

FINANCIAL REPORT
Audited
CATSKILL WATERSHED CORPORATION
December 31, 2022

Audited for:
Board of Directors
Catskill Watershed Corporation

Audited by:
RBT CPAs, LLP
4071 Route 9, STOP 1
Hudson, NY 12534
(518) 828-4616

CATSKILL WATERSHED CORPORATION

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catskill Watershed Corporation
669 County Highway 38, Suite 1
Arkville, New York 12406

Opinion

We have audited the accompanying financial statements of Catskill Watershed Corporation (the "Corporation", a non-profit organization) which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021 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 audit 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 Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Corporation'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was 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 Schedules of Program Financial Position and Program Revenue and Functional Expenses are 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 February 28, 2023, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Corporation's internal control over financial reporting and compliance.

Other Reporting Required by Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations

In accordance with *Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 Title Two of the New York Code of Rules and Regulations*, we have also issued our report dated February 28, 2023 on our consideration of Catskill Watershed Corporation's compliance with these regulations. The purpose of that report is to describe the Corporation's compliance with *Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 Title Two of the New York Code of Rules and Regulations*.

RBT CPAs, LLP

Hudson, NY
February 28, 2023

CATSKILL WATERSHED CORPORATION

STATEMENTS OF FINANCIAL POSITION

As of December 31	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 128,312,342	\$ 99,035,920
Cash and Cash Equivalents - Reserved	2,597,698	2,597,698
Short-Term Investments	3,724,881	764,116
Accounts Receivable	-	16,148
Accrued Interest Receivable	161,552	179,925
Loans Receivable, Net of Allowance for Doubtful Accounts	2,303,287	3,223,600
Prepaid Expenditures	176,309	178,170
Total Current Assets	137,276,069	105,995,577
Fixed Assets:		
Property, Plant, and Equipment, Net of Accumulated Depreciation	17,721,408	18,297,035
Long-Term Assets:		
Long-Term Investments	19,303,573	23,379,990
Lease Receivable	84,697	95,141
Loans Receivable, Net of Allowance for Doubtful Accounts	19,626,978	18,010,215
Investment in CWC Holdings II, LLC	324,123	1,112,354
Total Long-Term Assets	39,339,371	42,597,700
Total Assets	\$ 194,336,848	\$ 166,890,312
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 3,408,931	\$ 1,961,933
Accrued Expenditures	249,568	253,085
Deferred Revenue	181,954,443	154,458,090
Total Current Liabilities	185,612,942	156,673,108
Net Assets:		
Without Donor Restrictions	8,723,906	10,217,204
Total Liabilities and Net Assets	\$ 194,336,848	\$ 166,890,312

CATSKILL WATERSHED CORPORATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31,	2022	2021
Revenue:		
Grant Revenue	\$ 24,346,373	\$ 17,615,815
Interest and Other Income	1,542,743	831,675
Total Revenue	25,889,116	18,447,490
Expenditures:		
Program Services	23,827,403	16,532,059
Administrative and General	1,671,265	1,706,961
Total Expenditures	25,498,668	18,239,020
	390,448	208,470
Operating Revenues, Gains, and Other Support:		
Loss on Sale	(748,667)	-
Gain or (Loss) on Investment	(1,135,079)	(93,858)
Changes in Net Assets	(1,493,298)	114,612
Net Assets, Beginning	10,217,204	10,102,592
Net Assets, Ending	\$ 8,723,906	\$ 10,217,204

CATSKILL WATERSHED CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31,	2022			2021			
	West of Hudson Program Services	Management and General	Total	West of Hudson Program Services	Management and General	Total	
Salary	A	\$ 737,633	\$ 606,759	\$ 1,344,392	\$ 666,702	\$ 646,575	\$ 1,313,277
Fringe Benefits	A	375,622	360,117	735,739	309,877	386,777	696,654
Total Compensation and Related Expenses		1,113,255	966,876	2,080,131	976,579	1,033,352	2,009,931
Program	B	21,694,062	1,500	21,695,562	14,479,057	-	14,479,057
Occupancy Costs	B	4,681	416,033	420,714	20	418,350	418,370
Advertising & Promotion	B	7,201	3,272	10,473	7,059	4,567	11,626
Office Supplies	B	62	13,208	13,270	370	19,230	19,600
Communication	B	2,463	17,118	19,581	2,894	16,079	18,973
Grants	B	126,034	-	126,034	115,459	-	115,459
Travel	B	77	32,193	32,270	262	14,267	14,529
Conferences and Seminars	B	1,694	485	2,179	85	419	504
Insurance	B	4,241	109,113	113,354	49,417	99,413	148,830
Repairs & Maintenance	B	13,742	15,087	28,829	9,197	10,028	19,225
Subscriptions & Publications	B	3,706	7,883	11,589	911	6,911	7,822
Professional Fees	B	143,807	155,889	299,696	74,341	250,268	324,609
Administrative	B	674,198	(674,198)	-	776,992	(776,992)	-
Depreciation	B	38,037	605,757	643,794	39,046	610,204	649,250
Dues, Licenses, and Memberships	B	123	690	813	225	506	731
Miscellaneous	B	20	359	379	145	359	504
Total Expenditures		\$ 23,827,403	\$ 1,671,265	\$ 25,498,668	\$ 16,532,059	\$ 1,706,961	\$ 18,239,020

Method of Allocation:

A Estimated Time and Effort

B Direct Management Expense

See Notes to Financial Statements

CATSKILL WATERSHED CORPORATION

STATEMENTS OF CASH FLOWS		
For the Years Ended December 31,	2022	2021
Cash Flows from Operating Activities:		
Cash from Funding Agencies	\$ 51,858,873	\$ 40,168,924
Interest Income and Other	1,777,286	394,233
Cash Paid for Operating Activities	(23,031,850)	(17,464,362)
Net Cash Provided by Operating Activities	30,604,309	23,098,795
Cash Flows From Investing Activities:		
Proceeds from Investment Maturities/Sales	4,585,253	10,677,841
Purchase of Investments	(4,770,839)	(11,854,658)
Loan Payments Received	2,229,332	4,593,830
Loans Issued	(3,340,006)	(1,213,368)
Purchase of Fixed Assets	(31,626)	(91,859)
Net Cash Provided by Investing Activities	(1,327,886)	2,111,786
Net Increase In Cash And Cash Equivalents	29,276,423	25,210,581
Cash And Cash Equivalents, Beginning	101,633,617	76,423,036
Cash And Cash Equivalents, Ending	\$ 130,910,040	\$ 101,633,617
RECONCILIATIONS OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED)		
BY OPERATING ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021:		
Changes in Net Assets	\$ (1,493,298)	\$ 114,612
Adjustments to Changes in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Depreciation	643,794	649,250
Loss on Sale	748,667	-
Change in Market Value	1,304,263	(361,691)
Bad Debt Expense (Recovery)	414,223	(7,558)
Working Capital Provided (Used) by Operating Activities	1,617,649	394,613
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Grants Receivable	-	18,396
Accounts Receivable	16,148	25,244
Accrued Interest Receivable	18,373	18,107
Prepaid Expenditures	1,861	(58,808)
Lease Receivable	10,444	-
(Decrease) Increase in:		
Accounts Payable	1,446,998	209,861
Accrued Expenditures	(3,517)	(18,088)
Deferred Revenue	27,496,353	22,509,470
Net Cash Provided (Used) by Operating Activities	\$ 30,604,309	\$ 23,098,795

