

**AUDITED COMBINED FINANCIAL STATEMENTS**

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**

*Greenfield, Massachusetts*

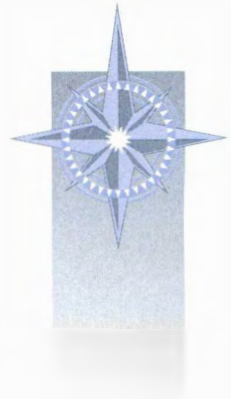
**JUNE 30, 2015**

***Boisselle, Morton & Wolkowicz, LLP***  
*Certified Public Accountants*

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**

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## **Independent Auditors' Report**

To the Board of Directors  
**Connecticut River Watershed Council, Inc. and Affiliate**  
Greenfield, Massachusetts

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Connecticut River Watershed Council, Inc. and Affiliate (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2015, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Connecticut River Watershed Council, Inc. and Affiliate as of June 30, 2015, and the combined changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Connecticut River Watershed Council, Inc. and Affiliate's June 30, 2014 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015, on our consideration of Connecticut River Watershed Council, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connecticut River Watershed Council, Inc. and Affiliate's internal control over financial reporting and compliance.

***Boisselle, Morton & Wolkowicz, LLP***

Hadley, Massachusetts  
November 6, 2015

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**

Combined Statement of Financial Position

June 30, 2015

(with comparative totals for June 30, 2014)

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 606,260	\$ 352,790
Contributions and grants receivable	371,891	155,951
Inventory	7,019	6,821
Prepaid expenses	4,931	4,838
Total current assets	<u>990,101</u>	<u>520,400</u>
Property and equipment, net	<u>500,684</u>	<u>520,201</u>
Other assets		
Investments	1,467,166	1,750,868
Due from unrestricted net assets	289,800	339,800
Total other assets	<u>1,756,966</u>	<u>2,090,668</u>
Total assets	\$ <u>3,247,751</u>	\$ <u>3,131,269</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 48,526	\$ 37,571
Security deposit payable	3,075	3,075
Current portion of long-term debt	12,131	11,591
Current portion of annuities payable	10,602	10,602
Total current liabilities	<u>74,334</u>	<u>62,839</u>
Long-term liabilities		
Long-term debt, less current portion	99,211	111,444
Annuities payable, less current portion	48,049	58,651
Due to restricted net assets	289,800	339,800
Total long-term liabilities	<u>437,060</u>	<u>509,895</u>
Net assets		
Unrestricted	655,331	489,124
Temporarily restricted	926,599	886,108
Permanently restricted	1,154,427	1,183,303
Total net assets	<u>2,736,357</u>	<u>2,558,535</u>
Total liabilities and net assets	\$ <u>3,247,751</u>	\$ <u>3,131,269</u>

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



**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**

Combined Statement of Activities

Year Ended June 30, 2015

(with comparative totals for the year ended June 30, 2014)

	2015			Total	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and other revenue					
Contributions and grants	\$ 408,383	\$ 676,077		\$ 1,084,460	\$ 771,134
Special projects and fees	28,731			28,731	24,889
Rental income	26,100			26,100	27,200
Management fee income	11,886			11,886	9,712
In-kind contributions	8,014			8,014	19,288
Sale of publications and merchandise	5,546			5,546	2,151
Repayment of endowment loan	(50,000)		\$ 50,000		
Net assets released from restrictions	719,735	(636,274)	(83,461)		
Total support and other revenue	<u>1,158,395</u>	<u>39,803</u>	<u>(33,461)</u>	<u>1,164,737</u>	<u>854,374</u>
Expenses					
Program	715,015			715,015	641,311
Administration	159,800			159,800	166,787
Fundraising	115,098			115,098	112,888
Total expenses	<u>989,913</u>			<u>989,913</u>	<u>920,986</u>
Change in net assets before investment activity	<u>168,482</u>	<u>39,803</u>	<u>(33,461)</u>	<u>174,824</u>	<u>(66,612)</u>
Investment activity					
Interest and dividends	23,150	8,604	22,397	54,151	48,344
Investment fees	(16,278)	(2,830)	(7,796)	(26,904)	(22,969)
Net realized gains on sales of investments	35,957	57,927	105,459	199,343	88,722
Net unrealized (losses) gains in market value	(45,104)	(63,013)	(115,475)	(223,592)	61,085
Total investment activity	<u>(2,275)</u>	<u>688</u>	<u>4,585</u>	<u>2,998</u>	<u>175,182</u>
Change in net assets	166,207	40,491	(28,876)	177,822	108,570
Net assets, beginning of year, as restated	<u>489,124</u>	<u>886,108</u>	<u>1,183,303</u>	<u>2,558,535</u>	<u>2,449,965</u>
Net assets, end of year	<u>\$ 655,331</u>	<u>\$ 926,599</u>	<u>\$ 1,154,427</u>	<u>\$ 2,736,357</u>	<u>\$ 2,558,535</u>

