

AUDITED FINANCIAL STATEMENTS

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Greenfield, Massachusetts

JUNE 30, 2019

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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 4, 2019, 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 4, 2019

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Financial Position

June 30, 2019

(with comparative totals for June 30, 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 566,269	\$ 297,864
Contributions and grants receivable	1,023,363	1,516,328
Inventory	6,332	8,513
Prepaid expenses	19,303	22,043
Total current assets	<u>1,615,267</u>	<u>1,844,748</u>
Property and equipment, net	<u>480,187</u>	<u>442,413</u>
Other assets		
Assets held for sale	19,200	19,200
Investments	1,804,754	1,693,181
Total other assets	<u>1,823,954</u>	<u>1,712,381</u>
Total assets	<u>\$ 3,919,408</u>	<u>\$ 3,999,542</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 157,902	\$ 129,150
Security deposit payable	3,075	3,075
Current portion of long-term debt	30,216	13,155
Current portion of annuities payable	10,602	10,602
Total current liabilities	<u>201,795</u>	<u>155,982</u>
Long-term liabilities		
Long-term debt, less current portion	81,088	61,089
Annuities payable, less current portion	5,641	16,243
Total long-term liabilities	<u>86,729</u>	<u>77,332</u>
Net assets		
Without donor restrictions	555,145	441,506
With donor restrictions	3,075,739	3,324,722
Total net assets	<u>3,630,884</u>	<u>3,766,228</u>
Total liabilities and net assets	<u>\$ 3,919,408</u>	<u>\$ 3,999,542</u>

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

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Activities

Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and other revenue				
Contributions and grants	\$ 871,775	\$ 1,051,079	\$ 1,922,854	\$ 2,031,856
Special projects and fees	51,079		51,079	61,610
In-kind contributions				3,632
Rental income	26,043		26,043	26,100
Management fee income	10,682		10,682	9,996
Other income	4,469		4,469	3,154
Net assets released from restrictions	<u>1,431,623</u>	<u>(1,431,623)</u>		
Total support and other revenue	<u>2,395,671</u>	<u>(380,544)</u>	<u>2,015,127</u>	<u>2,136,348</u>
Expenses				
Program	1,802,463		1,802,463	1,455,465
Administration	225,983		225,983	217,292
Fundraising	<u>269,340</u>		<u>269,340</u>	<u>163,055</u>
Total expenses	<u>2,297,786</u>		<u>2,297,786</u>	<u>1,835,812</u>
Change in net assets before investment activity	<u>97,885</u>	<u>(380,544)</u>	<u>(282,659)</u>	<u>300,536</u>
Investment activity				
Investment income, net	2,059	8,480	10,539	10,472
Net realized gains on sales of investments	43,101	20,108	63,209	177,289
Net unrealized gains (losses) in market value	<u>(29,406)</u>	<u>102,973</u>	<u>73,567</u>	<u>(16,545)</u>
Total investment activity	<u>15,754</u>	<u>131,561</u>	<u>147,315</u>	<u>171,216</u>
Change in net assets	113,639	(248,983)	(135,344)	471,752
Net assets, beginning of year	<u>441,506</u>	<u>3,324,722</u>	<u>3,766,228</u>	<u>3,294,476</u>
Net assets, end of year	<u>\$ 555,145</u>	<u>\$ 3,075,739</u>	<u>\$ 3,630,884</u>	<u>\$ 3,766,228</u>