See Notes to Financial Statements

CATSKILL WATERSHED CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

This summary of significant accounting policies of the Catskill Watershed Corporation (“CWC”) is presented to assist in understanding the CWC’s financial statements. The financial statements and notes are representations of the CWC’s management, which are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Business

CWC is a not-for-profit organization as defined in sub-paragraph (a) (5) of Section 102 of the Not-for-Profit Law and is a local development corporation pursuant to Section 141 of the Not-for-Profit Corporation Law. The Corporation is exempt from income taxes under Section 501 (c)(3) of the United States Internal Revenue Code. CWC was organized as a non-profit corporation under the laws of the State of New York on November 5, 1996, and commenced operations on December 9, 1996. CWC was formed to relieve and reduce adult unemployment, promote and provide additional maximum adult employment, and attract new commerce and industry to the West of the Hudson (WOH) Watershed. CWC’s primary purpose is to administer Watershed Protection and Partnership Programs necessary to maintain and enhance the water quality in the West of Hudson Watershed and to make decisions on funding and implementation of such programs.

Financial Statement Presentation

Financial statement presentation follows guidance issued by the Financial Accounting Standards Board Accounting Standards Codification 958 ("FASB ASC 958"), concerning financial statements for not-for-profit Organizations. Under this guidance, the Organization is required to report 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.

Fund Accounting

In order to ensure observance of limitations placed on the use of resources available to CWC, the accounts are maintained in accordance with the principles of fund accounting grouped according to the restriction categories identified above. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into programs established according to their nature and purpose. Separate accounts are maintained for each major program. Accordingly, all financial transactions have been recorded and reported by program. CWC records all of its transactions in 19 self-balancing programs classified by the restriction categories identified above as follows:

Operating I thru V

The Operating Program includes resources that are expendable for support of CWC’s operations. All inter-program activity has been eliminated through consolidation. *Operating II & III contracts are closed.*

Flood Hazard Mitigation Program

The Flood Hazard Mitigation Program funds the implementation of projects that reduce repetitive flood losses and water quality. All inter-program activity has been eliminated through consolidation.

Alternate Design

The Alternate Design Program includes resources and funds expended for design, construction, and installation of alternate designed septic systems, which would be required beyond the State, or Local regulations of enforceable standards. All inter-program activity has been eliminated through consolidation. *Alternate Design contract is closed.*

Septic Program III, IV & V

The Septic Program III, IV & V are a continuation of the Septic Program II and Septic Program III.

CATSKILL WATERSHED CORPORATION

1. Summary of Significant Accounting Policies (continued):

It includes the creation and installation of new cluster septic systems for residences or small businesses where appropriate for water quality reasons. Septic V includes cluster O&M and an expanded septic program. *Septic Program IV contract is closed.* All inter-program activity has been eliminated through consolidation.

Septic System Maintenance

The Septic System Maintenance Program is a voluntary cost-sharing program intended to reduce the occurrence of system failures through regular pump-outs and maintenance. All inter-program activity has been eliminated through consolidation.

Land Acquisition

The Land Acquisition Program represents funds expendable for the reimbursement to towns and/or villages in the WOH Watershed for costs incurred to review, access, and comment on submissions to acquire lands and to delineate the boundaries of hamlets, commercial and industrial areas, and village extensions. All inter-program activity has been eliminated through consolidation.

Stream Corridor Protection

The Stream Corridor Protection Program's resources were made available for the costs of designing, constructing, and implementing stream corridor protection projects in West of Hudson. The Debris Removal Program is included in this fund. All inter-program activity has been eliminated through consolidation.

Future Stormwater MOA145

The Future Stormwater MOA145 funds were made available to pay for the costs of new Stormwater measures, or maintenance thereof, in the West of Hudson Watershed required by specific sections of the Watershed Regulations. All inter-program activity has been eliminated through consolidation.

Community Wastewater Management

The Community Wastewater Management Program resources are intended to provide assistance for Wastewater Management Projects in up to five identified Communities. All inter-program activity has been eliminated through consolidation. *Community Wastewater Management contract is closed.*

Community Wastewater Management Phase II & III

The Community Wastewater Management Program Phase II shall fund the design and construction of community septic systems and/or wastewater treatment plants in existing participating communities and in three additional participating communities. Phase III encompasses the last five [Memorandum of Agreement] communities. All inter-program activity has been eliminated through consolidation. *Community Wastewater Management Phase II is closed, and all remaining funds were returned to NYCDEP.*

Public Education Program I, II & II Renewal

The Public Education Program I, II & II Renewal provides funds to educate the public and increase awareness of the nature and importance of the New York City (City) water supply. All inter-program activity has been eliminated through consolidation. *Public Education Program I & II are closed.*

Stormwater Retrofits I & II

The Stormwater Retrofits Programs provide funds expendable for the design, construction, implementation, and maintenance of storm water best management policies to address existing storm water run-off in concentrated areas of impervious surfaces. All inter-program activity has been eliminated through consolidation.

CATSKILL WATERSHED CORPORATION

1. Summary of Significant Accounting Policies (continued):

Stormwater Technical Assistance Funds

The Stormwater Technical Assistance was established to retain a Stormwater Program Specialist to assist applicants undertaking regulated activities to comply with the storm water provisions of the Watershed Regulations. All inter-program activity has been eliminated through consolidation.

Tax Consulting

The Tax Consulting Program provides funds for payment of fees and expenses of attorneys and/or professional consultants retained by the CWC and/or the towns and/or villages in the WOH Watershed to analyze or assist in the administration of real property taxes paid by the City on City-owned land within the WOH Watershed. All inter-program activity has been eliminated through consolidation.

WOH Future Stormwater I & II

The Future Stormwater Controls Program I & II represents funds expendable for the design, construction, implementation, and maintenance of storm water measures with the WOH Watershed required by the New York City Watershed Regulation not otherwise required by Federal and/or State law. All inter-program activity has been eliminated through consolidation.

Local Technical Assistance Program

The Local Technical Assistance Program was established to provide for the development and implementation of Community Planning Initiatives. Sustainable Community Program is included in this fund. All inter-program activity has been eliminated through consolidation.

Catskill Fund for the Future

Funds allocated to the Catskill Fund for the Future are used for the support of responsible, environmentally sensitive economic development projects in the WOH Watershed. All inter-program activity has been eliminated through consolidation.

