

**THE STONINGTON VILLAGE
IMPROVEMENT ASSOCIATION, INC.**

FINANCIAL STATEMENTS

MARCH 31, 2020

**THE STONINGTON VILLAGE
IMPROVEMENT ASSOCIATION, INC.**

FINANCIAL STATEMENTS

Years ended March 31, 2020 (Audited) and 2019 (Unaudited)

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Board of Trustees
The Stonington Village Improvement Association, Inc.
P.O. Box 18
Stonington, CT 06378



INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Stonington Village Improvement Association, Inc. (a nonprofit organization) as of March 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 for 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.

Accountant'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. 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 Stonington Village Improvement Association, Inc. as of March 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.

Stacey L. Gualtieri, CPA
Audrey A. Leone, CPA

Report on Summarized Comparative Information

The prior-year summarized comparative information has been derived from the Organization's 2019 reviewed financial statements and, in our report dated June 24, 2019. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we did not express such an opinion.

Doherty, Beals & Banks

DOHERTY, BEALS & BANKS, P.C.

New London, CT 06320

July 2, 2020

(reissued July 21, 2020 to correct
the assets with donor restrictions to zero)

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2020 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2019 (UNAUDITED)

	ASSETS			
	<u>Operations</u>	<u>Merrill House</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 33,764	\$ 179,023	\$ 212,787	\$ 395,372
Accounts receivable	800	-	800	-
Rent receivable	-	1,000	1,000	2,700
Prepaid expenses	191	3,410	3,601	2,472
	<u>34,755</u>	<u>183,433</u>	<u>218,188</u>	<u>400,544</u>
TOTAL CURRENT ASSETS				
PROPERTY AND EQUIPMENT				
Land	29,843	72,675	102,518	102,518
Buildings and improvements	129,425	763,577	893,002	711,047
Furniture and equipment	-	109,648	109,648	109,648
	<u>159,268</u>	<u>945,900</u>	<u>1,105,168</u>	<u>923,213</u>
Less: accumulated depreciation	<u>(129,374)</u>	<u>(485,580)</u>	<u>(614,954)</u>	<u>(588,876)</u>
	<u>29,894</u>	<u>460,320</u>	<u>490,214</u>	<u>334,337</u>
TOTAL PROPERTY AND EQUIPMENT				
OTHER ASSETS				
Investments held by Community Foundation	-	8,587	8,587	9,255
Investments - mutual funds	128,978	-	128,978	134,335
	<u>128,978</u>	<u>8,587</u>	<u>137,565</u>	<u>143,590</u>
TOTAL OTHER ASSETS				
TOTAL ASSETS	<u>\$ 193,627</u>	<u>\$ 652,340</u>	<u>\$ 845,967</u>	<u>\$ 878,471</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 7,778	\$ 1,770	\$ 9,548	\$ 7,257
Security deposits	-	4,575	4,575	5,875
	<u>7,778</u>	<u>6,345</u>	<u>14,123</u>	<u>13,132</u>
TOTAL LIABILITIES				
NET ASSETS				
Without donor restrictions	185,849	645,995	831,844	655,475
With donor restrictions	-	-	-	209,864
	<u>185,849</u>	<u>645,995</u>	<u>831,844</u>	<u>865,339</u>
TOTAL NET ASSETS				
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 193,627</u>	<u>\$ 652,340</u>	<u>\$ 845,967</u>	<u>\$ 878,471</u>

See independent accountant's review report and notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2019 (UNAUDITED)

	Without Donor Restrictions	With donor Restrictions	Totals	
			2020	2019
SUPPORT AND REVENUE				
Annual appeal	\$ 39,525	\$ -	\$ 39,525	\$ 50,472
Income from projects	30,276	-	30,276	23,595
Merrill House contributions	86,576	-	86,576	124,217
Rental income	55,000	-	55,000	50,625
Unrealized gains (losses) on investments	(11,591)	-	(11,591)	2,976
Realized gains (losses) on investments	2,789	-	2,789	-
Interest and dividend income	7,232	-	7,232	3,768
Net assets released from restrictions:				
Satisfaction of donor restrictions	209,864	(209,864)	-	-
TOTAL SUPPORT AND REVENUE	419,671	(209,864)	209,807	255,653
 FUNCTIONAL EXPENSES				
Projects	48,059	-	48,059	64,278
Merrill House	178,867	-	178,867	138,582
General and administrative	16,376	-	16,376	15,707
TOTAL FUNCTIONAL EXPENSES	243,302	-	243,302	218,567
 CHANGE IN NET ASSETS	176,369	(209,864)	(33,495)	37,086
 NET ASSETS - BEGINNING	655,475	209,864	865,339	828,253
 NET ASSETS - ENDING	<u>\$ 831,844</u>	<u>\$ -</u>	<u>\$ 831,844</u>	<u>\$ 865,339</u>

See independent accountant's review report and notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2019 (UNAUDITED)

