

VERMONT NATURAL RESOURCES COUNCIL, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**

JUNE 30, 2020

VERMONT NATURAL RESOURCES COUNCIL, INC.

JUNE 30, 2020

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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, 2020, and the related statements of activities, functional expenses 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 2019 financial statements which were reviewed by us and, in our report dated February 17, 2020, we noted that we were not aware of any material modifications that should have been made to those financial statements for them to be in accordance 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, 2019, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Tapia & Duckabay, P.C.

Vergennes, Vermont
May 13, 2021
Vermont Registration #108880

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(With Summarized Information for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 1 & 10)	\$ 741,302	\$ 581,863
Certificates of deposit - operating & board designated (Notes 9 & 13)	225,848	80,436
Prepaid expenses and other current assets	5,853	7,447
Grants and contributions receivable (Notes 1 & 3)	93,038	6,680
Bequests receivable (Notes 1, 3, 9 & 12)	506,437	572,500
Notes receivable & accrued interest - board designated endowment (Notes 9 & 13)	614,046	603,948
Investments and endowments (Notes 8 & 9)	3,993,659	4,039,897
Construction in progress (Note 17)	381,716	20,000
Property and equipment, net of accumulated depreciation (Note 4)	254,178	271,680
TOTAL ASSETS	\$ 6,816,077	\$ 6,184,451
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 4,239	\$ 5,715
Accrued expenses	122,087	97,111
Refundable advance (Note 1)	-	8,000
Note payable - Paycheck Protection Program (Note 19)	196,287	-
Total Liabilities	322,613	110,826
Net Assets: (Notes 1, 8 & 9)		
Without donor restrictions:		
Operating	1,035,646	1,022,319
Board designated endowments	4,460,484	4,105,862
Total without donor restrictions	5,496,130	5,128,181
With donor restrictions	997,334	945,444
Total Net Assets	6,493,464	6,073,625
TOTAL LIABILITIES AND NET ASSETS	\$ 6,816,077	\$ 6,184,451

See accompanying notes and independent accountant's review report.

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Information for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
OPERATING SUPPORT AND REVENUE:				
Grants and contributions (Notes 1 & 14)	\$ 558,628	\$ 1,112,472	\$ 1,671,100	\$ 1,193,561
Bequests (Notes 1 & 12)	413,789	-	413,789	424,259
Other income	21,146	-	21,146	19,805
Operating investment income (Note 8)	250,000	-	250,000	200,000
Net assets released from restrictions:				
Satisfaction of purpose restrictions	<u>1,071,417</u>	<u>(1,071,417)</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING SUPPORT & REVENUE	<u>2,314,980</u>	<u>41,055</u>	<u>2,356,035</u>	<u>1,837,625</u>
OPERATING EXPENSES:				
Program services (Note 1):				
Energy	281,821	-	281,821	224,802
Forests	133,079	-	133,079	129,613
Outreach & communication	181,169	-	181,169	154,047
Sustainable communities	147,212	-	147,212	130,462
Water	<u>768,523</u>	<u>-</u>	<u>768,523</u>	<u>290,429</u>
Total program services	1,511,804	-	1,511,804	929,353
Supporting services:				
Management and general	282,533	-	282,533	214,999
Fundraising	<u>106,879</u>	<u>-</u>	<u>106,879</u>	<u>108,465</u>
TOTAL OPERATING EXPENSES	<u>1,901,216</u>	<u>-</u>	<u>1,901,216</u>	<u>1,252,817</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>413,764</u>	<u>41,055</u>	<u>454,819</u>	<u>584,808</u>
OTHER CHANGES:				
Non-operating investment income (loss) (Note 8)	(57,073)	10,835	(46,238)	105,320
Interest income from other board designated assets (Note 13)	<u>11,258</u>	<u>-</u>	<u>11,258</u>	<u>3,948</u>
TOTAL OTHER CHANGES	<u>(45,815)</u>	<u>10,835</u>	<u>(34,980)</u>	<u>109,268</u>
CHANGE IN NET ASSETS	367,949	51,890	419,839	694,076
NET ASSETS, beginning of year	<u>5,128,181</u>	<u>945,444</u>	<u>6,073,625</u>	<u>5,379,549</u>
NET ASSETS, end of year	<u>\$ 5,496,130</u>	<u>\$ 997,334</u>	<u>\$ 6,493,464</u>	<u>\$ 6,073,625</u>

See accompanying notes and independent accountant's review report.