Tax Litigation Avoidance Program

The Tax Litigation Avoidance Program provides assistance to watershed assessing authorities (towns and villages) for the purpose of avoiding the costs and risks of litigation over taxes assessed on certain City owned real property in the West of Hudson Watershed. All inter-program activity has been eliminated through consolidation.

Shokan Wastewater Management Program

The Shokan Program provides funding for engineering studies and construction for an appropriate community wastewater management system to serve the Shokan area in the Town of Olive. All inter-program activity has been eliminated through consolidation.

Basis of Presentation

CWC prepares its financial statements and maintains its records on the accrual basis of accounting. This method is consistent with that used in the preparation of CWC's annual information returns.

Revenue Recognition

CWC derives 100% of its revenue from grant contracts satisfied over time.

Customer Types

Customers for grants consist primarily of local municipalities, schools or school districts, homeowners, and businesses within the West of the Hudson Watershed and New York City schools.

CATSKILL WATERSHED CORPORATION

1. Summary of Significant Accounting Policies (continued):

Performance Obligations

A performance obligation is to enter a contract with a customer to provide grants which include but not exclusive:

- Homeowner septic replacement/repair
- Community septic systems or wastewater treatment plants
- Design, construction, implementation, and maintenance of storm water measures
- Educational Grants
- Homeowner septic pump outs and maintenance
- Flood mitigation structures and communities
- Promote economic development

Revenue is recognized when the expenditure is incurred.

Transaction Price

The transaction price of a contract is derived from actual costs, quotes from engineers, competitive bid documents, contractor estimates, etc.

Disaggregation of Revenue

For the Years Ended December 31	2022	2021
Performance Obligations Satisfied Over Time	\$ 24,346,373	\$ 17,615,815
Total	\$ 24,346,373	\$ 17,615,815

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, or at fair market value for donated items. Expenditures for additions, improvements, and major renewals, which extend the life of an asset, are capitalized, whereas expenditures for maintenance and repairs are charged to operations when incurred. The amounts for property disposals are removed from the assets, accumulated depreciation accounts, and any resultant gain or loss is included in earnings.

Depreciation

Depreciation is computed for financial reporting purposes using principally the straight-line method based upon estimated useful lives of the assets, ranging from 5 to 39.5 years.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization is not liable for income taxes if it operates within the confines of its exempt status, though the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Organization could be changed if an adjustment in the tax-exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2019–2022. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law and new authoritative rulings. The Organization believes their estimates are appropriate based on current facts and circumstances. Accordingly, there are no uncertain tax positions to disclose. As such, there are no correspondingly related interest and penalties to be accrued thereon.

CATSKILL WATERSHED CORPORATION

1. Summary of Significant Accounting Policies (continued):

Interest and Penalties

During the years ended December 31, 2022, and 2021, the Organization recognized approximately \$-0- and \$-0- in interest and penalties. The Organization has accrued approximately \$-0- and \$-0- for the payment of interest and penalties as of December 31, 2022, and 2021, respectively.

Open Tax Years

With few exceptions the Organization is no longer subject to Federal and State income tax examinations by tax authorities for the years before 2019.

Cash and Cash Equivalents

CWC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturity of those instruments.

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.

Advertising

The Corporation expenses advertising costs as they are incurred. Advertising costs totaled \$10,473 and \$11,626 for the years ended December 31, 2022 and 2021, respectively.

2. New Accounting Standards:

In February 2016, the FASB issued 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 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. 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 income statement. The Organization adopted Topic 842 on January 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 Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The results of implementing this standard were immaterial and had no effect on the financial statements for the Corporation.

3. Cash and Cash Equivalents:

Cash and cash equivalents deposited with financial institutions amounted to \$130,910,040 and

CATSKILL WATERSHED CORPORATION

3. Cash and Cash Equivalents Policies (continued):

\$101,633,617 as of December 31, 2022, and 2021, respectively.

The bank balance was \$133,472,499 and \$102,745,402 as of December 31, 2022, and 2021, and was entirely covered by FDIC or by collateral held by a bank in the Corporation's name.

There are three categories of credit risk that apply to the Corporation's balance:

1. Insured or collateralized with securities held by the Corporation or by the Corporation's agent in the Corporation's name;
2. Collateralized with securities held by the pledging financial institution's trust department or the Corporation's agent in the Corporation's name; and
3. Uncollateralized.

Balances held in each category as of December 31, 2022, are as follows:

Program	Bank Balance	Carrying Amount	FDIC/Collateral
Operating	\$ 250,000	\$ 250,000	Insured (FDIC)
Septic Program III	250,000	250,000	Insured (FDIC)
Future Stormwater	<u>250,000</u>	<u>250,000</u>	Insured (FDIC)
Subtotal	<u>750,000</u>	<u>750,000</u>	
Operating	3,415,207	3,415,207	Collateral Held by Unit's Custodial Bank
Septic Program III	3,364,172	3,364,172	Collateral Held by Unit's Custodial Bank
Septic Program IV	-	-	Collateral Held by Unit's Custodial Bank
Septic Program V	22,687,496	22,687,496	Collateral Held by Unit's Custodial Bank
Septic Maintenance	690,072	690,072	Collateral Held by Unit's Custodial Bank
Stream Corridor Protection	1,522,905	1,522,905	Collateral Held by Unit's Custodial Bank
Flood Hazard Mitigation	8,607,529	8,607,529	Collateral Held by Unit's Custodial Bank
Community Wastewater III	15,970,540	15,970,540	Collateral Held by Unit's Custodial Bank
Shokan Community Wastewater	46,860,896	46,860,896	Collateral Held by Unit's Custodial Bank
Public Education II	-	-	Collateral Held by Unit's Custodial Bank
Public Education II - Renewal	72,376	72,376	Collateral Held by Unit's Custodial Bank
Stormwater Retrofits I & II	1,202,576	1,202,576	Collateral Held by Unit's Custodial Bank
Stormwater Retrofits - Technical Assist.	36,559	36,559	Collateral Held by Unit's Custodial Bank
Stormwater Retrofits I & II - Maintenance	415,203	415,203	Collateral Held by Unit's Custodial Bank
Tax Consulting	370,120	370,120	Collateral Held by Unit's Custodial Bank
Tax Litigation Avoidance	379,423	379,423	Collateral Held by Unit's Custodial Bank
WOH Future Stormwater	4,348,061	4,348,061	Collateral Held by Unit's Custodial Bank
WOH Future Stormwater - Lateral Repair Program	296,350	296,350	Collateral Held by Unit's Custodial Bank
WOH Future Stormwater - MOA145	703,961	703,961	Collateral Held by Unit's Custodial Bank
Local Technical Assistance	213,981	213,981	Collateral Held by Unit's Custodial Bank
Catskill Fund for the Future & Escrow	21,561,543	21,561,543	Collateral Held by Unit's Custodial Bank
CFF - Business Recovery	3,527	3,527	Collateral Held by Unit's Custodial Bank
Subtotal	<u>132,722,498</u>	<u>132,722,498</u>	
	<u>\$ 133,472,498</u>	<u>\$ 133,472,498</u>	

CATSKILL WATERSHED CORPORATION

3. Cash and Cash Equivalents Policies (continued):

Reserved Cash and Investments:

The Stream Corridor, Community Wastewater Management III, and LTAP have reserved cash and/or money markets of \$1,366,855, \$1,120,843, and \$110,000, respectively, at December 31, 2022. The reserves were established for Debris Removal, Street Laterals and Sustainable Communities.

