

VERMONT NATURAL RESOURCES COUNCIL, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

VERMONT NATURAL RESOURCES COUNCIL, INC.

JUNE 30, 2018

TABLE OF CONTENTS

Independent Auditor’s Report.....	1 - 2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 – 13
Supplementary Information	
Schedule of Functional Expenses.....	14



Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

11 Main Street, Suite B211 • P.O. Box 38 • Vergennes, VT 05491 • www.tapiahuckabay.com (802) 870-7086

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Vermont Natural Resources Council, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes thereto.

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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Vermont Natural Resources Council, Inc. as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. The supplementary information following the notes is presented for purposes of additional analysis and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for 2018 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2017 financial statements which were reviewed by us and, in our report dated November 7, 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, 2017, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Tapia & Duckabay, P.C.

Vergennes, Vermont
December 13, 2018
Vermont Registration #108880

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 (Audited)
(With Summarized Information for 2017 (Reviewed))

	2018	2017
ASSETS		
Cash and cash equivalents (Notes 1 & 11)	\$ 375,054	\$ 402,943
Prepaid expenses and other current assets	5,821	6,941
Grants and contributions receivable (Notes 1 & 4)	51,159	27,944
Bequest receivable (Notes 1, 4 & 13)	1,930,000	-
Investments and endowments (Note 9)	2,834,576	2,641,508
Property and equipment, net of accumulated depreciation (Note 5)	278,966	253,258
TOTAL ASSETS	\$ 5,475,576	\$ 3,332,594
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 9,638	\$ 21,684
Accrued expenses	86,389	78,001
Total Liabilities	96,027	99,685
Net Assets: (Notes 1, 9 & 10)		
Unrestricted:		
Operating	478,467	455,431
Board designated investments and endowments	4,031,092	1,930,369
Total unrestricted	4,509,559	2,385,800
Temporarily restricted	819,741	796,860
Permanently restricted	50,249	50,249
Total Net Assets	5,379,549	3,232,909
TOTAL LIABILITIES AND NET ASSETS	\$ 5,475,576	\$ 3,332,594

See accompanying notes to financial statements.

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018 (Audited)
(With Summarized Information for 2017 (Reviewed))

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
OPERATING SUPPORT AND REVENUE:					
Grants and contributions (Note 1)	\$ 418,977	\$ 659,165	\$ -	\$ 1,078,142	\$ 1,242,428
Bequest (Notes 1 & 13)	2,030,000	-	-	2,030,000	2,000
Other income	15,072	-	-	15,072	21,337
Operating investment income (Note 9)	94,400	-	-	94,400	-
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>658,630</u>	<u>(658,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL OPERATING SUPPORT & REVENUE	 <u>3,217,079</u>	 <u>535</u>	 <u>-</u>	 <u>3,217,614</u>	 <u>1,265,765</u>
OPERATING EXPENSES:					
Program services (Note 1):					
Energy	258,455	-	-	258,455	226,263
Forests	156,117	-	-	156,117	119,872
Outreach & communication	116,984	-	-	116,984	101,790
Sustainable communities	122,498	-	-	122,498	297,297
Water	<u>257,414</u>	<u>-</u>	<u>-</u>	<u>257,414</u>	<u>186,862</u>
Total program services	911,468	-	-	911,468	932,084
Supporting services:					
Management and general	157,494	-	-	157,494	154,681
Fundraising	<u>95,080</u>	<u>-</u>	<u>-</u>	<u>95,080</u>	<u>100,279</u>
 TOTAL OPERATING EXPENSES	 <u>1,164,042</u>	 <u>-</u>	 <u>-</u>	 <u>1,164,042</u>	 <u>1,187,044</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>2,053,037</u>	<u>535</u>	<u>-</u>	<u>2,053,572</u>	<u>78,721</u>
OTHER CHANGES:					
Non-operating investment income (Note 9)	70,722	22,346	-	93,068	298,488
Contributions restricted for endowment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,092</u>
 TOTAL OTHER CHANGES	 <u>70,722</u>	 <u>22,346</u>	 <u>-</u>	 <u>93,068</u>	 <u>303,580</u>
CHANGE IN NET ASSETS	2,123,759	22,881	-	2,146,640	382,301
NET ASSETS, beginning 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>
NET ASSETS, end of year	<u>\$ 4,509,559</u>	<u>\$ 819,741</u>	<u>\$ 50,249</u>	<u>\$ 5,379,549</u>	<u>\$ 3,232,909</u>

See accompanying notes to financial statements.

