 2,926,752
Mutual Funds - Equity Funds	2,298,222	486,368	(4,507)	2,780,083
Exchange Traded Funds	390,882	51,910	-	442,792
Real Assets	231,588	1,146	(9,929)	222,805
	\$ 6,145,268	\$ 539,424	\$ (312,260)	\$ 6,372,432
As of June 30	2022			
Mutual Funds - Bond Funds	\$ 2,844,921	\$ 601	\$ (261,240)	\$ 2,584,282
Mutual Funds - Equity Funds	2,039,989	129,611	(29,049)	2,140,551
Exchange Traded Funds	362,444	21,450	(6,068)	377,826
Real Assets	206,160	57,776	(3,419)	260,517
	\$ 5,453,514	\$ 209,438	\$ (299,776)	\$ 5,363,176

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

5. Fair Value of Investments:

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

As of June 30	2023		2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Mutual Funds - Bond Funds	\$ 3,224,576	\$ 2,926,752	\$ 2,844,921	\$ 2,584,282
Mutual Funds - Equity Funds	2,298,222	2,780,083	2,039,989	2,140,551
Exchange Traded Funds	390,882	442,792	362,444	377,826
Real Assets	231,588	222,805	206,160	260,517
	\$ 6,145,268	\$ 6,372,432	\$ 5,453,514	\$ 5,363,176

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

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

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

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

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

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

For the years ended June 30, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

As of June 30, 2023	Total	Level 1	Level 2	Level 3
Mutual Funds - Bond Funds	\$ 2,926,752	\$ 2,926,752	\$ -	\$ -
Mutual Funds - Equity Funds	2,780,083	2,780,083	-	-
Exchange Traded Funds	442,792	442,792	-	-
Real Assets	222,805	222,805	-	-
	\$ 6,372,432	\$ 6,372,432	\$ -	\$ -

As of June 30, 2022	Total	Level 1	Level 2	Level 3
Mutual Funds - Bond Funds	\$ 2,584,282	\$ 2,584,282	\$ -	\$ -
Mutual Funds - Equity Funds	2,140,551	2,140,551	-	-
Exchange Traded Funds	377,826	377,826	-	-
Real Assets	260,517	260,517	-	-
	\$ 5,363,176	\$ 5,363,176	\$ -	\$ -

6. Accounts Receivable:

Accounts receivable consisted of the following:

As of June 30	2023	2022
Accounts Receivable - NYC Contracts	\$ 97,219	\$ 7,784
Accounts Receivable - Subcontractors	26,330	181,275
Accounts Receivable - Grants	22,777	46,011
Accounts Receivable - Other	6,807	501
	\$ 153,133	\$ 235,571

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

7. Leases

The Council leases office space and storage space in Walton, New York and Yorktown Heights, New York.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows:

For the Year Ended June 30	<u>2023</u>
<i>Lease Costs:</i>	
Operating Lease Costs	\$ 137,455
Non-Capitalized Lease Costs	1,372
Total Lease Cost	<u>\$ 138,827</u>

Supplemental balance sheet information related to leases is as follows:

As of June 30	<u>2023</u>
<i>Operating Leases</i>	
Original Cost of ROU Asset	\$ 473,743
Accumulated Amortization	(124,853)
Operating Lease ROU Asset, Net	<u>\$ 348,890</u>

Weighted-Average Remaining Lease Term	
Operating Leases	2.31 Years

Weighted-Average Discount Rate	
Operating Leases	3.86%

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

During the Years Ended June 30:	<u>Operating Leases</u>
2024	\$ 173,604
2025	139,389
2026	26,880
2027	27,960
Total Lease Payments	367,833
Present Value Discount	(14,961)
Total Present Value Lease Liabilities	352,872
Less: Current Maturities	(163,582)
Long-Term Portion	<u>\$ 189,290</u>

8. Accrued Expenses:

The Council's accrued expenses consisted of the following:

As of June 30	<u>2023</u>	<u>2022</u>
Accrued Wages Payable	\$ 110,502	\$ 137,129
Accrued Leave	367,383	374,662
Accrued Nutrient Management Credits	-	51,226
Other Accrued Expenses	1,147	435
	<u>\$ 479,032</u>	<u>\$ 563,452</u>

9. Paycheck Protection Program Loan Payable:

In February 2021, the Council received a Paycheck Protection Program ("PPP") loan of \$1,048,482 provided under the CARES Act in response to the economic impact of the COVID-19 global pandemic. This amount has been recorded as Paycheck Protection Program Loan and is due and payable in February 2026 along with 1% accrued interest. The balance of the loan was \$7,422 and \$9,882 as June 30, 2023 and 2022, respectively. Interest expense related to the loan was \$127 and \$9,882 as of June 30, 2023 and 2022, respectively.

