

CONSOLIDATED FINANCIAL REPORT
Audited
**WATERSHED AGRICULTURAL COUNCIL OF THE NEW YORK CITY
WATERSHEDS, INC. AND AFFILIATE**
June 30, 2024

Audited for:

Council of Directors

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

Audited by:
RBT CPAs, LLP
2678 South Road
Poughkeepsie, NY 12601
(845) 485-5510

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report on the Financial Statements	1 - 2
Financial Statements:	
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Activities	5 - 6
Consolidated Statements of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 19
Supplementary Information:	
Consolidating Statements of Financial Position	20 - 23
Consolidating Statements of Activities	24 - 25
Other Reporting Required by <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	26 - 27
Schedule of Findings	28



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Council of Directors
Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate
33195 State Highway 10
Walton, NY 13586

Opinion

We have audited the consolidated financial statements of Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate (the "Council"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023 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 Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 supplementary information on pages 20 through 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 26, 2024, on our consideration of the Council’s internal control over financial reporting and on our tests of 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 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
November 26, 2024

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30	2024	2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 10,402,224	\$ 7,506,795
Investments - Other	494,850	495,752
Equity Investments (Notes 4 and 5)	7,639,171	6,372,432
Accounts Receivable (Note 6)	153,455	153,133
Inventory	-	250
Deposits	2,478	1,812
Prepaid Expenses	37,756	62,098
Total Current Assets	18,729,934	14,592,272
Property, Plant and Equipment:		
Land	404,534	291,807
Buildings	781,703	761,703
Leasehold Improvements	29,137	29,137
Vehicles	645,420	595,016
Furniture and Fixtures	41,455	27,582
Equipment	804,818	763,082
	2,707,067	2,468,327
Accumulated Depreciation	(1,511,683)	(1,597,045)
Total Net Property, Plant and Equipment	1,195,384	871,282
Other Assets:		
Right of Use Asset, Operating Lease (Note 7)	184,261	348,890
Total Assets	\$ 20,109,579	\$ 15,812,444

See Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 967,015	\$ 477,809
Accrued Expenses (Note 8)	549,197	479,032
Deferred Revenue	8,242,471	6,075,502
Operating Lease Liability - Current Portion (Note 7)	135,949	163,582
Paycheck Protection Program Loan - Current Portion (Note 9)	2,788	2,759
Total Current Liabilities	9,897,420	7,198,684
Long-Term Liabilities:		
Operating Lease Liability - Long Term Portion (Note 7)	53,341	189,290
Paycheck Protection Program Loan - Long Term Portion (Note 9)	1,875	4,663
Total Long-Term Liabilities	55,216	193,953
Net Assets:		
Without Donor Restrictions:		
Board Designated (Note 10)	969,030	893,096
Undesignated	1,342,059	957,298
With Donor Restrictions (Note 11)	7,845,854	6,569,413
Total Net Assets	10,156,943	8,419,807
Total Liabilities and Net Assets	\$ 20,109,579	\$ 15,812,444

See Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contract Revenue	\$ 16,552,402	\$ 607,897	\$ 17,160,299
Grant Revenue	25,683	-	25,683
Contributions	4,198	1,000	5,198
Contributed Non-Financial Assets (Note 14)	362,559	-	362,559
Miscellaneous Revenue	41,402	-	41,402
Net Investment Results	24,415	667,958	692,373
Gain on Disposal of Assets	42,500	-	42,500
	17,053,159	1,276,855	18,330,014
Net Assets Released From Restrictions	414	(414)	-
Total Revenues, Gains and Other Support	17,053,573	1,276,441	18,330,014
Expenses:			
Program	14,462,366	-	14,462,366
Management and General	2,130,512	-	2,130,512
Total Expenses	16,592,878	-	16,592,878
Change in Net Assets	460,695	1,276,441	1,737,136
Net Assets - Beginning	1,850,394	6,569,413	8,419,807
Net Assets - Ending	\$ 2,311,089	\$ 7,845,854	\$ 10,156,943

