

VERMONT NATURAL RESOURCES COUNCIL, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

VERMONT NATURAL RESOURCES COUNCIL, INC.

JUNE 30, 2017

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Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Review Report

To the Board of Directors
Vermont Natural Resources Council, Inc.
Montpelier, Vermont

We have reviewed the accompanying financial statements of the Vermont Natural Resources Council, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. 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 do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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 U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2016 financial statements which were reviewed by us and, in our report dated January 11, 2017, we noted that we were not aware of any material modifications that should be made to those statements for them to be in conformity with U.S. generally accepted accounting principles. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Other Matter

The schedule of functional expenses following the notes is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with U.S. generally accepted accounting principles. We have not audited the information and, accordingly, do not express an opinion on such information.

Tapia & Huchabay, P.C.

Vergennes, Vermont
November 7, 2017
Vermont Registration #108880

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(With Summarized Information for 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents (Notes 1 & 11)	\$ 402,943	\$ 289,187
Prepaid expenses and other current assets	6,941	4,770
Grants and contributions receivable (Notes 1 & 4)	27,944	47,828
Investments and endowments (Note 9)	2,641,508	2,337,928
Property and equipment, net of accumulated depreciation (Note 5)	<u>253,258</u>	<u>253,325</u>
TOTAL ASSETS	<u>\$ 3,332,594</u>	<u>\$ 2,933,038</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 21,684	\$ 5,565
Accrued expenses	<u>78,001</u>	<u>76,865</u>
Total Liabilities	<u>99,685</u>	<u>82,430</u>
Net Assets: (Notes 1, 9 & 10)		
Unrestricted:		
Operating	455,431	339,714
Board designated investments and endowments	<u>1,930,369</u>	<u>1,705,437</u>
Total unrestricted	2,385,800	2,045,151
Temporarily restricted	796,860	760,300
Permanently restricted	<u>50,249</u>	<u>45,157</u>
Total Net Assets	<u>3,232,909</u>	<u>2,850,608</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,332,594</u>	<u>\$ 2,933,038</u>

See accompanying notes and independent accountant's review report.

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With Summarized Information for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
OPERATING SUPPORT AND REVENUE:					
Grants and contributions (Note 1)	\$ 529,306	\$ 715,122	\$ -	\$ 1,244,428	\$ 1,024,002
Other income	21,337	-	-	21,337	8,675
Operating investment income (Note 9)	-	-	-	-	86,900
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>752,119</u>	<u>(752,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL OPERATING SUPPORT & REVENUE	 <u>1,302,762</u>	 <u>(36,997)</u>	 <u>-</u>	 <u>1,265,765</u>	 <u>1,119,577</u>
OPERATING EXPENSES:					
Program services (Note 1):					
Energy	226,263	-	-	226,263	196,561
Forests	119,872	-	-	119,872	128,956
Outreach & communication	101,790	-	-	101,790	125,659
Sustainable communities	297,297	-	-	297,297	111,090
Water	<u>186,862</u>	<u>-</u>	<u>-</u>	<u>186,862</u>	<u>101,137</u>
Total program services	932,084	-	-	932,084	663,403
Supporting services:					
Management and general	154,681	-	-	154,681	149,343
Fundraising	<u>100,279</u>	<u>-</u>	<u>-</u>	<u>100,279</u>	<u>95,093</u>
 TOTAL OPERATING EXPENSES	 <u>1,187,044</u>	 <u>-</u>	 <u>-</u>	 <u>1,187,044</u>	 <u>907,839</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>115,718</u>	<u>(36,997)</u>	<u>-</u>	<u>78,721</u>	<u>211,738</u>
OTHER CHANGES:					
Non-operating investment income (Note 9)	224,931	73,557	-	298,488	(196,525)
Contributions restricted for endowment	<u>-</u>	<u>-</u>	<u>5,092</u>	<u>5,092</u>	<u>10,157</u>
 TOTAL OTHER CHANGES	 <u>224,931</u>	 <u>73,557</u>	 <u>5,092</u>	 <u>303,580</u>	 <u>(186,368)</u>
CHANGE IN NET ASSETS	340,649	36,560	5,092	382,301	25,370
NET ASSETS, beginning of year	<u>2,045,151</u>	<u>760,300</u>	<u>45,157</u>	<u>2,850,608</u>	<u>2,825,238</u>
NET ASSETS, end of year	<u>\$ 2,385,800</u>	<u>\$ 796,860</u>	<u>\$ 50,249</u>	<u>\$ 3,232,909</u>	<u>\$ 2,850,608</u>

See accompanying notes and independent accountant's review report.

