

VERMONT NATURAL RESOURCES COUNCIL, INC.

Financial Statements
(With Independent Accountants' Review Report)

For the Years Ended June 30, 2022 and 2021

VERMONT NATURAL RESOURCES COUNCIL, INC.
For the Years Ended June 30, 2022 and 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Vermont Natural Resources Council, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expense, 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 company 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 accounting principles generally accepted in the United States of America; 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.

Accountants' 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized 2021 Comparative Information

The Organization's 2021 financial statements were audited by previous auditors and in their report dated April 5, 2022, they expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McSoley McCoy & Co.

South Burlington,
Vermont June 22, 2023
VT Reg. No. 92-349

Vermont Natural Resources Council, Inc.

Statements of Financial Position

June 30, 2022 and 2021

	(Reviewed) 2022	(Audited) 2021
Assets:		
Cash and cash equivalents	\$ 555,269	\$ 578,824
Certificates of deposit - operating and board designated	-	101,069
Prepaid expenses and other current assets	363	13,056
Grants and contributions receivable	140,921	45,527
Notes receivable and accrued interest - board designated	636,612	624,959
Investments	3,516,300	4,397,590
Construction in progress	-	1,699,569
Property and equipment, net of accumulated depreciation	<u>2,260,139</u>	<u>255,506</u>
 Total assets	 <u>\$ 7,109,604</u>	 <u>\$ 7,716,100</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 7,772	\$ 16,621
Accrued expenses	123,477	114,887
Construction costs payable	-	265,387
Refundable advance	<u>-</u>	<u>17,917</u>
 Total current liabilities	 <u>131,249</u>	 <u>414,812</u>
Net Assets:		
Without donor restrictions:		
Operating	1,050,600	423,571
Property and equipment	2,260,139	1,689,688
Board designated endowments	<u>2,631,360</u>	<u>4,077,751</u>
Total without donor restrictions	5,942,099	6,191,010
With donor restrictions	<u>1,036,256</u>	<u>1,110,278</u>
Total net assets	<u>6,978,355</u>	<u>7,301,288</u>
 Total liabilities and net assets	 <u>\$ 7,109,604</u>	 <u>\$ 7,716,100</u>

See independent accountants' review report and notes to the financial statements.

Vermont Natural Resources Council, Inc.

Statement of Activities

For the Year Ended June 30, 2022

(With Summarized Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	(Reviewed) 2022 Total	(Audited) 2021 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating support and revenue:				
Grants and contributions	\$ 1,027,015	\$ 876,814	\$ 1,903,829	\$ 1,316,533
Other income	20,929	-	20,929	14,996
Operating investment draws	400,375	-	400,375	10,000
Net assets released from restrictions	<u>950,836</u>	<u>(950,836)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	<u>2,399,155</u>	<u>(74,022)</u>	<u>2,325,133</u>	<u>1,341,529</u>
Operating expenses:				
Program services:				
Energy	232,542	-	232,542	229,414
Forests	162,309	-	162,309	133,571
Outreach and communication	202,800	-	202,800	192,572
Sustainable communities	143,052	-	143,052	145,723
Water	<u>619,200</u>	<u>-</u>	<u>619,200</u>	<u>378,924</u>
Total program services	1,359,903	-	1,359,903	1,080,204
Supporting services:				
Management and general	297,802	-	297,802	253,230
Fundraising	<u>120,840</u>	<u>-</u>	<u>120,840</u>	<u>115,114</u>
Total operating expenses	<u>1,778,545</u>	<u>-</u>	<u>1,778,545</u>	<u>1,448,548</u>
Change in net assets from operations	<u>620,610</u>	<u>(74,022)</u>	<u>546,588</u>	<u>(107,019)</u>
Other changes:				
Loss on disposal of property and equipment	(470)	-	(470)	-
Non-operating investment income (loss)	(880,705)	-	(880,705)	903,931
Interest income from other board designated assets	<u>11,654</u>	<u>-</u>	<u>11,654</u>	<u>10,912</u>
Total other changes	<u>(869,521)</u>	<u>-</u>	<u>(869,521)</u>	<u>914,843</u>
Change in net assets	(248,911)	(74,022)	(322,933)	807,824
Net assets, beginning of year	<u>6,191,010</u>	<u>1,110,278</u>	<u>7,301,288</u>	<u>6,493,464</u>
Net assets, end of year	<u>\$ 5,942,099</u>	<u>\$ 1,036,256</u>	<u>\$ 6,978,355</u>	<u>\$ 7,301,288</u>

See independent accountants' review report and notes to the financial statements.