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

10. Board Designated Net Assets:

Board Designated Net Assets consist of accumulated unemployment reserves from the Council's self-insured unemployment program. The reserve totaled \$893,096 and \$848,684 as of June 30, 2023 and 2022, respectively.

11. Net Assets with Donor Restrictions:

Net assets with donor restrictions consisted of the following:

As of June 30	2023	2022
Stewardship of Agricultural Conservation Easements:		
Time or Purpose Restricted	\$ 1,648,495	\$ 1,198,090
Endowment	4,894,074	4,285,762
Total Stewardship of Agricultural Conservation Easements	<u>6,542,569</u>	<u>5,483,852</u>
Conservation Easement Fund	25,043	23,731
Agricultural Fairbairn Certificate of Deposit	1,051	1,050
EV Livestock Foundation	750	-
	<u>\$ 6,569,413</u>	<u>\$ 5,508,633</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes of the donors as follows:

For the Years Ended June 30	2023	2022
Operating Costs - Purpose Restrictions	<u>\$ 179</u>	<u>\$ 90</u>

12. Endowment Funds:

The Council's endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, the net assets associated with endowment funds, including funds designated by the Council 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 Council of Directors has interpreted New York's Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the original gift value as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Affiliate classifies as net assets with donor restrictions (a) the original value of gifts donated or 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.

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 Council and 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.

Return Objectives and Risk Parameters

The Affiliate has adopted investment and spending policies, approved by the Endowment Committee of the Council 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.

Endowment Net Asset Composition by Type of Fund for the fiscal years ended June 30:

	2023	2022
Donor Restricted Endowment Funds	<u>\$ 6,542,569</u>	<u>\$ 5,483,852</u>

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

12. Endowment Funds (continued):

Changes in the Endowment Net Assets with Donor Restrictions for the fiscal years ended June 30:

	2023	2022
Endowment New Assets, Beginning of Year	\$ 5,483,852	\$ 5,563,691
Contract and Contribution Revenue	608,311	607,947
Investment Return:		
Unrealized Gain/(Loss) on Investments	316,622	(948,338)
Realized Gain/(Loss) on Investments	(19,603)	181,519
Dividend and Interest Income	186,480	110,570
Investment Fees	(33,093)	(31,537)
Change in Net Assets	1,058,717	(79,839)
Endowment Net Assets, End of Year	\$ 6,542,569	\$ 5,483,852

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.

13. Liquidity and Availability of Financial Assets:

The following reflects the Council's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2023 and 2022.

As of June 30	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 7,506,795	\$ 6,566,713
Investments - Other	495,752	493,451
Equity Investments	6,372,432	5,363,176
Accounts Receivable	153,133	235,571
Total Financial Assets at Year-End	14,528,112	12,658,911
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Board Designated Net Assets	893,096	848,684
Donor-Restricted Purposes	6,569,413	5,508,633
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$ 7,065,603	\$ 6,301,594

As of June 30, 2023, the Council had enough liquid assets to cover expenses for approximately 7 months. Management deems this level of liquidity sufficient as contracts are reimbursement based and advance payments are requested. The Council also maintains a line of credit with Wayne Bank. See Note 18.

14. Contributed Non-Financial Assets:

Contributed nonfinancial assets, also known as gifts in kind, are reported separate from contributions of cash and other financial assets on the Statement of Activities.

Contributed non-financial assets consisted of the following:

As of June 30	Monetized/Utilized	Valuation Method	Amount
		2023	
Educational Bus Tours	Utilized	Invoices	\$ 24,699
Subcontractor - Cornell Cooperative Extension			
Delaware County Services	Utilized	Contract	292,303
Field Trips	Utilized	Invoices	70,209
Total			\$ 387,211

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

14. Contributed Non-Financial Assets (continued):

As of June 30	Monetized/Utilized	Valuation Method	Amount
		2022	
Educational Bus Tours	Utilized	Invoices	\$ 73,765
Subcontractor - Cornell Cooperative Extension Delaware County Services	Utilized	Contract	270,179
Total			\$ 343,944

15. Non-Capitalized Operating Leases:

The Council has entered into leases for office equipment with varying end dates through December 2025.

