VERMONT NATURAL RESOURCES COUNCIL, INC.

JUNE 30, 2016

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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, 2016, 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. The prior year summarized comparative information has been derived from the Organization’s 2015 financial statements which were audited by us and, in our report dated January 20, 2016, we expressed an unmodified opinion on those financial statements but we have not performed any audit procedures since that date.

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.
**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.

Vergennes, Vermont
January 11, 2017
Vermont Registration #108880
### Statement of Financial Position

**June 30, 2016 (Reviewed)**

*(With Summarized Information for 2015 (Audited))*

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**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (Notes 1 &amp; 11)</td>
<td>$289,187</td>
<td>$60,520</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>4,770</td>
<td>4,835</td>
</tr>
<tr>
<td>Grants and contributions receivable (Notes 1 &amp; 4)</td>
<td>47,828</td>
<td>35,420</td>
</tr>
<tr>
<td>Investments and endowments (Note 9)</td>
<td>2,337,928</td>
<td>2,524,295</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation (Note 5)</td>
<td>253,325</td>
<td>271,619</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$2,933,038</strong></td>
<td><strong>$2,896,689</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$5,565</td>
<td>$6,642</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>76,865</td>
<td>64,809</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>82,430</strong></td>
<td><strong>71,451</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets: (Notes 1, 9 &amp; 10)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>339,714</td>
<td>161,701</td>
</tr>
<tr>
<td>Board designated investments and endowments</td>
<td>1,705,437</td>
<td>1,851,360</td>
</tr>
<tr>
<td><strong>Total unrestricted</strong></td>
<td><strong>2,045,151</strong></td>
<td><strong>2,013,061</strong></td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>760,300</td>
<td>777,177</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>45,157</td>
<td>35,000</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>2,850,608</strong></td>
<td><strong>2,825,238</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$2,933,038</strong></td>
<td><strong>$2,896,689</strong></td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountant’s review report.
VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016 (Reviewed)
(With Summarized Information for 2015 (Audited))

See accompanying notes and independent accountant’s review report.
VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016 (Reviewed)
(With Summarized Information for 2015 (Audited))

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets from operations</td>
<td>$211,738</td>
<td>$(61,010)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>20,113</td>
<td>17,688</td>
</tr>
<tr>
<td>(Increase) decrease in operating assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>65</td>
<td>12,563</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>(12,408)</td>
<td>(9,150)</td>
</tr>
<tr>
<td>Increase (decrease) in operating liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(1,077)</td>
<td>(1,612)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>12,056</td>
<td>63</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</strong></td>
<td><strong>230,487</strong></td>
<td><strong>(41,458)</strong></td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES:** |            |            |
| Acquisition of property and equipment | (1,820)    | (13,190)   |
| **NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES** | **(1,820)** | **(13,190)** |

| **CASH FLOWS FROM FINANCING ACTIVITIES:** |            |            |
| Contributions restricted for capital acquisition | -          | 2,900      |
| **NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES** | -          | **2,900**  |

| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 228,667    | (51,748)   |

| **CASH AND CASH EQUIVALENTS:** |            |            |
| Beginning of year              | 60,520     | 112,268    |
| End of year                    | $289,187   | $60,520    |

See accompanying notes and independent accountant’s review report.
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.
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, 2015, 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.
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, 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. All grants and contributions receivable have been, or are expected to be, fully received in the fiscal year ending June 30, 2017. Unconditional grants and contributions receivable at June 30, 2015 consisted of $5,420 in unrestricted promises to give and $30,000 in grants receivable restricted to specific program activities. Conditional promises to give at June 30, 2016 were approximately $116,000 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:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land, building &amp; improvements</td>
<td>$477,984</td>
<td>$477,984</td>
</tr>
<tr>
<td>Office furniture &amp; equipment</td>
<td>105,945</td>
<td>105,325</td>
</tr>
<tr>
<td>Subtotal</td>
<td>583,929</td>
<td>583,309</td>
</tr>
<tr>
<td>Less - accumulated depreciation</td>
<td>(330,604)</td>
<td>(311,690)</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>$253,325</td>
<td>$271,619</td>
</tr>
</tbody>
</table>