Vermont Natural Resources Council, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Summarized Totals for 2021)

	Program Services					Supporting Services		(Reviewed)	(Audited)
	Energy	Forests	Outreach and Communication	Sustainable Communities	Water	Management and General	Fundraising	2022 Total	2021 Total
Salaries and wages	\$ 140,639	\$ 94,547	\$ 133,372	\$ 71,772	\$ 189,319	\$ 232,666	\$ 81,965	\$ 944,280	\$ 947,201
Benefits and taxes	14,815	9,907	14,054	7,471	19,780	24,581	8,730	99,338	101,932
Advertising	4,643	-	2,181	50	107	867	-	7,848	22,936
Bad debt recovery	-	-	-	-	-	(25,200)	-	(25,200)	-
Bank charges and other fees	-	-	-	-	-	2,271	-	2,271	2,823
Conferences and meetings	2,560	1,399	5,866	1,762	1,651	1,393	61	14,692	5,365
Consultants and subcontractors	18,096	13,870	15,688	13,265	359,558	10,961	4,387	435,825	166,323
Depreciation	9,520	6,366	9,030	4,806	12,709	13,685	5,610	61,726	26,456
Equipment costs	533	356	505	269	711	884	314	3,572	3,819
Grants paid	-	-	3,177	15,180	-	-	-	18,357	15,908
Insurance	1,800	1,203	1,707	908	2,403	2,986	1,060	12,067	11,358
License and dues	960	686	1,313	1,004	3,114	1,675	472	9,224	4,460
Lobbyist	27,031	10,250	-	21,302	6,250	-	-	64,833	49,299
Miscellaneous, net	1,046	31	44	23	1,802	(516)	328	2,758	400
Occupancy	6,373	4,262	6,045	3,214	8,508	10,574	3,755	42,731	26,598
Office supplies	547	366	519	276	730	908	322	3,668	2,441
Postage	78	75	1,311	80	170	85	6,818	8,617	6,221
Printing	-	-	4,069	-	-	-	5,423	9,492	15,222
Professional fees	-	-	-	-	-	15,628	-	15,628	11,894
Subscriptions and publications	1,400	17,978	1,984	864	3,760	2,328	756	29,070	11,767
Telephone, internet and website	1,473	720	1,489	704	5,556	1,787	635	12,364	10,891
Travel	918	219	341	46	2,924	56	139	4,643	2,604
Vehicle expenses	110	74	105	56	148	183	65	741	2,630
	<u>\$ 232,542</u>	<u>\$ 162,309</u>	<u>\$ 202,800</u>	<u>\$ 143,052</u>	<u>\$ 619,200</u>	<u>\$ 297,802</u>	<u>\$ 120,840</u>	<u>\$ 1,778,545</u>	<u>\$ 1,448,548</u>

See independent accountants' review report and notes to the financial statements.

Vermont Natural Resources Council, Inc.
 Statements of Cash Flows
 For the Years Ended June 30, 2022 and 2021

	<u>(Reviewed)</u> 2022	<u>(Audited)</u> 2021
Cash flows from operating activities:		
Change in net assets from operations	\$ (322,933)	\$ 807,824
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	470	-
Depreciation	61,726	26,456
Contribution in the form of forgiveness of debt	-	(196,287)
Retained interest on operating certificate of deposit	-	(1,386)
Non-operating investment income	880,705	(903,931)
Interest income on board designated assets	(11,654)	(10,912)
(Increase) decrease in:		
Prepaid expenses and other current assets	12,693	(7,203)
Grants and contributions receivable	(95,394)	553,948
Increase (decrease) in:		
Accounts payable	(8,849)	12,381
Accrued expenses	8,590	(7,200)
Construction costs payable	(265,387)	265,387
Refundable advance	<u>(17,917)</u>	<u>17,918</u>
Net cash provided by operating activities	<u>242,050</u>	<u>556,995</u>
Cash flows from investing activities:		
Acquisition of property, equipment and construction in progress	(366,674)	(1,345,637)
Proceeds from certificate of deposits	<u>101,069</u>	<u>-</u>
Net cash used in investing activities	<u>(265,605)</u>	<u>(1,345,637)</u>
Cash flows from financing activities:		
Transfers from board designated investments and certificate of deposit	<u>-</u>	<u>626,164</u>
Net decrease in cash	(23,555)	(162,478)
Cash, beginning of year	<u>578,824</u>	<u>741,302</u>
Cash, end of year	<u>\$ 555,269</u>	<u>\$ 578,824</u>

