

**PRESERVATION TRUST OF VERMONT, INC.
AND SUBSIDIARY**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY

SEPTEMBER 30, 2021

TABLE OF CONTENTS

Independent Accountant's Compilation Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 20



Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

206 Main Street #20 • P.O. Box 38 • Vergennes, VT 05491 • www.tapiahuckabay.com (802) 870-7086

Independent Accountant's Compilation Report

To the Board of Directors
Preservation Trust of Vermont, Inc. and Subsidiary
Burlington, Vermont

Management is responsible for the accompanying financial statements of the Preservation Trust of Vermont, Inc. and Subsidiary (Vermont nonprofit organizations), which comprise the statement of financial position as of September 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with U.S. generally accepted accounting principles. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements. The prior year summarized comparative information has been derived from the Organization's 2020 financial statements which were compiled by us and, in our report dated February 18, 2021, we noted that those statements were the representation of management and that we did not express any opinion or any other form of assurance on them.



Vergennes, Vermont
January 26, 2022
Vermont Registration #108880

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021
(With Summarized Information for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents (Notes 1 & 4)	\$ 103,731	\$ 135,905
Grants and contributions receivable (Notes 1, 14 & 18)	198,000	105,000
Other receivables	4,540	496
Prepaid expenses	34,021	23,026
Notes receivable (Note 13)	44,262	39,566
Program-related investments - real & personal property (Notes 16 & 18)	2,291,123	2,345,440
Program-related investment - limited liability company (Note 17)	100,000	100,000
Beneficial interest in assets held by others (Note 7)	93,272	78,549
Beneficial interest in charitable remainder trust (Note 9)	128,830	125,730
Investments and endowments (Note 6)	8,089,819	7,249,917
Property and equipment, net of accumulated depreciation (Notes 1, 5 & 18)	<u>1,357,732</u>	<u>1,395,370</u>
TOTAL ASSETS	<u><u>\$ 12,445,330</u></u>	<u><u>\$ 11,598,999</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 9,224	\$ 8,220
Accrued expenses	2,241	1,115
Grant payable	-	50,000
Refundable advances (Note 12)	1,137,658	1,225,009
Notes payable & advances from individuals (Notes 14, 16 & 18)	<u>257,279</u>	<u>281,362</u>
Total Liabilities	<u>1,406,402</u>	<u>1,565,706</u>
 Net Assets: (Note 15)		
Without donor restrictions	6,532,843	6,095,700
With donor restrictions	<u>4,506,085</u>	<u>3,937,593</u>
Total Net Assets	<u>11,038,928</u>	<u>10,033,293</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 12,445,330</u></u>	<u><u>\$ 11,598,999</u></u>

See accompanying notes and independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(With Summarized Information for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
OPERATING SUPPORT AND REVENUE:				
Grants, contributions & bequests (Notes 1, 12, 14 & 19)	\$ 783,644	\$ 1,859,572	\$ 2,643,216	\$ 1,986,838
Conference fees	976	-	976	3,449
Rental income & maintenance fees (Note 8)	27,117	-	27,117	22,576
Interest and other income	14,994	41	15,035	2,979
Change in beneficial interest in assets held by others (Note 7)	18,779	-	18,779	1,728
Investment income available to operations (Note 6)	111,669	149,025	260,694	211,460
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	1,880,294	(1,880,294)	-	-
Total support and revenue	<u>2,837,473</u>	<u>128,344</u>	<u>2,965,817</u>	<u>2,229,030</u>
OPERATING EXPENSES AND LOSSES:				
Program services (Note 1)	2,348,944	-	2,348,944	1,574,934
Supporting services:				
Management and general	129,807	-	129,807	139,170
Fundraising	106,733	-	106,733	91,376
Total expenses and losses	<u>2,585,484</u>	<u>-</u>	<u>2,585,484</u>	<u>1,805,480</u>
Change in net assets from operations	251,989	128,344	380,333	423,550
OTHER CHANGES:				
Non-operating investment income (Note 6)	185,154	331,798	516,952	354,216
Change in value of charitable remainder trust (Note 9)	-	3,100	3,100	2,570
Contributions restricted for investment in perpetuity	-	105,250	105,250	132,828
Total other changes	<u>185,154</u>	<u>440,148</u>	<u>625,302</u>	<u>489,614</u>
Change in net assets	437,143	568,492	1,005,635	913,164
Net assets, beginning of year	<u>6,095,700</u>	<u>3,937,593</u>	<u>10,033,293</u>	<u>9,120,129</u>
Net assets, end of year	<u>\$ 6,532,843</u>	<u>\$ 4,506,085</u>	<u>\$ 11,038,928</u>	<u>\$ 10,033,293</u>

