



**AUDITED  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

CHAGRIN RIVER  
WATERSHED PARTNERS, INC.

INDEX

DECEMBER 31, 2020

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	
STATEMENTS OF FINANCIAL POSITION .....	1
STATEMENTS OF ACTIVITIES.....	2
STATEMENTS OF FUNCTIONAL EXPENSES .....	3
STATEMENTS OF CASH FLOWS .....	4
NOTES TO THE FINANCIAL STATEMENTS .....	5
 <u>REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS</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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	13

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Chagrin River Watershed Partners, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Chagrin River Watershed Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chagrin River Watershed Partners, Inc. as of December 31, 2020, 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 the Chagrin River Watershed Partners, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 13, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chagrin River Watershed Partners, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chagrin River Watershed Partners, Inc.'s internal control over financial reporting and compliance.

Concord, Ohio  
May 13, 2021

  
Certified Public Accountants



**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020	2019
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & Cash Equivalents	\$ 107,678	\$ 129,386	\$ 237,064	\$ 321,841
Receivables	105,751	40,000	145,751	166,196
Total Current Assets	<u>213,429</u>	<u>169,386</u>	<u>382,815</u>	<u>488,037</u>
<b>OTHER ASSETS</b>				
Long-Term Receivables	-	-	-	40,000
Investments	200,000	-	200,000	200,000
Deposits	2,750	-	2,750	2,750
Total Other Assets	<u>202,750</u>	<u>-</u>	<u>202,750</u>	<u>242,750</u>
<b>TOTAL ASSETS</b>	<u>\$ 416,179</u>	<u>\$ 169,386</u>	<u>\$ 585,565</u>	<u>\$ 730,787</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 14,560	\$ -	\$ 14,560	\$ 110,677
Deferred Revenue	10,431	-	10,431	16,208
Total Current Liabilities	<u>24,991</u>	<u>-</u>	<u>24,991</u>	<u>126,885</u>
<b>NET ASSETS</b>				
Without Donor Restrictions				
Undesignated	191,188	-	191,188	160,933
Board-Designated Stabilization Fund	200,000	-	200,000	200,000
With Donor Restrictions	-	169,386	169,386	242,969
Total Net Assets	<u>391,188</u>	<u>169,386</u>	<u>560,574</u>	<u>603,902</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 416,179</u>	<u>\$ 169,386</u>	<u>\$ 585,565</u>	<u>\$ 730,787</u>

See accompanying notes.

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	
			2020	2019
PUBLIC SUPPORT & REVENUE				
PUBLIC SUPPORT				
Governmental	\$ 427,585	\$ -	\$ 427,585	\$ 508,078
Contributions - Membership Support	115,784	-	115,784	119,100
Paycheck Protection Program Grant	94,827	-	94,827	-
Foundations	-	72,500	72,500	158,942
Donated Services	28,579	-	28,579	801
Contributions - Other	21,134	-	21,134	20,759
Net Assets Released from Restrictions	146,083	(146,083)	-	-
	<u>833,992</u>	<u>(73,583)</u>	<u>760,409</u>	<u>807,680</u>
REVENUE				
Program Service Fees	70,710	-	70,710	19,349
Other Income	9,001	-	9,001	-
Investment Return	2,414	-	2,414	697
	<u>82,125</u>	<u>-</u>	<u>82,125</u>	<u>20,046</u>
TOTAL PUBLIC SUPPORT & REVENUE	916,117	(73,583)	842,534	827,726
EXPENSES				
Program Services	782,452	-	782,452	860,109
Management & General	101,895	-	101,895	120,059
Fundraising	1,515	-	1,515	2,268
	<u>885,862</u>	<u>-</u>	<u>885,862</u>	<u>982,436</u>
TOTAL EXPENSES	885,862	-	885,862	982,436
CHANGE IN NET ASSETS	30,255	(73,583)	(43,328)	(154,710)
NET ASSETS - BEGINNING OF YEAR	<u>360,933</u>	<u>242,969</u>	<u>603,902</u>	<u>758,612</u>
NET ASSETS - END OF YEAR	<u>\$ 391,188</u>	<u>\$ 169,386</u>	<u>\$ 560,574</u>	<u>\$ 603,902</u>

See accompanying notes.