VERMONT NATURAL RESOURCES COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Information for 2019)

	Program Services						Supporting Services			2019 TOTAL
	Energy	Forests	Outreach & Communication		Sustainable Communities	Water	Management & General		Fundraising	
Salaries and wages	\$ 157,895	\$ 97,773	\$ 125,125	\$ 95,023	\$ 148,711	\$ 206,521	\$ 73,742	\$ 904,790	\$ 769,510	
Benefits and taxes	17,114	10,603	13,567	10,302	16,055	22,071	8,009	97,721	79,334	
Consultants & subcontractors	30,389	7,172	4,924	2,787	568,213	1,656	4,237	619,378	175,224	
Grants paid	-	-	-	10,250	-	-	-	10,250	4,945	
Advertising	3,757	48	5,705	54	319	1,600	3,001	14,484	7,473	
Bank charges & other fees	1,052	-	148	-	-	1,948	-	3,148	2,294	
Conferences & meetings	19,591	2,742	5,335	1,157	4,095	8,464	71	41,455	34,038	
Equipment costs	738	457	585	444	692	952	345	4,213	3,872	
Facilities expenses	6,602	4,090	5,234	3,974	6,193	8,514	3,090	37,697	28,193	
Insurance	1,828	1,132	1,449	1,100	1,715	2,357	855	10,436	10,041	
Licenses & dues	190	90	926	1,724	519	367	600	4,416	6,151	
Lobbyist	26,036	1,250	-	11,250	4,825	-	-	43,361	19,518	
Miscellaneous	49	30	39	29	46	63	23	279	19	
Office supplies	1,028	637	815	619	964	1,325	481	5,869	6,071	
Postage	82	75	1,670	75	104	101	3,531	5,638	4,634	
Printing	830	68	4,987	75	390	-	5,366	11,716	23,063	
Professional fees	-	-	-	-	-	11,449	-	11,449	14,396	
Subscriptions & publications	3,590	1,022	1,621	1,118	5,333	4,175	61	16,920	13,043	
Telephone, internet & website	3,691	2,417	4,604	3,821	3,927	2,283	820	21,563	14,865	
Travel	2,210	283	353	310	1,592	2,047	237	7,032	10,523	
Vehicle expenses	854	529	677	514	801	1,101	400	4,876	4,936	
Depreciation	4,295	2,661	3,405	2,586	4,029	5,539	2,010	24,525	20,674	
	<u>\$ 281,821</u>	<u>\$ 133,079</u>	<u>\$ 181,169</u>	<u>\$ 147,212</u>	<u>\$ 768,523</u>	<u>\$ 282,533</u>	<u>\$ 106,879</u>	<u>\$ 1,901,216</u>	<u>\$ 1,252,817</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, 2020
(With Summarized Information for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets from operations	\$ 454,819	\$ 584,808
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	24,525	20,674
Bequest received transferred to board designated endowments	(44,000)	(1,780,436)
Retained interest on operating certificate of deposit	(252)	-
(Increase) decrease in operating assets:		
Prepaid expenses and other current assets	1,594	(1,626)
Grants, contributions and bequests receivable	(20,295)	1,401,979
Increase (decrease) in operating liabilities:		
Accounts payable	(1,476)	(3,923)
Accrued expenses	24,976	10,722
Refundable advance	<u>(8,000)</u>	<u>8,000</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>431,891</u>	<u>240,198</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, equipment and construction in progress	(368,739)	(33,389)
Transfer of operating cash to certificate of deposit	<u>(100,000)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(468,739)</u>	<u>(33,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable - Paycheck Protection Program	<u>196,287</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>196,287</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	159,439	206,809
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>581,863</u>	<u>375,054</u>
End of year	<u>\$ 741,302</u>	<u>\$ 581,863</u>

See accompanying notes and independent accountant's review report.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation:

VNRC reports information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without. Contributions received are recorded as either one or the other 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same period are shown as increases in net assets with donor restrictions with a corresponding transfer to net assets without donor restrictions. 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 estimated market 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 (and, for the Statement of Functional Expenses, in total but not by functional category). 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, 2019, from which the summarized information was derived.