Additions to equipment are recorded at cost if purchased and at fair market value if donated. Depreciation, amounting to $20,113 and $17,688 for the years ended June 30, 2016 and 2015, 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 $2,890 and $1,685 for the years ending June 30, 2017 and 2018, respectively. Lease expense under this and a previous vehicle lease was $3,390 for 2015 and $2,890 for 2016.
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” (3.50% as of 6/30/16) but no lower than 4.0%, secured by “all business assets” and due in full June 2017. There were no advances or outstanding balances on the line during the fiscal years ended June 30, 2015 and 2016.

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, 2016 and 2015 were approximately $53,000 and $57,000, 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 $45,000 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.
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 69%) 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. 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:

<table>
<thead>
<tr>
<th>Investment Class</th>
<th>Cost</th>
<th>Fair Value</th>
<th>Unrealized (Depreciation) Appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of June 30, 2016:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money funds</td>
<td>$138,226</td>
<td>$138,226</td>
<td>$-</td>
</tr>
<tr>
<td>Corporate bonds &amp; agency securities</td>
<td>570,403</td>
<td>577,788</td>
<td>7,385</td>
</tr>
<tr>
<td>Equities &amp; exchange traded funds</td>
<td>1,527,138</td>
<td>1,621,914</td>
<td>94,776</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,235,767</td>
<td>$2,337,928</td>
<td>$102,161</td>
</tr>
<tr>
<td><strong>As of June 30, 2015:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money funds</td>
<td>$206,272</td>
<td>$206,272</td>
<td>$-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>618,273</td>
<td>615,406</td>
<td>(2,867)</td>
</tr>
<tr>
<td>Equities &amp; exchange traded funds</td>
<td>1,429,386</td>
<td>1,702,617</td>
<td>273,231</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,253,931</td>
<td>$2,524,295</td>
<td>$270,364</td>
</tr>
</tbody>
</table>
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) as of June 30th:

<table>
<thead>
<tr>
<th></th>
<th>(UR / PR)</th>
<th>(UR)</th>
<th>(UR / TR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money funds</td>
<td>$45,796</td>
<td>$45,787</td>
<td>$46,643</td>
</tr>
<tr>
<td>Corporate bonds &amp; agency securities</td>
<td>196,224</td>
<td>212,723</td>
<td>168,841</td>
</tr>
<tr>
<td>Equities &amp; exchange funds</td>
<td>525,821</td>
<td>584,019</td>
<td>512,074</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$767,841</strong></td>
<td><strong>$842,529</strong></td>
<td><strong>$727,558</strong></td>
</tr>
</tbody>
</table>

As of June 30, 2015:

<table>
<thead>
<tr>
<th></th>
<th>(UR)</th>
<th>(PR)</th>
<th>(UR)</th>
<th>(UR)</th>
<th>(TR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money funds</td>
<td>$80,229</td>
<td>$63,981</td>
<td>$62,062</td>
<td>$206,272</td>
<td></td>
</tr>
<tr>
<td>Corporate bonds &amp; agency securities</td>
<td>190,086</td>
<td>235,913</td>
<td>189,407</td>
<td>615,406</td>
<td></td>
</tr>
<tr>
<td>Equities &amp; exchange funds</td>
<td>557,030</td>
<td>610,831</td>
<td>534,756</td>
<td>1,702,617</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$827,345</strong></td>
<td><strong>$910,725</strong></td>
<td><strong>$786,225</strong></td>
<td><strong>$2,524,295</strong></td>
<td></td>
</tr>
</tbody>
</table>

