



**AUDITED
FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

CHAGRIN RIVER WATERSHED PARTNERS, INC.

INDEX

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
CHAGRIN RIVER WATERSHED PARTNERS, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of the Chagrin River Watershed Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 the Chagrin River Watershed Partners, Inc. as of December 31, 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 Chagrin River Watershed Partners, Inc.'s 2016 financial statements, and our report dated May 18, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 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 May 18, 2017, on our consideration of Chagrin River Watershed Partners, 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 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 Chagrin River Watershed Partners, Inc.'s internal control over financial reporting and compliance.

Concord, Ohio
May 17, 2018

H+J
Certified Public Accountants

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS	UNRESTRICTED	TEMPORARILY RESTRICTED	2017	2016
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 146,794	\$ 44,141	\$ 190,935	\$ 141,741
Grants and Contributions Receivable	29,394	37,500	66,894	83,464
Total Current Assets	<u>176,188</u>	<u>81,641</u>	<u>257,829</u>	<u>225,205</u>
OTHER ASSETS				
Investments	280,000	-	280,000	285,008
Deposits	1,430	-	1,430	1,430
Total Other Assets	<u>281,430</u>	<u>-</u>	<u>281,430</u>	<u>286,438</u>
TOTAL ASSETS	<u>\$ 457,618</u>	<u>\$ 81,641</u>	<u>\$ 539,259</u>	<u>\$ 511,643</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 10,523	\$ -	\$ 10,523	\$ 1,921
Accrued Compensation-Related	25,346	-	25,346	11,001
Deferred Revenue	31,522	-	31,522	20,921
Total Current Liabilities	<u>67,391</u>	<u>-</u>	<u>67,391</u>	<u>33,843</u>
NET ASSETS				
Unrestricted - Operating	110,227	-	110,227	87,247
- Board-Designated	280,000	-	280,000	285,008
Temporarily Restricted	-	81,641	81,641	105,545
Total Net Assets	<u>390,227</u>	<u>81,641</u>	<u>471,868</u>	<u>477,800</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 457,618</u>	<u>\$ 81,641</u>	<u>\$ 539,259</u>	<u>\$ 511,643</u>

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	
			2017	2016
PUBLIC SUPPORT & REVENUE				
PUBLIC SUPPORT				
Governmental	\$ 381,902	\$ -	\$ 381,902	\$ 142,634
Contributions - Membership Support	118,019	-	118,019	116,153
Foundations	6,130	55,150	61,280	121,500
Contributions - Other	18,322	-	18,322	49,145
Donated Services	1,860	-	1,860	-
Net Assets Released from Restrictions	79,054	(79,054)	-	-
	<u>605,287</u>	<u>(23,904)</u>	<u>581,383</u>	<u>429,432</u>
REVENUE				
Other Income	8,390	-	8,390	30
Interest Income	434	-	434	422
	<u>8,824</u>	<u>-</u>	<u>8,824</u>	<u>452</u>
TOTAL PUBLIC SUPPORT & REVENUE	614,111	(23,904)	590,207	429,884
EXPENSES				
Program Services	536,735	-	536,735	386,977
Management & General	54,589	-	54,589	26,738
Fundraising	4,815	-	4,815	-
	<u>596,139</u>	<u>-</u>	<u>596,139</u>	<u>413,715</u>
TOTAL EXPENSES	596,139	-	596,139	413,715
CHANGE IN NET ASSETS	17,972	(23,904)	(5,932)	16,169
NET ASSETS - BEGINNING OF YEAR	<u>372,255</u>	<u>105,545</u>	<u>477,800</u>	<u>461,631</u>
NET ASSETS - END OF YEAR	<u>\$ 390,227</u>	<u>\$ 81,641</u>	<u>\$ 471,868</u>	<u>\$ 477,800</u>

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2017 AND 2016

EXPENSES	MANAGEMENT			TOTAL	
	PROGRAM	& GENERAL	FUNDRAISING	2017	2016
Salaries	\$ 243,863	\$ 35,125	\$ 3,397	\$ 282,385	\$ 252,572
Program Consulting Services	208,281	-	-	208,281	63,361
Employee Benefits	22,891	3,297	319	26,507	26,310
Payroll Taxes	17,506	2,521	244	20,271	18,094
Occupancy	9,977	1,392	232	11,601	11,594
Office Supplies & Expense	6,965	972	162	8,099	6,060
Accounting	-	8,004	-	8,004	8,928
Special Projects	7,396	-	-	7,396	4,353
Travel, Conferences & Meetings	6,278	-	-	6,278	7,629
Telephone	2,816	447	461	3,724	3,707
Insurance Expense	1,671	1,275	-	2,946	2,946
Printing & Reproduction	2,693	-	-	2,693	991
Legal	2,350	-	-	2,350	-
Marketing and Promotion	2,000	-	-	2,000	2,000
Payroll Processing	-	1,556	-	1,556	1,324
Postage & Shipping	942	-	-	942	1,282
Dues & Subscriptions	676	-	-	676	976
Web Maintenance	430	-	-	430	997
Miscellaneous	-	-	-	-	591
TOTAL EXPENSES	\$ 536,735	\$ 54,589	\$ 4,815	\$ 596,139	\$ 413,715