See Notes to Consolidated 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 Revenue	\$ 11,992,906	\$ 607,897	\$ 12,600,803
Grant Revenue	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:			
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	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 Consolidated 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, 2024		Program	Management and General	Total Expenses
Salaries and Wages	A	\$ 3,495,391	\$ 923,395	\$ 4,418,786
Payroll Taxes and Employee Benefits	A	1,535,663	333,477	1,869,140
Compensation and Related Expenses		5,031,054	1,256,872	6,287,926
Director Expenses	B	-	68,690	68,690
BMP Implementation Costs	C	5,064,805	-	5,064,805
Subcontracts	C	1,582,778	-	1,582,778
Forestry Programs	C	422,969	-	422,969
Nutrient Management Credit Program	C	642,178	-	642,178
Outreach Programs	C	195,345	-	195,345
Easement Programs	C	490,951	-	490,951
Occupancy	A	15,858	195,382	211,240
Advertising	B	-	11,358	11,358
Transportation	A	32,115	46,859	78,974
Insurance	A	14	98,627	98,641
Web Services	C	43,239	-	43,239
IT Services and Maintenance	B	-	120,081	120,081
Education and Training	A	30,292	8,725	39,017
Professional Fees	A	18,023	91,862	109,885
In Kind Expenses	C	362,559	-	362,559
Contract Services	A	417,584	-	417,584
Tools and Equipment	A	26,605	84	26,689
Office Expense	A	54,458	131,976	186,434
Administrative Expenses	A	72,809	5,014	77,823
Meetings	B	-	5,994	5,994
Interest Expenses	B	-	57	57
Depreciation	B	-	99,241	99,241
		14,503,636	2,140,822	16,644,458
Unemployment Reserve Refunds (Note 17)	A	(41,270)	(10,310)	(51,580)
Total Expenses		\$ 14,462,366	\$ 2,130,512	\$ 16,592,878

Method of Allocation:

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

See Notes to Consolidated 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 Expenses
Salaries and Wages	A	\$ 3,683,797	\$ 401,397	\$ 4,085,194
Payroll Taxes and Employee Benefits	A	1,626,183	126,828	1,753,011
Compensation and Related Expenses		5,309,980	528,225	5,838,205
Director Expenses	B	-	76,162	76,162
BMP Implementation Costs	C	2,004,420	-	2,004,420
Subcontracts	C	1,491,972	-	1,491,972
Forestry Programs	C	434,462	-	434,462
Nutrient Management Credit Program	C	554,926	-	554,926
Outreach Programs	C	134,903	-	134,903
Easement Programs	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 Services	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 Expenses	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

See Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,737,136	\$ 1,136,222
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Depreciation	99,241	115,323
(Gain)/Loss on Disposal of Assets	(42,500)	266
Realized (Gains)/Loss	(7,175)	19,583
Unrealized Gains	(445,940)	(317,502)
Reinvested Dividends	(149)	(639)
Change in Working Capital Components:		
(Increase)/Decrease in:		
Accounts Receivable	(322)	82,438
Prepaid Expenses	24,342	62,019
Deposits	(666)	145,415
Right of Use Asset, Operating Lease	164,629	124,853
Inventory	250	-
Increase/(Decrease) in:		
Accounts Payable	489,206	363,886
Accrued Expenses	70,165	(84,420)
Deferred Revenue	2,166,969	273,833
Operating Lease Payable	(163,582)	(120,871)
Total Adjustments	2,354,468	664,184
Net Cash Provided by Operating Activities	4,091,604	1,800,406
Cash Flows from Investing Activities:		
Purchase of Property, Plant and Equipment	(380,843)	(144,865)
Purchase of Investments	(1,670,280)	(1,061,130)
Proceeds from Sale of Investments	856,656	348,131
Proceeds from Sale of Investments - Other	1,051	-
Net Cash Used in Investing Activities	(1,193,416)	(857,864)
Cash Flows from Financing Activities:		
Repayment of Paycheck Protection Program Loan	(2,759)	(2,460)
Net Cash Used in Financing Activities	(2,759)	(2,460)
Net Increase in Cash and Cash Equivalents	2,895,429	940,082
Cash and Cash Equivalents - Beginning	7,506,795	6,566,713
Cash and Cash Equivalents - Ending	\$ 10,402,224	\$ 7,506,795
Supplemental Disclosures:		
Cash Paid for Interest	\$ 57	\$ 550
Contributed Non-Financial Assets	\$ 362,559	\$ 387,211

Non-Cash Transactions:

During the year ended June 30, 2024, the Council traded in vehicles for new vehicles, totaling \$42,500.

