

VERMONT NATURAL RESOURCES COUNCIL, INC.

Financial Statements
(With Independent Accountants' Review Report)

For the Years Ended June 30, 2023 and 2022

VERMONT NATURAL RESOURCES COUNCIL, INC.
For the Years Ended June 30, 2023 and 2022

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Independent Auditors' 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, 2023, 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 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized 2022 Comparative Information

The Organization's 2022 financial statements were reviewed by us and in our report dated June 22, 2023, we are not aware of any material modifications. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

McSoley McCoy & Co.

South Burlington, Vermont
May 1, 2024
VT Reg. No. 92-349

Vermont Natural Resources Council, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets:		
Cash and cash equivalents	\$ 612,011	\$ 555,269
Prepaid expenses and other current assets	-	363
Grants and contributions receivable	137,619	140,921
Notes receivable and accrued interest - board designated	648,490	636,612
Investments	3,631,900	3,516,300
Property and equipment, net of accumulated depreciation	<u>2,181,710</u>	<u>2,260,139</u>
 Total assets	 <u>\$ 7,211,730</u>	 <u>\$ 7,109,604</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 11,886	\$ 7,772
Accrued expenses	<u>130,975</u>	<u>123,477</u>
 Total current liabilities	 <u>142,861</u>	 <u>131,249</u>
Net Assets:		
Without donor restrictions:		
Operating	1,062,760	1,050,600
Property and equipment	2,181,710	2,260,139
Board designated funds	<u>2,858,865</u>	<u>2,631,360</u>
Total without donor restrictions	6,103,335	5,942,099
With donor restrictions	<u>965,534</u>	<u>1,036,256</u>
Total net assets	<u>7,068,869</u>	<u>6,978,355</u>
 Total liabilities and net assets	 <u>\$ 7,211,730</u>	 <u>\$ 7,109,604</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, 2023
(With Summarized Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Operating support and revenue:				
Grants and contributions	\$ 671,523	\$ 1,181,155	\$ 1,852,678	\$ 1,903,829
Other income	101,902	-	101,902	20,929
Net assets released from restrictions	1,251,877	(1,251,877)	-	-
Total operating support and revenue	2,025,302	(70,722)	1,954,580	1,924,758
Operating expenses:				
Program services:				
Energy	258,499	-	258,499	232,542
Forests	176,660	-	176,660	162,309
Outreach and communication	238,806	-	238,806	202,800
Sustainable communities	155,193	-	155,193	143,052
Water	913,329	-	913,329	619,200
Total program services	1,742,487	-	1,742,487	1,359,903
Supporting services:				
Management and general	314,049	-	314,049	297,802
Fundraising	140,732	-	140,732	120,840
Total operating expenses	2,197,268	-	2,197,268	1,778,545
Change in net assets from operations	(171,966)	(70,722)	(242,688)	146,213
Other changes:				
Loss on disposal of property and equipment	-	-	-	(470)
Non-operating investment income (loss)	321,325	-	321,325	(480,330)
Interest income from other board designated assets	11,877	-	11,877	11,654
Total other changes	333,202	-	333,202	(469,146)
Change in net assets	161,236	(70,722)	90,514	(322,933)
Net assets, beginning of year	5,942,099	1,036,256	6,978,355	7,301,288
Net assets, end of year	\$ 6,103,335	\$ 965,534	\$ 7,068,869	\$ 6,978,355

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, 2023
(With Summarized Totals for 2022)