The total minimum lease commitment at June 30, 2023 is as follows:

2024	\$	7,826
2025		5,569
2026		2,220
	<u>\$</u>	<u>15,615</u>

16. Plant Funds Capitalized:

The Council expensed a total of \$144,863 of capitalized plant assets included on the statement of functional expenses as tools and equipment expenses and office expenses for the year ended June 30, 2023 for contract reimbursement purposes. These amounts are offset by the Plant Funds Capitalized in the Statement of Functional Expenses.

17. Unemployment Reserve Refunds:

The Council self-insures for Unemployment Insurance with a maximum of \$850 per employee per year. These amounts are billed against New York City Department of Environmental Protection (“DEP”) contracts in lieu of third-party insurance policy expenses. Unused amounts of the Unemployment Reserve are then recognized as a refund from the DEP quarterly. For the years ended June 30, 2023 and 2022, Unemployment Reserve expenses and unemployment expenses totaled \$52,182 and \$46,189, respectively, and Unemployment Reserve refunds were \$52,182 and \$46,267, respectively. The refund amounts are offset against expenses in the Statement of Functional Expenses.

18. Prior Period Adjustment and Restatement of Prior Year:

A prior period adjustment was recorded to net assets as of July 1, 2021, for the following item:

- Certain balances related to contract revenues and deferred revenues were incorrect, resulting in an overstatement of \$1,608,768 to Net Assets Without Donor Restrictions, and an understatement of deferred revenues.

As a result of the above changes, revenues for the year ended June 30, 2022 have been restated to reflect an increase of \$73,571 and a corresponding increase to the 2022 change in net assets. The statement of financial position as of June 30, 2022 has also been restated to reflect these corrections.

19. Line of Credit:

The Council’s line of credit consisted of the following:

As of June 30, 2023	Available	Outstanding
Line of Credit with Wayne Bank at 8.25% interest rate collateralized by NYC DEP Receivables	\$ 1,500,000	\$ -
As of June 30, 2022	Available	Outstanding
Line of Credit with Wayne Bank at 3.25% interest rate collateralized by NYC DEP Receivables	\$ 1,500,000	\$ -

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

20. Related Parties:

The Council of Directors is made up of local farmers and landowners in order to better inform and serve the Council regarding program needs and services. Council members are reimbursed for time and travel related to Council meetings at approved fixed rates. During the years ended June 30, 2023 and 2022, \$72,169 and \$71,572, respectively, was paid to Council members related to meetings. From time to time, Council members also participate in programs. All Council members must follow the same application and approval process, as well as the same reimbursement and credit rates and procedures as non-Council members. During the years ended June 30, 2023 and 2022, Council members received \$528,900 and \$56,441 through the BMP Implementation Program and \$60,157 and \$71,632 through the Nutrient Management Credit Program, respectively.

21. Concentration of Credit Risk:

The Council maintains its cash and cash equivalents in accounts which periodically exceed federally insured limits. It has not experienced any losses to date resulting from this policy.

22. Contingencies:

The Council's Nutrient Management Credit ("NMC") program approves farm credits annually based on records provided by farmers. NMC approved balances are used to reimburse farmers for Nutrient Management related expenses as they are incurred. Eligible expenses include items such as manure spreaders, barn cleaners, and custom services. The credit can be used over a 3 to 5 year period. As of June 30, 2023 and 2022, the Council had an estimated contingency of \$928,447 and \$901,502, respectively, relating to approved nutrient management awards not yet expended by farmers.

23. Economic Dependency:

For the years ended June 30, 2023 and 2022, the Council received approximately 95% of its revenues from the New York City Department of Environmental Protection. The Council is dependent on continued funding from these contracts.

Pursuant to the Council's relationships with governmental units, the governments have the right to examine the books and records of the Council involving transactions relating to their contracts. The accompanying financial statements do not include any provision for possible disallowances for examinations in the future. In the opinion of management, any actual disallowances would be unlikely and immaterial.