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

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**

Combined Statement of Functional Expenses

Year Ended June 30, 2015

(with comparative totals for the year ended June 30, 2014)

	2015			Total	2014
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>		<u>Total</u>
Employee-related costs					
Salaries	\$ 276,296	\$ 79,269	\$ 83,831	\$ 439,396	\$ 451,470
Fringe benefits	21,449	5,249	6,720	33,418	13,976
Payroll taxes	23,989	6,882	7,279	38,150	37,592
Total employee-related costs	<u>321,734</u>	<u>91,400</u>	<u>97,830</u>	<u>510,964</u>	<u>503,038</u>
Grant and contract expenses	269,280			269,280	228,717
Office supplies and expense	37,538	4,083	4,383	46,004	39,200
Repairs and maintenance	13,272	17,467	1,195	31,934	11,059
Occupancy	9,894	8,906	779	19,579	18,570
Travel	17,424	186	1,341	18,951	20,494
Printing, copying and media	10,671	2,778	1,869	15,318	13,911
Insurance	2,093	9,256	190	11,539	7,786
Postage	3,444	2,455	4,915	10,814	14,722
Professional fees		10,633	150	10,783	13,433
Telephone	3,849	2,821		6,670	7,231
Taxes, license and fees	2,062	2,028	1,059	5,149	4,807
Publicity and outreach	3,427		1,055	4,482	2,800
Interest		3,895		3,895	6,158
Staff meetings and training	1,542	1,124		2,666	5,957
Dues and subscriptions	244	1,792	332	2,368	1,942
Temporary staff					1,696
Total expenses before depreciation	<u>696,474</u>	<u>158,824</u>	<u>115,098</u>	<u>970,396</u>	<u>901,521</u>
Depreciation	<u>18,541</u>	<u>976</u>		<u>19,517</u>	<u>19,465</u>
Total expenses	<u>\$ 715,015</u>	<u>\$ 159,800</u>	<u>\$ 115,098</u>	<u>\$ 989,913</u>	<u>\$ 920,986</u>

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

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**

Combined Statement of Cash Flows

Year Ended June 30, 2015

(with comparative totals for the year ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 177,822	\$ 108,570
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	19,517	19,465
Net unrealized losses (gains) in market value of investments	223,592	(61,085)
Net realized gains on sales of investments	(199,343)	(88,722)
Other changes in assets and liabilities		
Contributions and grants receivable	(215,940)	133,078
Accounts and other receivable		173
Inventory	(198)	159
Prepaid expenses	(93)	(1,338)
Accounts payable and accrued liabilities	10,955	(652)
Annuities payable	(10,602)	3,941
Security deposit payable		575
Net cash provided by operating activities	<u>5,710</u>	<u>114,164</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,034,251	668,181
Purchase of investments	(774,798)	(650,904)
Purchases of property and equipment		(12,000)
Net cash provided by investing activities	<u>259,453</u>	<u>5,277</u>
Cash flows from financing activities		
Payments on note payable	<u>(11,693)</u>	<u>(11,322)</u>
Net cash used by financing activities	<u>(11,693)</u>	<u>(11,322)</u>
Net increase in cash and cash equivalents	253,470	108,119
Cash and cash equivalents - beginning of year	<u>352,790</u>	<u>244,671</u>
Cash and cash equivalents - end of year	\$ <u>606,260</u>	\$ <u>352,790</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>5,149</u>	\$ <u>4,807</u>