See accompanying notes and independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(With Summarized Information for 2020)

	Program	Management & General	Fundraising	2021 Total	2020 Total
Salaries, taxes and benefits	\$ 356,987	\$ 45,357	\$ 66,501	\$ 468,845	\$ 385,699
Grants	1,571,880	-	-	1,571,880	859,437
Consultants and subcontractors	85,964	64,317	11,635	161,916	203,454
Dues and subscriptions	4,232	-	-	4,232	1,880
Equipment rental	218	1,962	-	2,180	1,603
Insurance	47,514	644	322	48,480	30,694
Miscellaneous	392	3,198	479	4,069	4,906
Other direct expenses	3,682	-	-	3,682	13,271
Printing, postage & shipping	2,500	1,250	22,495	26,245	18,496
Property taxes	57,425	-	-	57,425	9,581
Occupancy	42,526	4,477	1,919	48,922	40,154
Repairs and maintenance	26,508	-	-	26,508	46,235
Supplies	1,739	149	596	2,484	7,166
Telephone	5,487	166	166	5,819	4,621
Training, conferences & meetings	1,358	6,664	-	8,022	16,151
Travel	8,074	372	744	9,190	13,203
Interest	5,373	-	-	5,373	5,537
Depreciation	111,780	1,251	1,876	114,907	127,922
	<u>\$ 2,348,944</u>	<u>\$ 129,807</u>	<u>\$ 106,733</u>	<u>\$ 2,585,484</u>	<u>\$ 1,805,480</u>

See accompanying notes and independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(With Summarized Information for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,005,635	\$ 913,164
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	114,907	127,922
Contributions restricted for investment in perpetuity	(105,250)	(132,828)
Realized and unrealized (gains) losses on investments	(727,148)	(496,147)
Change in value of charitable remainder trust	(3,100)	(2,570)
Change in beneficial interest in assets held by others	(18,779)	(4,119)
(Increase) decrease in grants and contributions receivable	(93,000)	80,162
(Increase) decrease in other current assets	(15,039)	32,514
Increase (decrease) in accounts payable	1,004	(1,323)
Increase (decrease) in grant payable	(50,000)	-
Increase (decrease) in accrued expenses	1,126	(1,081)
Increase (decrease) in refundable advances	<u>(87,351)</u>	<u>202,445</u>
Net cash provided by (used in) operating activities	<u>23,005</u>	<u>718,139</u>
Cash flows from financing activities:		
Payments on notes payable and advances from individuals	(24,083)	(14,944)
Contributions received restricted for investment in perpetuity	<u>105,250</u>	<u>132,828</u>
Net cash provided by (used in) financing activities	<u>81,167</u>	<u>117,884</u>
Cash flows from investing activities:		
Purchase of investments	(1,241,000)	(3,930,195)
Sale of investments	1,132,302	3,052,580
Amounts lent on notes receivable	(9,000)	-
Repayments of notes receivable	4,304	3,455
Acquisition of property and equipment	<u>(22,952)</u>	<u>(14,585)</u>
Net cash provided by (used in) investing activities	<u>(136,346)</u>	<u>(888,745)</u>
Net increase (decrease) in cash	(32,174)	(52,722)
Cash at the beginning of the year	<u>135,905</u>	<u>188,627</u>
Cash at the end of the year	\$ <u>103,731</u>	\$ <u>135,905</u>
Supplemental Data:		
Interest paid	\$ 5,373	\$ 5,537