See independent accountants' review report and notes to the financial statements.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

(1) 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 and preparing the state for future challenges and opportunities.” 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 coordination of the “Vermont Energy and Climate Action Network” and through a variety of projects focusing on efficiency and conservation, energy planning, renewables and climate change adaptation, mitigation and resilience.

“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 and 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 the Financial Statements

June 30, 2022 and 2021

(2) Summary of Significant Accounting Policies

- (a) Basis of Accounting – The financial statements have been prepared using the accrual basis of accounting.
- (b) Financial Statement Presentation – VNRC reports information regarding its financial position and activities according to two classes of net assets: those with donor restriction and those without. Contributions received are recorded as either with donor restrictions or without donor restrictions 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.
- (c) Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (d) 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 statements of cash flows.
- (e) 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.
- (f) Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by 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, 2021, from which the summarized information was derived.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

Summary of Significant Accounting Policies (continued)

- (g) Property and Equipment – Property and equipment is recorded at cost. Depreciation is calculated on property and equipment using the straight-line method over the estimated useful lives of the assets. Costs for normal repairs and maintenance of property and equipment are charged to expense as incurred; betterments over \$500 are capitalized.

The range of estimated useful lives used are as follows:

	<u>Years</u>
Buildings and improvements	5 - 40
Equipment, furniture and fixtures	3 - 10
Vehicle	4

- (h) 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). The Organization’s income tax filings are subject to audit by Internal Revenue Service (“IRS”) and state taxing authorities. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2019.
- (i) Investments - Investments are stated at fair value. The cost assigned to investments received by gift is the market value at the date the gift is received. The net realized and unrealized gains on investments are reflected in the statement of activities.
- (j) Fair value of financial instruments - The Organization reports its fair value measurements by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:
- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.
- (k) Subsequent Events – Management has evaluated subsequent events through June 22, 2023, the date the financial statements were available to be issued.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

(3) Promises to Give

Grants and contributions receivable at June 30, 2022 and 2021 consisted of \$140,921 and \$45,527 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, government grants). Conditional promises to give at June 30, 2022 and 2021 were approximately \$717,000 and \$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.

(4) Affiliated Organization

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, monthly. Total costs of services provided by VNRC to VCV for the fiscal years ended June 30, 2022 and 2021 were approximately \$125,000 and \$139,000, respectively, and substantially all amounts due for both fiscal years were paid by June 30th.

(5) Property and Equipment

Property and equipment consisted of the following at June 30:

	2022	2021
Land, building and improvements	\$ 2,546,169	\$ 533,036
Office furniture and equipment	184,806	133,971
Vehicle	15,599	15,599
	<u>2,746,574</u>	<u>682,606</u>
Less: accumulated depreciation	<u>(486,435)</u>	<u>(427,100)</u>
Property and equipment, net	<u>\$ 2,260,139</u>	<u>\$ 255,506</u>

Depreciation expense amounted to \$61,726 and \$26,454 for the years ended June 30, 2022 and 2021, respectively.

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. The building was placed in service January 1, 2022.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

(6) Investments and Endowments

VNRC maintains three separate investment accounts that include a mixture of board designated (funds without donor restrictions) 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 Note 10 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.

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.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

Investments and Endowments (continued)

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% and 6% 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.

