



Financial Statements

DECEMBER 31, 2015 AND 2014

CHAGRIN RIVER WATERSHED PARTNERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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7555 Fredle Dr.
Suite 110

Concord, OH 44077

Phone: 440-951-2997
Fax: 866-359-4674

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, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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, 2015 and the changes in its net assets and its cash flows for the years 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 2014 financial statements, and our report dated May 21, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the years ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated , 2016, 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 19, 2016

H. J.
Certified Public Accountants

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	2015	2014
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 198,502	\$ 5,000	\$ 203,502	\$ 269,959
Grants Receivable	16,618		16,618	72,429
Contract Reimbursement Receivable				5,625
Total Current Assets	<u>215,120</u>	<u>5,000</u>	<u>220,120</u>	<u>348,013</u>
OTHER ASSETS				
Investments	243,921		243,921	175,000
Deposits	1,430		1,430	1,515
Total Other Assets	<u>245,351</u>	<u></u>	<u>245,351</u>	<u>176,515</u>
TOTAL ASSETS	<u><u>\$ 460,471</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 465,471</u></u>	<u><u>\$ 524,528</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 3,840	\$ -	\$ 3,840	\$ 56,171
NET ASSETS				
Unrestricted - Operating	212,710		212,710	251,821
- Board-Designated	243,921		243,921	175,000
Temporarily Restricted		5,000	5,000	41,536
Total Net Assets	<u>456,631</u>	<u>5,000</u>	<u>461,631</u>	<u>468,357</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 460,471</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 465,471</u></u>	<u><u>\$ 524,528</u></u>

See accompanying notes.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	
			2015	2014
PUBLIC SUPPORT & REVENUE				
Public Support				
US EPA	\$ 419,328	\$ -	\$ 419,328	\$ 61,211
NERR-SC	186,272		186,272	230,728
Great Lakes Commission	165,041		165,041	17,743
Membership Support	139,817		139,817	140,077
GLB Stabilization Reimbursements	37,959		37,959	
NEORSD	35,000		35,000	
Ohio Department of Natural Resources	34,302		34,302	212
Donations	26,325		26,325	999
Ohio EPA	22,254		22,254	19,287
Lake Erie Protection Fund	9,240		9,240	
The Ohio State University	7,401		7,401	1,193
Donated Services	5,625		5,625	5,125
Dominion		5,000	5,000	
US Forest Service	2,647		2,647	5,432
The Cleveland Foundation			-	45,000
The George Gund Foundation			-	20,000
Net Assets Released from Restrictions	41,536	(41,536)	-	
	<u>1,132,747</u>	<u>(36,536)</u>	<u>1,096,211</u>	<u>547,007</u>
Revenue				
Other Income	4,017		4,017	194
External Services	3,700		3,700	4,500
Interest Income	384		384	528
	<u>8,101</u>	<u>-</u>	<u>8,101</u>	<u>5,222</u>
TOTAL PUBLIC SUPPORT & REVENUE	1,140,848	(36,536)	1,104,312	552,229
EXPENSES				
Program Services	1,089,058		1,089,058	549,916
Management & General	21,980		21,980	21,447
TOTAL EXPENSES	<u>1,111,038</u>	<u>-</u>	<u>1,111,038</u>	<u>571,363</u>
CHANGE IN NET ASSETS	29,810	(36,536)	(6,726)	(19,134)
NET ASSETS - BEGINNING OF YEAR	<u>426,821</u>	<u>41,536</u>	<u>468,357</u>	<u>487,491</u>
NET ASSETS - END OF YEAR	<u>\$ 456,631</u>	<u>\$ 5,000</u>	<u>\$ 461,631</u>	<u>\$ 468,357</u>

See accompanying notes.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	PROGRAM	MANAGEMENT & GENERAL	TOTAL	
			2015	2014
EXPENSES				
Program Consulting Services	\$ 747,164	\$ -	\$ 747,164	\$ 217,223
Salaries	222,121	11,691	233,812	223,314
Special Projects	34,575		34,575	41,291
Employee Benefits	22,168	1,167	23,335	21,327
Payroll Taxes	15,854	833	16,687	17,666
Occupancy	11,131	586	11,717	11,686
Printing & Reproduction	7,618	367	7,985	4,302
Accounting	1,373	5,491	6,864	7,054
Legal	5,625		5,625	8,285
Travel & Conferences	4,873		4,873	3,432
Office Supplies & Expense	4,418	233	4,651	6,190
Bad Debt Expense	3,716		3,716	
Telephone	3,018	159	3,177	3,227
Insurance Expense	2,290	121	2,411	2,073
Postage & Shipping	1,424	75	1,499	1,459
Payroll Processing		1,201	1,201	1,201
Dues & Subscriptions	864	46	910	657
Miscellaneous	629		629	436
Web Maintenance	197	10	207	540
TOTAL EXPENSES	<u>\$ 1,089,058</u>	<u>\$ 21,980</u>	<u>\$ 1,111,038</u>	<u>\$ 571,363</u>