See accompanying notes and independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization and Activities:

The Preservation Trust of Vermont, Inc. (“PTV” or the “Trust” or, along with Preservation Realty Holdings, Inc. discussed below, “the Organization”) is an independent, nonprofit Vermont corporation founded in 1980. The Trust provides public education, technical assistance and direct financial support to community preservation initiatives throughout Vermont in order to prevent sprawl, promote downtown vitality, and protect the state’s important architectural resources.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the Trust and its wholly controlled subsidiary, Preservation Realty Holdings, Inc. (“PRH” or “Subsidiary”). PRH was organized as a nonprofit membership organization in 1998 to “acquire, own, lease, develop and preserve historically significant properties within the state of Vermont.” The Trust is PRH’s only member. All significant inter-company transactions and accounts have been eliminated in consolidation.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets – those with donor restrictions and those without.

Contributions:

Contributions received are recorded as either “with donor restrictions” or “without donor restrictions” depending on the existence and/or nature of any such specific 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 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. Funds received with donor conditions are recorded as refundable advances until the conditions are substantially met.

Cash and Cash Equivalents:

The Organization treats all unrestricted, highly liquid investments with an initial maturity of three months or less as cash equivalents, except for the money market funds included in the investment portfolio.

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.

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 September 30, 2020, from which the summarized information was derived.

Property and Equipment:

Additions to property and equipment are recorded at cost when purchased and at market value when donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	10 – 39 years
Vehicles	5 years
Furniture, fixtures and equipment	5 – 10 years
Computer equipment	3 – 5 years
Exhibit items	40 years

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. If material, discounts on those amounts are computed using estimated market interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is reflected in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Description of programs:

A description of the major programs of the Organization is as follows:

“Preservation Grants” – With funding from several major Vermont foundations and many other individuals and organizations, the Trust distributed nearly \$1,572,000 in direct and “field service” grants to over 130 towns, organizations and individuals in support of restoration and rehabilitation projects during the year ended September 30, 2021 (nearly \$860,000 in direct grants to over 100 grantees in 2020).

See independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of programs (continued):

“Grand Isle Lake House” – The Organization, through its subsidiary, continues to preserve and renovate this historic property acquired in 1998 through donation. The unrelated for-profit entity that had leased the property and hosted weddings, special events, non-profit meetings and business retreats since 1998 ceased operating in July 2020 due to financial repercussions of the COVID-19 pandemic. The board has issued a Request for Proposals from potential operators of the Grand Isle Lake House. The successful proposal will align with the Organization’s mission to enhance the social, historic, architectural, cultural and economic vitality of Vermont.

“Endangered Places – Preservation Fiscal Sponsorships” – With funding provided by contributions from individuals and private organizations, the Organization supports and strengthens Vermont’s downtown and village center areas through technical and program support.

“Historic Preservation Easement Program” – The Organization holds and monitors conservation easements on historic buildings and archaeological sites throughout Vermont (often times in conjunction with the Vermont Housing and Conservation Board).

“Field Service Program” – The Organization provides on-site technical and financial assistance to communities throughout Vermont.

“Historic Places Revolving Fund” – With start-up funding provided by a private foundation, this new program is being used to help save historic sites throughout the state mainly through the acquisition of options on real property followed by a search for a suitable, long-term owner or steward.

“Community Supported Enterprises” – This priority is embedded in many of the existing programs. Community Supported Enterprises are projects that are identified as needs of a specific community by its residents who take an active role in raising funds needed to purchase property and equipment.

NOTE 2 – INCOME TAXES

The Trust is exempt from federal income tax 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 the Trust qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A). PRH is exempt from federal income tax as an organization described in Section 501(c)(2) of the Internal Revenue Code.

The Trust believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 – RETIREMENT PLAN

The Trust 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 contributions up to prescribed limits with the Organization making matching contributions up to 3% of total compensation. Employer expense under this plan totaled \$11,931 and \$6,305 for the years ended September 30, 2021 and 2020, respectively.

