

AUDITED FINANCIAL STATEMENTS

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Greenfield, Massachusetts

JUNE 30, 2017

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Table of Contents

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 14-15



Independent Auditors' Report

To the Board of Directors
Connecticut River Watershed Council, Inc.
Greenfield, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Connecticut River Watershed Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut River Watershed Council, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Connecticut River Watershed Council, Inc. 's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, on our consideration of Connecticut River Watershed Council, Inc. 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Connecticut River Watershed Council, Inc. 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connecticut River Watershed Council, Inc. 's internal control over financial reporting and compliance.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
November 9, 2017

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Financial Position

June 30, 2017

(with comparative totals for June 30, 2016)

	<u>2017</u>	<u>2016</u>
	<u>Assets</u>	
Current assets		
Cash and cash equivalents	\$ 257,464	\$ 325,239
Contributions and grants receivable	1,167,219	563,463
Inventory	7,485	6,587
Prepaid expenses	18,163	3,611
Total current assets	<u>1,450,331</u>	<u>898,900</u>
Property and equipment, net	<u>473,516</u>	<u>481,101</u>
Other assets		
Assets held for sale	19,200	
Investments	1,570,221	1,480,456
Due from unrestricted net assets	195,937	220,655
Total other assets	<u>1,785,358</u>	<u>1,701,111</u>
Total assets	<u>\$ 3,709,205</u>	<u>\$ 3,081,112</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued liabilities	\$ 91,408	\$ 31,036
Security deposit payable	3,075	3,075
Current portion of long-term debt	12,937	12,531
Current portion of annuities payable	10,602	10,602
Total current liabilities	<u>118,022</u>	<u>57,244</u>
Long-term liabilities		
Long-term debt, less current portion	73,925	86,737
Annuities payable, less current portion	26,845	37,447
Due to restricted net assets	195,937	220,655
Total long-term liabilities	<u>296,707</u>	<u>344,839</u>
Net assets		
Unrestricted	329,676	216,518
Temporarily restricted	1,769,310	1,302,953
Permanently restricted	1,195,490	1,159,558
Total net assets	<u>3,294,476</u>	<u>2,679,029</u>
Total liabilities and net assets	<u>\$ 3,709,205</u>	<u>\$ 3,081,112</u>

The accompanying notes are an integral part of these combined financial statements.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Activities

Year Ended June 30, 2017

(with comparative totals for the year ended June 30, 2016)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and other revenue					
Contributions and grants	\$ 719,465	\$ 1,238,520		\$ 1,957,985	\$ 1,052,635
Special projects and fees	80,170			80,170	26,019
In-kind contributions	51,159			51,159	3,894
Rental income	26,100			26,100	26,100
Management fee income	9,996			9,996	5,074
Other income	2,878			2,878	741
Repayment of endowment loan	24,718		\$ (24,718)		
Net assets released from restrictions	835,343	(794,705)	(40,638)		
Total support and other revenue	<u>1,749,829</u>	<u>443,815</u>	<u>(65,356)</u>	<u>2,128,288</u>	<u>1,114,463</u>
Expenses					
Program	1,334,488			1,334,488	911,672
Administration	186,008			186,008	166,829
Fundraising	140,108			140,108	163,640
Total expenses	<u>1,660,604</u>			<u>1,660,604</u>	<u>1,242,141</u>
Change in net assets before investment activity	<u>89,225</u>	<u>443,815</u>	<u>(65,356)</u>	<u>467,684</u>	<u>(127,678)</u>
Investment activity					
Interest and dividends	5,918	3,485	15,456	24,859	25,743
Investment fees	(3,342)	(2,152)	(9,491)	(14,985)	(10,848)
Net realized gains on sales of investments	(7,800)	(66)	9,955	2,089	12,150
Net unrealized gains in market value	29,157	21,275	85,368	135,800	43,305
Total investment activity	<u>23,933</u>	<u>22,542</u>	<u>101,288</u>	<u>147,763</u>	<u>70,350</u>
Change in net assets	113,158	466,357	35,932	615,447	(57,328)
Net assets, beginning of year, as restated	<u>216,518</u>	<u>1,302,953</u>	<u>1,159,558</u>	<u>2,679,029</u>	<u>2,736,357</u>
Net assets, end of year	<u>\$ 329,676</u>	<u>\$ 1,769,310</u>	<u>\$ 1,195,490</u>	<u>\$ 3,294,476</u>	<u>\$ 2,679,029</u>

The accompanying notes are an integral part of these combined financial statements.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Functional Expenses

Year Ended June 30, 2017

(with comparative totals for the year ended June 30, 2016)