See accompanying notes.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (6,726)	\$ (19,134)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Changes In:		
Grants Receivable	55,811	28,765
Contract Reimbursement Receivable	5,625	2,122
Accounts Payable	(52,331)	21,030
Deposits	85	(50)
Total Adjustments	<u>9,190</u>	<u>51,867</u>
Cash Provided by Operating Activities	2,464	32,733
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease(Increase) in Investments	<u>(68,921)</u>	<u>2,000</u>
Cash Provided by(Used by) Investing Activities	<u>(68,921)</u>	<u>2,000</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	(66,457)	34,733
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>269,959</u>	<u>235,226</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 203,502</u>	<u>\$ 269,959</u>

See accompanying notes.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTES:

1. NATURE OF OPERATIONS AND MISSION STATEMENT

NATURE OF OPERATIONS

The Chagrin River Watershed Partners, Inc. (CRWP) is a 501(c)(3) non-profit organization that 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. The Chagrin River watershed is increasingly impacted by urban/suburban development that increases flooding, erosion, and water quality problems. Faced with rising infrastructure costs as a result of these impacts, the cities, villages, townships, counties, and park districts of the watershed formed CRWP in 1996. CRWP is now an established organization that has grown from 16 members in 1996 to 36 members in 2015, including municipalities, townships, counties, and park districts representing 91% of the watershed. CRWP's member communities and park districts support CRWP with an annual dues membership. Through this annual support, CRWP members reaffirm their commitment to collaboration and participation.

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 responds directly to the needs of Member communities, elected officials, engineers, planners, law directors, and other professional advisors by helping them update comprehensive plans, zoning regulations, and other programs guiding land use. CRWP has assisted communities by introducing innovative practices that maintain natural resource functions and prevent or minimize flooding, erosion, and water quality problems. These practices include CRWP's recommended watershed management tools for planning, riparian and wetland setbacks, conservation development, improved erosion and sediment control, comprehensive stormwater management, open space acquisition, stream restoration, and stormwater retrofits.

CRWP's website is www.crowp.org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS 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, 2014, from which the comparative total amounts were derived.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTES (CONTINUED):

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.

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.

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).

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTES (CONTINUED):

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)(3) of the Code and specifically as a Type 1 supporting organization. A Type 1 supporting organization is operated, supervised, or controlled by one or more publically supported charities, which in the case of CRWP, is represented by its all-governmental membership.

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, 2015 and, accordingly, no liability has been accrued.

CRWP files forms 990 in the U.S. federal jurisdiction and the State of Ohio. CRWP is generally no longer subject to examination by the Internal Revenue Service for tax years before 2012.

RECLASSIFICATIONS

Certain amounts for 2014 have been reclassified to conform to the 2015 presentation.

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, 2015 and 2014.

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.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTES (CONTINUED):

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 2015 and 2014.

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. The uninsured balances totaled approximately \$8,000 at December 31, 2015. CRWP maintains its cash with high quality financial institutions which CPAC believes limit these risks.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense amounted to \$-0- (2015 and 2014).

SUBSEQUENT EVENTS

In preparing these financial statements, CRWP has evaluated events and transactions for potential recognition or disclosure through May 19, 2016, the date the financial statements were available to be issued.

3. OFFICE LEASE

CRWP has a lease agreement expiring on June 30, 2017 at \$830 per month. Rent expense amounted to \$9,960 and \$9,710 in 2015 and 2014, respectively.

Minimum payments due under this lease amount \$9,960 for 2016 and \$4,980 in 2017.

4. RETIREMENT PLAN

CRWP has a SIMPLE IRA defined contribution retirement plan. CRWP's contribution to the plan was \$7,076 (2015) and \$6,542 (2014).

CHAGRIN RIVER WATERSHED PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTES (CONTINUED):

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 consist of the following:

Funder	Program	2015	2014
Dominion	Enhancing Riparian Vegetation	\$ 5,000	\$ -
The Cleveland Foundation	Pilot Stormwater Projects	-	31,451
The George Gund Foundation	Watershed Organization Collaboration	-	10,085
		<u>\$ 5,000</u>	<u>\$ 41,536</u>

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.

