

THE STONINGTON VILLAGE  
IMPROVEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2021

**D** DOHERTY  
**B** BEALS &  
**B** BANKS, P.C.  
CERTIFIED PUBLIC  
ACCOUNTANTS

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

**FINANCIAL STATEMENTS**

**Years ended March 31, 2021(Unaudited) and 2020(Audited)**

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

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying statement of financial position of Stonington Village Improvement Association, Inc. (a nonprofit organization) as of March 31, 2021, 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 conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2020 audited financial statements and, in our report dated July 2, 2020. 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, P.C.*

DOHERTY, BEALS & BANKS, P.C.  
New London, CT 06320  
August 5, 2021

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

**THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

	ASSETS			
	Operations	Merrill House	Totals	
			2021	2020
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 40,189	\$ 208,831	\$ 249,020	\$ 212,787
Accounts receivable	350	-	350	800
Rent receivable	-	-	-	1,000
Prepaid expenses	188	4,166	4,354	3,601
<b>TOTAL CURRENT ASSETS</b>	<b>40,727</b>	<b>212,997</b>	<b>253,724</b>	<b>218,188</b>
<b>PROPERTY AND EQUIPMENT</b>				
Land	29,843	72,675	102,518	102,518
Buildings and improvements	129,425	794,822	924,247	893,002
Furniture and equipment	-	109,648	109,648	109,648
	159,268	977,145	1,136,413	1,105,168
Less: accumulated depreciation	(129,374)	(522,141)	(651,515)	(614,954)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>29,894</b>	<b>455,004</b>	<b>484,898</b>	<b>490,214</b>
<b>OTHER ASSETS</b>				
Investments held by Community Foundation	-	74,417	74,417	8,587
Investments - mutual funds	173,810	-	173,810	128,978
<b>TOTAL OTHER ASSETS</b>	<b>173,810</b>	<b>74,417</b>	<b>248,227</b>	<b>137,565</b>
<b>TOTAL ASSETS</b>	<b>\$ 244,431</b>	<b>\$ 742,418</b>	<b>\$ 986,849</b>	<b>\$ 845,967</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,181	\$ 5,450	\$ 6,631	\$ 9,548
Security deposits	-	4,575	4,575	4,575
<b>TOTAL LIABILITIES</b>	<b>1,181</b>	<b>10,025</b>	<b>11,206</b>	<b>14,123</b>
<b>NET ASSETS</b>				
Without donor restrictions	243,250	689,155	932,405	831,844
With donor restrictions	-	43,238	43,238	-
<b>TOTAL NET ASSETS</b>	<b>243,250</b>	<b>732,393</b>	<b>975,643</b>	<b>831,844</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 244,431</b>	<b>\$ 742,418</b>	<b>\$ 986,849</b>	<b>\$ 845,967</b>

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, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

	Without Donor Restrictions	With donor Restrictions	Totals	
SUPPORT AND REVENUE	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Annual appeal	\$ 44,220	\$ -	\$ 44,220	\$ 39,525
Income from projects	18,427	-	18,427	30,276
Merrill House contributions	145,202	43,238	188,440	86,576
Rental income	40,102	-	40,102	55,000
Other income	8,550	-	8,550	-
Unrealized gains (losses) on investments	40,107	-	40,107	(11,591)
Realized gains (losses) on investments	-	-	-	2,789
Interest and dividend income	10,345	-	10,345	7,232
Net assets released from restrictions:				
Satisfaction of donor restrictions	-	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>306,953</u>	<u>43,238</u>	<u>350,191</u>	<u>209,807</u>
<b>FUNCTIONAL EXPENSES</b>				
Projects	30,107	-	30,107	48,059
Merrill House	159,141	-	159,141	178,867
General and administrative	17,144	-	17,144	16,376
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>206,392</u>	<u>-</u>	<u>206,392</u>	<u>243,302</u>
<b>CHANGE IN NET ASSETS</b>	100,561	43,238	143,799	(33,495)
<b>NET ASSETS - BEGINNING</b>	<u>831,844</u>	<u>-</u>	<u>831,844</u>	<u>865,339</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 932,405</u>	<u>\$ 43,238</u>	<u>\$ 975,643</u>	<u>\$ 831,844</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, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

FUNCTIONAL EXPENSES	Projects	Merrill House	General and Administrative	Totals	
				2021	2020
Salaries	\$ -	\$ 39,062	\$ -	\$ 39,062	\$ 31,711
Payroll taxes	-	3,455	-	3,455	3,234
Advertising	-	207	1,952	2,159	1,190
Bank service charges	-	646	96	742	692
Campaign	-	-	3,833	3,833	5,160
Rental expense	-	-	-	-	497
Direct project expenses (note 2)	30,107	17,281	-	47,388	98,266
Dues and subscriptions	-	1,203	-	1,203	1,093
Insurance	-	14,572	3,061	17,633	15,085
Investment fees	-	-	-	-	538
Miscellaneous	-	-	515	515	495
Postage and web hosting	-	292	240	532	1,240
Professional fees	-	6,998	6,316	13,314	14,466
Printing	-	1,905	-	1,905	4,195
Property tax	-	9,951	-	9,951	9,901
Repairs and maintenance	-	12,749	1,118	13,867	12,249
Security	-	-	-	-	-
Supplies	-	974	13	987	1,072
Utilities	-	11,629	-	11,629	13,668
Website and hosting	-	1,656	-	1,656	2,471
<b>Total Expenses Before Depreciation</b>	<b>30,107</b>	<b>122,580</b>	<b>17,144</b>	<b>169,831</b>	<b>217,223</b>
Depreciation	-	36,561	-	36,561	26,079
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 30,107</b>	<b>\$ 159,141</b>	<b>\$ 17,144</b>	<b>\$ 206,392</b>	<b>\$ 243,302</b>

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, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 143,799	\$ (33,495)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	36,561	26,079
Realized (gains) losses on investments	-	(2,789)
Unrealized (gains) losses on investments	(40,107)	11,591
Change in value of beneficial interest	(65,830)	668
(Increase) decrease in:		
Rent receivable	1,000	1,700
Prepaid expenses	(303)	(1,129)
Increase (decrease) in:		
Accounts payable	(2,917)	2,291
Security deposits	-	(1,300)
	72,203	3,616
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(4,725)	(144,772)
Sales of investments	-	140,526
Improvements to property	(31,245)	(181,955)
Transfers to general operations	-	-
	(35,970)	(186,201)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>NET CHANGE IN CASH</b>	36,233	(182,585)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	212,787	395,372
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 249,020	\$ 212,787

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

**THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

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**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 Association'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.

**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 STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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	\$ 145,211	\$ 173,810

**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.

**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.

**THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 August 5, 2021, 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	\$ 8,274
Farmers' Market	7,308
Matthews Park	3,751
Christmas Stroll	392
Playground Boat	2,500
Community Calendar	420
Town Docks/ Portable Toilets	394
Water Fountain	3,698
Park Benches	818
Wayland's Wharf	1,184
Christmas Tree	1,368
	<u>\$ 30,107</u>

**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, 2021, were \$60,000. The market value of the Fund at March 31, 2021 was \$74,417.

**THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

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**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	<u>\$ 249,020</u>
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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 \$248,227. Disbursements from this fund are only done with authorization from the Board of Directors.