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018 (Audited)
(With Summarized Information for 2017 (Reviewed))

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets from operations	\$ 2,053,572	\$ 78,721
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	18,284	20,924
Bequest received transferred to board designated endowments	(100,000)	-
(Increase) decrease in operating assets:		
Prepaid expenses and other current assets	1,120	(2,171)
Grants, contributions and bequests receivable	(1,953,215)	19,884
Increase (decrease) in operating liabilities:		
Accounts payable	(12,046)	16,119
Accrued expenses	8,388	1,136
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>16,103</u>	<u>134,613</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(43,992)</u>	<u>(20,857)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(43,992)</u>	<u>(20,857)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,889)	113,756
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>402,943</u>	<u>289,187</u>
End of year	<u>\$ 375,054</u>	<u>\$ 402,943</u>

See accompanying notes to financial statements.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2017, 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, 2018

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

In addition to the bequest receivable discussed in Note 13, unconditional grants and contributions receivable at June 30, 2018 consisted of \$31,159 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, governmental grants) and \$20,000 restricted to the Forest program. \$41,159 of the \$51,159 is expected to be fully received in the fiscal year ending June 30, 2019 with the balance expected the following year. 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). Conditional promises to give at June 30, 2018 were approximately \$389,000 and represented the remaining, unexpended and unreceived amounts on reimbursement-type, governmental grants – most of which are restricted to water projects. 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:

	<u>2018</u>	<u>2017</u>
Land, building & improvements	\$ 533,036	\$ 492,832
Office furniture & equipment	<u>114,419</u>	<u>110,631</u>
Subtotal	647,455	603,463
Less - accumulated depreciation	<u>(368,489)</u>	<u>(350,205)</u>
Net property and equipment	<u>\$ 278,966</u>	<u>\$ 253,258</u>

Additions to equipment are recorded at cost if purchased and at fair market value if donated. Depreciation, amounting to \$18,284 and \$20,924 for the years ended June 30, 2018 and 2017, 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 January 2021. Minimum annual lease payments are approximately \$3,706, \$3,706 and \$2,162 for the years ending June 30, 2019, 2020 and 2021, respectively. Lease expense under this and a previous vehicle lease was \$2,890 for 2017 and \$2,967 for 2018.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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” (5.0% as of 6/30/18) but no lower than 4.0%, secured by “all business assets” and due in full June 2019. There were no advances or outstanding balances on the line during the fiscal years ended June 30, 2017 and 2018.

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 president (overseeing 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, 2018 and 2017 were approximately \$31,000 and \$50,000, 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, 2018

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 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, 2018:			
Money funds	\$ 291,308	\$ 291,308	\$ -
Corporate bonds & agency securities	912,051	890,501	(21,550)
Equities & exchange traded funds	<u>1,265,315</u>	<u>1,652,767</u>	<u>387,452</u>
	<u>\$ 2,468,674</u>	<u>\$ 2,834,576</u>	<u>\$ 365,902</u>
As of June 30, 2017:			
Money funds	\$ 165,033	\$ 165,033	\$ -
Corporate bonds	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>

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018:				
Money funds	\$ 67,473	\$ 174,431	\$ 49,404	\$ 291,308
Corporate bonds & agency securities	287,889	318,719	283,893	890,501
Equities & exchange funds	546,216	594,575	511,976	1,652,767
	<u>\$ 901,578</u>	<u>\$ 1,087,725</u>	<u>\$ 845,273</u>	<u>\$ 2,834,576</u>
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>

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, 2017 and 2018, 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			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)	<u>97</u>	<u>-</u>	<u>110</u>	<u>18</u>	<u>73</u>	<u>298</u>
Appropriated for operations	-	-	-	-	-	-
Value of Invested Funds 6/30/17:	<u>\$ 820</u>	<u>\$ 50</u>	<u>\$ 953</u>	<u>\$ 158</u>	<u>\$ 660</u>	<u>\$ 2,641</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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		Total
	General Fund		Future	Legal Fund		
Value of Invested Funds 7/1/17:	\$ 820	\$ 50	\$ 953	\$ 158	\$ 660	\$ 2,641
Contributions received	-	-	100	-	-	100
Interest and dividends	17	-	19	3	11	50
Realized gains / (losses)	24	-	30	5	21	80
Unrealized gains / (losses)	28	-	29	5	21	83
Investment fees	(8)	-	(9)	(2)	(6)	(25)
Net investment income (loss)	61	-	69	11	47	188
Appropriated for operations	(29)	-	(34)	(7)	(24)	(94)
Value of Invested Funds 6/30/18:	<u>\$ 852</u>	<u>\$ 50</u>	<u>\$ 1,088</u>	<u>\$ 162</u>	<u>\$ 683</u>	<u>\$ 2,835</u>