	Program Services					Supporting Services		2023 Total	2022 Total
	Climate and Energy	Forests and Wildlife	Outreach and Communication	Sustainable Communities	Water	Management and General	Fundraising		
Salaries and wages	\$ 146,416	\$ 98,551	\$ 143,422	\$ 97,065	\$ 201,677	\$ 201,179	\$ 91,760	\$ 980,070	\$ 944,280
Benefits and taxes	15,732	10,587	14,890	10,435	21,470	21,236	9,868	104,218	99,338
Advertising	2,227	500	7,457	-	950	1,995	-	13,129	7,848
Bad debt recovery	-	-	-	-	-	-	-	-	(25,200)
Bank charges and other fees	-	-	-	-	-	2,858	-	2,858	2,271
Conferences and meetings	10,724	9,948	19,660	7,562	10,767	13,317	786	72,764	14,692
Consultants and subcontractors	11,252	29,085	15,169	9,413	624,696	30,986	6,436	727,037	435,825
Depreciation	12,527	8,430	11,857	8,309	17,096	16,909	7,858	82,986	61,726
Equipment costs	630	424	597	(669)	860	851	395	3,088	3,572
Grants paid	-	-	-	-	2,990	-	-	2,990	18,357
Insurance	1,823	1,227	1,726	1,210	2,488	2,461	1,144	12,079	12,067
License and dues	296	255	273	178	1,487	1,746	159	4,394	9,224
Lobbyist	38,519	6,882	16	10,523	210	-	-	56,150	64,833
Miscellaneous, net	2,315	232	451	830	1,204	279	32	5,343	2,758
Occupancy	9,097	6,122	8,610	6,034	12,415	12,279	5,706	60,263	42,731
Office supplies	418	281	396	277	570	564	262	2,768	3,668
Postage	105	101	3,181	100	148	237	7,896	11,768	8,617
Printing	-	-	4,901	-	-	-	5,403	10,304	9,492
Professional fees	1,918	1,291	1,815	1,272	2,618	2,589	1,203	12,706	15,628
Subscriptions and publications	1,276	912	1,895	775	4,301	1,515	676	11,350	29,070
Telephone, internet and website	1,258	653	1,631	1,210	2,149	1,311	609	8,821	12,364
Travel	1,793	1,063	696	554	4,997	1,504	431	11,038	4,643
Vehicle expenses	173	116	163	115	236	233	108	1,144	741
	<u>\$ 258,499</u>	<u>\$ 176,660</u>	<u>\$ 238,806</u>	<u>\$ 155,193</u>	<u>\$ 913,329</u>	<u>\$ 314,049</u>	<u>\$ 140,732</u>	<u>\$ 2,197,268</u>	<u>\$ 1,778,545</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, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets from operations	\$ 90,514	\$ (322,933)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	-	470
Depreciation	82,986	61,726
Unrealized (gains) losses and earnings, net of fees	(317,899)	880,705
Interest income on board designated assets	(11,877)	(11,654)
(Increase) decrease in:		
Prepaid expenses and other current assets	363	12,693
Grants and contributions receivable	3,302	(95,394)
Increase (decrease) in:		
Accounts payable	4,114	(8,849)
Accrued expenses	7,498	8,590
Construction costs payable	-	(265,387)
Refundable advance	-	(17,917)
	(140,999)	242,050
Net cash provided by operating activities		
Cash flows from investing activities:		
Acquisition of property, equipment and construction in progress	(4,559)	(366,674)
Withdrawals from investments	202,300	-
Proceeds from certificate of deposits	-	101,069
	197,741	(265,605)
Net cash used in investing activities		
Net decrease in cash	56,742	(23,555)
Cash, beginning of year	555,269	578,824
Cash, end of year	\$ 612,011	\$ 555,269

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

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2023 and 2022

(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. In addition, VNRC works to strengthen aquatic ecosystems by facilitating the removal of obsolete dams and restoring riparian and floodplain habitats.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2023 and 2022

(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, 2022, from which the summarized information was derived.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2023 and 2022

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, 2020.
- (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 May 1, 2024, the date the financial statements were available to be issued.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2023 and 2022

(3) Promises to Give

Grants and contributions receivable at June 30, 2023 and 2022 consisted of \$137,619 and \$140,921 in unrestricted promises to give (representing amounts earned but not yet received on reimbursement-type, government grants). Conditional promises to give at June 30, 2023 and 2022 were approximately \$1,018,600 and \$717,000 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, 2023 and 2022 were approximately \$194,800 and \$125,000, 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:

	<u>2023</u>	<u>2022</u>
Land, building and improvements	\$ 2,547,494	\$ 2,546,169
Office furniture and equipment	188,038	184,806
Vehicle	<u>15,599</u>	<u>15,599</u>
	2,751,131	2,746,574
Less: accumulated depreciation	<u>(569,421)</u>	<u>(486,435)</u>
Property and equipment, net	<u>\$ 2,181,710</u>	<u>\$ 2,260,139</u>

Depreciation expense amounted to \$82,986 and \$61,726 for the years ended June 30, 2023 and 2022, respectively.

Vermont Natural Resources Council, Inc.