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, 2015 and 2016, by net asset class is summarized as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>(UR)</th>
<th>(PR)</th>
<th>(UR)</th>
<th>(UR)</th>
<th>(TR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Invested Funds 7/1/14:</td>
<td>$736</td>
<td>$35</td>
<td>$845</td>
<td>$135</td>
<td>$600</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>14</td>
<td>1</td>
<td>18</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Realized gains / (losses)</td>
<td>31</td>
<td>2</td>
<td>36</td>
<td>7</td>
<td>29</td>
</tr>
<tr>
<td>Unrealized gains / (losses)</td>
<td>38</td>
<td>1</td>
<td>41</td>
<td>6</td>
<td>26</td>
</tr>
<tr>
<td>Investment fees</td>
<td>(8)</td>
<td>-</td>
<td>(8)</td>
<td>(1)</td>
<td>(6)</td>
</tr>
<tr>
<td>Net investment income / (loss)</td>
<td>75</td>
<td>4</td>
<td>87</td>
<td>14</td>
<td>60</td>
</tr>
<tr>
<td>Appropriated for operations</td>
<td>(19)</td>
<td>(4)</td>
<td>(21)</td>
<td>(1)</td>
<td>(22)</td>
</tr>
<tr>
<td>Value of Invested Funds 6/30/15:</td>
<td>$792</td>
<td>$35</td>
<td>$911</td>
<td>$148</td>
<td>$638</td>
</tr>
</tbody>
</table>

11
NOTE 9 – INVESTMENTS AND ENDOWMENTS (continued)

<table>
<thead>
<tr>
<th>Value of Invested Funds 7/1/15:</th>
<th>(UR)</th>
<th>(PR)</th>
<th>(UR)</th>
<th>(TR)</th>
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<tbody>
<tr>
<td>The General Fund</td>
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<tr>
<td>Fund for the Future</td>
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<tr>
<td>Zilliacus Legal Fund</td>
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<td></td>
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<table>
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<th>Contributions received</th>
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<th>(PR)</th>
<th>(UR)</th>
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<tr>
<td>(UR)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(PR)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(UR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(TR)</td>
<td></td>
<td></td>
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<table>
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<th>Interest and dividends</th>
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<th>(UR)</th>
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</tr>
<tr>
<td>(PR)</td>
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</tr>
<tr>
<td>(UR)</td>
<td></td>
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</tr>
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<td>(TR)</td>
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<table>
<thead>
<tr>
<th>Realized gains / (losses)</th>
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<th>(PR)</th>
<th>(UR)</th>
<th>(TR)</th>
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<td>(UR)</td>
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</tr>
<tr>
<td>(PR)</td>
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</tr>
<tr>
<td>(UR)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(TR)</td>
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<th>(UR)</th>
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<tbody>
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<td>(UR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(PR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(UR)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(TR)</td>
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<td></td>
</tr>
<tr>
<td>(PR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(UR)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(TR)</td>
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<tr>
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<table>
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</tr>
<tr>
<td>(PR)</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>(UR)</td>
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<td></td>
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</tr>
<tr>
<td>(TR)</td>
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<th>(PR)</th>
<th>(UR)</th>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(PR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(UR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(TR)</td>
<td></td>
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<td>Total</td>
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<table>
<thead>
<tr>
<th>Value of Invested Funds 6/30/16:</th>
<th>(UR)</th>
<th>(PR)</th>
<th>(UR)</th>
<th>(TR)</th>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(PR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(UR)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(TR)</td>
<td></td>
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</tr>
<tr>
<td>Total</td>
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<td></td>
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</tbody>
</table>

NOTE 10 – NET ASSETS

Net assets are composed of the following:

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>As of June 30, 2016:</td>
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<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investments and endowments:</th>
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</thead>
<tbody>
<tr>
<td>Board-designated funds</td>
</tr>
<tr>
<td>Zilliacus Legal Fund</td>
</tr>
<tr>
<td>Mollie Beattie Intern Fund</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grants received and promised restricted for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>Forests</td>
</tr>
<tr>
<td>Outreach &amp; communication</td>
</tr>
<tr>
<td>Sustainable communities</td>
</tr>
<tr>
<td>Water</td>
</tr>
<tr>
<td>Other unrestricted</td>
</tr>
</tbody>
</table>

| Total                                        | $ 2,045,151               | $ 760,300                | $ 45,157| $ 2,850,608 |

12
NOTE 10 – NET ASSETS (continued)

As of June 30, 2015:

