

**VERMONT NATURAL RESOURCES COUNCIL, INC.**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S  
REPORT**

**JUNE 30, 2021**

VERMONT NATURAL RESOURCES COUNCIL, INC.

JUNE 30, 2021

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# Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## 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, 2021 and the related statements of activities, functional expenses 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, 2021 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.

***Report on Summarized Comparative Information***

The prior year summarized comparative information has been derived from the Organization's 2020 financial statements which were reviewed by us and, in our report dated May 13, 2021, 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, 2020, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

*Tapia & Auchabay, P.C.*

Vergennes, Vermont  
April 5, 2022  
Vermont Registration #108880

VERMONT NATURAL RESOURCES COUNCIL, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021 (Audited)  
(With Summarized Information for 2020 (Reviewed))

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents (Notes 1 & 8)	\$ 578,824	\$ 741,302
Certificates of deposit - operating & board designated (Notes 7 & 11)	101,069	225,848
Prepaid expenses and other current assets	13,056	5,853
Grants and contributions receivable (Notes 1 & 3)	45,527	93,038
Bequests receivable (Notes 1, 3, 7 & 10)	-	506,437
Notes receivable & accrued interest - board designated endowment (Notes 7 & 11)	624,959	614,046
Investments and endowments (Notes 6 & 7)	4,397,590	3,993,659
Construction in progress (Note 14)	1,699,569	381,716
Property and equipment, net of accumulated depreciation (Note 4)	255,506	254,178
<b>TOTAL ASSETS</b>	<b>\$ 7,716,100</b>	<b>\$ 6,816,077</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 16,621	\$ 4,239
Accrued expenses	114,887	122,087
Construction costs payable	265,387	-
Refundable advance (Note 1)	17,917	-
Note payable - Paycheck Protection Program (Note 16)	-	196,287
<b>Total Liabilities</b>	<b>414,812</b>	<b>322,613</b>
<b>Net Assets: (Notes 1, 6 &amp; 7)</b>		
<b>Without donor restrictions:</b>		
Operating	423,571	399,752
Property and equipment, net of accumulated depreciation and payables	1,689,688	635,894
Board designated endowments	4,077,751	4,460,484
<b>Total without donor restrictions</b>	<b>6,191,010</b>	<b>5,496,130</b>
<b>With donor restrictions</b>	<b>1,110,278</b>	<b>997,334</b>
<b>Total Net Assets</b>	<b>7,301,288</b>	<b>6,493,464</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,716,100</b>	<b>\$ 6,816,077</b>

See accompanying notes to financial statements.

VERMONT NATURAL RESOURCES COUNCIL, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021 (Audited)  
(With Summarized Information for 2020 (Reviewed))

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>OPERATING SUPPORT AND REVENUE:</b>				
Grants and contributions (Notes 1 & 16)	\$ 521,359	\$ 795,174	\$ 1,316,533	\$ 1,671,100
Bequests (Notes 1 & 10)	-	-	-	413,789
Other income	14,996	-	14,996	21,146
Operating investment income (Note 6)	10,000	-	10,000	250,000
Net assets released from restrictions:				
Satisfaction of purpose restrictions	<u>847,774</u>	<u>(847,774)</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING SUPPORT &amp; REVENUE</b>	<u>1,394,129</u>	<u>(52,600)</u>	<u>1,341,529</u>	<u>2,356,035</u>
<b>OPERATING EXPENSES:</b>				
Program services (Note 1):				
Energy	229,414	-	229,414	281,821
Forests	133,571	-	133,571	133,079
Outreach & communication	192,572	-	192,572	181,169
Sustainable communities	145,723	-	145,723	147,212
Water	<u>378,924</u>	<u>-</u>	<u>378,924</u>	<u>768,523</u>
Total program services	1,080,204	-	1,080,204	1,511,804
Supporting services:				
Management and general	253,230	-	253,230	282,533
Fundraising	<u>115,114</u>	<u>-</u>	<u>115,114</u>	<u>106,879</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,448,548</u>	<u>-</u>	<u>1,448,548</u>	<u>1,901,216</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>(54,419)</u>	<u>(52,600)</u>	<u>(107,019)</u>	<u>454,819</u>
<b>OTHER CHANGES:</b>				
Non-operating investment income (loss) (Note 6)	738,387	165,544	903,931	(46,238)
Interest income from other board designated assets (Note 11)	<u>10,912</u>	<u>-</u>	<u>10,912</u>	<u>11,258</u>
<b>TOTAL OTHER CHANGES</b>	<u>749,299</u>	<u>165,544</u>	<u>914,843</u>	<u>(34,980)</u>
<b>CHANGE IN NET ASSETS</b>	694,880	112,944	807,824	419,839
<b>NET ASSETS, beginning of year</b>	<u>5,496,130</u>	<u>997,334</u>	<u>6,493,464</u>	<u>6,073,625</u>
<b>NET ASSETS, end of year</b>	<u>\$ 6,191,010</u>	<u>\$ 1,110,278</u>	<u>\$ 7,301,288</u>	<u>\$ 6,493,464</u>