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

EXPENSES	PROGRAM	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	
				2020	2019
Salaries	\$ 371,561	\$ 69,325	\$ 1,124	\$ 442,010	\$ 417,605
Program Consulting Services	255,259	-	-	255,259	379,247
Professional Services	30,513	12,443	-	42,956	11,143
Employee Benefits	34,745	4,193	119	39,057	37,562
Payroll Taxes	28,847	5,400	88	34,335	30,784
Office Rent	28,266	5,275	103	33,644	35,769
Supplies	11,597	2,164	43	13,804	34,215
Telecommunications	8,337	1,556	30	9,923	7,974
Travel, Conferences & Meetings	5,269	-	-	5,269	14,850
Insurance	3,037	1,110	-	4,147	4,360
Miscellaneous	2,129	-	-	2,129	1,135
Utilities	1,766	329	7	2,102	2,962
Dues and Subscriptions	709	-	-	709	829
Postage & Shipping	321	60	1	382	804
Printing & Reproduction	96	40	-	136	3,197
<b>TOTAL EXPENSES</b>	<b>\$ 782,452</b>	<b>\$ 101,895</b>	<b>\$ 1,515</b>	<b>\$ 885,862</b>	<b>\$ 982,436</b>

See accompanying notes.

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (43,328)	\$ (154,710)
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used by) Operating Activities:		
Changes in:		
Receivables	60,445	96,912
Accounts Payable	(96,117)	62,899
Deferred Revenue	<u>(5,777)</u>	<u>16,208</u>
Total Adjustments	<u>(41,449)</u>	<u>176,019</u>
Cash Provided by (Used by) Operating Activities	(84,777)	21,309
NET CHANGE IN CASH & CASH EQUIVALENTS	(84,777)	21,309
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>321,841</u>	<u>300,532</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 237,064</u>	<u>\$ 321,841</u>

See accompanying notes.

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

**1. NATURE OF OPERATIONS AND MISSION STATEMENT**

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. CRWP started with 16 member cities, villages, townships, counties and park districts and now serves 34 members, representing 91% of the Chagrin River watershed.

The mission of Chagrin River Watershed Partners, Inc. is to 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****BASIS OF PRESENTATION**

The accompanying financial statements of CRWP have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of CRWP. In accordance with U.S. generally accepted accounting principles, the financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restrictions or with donor restrictions as described below:

Net assets without donor restrictions: Net assets are available for support of CRWP's operations and are not subject to donor-imposed restrictions or restricted gifts whose restrictions were met during the year. CRWP's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets are subject donor-imposed restrictions expected to be met either by actions of CRWP or passage of time. This includes amounts subject to donor-imposed restrictions stipulating that the corpus be held in perpetuity with investment income on the principal used for a specified purposes outlined by the donor.

**SUMMARIZED FINANCIAL INFORMATION**

The financial statements and notes to financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the CRWP's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Certain amounts in the prior-year summarized comparative information have been reclassified to be consistent with the presentation in the current-year financial statements. These classifications had no impact on changes in net assets as previously presented.

**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.



## **CHAGRIN RIVER WATERSHED PARTNERS, INC.**

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

#### 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. CRWP maintains its cash with high quality financial institutions which CRWP believes limit these risks.

CRWP also invests funds in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Primarily all of the CRWP's revenues and receivables are from donors and agencies located in northeastern Ohio.

#### RECEIVABLES AND CREDIT POLICIES

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. Management evaluated receivables as of December 31, 2020 and has determined that an allowance for doubtful accounts is immaterial to these financial statements.

#### INVESTMENTS

Investments in marketable securities with readily determinable fair values are included in the statement of financial position at fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Changes in investments carried at fair value are reflected as investment income in the accompanying statement of activities.

#### 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.

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: <ul style="list-style-type: none"> <li>• Quoted prices for similar assets/liabilities in active markets;</li> <li>• Quoted prices for identical or similar assets in non-active markets;</li> <li>• Inputs other than quoted prices that are observable for the asset/liability; and,</li> <li>• Inputs that are derived principally from or corroborated by other observable market data.</li> </ul> |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data.   |

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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.

Repairs and maintenance, which are not considered betterments and do not extend the useful life of property, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in income.