	2017			Total	2016
	Program	Administration	Fundraising		Total
Employee-related costs					
Salaries	\$ 379,368	\$ 95,940	\$ 104,739	\$ 580,047	\$ 520,881
Fringe benefits	4,079	6,820	3,521	14,420	14,481
Payroll taxes	31,381	8,074	8,805	48,260	43,021
Total employee-related costs	<u>414,828</u>	<u>110,834</u>	<u>117,065</u>	<u>642,727</u>	<u>578,383</u>
Grant and contract expenses	710,677	10,000	1,510	722,187	467,127
Office supplies and expense	63,751	7,706	4,073	75,530	41,165
Professional fees	35,377	10,998		46,375	18,882
Travel	29,980	671	871	31,522	22,131
Printing, copying and media	21,012	451	3,384	24,847	12,465
Postage	11,883	2,150	10,332	24,365	12,520
Occupancy	4,191	13,286	490	17,967	16,639
Repairs and maintenance	5,957	5,550	259	11,766	16,657
Insurance	1,606	9,052	115	10,773	11,919
Publicity and outreach	8,725		531	9,256	2,993
Taxes, license and fees	2,757	2,327	1,159	6,243	5,716
Interest		5,812		5,812	6,140
Telephone	960	4,486	15	5,461	7,077
Staff meetings and training	3,275	715	205	4,195	1,221
Dues and subscriptions	315	960	99	1,374	1,523
Total expenses before depreciation	<u>1,315,294</u>	<u>184,998</u>	<u>140,108</u>	<u>1,640,400</u>	<u>1,222,558</u>
Depreciation	<u>19,194</u>	<u>1,010</u>		<u>20,204</u>	<u>19,583</u>
Total expenses	<u>\$ 1,334,488</u>	<u>\$ 186,008</u>	<u>\$ 140,108</u>	<u>\$ 1,660,604</u>	<u>\$ 1,242,141</u>

The accompanying notes are an integral part of these combined financial statements.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Cash Flows

Year Ended June 30, 2017

(with comparative totals for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 615,447	\$ (57,328)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	20,204	19,583
Net unrealized gains in market value of investments	(135,800)	(43,305)
Net realized gains on sales of investments	(2,089)	(12,150)
Donated asset held for sale	(19,200)	
Donated property and equipment	(5,000)	
Other changes in assets and liabilities		
Contributions and grants receivable	(603,756)	(191,572)
Inventory	(898)	432
Prepaid expenses	(14,552)	1,320
Accounts payable and accrued liabilities	60,372	(17,490)
Annuities payable	(10,602)	(10,602)
Net cash used by operating activities	<u>(95,874)</u>	<u>(311,112)</u>
Cash flows from investing activities		
Proceeds from sale of investments	232,405	1,355,580
Purchase of investments	(184,281)	(1,313,415)
Purchases of property and equipment	(7,619)	
Net cash provided by investing activities	<u>40,505</u>	<u>42,165</u>
Cash flows from financing activities		
Payments on note payable	(12,406)	(12,074)
Net cash used by financing activities	<u>(12,406)</u>	<u>(12,074)</u>
Net decrease in cash and cash equivalents	(67,775)	(281,021)
Cash and cash equivalents - beginning of year	<u>325,239</u>	<u>606,260</u>
Cash and cash equivalents - end of year	\$ <u>257,464</u>	\$ <u>325,239</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>5,812</u>	\$ <u>6,140</u>
Non-cash investing activity:		
Receipt of donated property and equipment	\$ <u>5,000</u>	
Receipt of donated asset held for sale	\$ <u>19,200</u>	

The accompanying notes are an integral part of these combined financial statements.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements

June 30, 2017

1. Summary of Significant Accounting Policies

- a. *Nature of Business:* Connecticut River Watershed Council, Inc., dba "Connecticut River Conservancy", herein as the "Council," is a membership supported, nonprofit, conservation organization dealing with land and water related environmental issues in the four state drainage area of the Connecticut River.

Connecticut River Watershed Council of Connecticut, Inc., a former affiliate not-for-profit corporation established to own land in Connecticut, merged with the Council in October 2016.

- b. *Tax Status:* The Council is exempt from federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).
- c. *Basis of Presentation:* The financial statements of the Council have been prepared on the accrual basis of accounting. The net assets of the Council are reported in each of the following three classes when applicable: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets are unrestricted and are reported as part of the unrestricted class.
- d. *Use 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. *Cash and Cash Equivalents:* The Council considers money market accounts and short-term investments with a maturity of less than three months to be cash equivalents.
- f. *Contributions and Grants Receivable:* Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Management believes all the contributions and grants receivable at June 30, 2017 and 2016, are collectible. Therefore, there was no allowance for doubtful contributions and grants receivable at June 30, 2017 and 2016.
- g. *Inventory:* Inventory consists of books, maps, posters, and other small merchandise related to the Council's exempt function, and is valued at cost on the statement of financial position.
- h. *Property and Equipment:* The cost, if purchased, and fair value, if donated, of property and equipment is capitalized. The Council follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation is computed by the straight-line method over the following useful lives:

