



**AUDITED
FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

CHAGRIN RIVER WATERSHED PARTNERS, INC.

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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, 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.

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, 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 Chagrin River Watershed Partners, Inc.'s 2017 financial statements, and our report dated May 17, 2018, 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, 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 May 16, 2019, 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 16, 2019

H+J
Certified Public Accountants

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2018	2017
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 79,115	\$ 221,417	\$ 300,532	\$ 190,935
Receivables	107,608	115,500	223,108	66,894
Total Current Assets	<u>186,723</u>	<u>336,917</u>	<u>523,640</u>	<u>257,829</u>
OTHER ASSETS				
Investments	280,000	-	280,000	280,000
Deposits	2,750	-	2,750	1,430
Total Other Assets	<u>282,750</u>	<u>-</u>	<u>282,750</u>	<u>281,430</u>
TOTAL ASSETS	<u>\$ 469,473</u>	<u>\$ 336,917</u>	<u>\$ 806,390</u>	<u>\$ 539,259</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 47,778	\$ -	\$ 47,778	\$ 10,523
Accrued Compensation-Related	-	-	-	25,346
Deferred Revenue	-	-	-	31,522
Total Current Liabilities	<u>47,778</u>	<u>-</u>	<u>47,778</u>	<u>67,391</u>
NET ASSETS				
Without Donor Restrictions				
Undesignated	141,695	-	141,695	110,227
Designated by the Board for Operating Reserve	280,000	-	280,000	280,000
With Donor Restrictions	-	336,917	336,917	81,641
Total Net Assets	<u>421,695</u>	<u>336,917</u>	<u>758,612</u>	<u>471,868</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 469,473</u>	<u>\$ 336,917</u>	<u>\$ 806,390</u>	<u>\$ 539,259</u>

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	
			2018	2017
PUBLIC SUPPORT & REVENUE				
PUBLIC SUPPORT				
Governmental	\$ 454,940	\$ -	\$ 454,940	\$ 381,902
Foundations	7,152	417,422	424,574	61,280
Contributions - Membership Support	112,877	3,479	116,356	118,019
Contributions - Other	12,528	-	12,528	18,322
Donated Services	9,632	-	9,632	1,860
Net Assets Released from Restrictions	165,625	(165,625)	-	-
	<u>762,754</u>	<u>255,276</u>	<u>1,018,030</u>	<u>581,383</u>
REVENUE				
Investment Return	545	-	545	434
Other Income	100	-	100	8,390
	<u>645</u>	<u>-</u>	<u>645</u>	<u>8,824</u>
TOTAL PUBLIC SUPPORT & REVENUE	763,399	255,276	1,018,675	590,207
EXPENSES				
Program Services	658,352	-	658,352	536,735
Management & General	68,543	-	68,543	54,589
Fundraising	5,036	-	5,036	4,815
	<u>731,931</u>	<u>-</u>	<u>731,931</u>	<u>596,139</u>
TOTAL EXPENSES	731,931	-	731,931	596,139
CHANGE IN NET ASSETS	31,468	255,276	286,744	(5,932)
NET ASSETS - BEGINNING OF YEAR	<u>390,227</u>	<u>81,641</u>	<u>471,868</u>	<u>477,800</u>
NET ASSETS - END OF YEAR	<u>\$ 421,695</u>	<u>\$ 336,917</u>	<u>\$ 758,612</u>	<u>\$ 471,868</u>