NOTE 4 – 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). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30th:

	2021	2020
Land	\$ 862,000	\$ 862,000
Buildings and improvements	1,807,712	1,807,712
Vehicles	22,820	22,820
Furniture, fixtures and equipment	58,081	53,417
Computer equipment	16,372	16,372
Subtotal	<u>2,766,985</u>	<u>2,762,321</u>
Less - accumulated depreciation	<u>(1,409,253)</u>	<u>(1,366,951)</u>
Net fixed assets	<u><u>\$ 1,357,732</u></u>	<u><u>\$ 1,395,370</u></u>

Depreciation expense (including \$71,386 in 2020 and \$72,605 in 2021 on real and personal property program investments discussed below) totaled \$114,907 and \$127,922 for the years ended September 30, 2021 and 2020, respectively.

NOTE 6 – INVESTMENTS AND ENDOWMENTS

The Organization maintains eleven separate investment accounts for funds with and without donor restrictions (including several board designated funds). Earnings from the endowment funds invested in perpetuity subsidize the Executive Director’s position, help fund the periodic monitoring of conservation easements held by the Organization in furtherance of its mission, and support grant-making and other assistance of community efforts to preserve and strengthen Vermont’s collection of historic and cultural resources.

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

Interpretation of Relevant Law:

The Organization interprets state law (under the *Uniform Prudent Management of Institutional Funds Act* – “UPMIFA”) to require the preservation of the fair value of the original gift as of the gift date of its endowment funds absent explicit donor stipulations to the contrary. Pursuant to UPMIFA and guidance from the Financial Accounting Standards Board (“FASB”), retained appreciation of the endowment funds, if any, in excess of historical cost basis, is shown as net assets with donor restrictions until *appropriated* by management for the fund’s designated purposes.

Return Objectives, Risk Parameters and Investment Strategies:

The Organization has adopted investment and spending policies for its restricted and unrestricted endowment and investment funds that attempt to provide a predictable stream of funding to programs supported by its investments and endowments while seeking to maintain the purchasing power of the funds. Under this policy, the funds are invested in a manner that is intended to yield an average, long-term rate of return that exceeds the long-term change in the Consumer Price Index by 4% (though actual returns in any given year may obviously vary from this amount). 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 investment accounts, the Organization targets a diversified asset allocation with a mix of equities, fixed income-based investments, and cash equivalents to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and its Relation to Investment Strategies and Objectives:

For the restricted endowment and board designated funds, the Organization’s spending policy is to transfer approximately 5% of the market value of the investment account to support the fund’s designated expenses. Earnings from the unrestricted investment accounts are not subject to a formal spending policy and activity includes transfers to and from operations based on cash needs. Over the long-term, the Organization expects its permanently restricted endowment to grow at an amount that it believes will protect the purchasing power of the endowment assets held in perpetuity.

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

The cost, fair market value (determined by “Level 1” inputs by reference to quoted market prices), 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 September 30, 2021:			
Money market funds	\$ 1,075,367	\$ 1,075,367	\$ -
Fixed income securities	2,126,629	2,193,771	67,142
Equity securities & funds	2,109,067	4,820,681	2,711,614
	<u>\$ 5,311,063</u>	<u>\$ 8,089,819</u>	<u>\$ 2,778,756</u>
As of September 30, 2020:			
Money market funds	\$ 1,752,366	\$ 1,752,366	\$ -
Fixed income securities	1,730,744	1,818,742	87,998
Equity securities & funds	1,607,953	3,678,809	2,070,856
	<u>\$ 5,091,063</u>	<u>\$ 7,249,917</u>	<u>\$ 2,158,854</u>