REVENUE AND REVENUE RECOGNITION

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by CRWP. The gifts are reported as either net assets without donor restriction or net assets with donor restriction if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

CRWP receives grants and contracts from federal, state, and local agencies, as well as from private organizations, to be used for specific programs. Unconditional grant awards are recorded as contribution revenue in the period which they are awarded. Grants awards having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted contribution revenue until conditions of the award are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended for the purpose of the grant or other conditions are satisfied.

Revenue from fees for services is earned as services are provided and is reported at an estimated net realizable amount due from individuals, third-party payers, and others for services rendered.

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 restriction; otherwise, the contributions are recorded as net assets without donor restriction. CRWP recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributed income of cash or other assets that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by donor-imposed stipulation or by state law.

CRWP records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

CRWP recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In 2020 and 2019, donated legal and other services amounted to \$595 and \$801, respectively. In 2020, CRWP utilized the services of AmeriCorps in various CRWP projects with a fair market value of which amounted to \$27,984.

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

In addition, CRWP receives services from volunteers who give significant amounts of their time to CRWP's programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses reflects the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation amount the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis.

INCOME TAXES

CRWP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, net income from certain activities (advertising, certain inventory sales and certain other items) not directly related to CRWP's tax-exempt purpose is subject to taxation as unrelated business income. Taxes related to these activities were not significant for the years ended December 31, 2020 and 2019.

ACCOUNTING PRONOUNCEMENT ADOPTED

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, Revenue from Contracts with Customers. CRWP adopted the provisions of this new standard during the year ended December 31, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had an immaterial effect on the financial statements.

ACCOUNTING GUIDANCE PENDING ADOPTION

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. CRWP is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**3. FAIR VALUE MEASUREMENT**

The fair value of investment assets, measured on a recurring basis at December 31 are as follows:

	Fair Value Measurements Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>2020</u>				
Cash Equivalents	\$ 44,370	\$ -	\$ -	\$ 44,370
Certificates of Deposit	151,954	-	-	151,954
Money Market Funds	3,676	-	-	3,676
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>
<u>2019</u>				
Cash Equivalents	\$ 46,199	\$ -	\$ -	\$ 46,199
Certificates of Deposit	150,134	-	-	150,134
Money Market Funds	3,667	-	-	3,667
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

**3. 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, 2020 and 2019, the balance in the board designated fund was \$200,000.

**4. PAYCHECK PROTECTION PROGRAM**

CRWP received a Paycheck Protection Program (PPP) term note through a financial institution of \$94,827. The note was issued pursuant to the Coronavirus Aid, Relief and Economic Security (CARES) Act's PPP. The note structure required organization officials to certify certain statements that permitted the CRWP to qualify for the loan and provides loan forgiveness for a portion or all of the borrowed amount if the CRWP uses the loan proceeds for the permitted loan purpose described in the note agreement; the portion not forgiven will be required to be paid back by the CRWP in full by May 2022 in equal monthly principal payments plus interest at 1%. CRWP has the right to prepay any amount outstanding at any time without penalty. This loan helped CRWP fund payroll and benefits.

While the legal form of the PPP agreement is a loan, CRWP concluded the loan represents, in substance, a grant that is expected to be forgiven and therefore has accounted for the agreement as a conditional contribution. The primary measurable barrier that must be substantially overcome before the contribution can be considered unconditional and recorded as revenue is to incur eligible expenses. CRWP has determined that the FTE Reduction Safe Harbor under the PPP Flexibility Act of 2020 is applicable.

As the barrier was met as of December 31, 2020, the full balance of the loan or \$94,827 is recognized as grant revenue on the statement of activities.

**5. 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 \$34,000 (2020) and \$32,000 (2019). Minimum payments due under this lease amount to approximately \$11,000 in 2021.

**6. RETIREMENT PLAN**

CRWP has a SIMPLE IRA defined contribution retirement plan. CRWP's contribution to the plan was approximately \$13,100 (2020) and \$12,500 (2019).