See Notes to Consolidated Financial Statements.

**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. and Affiliate (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 was organized solely and exclusively to provide financial resources to the Council, or any qualified successor of the agricultural conservation easements now held by the Council for stewardship.

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 may 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, 2024 and 2023.

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.

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

2. Summary of Significant Accounting Policies (continued):

Investments

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

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 these allocations are disclosed on the Statement of Functional Expenses.

Advertising Expenses

Advertising expenses are charged against income as incurred and totaled \$11,358 and \$11,639 for the years ended June 30, 2024 and 2023, respectively.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including receivables, payables and short-term borrowings 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 additional disclosures on the fair value of the investments.

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

2. Summary of Significant Accounting Policies (continued):

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).

The Council adopted the provisions of accounting principles generally accepted in the United States of America regarding accounting for uncertain tax positions. Management evaluated the Council's tax positions and concluded that the Council had taken no uncertain tax positions that would require adjustment to the financial statements in order to comply with the provisions of this guidance. With few exceptions, the Council is not subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years prior to 2021.

Subsequent Events

Management has evaluated subsequent events from June 30, 2024 through November 26, 2024, the date on which the financial statements were available to be issued. See Note 24.

Deferred Revenue

Deferred revenue represents payments received in advance of services being provided or obligations being met. All amounts received in advance are deferred until services are rendered. Deferred revenues consist of NYC DEP contract advances and encumbered amounts as of June 30, 2024 and 2023.

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

The Council made an accounting policy election not to recognize ROU assets and lease liabilities for immaterial leases or leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2023, 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).

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

The Council has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component. The non-lease components typically represent additional services transferred to the Council, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

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

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

As of June 30	2024	2023
Cash Held with Banks	\$ 10,197,746	\$ 7,311,015
Money Market	203,878	195,180
Petty Cash	600	600
	<u>\$ 10,402,224</u>	<u>\$ 7,506,795</u>

4. Investment in Debt and Marketable Equity Securities:

The following is a summary of the Council's investment in available-for-sale securities:

As of June 30	Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Market Value
	2024			
Mutual Funds - Bond Funds	\$ 3,816,692	\$ 122	\$ (238,537)	\$ 3,578,277
Mutual Funds - Equity Funds	2,392,075	837,282	-	3,229,357
Exchange Traded Funds	472,553	73,351	-	545,904
Real Assets	284,747	4,276	(3,390)	285,633
	<u>\$ 6,966,067</u>	<u>\$ 915,031</u>	<u>\$ (241,927)</u>	<u>\$ 7,639,171</u>

As of June 30	Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Market Value
	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
	<u>\$ 6,145,268</u>	<u>\$ 539,424</u>	<u>\$ (312,260)</u>	<u>\$ 6,372,432</u>

5. Fair Value Measurements:

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

As of June 30	2024		2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Mutual Funds - Bond Funds	\$ 3,816,692	\$ 3,578,277	\$ 3,224,576	\$ 2,926,752
Mutual Funds - Equity Funds	2,392,075	3,229,357	2,298,222	2,780,083
Exchange Traded Funds	472,553	545,904	390,882	442,792
Real Assets	284,747	285,633	231,588	222,805
	<u>\$ 6,966,067</u>	<u>\$ 7,639,171</u>	<u>\$ 6,145,268</u>	<u>\$ 6,372,432</u>

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 value measurement in accordance with accounting principles generally accepted in the United States of America.

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

5. Fair Value Measurements (continued):

For the year ended June 30, 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent.