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With Summarized Information for 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets from operations	\$ 78,721	\$ 211,738
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	20,924	20,113
(Increase) decrease in operating assets:		
Prepaid expenses and other current assets	(2,171)	65
Grants and contributions receivable	19,884	(12,408)
Increase (decrease) in operating liabilities:		
Accounts payable	16,119	(1,077)
Accrued expenses	1,136	12,056
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	134,613	230,487
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(20,857)	(1,820)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(20,857)	(1,820)
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	113,756	228,667
CASH AND CASH EQUIVALENTS:		
Beginning of year	289,187	60,520
End of year	\$ 402,943	\$ 289,187

See accompanying notes and independent accountant's review report.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of the Organization and Nature of Activities:

Incorporated in Vermont in 1970, the Vermont Natural Resources Council, Inc. (“VNRC” or “the Organization”) is a nonprofit research, education and advocacy organization dedicated to protecting and enhancing “Vermont’s natural environments, vibrant communities, productive working landscapes, rural character and unique sense of place.” VNRC’s support comes primarily from grants and contributions from individuals, foundations and government.

Description of programs:

A description of VNRC’s major programs is as follows:

“Energy” – VNRC’s Energy and Climate Action program works to protect the legacy Vermonters will leave future generations by helping to alleviate the threats of climate change and energy scarcity to the state’s economy, environment and way of life. VNRC works on a variety of solutions-oriented fronts to help Vermont chart a clean energy future including work with the “Energy Independent Vermont Coalition”, acting as coordinator for the “Vermont Energy and Climate Action Network” and through a variety of projects focusing on efficiency and conservation, energy planning, renewables and global climate change including related education and advocacy work.

“Forests” – VNRC believes that keeping forests as forests is essential to Vermont’s ecological, economic and social well-being and its Forests and Wildlife program works to protect Vermont’s forests by assisting communities and local governments with innovative planning techniques for forestland and wildlife conservation, promoting dialogue with landowners, land managers, foresters, state agencies and others to develop policies to keep forests as forests, promoting sustainable forest management practices, educating landowners about strategies to promote long-term stewardship of intact forestland and encouraging sound energy policy to help maintain the health of the state’s forests.

“Outreach & Communication” – Through a variety of publications, its website, an annual meeting and other programs and events, VNRC promotes the general environmental well-being of the state.

“Sustainable Communities” – VNRC’s Sustainable Communities program raises awareness of how Vermont can sustain its communities, economy, and natural environment through smart land use decisions. VNRC promotes Smart Growth approaches that give people real options for transportation, housing, and employment by promoting innovative land use planning, ensuring the continued strength and effectiveness of Vermont’s Act 250, providing planning resources and expertise to professional and non-professional planners and supporting the state’s farming and forest economies to ensure long-term land availability and economic viability.

“Water” – VNRC’s Water program is a leader in the protection, restoration, and enhancement of Vermont’s water resources – irreplaceable elements of Vermont’s landscape and natural heritage. VNRC is committed to ensuring that conservation and stewardship – rooted in sound scientific research – along with public education and advocacy are all part of the process.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation:

VNRC 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 upon the existence and/or nature of any *specific* donor-imposed restrictions. 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. Temporarily restricted contributions whose restrictions are met in the same period are shown as increases in temporarily restricted net assets with a corresponding transfer to unrestricted net assets. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

Cash and cash equivalents:

VNRC has elected to treat all non-investment cash accounts, checking, savings, money market, and other cash funds purchased with an original maturity of three months or less as cash and cash equivalents for purposes of the Statement of Cash Flows.

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using risk-free interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not recorded until the conditions are met.

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

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

VERMONT NATURAL RESOURCES COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 3 - INCOME TAXES

VNRC is exempt from federal income tax (on activities related to its tax-exempt purpose) as an organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization under Section 509(a)(1). Contributions to VNRC qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

NOTE 4 – PROMISES TO GIVE

Unconditional grants and contributions receivable at June 30, 2017 consisted of \$27,944 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, governmental grants). All grants and contributions receivable have been, or are expected to be, fully received in the fiscal year ending June 30, 2018. Unconditional grants and contributions receivable at June 30, 2016 consisted of \$27,828 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, governmental grants) and \$20,000 in grants receivable restricted to the Energy program. Conditional promises to give at June 30, 2017 were approximately \$213,000 and represented the remaining, unexpended and unreceived amounts on reimbursement-type, governmental grants. Conditional grants receivable are not recorded until the conditions have been substantially met.

NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30th:

	2017	2016
Land, building & improvements	\$ 492,832	\$ 477,984
Office furniture & equipment	110,631	105,945
Subtotal	603,463	583,929
Less - accumulated depreciation	(350,205)	(330,604)
Net property and equipment	\$ 253,258	\$ 253,325

Additions to equipment are recorded at cost if purchased and at fair market value if donated. Depreciation, amounting to \$20,924 and \$20,113 for the years ended June 30, 2017 and 2016, respectively, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building & improvements	5 - 40 years
Office furniture & equipment	3 - 10 years

NOTE 6– OPERATING LEASE COMMITMENT

VNRC leases a vehicle under a thirty-six month, non-cancelable lease expiring in February 2018. Minimum annual lease payments are approximately \$1,685 for the year ending June 30, 2018. Lease expense under this lease was \$2,890 for both 2016 and 2017.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7– LINE OF CREDIT

VNRC has a \$50,000 line of credit with a credit union with variable interest payable monthly at 1.0% over the credit union’s “index rate” (4.25% as of 6/30/17) but no lower than 4.0%, secured by “all business assets” and due in full June 2018. There were no advances or outstanding balances on the line during the fiscal years ended June 30, 2016 and 2017.

NOTE 8– AFFILIATED ORGANIZATION

In August 2013, VNRC entered into a “Resource Sharing Agreement” with Vermont Conservation Voters, Inc. (“VCV”) - an unrelated, non-profit organization qualifying for tax exempt status under Internal Revenue Code Section 501(c)(4). Under the agreement, VNRC’s executive director acts as VCV’s executive director and, along with other VNRC employees, provides program, administrative and fundraising services to VCV. VCV reimburses VNRC for salary and other direct costs, as well as allocable overhead expenses, quarterly. Total costs of services provided by VNRC to VCV for the fiscal years ended June 30, 2017 and 2016 were approximately \$50,000 and \$53,000, respectively, and all amounts due for the both fiscal years were paid by June 30th.

NOTE 9 – INVESTMENTS AND ENDOWMENTS

VNRC maintains three separate investment accounts that include a mixture of board-designated (donor unrestricted), temporarily restricted and permanently restricted endowment funds as follows:

- “The General Fund” includes primarily board-designated endowment funds (including a number of memorial funds and funds from large bequests) along with the approximately \$50,000 corpus of the permanently restricted “Mollie Beattie Intern Fund” with earnings supporting the Organization’s annual “Mollie Beattie Intern”.
- The “Elizabeth Courtney Fund for the Future” – a board-designated endowment whose purpose is to help ensure the long-term stability of the Organization.
- The “Zilliacus Legal Fund” composed of temporarily restricted funds restricted to the internal and external legal costs of the Organization along with other non-donor restricted funds.

Interpretation of Relevant Law:

VNRC interprets state law (under the *Uniform Prudent Management of Institutional Funds Act* – “UPMIFA”) to require the preservation of the fair value of the original gift as of the gift date of its permanently restricted endowment fund absent explicit donor stipulations to the contrary. Retained appreciation of the permanently restricted fund, if any, in excess of historical cost, would be shown as temporarily restricted net assets until *appropriated* by management for operations. All earnings allocable to the Mollie Beattie Intern Fund are considered immediately appropriated for operations to support VNRC’s annual intern costs.

VERMONT NATURAL RESOURCES COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 – INVESTMENTS AND ENDOWMENTS (continued)

Return Objectives, Risk Parameters and Investment Strategies:

VNRC has adopted investment and spending policies for all of its investment and endowment accounts with the goals of “generating income and capital gains to support the specific spending needs of each investment fund while preserving the purchasing power of the funds, to diversify investments across and within asset classes to manage risk, and to invest in financially strong, publicly traded companies ... and to avoid asset classes and individual investments that carry undue risk.” To satisfy its long-term rate of return objectives for its invested funds, the Organization relies on a total return strategy in which returns are achieved through a combination of capital appreciation (realized and unrealized capital gains) and current yield (interest and dividends). For all of its investment accounts, the Organization targets a diversified asset allocation currently balanced between fixed-income and equity-based investments (with a current equity allocation of approximately 62%) to achieve its long-term return objectives within prudent risk constraints. VNRC has divested securities from fossil-fuel companies from all of its investment accounts.

Spending Policy and its Relation to Investment Strategies and Objectives:

Annual spending from the Organization’s unrestricted, temporarily and permanently restricted invested funds is set annually by the Board of Directors – generally at between 3.5% and 4.0% of the fair market value of the accounts (though no amounts were appropriated for the year ended June 30, 2017). Over the long-term, VNRC expects its unrestricted, temporarily and permanently restricted funds to grow by an amount that exceeds the overall rate of inflation – an amount that will protect the purchasing power of the investment and endowment assets.