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



**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**  
Notes to Combined Financial Statements  
June 30, 2015

**1. Summary of Significant Accounting Policies**

- a. Nature of Business:* Connecticut River Watershed Council, Inc. is a membership supported, nonprofit, conservation Council dealing with land and water related environmental issues in the four state drainage area of the Connecticut River. Connecticut River Watershed Council of Connecticut, Inc., the “affiliate” is a not-for-profit corporation established to own land in Connecticut. Connecticut River Watershed Council, Inc. and Connecticut River Watershed Council of Connecticut, Inc., are collectively referred to herein as the “Council.”
- b. Principles of Combination:* The combined financial statements include the accounts of Connecticut River Watershed Council, Inc. and Connecticut River Watershed Council of Connecticut, Inc., because of common control and management, as required by accounting standards generally accepted in the United States of America. All significant intercompany transactions have been eliminated.
- c. Tax Status:* Connecticut River Watershed Council, Inc. is exempt from federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Connecticut River Watershed Council of Connecticut, Inc. is not exempt from federal and state corporate income taxes and does not qualify for the charitable contribution deduction. Both organizations file separate annual returns with the Internal Revenue Service.
- d. Uncertain Tax Positions:* Professional accounting standards provide detailed guidance for the financial statement recognition, measurement, classification and disclosure of uncertain tax positions. They require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. A tax position is deemed to include such things as the Council’s tax exempt status.
- Management has not identified any uncertain tax positions and, therefore, no liability has been recorded in the combined financial statements. The Council’s income tax filings are subject to audit by the Internal Revenue Service. The Council’s open audit periods are 2012-2014.
- e. Basis of Presentation:* The combined financial statements of the Council have been prepared on the accrual basis of accounting. The net assets of the Council are reported in each of the following three classes when applicable: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets are unrestricted and are reported as part of the unrestricted class.
- f. Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.
- g. Cash and Cash Equivalents:* The Council considers money market accounts and short-term investments with a maturity of less than three months to be cash equivalents.

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**  
Notes to Combined Financial Statements (Continued)  
June 30, 2015

**1. Summary of Significant Accounting Policies (Continued)**

- h. Contributions and Grants Receivable:* Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Management believes all the contributions and grants receivable at June 30, 2015 and 2014, are collectible. Therefore, there was no allowance for doubtful contributions and grants receivable at June 30, 2015 and 2014.
- i. Inventory:* Inventory consists of books, maps, posters, and other small merchandise related to the Council's exempt function, and is valued at cost on the statement of financial position.
- j. Property and Equipment:* The cost, if purchased, and fair value, if donated, of property and equipment is capitalized. The Council follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation is computed by the straight-line method over the following useful lives:

Buildings and improvements	39 years
Boating equipment	10-15 years
Office equipment	3-5 years

- k. Investments:* Investments are stated at market value. Money market accounts and other cash equivalents that are included in the Council's investment accounts are presented as investments in these financial statements. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.
- l. Fair Value Measurements:* Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.
Level 2	Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**  
Notes to Combined Financial Statements (Continued)  
June 30, 2015

**1. Summary of Significant Accounting Policies (Continued)**

*m. Resource Recognition:* Contributions and grants are recognized when the donor makes an unconditional promise to give to the Council. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Membership dues, which are presented as contributions, are recognized when received and not adjusted for deferred memberships. The effect of not adjusting this is not considered material by management as membership revenue from year to year is fairly consistent.

Special projects and fees are recognized when the Council does laboratory tests or other administrative services.

Rental income is from the renting of space in the building the Council owns and operates in Greenfield, Massachusetts.

In-kind contributions are recorded at estimated fair value when received.

Sales of publications and merchandise are recognized when inventory is sold.

*n. Expense Allocation:* Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Administration and other supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council.

*o. Comparative Information:* The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

*p. Reclassifications:* Certain reclassifications have been made to the year ended June 30, 2014 comparative totals to conform to the year ended June 30, 2015 presentation. These reclassifications have no effect on the previously reported change in net assets for the year ended June 30, 2014.