Buildings and improvements	39 years
Boating equipment	10-15 years
Office equipment	3-5 years

- i. *Investments:* Investments are stated at market value. Money market accounts and other cash equivalents that are included in the Council's investment accounts are presented as investments in these financial Statements. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements (Continued)

June 30, 2017

1. Summary of Significant Accounting Policies (Continued)

- j. *Fair Value Measurements:* Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.
Level 2	Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

- k. *Resource Recognition:* Contributions and grants are recognized when the donor makes an unconditional promise to give to the Council. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Membership dues, which are presented as contributions, are recognized when received and not adjusted for deferred memberships. The effect of not adjusting this is not considered material by management as membership revenue from year to year is fairly consistent.

Special projects and fees are recognized when the Council does laboratory tests or other administrative services.

Rental income is from the renting of space in the building the Council owns and operates in Greenfield, Massachusetts.

In-kind contributions are recorded at estimated fair value when received.

Other income, consisting mostly of sales of publications and merchandise, is recognized when inventory is sold.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements (Continued)

June 30, 2017

1. Summary of Significant Accounting Policies (Continued)

- l. Expense Allocation:* Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Administration and other supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council.
- m. Comparative Information:* The financial Statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial Statements for the year ended June 30, 2016, from which the summarized information was derived.
- n. Reclassifications:* Certain reclassifications have been made to the year ended June 30, 2016 comparative totals to conform to the year ended June 30, 2017 presentation. These reclassifications have no effect on the previously reported change in net assets for the year ended June 30, 2016.

2. Contributions and Grants Receivable

Contributions and Grants receivable consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
National Fish and Wildlife Foundation	\$ 261,286	\$116,114
U.S. Fish and Wildlife Service	93,011	115,656
Vermont Agency of Natural Resources	241,675	89,702
Connecticut Council on Soil & Water Conservation	271,727	
Massachusetts Department of Environmental Protection	43,667	14,794
Other contributions and grants	<u>255,853</u>	<u>227,197</u>
Total contributions and grants receivable	<u>\$1,167,219</u>	<u>\$563,463</u>

3. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$759,644	\$759,644
Boating equipment	13,283	1,945
Office equipment	<u>10,646</u>	<u>9,365</u>
	783,573	770,954
Less accumulated depreciation	<u>310,057</u>	<u>289,853</u>
Total property and equipment	<u>\$473,516</u>	<u>\$481,101</u>

Depreciation expense was \$20,204 and \$19,583 for the years ended June 30, 2017 and 2016, respectively.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements (Continued)

June 30, 2017

4. Fee Interest and Conservation Easements

The Council holds fee interest or conservation easements on 3,362.5 acres of land in Connecticut, Massachusetts, Vermont, and New Hampshire as follows:

<u>Location</u>	<u>Acreage</u>
Fee interest – 991 acres	
Gill, MA	10.0
Norfolk, CT	803.0
Haddam, CT	50.0
Hebron, CT	128.0
Conservation easements – 2,351 acres	
East Hampton, CT	70.0
Hebron, CT	10.3
Marlborough & Hebron, CT	1,349.0
Gill, MA	29.0
Holyoke, MA	104.5
Plainfield, MA	42.0
Barre, MA	44.0
Dalton, NH	18.0
East Lempster, NH	36.0
Lyme, NH	559.3
North Charlestown, NH	40.4
Bondville, VT	18.5
Strafford, VT	30.0

These properties are held by the Council for either conservation purposes to protect habitat and open space or for future sale to realize revenue for the Council's operations. These properties were donated many years ago to the Council and are not recorded in these financial statements because the fair value is not readily determinable.

During the year ended June 30, 2017, the Council transferred a conservation easement on 6 acres of land along the Connecticut River in Lyme, New Hampshire to the backup holder of the easement, The Society for the Protection of New Hampshire Forests. The Council also sold 14.5 acres of fee-owned land in East Corinth, Vermont to an abutter. The E. Corinth property was encumbered with a conservation easement that is now held by the Upper Valley Land Trust. This sale and associated donated easement meet the terms of the donor's original intention to conserve the property while allowing for forestry.