See accompanying notes to financial statements.

VERMONT NATURAL RESOURCES COUNCIL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021 (Audited)  
(With Summarized Information for 2020 (Reviewed))

	Program Services					Supporting Services		2021 TOTAL	2020 TOTAL
	Energy	Forests	Outreach & Communication	Sustainable Communities	Water	Management & General	Fundraising		
Salaries and wages	\$ 152,561	\$ 105,894	\$ 126,689	\$ 95,834	\$ 201,965	\$ 179,893	\$ 84,365	\$ 947,201	\$ 904,790
Benefits and taxes	16,497	11,462	13,698	10,362	21,805	18,928	9,180	101,932	97,721
Consultants & subcontractors	15,228	750	4,504	4,440	115,350	21,671	4,380	166,323	619,378
Grants paid	-	-	-	15,908	-	-	-	15,908	10,250
Advertising	3,293	-	18,966	-	-	677	-	22,936	14,484
Bank charges & other fees	-	-	-	-	-	2,823	-	2,823	3,148
Conferences & meetings	583	308	2,893	535	810	191	45	5,365	41,455
Equipment costs	618	430	513	388	817	709	344	3,819	4,213
Facilities expenses	4,305	2,991	3,574	2,704	5,690	4,939	2,395	26,598	37,697
Insurance	1,838	1,277	1,526	1,155	2,430	2,109	1,023	11,358	10,436
Licenses & dues	286	249	240	681	1,162	1,342	500	4,460	4,416
Lobbyist	25,031	4,506	-	7,506	12,256	-	-	49,299	43,361
Miscellaneous	65	45	54	41	85	74	36	400	279
Office supplies	395	275	328	248	522	453	220	2,441	5,869
Postage	110	83	2,057	86	153	48	3,684	6,221	5,638
Printing	445	-	9,219	-	-	-	5,558	15,222	11,716
Professional fees	-	-	-	-	-	11,894	-	11,894	11,449
Subscriptions & publications	2,033	1,223	3,031	1,326	3,296	797	61	11,767	16,920
Telephone, internet & website	1,321	718	1,193	1,463	4,435	1,186	575	10,891	21,563
Travel	97	89	179	90	1,926	95	128	2,604	7,032
Vehicle expenses	426	296	353	267	563	488	237	2,630	4,876
Depreciation	4,282	2,975	3,555	2,689	5,659	4,913	2,383	26,456	24,525
	<u>\$ 229,414</u>	<u>\$ 133,571</u>	<u>\$ 192,572</u>	<u>\$ 145,723</u>	<u>\$ 378,924</u>	<u>\$ 253,230</u>	<u>\$ 115,114</u>	<u>\$ 1,448,548</u>	<u>\$ 1,901,216</u>

See accompanying notes to financial statements.

VERMONT NATURAL RESOURCES COUNCIL, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021 (Audited)  
(With Summarized Information for 2020 (Reviewed))

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets from operations	\$ (107,019)	\$ 454,819
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	26,456	24,525
Contribution in the form of forgiveness of debt	(196,287)	-
Bequest received transferred to board designated endowments	-	(44,000)
Retained interest on operating certificate of deposit	(1,386)	(252)
(Increase) decrease in operating assets:		
Prepaid expenses and other current assets	(7,203)	1,594
Grants, contributions and bequests receivable	553,948	(20,295)
Increase (decrease) in operating liabilities:		
Accounts payable	12,382	(1,476)
Accrued expenses	(7,200)	24,976
Construction costs payable	265,387	-
Refundable advance	17,917	(8,000)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>556,995</b>	<b>431,891</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property, equipment and construction in progress	(1,345,637)	(368,739)
Transfer of operating cash to certificate of deposit	-	(100,000)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(1,345,637)</b>	<b>(468,739)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable - Paycheck Protection Program	-	196,287
Transfers from board designated investments and certificate of deposit	626,164	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>626,164</b>	<b>196,287</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(162,478)</b>	<b>159,439</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	741,302	581,863
End of year	\$ 578,824	\$ 741,302
<b>Supplemental Disclosures:</b>		
Forgiveness of note payable - Paycheck Protection Program	\$ 196,287	\$ -