VNRC values its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value (all determined by “Level 1” inputs by reference to quoted market prices) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. The cost, fair market value, and unrealized appreciation (depreciation) of the Organization’s investments, by investment class, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
As of June 30, 2017:			
Money funds	\$ 165,033	\$ 165,033	\$ -
Corporate bonds & agency securities	825,538	827,737	2,199
Equities & exchange traded funds	<u>1,369,028</u>	<u>1,648,738</u>	<u>279,710</u>
	<u>\$ 2,359,599</u>	<u>\$ 2,641,508</u>	<u>\$ 281,909</u>
As of June 30, 2016:			
Money funds	\$ 138,226	\$ 138,226	\$ -
Corporate bonds	570,403	577,788	7,385
Equities & exchange traded funds	<u>1,527,138</u>	<u>1,621,914</u>	<u>94,776</u>
	<u>\$ 2,235,767</u>	<u>\$ 2,337,928</u>	<u>\$ 102,161</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 – INVESTMENTS AND ENDOWMENTS (continued)

The fair market value of VNRC’s investment and endowment funds, by investment class, is summarized as follows (“UR” is unrestricted, “TR” is temporarily restricted and “PR” is permanently restricted):

	(UR / PR) The General Fund	(UR) Fund for the Future	(UR / TR) Zilliacus Legal Fund	Total
As of June 30, 2017:				
Money funds	\$ 64,753	\$ 52,464	\$ 47,816	\$ 165,033
Corporate bonds & agency securities	258,631	297,471	271,635	827,737
Equities & exchange funds	546,757	602,756	499,225	1,648,738
	<u>\$ 870,141</u>	<u>\$ 952,691</u>	<u>\$ 818,676</u>	<u>\$ 2,641,508</u>
As of June 30, 2016:				
Money funds	\$ 45,796	\$ 45,787	\$ 46,643	\$ 138,226
Corporate bonds & agency securities	196,224	212,723	168,841	577,788
Equities & exchange funds	525,821	584,019	512,074	1,621,914
	<u>\$ 767,841</u>	<u>\$ 842,529</u>	<u>\$ 727,558</u>	<u>\$ 2,337,928</u>

A reconciliation of the beginning and ending balances of the Organization’s investment and endowment funds, including the components of investment income for the years ended June 30, 2016 and 2017, by net asset class is summarized as follows (in thousands):

	(UR)	(PR)	(UR)	(UR)	(TR)	Total
	The General Fund		Fund for the Future	Zilliacus Legal Fund		
Value of Invested Funds 7/1/15:	\$ 792	\$ 35	\$ 911	\$ 148	\$ 638	\$ 2,524
Contributions received	-	10	-	-	-	10
Interest and dividends	14	-	17	2	10	43
Realized gains / (losses)	18	-	3	3	13	37
Unrealized gains / (losses)	(60)	-	(52)	(10)	(45)	(167)
Investment fees	(7)	-	(8)	(1)	(6)	(22)
Net investment income (loss)	<u>(35)</u>	<u>-</u>	<u>(40)</u>	<u>(6)</u>	<u>(28)</u>	<u>(109)</u>
Appropriated for operations	<u>(34)</u>	<u>-</u>	<u>(28)</u>	<u>(2)</u>	<u>(23)</u>	<u>(87)</u>
Value of Invested Funds 6/30/16:	<u>\$ 723</u>	<u>\$ 45</u>	<u>\$ 843</u>	<u>\$ 140</u>	<u>\$ 587</u>	<u>\$ 2,338</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 – INVESTMENTS AND ENDOWMENTS (continued)

	<u>(UR)</u>	<u>(PR)</u>	<u>(UR)</u>	<u>(UR)</u>	<u>(TR)</u>		
	The		Fund for the		Zilliacus		
	General Fund		Future		Legal Fund		Total
Value of Invested Funds 7/1/16:	723	45	843	140	587	2,338	
Contributions received	-	5	-	-	-	5	
Interest and dividends	15	-	17	3	10	45	
Realized gains / (losses)	37	-	30	5	24	96	
Unrealized gains / (losses)	53	-	71	11	45	180	
Investment fees	(8)	-	(8)	(1)	(6)	(23)	
Net investment income (loss)	97	-	110	18	73	298	
Appropriated for operations	-	-	-	-	-	-	
Value of Invested Funds 6/30/17:	\$ 820	\$ 50	\$ 953	\$ 158	\$ 660	\$ 2,641	