The Organization values its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value (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. A reconciliation of the beginning and ending balances of the Organization’s investment accounts, including the components of investment income for the years ended September 30, 2020 and 2021, by net asset class is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Unappropriated Appreciation</u>	<u>Original Gift Basis</u>	<u>Total</u>
Value of Investments 10/1/19:	\$ 2,765,396	\$ 501,630	\$ 2,602,620	\$ 5,869,646
Contributions received	-	-	132,828	132,828
Interest and dividends	101,224	-	-	101,224
Realized & unrealized gains / (losses)	142,417	353,730	-	496,147
Fees	(31,695)	-	-	(31,695)
Net investment income (loss)	211,946	353,730	-	565,676
Appropriated for operations	(74,641)	(136,819)	-	(211,460)
Other transfers	893,227	-	-	893,227
Net transfers	818,586	(136,819)	-	681,767
Value of Investments 9/30/20:	<u>\$ 3,795,928</u>	<u>\$ 718,541</u>	<u>\$ 2,735,448</u>	<u>\$ 7,249,917</u>

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Appreciation	Original Gift Basis	Total
Value of Investments 10/1/20:	\$ 3,795,928	\$ 718,541	\$ 2,735,448	\$ 7,249,917
Contributions received	-	-	105,250	105,250
Interest and dividends	94,476	-	-	94,476
Realized & unrealized gains / (losses)	246,325	480,823	-	727,148
Fees	(43,978)	-	-	(43,978)
Net investment income (loss)	296,823	480,823	-	777,646
Appropriated for operations	(111,669)	(149,025)	-	(260,694)
Other transfers	217,700	-	-	217,700
Net transfers	106,031	(149,025)	-	(42,994)
Value of Investments 9/30/21:	\$ 4,198,782	\$ 1,050,339	\$ 2,840,698	\$ 8,089,819

Income from the permanently restricted funds is for on-going projects of the Organization and considered released from restriction once appropriated by management for operations.

NOTE 7 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 1994, the Trust transferred \$50,000 to the Vermont Community Foundation for the establishment of a fund to benefit preservation projects in the Bennington, Vermont area. Income earned by the fund (i.e. the allocable amount of earnings from the Foundation's common pooled fund) is generally distributable to the Trust (at the direction of the Trust) on an annual basis. The Trust, however, has granted variance power to the Foundation which means that the Board of Trustees of the Foundation "has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served."

NOTE 8 – REAL PROPERTY LEASES

In 2001, PTV received, through bequest, a historic building that includes a home and the "Pierce's Store" in Shrewsbury, Vermont. The Trust accepted the gift with the understanding that the property would not be used for the Trust's economic gain but that the property would re-emerge as a general store and important gathering place for the community. In September 2009, PTV entered into a lease agreement with a local food market cooperative ("tenant") with the purpose of fulfilling the former owner's wishes. Under the lease, most recently renewed in March 2018, the tenant pays no rent unless gross revenue exceeds, on a calendar year basis, \$150,000 annually. The Trust also makes annual grants to the tenant of \$10,000 to cover property taxes, insurance, and ongoing operating costs and expenses.

See independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8 – REAL PROPERTY LEASES (continued)

As discussed in Note 16, the Trust acquired the real property associated with the Vermont Marble Museum in Proctor, Vermont to help ensure that the Museum remains open to the public. The Trust leases the property to the operator, though no rent has been charged through September 30, 2021.

In April of 2019, the Trust began renting office and commercial space in the non-Museum portion of the Vermont Marble Museum building to unrelated third parties under leases with various terms. Rental income was \$27,117 and \$16,857 for the fiscal years ended September 30, 2021 and 2020, respectively.

The Trust leases office space (and associated parking spaces) under a month to month lease with minimum lease payments of \$900. Rent expense under the lease was \$10,800 for both 2020 and 2021 (with the landlord forgiving six months of rent as a contribution to the Trust in 2020).

NOTE 9 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

Upon the death of the grantor in 2015, the Trust became a remainder beneficiary of a charitable remainder unitrust administered by an unrelated third party. The charitable remainder trust provides for the payment of distributions to a designated beneficiary over the beneficiary's lifetime with the remaining assets distributable to several non-profit organizations upon the end of the trust's term. The Trust estimated the fair value of its 10% remainder interest (using the beneficiary's estimated life expectancy and a discount rate of 5%) at \$103,600 as of September 30, 2015. Adjusting for changes in life expectancy, the Trust has estimated the fair value of its interest at \$128,830 as of September 30, 2021 (\$125,730 as of September 30, 2020) with the \$3,100 change for the fiscal year ended September 30, 2021 (\$2,570 for 2020) shown in the Statement of Activities as "change in value of charitable remainder trust."