During the year ended June 30, 2016, the Council transferred 26.0 acres of land in Holyoke, Massachusetts, to the Massachusetts Department of Fish & Wildlife and 2.5 acres of land in Shutesbury, Massachusetts, to an abutting landowner who will manage the property for forestry and retain it as an undeveloped parcel.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2017

5. Investments

Investments stated at Level 1 market value consisted of the following at June 30, 2017:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Money market accounts	\$ 65,994	\$ 65,994	
Large capital equity mutual funds	31,395	46,909	\$ 15,514
Stocks	758,275	981,790	223,515
Fixed income mutual funds	<u>475,872</u>	<u>475,528</u>	<u>(344)</u>
Total	<u>\$1,331,536</u>	<u>\$1,570,221</u>	<u>\$238,685</u>

Investment activity for the year ended June 30, 2017:

Interest and dividends	\$ 24,221
Net realized gains on sales of investments	2,089
Change in net unrealized gains in market value	135,800

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions.

Investments stated at Level 1 market value consisted of the following at June 30, 2016:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Money market accounts	\$ 114,195	\$ 114,195	
Large capital equity mutual funds	33,820	40,433	\$ 6,613
Stocks	771,605	863,844	92,239
Fixed income mutual funds	<u>457,951</u>	<u>461,984</u>	<u>4,033</u>
Total	<u>\$1,377,571</u>	<u>\$1,480,456</u>	<u>\$102,885</u>

Investment activity for the year ended June 30, 2016:

Interest and dividends	\$25,247
Net realized gains on sales of investments	12,150
Change in net unrealized gains in market value	43,305

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions.

6. Charitable Gift Annuities

The Council administers gift annuities. A gift annuity provides for regular annuity payments to the grantor for a specific period of years. The portion of the annuity attributable to the present value of the future benefits to be received by the grantor is recorded as a liability by the Council. The amount of this liability was \$37,447 and \$49,049, of which \$10,602 was current and \$26,845 and \$37,447 were long term as of June 30, 2017 and 2016, respectively. Future payments are \$13,138, with the principal amortization of \$10,602 for the year ended June 30, 2018.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements (Continued)

June 30, 2017

7. Long-Term Debt

Long-term debt consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Note payable to a bank, due in monthly installments of \$1,297, including interest at 3.25%, through July 2023, secured by a first mortgage on the Council's building in Greenfield, Massachusetts.	\$ 86,862	\$ 99,268
Less amount due within one year	<u>12,937</u>	<u>12,531</u>
Long-term debt	<u>\$ 73,925</u>	<u>\$ 86,737</u>

Estimated maturities of long-term debt are as follows for the years ending June 30:

2018	\$12,937
2019	13,371
2020	13,812
2021	14,264
2022	14,731
Thereafter	<u>17,747</u>
	<u>\$86,862</u>

8. Line of Credit

The Council has a commercial line-of-credit arrangement with a bank which provides for borrowing up to \$100,000; interest rate is at the bank's Base or Prime lending rate (4.25% at June 30, 2017). There were no amounts outstanding on the line of credit at June 30, 2017 and 2016.

9. Restrictions on Net Assets

Temporarily restricted net assets consisted of \$390,223 and \$406,157 in the Spaulding Pond Trust fund and \$1,379,087 and \$896,796 in various contributions and grants that were restricted to a specific purpose by the donor or grantor and were not completed as of June 30, 2017 and 2016, respectively.

Permanently restricted net assets at June 30, 2017 and 2016, consisted of \$999,553 and \$938,903 respectively, in the Mary S. Shaub Fund investments to be held indefinitely, the income from which can be used by the Council; and \$195,937 and \$220,655 for the years ended June 30, 2017 and 2016, respectively, owed to the fund from unrestricted net assets (see the following Note).

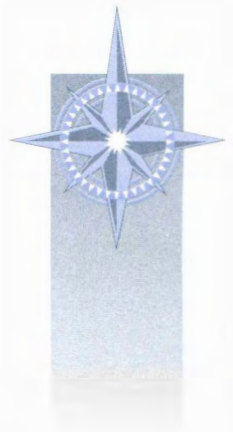
10. Due to / Due from Funds

In a prior fiscal year, the Board of Directors of the Council voted to reinvest a portion of the permanently restricted Mary S. Shaub Fund to pay general expenses and general maintenance expenses of the Council. The Council reduces the amount due to permanently restricted funds annually by the excess of net reinvested earnings over the withdrawals done that fiscal year, as well as principal repayments. The total due to permanently restricted funds was \$195,937 and \$220,655 at June 30, 2017 and 2016, respectively.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2017

11. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2017, through November 9, 2017, the date on which the financial Statements were available to be issued, and concluded that no additional disclosures were required.



**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***

Independent Auditors' Report

To the Board of Directors
Connecticut River Watershed Council, Inc.
Greenfield, Massachusetts

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 Connecticut River Watershed Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Connecticut River Watershed Council, Inc. 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Connecticut River Watershed Council, Inc. 's internal control. Accordingly, we do not express an opinion on the effectiveness of Connecticut River Watershed Council, Inc. '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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Connecticut River Watershed Council, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
November 9, 2017