VERMONT NATURAL RESOURCES COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 2 – 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 3 – PROMISES TO GIVE

In addition to the bequests receivable discussed in Note 12, unconditional grants and contributions receivable at June 30, 2020 consisted of \$43,038 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, governmental grants) and \$50,000 restricted to future periods – all of which are expected to be fully received in the fiscal year ending June 30, 2021. Unconditional grants and contributions receivable at June 30, 2019 consisted of \$6,680 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, governmental grants). Conditional promises to give at June 30, 2020 were approximately \$720,000 and represented the remaining, unexpended and unreceived amounts on reimbursement-type, governmental grants – all of which are restricted to water projects. Conditional grants receivable are not recorded until the conditions have been substantially met.

NOTE 4 – PROPERTY AND EQUIPMENT

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

		2020		2019
Land, building & improvements	\$	533,036	\$	533,036
Office furniture & equipment		126,114		120,089
Subtotal		659,150		653,125
Less - accumulated depreciation		(404,972)		(381,445)
Net property and equipment	\$	254,178	\$	271,680

Additions to equipment are recorded at cost if purchased and at fair market value if donated. Depreciation, amounting to \$24,525 and \$20,674 for the years ended June 30, 2020 and 2019, 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 5 – 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 \$2,162 for the fiscal year ending June 30, 2021. Lease expense under this vehicle lease was \$3,706 for both 2019 and 2020.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – 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 Wall Street Journal Prime Index Rate (4.25% as of 6/30/20) but no lower than 4.0%, secured by “all business assets” and due in full June 2021. There were no advances or outstanding balances on the line during the fiscal years ended June 30, 2019 and 2020.

NOTE 7 – 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, 2020 and 2019 were approximately \$86,000 and \$83,000, respectively, and all amounts due for both fiscal years were paid by June 30th.

NOTE 8 – INVESTMENTS AND ENDOWMENTS

VNRC maintains three separate investment accounts that include a mixture of board designated (funds without donor restriction) and donor 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 “Mollie Beattie Intern Fund” – a fund to be invested in perpetuity with earnings supporting the Organization’s annual “Mollie Beattie Intern.”
- The “Elizabeth Courtney Fund for the Future” (“CFFF”) – a board designated endowment whose purpose is to help ensure the long-term stability of the Organization. See Notes 12 and 13 for other “CFFF” funds in bequests receivable and invested in notes receivable and a certificate of deposit.
- The “Zilliacus Legal Fund” composed of funds with donor restrictions 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 (as of the gift date) of endowment gifts restricted in perpetuity 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 net assets with donor restrictions 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, 2020

NOTE 8 – 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 fossil-fuel company securities from all of its investment accounts.

Spending Policy and its Relation to Investment Strategies and Objectives:

Annual spending from the Organization’s donor restricted and donor unrestricted invested funds is set annually by the Board of Directors – generally at between 4.0% and 6.0% of the fair market value of the accounts. Over the long-term, VNRC expects its 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, 2020:			
Money funds	\$ 218,435	\$ 218,435	\$ -
Corporate bonds & agency securities	1,076,669	1,111,368	34,699
Equities & exchange traded funds	<u>2,008,844</u>	<u>2,663,856</u>	<u>655,012</u>
	<u>\$ 3,303,948</u>	<u>\$ 3,993,659</u>	<u>\$ 689,711</u>
As of June 30, 2019:			
Money funds	\$ 806,372	\$ 806,372	\$ -
Corporate bonds	841,179	856,699	15,520
Equities & exchange traded funds	<u>1,827,231</u>	<u>2,376,826</u>	<u>549,595</u>
	<u>\$ 3,474,782</u>	<u>\$ 4,039,897</u>	<u>\$ 565,115</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – INVESTMENTS AND ENDOWMENTS (continued)

The fair market value of VNRC’s investment and endowment funds, by investment class, is summarized as follows (“UR” is without donor restriction, “TR” is donor restricted for specific purposes and “PR” is donor restricted invested in perpetuity):