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (5,932)	\$ 16,169
Adjustments to Reconcile Change in Net Assets to Cash Provided by(Used by) Operating Activities:		
Changes in:		
Grants and Contributions Receivable	16,570	(66,846)
Accounts Payable	8,602	(1,919)
Accrued Compensation-Related	14,345	11,001
Deferred Revenue	<u>10,601</u>	<u>20,921</u>
Total Adjustments	<u>50,118</u>	<u>(36,843)</u>
Cash Provided by(Used by) Operating Activities	44,186	(20,674)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase (Decrease) in Investments	<u>5,008</u>	<u>(41,087)</u>
Cash Provided by (Used by) Investing Activities	<u>5,008</u>	<u>(41,087)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	49,194	(61,761)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>141,741</u>	<u>203,502</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 190,935</u>	<u>\$ 141,741</u>

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

1. NATURE OF OPERATIONS AND MISSION STATEMENTNATURE OF OPERATIONS

The Chagrin River Watershed Partners, Inc. (CRWP) is a 501(c)(3) nonprofit organization serving municipalities and park systems impacted by the Chagrin River. CRWP helps communities to better manage the problems of erosion and flooding through sustainable plans that benefit both the environment and community development.

CRWP provides technical assistance to its members and develops cost effective, prevention-focused solutions to minimize new and address current natural resource management problems as communities grow.

A high quality natural resource, the Chagrin River is increasingly impacted by urban and suburban development that increases flooding, erosion and water quality problems. The CRWP was formed in 1996 as communities were faced with rising infrastructure costs as a result of these impacts. The organization started with 16 member cities, villages, townships, counties and park districts and now serves 34 members, representing 91% of the Chagrin River watershed.

MISSION

Chagrin River Watershed Partners, Inc. will strive to preserve and enhance the scenic and environmental quality of the ecosystem of the Chagrin River and its watershed in a manner that assures a sustainable future for people, plants, and animals. CRWP's website is www.crwp.org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESBASIS OF PRESENTATION

CRWP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

BASIS OF ACCOUNTING

The financial statements of CRWP have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such amounts should be read in conjunction with CRWP's financial statements for the year ended December 31, 2016, from which the comparative total amounts were derived.

RECOGNITION OF CONTRIBUTION REVENUE

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any grantor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. Permanently restricted net assets represent endowment funds which are subject to grantor restrictions that the contributed principal be invested in perpetuity and only the income be utilized.

CRWP considers all contributions to be unrestricted unless specifically restricted by the donor.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable for the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Contributions of cash or other assets restricted to the acquisition of long-lived assets are recorded as temporarily restricted contributions. If there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met once the long-lived assets are acquired and the temporarily restricted net assets are reclassified to the unrestricted net asset class.

TEMPORARILY RESTRICTED CONTRIBUTIONS AND NET ASSETS

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as assets released from restriction. Although restricted contributions typically are reported as support that increases restricted net assets, they may be reported as unrestricted support if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

These assets are stated at cost or fair value at date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. CRWP's policy is to capitalize equipment and fixtures with a cost in excess of \$5,000 per unit and real property and improvements with a cost in excess of \$10,000.

FAIR VALUE MEASUREMENT

CRWP records its investments at fair value using a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For CRWP, the investments reported at fair value are based upon quoted prices for identical assets or liabilities in an active market that CRWP has the ability to access (Level 1).

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts for specific groups of financial instruments are presented within the notes applicable to such items. Cash and cash equivalents, accounts/pledges receivable, and accounts payable are stated at cost, which approximates fair value, due to their short-term maturity.

INCOME TAXES

CRWP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a) of the Code, is subject to federal income tax. CRWP currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

CRWP is classified as a public charity described in section 509(a)(1) of the Code and specifically as a public charity described in IRC Section 170(b)(1)(A)(vi).

CRWP's policy is to record a liability for any tax position taken that is beneficial to CRWP, including penalties and interest, when it is more likely than not the position taken will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2017 and, accordingly, no liability has been accrued.

RECLASSIFICATIONS

Certain amounts for 2016 have been reclassified to conform to the 2017 presentation.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

ACCOUNTS AND GRANTS OR PLEDGES RECEIVABLE

Accounts and grants or pledges receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance amount is \$-0- at December 31, 2017 and 2016.