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Mutual Funds - Bond Funds	\$ 3,578,277	\$ 3,578,277	\$ -	\$ -
Mutual Funds - Equity Funds	3,229,357	3,229,357	-	-
Exchange Traded Funds	545,904	545,904	-	-
Real Assets	285,633	285,633	-	-
	\$ 7,639,171	\$ 7,639,171	\$ -	\$ -

	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	\$ -	\$ -

6. Accounts Receivable:

Accounts receivable consisted of the following:

As of June 30	2024	2023
Accounts Receivable - NYC Contracts	\$ 97,350	\$ 97,219
Accounts Receivable - Subcontractors	19,249	26,330
Accounts Receivable - Grants	9,242	22,777
Accounts Receivable - Other	27,614	6,807
	\$ 153,455	\$ 153,133

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 Years Ended June 30	2024	2023
<i>Lease Costs:</i>		
Operating Lease Cost	\$ 174,651	\$ 137,455
Non-Capitalized Lease Costs	7,826	1,372
Total Lease Cost	\$ 182,477	\$ 138,827

Supplemental balance sheet information related to leases is as follows:

As of June 30	2024	2023
<i>Operating Leases:</i>		
Original Cost of ROU Assets	\$ 473,743	\$ 473,743
Accumulated Amortization	(289,482)	(124,853)
Operating Lease ROU Assets, Net	\$ 184,261	\$ 348,890

Weighted-Average Remaining Lease Term:		
Operating Leases	1.67 Years	2.31 Years

Weighted-Average Discount Rate:		
Operating Leases	3.68 %	3.86 %

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

7. Leases (continued):

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	Operating Leases
2025	\$ 139,389
2026	26,880
2027	27,960
Total Lease Payments	194,229
Imputed Interest	(4,939)
Total Present Value of Lease Liabilities	189,290
Less: Current Maturities	(135,949)
Long-Term Portion	<u>\$ 53,341</u>

8. Accrued Expenses:

Accrued expenses consisted of the following:

As of June 30	2024	2023
Accrued Payroll	\$ 109,125	\$ 110,502
Compensated Absences	438,056	367,383
Accrued Expenses	2,016	1,147
	<u>\$ 549,197</u>	<u>\$ 479,032</u>

9. Paycheck Protection Program Loan:

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. The amount had been recorded as Paycheck Protection Loan and is due and payable in February 2026 along with 1% accrued interest. The balance of the loan was \$4,663 and \$7,422 as of June 30, 2024 and 2023, respectively. Interest expense related to the loan was \$57 and \$127 as of June 30, 2024 and 2023, respectively.

Aggregate maturities required on long-term debt at June 30, 2024 are due in future years as follows:

2025	\$ 2,788
2026	1,875
	<u>\$ 4,663</u>

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 \$969,030 and \$893,096 as of June 30, 2024 and 2023, respectively.

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

11. Net Assets with Donor Restrictions:

Net assets with donor restrictions consisted of the following:

As of June 30	2024	2023
Stewardship of Agricultural Conservation Easements		
Time or Purpose Restricted	\$ 2,313,321	\$ 1,648,495
Endowment	5,501,970	4,894,074
Total Stewardship of Agricultural Conservation Easements	<u>7,815,291</u>	<u>6,542,569</u>
Conservation Easement Fund	27,758	25,043
Agricultural Fairbairn	1,055	1,051
EV Livestock Foundation	1,750	750
	<u>\$ 7,845,854</u>	<u>\$ 6,569,413</u>

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

For the Years Ended June 30	2024	2023
Operating Costs - Purpose Restrictions	\$ 414	\$ 179

12. Endowment Fund:

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 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 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent 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 purpose of the Council and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Council.
7. The investment policies of the Council.
8. Alternatives to expenditure of the endowment fund.

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.

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

12. Endowment Fund (continued):

Endowment Net Asset Composition by Type of Fund:

As of June 30	2024	2023
Donor-Restricted endowment funds	\$ 7,815,291	\$ 6,542,569

Changes in Endowment Net Assets with Donor Restrictions:

For the Years Ended June 30	2024	2023
Endowment net assets, beginning of year	\$ 6,542,569	\$ 5,483,852
Contract and Contribution Revenue	607,897	608,311
Investment return:		
Unrealized Gain/(Loss) on Investments	443,671	316,622
Realized Gain/(Loss) on Investments	6,966	(19,603)
Dividend and Interest Income	253,422	186,480
Investment Fees	(39,234)	(33,093)
Change in net assets	1,272,722	1,058,717
Endowment net assets, end of year	\$ 7,815,291	\$ 6,542,569