FUNCTIONAL EXPENSES	<u>Projects</u>	<u>Merrill House</u>	<u>General and Administrative</u>	<u>Totals 2020</u>	<u>2019</u>
Salaries	\$ -	\$ 31,711	\$ -	\$ 31,711	\$ -
Payroll taxes	-	3,234	-	3,234	-
Advertising	-	357	833	1,190	1,404
Bank service charges	-	614	78	692	384
Campaign	-	-	5,160	5,160	1,121
Rental expense	-	497	-	497	3,556
Direct project expense (note 2)	47,360	50,906	-	98,266	100,961
Dues and subscriptions	-	1,093	-	1,093	1,326
Insurance	-	13,269	1,816	15,085	14,834
Investment fees	-	-	538	538	1,238
Miscellaneous	-	-	495	495	42
Postage and web hosting	-	350	890	1,240	1,018
Professional fees	-	8,042	6,424	14,466	20,217
Printing	-	4,195	-	4,195	4,416
Property tax	-	9,901	-	9,901	9,608
Repairs and maintenance	699	11,550	-	12,249	11,464
Security	-	-	-	-	1,159
Supplies	-	930	142	1,072	972
Utilities	-	13,668	-	13,668	14,314
Website and hosting	-	2,471	-	2,471	2,830
Total Expenses Before Depreciation	48,059	152,788	16,376	217,223	190,864
Depreciation	-	26,079	-	26,079	27,703
TOTAL FUNCTIONAL EXPENSES	\$ 48,059	\$ 178,867	\$ 16,376	\$ 243,302	\$ 218,567

The organization expense allocations in most cases, are allocated directly. There are a few costs that are allocated between Merrill House and General Operations by a percentage as it applies.

See independent accountant's review report and notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2019 (UNAUDITED)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (33,495)	\$ 37,086
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	26,079	27,703
Realized (gains) losses on investments	(2,789)	-
Unrealized (gains) losses on investments	11,591	(2,976)
Change in value of beneficial interest	668	(617)
(Increase) decrease in:		
Rent receivable	1,700	(2,700)
Prepaid insurance	(1,129)	(112)
Increase (decrease) in:		
Accounts payable	2,291	5,967
Security deposits	(1,300)	500
	3,616	64,851
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,616	64,851
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(144,772)	(1,684)
Sales of investments	140,526	-
Improvements to property	(181,955)	-
Transfers to general operations	-	20,000
	(186,201)	18,316
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(186,201)	18,316
 NET CHANGE IN CASH	(182,585)	83,167
 CASH AND CASH EQUIVALENTS - BEGINNING	395,372	312,205
 CASH AND CASH EQUIVALENTS - ENDING	\$ 212,787	\$ 395,372

See independent accountant's review report and notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The Stonington Village Improvement Association, Inc. is organized as a non-profit corporation established to promote and assist the development of parks, playgrounds, trees, shrubs and gardens, public buildings and historical shrines in the Village of Stonington; to promote literary, cultural and educational uses of its properties, which are suited for those purposes; to promote the common good and general welfare of the people of the community; to bring about civic betterments and social improvements; to buy, rent, build, hold and sell real and other property as may be necessary for their purposes; and to accumulate funds for these purposes.

Method of Accounting

The financial statements of The Stonington Village Improvement Association, Inc. have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Income Tax Status

The Stonington Village Improvement Association, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, The Stonington Village Improvement Association, Inc. 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). The organization's tax returns for the last three years remain open for examination.

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 the disclosure of contingent assets and liabilities as of the date of the financial statements, and support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Association considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Association carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Fair value is generally determined based on quoted market prices (all Level 1 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

The investment policy establishes an achievable return objective through professional management and sufficient portfolio diversification to minimize volatility and to help assure a reasonable consistency of return. The current long-term return objective is to achieve income with growth. As such, these funds can assume a time horizon that extends well beyond a normal market cycle. To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation by setting a minimum of cash and fixed income of 35% and a maximum of 60% and a minimum of 40% equity-based securities and a maximum of 60% to achieve its long term return objectives within prudent risk parameters.

Generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure the fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 – Significant other observable inputs other than quoted prices included in level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 – Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization’s own data that reflects assumptions that market participants would use in pricing the asset or liability.

Investments at cost and fair value are as follows:

	Cost	Fair Value (Level 1)
Mutual funds	\$ 140,486	\$ 128,978

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation is provided over the estimated useful life of the assets using the straight-line method. Repairs and maintenance of property and equipment are charged to expenses as incurred.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

No amounts have been reflected in the financial statements for donated services. The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific assistance programs, campaign solicitations, and various committee assignments.

Contributions

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted contributions are reclassified to net assets without restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Management has evaluated subsequent events through July 2, 2020, the date which the financial statements were available for issue.

2. DIRECT PROJECT EXPENSES

The Association's special projects program expenses for the current year are as follows:

DuBois Beach and Playground	\$ 10,216
Farmers' Market	12,561
Matthews Park	2,108
Christmas Stroll	710
Borough Clean-Up Day	283
Community Calendar	960
Town Docks/ Portable Toilets	240
Ice Cream Social	51
Little Free Library Project	79
Park Benches	3,684
Stonington Sounds	5,500
Waylands Wharf (CUSH)	478
New Projects	10,490
	<u>\$ 47,360</u>

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

3. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Community Foundation of Southeastern Connecticut and the Stonington Village Improvement Association, Inc. entered into an agreement dated December 15, 2009, which created the James Merrill House Fund (the Fund). The Fund is co-mingled and invested with the Community Foundation's pool of assets. The Fund is subject to the Community Foundation's investment guidelines and spending rule and is restricted to benefit the Stonington Village Improvement Association, Inc.

The Stonington Village Improvement Association, Inc.'s contributions through March 31, 2020 were \$5,000. The market value of the Fund at March 31, 2020 was \$8,587.

4. AVAILABILITY OF FINANCIAL ASSETS

Stonington Village Improvement Association Inc.'s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents – without restrictions	\$ 212,787
Rent receivable	<u>1,000</u>
	<u>\$ 213,787</u>

As part of the Association'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. The Association treats its investments as a quasi-endowment fund with a balance of \$143,590. Disbursements from this fund are only done with authorization from the Board of Directors.