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

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Functional Expenses

Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	2019				2018
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Employee-related costs	\$ 496,609	\$ 140,107	\$ 212,506	\$ 849,222	\$ 720,660
Grant and contract expenses	1,036,168			1,036,168	823,085
Professional fees	121,937	11,409	12,800	146,146	19,062
Office supplies and expense	71,083	4,962	3,121	79,166	84,134
Travel	24,128	1,691	5,800	31,619	36,497
Postage	9,966	2,087	19,342	31,395	22,977
Printing, copying and media	11,828	3,583	11,839	27,250	31,821
Occupancy		18,882	600	19,482	19,208
Repairs and maintenance	1,193	11,636	892	13,721	22,660
Telephone	416	10,139		10,555	5,518
Insurance	1,017	8,238		9,255	9,813
Taxes, license and fees	4,113	2,567	1,732	8,412	5,839
Interest		7,237		7,237	2,631
Publicity and outreach	3,805	99	574	4,478	1,806
Dues and subscriptions	590	1,600		2,190	749
Staff meetings and training	124	720	134	978	8,453
Total expenses before depreciation	<u>1,782,977</u>	<u>224,957</u>	<u>269,340</u>	<u>2,277,274</u>	<u>1,814,913</u>
Depreciation	<u>19,486</u>	<u>1,026</u>		<u>20,512</u>	<u>20,899</u>
Total expenses	<u>\$ 1,802,463</u>	<u>\$ 225,983</u>	<u>\$ 269,340</u>	<u>\$ 2,297,786</u>	<u>\$ 1,835,812</u>

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

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Statement of Cash Flows

Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (135,344)	\$ 471,752
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,512	20,899
Net unrealized (gains) losses in market value of investments	(73,567)	16,545
Net realized gains on sales of investments	(63,209)	(177,289)
Donated property and equipment		10,204
Other changes in assets and liabilities		
Contributions and grants receivable	492,965	(349,109)
Inventory	2,181	(1,028)
Prepaid expenses	2,740	(3,880)
Accounts payable and accrued liabilities	28,752	37,742
Annuities payable	(10,602)	(10,602)
Net cash provided by operating activities	<u>264,428</u>	<u>15,234</u>
Cash flows from investing activities		
Proceeds from sale of investments	335,283	607,914
Purchases of investments	(310,080)	(570,130)
Purchases of property and equipment	(58,286)	
Net cash (used) provided by investing activities	<u>(33,083)</u>	<u>37,784</u>
Cash flows from financing activities		
Proceeds from note payable	50,000	
Payments on note payable	(12,940)	(12,618)
Net cash provided (used) by financing activities	<u>37,060</u>	<u>(12,618)</u>
Net increase in cash and cash equivalents	268,405	40,400
Cash and cash equivalents - beginning of year	<u>297,864</u>	<u>257,464</u>
Cash and cash equivalents - end of year	<u>\$ 566,269</u>	<u>\$ 297,864</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 7,237</u>	<u>\$ 2,631</u>
Non-cash investing activity:		
Donated property and equipment		<u>\$ (10,204)</u>

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

CONNECTICUT RIVER WATERSHED COUNCIL, INC.

Notes to Financial Statements

June 30, 2019

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. *Accounting Pronouncement Adopted:* On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification and deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Council has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.
- d. *Basis of Accounting:* The financial statements of the Council are prepared on the accrual basis.
- e. *Financial Statement Presentation:* The net assets of the Council are reported in two classes based upon the presence or absence of donor restrictions. Net assets restricted by donors can be temporary in nature by being subject to stipulations imposed by donors and grantors or by being restricted by time of receipt of promises to give. These net assets will be released into net assets without donor restrictions when the Council carries out the donor or grantor stipulations or by the passage of time. Net assets restricted by donors are also due to endowments created by donors that restrict the corpus in perpetuity and allow only the earnings to be used by Council. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Council.
- f. *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.
- g. *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.
- h. *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, 2019 and 2018, are collectible. Therefore, there was no allowance for doubtful contributions and grants receivable at June 30, 2019 and 2018.
- i. *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.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2019

1. Summary of Significant Accounting Policies (Continued)

j. 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

k. 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.

l. 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.

m. 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions. When the Council satisfies the donor restriction, or the time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2019

1. Summary of Significant Accounting Policies (Continued)

m. Resource Recognition (Continued): 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.

n. 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.

o. 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, 2018, from which the summarized information was derived.

p. Reclassifications: Certain reclassifications have been made to the June 30, 2018, summarized comparative information to be in conformity with the current year presentation. These reclassifications had no effect on the previously reported change in net assets or ending net assets.