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 Resources:

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

As of June 30	2024	2023
Financial Assets at Year-End		
Cash and Cash Equivalents	\$ 10,402,224	\$ 7,506,795
Investments - Other	494,850	495,752
Equity Investments	7,639,171	6,372,432
Accounts Receivable	153,455	153,133
Total Financial Assets at Year-End	18,689,700	14,528,112
Less: Those unavailable for General Expenditures within one year, due to:		
Board Designated Net Assets	969,030	893,096
Donor-Restricted Purposes	7,845,854	6,569,413
Total Funds unavailable for General Expenditures within one year	8,814,884	7,462,509
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$ 9,874,816	\$ 7,065,603

As of June 30, 2024, 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.

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

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:

	Monetized/Utilized	Valuation Method	Amount
For the Year Ended June 30			2024
Subcontractor	Utilized	Contract	\$ 279,350
Educational Bus Tours	Utilized	Invoices	83,209
Total			<u>\$ 362,559</u>
For the Year Ended June 30			2023
Education Bus Tours	Utilized	Invoices	\$ 24,699
Subcontractor	Utilized	Contract	292,303
Delaware County Services Field Trips	Utilized	Invoices	70,209
Total			<u>\$ 387,211</u>

15. Non-Capitalized Operating Leases:

The Council has entered into leases for office equipment with varying end dates through December 2025. Equipment lease expense is included in the statement of activities and totaled \$8,040 and \$7,789 for the years ended June 30, 2024 and 2023, respectively.

The total minimum commitment at June 30, 2024, under the leases mentioned above, is due as follows:

2025	\$ 5,664
2026	2,220
	<u>\$ 7,884</u>

16. Plant Fund 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, 2024 and 2023, Unemployment Reserve expenses totaled \$51,580 and \$52,182, respectively, and Unemployment Reserve refunds were \$51,580 and \$52,182, respectively. The refund amounts are offset against expenses in the Statement of Functional Expenses.

18. Line of Credit:

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

As of June 30, 2024	Authorized	Outstanding
Line of Credit with Wayne Bank at a 8.5% interest rate collateralized by NYC DEP Receivables	\$ 1,500,000	\$ -
	<u>\$ 1,500,000</u>	<u>\$ -</u>
As of June 30, 2023	Authorized	Outstanding
Line of Credit with Wayne Bank at a 8.25% interest rate collateralized by NYC DEP Receivables	\$ 1,500,000	\$ -
	<u>\$ 1,500,000</u>	<u>\$ -</u>

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

19. Related Party Transactions:

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, 2024 and 2023, \$65,185 and \$72,169, 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, 2024 and 2023, Council members received \$262,006 and \$528,900 through the BMP Implementation Program and \$43,835 and \$60,157 through the Nutrient Management Credit Program, respectively. Committee members were paid \$2,260 for Forestry Implementation for the year ended June 30, 2024.

In 2024, non-Council Committee members were paid \$89,511 for BMP Implementation, \$49,186 for Nutrient Management Credits and \$32,714 for Forestry Implementation and Management.

20. Concentration of Credit Risk:

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

21. Commitments and 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, 2024 and 2023, the Council had an estimated contingency of \$879,716 and \$928,447, respectively, relating to approved nutrient management awards not yet expended by farmers.

During the fiscal year ended June 30, 2023, the Council became aware that it had not filed IRS Form 5500 since 2019. Additionally, the Council determined that prior year filings of Form 5500 were incorrect. The Council is working to amend prior filings and file delinquent years. The IRS may impose late fees and penalties due to incorrect and delinquent filings. The amounts of these fees and penalties is not yet determinable and therefore no liability has been recorded.

22. Economic Dependency:

For the years ended June 30, 2024 and 2023, 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 relationship 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 provisions for possible disallowances for examinations in the future. In the opinion of management, any actual disallowances would be unlikely and immaterial.