24. Change of Accounting Policy:

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

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

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Council's operating leases at July 1, 2022, totaling \$473,743. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

SUPPLEMENTARY INFORMATION

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

	Watershed Agricultural Council of the New York City Watershed, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 7,311,615	\$ 195,180	\$ -	\$ 7,506,795
Investments - Other	495,752	-	-	495,752
Equity Investments	25,043	6,347,389	-	6,372,432
Accounts Receivable	153,133	-	-	153,133
Inventory	250	-	-	250
Deposits	1,812	-	-	1,812
Prepaid Expenses	62,098	-	-	62,098
Total Current Assets	8,049,703	6,542,569	-	14,592,272
Property, Plant and Equipment:				
Land	291,807	-	-	291,807
Buildings	761,703	-	-	761,703
Leasehold Improvements	29,137	-	-	29,137
Vehicles	595,016	-	-	595,016
Furniture and Fixtures	27,582	-	-	27,582
Equipment	763,082	-	-	763,082
	2,468,327	-	-	2,468,327
Less: Accumulated Depreciation	1,597,045	-	-	1,597,045
Total Net Property, Plant and Equipment	871,282	-	-	871,282
Other Assets:				
Right to Use Asset, Operating Lease	348,890	-	-	348,890
Total Assets	\$ 9,269,875	\$ 6,542,569	\$ -	\$ 15,812,444
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 477,809	\$ -	\$ -	\$ 477,809
Accrued Expenses	479,032	-	-	479,032
Deferred Revenue	6,075,502	-	-	6,075,502
Operating Lease Liability - Current Portion	163,582	-	-	163,582
Total Current Liabilities	7,195,925	-	-	7,195,925
Long Term Liabilities:				
Paycheck Protection Program Loan	7,422	-	-	7,422
Operating Lease Liability - Net of Current Portion	189,290	-	-	189,290
Total Liabilities	7,392,637	-	-	7,392,637
Net Assets:				
Without Donor Restrictions:				
Board Designated	893,096	-	-	893,096
Unrestricted	957,298	-	-	957,298
With Donor Restrictions	26,844	6,542,569	-	6,569,413
Total Net Assets	1,877,238	6,542,569	-	8,419,807
Total Liabilities and Net Assets	\$ 9,269,875	\$ 6,542,569	\$ -	\$ 15,812,444

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

	Watershed Agricultural Council of the New York City Watershed, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	RESTATED Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 6,422,306	\$ 144,407	\$ -	\$ 6,566,713
Investments - Other	493,451	-	-	493,451
Equity Investments	23,731	5,339,445	-	5,363,176
Accounts Receivable	235,571	-	-	235,571
Inventory	250	-	-	250
Deposits	147,227	-	-	147,227
Prepaid Expenses	124,117	-	-	124,117
Total Current Assets	7,446,653	5,483,852	-	12,930,505
Property, Plant and Equipment:				
Land	291,807	-	-	291,807
Buildings	761,703	-	-	761,703
Leasehold Improvements	29,137	-	-	29,137
Vehicles	557,186	-	-	557,186
Furniture and Fixtures	35,917	-	-	35,917
Equipment	972,546	-	-	972,546
	2,648,296	-	-	2,648,296
Less: Accumulated Depreciation	1,806,290	-	-	1,806,290
Total Net Property, Plant and Equipment	842,006	-	-	842,006
Total Assets	\$ 8,288,659	\$ 5,483,852	\$ -	\$ 13,772,511
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 113,923	\$ -	\$ -	\$ 113,923
Accrued Expenses	563,452	-	-	563,452
Deferred Revenue	5,801,669	-	-	5,801,669
Total Current Liabilities	6,479,044	-	-	6,479,044
Long Term Liabilities:				
Paycheck Protection Program Loan	9,882	-	-	9,882
Total Liabilities	6,488,926	-	-	6,488,926
Net Assets:				
Without Donor Restrictions:				
Board Designated	848,684	-	-	848,684
Unrestricted	926,268	-	-	926,268
With Donor Restrictions	24,781	5,483,852	-	5,508,633
Total Net Assets	1,799,733	5,483,852	-	7,283,585
Total Liabilities and Net Assets	\$ 8,288,659	\$ 5,483,852	\$ -	\$ 13,772,511