CONTRIBUTED SERVICES AND MATERIAL

Contributed goods and services are reflected as both contribution revenue and expenses if they meet the criteria defined in accordance with GAAP, "Accounting for Contributions," in the accompanying statement of activities at their estimated fair value at date of receipt. The contributions of services are recognized if (a) the services received create or enhance financial assets or (b) require specialized skills that are provided by individuals possessing those assets and would typically need to be purchased if not provided.

In 2017 and 2016, donated legal and other services amounted to \$1,860 and \$-0-, respectively.

CONCENTRATION OF RISK

Substantially all income is from governmental entities, see the Statement of Activities.

COMPENSATED ABSENCES

Employees of CRWP are entitled to paid vacation and sick days off depending on job classification and other factors. CRWP's policy is to recognize the costs of compensated absences when actually paid to employees. The effect of this method instead of accruing these costs is minimal in 2017 and 2016.

CASH AND CASH EQUIVALENTS/CONCENTRATION OF RISK

CRWP's cash and cash equivalents, which are deposited in financial institutions, may at times exceed federally insured limits. CRWP has not experienced losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

At times during the year, cash balances may exceed the related amount of federal depository insurance. CRWP has cash balances in its banks in excess of amounts federally insured. There were no uninsured balances at December 31, 2017. CRWP maintains its cash with high quality financial institutions which CRWP believes limit these risks.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense amounted to \$-0- (2017 and 2016).

RECENT ACCOUNTING PRONOUNCEMENTS

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities. This standard sets forth changes to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. ASU 2016-14 is effective for CRWP for reporting periods beginning after December 15, 2017. CRWP is currently evaluating the impact that ASU 2016-14 will have on its financial statements and will adopt the provisions upon the effective date.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU, as deferred one year by ASU No. 2015-14, is effective for annual reporting periods beginning after December 15, 2018. CRWP is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for CRWP for reporting periods beginning after December 15, 2019 with early adoption permitted. CRWP is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

SUBSEQUENT EVENTS

On April 11, 2018, CRWP signed a new, three-year office lease for \$2,700 per month beginning May 1, 2018.

In preparing these financial statements, CRWP has evaluated events and transactions for potential recognition or disclosure through May 17, 2018, the date the financial statements were available to be issued.

3. OFFICE LEASE

CRWP has a lease agreement expiring on June 30, 2018 at \$830 per month. Rent expense amounted to \$9,960 in each of the years 2017 and 2016. See also Subsequent Events footnote above.

Minimum payments due under this lease amount to \$4,980 in 2018.

4. RETIREMENT PLAN

CRWP has a SIMPLE IRA defined contribution retirement plan. CRWP's contribution to the plan was \$7,887 (2017) and \$7,234 (2016).

5. BOARD-DESIGNATED NET ASSETS

CRWP maintains a "Budget Stabilization Fund" to create asset balances to allow for shortfalls from economic fluctuations, single or multi-year project opportunities, or capital expenditures. All withdrawals from the account require Board approval. Interest and earnings from the cash reserve accrue to general operations. The fund is not considered to be an endowment-type fund.

At December 31, the balance in the designated fund was \$280,000 (2017) and \$285,008 (2016).

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31 consist of the following:

FUNDER	PURPOSE	2017			
		BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
The Cleveland Foundation	Eastlake Chagrin River Project	\$ -	\$ 50,000	\$ (5,229)	\$ 44,771
Wildlife Conservation Society	Forestry Management	-	5,150	-	5,150
The George Gund Foundation	Watershed Organization Collaboration	104,045	-	(72,325)	31,720
Dominion Foundation	Sreambank Plantings	1,500	-	(1,500)	-
		<u>\$ 105,545</u>	<u>\$ 55,150</u>	<u>\$ (79,054)</u>	<u>\$ 81,641</u>
		2016			
FUNDER	PURPOSE	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
The George Gund Foundation	Watershed Organization Collaboration	\$ -	\$ 120,000	\$ (15,955)	\$ 104,045
Dominion Foundation	Rain Gardens	5,000	1,500	(5,000)	1,500
		<u>\$ 5,000</u>	<u>\$ 121,500</u>	<u>\$ (20,955)</u>	<u>\$ 105,545</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD OF DIRECTORS
CHAGRIN RIVER WATERSHED PARTNERS, INC.

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 Chagrin River Watershed Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Chagrin River Watershed Partners, 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 Chagrin River Watershed Partners, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Chagrin River Watershed Partners, Inc.'s internal control over financial reporting.

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 may 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 the Chagrin River Watershed Partners, 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 Chagrin River Watershed Partners, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chagrin River Watershed Partners, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Concord, Ohio
May 17, 2018

H&J
Certified Public Accountants



CHAGRIN RIVER WATERSHED PARTNERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

CURRENT YEAR FINDINGS

There were no current period findings or questioned costs.