

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

**FINANCIAL STATEMENTS
MARCH 31, 2018**

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

MERRILL HOUSE SEGMENT

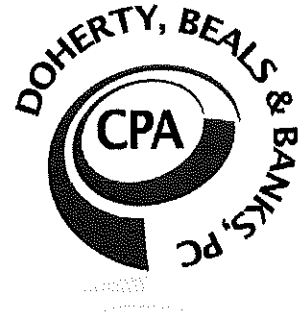
FINANCIAL STATEMENTS

Years Ended March 31, 2018 (Audited) and 2017 (Unaudited)

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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 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, 2018, 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, 2018 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
Kathleen A. Steamer, CPA
Audrey A. Leone, CPA

Report on Summarized Comparative Information

The prior-year summarized comparative information has been derived from the Organization's 2017 reviewed financial statements and, in our report dated June 8, 2017. 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
August 15, 2018

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
MERRILL HOUSE SEGMENT
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2018 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2017 (UNAUDITED)
ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 302,146	\$ 187,348
Prepaid insurance	<u>2,360</u>	<u>2,309</u>
TOTAL CURRENT ASSETS	304,506	189,657
 PROPERTY AND EQUIPMENT		
Land	72,675	72,675
Buildings and improvements	581,622	575,671
Furniture and equipment	<u>109,648</u>	<u>109,648</u>
	763,945	757,994
Less: accumulated depreciation	<u>(433,101)</u>	<u>(406,518)</u>
TOTAL PROPERTY AND EQUIPMENT	330,844	351,476
 OTHER ASSETS		
Beneficial interest in assets held by Community Foundation	<u>8,638</u>	<u>7,814</u>
TOTAL ASSETS	<u><u>\$ 643,988</u></u>	<u><u>\$ 548,947</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,170	\$ 731
Security deposits	<u>5,375</u>	<u>5,375</u>
TOTAL LIABILITIES	6,545	6,106
 NET ASSETS		
Unrestricted	533,662	542,841
Temporarily restricted	<u>103,781</u>	<u>-</u>
TOTAL NET ASSETS	637,443	542,841
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 643,988</u></u>	<u><u>\$ 548,947</u></u>

See notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
MERRILL HOUSE SEGMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2017 (UNAUDITED)

SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018</u>	<u>2017</u>
Income from projects	\$ 5,010	\$ -	\$ 5,010	\$ 5,109
Contributions	53,325	103,781	157,106	114,913
Rental income	55,044	-	55,044	58,125
Interest and dividend income	1,401	-	1,401	949
Unrealized gains (losses) on investments	<u>(114)</u>	<u>-</u>	<u>(114)</u>	<u>19</u>
TOTAL SUPPORT AND REVENUE	114,666	103,781	218,447	179,115
 FUNCTIONAL EXPENSES				
Merrill House	<u>123,845</u>	<u>-</u>	<u>123,845</u>	<u>135,535</u>
 CHANGE IN NET ASSETS	(9,179)	103,781	94,602	43,580
 NET ASSETS - BEGINNING	<u>542,841</u>	<u>-</u>	<u>542,841</u>	<u>499,261</u>
 NET ASSETS - ENDING	<u>\$ 533,662</u>	<u>\$ 103,781</u>	<u>\$ 637,443</u>	<u>\$ 542,841</u>

See notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
MERRILL HOUSE SEGMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2017 (UNAUDITED)

FUNCTIONAL EXPENSES	<u>2018</u>	<u>2017</u>
Advertising	\$ 727	\$ 335
Bank service charges	386	399
Writer in residence-stipend	14,409	20,199
Dues and subscriptions	1,194	1,149
Insurance	12,411	12,142
Special events and programs	14,273	30,649
Postage and web hosting	539	835
Professional fees	8,331	10,418
Printing	3,120	2,610
Property tax	11,964	11,440
Repairs and maintenance	10,235	6,299
Security	528	636
Supplies	382	261
Utilities	14,603	7,492
Rental expense	1,430	504
Website and hosting	<u>2,730</u>	<u>3,305</u>
Total Expenses Before Depreciation	97,262	108,673
Depreciation	<u>26,583</u>	<u>26,862</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 123,845</u>	<u>\$ 135,535</u>

See notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
MERRILL HOUSE SEGMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018 (AUDITED)
WITH COMPARATIVE TOTALS FOR 2017 (UNAUDITED)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 94,602	\$ 43,580
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	26,583	26,862
Change in value of beneficial interest	(710)	(559)
Unrealized (gains) losses on investments	(114)	19
(Increase) decrease in:		
Prepaid insurance	(51)	(50)
Increase (decrease) in:		
Accounts payable	439	(104)
Security deposits	-	1,250
	120,749	70,998
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Improvements to property	(5,951)	-
NET CHANGE IN CASH	114,798	70,998
CASH AND CASH EQUIVALENTS - BEGINNING	187,348	116,350
CASH AND CASH EQUIVALENTS - ENDING	\$ 302,146	\$ 187,348

See notes to financial statements.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
MERRILL HOUSE SEGMENT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, 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 2017 in the accompanying financial statements is included to provide a basis for comparison with 2018 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, 2018, from which the comparative total amounts were derived.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
MERRILL HOUSE SEGMENT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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.

Subsequent Events

Management has evaluated subsequent events through August 16, 2018, the date which the financial statements were available for issue.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

THE STONINGTON VILLAGE IMPROVEMENT ASSOCIATION, INC.
MERRILL HOUSE SEGMENT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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, 2018 were \$5,000. The market value of the Fund at March 31, 2018, was \$8,638.