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, 2022			
Money funds	\$ 218,893	\$ 218,893	\$ -
Corporate bonds and agency securities	1,357,626	1,239,885	(117,741)
Equities and exchange traded funds	<u>1,403,861</u>	<u>2,057,522</u>	<u>653,661</u>
	<u>\$ 2,980,380</u>	<u>\$ 3,516,300</u>	<u>\$ 535,920</u>
	<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 and agency securities	1,392,558	1,404,536	11,978
Equities and 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>

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As of June 30, 2022				
Money funds	\$ 17,518	\$ 144,089	\$ 57,286	\$ 218,893
Corporate bonds and agency securities	59,259	859,976	320,650	1,239,885
Equities and exchange traded funds	<u>100,355</u>	<u>1,416,023</u>	<u>541,144</u>	<u>2,057,522</u>
	<u>\$ 177,132</u>	<u>\$ 2,420,088</u>	<u>\$ 919,080</u>	<u>\$ 3,516,300</u>
As of June 30, 2021				
Money funds	\$ 16,698	\$ 178,619	\$ 41,241	\$ 236,558
Corporate bonds and agency securities	217,391	845,715	341,430	1,404,536
Equities and exchange traded funds	<u>357,922</u>	<u>1,736,530</u>	<u>662,044</u>	<u>2,756,496</u>
	<u>\$ 592,011</u>	<u>\$ 2,760,864</u>	<u>\$ 1,044,715</u>	<u>\$ 4,397,590</u>

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

Investments and Endowments (continued)

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, 2022 and 2021, by net asset class is summarized as follows (in thousands):

	(UR)	(PR)	(UR)	(UR)	(TR)	
	The		Fund for	Zilliacus		Total
	General Fund		the Future	Legal Fund		
Value of invested funds 6/30/2020	\$ 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 6/30/2021	<u>\$ 542</u>	<u>\$ 50</u>	<u>\$ 2,761</u>	<u>\$ 150</u>	<u>\$ 895</u>	<u>\$ 4,398</u>
Contributions received	-	-	-	-	-	-
Interest and dividends	3	-	37	14	-	54
Realized gains/(losses)	-	-	-	-	-	-
Unrealized gains/(losses)	(15)	-	(355)	(131)	-	(501)
Investment fees	(3)	-	(23)	(9)	-	(35)
Net investment income (loss)	(15)	-	(341)	(126)	-	(482)
Appropriated for operations	(400)	-	-	-	-	(400)
Appropriated for construction	-	-	-	-	-	-
Value of invested funds 6/30/2022	<u>\$ 127</u>	<u>\$ 50</u>	<u>\$ 2,420</u>	<u>\$ 24</u>	<u>\$ 895</u>	<u>\$ 3,516</u>

(7) 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.

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(8) Net Assets

Net assets with donor restrictions consisted of the following:

	<u>Purpose Restrictions</u>	<u>Invested in Perpetuity</u>	<u>Total</u>
As of June 30, 2022			
Investments and endowments:			
Zilliacus Legal Fund	\$ 834,691	\$ -	\$ 834,691
Mollie Beattie Intern Fund	-	50,249	50,249
Grants received and promised restricted for:			
Energy	98,234	-	98,234
Forests	10,019	-	10,019
Water	24,078	-	24,078
Sustainable communities	6,133	-	6,133
Other special projects	<u>12,852</u>	<u>-</u>	<u>12,852</u>
 Total net assets with donor restrictions	 <u>\$ 986,007</u>	 <u>\$ 50,249</u>	 <u>\$ 1,036,256</u>
 As of June 30, 2021			
Investments and endowments:			
Zilliacus Legal Fund	\$ 894,549	\$ -	\$ 894,549
Mollie Beattie Intern Fund	-	50,249	50,249
Grants received and promised restricted for:			
Energy	127,752	-	127,752
Forests	11,256	-	11,256
Water	11,255	-	11,255
Sustainable communities	<u>15,217</u>	<u>-</u>	<u>15,217</u>
 Total net assets with donor restrictions	 <u>\$ 1,060,029</u>	 <u>\$ 50,249</u>	 <u>\$ 1,110,278</u>

(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, 2022 and 2021 was \$24,023 and \$27,404, respectively.

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(10) Board Designated Notes Receivable

In January 2019, VNRC invested \$600,000 from a bequest 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% - 2.25%. Accrued interest as of June 30, 2022 and 2021 is included in the notes receivable balance on the statements of financial position. As of June 30, 2022 and 2021 there was \$36,612 and \$24,959 of accrued interest.

(11) 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 attributed to and benefit one or more program or supporting services and are allocated based on the direct payroll allocation percentages discussed above.

(12) 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, 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).

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 555,269	\$ 578,824
Operating receivables expected to be collected in the next year	140,921	45,527
Less: Net assets with donor restrictions for specific purposes	<u>(152,039)</u>	<u>(165,480)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 544,151</u>	<u>\$ 458,871</u>