23. Retirement Plans:

The Council participates in a retirement plan with the Teacher's Insurance and Annuity Association Institute (TIAA) for all regular full-time and part-time employees working over 30 hours per week. 8% of the employee's gross salary is contributed monthly, with vesting occurring immediately. In addition, eligible employees have the option to participate in a tax deferred annuity portion of the retirement plan, also with TIAA. Employees can select any amount of their gross salary, under IRS maximum limits, to be deferred pre-tax to their retirement account. The Council contributed \$325,286 and \$307,811 to the plans for the years ended June 30, 2024 and 2023, respectively.

24. Subsequent Events:

As of June 30, 2024, the Council held a lease for office space in Yorktown Heights through June of 2027. Subsequent to year end, the Council, in mutual agreement with the landlord, terminated this lease as of October 2024. The Council has also entered into a new lease for additional space to offset the termination of this lease. This new lease will result in additional lease assets and liabilities for the year ended June 30, 2025.

**SUPPLEMENTARY
INFORMATION**

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2024	Watershed Agricultural Council of the New York Watersheds, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	Total
ASSETS				
Current Assets:				
Cash and Cash				
Equivalents	\$ 10,198,346	\$ 203,878	\$ -	\$ 10,402,224
Investments - Other	494,850	-	-	494,850
Equity Investments	27,758	7,611,413	-	7,639,171
Accounts Receivable	153,455	-	-	153,455
Deposits	2,478	-	-	2,478
Prepaid Expenses	37,756	-	-	37,756
Total Current Assets	10,914,643	7,815,291	-	18,729,934
Property, Plant and Equipment:				
Land	404,534	-	-	404,534
Buildings	781,703	-	-	781,703
Leasehold Improvements	29,137	-	-	29,137
Equipment	804,818	-	-	804,818
Furniture and Fixtures	41,455	-	-	41,455
Vehicles	645,420	-	-	645,420
	2,707,067	-	-	2,707,067
Accumulated Depreciation	(1,511,683)	-	-	(1,511,683)
Total Net Property, Plant and Equipment	1,195,384	-	-	1,195,384
Other Assets:				
Right of Use Asset, Operating Lease	184,261	-	-	184,261
Total Assets	\$ 12,294,288	\$ 7,815,291	\$ -	\$ 20,109,579

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2024	Watershed Agricultural Council of the New York Watersheds, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	Total
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 967,015	\$ -	\$ -	\$ 967,015
Accrued Expenses	549,197	-	-	549,197
Deferred Revenue	8,242,471	-	-	8,242,471
Operating Lease Liability - Current Portion	135,949	-	-	135,949
Paycheck Protection Program Loan - Current Portion	2,788	-	-	2,788
Total Current Liabilities	9,897,420	-	-	9,897,420
Long-Term Liabilities:				
Operating Lease Liability - Long Term Portion	53,341	-	-	53,341
Paycheck Protection Program Loan - Long Term Portion	1,875	-	-	1,875
Total Long-Term Liabilities	55,216	-	-	55,216
Net Assets:				
Without Donor Restrictions:				
Board Designated	969,030	-	-	969,030
Undesignated	1,342,059	-	-	1,342,059
With Donor Restrictions	30,563	7,815,291	-	7,845,854
Total Net Assets	2,341,652	7,815,291	-	10,156,943
Total Liabilities and Net Assets	\$ 12,294,288	\$ 7,815,291	\$ -	\$ 20,109,579

**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 Watersheds, 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
Equipment	763,082	-	-	763,082
Furniture and Fixtures	27,582	-	-	27,582
Vehicles	595,016	-	-	595,016
Accumulated Depreciation	2,468,327 (1,597,045)	-	-	2,468,327 (1,597,045)
Total Net Property, Plant and Equipment	871,282	-	-	871,282
Other Assets:				
Right of Use Asset, Operating Lease	348,890	-	-	348,890
Total 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, 2023	Watershed Agricultural Council of the New York Watersheds, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	Total
LIABILITIES AND EQUITY				
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
Paycheck Protection Program Loan - Current Portion	2,759	-	-	2,759
Total Current Liabilities	7,198,684	-	-	7,198,684
Long-Term Liabilities:				
Operating Lease Liability - Long Term Portion	189,290	-	-	189,290
Paycheck Protection Program Loan - Long Term Portion	4,663	-	-	4,663
Total Long-Term Liabilities	193,953	-	-	193,953
Net Assets:				
Without Donor Restrictions:				
Board Designated	893,096	-	-	893,096
Undesignated	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 ACTIVITIES