**2. Contributions and Grants Receivable**

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

	<u>2015</u>	<u>2014</u>
National Fish and Wildlife Foundation	\$ 50,050	\$ 15,857
U.S. Fish and Wildlife Service	97,952	
Vermont Agency of Natural Resources	114,798	
Massachusetts Department of Environmental Protection	40,537	
National Oceanic and Atmospheric Administration		55,670
Other contributions and grants	<u>68,554</u>	<u>84,424</u>
Total contributions and grants receivable	<u>\$371,891</u>	<u>\$155,951</u>

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**  
Notes to Combined Financial Statements (Continued)  
June 30, 2015

3. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Building and improvements	\$759,644	\$759,644
Boating equipment	1,945	1,945
Office equipment	<u>9,365</u>	<u>9,365</u>
	770,954	770,954
Less accumulated depreciation	<u>270,270</u>	<u>250,753</u>
Total property and equipment	<u>\$500,684</u>	<u>\$520,201</u>

Depreciation expense was \$19,517 and \$19,465 for the years ended June 30, 2015 and 2014, respectively.

4. Fee Interest and Conservation Easements

The Council holds fee interest or conservation easements on 3,391 acres of land in Connecticut, Massachusetts, Vermont, and New Hampshire as follows:

<u>Location</u>	<u>Acreage</u>
Fee interest – 1,034 acres	
Gill, MA	10.0
Shutesbury, MA	2.5
Holyoke, MA	26.0
East Corinth, VT	14.5
Norfolk, CT	803.0
Haddam, CT	50.0
Hebron, CT	128.0
Conservation easements – 2,357 acres	
East Hampton, CT	70.0
Hebron, CT	10.3
Marlborough & Hebron, CT	1,349.0
Gill, MA	29.0
Holyoke, MA	104.5
Plainfield, MA	42.0
Barre, MA	44.0
Dalton, NH	18.0
East Lempster, NH	36.0
Lyme, NH	565.3
North Charlestown, NH	40.4
Bondville, VT	18.5
Strafford, VT	30.0

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**  
Notes to Combined Financial Statements (Continued)  
June 30, 2015

**4. Fee Interest and Conservation Easements (Continued)**

These properties are held by the Council for either conservation purposes to protect habitat and open space or for future sale to realize revenue for the Council's operations. These properties were donated many years ago to the Council and are not recorded in these combined financial statements because the fair value is not readily determinable.

The Council conveyed land in Bath, NH to the U.S. Fish and Wildlife Service for no dollar consideration during the year ended June 30, 2015.

**5. Investments**

Investments stated at Level 1 market value consisted of the following at June 30, 2015:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Money market accounts	\$ 26,468	\$ 26,468	
Large capital equity mutual funds	26,850	35,729	\$ 8,879
Large capital exchange traded funds	630,278	666,959	36,681
Small/Mid capital exchange traded funds	26,463	40,311	13,848
International exchange traded funds	63,603	59,716	(3,887)
International mutual funds	10,214	13,005	2,791
Fixed income mutual funds	<u>623,711</u>	<u>624,978</u>	<u>1,267</u>
Total	<u>\$1,407,587</u>	<u>\$1,467,166</u>	<u>\$59,580</u>

Investment activity for the year ended June 30, 2015:

Interest and dividends	\$ 41,095
Net realized gains on sales of investments	199,343
Change in net unrealized losses in market value	(223,592)

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions.

Investments stated at Level 1 market value consisted of the following at June 30, 2014:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Money market accounts	\$ 40,202	\$ 40,202	
Large capital equity mutual funds	253,213	398,284	\$145,071
Large capital exchange traded funds	534,872	606,215	71,343
Small/Mid capital exchange traded funds	77,437	101,258	23,821
International exchange traded funds	56,965	69,508	12,543
International mutual funds	10,214	13,805	3,591
Real estate	7,421	7,931	510
Fixed income mutual funds	<u>492,644</u>	<u>513,665</u>	<u>21,021</u>
Total	<u>\$1,472,968</u>	<u>\$1,750,868</u>	<u>\$277,900</u>



**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**  
Notes to Combined Financial Statements (Continued)  
June 30, 2015

5. Investments (Continued)

Investment activity for the year ended June 30, 2014:

Interest and dividends	\$ 46,352
Net realized gains on sales of investments	88,722
Change in net unrealized gains in market value	61,085

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions.