2. Contributions and Grants Receivable

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

	<u>2019</u>	<u>2018</u>
National Fish and Wildlife Foundation	\$ 411,698	\$ 208,906
U.S. Fish and Wildlife Service	194,717	29,008
Vermont Agency of Natural Resources	92,231	438,207
Connecticut Council on Soil & Water Conservation	105,880	293,783
Massachusetts Department of Environmental Protection	14,865	31,063
Other contributions and grants	<u>203,972</u>	<u>515,361</u>
Total contributions and grants receivable	<u>\$1,023,363</u>	<u>\$1,516,328</u>

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2019

3. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Building and improvements	\$817,930	\$759,644
Boating equipment	1,945	1,945
Office equipment	<u>10,646</u>	<u>10,646</u>
	830,521	772,235
Less accumulated depreciation	<u>350,334</u>	<u>329,822</u>
 Total property and equipment	 <u>\$480,187</u>	 <u>\$442,413</u>

Depreciation expense was \$20,512 and \$20,899 for the years ended June 30, 2019 and 2018, respectively.

4. Fee Interest and Conservation Easements

The Council holds fee interests or conservation easements on 3,342 acres of land in Connecticut, Massachusetts, Vermont, and New Hampshire as follows:

<u>Location</u>	<u>Acreage</u>
Fee interests – 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.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2019

5. Investments

Investments stated at Level 1 market value consisted of the following at June 30, 2019:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Money market accounts	\$ 264,939	\$ 264,939	
Corporate bonds	144,126	146,337	\$ 2,211
Stocks	761,636	1,051,502	289,866
Government securities	<u>338,346</u>	<u>341,976</u>	<u>3,630</u>
Total	<u>\$1,509,047</u>	<u>\$1,804,754</u>	<u>\$295,707</u>

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>

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 \$16,243 and \$26,845.

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 (5.50% at June 30, 2019). There were no amounts outstanding on the line of credit at June 30, 2019 and 2018.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2019

8. Long-Term Debt

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

	<u>2019</u>	<u>2018</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, 2019 and 2018, respectively), secured by a first mortgage on the Council's building in Greenfield, Massachusetts.	\$ 61,304	\$ 74,244
Note payable to individuals, due in three installments on May 15, 2020, August 15, 2020, and November 15, 2020, with no interest and unsecured.	<u>50,000</u>	
Subtotal	111,304	
Less amount due within one year	<u>30,216</u>	<u>13,155</u>
Long-term debt	<u>\$ 81,088</u>	<u>\$ 61,089</u>

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

2020	\$ 30,216
2021	47,654
2022	14,940
2023	15,588
2024	<u>2,906</u>
	<u>\$111,304</u>

9. Restrictions on Net Assets

Net assets with donor restrictions consisted of \$445,820 and \$432,711 in the Spaulding Pond Trust fund and \$1,423,721 and \$1,759,197 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, 2019 and 2018, respectively.

Net assets restricted by donors by creating an endowment, consisted of \$1,206,198 and \$1,132,814 at June 30, 2019 and 2018, respectively, in the Mary S. Shaub Fund investments to be held indefinitely, the income from which can be used by the Council.

CONNECTICUT RIVER WATERSHED COUNCIL, INC.
Notes to Financial Statements (Continued)
June 30, 2019

10. Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 566,269	\$ 297,864
Contributions and grants receivable	1,023,363	1,516,328
Less donor restrictions	<u>(1,423,721)</u>	<u>(1,759,197)</u>
Total financials assets available for general expenditures within one year	<u>\$ 165,911</u>	<u>\$ 54,995</u>

The Council also has a \$100,000 line of credit from a bank that is available, if needed, to meet short-term liquidity needs.

11. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2019, through November 4, 2019, 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, 2019, 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 4, 2019.

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 4, 2019