4. Liquidity and Availability of Financial Assets:

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes.

	2022	2021
Financial Assets at Year End	\$ 156,403,332	\$ 129,197,396
Less Those Unavailable for General Expenditures Within One Year	-	-
	\$ 156,403,332	\$ 129,197,396

5. Accounts Receivable:

Accrued Interest Receivable

Accrued interest receivable consists of interest income that has not been received at year-end. Accrued interest receivable as of December 31, 2022, and 2021, amounted to \$161,552 and \$179,925, respectively.

Loans Receivable

Within the Catskill Fund for the Future Program, there are 73 loans receivable from a variety of entities totaling \$23,677,796. The years of maturity range from 2022 to 2042 and the interest rates range up to 4.125 percent. Collateral consists of a first or second position on real estate and/or entity assets. The loans are classified as current and long-term assets in the accompanying financial statements. CWC has established an allowance for doubtful accounts in the amount of \$1,747,531. Provisions for losses of allowances on loans receivable are determined based on loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral, and current economic conditions.

6. Property, Plant, and Equipment:

Property, plant, and equipment as of December 31, 2022, and 2021, is summarized as follows:

	2022		2021	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 478,788	\$ -	\$ 478,788	\$ 477,587
Building	18,029,446	1,258,453	16,770,993	17,197,776
Equipment	115,724	59,800	55,924	45,893
Vehicle	253,548	231,846	21,702	77,457
Furniture & Fixtures	728,041	338,791	389,250	492,521
Software	38,780	34,029	4,751	5,801
	\$ 19,644,327	\$ 1,922,919	\$ 17,721,408	\$ 18,297,035

CATSKILL WATERSHED CORPORATION

6. Property, Plant, and Equipment (continued):

Depreciation expense for the years ended December 31, 2022, and 2021 is \$607,252 and \$611,699, respectively. *Also see Note 15 for depreciation for CWC Holdings II, LLC.*

7. Investments:

Under NYCDEP contractual obligations, net appreciations can be used as regular program expenditures, contract specific expenditures or a reduction of the NYCDEP financial/contractual obligation. The CWC utilizes all net appreciations for annual expenditures unless there are contractual, or Board of Director designated restrictions. The following schedule summarizes the bond investment return and its classification in the statement of activities:

Interest on Long-Term Investments	\$ 199,931
Net Realized Gains	2,756
Net Unrealized Gains/(Losses)	<u>(1,340,805)</u>
Return on Long-Term Investments	<u>(1,138,118)</u>
Interest on Short-Term Investments	<u>3,039</u>
Total Return on Investments	<u>\$ (1,135,079)</u>
Investment Return Designated for Current Operations	<u>\$ (1,135,079)</u>

In addition to investing in money markets and/or certificates of deposits, the CWC has purchased ‘investment grade’ municipal & agency bonds rated Baa to AAA or equivalent and with maturities ranging from a few months up to approximately four years. The bonds are classified as short or long-term investments on the Statement of Financial Position and are considered to be investments held to maturity. However, certain bonds were purchased and/or sold to reflect market conditions/opportunities. The investments are stated at market values and any bond premiums or discounts are amortized on a straight-line basis. Market value is determined using a fair value measurement hierarchy. CWC’s investments are each valued using Level 1 inputs. Any unrealized gains or losses are reflected in the Statement of Activities. Below is summary of the investments:

	2022			2021
	Carry Value	Unrealized Gain/(Loss)	Market Value	Market Value
Municipal & Agency Bonds	\$ 3,804,055	\$ (79,174)	\$ 3,724,881	\$ 764,116
Total Short-Term	<u>\$ 3,804,055</u>	<u>\$ (79,174)</u>	<u>\$ 3,724,881</u>	<u>\$ 764,116</u>
Municipal & Agency Bonds	\$ 20,768,519	\$ (1,464,946)	\$ 19,303,573	\$ 23,379,990
Total Long-Term	<u>\$ 20,768,519</u>	<u>\$ (1,464,946)</u>	<u>\$ 19,303,573</u>	<u>\$ 23,379,990</u>

CATSKILL WATERSHED CORPORATION

8. Compensated Absences:

Employees of CWC earn annual time at various amounts. In case of termination of employment or upon retirement, employees are entitled to payment for accumulated annual and sick time. The estimated annual and sick time liability at December 31, 2022, and 2021, of \$110,566 and \$103,882, respectively, has been included in accrued expenses in the accompanying financial statements.

9. Deferred Grant Revenue:

Any payment(s) received in advance of expenditure are not recognized as income until such expenditures are incurred. Such advance payments are recorded as deferred grant revenue of \$181,923,642 and other deferrals of \$30,801. A summary of deferred grant revenue as of December 31, 2022, and 2021 is as follows:

Program	2022	2021
Operating	\$ 18,347,105	\$ 19,099,740
Septic Program III	3,484,887	4,545,115
Septic Program V	22,092,996	14,011,236
Septic Maintenance	680,913	867,420
Stream Corridor Protection	1,502,228	1,502,227
Flood Hazard	8,579,973	7,601,410
Community Wastewater III	14,787,271	14,447,564
Community Wastewater-Shokan	46,544,109	23,333,056
Public Education II	-	24,383
Public Education II - Renewal	52,899	63,569
Stormwater Retrofits	489,453	489,454
Stormwater Retrofits II	743,631	1,951,088
Stormwater Technical Assistance	36,559	31,157
Tax Consulting	554,339	554,338
Tax Litigation Avoidance	377,077	377,077
WOH Future Stormwater	7,282,952	10,083,790
Future Stormwater - MOA145	698,097	1,134,180
Local Technical Assistance	213,205	213,206
Catskill Fund for the Future	55,455,948	54,097,407
	<u>\$ 181,923,642</u>	<u>\$ 154,427,415</u>

10. Contract and Grant Revenue:

Contract and Grant Revenue in the Statements of Activities is reported as follows:

	2022	2021
Grant Revenue:		
New York City Department of Environmental Protection	<u>\$ 24,346,373</u>	<u>\$ 17,615,815</u>
	<u>\$ 24,346,373</u>	<u>\$ 17,615,815</u>

CATSKILL WATERSHED CORPORATION

11. Retirement Program (Defined Contribution):

The Corporation sponsors a simplified pension retirement plan. Contributions to the plan for 2022 and 2021 were \$98,371 and \$97,635, respectively.