NOTE 10 – NET ASSETS

Net assets are composed of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
As of June 30, 2017:				
Investments and endowments:				
Board-designated funds	\$ 1,930,369	\$ -	\$ -	\$ 1,930,369
Zilliacus Legal Fund	-	660,890	-	660,890
Mollie Beattie Intern Fund	-	-	50,249	50,249
Grants received and promised restricted for:				
Energy	-	48,444	-	48,444
Forests	-	9,055	-	9,055
Outreach & communication	-	-	-	-
Sustainable communities	-	20,819	-	20,819
Water	-	57,652	-	57,652
Other unrestricted	455,431	-	-	455,431
	<u>\$ 2,385,800</u>	<u>\$ 796,860</u>	<u>\$ 50,249</u>	<u>\$ 3,232,909</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – NET ASSETS (continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
As of June 30, 2016:				
Investments and endowments:				
Board-designated funds	\$ 1,705,437	\$ -	\$ -	\$ 1,705,437
Zilliacus Legal Fund	-	587,334	-	587,334
Mollie Beattie Intern Fund	-	-	45,157	45,157
Grants received and promised restricted for:				
Energy	-	73,176	-	73,176
Forests	-	2,887	-	2,887
Outreach & communication	-	26,304	-	26,304
Sustainable communities	-	39,014	-	39,014
Water	-	31,585	-	31,585
Other unrestricted	339,714	-	-	339,714
	<u>\$ 2,045,151</u>	<u>\$ 760,300</u>	<u>\$ 45,157</u>	<u>\$ 2,850,608</u>

NOTE 11 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC) or other federal agencies. VNRC has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

NOTE 12 – RETIREMENT PLAN

VNRC maintains a “Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)”, which is open to all employees whose annual compensation exceeds \$5,000. Employees can make elective contributions up to prescribed limits with VNRC matching employees’ contributions up to 3% of compensation. The total related expense under the SIMPLE plan for the years ended June 30, 2017 and 2016 was \$18,479 and \$15,946, respectively.

NOTE 13 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to June 30, 2017 through November 7, 2017 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

VERMONT NATURAL RESOURCES COUNCIL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(With Summarized Information for 2016)

	Program Services					Supporting Services		2017 TOTAL	2016 TOTAL
	Energy	Forests	Outreach & Communication	Sustainable Communities	Water	Management & General	Fundraising		
Salaries and wages	\$ 141,587	\$ 83,919	\$ 61,561	\$ 88,235	\$ 121,608	\$ 112,189	\$ 65,995	\$ 675,094	\$ 604,909
Benefits and taxes	15,386	9,121	6,689	9,566	13,216	11,620	7,186	72,784	70,793
Consultants & subcontractors	9,796	9,360	3,392	1,964	28,894	131	7,151	60,688	69,783
Grants paid	-	-	-	176,645	-	-	-	176,645	-
Advertising	1,895	227	1,257	295	253	180	-	4,107	1,660
Bank charges & other fees	60	-	-	-	-	1,400	-	1,460	1,206
Conferences & meetings	20,216	5,021	15,241	2,339	3,169	6,540	-	52,526	34,168
Equipment costs	873	517	380	543	750	659	408	4,130	4,279
Facilities expenses	4,729	2,804	2,056	2,940	4,062	3,571	2,209	22,371	18,884
Insurance	1,791	1,062	779	1,114	1,539	1,353	837	8,475	7,571
Licenses & dues	540	197	321	2,282	459	572	25	4,396	2,707
Lobbyist	16,440	1,572	1,523	2,047	1,751	-	-	23,333	-
Miscellaneous	77	46	34	49	66	58	36	366	241
Office supplies	1,142	677	497	710	981	862	533	5,402	4,397
Postage	158	157	591	361	158	169	4,510	6,104	6,695
Printing	12	6	2,894	113	10	-	7,588	10,623	15,590
Professional fees	-	-	-	-	-	9,911	-	9,911	14,037
Subscriptions & publications	3,504	1,156	1,278	2,743	1,714	186	-	10,581	13,865
Telephone, internet & website	1,322	575	754	740	833	733	453	5,410	6,826
Travel	1,483	342	260	1,346	2,888	580	895	7,794	6,151
Vehicle expenses	829	491	360	515	712	626	387	3,920	3,964
Depreciation	4,423	2,622	1,923	2,750	3,799	3,341	2,066	20,924	20,113
	<u>\$ 226,263</u>	<u>\$ 119,872</u>	<u>\$ 101,790</u>	<u>\$ 297,297</u>	<u>\$ 186,862</u>	<u>\$ 154,681</u>	<u>\$ 100,279</u>	<u>\$ 1,187,044</u>	<u>\$ 907,839</u>

See independent accountant's review report.