

AUDITED FINANCIAL STATEMENTS

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Greenfield, Massachusetts

JUNE 30, 2018

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

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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, 2018, 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, 2018, 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, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 October 22, 2018, 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
October 22, 2018

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Financial Position

June 30, 2018

(with comparative totals for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 297,864	\$ 257,464
Contributions and grants receivable	1,516,328	1,167,219
Inventory	8,513	7,485
Prepaid expenses	22,043	18,163
Total current assets	<u>1,844,748</u>	<u>1,450,331</u>
Property and equipment, net	<u>442,413</u>	<u>473,516</u>
Other assets		
Assets held for sale	19,200	19,200
Investments	1,693,181	1,570,221
Due from unrestricted net assets		195,937
Total other assets	<u>1,712,381</u>	<u>1,785,358</u>
Total assets	\$ <u>3,999,542</u>	\$ <u>3,709,205</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 129,150	\$ 91,408
Security deposit payable	3,075	3,075
Current portion of long-term debt	13,155	12,937
Current portion of annuities payable	10,602	10,602
Total current liabilities	<u>155,982</u>	<u>118,022</u>
Long-term liabilities		
Long-term debt, less current portion	61,089	73,925
Annuities payable, less current portion	16,243	26,845
Due to restricted net assets		195,937
Total long-term liabilities	<u>77,332</u>	<u>296,707</u>
Net assets		
Unrestricted	441,506	329,676
Temporarily restricted	2,191,908	1,769,310
Permanently restricted	1,132,814	1,195,490
Total net assets	<u>3,766,228</u>	<u>3,294,476</u>
Total liabilities and net assets	\$ <u>3,999,542</u>	\$ <u>3,709,205</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, 2018

(with comparative totals for the year ended June 30, 2017)

	2018			2017	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and other revenue					
Contributions and grants	\$ 662,527	\$ 1,369,329		\$ 2,031,856	\$ 1,957,985
Special projects and fees	61,610			61,610	80,170
In-kind contributions	3,632			3,632	51,159
Rental income	26,100			26,100	26,100
Management fee income	9,996			9,996	9,996
Other income	3,154			3,154	2,878
Repayment of endowment loan	195,937		\$ (195,937)		
Net assets released from restrictions	1,011,990	(974,478)	(37,512)		
Total support and other revenue	<u>1,974,946</u>	<u>394,851</u>	<u>(233,449)</u>	<u>2,136,348</u>	<u>2,128,288</u>
Expenses					
Program	1,455,465			1,455,465	1,334,488
Administration	217,292			217,292	186,008
Fundraising	163,055			163,055	140,108
Total expenses	<u>1,835,812</u>			<u>1,835,812</u>	<u>1,660,604</u>
Change in net assets before investment activity	<u>139,134</u>	<u>394,851</u>	<u>(233,449)</u>	<u>300,536</u>	<u>467,684</u>
Investment activity					
Interest and dividends	6,974	3,710	16,179	26,863	24,859
Investment fees	(3,262)	(2,404)	(10,725)	(16,391)	(14,985)
Net realized gains (losses) on sales of investments	(45,802)	4,781	218,310	177,289	2,089
Net unrealized gains (losses) in market value	14,786	21,660	(52,991)	(16,545)	135,800
Total investment activity	<u>(27,304)</u>	<u>27,747</u>	<u>170,773</u>	<u>171,216</u>	<u>147,763</u>
Change in net assets	111,830	422,598	(62,676)	471,752	615,447
Net assets, beginning 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>
Net assets, end of year	<u>\$ 441,506</u>	<u>\$ 2,191,908</u>	<u>\$ 1,132,814</u>	<u>\$ 3,766,228</u>	<u>\$ 3,294,476</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, 2018

(with comparative totals for the year ended June 30, 2017)

	2018				2017
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Employee-related costs					
Salaries	\$ 424,547	\$ 118,435	\$ 108,594	\$ 651,576	\$ 580,047
Fringe benefits	9,119	3,271	2,255	14,645	14,420
Payroll taxes	35,868	9,623	8,948	54,439	48,260
Total employee-related costs	<u>469,534</u>	<u>131,329</u>	<u>119,797</u>	<u>720,660</u>	<u>642,727</u>
Grant and contract expenses	809,664		13,421	823,085	722,187
Office supplies and expense	71,480	10,282	2,372	84,134	75,530
Travel	33,172	1,713	1,612	36,497	31,522
Printing, copying and media	21,334	645	9,842	31,821	24,847
Postage	7,723	2,793	12,461	22,977	24,365
Repairs and maintenance	5,487	17,173		22,660	11,766
Occupancy	1,045	18,163		19,208	17,967
Professional fees	4,912	13,684	466	19,062	46,375
Insurance	280	9,533		9,813	10,773
Staff meetings and training	6,754	681	1,018	8,453	4,195
Taxes, license and fees	2,422	1,834	1,583	5,839	6,243
Telephone	360	5,158		5,518	5,461
Interest		2,631		2,631	5,812
Publicity and outreach	1,154	169	483	1,806	9,256
Dues and subscriptions	290	459		749	1,374
Total expenses before depreciation	<u>1,435,611</u>	<u>216,247</u>	<u>163,055</u>	<u>1,814,913</u>	<u>1,640,400</u>
Depreciation	<u>19,854</u>	<u>1,045</u>		<u>20,899</u>	<u>20,204</u>
Total expenses	<u>\$ 1,455,465</u>	<u>\$ 217,292</u>	<u>\$ 163,055</u>	<u>\$ 1,835,812</u>	<u>\$ 1,660,604</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, 2018