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	PROGRAM	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	
				2018	2017
EXPENSES					
Salaries	\$ 319,269	\$ 37,382	\$ 3,634	\$ 360,285	\$ 282,385
Program Consulting Services	187,223	-	-	187,223	215,677
Employee Benefits	30,693	3,594	349	34,636	26,507
Occupancy	28,553	3,569	325	32,447	11,601
Payroll Taxes	26,086	3,054	297	29,437	20,271
Small Equipment	17,002	2,125	193	19,320	1,473
Professional Fees - Other	7,963	7,582	-	15,545	1,556
Travel, Conferences & Meetings	13,935	-	-	13,935	6,278
Office Supplies	11,450	1,344	129	12,923	6,626
Accounting	-	6,327	-	6,327	8,004
Telecommunications	5,548	693	63	6,304	3,724
Legal	3,500	1,070	-	4,570	2,350
Insurance	1,858	1,275	-	3,133	2,946
Printing & Reproduction	2,145	268	24	2,437	2,693
Outside Computer Services	1,352	169	15	1,536	430
Postage & Shipping	721	91	7	819	942
Dues & Subscriptions	657	-	-	657	676
Marketing and Promotion	397	-	-	397	2,000
TOTAL EXPENSES	<u>\$ 658,352</u>	<u>\$ 68,543</u>	<u>\$ 5,036</u>	<u>\$ 731,931</u>	<u>\$ 596,139</u>

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 286,744	\$ (5,932)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Changes in:		
Receivables	(156,214)	16,570
Accounts Payable	37,255	8,602
Accrued Compensation-Related	(25,346)	14,345
Deferred Revenue	(31,522)	10,601
Total Adjustments	<u>(175,827)</u>	<u>50,118</u>
Cash Provided Operating Activities	110,917	44,186
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in Deposits	(1,320)	-
Decrease in Investments	-	5,008
Cash Provided by (Used by) Investing Activities	<u>(1,320)</u>	<u>5,008</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	109,597	49,194
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>190,935</u>	<u>141,741</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 300,532</u>	<u>\$ 190,935</u>

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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

The financial statements of CRWP have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-For-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CRWP and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CRWP. CRWP's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CRWP or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

MEASURE OF OPERATIONS

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CRWP's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

RECLASSIFICATIONS

Certain amounts for 2017 have been reclassified to conform to the 2018 presentation.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

PRIOR-PERIOD INFORMATION

The financial statements include certain prior-year summarized comparative information in total. 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 the Organization's financial statements for the year ended December 31, 2017, from which the summarized comparative total amounts are derived.

CASH AND CASH EQUIVALENTS/CONCENTRATION OF CREDIT 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, 2018. CRWP maintains its cash with high quality financial institutions which CRWP believes limit these risks.

RECEIVABLES

Receivables 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, 2018 and 2017.

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.

INVESTMENTS

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment return is presented net of investment fees.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

DEFERRED REVENUE

Deferred revenue consists of grants received in advance of being earned.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). CRWP groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

CONTRIBUTION REVENUE

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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 non-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 2018 and 2017, donated legal, video and other services amounted to \$9,632 and \$1,860, respectively.

FUNCTIONAL EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Salaries	Time and Effort
Employee Benefits	Time and Effort
Occupancy	Time and Effort
Payroll Taxes	Time and Effort
Small Equipment	Direct
Professional Fees - Other	Direct
Office Supplies	Time and Effort
Telecommunications	Time and Effort
Legal	Direct
Insurance	Direct
Printing & Reproduction	Time and Effort
Outside Computer Services	Time and Effort
Postage & Shipping	Time and Effort

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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.

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, 2018 and, accordingly, no liability has been accrued.

RECENT ACCOUNTING PRONOUNCEMENTS

On August 18, 2016, FASB issued 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, 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. CRWP has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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

In preparing these financial statements, CRWP has evaluated events and transactions for potential recognition or disclosure through May 16, 2019, the date the financial statements were available to be issued.

3. INVESTMENTS

At December 31, 2018 and 2017, CRWP's investments consist of Level 1 money market funds in the amount of \$280,000.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

4. OFFICE LEASE

CRWP has an office lease agreement at \$2,700 per month expiring on April 30, 2021, with three one-year renewal options. Rent expense amounted to approximately \$30,000 (2018) and \$10,000 (2017). Minimum payments due under this lease amount to \$32,400 (2019 and 2020) and \$10,800 in 2021.