See accompanying notes to financial statements.



VERMONT NATURAL RESOURCES COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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, 2021

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, 2020, from which the summarized information was derived.

VERMONT NATURAL RESOURCES COUNCIL, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

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

Unconditional grants and contributions receivable at June 30, 2021 consisted of \$45,527 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, governmental grants). Unconditional grants and contributions receivable at June 30, 2020 (in addition to the bequests receivable discussed in Note 10) 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. Conditional promises to give at June 30, 2021 were approximately \$675,000 and represented the remaining, unexpended and unreceived amounts on reimbursement-type, governmental grants – almost 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 30<sup>th</sup>:

	2021	2020
Land, building & improvements	\$ 533,036	\$ 533,036
Office furniture & equipment	133,971	126,114
Vehicle	15,599	-
Subtotal	682,606	659,150
Less - accumulated depreciation	(427,100)	(404,972)
Net property and equipment	\$ 255,506	\$ 254,178

Additions to equipment are recorded at cost if purchased and at fair market value if donated. Depreciation, amounting to \$26,456 and \$24,525 for the years ended June 30, 2021 and 2020, 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
Vehicle	4 years

VERMONT NATURAL RESOURCES COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 5 – 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, 2021 and 2020 were approximately \$139,000 and \$86,000, respectively, and substantially all amounts due for both fiscal years were paid by June 30<sup>th</sup>.

NOTE 6 – 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 10 and 11 for other “CFFF” funds in bequests receivable and invested in notes receivable and (in 2020) 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, 2021

NOTE 6 – 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, 2021:			
Money funds	\$ 236,558	\$ 236,558	\$ -
Corporate bonds & agency securities	1,392,558	1,404,536	11,978
Equities & exchange traded funds	<u>1,524,886</u>	<u>2,756,496</u>	<u>1,231,610</u>
	<u>\$ 3,154,002</u>	<u>\$ 4,397,590</u>	<u>\$ 1,243,588</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>

VERMONT NATURAL RESOURCES COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 6 – 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, 2021:				
Money funds	\$ 16,698	\$ 178,619	\$ 41,241	\$ 236,558
Corporate bonds & agency securities	217,391	845,715	341,430	1,404,536
Equities & exchange funds	357,922	1,736,530	662,044	2,756,496
	<u>\$ 592,011</u>	<u>\$ 2,760,864</u>	<u>\$ 1,044,715</u>	<u>\$ 4,397,590</u>
As of June 30, 2020:				
Money funds	\$ 63,666	\$ 108,989	\$ 45,780	\$ 218,435
Corporate bonds & agency securities	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>

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, 2020 and 2021, by net asset class is summarized as follows (in thousands):

	(UR)	(PR)	(UR)	(UR)	(TR)	Total
	The General Fund	Fund for the Future	Zilliacus Legal Fund			
Value of Invested Funds 7/1/19:	\$ 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)	<u>53</u>	<u>-</u>	<u>107</u>	<u>7</u>	<u>37</u>	<u>204</u>
Appropriated for operations	<u>(50)</u>	<u>-</u>	<u>(150)</u>	<u>(24)</u>	<u>(26)</u>	<u>(250)</u>
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>

VERMONT NATURAL RESOURCES COUNCIL, INC.  
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NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