12. Continued Existence:

CWC's continued existence is dependent upon funds received from the City funding agencies to meet its normal operating expenditures.

13. Commitments and Contingencies:

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

The CWC entered into a 36-month and a 42-month operating lease totaling \$22,162 for two copy machines. Total rental expenditures on the lease for the fiscal years ended December 31, 2022, and 2021 were \$6,697 and \$6,697, respectively. The minimum future operating lease payments are as follows:

<u>Year Ending December 31</u>	
2023	<u>4,465</u>
	<u>\$ 4,465</u>

14. Lease Receivable:

The CWC entered into a \$157,137, thirty-year lease with the Village of Fleischmanns with \$1,000 minimum annual rentals. CWC received \$15,455 as of December 31, 2022.

	<u>2022</u>	<u>2021</u>
Lease Receivable	\$ 141,682	\$ 145,333
Less: Present Value Adjustment	<u>(56,985)</u>	<u>(50,192)</u>
	<u>\$ 84,697</u>	<u>\$ 95,141</u>

15. CWC Holdings:

CWC owns 100% of CWC Holdings II, LLC, which is included as an investment in the financial statements. CWC had purchased CWC Holdings II, LLC for renovation and resale. On December 21, 2022, the CWC Holdings II, LLC building was sold. All remaining assets will transfer back to the Catskill Fund for the future in 2023.

CATSKILL WATERSHED CORPORATION

15. CWC Holdings (continued):

	Balance Sheets	
	December 31, 2022	December 31, 2021
	CWCHoldings II, LLC	CWCHoldings II, LLC
Assets		
Checking	\$ 331,423	\$ 7,731
Building (Net)	-	1,107,753
Total Assets	\$ 331,423	\$ 1,115,484
Liabilities		
Current Liabilities	7,300	3,130
Equity	324,123	1,112,354
Total Liabilities & Equity	\$ 331,423	\$ 1,115,484
Income Statements		
	December 31, 2022	December 31, 2021
	CWCHoldings II, LLC	CWCHoldings II, LLC
Income		
Sale of Property (Loss)	\$ (748,667)	\$ -
Transfer from Parent Company	85,150	-
Income	(663,517)	-
Expenses		
Advertising & Promotion	3,219	-
Depreciation Expense	36,542	37,551
Legal Services	71,059	3,130
Misc. Expense	15	-
Repairs & Maintenance	8,698	2,990
Travel/Meals & Entertainment	-	342
Telephone	499	-
Utilities	4,681	-
Expenses	124,714	44,013
Net Income (Loss)	\$ (788,231)	\$ (44,013)

16. Subsequent Events:

The date to which events occurring after December 31, 2022, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is February 28, 2023, which is the date on which the financial statements were available to be issued.

The 2017 Filtration Avoidance Determination requires the City to sign a binding commitment to lease space at the new CWC building. CWC has acquired property in Arkville, NY from the Catskill Water Discovery Center (CWDC) and will lease space back to CWDC as a stipulation to the property acquisition. In 2018, the building construction was underway and CWC occupied the building in March of 2020. The former CWC building located in Margaretville, NY was sold.

CWC was awarded \$545,775 from the Department of Army through the State of New York Department of Environmental Conservation. The funds are to be used as a project share cost to design and construct the Railroad Avenue Embankment Stabilization Project. The contract was executed on March 16, 2022. No funding has been received.

CATSKILL WATERSHED CORPORATION

17. Fair Value Measurements:

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

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2022				
Assets:				
Municipal and Agency Bonds	\$ 23,028,459	\$ 23,028,459	\$ -	\$ -
Loans Receivable, Net	21,930,265	-	21,930,265	-
CWC Holdings II, LLC	324,123	-	324,123	-
	<u>\$ 45,282,847</u>	<u>\$ 23,028,459</u>	<u>\$ 22,254,388</u>	<u>\$ -</u>
 As of December 31, 2021				
Assets:				
Municipal and Agency Bonds	\$ 24,144,106	\$ 24,144,106	\$ -	\$ -
Loans Receivable, Net	21,233,814	-	21,233,814	-
CWC Holdings II, LLC	1,112,354	-	1,112,354	-
	<u>\$ 46,490,274</u>	<u>\$ 24,144,106</u>	<u>\$ 22,346,168</u>	<u>\$ -</u>

Level 1 Inputs

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

Level 2 Inputs

Directly or indirectly observable (market based) information– This includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active. For loans receivable and deferred grant revenue fair value is estimated as the present value of expected future cash inflows or outflows.

Level 3 Inputs

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

CATSKILL WATERSHED CORPORATION

Other Fair Value Disclosures

Financial instruments are recorded at carrying value in the financial statements; however, the fair value of these instruments is disclosed below in accordance with current accounting guidance related to financial instruments.

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate that value:

- I. Cash and Cash Equivalents: the carrying amount approximates fair value because of the short maturity of those instruments.
- II. Accrued Interest Receivable: the carrying amount approximates fair value because of the short term to the ultimate scheduled payment date.
- III. Property, Plant and Equipment: the fair value of property, plant and equipment held and used is determined, whenever possible, by reference to quoted market prices and other market information for similar assets. This is then compared to depreciated historical cost values as a measure to determine potential impairment loss. No impairment losses have been recognized through the current year end.
- IV. Accounts Payable and Accrued Expenses: the carrying amounts approximate fair value because of the short term to liquidation of the instruments.

18. Inter-Program Fund Transfers:

The Board of Directors has re-allocated certain program funds to develop new programs, continue existing programs and/or because of NYCDEP contractual requirements. A summary of the inter-program transfers is as follows:

Program	Transfer-In	Transfer-Out
Operating	\$ 24,570	\$ 1,383,111
CWMP III	46,129	-
Future Stormwater	-	46,129
Catskill Fund for the Future	1,383,111	24,570
Total Inter-Program Transfers	\$1,453,810	\$1,453,810

19. Grant Awards:

CWC was awarded \$545,775 from the Department of Army through the State of New York Department of Environmental Conservation. The funds are to be used as a project share cost to design and construct the Railroad Avenue Embankment Stabilization Project. No funding has been received.

20. Litigation:

CWC has commenced three successive years' worth of hybrid Civil Practice Law and Rules Article 78 and Real Property Tax Law Article 7 proceedings challenging the tax-exempt status and tax assessment of certain real property located in the Town of Middletown. There are no counterclaims asserted against CWC. CWC intends to vigorously pursue these proceedings.

On June 25, 2021, the Village of Stamford Code Enforcement Officer issued a notice of violation related to property owned by CWC Holdings, II, LLC, located at 56 Main Street in the Village of Stamford, New York, alleging in part that a "change of use" is required, in connection with the tenancy of the Utica Center for Development, and asserting a potential "fine not exceeding \$250, or ... imprisonment not exceeding 50 days, or ... both such fine and imprisonment, for each and every violation and for each week and every week that such violation continues". CWC appealed that portion of the notice alleging that a "change of use" is required to the Village of Stamford Zoning

CATSKILL WATERSHED CORPORATION

Board of Appeals. On February 8th, 2022, an adverse determination was made. CWC commenced an Article 78 proceeding challenging the determination. Ultimately, the matter was settled upon the Village issuing an opinion that the property at issue was in full compliance with the Village Code and the parties discontinuing the proceeding.