<table>
<thead>
<tr>
<th>Investments and endowments:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated funds</td>
<td>$1,851,360</td>
<td>$</td>
<td>$</td>
<td>$1,851,360</td>
</tr>
<tr>
<td>Zilliacus Legal Fund</td>
<td>$637,935</td>
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<td>$637,935</td>
</tr>
<tr>
<td>Mollie Beattie Intern Fund</td>
<td>$35,000</td>
<td></td>
<td>$35,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>Grants received and promised restricted for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>$68,567</td>
<td></td>
<td></td>
<td>$68,567</td>
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<tr>
<td>Forests</td>
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<td>$2,817</td>
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<tr>
<td>Sustainable communities</td>
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<td>$31,664</td>
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<tr>
<td>Water</td>
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<td>$36,194</td>
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<tr>
<td>Other unrestricted</td>
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<td>$161,701</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$2,013,061</strong></td>
<td><strong>$777,177</strong></td>
<td><strong>$35,000</strong></td>
<td><strong>$2,825,238</strong></td>
</tr>
</tbody>
</table>

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 – CONCENTRATION OF REVENUE

VNRC received contributions of approximately $241,000 from one individual donor in 2016 - an amount representing approximately 22% of its total revenue for the year.

NOTE 13 – RETIREMENT PLAN

On July 1, 2015, VNRC adopted 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 year ended June 30, 2016 was $15,946.

NOTE 14 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to June 30, 2016 through January 11, 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.
<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td></td>
<td>Management &amp; General</td>
<td>103,294</td>
<td>55,441</td>
</tr>
<tr>
<td></td>
<td>Fundraising</td>
<td>627</td>
<td>13,644</td>
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<tr>
<td></td>
<td>TOTAL</td>
<td>$604,909</td>
<td>$576,944</td>
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<tr>
<td></td>
<td></td>
<td>$196,561</td>
<td>$128,956</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td></td>
<td>$126,508</td>
<td>$84,667</td>
</tr>
<tr>
<td>Benefits and taxes</td>
<td></td>
<td>14,681</td>
<td>10,148</td>
</tr>
<tr>
<td>Consultants &amp; subcontractors</td>
<td></td>
<td>14,314</td>
<td>19,101</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>832</td>
<td>288</td>
</tr>
<tr>
<td>Bank charges &amp; other fees</td>
<td></td>
<td>145</td>
<td>-</td>
</tr>
<tr>
<td>Conferences &amp; meetings</td>
<td></td>
<td>18,192</td>
<td>2,311</td>
</tr>
<tr>
<td>Equipment costs</td>
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<td>887</td>
<td>613</td>
</tr>
<tr>
<td>Facilities expenses</td>
<td></td>
<td>3,916</td>
<td>2,707</td>
</tr>
<tr>
<td>Insurance</td>
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<td>1,570</td>
<td>1,085</td>
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<tr>
<td>Licenses &amp; dues</td>
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<td>241</td>
<td>108</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td>50</td>
<td>35</td>
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<tr>
<td>Office supplies</td>
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<td>Printing</td>
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<td>6,188</td>
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<tr>
<td>Professional fees</td>
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<tr>
<td>Subscriptions &amp; publications</td>
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<td>4,641</td>
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<td>Telephone, internet &amp; website</td>
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<td>1,582</td>
<td>873</td>
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<tr>
<td>Travel</td>
<td></td>
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<td>783</td>
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<tr>
<td>Vehicle expenses</td>
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<td>822</td>
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<tr>
<td>Depreciation</td>
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<td>$4,171</td>
<td>2,883</td>
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<thead>
<tr>
<th></th>
<th>Energy</th>
<th>Forests</th>
<th>Outreach &amp; Communication</th>
<th>Sustainable Communities</th>
<th>Water</th>
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<th>TOTAL</th>
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<tr>
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<td>13,644</td>
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</tr>
</tbody>
</table>

Total = $196,561 $128,956 $125,659 $111,090 $101,137 $149,343 $95,093 $907,839 $870,833

See independent accountant’s review report.