	<u>(UR)</u>	<u>(PR)</u>	<u>(UR)</u>	<u>(UR)</u>	<u>(TR)</u>	
	The General Fund		Fund for the Future	Zilliacus Legal Fund		Total
Value of Invested Funds 7/1/20:	\$ 870	\$ 50	\$ 2,224	\$ 121	\$ 729	\$ 3,994
Contributions received	-	-	-	-	-	-
Interest and dividends	15	-	34	2	13	64
Realized gains / (losses)	178	-	95	8	51	332
Unrealized gains / (losses)	(14)	-	428	20	119	553
Investment fees	(7)	-	(20)	(1)	(7)	(35)
Net investment income (loss)	172	-	537	29	176	914
Appropriated for operations	-	-	-	-	(10)	(10)
Appropriated for construction	(500)	-	-	-	-	(500)
Value of Invested Funds 6/30/21:	<u>\$ 542</u>	<u>\$ 50</u>	<u>\$ 2,761</u>	<u>\$ 150</u>	<u>\$ 895</u>	<u>\$ 4,398</u>

NOTE 7 – NET ASSETS

Net assets are composed of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Purpose Restrictions</u>	<u>Invested in Perpetuity</u>	
As of June 30, 2021:				
Investments and endowments:				
Board designated funds:				
Elizabeth Courtney Fund for the Future	\$ 2,760,864	\$ -	\$ -	\$ 2,760,864
Other	691,928	-	-	691,928
Zilliacus Legal Fund	-	894,549	-	894,549
Mollie Beattie Intern Fund	-	-	50,249	50,249
Notes receivable:				
Board designated funds - CFFF	624,959	-	-	624,959
Grants received and promised restricted for:				
Energy	-	127,752	-	127,752
Forests	-	11,256	-	11,256
Water	-	11,255	-	11,255
Other special projects	-	15,217	-	15,217
Investment in property and equipment	1,689,688	-	-	1,689,688
Other unrestricted	423,571	-	-	423,571
	<u>\$ 6,191,010</u>	<u>\$ 1,060,029</u>	<u>\$ 50,249</u>	<u>\$ 7,301,288</u>

VERMONT NATURAL RESOURCES COUNCIL, INC.  
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NOTE 7 – 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, 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
Investment in property and equipment	635,894	-	-	635,894
Other unrestricted	399,752	-	-	399,752
	<u>\$ 5,496,130</u>	<u>\$ 947,085</u>	<u>\$ 50,249</u>	<u>\$ 6,493,464</u>

NOTE 8 – 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 9 – 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, 2021 and 2020 was \$27,404 and \$27,317, respectively.



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NOTE 10 – BEQUESTS RECEIVABLE

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

NOTE 11 – BOARD DESIGNATED NOTES RECEIVABLE

As discussed in Note 10, 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 \$2,400,000 received, \$1,200,000 was added - during the fiscal year ended June 30, 2019 - to the CFFF investment fund described in Note 6 above. In January 2019, VNRC invested another \$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, 2020 and 2021 is included in the notes receivable balance on the Statement of Financial Position. The remaining roughly \$600,000 was used in the fiscal year ended June 30, 2021 to help fund the construction in progress discussed below.

NOTE 12 – RECLASSIFICATIONS

Portions of the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation.

NOTE 13 – 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 14 – CONSTRUCTION IN PROGRESS

In October 2019, the Organization purchased a building in anticipation of renovating the property as VNRC’s new home. The approximately \$1,700,000 in construction in progress on the Statement of Financial Position as of June 30, 2021 includes the cost of the purchased land and building and cumulative engineering, energy conservation and renovation expenses through that date. Approximately \$262,000 (including retainage) remained on the prime construction contract as of June 30, 2021 and the building was substantially completed in September 2021.

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NOTE 15 – 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 30<sup>th</sup>, 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).

	2021	2020
Cash and cash equivalents	\$ 578,824	\$ 741,302
Operating receivables expected to be collected in the next year	45,527	93,038
Subtract: net assets with donor restrictions for specific purposes	(165,480)	(168,080)
Financial assets available to meet cash needs for general expenditures within one year	\$ 458,871	\$ 666,260

NOTE 16 – NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

The note payable as of June 30, 2020 consisted of a \$196,287 “Paycheck Protection Program” loan from a commercial bank dated April 2020. VNRC used the funds for qualifying payroll expenses over a sixteen week period ending in August 2020 (and maintained payroll levels and employee headcounts during that period) and applied for forgiveness from the U.S. Small Business Administration (“SBA”) in February 2021. The SBA forgave the loan in March 2021 and VNRC recognized the amount forgiven as contribution revenue at that time.

NOTE 17 – SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to June 30, 2021 through April 5, 2022 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.