SUPPLEMENTARY INFORMATION

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM FINANCIAL POSITION

As of December 31, 2022

	Unrestricted Operating	Septic Program III	Septic Program IV	Septic Program V	Septic System Maintenance	Land Acquisition	Stream Corridor Protection	Subtotal Carried Forward
ASSETS								
Current Assets:								
Cash - Checking	\$ 1,102,748	\$ 3,614,172	\$ -	\$ 22,687,496	\$ 690,072	\$ -	\$ 156,050	\$ 28,250,538
Cash - Reserved	-	-	-	-	-	-	1,366,855	1,366,855
Short-Term Investments	-	-	-	-	-	-	-	-
Accrued Interest Receivable	44	-	-	-	-	-	-	44
Loans Receivable, Net of								
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-
Due from Other Funds	(30,151)	-	-	(67,609)	(527)	-	-	(98,287)
Prepaid Expenditures	168,936	-	-	-	-	-	-	168,936
Total Current Assets	1,241,577	3,614,172	-	22,619,887	689,545	-	1,522,905	29,688,086
Property, Plant, and Equipment, Net of								
Accumulated Depreciation	17,303,562	-	-	66	-	-	-	17,303,628
Long-Term Assets:								
Long-Term Investments	41,598	-	-	-	-	-	-	41,598
Lease Receivable	-	-	-	-	-	-	-	-
Loans Receivable, Net of								
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-
CWC Holdings II, LLC	-	-	-	-	-	-	-	-
Total Long-Term Assets	41,598	-	-	-	-	-	-	41,598
Total Assets	\$ 18,586,737	\$ 3,614,172	\$ -	\$ 22,619,953	\$ 689,545	\$ -	\$ 1,522,905	\$ 47,033,312
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts Payable	\$ 50,064	\$ 129,285	\$ -	\$ 526,957	\$ 8,632	\$ -	\$ -	\$ 714,938
Accrued Expenditures	189,568	-	-	-	-	-	-	189,568
Deferred Grant Revenue	18,347,105	3,484,887	-	22,092,996	680,913	-	1,502,228	46,108,129
Deferred Interest Income	-	-	-	-	-	-	-	-
Total Current Liabilities	18,586,737	3,614,172	-	22,619,953	689,545	-	1,502,228	47,012,635
Net Assets:								
Without Donor Restrictions	-	-	-	-	-	-	20,677	20,677
With Donor Restrictions	-	-	-	-	-	-	-	-
Total Net Assets	-	-	-	-	-	-	20,677	20,677
Total Liabilities and Net Assets	\$ 18,586,737	\$ 3,614,172	\$ -	\$ 22,619,953	\$ 689,545	\$ -	\$ 1,522,905	\$ 47,033,312

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM FINANCIAL POSITION

As of December 31, 2022

	Subtotal Brought Forward	Flood Hazard	Community Wastewater Management III	CWMP Shokan	Public Education Program	Subtotal Carried Forward
ASSETS						
Current Assets:						
Cash - Checking	\$ 28,250,538	\$ 8,607,530	\$ 14,849,697	\$ 46,860,896	\$ -	\$ 98,568,661
Cash - Reserved	1,366,855	-	1,120,843	-	-	2,487,698
Short-Term Investments	-	-	-	-	-	-
Accrued Interest Receivable	44	-	-	-	-	44
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-
Due from Other Funds	(98,287)	(10,525)	(7,381)	(3,634)	-	(119,827)
Prepaid Expenditures	168,936	-	-	-	-	168,936
Total Current Assets	29,688,086	8,597,005	15,963,159	46,857,262	-	101,105,512
Property, Plant, and Equipment, Net of Accumulated Depreciation	17,303,628	415,788	-	-	-	17,719,416
Long-Term Assets:						
Long-Term Investments	41,598	-	-	-	-	41,598
Lease Receivable	-	-	-	-	-	-
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-
CWC Holdings II, LLC	-	-	-	-	-	-
Total Long-Term Assets	41,598	-	-	-	-	41,598
Total Assets	\$ 47,033,312	\$ 9,012,793	\$ 15,963,159	\$ 46,857,262	\$ -	\$ 118,866,526
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts Payable	\$ 714,938	\$ 432,820	\$ 1,175,888	\$ 313,153	\$ -	\$ 2,636,799
Accrued Expenditures	189,568	-	-	-	-	189,568
Deferred Grant Revenue	46,108,129	8,579,973	14,787,271	46,544,109	-	116,019,482
Deferred Interest Income	-	-	-	-	-	-
Total Current Liabilities	47,012,635	9,012,793	15,963,159	46,857,262	-	118,845,849
Net Assets:						
Without Donor Restrictions	20,677	-	-	-	-	20,677
With Donor Restrictions	-	-	-	-	-	-
Total Net Assets	20,677	-	-	-	-	20,677
Total Liabilities and Net Assets	\$ 47,033,312	\$ 9,012,793	\$ 15,963,159	\$ 46,857,262	\$ -	\$ 118,866,526

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM FINANCIAL POSITION

As of December 31, 2022

	Subtotal Brought Forward	Public Education II Renewal	Stormwater Retrofits	Stormwater Retrofits II	Stormwater Technical Assistance	Tax Consulting	Subtotal Carried Forward
ASSETS							
Current Assets:							
Cash - Checking	\$ 98,568,661	\$ 72,376	\$ 510,000	\$ 1,107,779	\$ 36,559	\$ 370,120	\$ 100,665,495
Cash - Reserved	2,487,698	-	-	-	-	-	2,487,698
Short-Term Investments	-	-	-	-	-	-	-
Accrued Interest Receivable	44	-	-	-	-	805	849
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-	-
Due from Other Funds	(119,827)	(2,477)	-	(2,693)	-	-	(124,997)
Prepaid Expenditures	168,936	-	-	-	-	-	168,936
Total Current Assets	101,105,512	69,899	510,000	1,105,086	36,559	370,925	103,197,981
Property, Plant, and Equipment, Net of Accumulated Depreciation							
	17,719,416	-	-	-	-	-	17,719,416
Long-Term Assets:							
Long-Term Investments	41,598	-	-	-	-	204,933	246,531
Lease Receivable	-	-	-	-	-	-	-
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-	-
CWC Holdings II, LLC	-	-	-	-	-	-	-
Total Long-Term Assets	41,598	-	-	-	-	204,933	246,531
Total Assets	\$ 118,866,526	\$ 69,899	\$ 510,000	\$ 1,105,086	\$ 36,559	\$ 575,858	\$ 121,163,928
LIABILITIES AND NET ASSETS							
Current Liabilities:							
Accounts Payable	\$ 2,636,799	\$ 2,000	\$ -	\$ 361,455	\$ -	\$ -	\$ 3,000,254
Accrued Expenditures	189,568	15,000	-	-	-	-	204,568
Deferred Grant Revenue	116,019,482	52,899	489,453	743,631	36,559	554,339	117,896,363
Deferred Interest Income	-	-	-	-	-	-	-
Total Current Liabilities	118,845,849	69,899	489,453	1,105,086	36,559	554,339	121,101,185
Net Assets:							
Without Donor Restrictions	20,677	-	20,547	-	-	21,519	62,743
With Donor Restrictions	-	-	-	-	-	-	-
Total Net Assets	20,677	-	20,547	-	-	21,519	62,743
Total Liabilities and Net Assets	\$ 118,866,526	\$ 69,899	\$ 510,000	\$ 1,105,086	\$ 36,559	\$ 575,858	\$ 121,163,928

