

**EAST NORWALK  
IMPROVEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2016 and 2015**

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### Independent Auditor's Report

To the Board of Directors and Trustees  
East Norwalk Improvement Association, Inc.  
East Norwalk, Connecticut

I have audited the accompanying financial statements of the East Norwalk Improvement Association, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of June 30, 2016 and 2015, and the related statements of cash receipts, disbursements and changes in net assets – modified cash basis and functional expenses – modified cash basis for the years 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 of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this include determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

#### Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

To the Board of Directors and Trustees  
East Norwalk Improvement Association, Inc.  
East Norwalk, Connecticut  
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the East Norwalk Improvement Association, Inc. as of June 30, 2016 and 2015, and its cash receipts, disbursements and changes in net assets and functional expenses for the years then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of accounting

I draw attention to Note A of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

*Stephen T. Hill, CPA*

Norwalk, Connecticut  
September 29, 2016

**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -**  
**MODIFIED CASH BASIS**  
**June 30, 2016 and 2015**

**Assets**

	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$63,688	\$57,766
Property and equipment - net of accumulated depreciation	46,990	36,305
Collections (Note A)	0	0
<b>Total Assets</b>	<b>110,678</b>	<b>94,071</b>

**Liabilities and Net Assets**

**Liabilities**

Hall rental deposits	64	469
<b>Total Liabilities</b>	<b>64</b>	<b>469</b>

**Net Assets**

**Unrestricted net assets**

Board designated net assets:		
Interior remodeling fund	0	0
Designated for property and equipment	46,990	36,305
Undesignated	63,624	57,297
<b>Total unrestricted net assets</b>	<b>110,614</b>	<b>93,602</b>
<b>Total liabilities and net assets</b>	<b>\$110,678</b>	<b>\$94,071</b>

See accompanying accountant's report and notes to financial statements

**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND**  
**CHANGES IN NET ASSETS - MODIFIED CASH BASIS**  
**Years Ended June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Unrestricted Net Assets</b>		
<b>Support and revenue</b>		
Third Taxing District Grant	\$167,121	\$167,121
Hall rental revenue	29,476	27,841
In-kind donations	32,686	0
Contributions	1,213	497
Membership dues	30	18
Sales - books, copies, misc.	1,193	1,799
Other income	0	0
Interest income	10	9
<b>Total Support and revenue</b>	<b>231,729</b>	<b>197,285</b>
<b>Expenses</b>		
Program services	170,080	152,313
Supporting services:		
Management and general	37,128	37,681
Fundraising	7,509	6,684
<b>Total expenses</b>	<b>214,717</b>	<b>196,678</b>
<b>Change in net assets</b>	17,012	607
<b>Net assets at beginning of year</b>	<b>93,602</b>	<b>92,995</b>
<b>Net assets at end of year</b>	<b>\$110,614</b>	<b>\$93,602</b>

See accompanying accountant's report and notes to financial statements

**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**- MODIFIED CASH BASIS**  
**Year Ended June 30, 2016**

	Program Services	Management & General	Fundraising	Total
Salaries and wages	\$82,717	\$9,173	\$3,676	\$95,566
Payroll taxes	6,333	702	281	7,316
Other employee benefits	14,347	0	0	14,347
Library books / videos / supplies	20,899	0	0	20,899
Promotion and advertising	16,279	0	0	16,279
Computer and technology	1,310	0	0	1,310
Utilities	8,604	1,762	0	10,366
Telephone	1,369	684	684	2,737
Maintenance and repair	3,459	709	0	4,168
Cleaning	4,499	0	0	4,499
Insurances	2,013	2,013	0	4,026
Office, postage and miscellaneous	5,735	2,868	2,868	11,471
Hall rental expenses	0	8,015	0	8,015
Professional fees	0	10,192	0	10,192
Filing fees	0	380	0	380
Depreciation	2,516	630		3,146
<b>Total</b>	<b>\$170,080</b>	<b>\$37,128</b>	<b>\$7,509</b>	<b>\$214,717</b>

See accompanying accountant's report and notes to financial statements

**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**- MODIFIED CASH BASIS**  
**Year Ended June 30, 2015**

	Program Services	Management & General	Fundraising	Total
Salaries and wages	\$80,223	\$8,896	\$3,566	\$92,685
Payroll taxes	6,138	681	272	7,091
Other employee benefits	14,343	0	0	14,343
Library books / videos / supplies	14,863	0	0	14,863
Promotion, Special Programs & Events	5,866	0	0	5,866
Computer and technology	2,842	0	0	2,842
Utilities	8,611	1,764	0	10,375
Telephone	1,597	798	798	3,193
Maintenance and repair	5,280	1,082	0	6,362
Cleaning	4,639	0	0	4,639
Insurances	2,166	2,165	0	4,331
Office, postage and miscellaneous	4,098	2,049	2,048	8,195
Hall rental expenses	0	3,652	0	3,652
Professional fees	0	15,603	0	15,603
Filing fees	0	579	0	579
Depreciation	1,647	412	0	2,059
<b>Total</b>	<b>\$152,313</b>	<b>\$37,681</b>	<b>\$6,684</b>	<b>\$196,678</b>

See accompanying accountant's report and notes to financial statements



**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**Note A – Nature of Activities and Significant Accounting Principles**

Nature of activities

The East Norwalk Improvement Association, Inc. (the "Association") is a 501(C)(3) not-for-profit organization that operates the East Norwalk Library on Connecticut. Organized under laws of Connecticut in January of 1915, the Association receives an allocation of funds from the electors of the Third Taxing District of the City of Norwalk for the operations of the Library. The Association also generates supporting revenue by renting out the basement hall below the one story building in which it operates. The building is owned by the Third Taxing District of the City of Norwalk. The Association does not pay rent to the Third Taxing District for use of the building.