Notes to the Financial Statements

June 30, 2023 and 2022

(6) Investments and Board Designated Funds

VNRC maintains three separate investment accounts that include a mixture of board designated (funds without donor restrictions) and donor restricted funds as follows:

- “The General Fund” includes primarily board designated 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 fund 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.

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, 2023			
Money funds	\$ 266,702	\$ 266,702	\$ -
Corporate bonds and agency securities	1,244,984	1,109,993	(134,991)
Equities and exchange traded funds	1,351,620	2,213,056	861,436
Other assets	<u>42,266</u>	<u>42,149</u>	<u>(117)</u>
	<u>\$ 2,905,572</u>	<u>\$ 3,631,900</u>	<u>\$ 726,328</u>
	<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>

Vermont Natural Resources Council, Inc.
Notes to the Financial Statements
June 30, 2023 and 2022

Investments and Board Designated Funds (continued)

The fair market value of VNRC's investment 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, 2023				
Money funds	\$ 14,874	\$ 109,733	\$ 142,095	\$ 266,702
Corporate bonds and agency securities	55,791	243,267	810,935	1,109,993
Equities and exchange traded funds	112,552	561,388	1,532,075	2,206,015
Other assets	8,960	11,166	29,064	49,190
	<u>\$ 192,177</u>	<u>\$ 925,554</u>	<u>\$ 2,514,169</u>	<u>\$ 3,631,900</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	100,355	1,416,023	541,144	2,057,522
	<u>\$ 177,132</u>	<u>\$ 2,420,088</u>	<u>\$ 919,080</u>	<u>\$ 3,516,300</u>

The Organization uses the following methods to determine the fair value of its investments:

Money market funds: Determined by the published net asset value ("NAV") per unit at the end of the last trading day of the year, which is the basis for transactions at that date. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares held by the Organization at year end. NAV is quoted in an active market.

Equity securities traded on national securities exchanges: Determined by the closing price on the last business day of the year.

Mutual funds: Valued at the daily closing price as reported by the fund.

Fixed income: Determined by the closing bid price on the last business day of the year.

All investments held are Level 1.

Vermont Natural Resources Council, Inc.
Notes to the Financial Statements
June 30, 2023 and 2022

Investments and Board Designated Funds (continued)

A reconciliation of the beginning and ending balances of the Organization's investment and board designated funds, including the components of investment income for the years ended June 30, 2023 and 2022, 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 6/30/2021	\$ 542	\$ 50	\$ 2,761	\$ 150	\$ 892	\$ 4,395
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>\$ 892</u>	<u>\$ 3,513</u>
Contributions received	-	-	-	-	-	-
Interest and dividends	4	-	41	15	-	60
Realized gains/(losses)	-	-	-	-	-	-
Unrealized gains/(losses)	13	-	198	246	(169)	288
Investment fees	(2)	-	(20)	(7)	-	(29)
Net investment income (loss)	15	-	219	254	(169)	319
Appropriated for operations	-	-	(125)	(75)	-	(200)
Appropriated for construction	-	-	-	-	-	-
Value of invested funds 6/30/2023	<u>\$ 142</u>	<u>\$ 50</u>	<u>\$ 2,514</u>	<u>\$ 203</u>	<u>\$ 723</u>	<u>\$ 3,632</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.

Vermont Natural Resources Council, Inc.
Notes to the Financial Statements
June 30, 2023 and 2022

(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, 2023			
Investments and endowments:			
Zilliacus Legal Fund	\$ 722,786	\$ -	\$ 722,786
Mollie Beattie Intern Fund	-	50,249	50,249
Grants received and promised restricted for:			
Energy	116,956	-	116,956
Forests	27,776	-	27,776
Water	7,494	-	7,494
Sustainable communities	14,188	-	14,188
Other special projects	<u>26,085</u>	<u>-</u>	<u>26,085</u>
 Total net assets with donor restrictions	 <u>\$ 915,285</u>	 <u>\$ 50,249</u>	 <u>\$ 965,534</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>

(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, 2023 and 2022 was \$27,362 and \$24,023, 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, 2023 and 2022 is included in the notes receivable balance on the statements of financial position. As of June 30, 2023 and 2022 there was \$48,490 and \$36,612 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 612,011	\$ 555,269
Operating receivables expected to be collected in the next year	137,619	140,921
Less: Net assets with donor restrictions for specific purposes	<u>(192,499)</u>	<u>(152,039)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 557,131</u>	<u>\$ 544,151</u>