	(UR / PR) The General Fund	(UR) Fund for the Future	(UR / TR) Zilliacus Legal Fund	Total
As of June 30, 2020:				
Money funds	\$ 63,666	\$ 108,989	\$ 45,780	\$ 218,435
Corporate bonds	261,909	577,439	272,020	1,111,368
Equities & exchange funds	594,497	1,537,130	532,229	2,663,856
	<u>\$ 920,072</u>	<u>\$ 2,223,558</u>	<u>\$ 850,029</u>	<u>\$ 3,993,659</u>
As of June 30, 2019:				
Money funds	\$ 36,217	\$ 718,664	\$ 51,491	\$ 806,372
Corporate bonds	275,833	307,635	269,107	852,575
Equities & exchange funds	604,800	1,241,084	535,066	2,380,950
	<u>\$ 916,850</u>	<u>\$ 2,267,383</u>	<u>\$ 855,664</u>	<u>\$ 4,039,897</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, 2019 and 2020, 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 7/1/18:	\$ 852	\$ 50	\$ 1,088	\$ 162	\$ 683	\$ 2,835
Contributions received	-	-	1,100	-	-	1,100
Interest and dividends	16	-	30	3	13	62
Realized gains / (losses)	28	-	18	5	21	72
Unrealized gains / (losses)	46	-	111	8	33	198
Investment fees	(8)	-	(11)	(2)	(6)	(27)
Net investment income (loss)	<u>82</u>	<u>-</u>	<u>148</u>	<u>14</u>	<u>61</u>	<u>305</u>
Appropriated for operations	(67)	-	(69)	(38)	(26)	(200)
Value of Invested Funds 6/30/19:	<u>\$ 867</u>	<u>\$ 50</u>	<u>\$ 2,267</u>	<u>\$ 138</u>	<u>\$ 718</u>	<u>\$ 4,040</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – INVESTMENTS AND ENDOWMENTS (continued)

	(UR)	(PR)	(UR)	(UR)	(TR)	
	The General Fund		Fund for the Future	Zilliacus Legal Fund		Total
Value of Invested Funds 7/1/19:	\$ 867	\$ 50	\$ 2,267	\$ 138	\$ 718	\$ 4,040
Contributions received	-	-	-	-	-	-
Interest and dividends	16	-	37	2	13	68
Realized gains / (losses)	13	-	21	1	7	42
Unrealized gains / (losses)	32	-	65	5	23	125
Investment fees	(8)	-	(16)	(1)	(6)	(31)
Net investment income (loss)	53	-	107	7	37	204
Appropriated for operations	(50)	-	(150)	(24)	(26)	(250)
Value of Invested Funds 6/30/20:	<u>\$ 870</u>	<u>\$ 50</u>	<u>\$ 2,224</u>	<u>\$ 121</u>	<u>\$ 729</u>	<u>\$ 3,994</u>

NOTE 9 – NET ASSETS

Net assets are composed of the following:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	Invested in Perpetuity	
As of June 30, 2020:				
Investments and endowments:				
Board designated funds:				
Elizabeth Courtney Fund for the Future	\$ 2,223,558	\$ -	\$ -	\$ 2,223,558
Other	990,847	-	-	990,847
Zilliacus Legal Fund	-	729,005	-	729,005
Mollie Beattie Intern Fund	-	-	50,249	50,249
Certificate of deposit & notes receivable:				
Board designated funds - CFFF	739,642	-	-	739,642
Bequest receivable earmarked for board designated endowment - CFFF	506,437	-	-	506,437
Grants received and promised restricted for:				
Energy	-	127,054	-	127,054
Forests	-	22,543	-	22,543
Water	-	16,983	-	16,983
Sustainable communities	-	1,500	-	1,500
Future time periods	-	50,000	-	50,000
Other unrestricted	1,035,646	-	-	1,035,646
	<u>\$ 5,496,130</u>	<u>\$ 947,085</u>	<u>\$ 50,249</u>	<u>\$ 6,493,464</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9 – NET ASSETS (continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Purpose Restrictions</u>	<u>Invested in Perpetuity</u>	<u>Total</u>
As of June 30, 2019:				
Investments and endowments:				
Board designated funds:				
Elizabeth Courtney Fund for the Future	\$ 2,267,383	\$ -	\$ -	\$ 2,267,383
Other	1,004,095	-	-	1,004,095
Zilliacus Legal Fund	-	718,170	-	718,170
Mollie Beattie Intern Fund	-	-	50,249	50,249
Certificate of deposit & notes receivable:				-
Bequest receivable earmarked for board designated endowment - CFFF	150,000	-	-	150,000
Grants received and promised restricted for:				-
Forests	-	24,043	-	24,043
Sustainable communities	-	11,338	-	11,338
Water	-	72,085	-	72,085
Other unrestricted	1,022,319	-	-	1,022,319
	<u>\$ 5,128,181</u>	<u>\$ 895,195</u>	<u>\$ 50,249</u>	<u>\$ 6,073,625</u>

NOTE 10 – 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 11 – 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, 2020 and 2019 was \$27,317 and \$18,611, respectively.