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM FINANCIAL POSITION

As of December 31, 2022

	Subtotal Brought Forward	Tax Litigation Avoidance Program	WOH Future Stormwater Controls	Future SW-MOA 145	Local Technical Assistance	Catskill Fund for the Future	Totals
ASSETS							
Current Assets:							
Cash - Checking	\$ 100,665,495	\$ 379,423	\$ 4,894,411	\$ 703,961	\$ 103,981	\$ 21,565,071	\$ 128,312,342
Cash - Reserved	2,487,698	-	-	-	110,000	-	2,597,698
Short-Term Investments	-	-	2,242,232	-	-	1,482,649	3,724,881
Accrued Interest Receivable	849	-	43,138	-	-	117,564	161,551
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	2,303,288	2,303,288
Due from Other Funds	(124,997)	-	(8,020)	(5,864)	-	138,881	-
Prepaid Expenses	168,936	-	-	-	-	7,373	176,309
Total Current Assets	103,197,981	379,423	7,171,761	698,097	213,981	25,614,826	137,276,069
Property, Plant, and Equipment, Net of Accumulated Depreciation							
	17,719,416	-	-	-	-	1,992	17,721,408
Long-Term Assets:							
Long-Term Investments	246,531	-	5,624,875	-	-	13,432,167	19,303,573
Lease Receivable	-	-	-	-	-	84,697	84,697
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	19,626,978	19,626,978
CWC Holdings II, LLC	-	-	-	-	-	324,123	324,123
Total Long-Term Assets	246,531	-	5,624,875	-	-	33,467,965	39,339,371
Total Assets	\$ 121,163,928	\$ 379,423	\$ 12,796,636	\$ 698,097	\$ 213,981	\$ 59,084,783	\$ 194,336,848
LIABILITIES AND NET ASSETS							
Current Liabilities:							
Accounts Payable	\$ 3,000,254	\$ -	\$ 401,205	\$ -	\$ -	\$ 7,472	\$ 3,408,931
Accrued Expenses	204,568	-	-	-	-	45,000	249,568
Deferred Grant Revenue	117,896,363	377,077	7,282,952	698,097	213,205	55,455,948	181,923,642
Deferred Interest Income	-	-	-	-	-	30,801	30,801
Total Current Liabilities	121,101,185	377,077	7,684,157	698,097	213,205	55,539,221	185,612,942
Net Assets:							
Without Donor Restrictions	62,743	2,346	5,112,479	-	776	3,545,562	8,723,906
With Donor Restrictions	-	-	-	-	-	-	-
Total Net Assets	62,743	2,346	5,112,479	-	776	3,545,562	8,723,906
Total Liabilities and Net Assets	\$ 121,163,928	\$ 379,423	\$ 12,796,636	\$ 698,097	\$ 213,981	\$ 59,084,783	\$ 194,336,848

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM REVENUES AND FUNCTIONAL EXPENSES Year Ended December 31, 2022

	Unrestricted Operating	Septic Program III	Septic Program IV	Septic Program V	Septic System Maintenance	Subtotal Carried Forward
Revenue:						
Grant Revenue	\$ 1,663,603	\$ 1,060,227	\$ -	\$ 8,334,070	\$ 186,507	\$ 11,244,407
Interest and Other Income	7,662	4,791	1	167,607	730	180,791
Total Revenue	1,671,265	1,065,018	1	8,501,677	187,237	11,425,198
Expenditures:						
Salary	606,759	-	-	307,656	16,067	930,482
Fringe Benefits	360,117	-	-	153,043	8,834	521,994
Program	1,500	1,065,018	(88)	7,689,756	149,601	8,905,787
Occupancy Costs	416,033	-	-	-	-	416,033
Advertising & Promotion	3,272	-	-	-	-	3,272
Office Supplies	13,208	-	-	-	-	13,208
Communication	17,118	-	-	672	279	18,069
Grants	-	-	-	-	-	-
Travel	32,193	-	-	42	-	32,235
Conferences and Seminars	485	-	-	1,470	-	1,955
Insurance	109,113	-	-	-	-	109,113
Repairs & Maintenance	15,087	-	-	-	-	15,087
Subscriptions & Publications	7,883	-	-	-	-	7,883
Professional Fees	155,889	-	-	7,525	554	163,968
Administrative	(674,198)	-	-	341,248	11,902	(321,048)
Depreciation	605,757	-	-	265	-	606,022
Dues, Licenses, and Memberships	690	-	-	-	-	690
Miscellaneous	359	-	-	-	-	359
Loss on Sale	-	-	-	-	-	-
Total Expenditures	1,671,265	1,065,018	(88)	8,501,677	187,237	11,425,109
Change in Net Assets	-	-	89	-	-	89
Net Assets, Beginning	-	-	(89)	-	-	(89)
Net Assets, Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM REVENUES AND FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Subtotal Brought Forward	Land Acquisition	Stream Corridor Protection	Flood Hazard	Community Wastewater Management III	Subtotal Carried Forward
Revenue:						
Grant Revenue	\$ 11,244,407	\$ 1,866	\$ -	\$ 2,477,892	\$ 4,706,423	\$ 18,430,588
Interest and Other Income	180,791	-	1,825	9,974	76,347	268,937
Total Revenue	11,425,198	1,866	1,825	2,487,866	4,782,770	18,699,525
Expenditures:						
Salary	930,482	-	-	81,791	43,695	1,055,968
Fringe Benefits	521,994	-	-	29,171	15,261	566,426
Program	8,905,787	1,866	-	2,326,029	4,693,745	15,927,427
Occupancy Costs	416,033	-	-	-	-	416,033
Advertising & Promotion	3,272	-	-	890	-	4,162
Office Supplies	13,208	-	-	-	62	13,270
Communication	18,069	-	1	138	113	18,321
Grants	-	-	-	-	-	-
Travel	32,235	-	-	-	35	32,270
Conferences and Seminars	1,955	-	-	85	-	2,040
Insurance	109,113	-	-	-	-	109,113
Repairs & Maintenance	15,087	-	-	-	-	15,087
Subscriptions & Publications	7,883	-	-	-	-	7,883
Professional Fees	163,968	-	-	210	-	164,178
Administrative	(321,048)	-	-	49,512	29,859	(241,677)
Depreciation	606,022	-	-	-	-	606,022
Dues, Licenses, and Memberships	690	-	-	40	-	730
Miscellaneous	359	-	-	-	-	359
Loss on Sale	-	-	-	-	-	-
Total Expenditures	11,425,109	1,866	1	2,487,866	4,782,770	18,697,612
Change in Net Assets	89	-	1,824	-	-	1,913
Net Assets, Beginning	(89)	-	18,853	-	-	18,764
Net Assets, Ending	\$ -	\$ -	\$ 20,677	\$ -	\$ -	\$ 20,677