6. Charitable Gift Annuities

The Council administers gift annuities. A gift annuity provides for regular annuity payments to the grantor for a specific period of years. The portion of the annuity attributable to the present value of the future benefits to be received by the grantor is recorded as a liability by the Council. The amount of this liability was \$58,651 and \$69,253, of which \$10,602 was current and \$48,049 and \$58,651 was long term as of June 30, 2015 and 2014, respectively. Future payments are \$13,138, with the principal amortization of \$10,602 for the year ended June 30, 2016.

7. Long-Term Debt

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

	<u>2015</u>	<u>2014</u>
Note payable to a bank, due in monthly installments of \$1,297, including interest at 3.25%, through July 2023, secured by a first mortgage on the Council's building in Greenfield, Massachusetts.	\$111,342	\$123,035
Less amount due within one year	<u>12,131</u>	<u>11,591</u>
Long-term debt	<u>\$ 99,211</u>	<u>\$111,444</u>

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

2016	\$ 12,131
2017	12,531
2018	12,944
2019	13,371
2020	13,812
Thereafter	<u>46,553</u>
	<u>\$111,342</u>

8. Line of Credit

The Council has a commercial line-of-credit arrangement with a bank which provides for borrowing up to \$100,000; interest rate is at the bank's Base or Prime lending rate (3.25% at June 30, 2015). There were no amounts outstanding on the line of credit at June 30, 2015 and 2014.

**CONNECTICUT RIVER WATERSHED COUNCIL, INC. AND AFFILIATE**  
Notes to Combined Financial Statements (Continued)  
June 30, 2015

9. Restrictions on Net Assets

Temporarily restricted net assets consisted of \$202,951 and \$429,649 in the Spaulding Pond Trust fund and \$723,648 and \$456,459 in various contributions and grants that were restricted to a specific purpose by the donor or grantor and were not completed as of June 30, 2015 and 2014, respectively.

Permanently restricted net assets at June 30, 2015 and 2014, consisted of \$864,627 and \$843,503, respectively, in the Mary S. Shaub Fund investments to be held indefinitely, the income from which can be used by the Council; and \$289,800 and \$339,800 for the years ended June 30, 2015 and 2014, respectively, owed to the fund from unrestricted net assets (see Note 11).

10. Net Asset Restatement

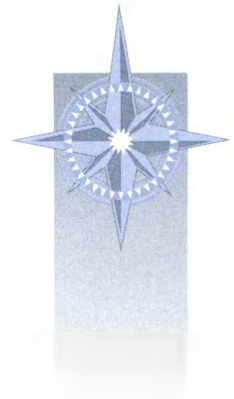
Net assets were restated at the beginning of the fiscal year ended June 30, 2015, to reduce permanently restricted net assets and increase unrestricted net assets \$94,575, to properly reflect the permanently restricted net asset balance. This restatement had no effect on total net assets.

11. Due to / Due from Funds

In a prior fiscal year, the Board of Directors of the Council voted to reinvest a portion of the permanently restricted Mary S. Shaub Fund to pay general expenses and general maintenance expenses of the Council. The Council reduces the amount due to permanently restricted funds annually by the excess of net reinvested earnings over the withdrawals done that fiscal year, as well as principal repayments. The total due to permanently restricted funds was \$289,800 and \$339,800 at June 30, 2015 and 2014, respectively.

12. Subsequent Events

Management has evaluated subsequent events after the combined statement of financial position date of June 30, 2015, through November 6, 2015, the date on which the combined financial statements were available to be issued, and concluded that no additional disclosures were required.



**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

**Independent Auditors' Report**

To the Board of Directors  
**Connecticut River Watershed Council, Inc. and Affiliate**  
Greenfield, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Connecticut River Watershed Council, Inc. and Affiliate (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2015, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated November 6, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered Connecticut River Watershed Council, Inc. and Affiliate'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Connecticut River Watershed Council, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Connecticut River Watershed Council, Inc. and Affiliate's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Connecticut River Watershed Council, Inc. and Affiliate's combined 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 combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Boisselle, Morton & Wolkowicz, LLP*

Hadley, Massachusetts  
November 6, 2015