

**THE STONINGTON VILLAGE  
IMPROVEMENT ASSOCIATION, INC.  
MERRILL HOUSE SEGMENT**

**FINANCIAL STATEMENTS  
MARCH 31, 2020**

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

**MERRILL HOUSE SEGMENT**

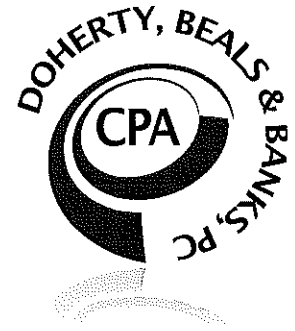
**FINANCIAL STATEMENTS**

**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 financial statements of Stonington Village Improvement Association, Inc. Merrill House Segment (a nonprofit organization) which comprise the statement of financial position 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. Merrill House Segment 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, 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 PC*  
DOHERTY, BEALS & BANKS, P.C.  
New London, CT 06320  
July 2, 2020

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

**ASSETS**

	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 179,023	\$ 369,279
Prepaid insurance	3,410	2,472
Accounts receivable	1,000	2,700
<b>TOTAL CURRENT ASSETS</b>	183,433	374,451
 <b>PROPERTY AND EQUIPMENT</b>		
Land	72,675	72,675
Buildings and improvements	763,577	581,622
Furniture and equipment	109,648	109,648
	945,900	763,945
Less: accumulated depreciation	(485,580)	(459,502)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	460,320	304,443
 <b>OTHER ASSETS</b>		
Beneficial interest in assets held by Community Foundation	8,587	9,255
 <b>TOTAL ASSETS</b>	<b>\$ 652,340</b>	<b>\$ 688,149</b>
<b>LIABILITIES AND NET ASSETS</b>		
 <b>LIABILITIES</b>		
Accounts payable	\$ 1,770	\$ 4,296
Security deposits	4,575	5,875
<b>TOTAL LIABILITIES</b>	6,345	10,171
 <b>NET ASSETS</b>		
Without donor restrictions	381,287	468,114
With donor restrictions	264,708	209,864
<b>TOTAL NET ASSETS</b>	645,995	677,978
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 652,340</b>	<b>\$ 688,149</b>

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

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

<b>SUPPORT AND REVENUE</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020</b>	<b>2019</b>
Income from projects	\$ 2,059	\$ -	\$ 2,059	\$ 3,205
Contributions	11,576	75,000	86,576	124,216
Rental income	55,000	-	55,000	50,625
Interest and dividend income	3,249	-	3,249	1,070
Unrealized gains (losses) on investments	-	-	-	-
Net assets released from restrictions:				
Satisfaction of donor restrictions	<u>20,156</u>	<u>(20,156)</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>92,040</b>	<b>54,844</b>	<b>146,884</b>	<b>179,116</b>
 <b>FUNCTIONAL EXPENSES</b>				
Merrill House	<u>178,867</u>	<u>-</u>	<u>178,867</u>	<u>138,581</u>
<b>CHANGE IN NET ASSETS</b>	<b>(86,827)</b>	<b>54,844</b>	<b>(31,983)</b>	<b>40,535</b>
 <b>NET ASSETS - BEGINNING</b>	 <u>468,114</u>	 <u>209,864</u>	 <u>677,978</u>	 <u>637,443</u>
 <b>NET ASSETS - ENDING</b>	 <u><u>\$ 381,287</u></u>	 <u><u>\$ 264,708</u></u>	 <u><u>\$ 645,995</u></u>	 <u><u>\$ 677,978</u></u>

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

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

	Merrill House Program	
FUNCTIONAL EXPENSES	2020	2019
Salaries	\$ 31,711	\$ -
Payroll taxes	3,234	-
Advertising	357	1,404
Bank service charges	614	305
Writer in residence-stipend	7,455	11,339
Dues and subscriptions	1,093	1,326
Insurance	13,269	13,054
Special events and programs	43,451	25,344
Postage and web hosting	350	486
Professional fees	8,042	11,682
Printing	4,195	3,916
Property tax	9,901	9,608
Repairs and maintenance	11,550	11,463
Security	-	1,159
Supplies	930	170
Utilities	13,668	14,314
Rental expense	497	3,556
Website and hosting	2,471	2,830
<b>Total Expenses Before Depreciation</b>	152,788	111,956
Depreciation	26,079	26,625
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 178,867</b>	<b>\$ 138,581</b>

All of Merrill House expenses apply to the Merrill House building as a whole. The organization expense allocations in most cases, are allocated directly.

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

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

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (31,983)	\$ 40,535
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	26,079	26,401
Change in value of beneficial interest	668	(617)
(Increase) decrease in:		
Rent receivable	1,699	(2,700)
Prepaid insurance	(938)	(112)
Increase (decrease) in:		
Accounts payable	(2,526)	3,126
Security deposits	(1,300)	500
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(8,301)</u>	<u>67,133</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Improvements to property	<u>(181,955)</u>	<u>-</u>
 <b>NET CHANGE IN CASH</b>	 (190,256)	 67,133
 <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	 <u>369,279</u>	 <u>302,146</u>
 <b>CASH AND CASH EQUIVALENTS - ENDING</b>	 <u>\$ 179,023</u>	 <u>\$ 369,279</u>

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



**THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**MERRILL HOUSE SEGMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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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 enrich the quality of life in the village by encouraging and supporting activities that enhance our many cultural and recreational gifts for the benefit of all. The financial statements presented are for the Merrill House operations. The general operations of the Association are not presented.

**Method of Accounting**

The financial statements of The Stonington Village Improvement Association, Inc.- Merrill House Segment 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 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.

**Prior Year Comparative Totals**

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020 and presents summarized totals only. Such total amounts do not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such amounts should be read in conjunction with the Association's financial statements for the year ended March 31, 2020, from which the comparative total amounts were derived.

**THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**MERRILL HOUSE SEGMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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

**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.

**Fair Values of Financial Instruments**

The fair values of financial instruments have been determined through quoted market prices or present value techniques to approximate the amounts recorded in the statement of financial position.

**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 organization 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.

**Subsequent Events**

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

**THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.**  
**MERRILL HOUSE SEGMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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**2. 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.

**3. 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 donor restrictions	\$ 179,023
Rent receivable	<u>1,000</u>
	<u>\$ 180,023</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 \$8,587. Disbursements from this fund are only done with authorization from the Board of Directors.