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM REVENUES AND FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Subtotal		Public	Public			Stormwater	Subtotal
	Brought	CWMP	Education	Education	Stormwater	Stormwater	Technical	Carried
	Forward	Shokan	Program	Renewal	Retrofits	Retrofits II	Assistance	Forward
Revenue:								
Grant Revenue	\$ 18,430,588	\$ 1,251,126	\$ (8,008)	\$ 172,355	\$ -	\$ 1,207,457	\$ 2,098	\$ 21,055,616
Interest and Other Income	268,937	300,562	18	107	611	1,773	44	572,052
Total Revenue	18,699,525	1,551,688	(7,990)	172,462	611	1,209,230	2,142	21,627,668
Expenditures:								
Salary	1,055,968	35,016	-	12,063	-	9,954	1,188	1,114,189
Fringe Benefits	566,426	10,805	-	14,253	-	3,823	954	596,261
Program	15,927,427	1,487,738	-	-	500	1,186,759	-	18,602,424
Occupancy Costs	416,033	-	-	-	-	-	-	416,033
Advertising & Promotion	4,162	-	-	-	-	-	-	4,162
Office Supplies	13,270	-	-	-	-	-	-	13,270
Communication	18,321	3	-	145	-	55	-	18,524
Grants	-	-	(7,990)	134,024	-	-	-	126,034
Travel	32,270	-	-	-	-	-	-	32,270
Conferences and Seminars	2,040	-	-	-	-	-	-	2,040
Insurance	109,113	-	-	-	-	-	-	109,113
Repairs & Maintenance	15,087	-	-	-	-	-	-	15,087
Subscriptions & Publications	7,883	-	-	-	-	-	-	7,883
Professional Fees	164,178	-	-	-	-	-	-	164,178
Administrative	(241,677)	18,126	-	11,977	-	8,639	-	(202,935)
Depreciation	606,022	-	-	-	-	-	-	606,022
Dues, Licenses, and Memberships	730	-	-	-	-	-	-	730
Miscellaneous	359	-	-	-	-	-	-	359
Loss on Sale	-	-	-	-	-	-	-	-
Total Expenditures	18,697,612	1,551,688	(7,990)	172,462	500	1,209,230	2,142	21,625,644
Change in Net Assets	1,913	-	-	-	111	-	-	2,024
Net Assets, Beginning	18,764	-	-	-	20,435	-	-	39,199
Net Assets, Ending	\$ 20,677	\$ -	\$ -	\$ -	\$ 20,546	\$ -	\$ -	\$ 41,223

CATSKILL WATERSHED CORPORATION

SCHEDULES OF PROGRAM REVENUES AND FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Subtotal Brought Forward	Tax Consulting	Tax Litigation Avoidance Program	WOH Future Stormwater Controls	Future SW-MOA 145	Local Technical Assistance	Catskill Fund for the Future	Totals
Revenue:								
Grant Revenue	\$ 21,055,616	\$ -	\$ -	\$ 2,754,709	\$ 536,048	\$ -	\$ -	\$ 24,346,373
Interest and Other Income	572,052	(3,719)	455	(344,539)	1,194	257	181,963	407,663
Total Revenue	21,627,668	(3,719)	455	2,410,170	537,242	257	181,963	24,754,036
Expenditures:								
Salary	1,114,189	136	-	46,793	20,049	229	162,996	1,344,392
Fringe Benefits	596,261	75	-	30,575	10,026	90	98,712	735,739
Program	18,602,424	-	-	2,122,023	483,943	-	487,172	21,695,562
Occupancy Costs	416,033	-	-	-	-	-	4,681	420,714
Advertising & Promotion	4,162	-	-	-	-	-	6,311	10,473
Office Supplies	13,270	-	-	-	-	-	-	13,270
Communication	18,524	-	-	48	42	11	956	19,581
Grants	126,034	-	-	-	-	-	-	126,034
Travel	32,270	-	-	-	-	-	-	32,270
Conferences and Seminars	2,040	-	-	-	-	-	139	2,179
Insurance	109,113	-	-	-	-	-	4,241	113,354
Repairs & Maintenance	15,087	-	-	-	-	-	13,742	28,829
Subscriptions & Publications	7,883	-	-	-	-	-	3,705	11,588
Professional Fees	164,178	-	-	1,862	-	-	133,655	299,695
Administrative	(202,935)	52	-	52,860	23,182	116	126,725	-
Depreciation	606,022	-	-	-	-	-	37,772	643,794
Dues, Licenses, and Memberships	730	-	-	-	-	-	83	813
Miscellaneous	359	-	-	-	-	-	21	380
Loss on Sale	-	-	-	-	-	-	748,667	748,667
Total Expenditures	21,625,644	263	-	2,254,161	537,242	446	1,829,578	26,247,334
Change in Net Assets	2,024	(3,982)	455	156,009	-	(189)	(1,647,615)	(1,493,298)
Net Assets, Beginning	39,199	25,501	1,892	4,956,470	-	965	5,193,177	10,217,204
Net Assets, Ending	\$ 41,223	\$ 21,519	\$ 2,347	\$ 5,112,479	\$ -	\$ 776	\$ 3,545,562	\$ 8,723,906

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*

Board of Directors
Catskill Watershed Corporation
669 County Highway 38, Suite 1
Arkville, New York 12406

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 Catskill Watershed Corporation (the “Corporation”, a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, 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 February 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that not were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, NY
February 28, 2023

**Other Reporting in Accordance with *New York State Public
Authorities Law***



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH SECTION 2925(3)(f) OF THE
NEW YORK STATE PUBLIC AUTHORITIES LAW**

Board of Directors
Catskill Watershed Corporation
669 County Highway 38, Suite 1
Arkville, New York 12406

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Catskill Watershed Corporation (a nonprofit organization), as of December 31, 2022, which collectively comprise the Corporation's financial statements listed in the table of contents, and we have issued our report thereon dated February 28, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations regarding investment guidelines during the year ended December 31, 2022. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management, the Board of Directors, officials of New York City, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

RBT CPAs, LLP

Hudson, New York
February 28, 2023