At December 31, the balance in the designated fund was \$243,921 (2015) and \$175,000 (2014).



7555 Fredle Dr.
Suite 110

Concord, OH 44077

Phone: 440-951-2997
Fax: 866-359-4674

**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, 2015, 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 19, 2016.

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.



**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***

(continued)

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

Concord, Ohio
May 19, 2016

H.J.
Certified Public Accountants



7555 Fredle Dr.
Suite 110

Concord, OH 44077

Phone: 440-951-2997
Fax: 866-359-4674

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

BOARD OF DIRECTORS
CHAGRIN RIVER WATERSHED PARTNERS, INC.

Report on Compliance for Each Major Federal Program

We have audited Chagrin River Watershed Partners, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chagrin River Watershed Partners, Inc.'s major federal programs for the year ended December 31, 2015. Chagrin River Watershed Partners, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chagrin River Watershed Partners, Inc.'s major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chagrin River Watershed Partners, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chagrin River Watershed Partners, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Chagrin River Watershed Partners, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

(continued)

Report on Internal Control over Compliance

Management of Chagrin River Watershed Partners, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chagrin River Watershed's internal control over compliance with the types of requirements that could have a direct and material effect in each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chagrin River Watershed Partners, Inc.'s internal control over compliance.

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 corrected, 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.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

Concord, Ohio
May 19, 2016

H.J.
Certified Public Accountants

CHAGRIN RIVER WATERSHED PARTNERS, INC.**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED DECEMBER 31, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR	PASS-THROUGH	CFDA	PROGRAM	EXPENDITURES
ENVIRONMENTAL PROTECTION AGENCY				
Direct	00E01103	66.469	Great Lakes Restoration Initiative	\$ 418,143
Pass-Through:				
Ohio EPA	various	66.460	Nonpoint Source Implementation Grants	13,823
Ohio EPA	City of Mentor	66.469	Great Lakes Restoration Initiative	1,185
				<u>433,151</u>
DEPARTMENT OF COMMERCE				
Pass-Through:				
Ohio State University	NA12OAR4170113	11.417	Sea Grant Support	7,401
University of New Hampshire	12-041	11.419	Coastal Zone Management Administration Awards	186,272
Ohio Dept. of Natural Resources	DNRFH017 306-11	11.419	Coastal Zone Management Administration Awards	3,802
University of New Hampshire	12-041	11.420	Coastal Zone Management Estuarine Research Reserve	30,500
				<u>227,975</u>
DEPARTMENT OF AGRICULTURE				
Pass-Through:				
Village of Chagrin Falls	Village of Chagrin Falls	10.675	Urban and Community Forestry Program	2,647
Great Lakes Commission	WS03-12-12, WS03-12-10	10.902	Soil and Water Conservation	165,041
				<u>167,688</u>
TOTAL FEDERAL FUNDS				<u>\$ 828,814</u>

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Chagrin River Watershed Partners, Inc. under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chagrin River Watershed Partners, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Chagrin River Watershed Partners, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CHAGRIN RIVER WATERSHED PARTNERS, INC.

SUMMARY OF AUDITOR'S RESULTS

YEAR ENDED DECEMBER 31, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- A. Type of Report Issued on the Financial Statements:.....Unmodified
- B. Internal Control over Financial Reporting:
- Significant Deficiencies Identified Considered to be Material Weaknesses?None Reported
- Material Weakness Identified?None Reported
- C. Noncompliance Material to Financial Statements Noted?None Reported
- D. Significant Deficiencies in Internal Control over Major Programs Noted?.....None Reported
- E. Material Weakness in Internal Control over Major Programs Noted?None Reported
- F. Type of Report Issued on Compliance for Major Programs?Unmodified
- G. Any Findings which are required to be Reported under 2 CFR 200.516(a)?.....No
- H. Programs Tested as a Major Program wereCFDA #66.469
- I. Dollar Threshold used to Distinguish between Type A and Type B Programs:..... \$750,000
- J. Auditee Qualified as Low-Risk Auditee?No

SECTION II - FINANCIAL STATEMENT FINDINGS No matters were reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS..... No matters were reported

CHAGRIN RIVER WATERSHED PARTNERS, INC.**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****YEAR ENDED DECEMBER 31, 2015**PRIOR YEAR FINDINGS

N/A – The year ended December 31, 2013 was the last Single Audit.

CURRENT YEAR FINDINGS

There were no current period findings or questioned costs.