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

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Watershed Agricultural Council of the New York City Watershed, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	Total
Without Donor Restrictions:				
Revenues, Gains and Other Support:				
Contract Revenues	\$ 11,992,906	\$ -	\$ -	\$ 11,992,906
Grants	81,814	-	-	81,814
Contributions	6,243	-	-	6,243
Contributed Non-Financial Assets	387,211	-	-	387,211
Miscellaneous Revenue	49,265	-	-	49,265
Net Investment Results	3,689	-	-	3,689
	12,521,128	-	-	12,521,128
Net Assets Released From Restrictions	179	-	-	179
Total Revenue, Grants and Other Support	12,521,307	-	-	12,521,307
Expenses and Losses:				
Program	11,640,302	-	(607,897)	11,032,405
Management and General	1,413,194	-	-	1,413,194
Loss on Disposal of Asset	266	-	-	266
Total Expenses and Losses	13,053,762	-	(607,897)	12,445,865
Change in Net Assets Without Donor Restrictions	(532,455)	-	607,897	75,442
With Donor Restrictions:				
Revenues, Gains and Other Support:				
Contracts and Grants	607,897	607,897	(607,897)	607,897
Contributions	750	414	-	1,164
Net Investment Results	1,492	450,406	-	451,898
	610,139	1,058,717	(607,897)	1,060,959
Net Assets Released from Restrictions	(179)	-	-	(179)
Change in Net Assets With Donor Restrictions	609,960	1,058,717	(607,897)	1,060,780
Change in Net Assets	77,505	1,058,717	-	1,136,222
Net Assets - Beginning	1,799,733	5,483,852	-	7,283,585
Net Assets - Ending	\$ 1,877,238	\$ 6,542,569	\$ -	\$ 8,419,807

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

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Watershed Agricultural Council of the New York City Watershed, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	RESTATED Total
Without Donor Restrictions:				
Revenues, Gains and Other Support:				
Contract Revenues	\$ 9,954,876	\$ -	\$ -	\$ 9,954,876
Grants	91,692	-	-	91,692
Contributions	4,436	-	-	4,436
Contributed Non-Financial Assets	343,944	-	-	343,944
Miscellaneous Revenue	245,601	-	-	245,601
Net Investment Results	6,243	-	-	6,243
	10,646,792	-	-	10,646,792
Net Assets Released From Restrictions	90	-	-	90
Total Revenue, Grants and Other Support	10,646,882	-	-	10,646,882
Expenses:				
Program	9,373,792	-	(607,897)	8,765,895
Management and General	1,969,330	-	-	1,969,330
Total Expenses	11,343,122	-	(607,897)	10,735,225
Change in Net Assets Without Donor Restrictions	(696,240)	-	607,897	(88,343)
With Donor Restrictions:				
Revenues, Gains and Other Support:				
Contracts and Grants	607,897	607,897	(607,897)	607,897
Contributions	-	50	-	50
Net Investment Results	(1,497)	(687,786)	-	(689,283)
	606,400	(79,839)	(607,897)	(81,336)
Net Assets Released from Restrictions	(90)	-	-	(90)
Change in Net Assets With Donor Restrictions	606,310	(79,839)	(607,897)	(81,426)
Change in Net Assets	(89,930)	(79,839)	-	(169,769)
Net Assets - Beginning - Previously Reported	3,498,431	5,563,691	-	9,062,122
Prior Period Adjustment	(1,608,768)	-	-	(1,608,768)
Net Assets - Beginning - Restated	1,889,663	5,563,691	-	7,453,354
Net Assets - Ending	\$ 1,799,733	\$ 5,483,852	\$ -	\$ 7,283,585

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*

Council of Directors
Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate
33195 State Highway 10
Walton, New York 13856

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 Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate (the “Council”, a nonprofit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 19, 2023.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing 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 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 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 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 the audit we did not identify any deficiencies in internal control that we would consider to be a material weakness. 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 Council'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 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.

RBT CPAs, LLP

Newburgh, NY
December 19, 2023

**WATERSHED AGRICULTURAL COUNCIL OF THE
NEW YORK CITY WATERSHEDS, INC. AND AFFILIATE
JUNE 30, 2023**

SCHEDULE OF FINDINGS

A. Internal Control Findings

None noted.

B. Compliance Findings

None noted.