Basis of Accounting

The accompanying financial statements of the Association have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Association has not recognized pledges receivable from donors, accounts payable to vendors, and their related effects on the change in net assets in the accompanying statements.

Net asset categories

To ensure observance of limitations and restrictions that may be placed on the use of resources available, the accounts of the Association are maintained in the following net asset categories:

Unrestricted – Unrestricted net assets represent available resources other than donor restricted contributions. Donor restricted contributions which are satisfied in the same reporting period when the contribution is received are treated as unrestricted contributions. Included in unrestricted net assets are grants and contracts that are earmarked for the general purpose use of the organization.

Temporarily Restricted – Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

Permanently Restricted – Permanently restricted net assets represent contributions that are limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The Association did not have any permanently restricted net assets as of June 30, 2016 and 2015.

Cash and cash equivalents

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

**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**Note A – Nature of Activities and Significant Accounting Principles (continued)**

Contributions

The Association records contributions and grants when they are received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted contributions and are reflected as increases in those net asset classes. When a donor 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Contributed Services

A number of volunteers have donated significant amount of their time to the Associations program services. However, the value of this contributed time is not reflected in the accompanying financial statements since volunteers' time does not meet the criteria necessary for recognition.

In-Kind Donations

The Association receives donations from a variety of sources for services, library materials and fixed assets in the furtherance of its objectives. The in-kind support consists principally of donated promotional or advertising space, dedicated to the library, in the local newspaper on a periodic basis, donated fixed assets, books, reference materials and on a limited basis professional services. In-kind support is recorded at its fair value on the date of the donation.

Donated Rent

The Association operates out of a building and land owned by the Third Taxing District of the City of Norwalk. The Association does not pay rent to the Third Taxing District. Historically no amount has been recorded as an in-kind contribution for the fair market value of the rent. The amount, if recorded would be material to the financial statements of the Association.

Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Collections

The Association has a collection of books and periodicals that were either purchased by or donated to the Association. The Association does not capitalize collections. The collection is available for the use of the general public.

**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**Note A – Nature of Activities and Significant Accounting Principles (continued)**

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by the Association's management.

Income Tax Status

The Association qualifies as a tax exempt organization under section 501(C)(3) of the Internal Revenue Code and, therefore, the financial statements reflect no provision for federal or state income taxes.

The Association accounts for uncertain tax position pursuant to provisions set forth by accounting standards. These standards apply to all income tax positions and provides for a two-step approach of recognition and measurement. The first step involves assessing whether the tax position is more likely than not to be sustained upon examination based upon its technical merits. The second step involves measurement of the amount to recognize. Tax positions that meet the more likely than not threshold are measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate finalization with the taxing authority. The Association believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Association's financial condition, results of operations or cash flow. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to accounting standards. Form 990 income tax filings for years ending on or before June 30, 2013 are now considered closed.

**Note B – Property and Equipment and Depreciation**

The Association's property and equipment consists of computers, office equipment and furniture and fixtures, which are being depreciated over three, five and seven years respectively. Leasehold improvements are depreciated over the shorter of the estimated useful lives of the assets or 39 years. The association capitalizes equipment with a cost of over \$ 500. Lesser amount are expensed. Depreciable assets are recorded at cost if purchased or at fair market value if contributed. Depreciation is calculated under the straight line method over the assets' useful lives.

**EAST NORWALK IMPROVEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**Note B – Property and Equipment and Depreciation (continued)**

At June 30, 2016 and 2015, property and equipment consisted of the following:

	2016	2015
Computer Equipment	17,241	17,241
Office Equipment	16,460	16,460
Furniture and Fixtures	25,021	11,190
Leasehold Improvements	34,811	34,811
<b>Total Property and Equipment</b>	<b>93,533</b>	<b>79,702</b>
Less: Accumulated Depreciation	(46,543)	(43,397)
<b>Property and Equipment - Net</b>	<b>46,990</b>	<b>36,305</b>

Depreciation expense was \$ 3,146 and \$2,059 for the years ended June 30, 2016 and 2015, respectively.

**Note C – Risk Concentrations**

Cash Concentrations

The Association maintains its cash balances in accounts, which from time to time, may exceed the federally insured limits. The Association limits its credit risk by selecting financial institutions considered to be highly credit worthy.

Concentration of Business Risk

The Association's primary operation is materially dependent upon an allocation of funds from the electors of the Third Taxing District of the City of Norwalk for the operations of the Library. Consequently, non-approval of the allocation of funds would have a material impact on operations.

**Note D – Subsequent Events**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through September 29, 2016, which is the date the financial statements were available to be issued.

Change of Trade Name

Effective July 1, 2013 the organization has officially changed and adopted a new trade name - the "East Norwalk Association." There is no effect on the organization's legal existence as the "East Norwalk Improvement Association, Inc." but rather is a trade name change only. The change reflects the organizations continuing commitment to the community as a unifying organization dedicated to the needs of East Norwalk residents, businesses and organizations.