5. RETIREMENT PLAN

CRWP has a SIMPLE IRA defined contribution retirement plan. CRWP's contribution to the plan was \$11,513 (2018) and \$7,887 (2017).

6. 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 a quasi-endowment fund, but a liquidity reserve.

At December 31, 2018 and 2017, the balance in the board designated fund was \$280,000.

7. AVAILABILITY AND LIQUIDITY

The following represents CRWP's financial assets at December 31:

	2018	2017
Financial Assets at Year-End:		
Cash & Cash Equivalents	\$ 300,532	\$ 190,935
Investments	280,000	280,000
Receivables	<u>223,108</u>	<u>66,894</u>
Total Financial Assets	803,640	537,829
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(221,417)	(44,141)
Net Assets with Donor Restrictions - Receivables	(115,500)	(37,500)
Designated by the Board for Operating Reserve	<u>(280,000)</u>	<u>(280,000)</u>
	<u>(616,917)</u>	<u>(361,641)</u>
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	<u>\$ 186,723</u>	<u>\$ 176,188</u>

CRWP is substantially supported by restricted grants. Because a grantor's restriction requires resources to be used in a particular manner or in a future period, CRWP must maintain sufficient resources to meet those responsibilities to its donors. This, financial assets may not be available for general expenditure within one year. As part of CRWP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, CRWP invests its cash in excess of daily requirements in interest-bearing money market funds. Additionally, there is a fund established by the governing board that may be drawn upon the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The balance in this fund was \$280,000 as of December 31, 2018.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

8. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

		2018			
FUNDER	PURPOSE	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
The Cleveland Foundation	Eastlake Erie Road Park	\$ 44,771	\$ -	\$ (15,662)	\$ 29,109
Wildlife Conservation Society	Forestry Management	5,150	176,922	(57,702)	124,370
The George Gund Foundation	Watershed Organization Collaboration	31,720	-	(31,720)	-
The George Gund Foundation	Central Lake Erie Basin Collaborative	-	150,000	(58,911)	91,089
Bingham Foundation	Stormwater Infrastructure	-	60,000	(1,630)	58,370
The Cleveland Foundation	Rain Garden Stormwater Pilot Program	-	28,000	-	28,000
Cleveland Metroparks	2019 Membership Dues	-	3,479	-	3,479
Dominion Foundation	Eastlake Erie Road Park	-	2,500	-	2,500
		<u>\$ 81,641</u>	<u>\$ 420,901</u>	<u>\$ (165,625)</u>	<u>\$ 336,917</u>

		2017			
FUNDER	PURPOSE	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
The Cleveland Foundation	Eastlake Erie Road Park	\$ -	\$ 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	Streambank Plantings	1,500	-	(1,500)	-
		<u>\$ 105,545</u>	<u>\$ 55,150</u>	<u>\$ (79,054)</u>	<u>\$ 81,641</u>

For the year ended December 31, 2018, CRWP realized a total increase in net assets of \$286,744. The total increase is comprised of 1) an increase in net assets with donor restrictions of \$255,276 (reflected in the above table) resulting from the application of generally accepted principles to grants pledged or received with donor-imposed restrictions, and 2) an increase of \$31,468 in net assets without donor restrictions.

For the year ended December 31, 2017, CRWP realized a total decrease in net assets of \$5,932. The total increase is comprised of 1) a decrease in net assets of \$23,904 with donor restrictions (reflected in the above table) resulting from the application of generally accepted principles to grants pledged or received with donor-imposed restrictions, and 2) an increase of \$17,972 in net assets without donor restrictions.

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, 2018, 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 16, 2019.

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 16, 2019

H&J
Certified Public Accountants



CHAGRIN RIVER WATERSHED PARTNERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

CURRENT YEAR FINDINGS

There were no current period findings or questioned costs.