For the Years Ended June 30, 2024	Watershed Agricultural Council of the New York Watersheds, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	Total
Without Donor Restrictions:				
Revenues, Gains and Other Support:				
Contract Revenue	\$ 16,552,402	\$ -	\$ -	\$ 16,552,402
Grant Revenue	25,683	-	-	25,683
Contributions	4,198	-	-	4,198
Contributed Non-Financial Assets	362,559	-	-	362,559
Miscellaneous Revenue	41,402	-	-	41,402
Net Investment Results	24,415	-	-	24,415
Gain on Disposal of Assets	42,500	-	-	42,500
	17,053,159	-	-	17,053,159
Net Assets Released from Restrictions	414	-	-	414
Total Revenue, Grants and Other Support	17,053,573	-	-	17,053,573
Expenses and Losses:				
Program	15,070,263	-	(607,897)	14,462,366
Management and General	2,130,512	-	-	2,130,512
Total Expenses and Losses	17,200,775	-	(607,897)	16,592,878
Change in Net Assets without Donor Restrictions	(147,202)	-	607,897	460,695
Net Assets with Donor Restrictions:				
Revenues, Gains and Other Support:				
Contract Revenue	607,897	607,897	(607,897)	607,897
Contributions	1,000	-	-	1,000
Net Investment Results	3,133	664,825	-	667,958
	612,030	1,272,722	(607,897)	1,276,855
Net Assets Released from Restrictions	(414)	-	-	(414)
Change in Net Assets with Donor Restrictions	611,616	1,272,722	(607,897)	1,276,441
Change in Net Assets	464,414	1,272,722	-	1,737,136
Net Assets - Beginning	1,877,238	6,542,569	-	8,419,807
Net Assets - Ending	\$ 2,341,652	\$ 7,815,291	\$ -	\$ 10,156,943

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

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Years Ended June 30, 2023	Watershed Agricultural Council of the New York Watersheds, Inc.	Watershed Agricultural Council Conservation Easement Stewardship Endowment Fund	Eliminations	Total
Without Donor Restrictions:				
Revenues, Gains and Other Support:				
Contract Revenue	\$ 11,992,906	\$ -	\$ -	\$ 11,992,906
Grant Revenue	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 with Donor Restrictions	(532,455)	-	607,897	75,442
Net Assets with Donor Restrictions				
Revenues, Gains and Other Support:				
Contract Revenue	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

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, NY 13586

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 ("*Government Auditing Standards*"), the financial statements of Watershed Agricultural Council of the New York City Watersheds, Inc. and Affiliate (the "Council"), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2024.

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 Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2024-001.

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

Poughkeepsie, NY
November 26, 2024

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

**Schedule of Findings
Year Ended June 30, 2024**

A. Internal Control Findings

None noted.

B. Compliance Findings

2024 - 001 IRS Forms 5500

Condition: The Council has not filed IRS Form 5500 for its employee benefit plans since 2019. Previously filed Forms 5500 were incorrect as two Plans were included on a single Form 5500, when two Forms should have been filed, one for each Plan.

Criteria: The Council is required to file Form 5500 with the IRS annually.

Cause: Organizational interruptions during the COVID 19 Pandemic, staff turnover, and miscommunication with the Plan's Third Party Administrator resulted in the forms not being filed.

Effect: The Council is not in compliance with IRS regulations and may be subject to penalties and fees related to incorrect and delinquent filings.

Recommendation: RBT recommends the Council implement controls to ensure that the Form 5500 is filed accurately and timely. Delinquent IRS filings can accrue significant fees. RBT also recommends that the Council monitor its need for an audit of its plans. The Department of Labor will also impose significant fees for any delinquent plan audits.

Auditee's Response: The Council is currently working with the Department of Labor through the Delinquent Filer Voluntary Compliance Program. All returns have been prepared and the Council anticipates having all filings corrected and up to date during the 2025 fiscal year.