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, 2018:				
Investments and endowments:				
Board-designated funds	\$ 2,101,092	\$ -	\$ -	\$ 2,101,092
Zilliacus Legal Fund	-	683,236	-	683,236
Mollie Beattie Intern Fund	-	-	50,249	50,249
Bequest receivable earmarked for board designated endowment	1,930,000	-	-	1,930,000
Grants received and promised restricted for:				
Energy	-	41,820	-	41,820
Forests	-	20,000	-	20,000
Sustainable communities	-	31,133	-	31,133
Water	-	43,552	-	43,552
Other unrestricted	478,467	-	-	478,467
	<u>\$ 4,509,559</u>	<u>\$ 819,741</u>	<u>\$ 50,249</u>	<u>\$ 5,379,549</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 10 – NET ASSETS (continued)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>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
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>

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, 2018 and 2017 was \$18,579 and \$18,479, respectively.

NOTE 13 – BEQUEST RECEIVABLE

VNRC is named as both a specific and residuary beneficiary of an estate of a long-time supporter of the organization. \$100,000 was received in June 2018 with an additional estimated amount receivable of approximately \$1,930,000 – most of which is expected to be received in the fiscal year ending June 30, 2019. Pursuant to the donor’s directions, the funds are to be added to the board-designated “Elizabeth Courtney Fund for the Future.”

NOTE 14 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to June 30, 2018 through December 13, 2018 (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, 2018 (Audited)
(With Summarized Information for 2017 (Reviewed))

	Program Services					Supporting Services		2018 TOTAL	2017 TOTAL
	Energy	Forests	Outreach & Communication	Sustainable Communities	Water	Management & General	Fundraising		
Salaries and wages	\$ 159,605	\$ 89,577	\$ 76,634	\$ 87,408	\$ 136,740	\$ 118,642	\$ 68,225	\$ 736,831	\$ 675,094
Benefits and taxes	16,747	9,396	8,043	9,177	14,337	12,017	7,193	76,910	72,784
Consultants & subcontractors	11,303	38,195	3,918	3,344	65,364	1,004	4,960	128,088	60,688
Grants paid	-	-	200	5,500	20,000	-	-	25,700	176,645
Advertising	1,692	72	3,545	70	119	-	1,037	6,535	4,107
Bank charges & other fees	-	-	-	-	-	1,769	-	1,769	1,460
Conferences & meetings	21,747	5,493	7,460	2,358	732	3,653	655	42,098	52,526
Equipment costs	865	485	416	474	741	621	372	3,974	4,130
Facilities expenses	5,026	2,820	2,414	2,754	4,303	3,606	2,159	23,082	22,371
Insurance	1,938	1,087	931	1,062	1,659	1,391	832	8,900	8,475
Licenses & dues	1,378	69	226	1,040	114	147	25	2,999	4,396
Lobbyist	19,167	2,500	-	2,500	2,500	-	-	26,667	23,333
Miscellaneous	165	93	79	91	142	119	71	760	366
Office supplies	696	390	334	381	596	499	299	3,195	5,402
Postage	73	71	1,726	74	73	69	2,146	4,232	6,104
Printing	-	-	5,032	-	-	-	4,054	9,086	10,623
Professional fees	-	-	-	-	-	9,025	-	9,025	9,911
Subscriptions & publications	2,336	1,452	1,943	1,107	2,043	-	-	8,881	10,581
Telephone, internet & website	6,920	694	917	841	1,058	907	531	11,868	5,410
Travel	3,824	932	778	1,591	2,636	456	385	10,602	7,794
Vehicle expenses	992	557	476	544	849	712	426	4,556	3,920
Depreciation	3,981	2,234	1,912	2,182	3,408	2,857	1,710	18,284	20,924
	<u>\$ 258,455</u>	<u>\$ 156,117</u>	<u>\$ 116,984</u>	<u>\$ 122,498</u>	<u>\$ 257,414</u>	<u>\$ 157,494</u>	<u>\$ 95,080</u>	<u>\$ 1,164,042</u>	<u>\$ 1,187,044</u>