**7. AVAILABILITY AND LIQUIDITY**

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

	2020	2019
Financial Assets at Year-End:		
Cash & Cash Equivalents	\$ 237,064	\$ 321,841
Receivables	145,751	206,196
Investments	200,000	200,000
	<u>582,815</u>	<u>728,037</u>
Total Financial Assets	582,815	728,037
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(129,386)	(169,046)
Net Assets with Donor Restrictions - Receivables	(40,000)	(73,923)
Designated by the Board for Operating Reserve	(200,000)	(200,000)
	<u>(369,386)</u>	<u>(442,969)</u>
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	<u>\$ 213,429</u>	<u>\$ 285,068</u>

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

CRWP is supported in part 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 savings and 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 \$200,000 as of December 31, 2020.

**7. NET ASSETS**

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

		2020			
FUNDER	PURPOSE	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Bingham Foundation	Flood/Erosion Prevention	\$ -	\$ 35,000	\$ (11,759)	\$ 23,241
Dominion Foundation	Meadows Restoration	-	2,500	-	2,500
Beachwood	2020 Membership Dues	5,100	-	(5,100)	-
The Cleveland Foundation	Eastlake Erie Road Park	29,609	-	-	29,609
Lubrizol	Eastlake Erie Road Park	20,000	-	-	20,000
Great Lakes Commission	Sediment and Nutrient Reduction Program	95,204	-	(95,204)	-
The Cleveland Foundation	Lakefront Trail	60,000	-	(3,464)	56,536
The George Gund Foundation	Central Lake Erie Basin Collaborative	25,056	35,000	(25,056)	35,000
Dominion Foundation	Master Rain Garden Program	5,500	-	(5,500)	-
Dominion Foundation	Eastlake Erie Road Park	2,500	-	-	2,500
		<u>\$ 242,969</u>	<u>\$ 72,500</u>	<u>\$ (146,083)</u>	<u>\$ 169,386</u>
		2019			
FUNDER	PURPOSE	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Beachwood	2020 Membership Dues	\$ -	\$ 5,100	\$ -	\$ 5,100
The Cleveland Foundation	Eastlake Erie Road Park	29,109	500	-	29,609
Lubrizol	Eastlake Erie Road Park	-	20,000	-	20,000
Great Lakes Commission	Sediment and Nutrient Reduction Program	-	112,751	(17,547)	95,204
The Cleveland Foundation	Lakefront Trail	-	60,000	-	60,000
Wildlife Conservation Society	Forestry Management	124,370	-	(124,370)	-
The George Gund Foundation	Central Lake Erie Basin Collaborative	91,089	-	(66,033)	25,056
Bingham Foundation	Stormwater Infrastructure	58,370	-	(58,370)	-
The Cleveland Foundation	Master Rain Garden Program	28,000	-	(28,000)	-
Dominion Foundation	Master Rain Garden Program	-	5,500	-	5,500
Cleveland Metroparks	2019 Membership Dues	3,479	-	(3,479)	-
Dominion Foundation	Eastlake Erie Road Park	2,500	-	-	2,500
		<u>\$ 336,917</u>	<u>\$ 203,851</u>	<u>\$ (297,799)</u>	<u>\$ 242,969</u>

For the year ended December 31, 2020 CRWP realized a total decrease in net assets of \$43,328. The total decrease is comprised of 1) a decrease in net assets with donor restrictions of \$73,583 (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 \$30,255 in net assets without donor restrictions.

For the year ended December 31, 2019, CRWP realized a total decrease in net assets of \$154,719. The total decrease is comprised of 1) a decrease in net assets with donor restrictions of \$93,948 (reflected in the above table) resulting from the application of generally accepted principles to grants pledged or received with donor-imposed restrictions, and 2) a decrease of \$60,762 in net assets without donor restrictions.

**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

**8. RISKS AND CONTINGENCIES**

The spread of coronavirus (COVID-19) around the world through the date of these financial statements has caused significant volatility in the U.S. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well its impact on local and U.S. economies and, as such, the CRWP is unable to determine if it will have material impact on its operations.

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, CRWP has evaluated events and transactions for potential recognition or disclosure through May 13, 2021, the date the financial statements were available to be issued.

**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**

To the Board of Directors of  
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, 2020, 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 13, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Chagrin River Watershed Partners, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

Concord, Ohio  
May 13, 2021

  
Certified Public Accountants



**CHAGRIN RIVER WATERSHED PARTNERS, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

CURRENT YEAR FINDINGS

There were no current period findings or questioned costs.