NOTE 12 – BEQUESTS RECEIVABLE

Bequests receivable as of June 30, 2019 and 2020 included the final amounts to be received (and in fact received in April 2021) from the estate of a long-time supporter – with amounts received and receivable totaling nearly \$2,400,000 over the three plus years of the estate’s administration. Pursuant to the donor’s directions, the funds are to be added to the board designated Elizabeth Courtney Fund for the Future.

VERMONT NATURAL RESOURCES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 – BOARD DESIGNATED NOTES RECEIVABLE AND CERTIFICATE OF DEPOSIT

As discussed in Note 12, it was the decedent's wishes that the funds that VNRC received from her bequest be added to the Organization's board designated Elizabeth Courtney Fund for the Future. Of the approximately \$1,880,000 received as of June 30, 2019, \$1,200,000 was added to the CFFF investment fund as discussed in Note 8 above. In January 2019, VNRC invested \$600,000 of the proceeds in five, unsecured notes receivable with the Vermont Community Loan Fund. The notes range in maturity from one to five years and accrue interest at annual rates ranging from 1.0% to 2.25%. Accrued interest as of June 30, 2019 and 2020 is included in the notes receivable balance on the Statement of Financial Position. The remaining, approximate \$80,000 of bequests received as of June 30, 2020 have been invested (and reinvested) in a twelve-month certificate of deposit at a local bank.

NOTE 14 – CONCENTRATION OF REVENUE

In the fiscal year ended June 30, 2019, VNRC received nearly \$287,000 from one individual donor – an amount representing approximately 16% of total revenue for the year.

NOTE 15 – RECLASSIFICATIONS

Portions of the 2019 financial statements have been reclassified to conform to the 2020 financial statement presentation.

NOTE 16 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. The Organization allocates its payroll, tax and benefit costs based on time worked by staff on the various program, general and administrative and fundraising activities as shown on contemporaneously prepared timesheets. Other costs (such as facility expenses, insurance, office supplies, postage, telephone and related costs, and certain travel expenses and depreciation) are attributable to and benefit one or more program or supporting services and are allocated based on the direct payroll allocation percentages discussed above.

NOTE 17 – CONSTRUCTION IN PROGRESS

In May 2019, VNRC entered into an agreement for the purchase of a building in Montpelier, Vermont making a refundable \$20,000 payment as a deposit towards the eventual purchase. The Organization purchased the building for \$335,000 in October 2019 (plus closing costs of approximately \$7,000) and has spent approximately \$40,000 on engineering and architectural services through June 30, 2020 in anticipation of renovating the property as the VNRC's new home. The approximately \$382,000 total of land, building and cumulative soft costs of the renovation are included in construction in progress on the Statement of Financial Position as of June 30, 2020.

VERMONT NATURAL RESOURCES COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 18 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s working capital and cash flows have seasonal variations during the year attributable to the timing of general fundraising efforts and program activities. VNRC manages liquidity by investing surplus funds in its operating cash accounts and then withdrawing them as needed.

The following reflects the Organization’s financial assets as of June 30th, reduced by amounts not available for general use within one year because of donor imposed restrictions or internal board designations. Amounts available include donor restricted amounts that are available for general expenditure in the following year (i.e. time restricted donations, if any).

	2020	2019
Cash and cash equivalents	\$ 741,302	\$ 581,863
Operating receivables expected to be collected in the next year	93,038	6,680
Subtract: net assets with donor restrictions for specific purposes	(168,080)	(177,025)
Financial assets available to meet cash needs for general expenditures within one year	\$ 666,260	\$ 411,518

NOTE 19 – NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

Note payable consisted of the following at June 30th:

	2020	2019
\$196,287 "Paycheck Protection Program" loan with a commercial bank dated April 2020 with interest at 1% per annum over the life of the loan and principal payments originally scheduled to begin in November 2020; with principal and accrued interest subject to forgiveness by the U.S. Small Business Administration if borrower uses the funds for qualifying expenses and maintains payroll levels and employee headcounts during an eight to twenty-four week period following the loan disbursement date; unsecured.	\$ 196,287	\$ -
	\$ 196,287	\$ -

Future maturities on the note payable for the fiscal years ending June 30th are as follows (assuming no forgiveness of the loan):

2021	\$	75,986
2022		120,301
	\$	196,287

VERMONT NATURAL RESOURCES COUNCIL, INC.
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JUNE 30, 2020

NOTE 20 – SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to June 30, 2020 through May 13, 2021 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

The PPP loan discussed in Note 19 above was forgiven in March 2021.