(with comparative totals for the year ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 471,752	\$ 615,447
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	20,899	20,204
Net unrealized gains in market value of investments	16,545	(135,800)
Net realized gains on sales of investments	(177,289)	(2,089)
Donated asset held for sale		(19,200)
Donated property and equipment given (received)	10,204	(5,000)
Other changes in assets and liabilities		
Contributions and grants receivable	(349,109)	(603,756)
Inventory	(1,028)	(898)
Prepaid expenses	(3,880)	(14,552)
Accounts payable and accrued liabilities	37,742	60,372
Annuities payable	<u>(10,602)</u>	<u>(10,602)</u>
Net cash provided (used) by operating activities	<u>15,234</u>	<u>(95,874)</u>
Cash flows from investing activities		
Proceeds from sale of investments	607,914	232,405
Purchase of investments	(570,130)	(184,281)
Purchases of property and equipment		(7,619)
Net cash provided by investing activities	<u>37,784</u>	<u>40,505</u>
Cash flows from financing activities		
Payments on note payable	<u>(12,618)</u>	<u>(12,406)</u>
Net cash used by financing activities	<u>(12,618)</u>	<u>(12,406)</u>
Net increase (decrease) in cash and cash equivalents	40,400	(67,775)
Cash and cash equivalents - beginning of year	<u>257,464</u>	<u>325,239</u>
Cash and cash equivalents - end of year	\$ <u>297,864</u>	\$ <u>257,464</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>2,631</u>	\$ <u>5,812</u>
Non-cash investing activity:		
Donated property and equipment (given) received	\$ <u>(10,204)</u>	\$ <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, 2018

1. Summary of Significant Accounting Policies

- a. Nature of Business:* Connecticut River Watershed Council, Inc., doing business as, "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.
- 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, 2018 and 2017, are collectible. Therefore, there was no allowance for doubtful contributions and grants receivable at June 30, 2018 and 2017.
- 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, 2018

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, 2018

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, 2017, from which the summarized information was derived.

2. Contributions and Grants Receivable

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

	<u>2018</u>	<u>2017</u>
National Fish and Wildlife Foundation	\$ 208,906	\$ 261,286
U.S. Fish and Wildlife Service	29,008	93,011
Vermont Agency of Natural Resources	438,207	241,675
Connecticut Council on Soil & Water Conservation	293,783	271,727
Massachusetts Department of Environmental Protection	31,063	43,667
Other contributions and grants	<u>515,361</u>	<u>255,853</u>
Total contributions and grants receivable	<u>\$1,516,328</u>	<u>\$1,167,219</u>

3. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$759,644	\$759,644
Boating equipment	1,945	13,283
Office equipment	<u>10,646</u>	<u>10,646</u>
	772,235	783,573
Less accumulated depreciation	<u>329,822</u>	<u>310,057</u>
Total property and equipment	<u>\$442,413</u>	<u>\$473,516</u>

Depreciation expense was \$20,899 and \$20,204 for the years ended June 30, 2018 and 2017, respectively.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements (Continued)

June 30, 2018

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.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2018

5. Investments

Investments stated at Level 1 market value consisted of the following at June 30, 2018:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Money market accounts	\$ 89,944	\$ 89,944	
Large capital equity mutual funds	26,777	44,543	\$ 17,766
Stocks	817,018	1,030,078	213,060
Fixed income mutual funds	<u>537,302</u>	<u>528,616</u>	<u>(8,686)</u>
Total	<u>\$1,471,041</u>	<u>\$1,693,181</u>	<u>\$222,140</u>

Investment activity for the year ended June 30, 2018:

Interest and dividends	\$ 25,014
Net realized gains on sales of investments	177,289
Change in net unrealized gains in market value	16,545

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, 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.

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 \$26,845 and \$37,447, of which \$10,602 was current and \$16,243 and \$26,845 were long term as of June 30, 2018 and 2017, respectively. Future payments are \$13,138, with the principal amortization of \$10,602 for the year ended June 30, 2019.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements (Continued)

June 30, 2018

7. 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 (5.00% at June 30, 2018). There were no amounts outstanding on the line of credit at June 30, 2018 and 2017.

8. Long-Term Debt

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

	<u>2018</u>	<u>2017</u>
Note payable to a bank, due in monthly installments of \$1,338 including interest equal to the bank's prime rate (5.00% and 4.25% at June 30, 2018 and 2017, respectively), secured by a first mortgage on the Council's building in Greenfield, Massachusetts.	\$ 74,244	\$ 86,862
Less amount due within one year	<u>13,155</u>	<u>12,937</u>
Long-term debt	<u>\$ 61,089</u>	<u>\$ 73,925</u>

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

2019	\$13,155
2020	13,725
2021	14,320
2022	14,940
2023	15,588
Thereafter	<u>2,516</u>
	<u>\$74,244</u>

9. Restrictions on Net Assets

Temporarily restricted net assets consisted of \$432,711 and \$390,223 in the Spaulding Pond Trust fund and \$1,759,197 and \$1,379,087 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, 2018 and 2017, respectively.

Permanently restricted net assets at June 30, 2018 and 2017, consisted of \$1,132,814 and \$999,553 respectively, in the Mary S. Shaub Fund investments to be held indefinitely, the income from which can be used by the Council; and \$-0- and \$195,937 for the years ended June 30, 2018 and 2017, 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 repaid the amount due to permanently restricted funds during the year ended June 30, 2018, with realized capital gains on sales of investments that were reinvested. The total due to permanently restricted funds was \$-0- and \$195,937 at June 30, 2018 and 2017, respectively.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2018

11. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2018, through October 22, 2018, 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, 2018, 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 October 22, 2018.

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
October 22, 2018