NOTE 10 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. For those employees working in multiple functional categories, the Trust allocates its payroll, tax and benefit costs based on the estimated time worked on the various program, general and administrative and fundraising activities. Other costs (such as insurance, rent and depreciation on non-program related property and equipment) are attributable to and benefit one or more program or supporting services and are allocated based on the payroll allocation percentages discussed above.

NOTE 11 – RECLASSIFICATIONS

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

See independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 12 – REFUNDABLE ADVANCES

As discussed in Note 1, a significant portion of the Organization’s activities involves “Preservation Grants” in which PTV reviews applications for support of renovation projects primarily from local communities and organizations. Qualifying projects are included in applications submitted several times per year by the Organization to a small group of major foundations. Amounts approved by the foundations are earmarked for the specific local renovation projects. The Organization notifies the grantee that they have been approved, but funding is conditioned upon satisfactory completion of the renovation work. The Organization treats the receipt of funds from the foundations as a refundable advance because the support is conditioned on the completion of the renovation work and the subsequent transfer of funds to the grantee. When the renovation work is completed and the funds are disbursed, the Organization recognizes grant income and grant expense. The balance in refundable advances represents current and prior years’ grants that are still in progress but ultimately payable to the designated recipients (or conditioned on certain future Organizational expenditures). The activity in the refundable advances account for the years ended September 30, 2020 and 2021 is as follows:

	<u>2021</u>	<u>2020</u>
Refundable advances, beginning of the year	\$ 1,225,009	\$ 1,022,564
Grant funds received	425,000	425,000
Grant funds disbursed	<u>(512,351)</u>	<u>(222,555)</u>
Refundable advances, end of the year	<u>\$ 1,137,658</u>	<u>\$ 1,225,009</u>

NOTE 13 – NOTES RECEIVABLE

Notes receivable consisted of the following as of September 30th:

	<u>2021</u>	<u>2020</u>
\$30,000 note receivable from the Vermont Community Loan Fund dated December 2015 with interest payable annually at 3%; due in full December 2025.	\$ 30,000	\$ 30,000
\$11,000 note receivable from the Randolph Community Orchard dated March 2019 with monthly payments of \$300 including principal and interest (at .9%) through May 2022 and secured by real property; paid in full October 2021.	3,814	7,113
\$5,000 note receivable from the Montpelier, VT based non-profit "Another Way" dated February 2018; principal-only payments of \$83 per month for the first year and then payments of principal and interest (at 3%) of \$89 through February 2023.	1,448	2,453
\$9,000 informal and interest-free advance to community preservation organization dated August 2021; paid in full October 2021.	9,000	-
	<u>\$ 44,262</u>	<u>\$ 39,566</u>

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 14 – PROMISES TO GIVE

Grants and contributions receivable consisted of the following as of September 30th:

	<u>2021</u>	<u>2020</u>
Unrestricted (including amounts already expended on restricted grants and contributions):	\$ <u>98,000</u>	\$ <u>85,000</u>
Temporarily restricted:		
For future years	100,000	-
For specific program activities	<u>-</u>	<u>20,000</u>
	<u>100,000</u>	<u>20,000</u>
Permanently restricted	<u>-</u>	<u>-</u>
Total unconditional promises to give	\$ <u>198,000</u>	\$ <u>105,000</u>
Receivable in less than one year	\$ 148,000	\$ 105,000
Receivable in one to five years	<u>50,000</u>	<u>-</u>
Total unconditional promises to give	198,000	105,000
Less discounts to net present value	-	-
Less allowance for uncollectable promises receivable	<u>-</u>	<u>-</u>
Net unconditional promises to give	\$ <u>198,000</u>	\$ <u>105,000</u>

Conditional promises to give at September 30, 2021 included the \$901,855 balance of three governmental grants – \$15,650 remaining on a \$219,213 grant from the Northern Borders Region Commission, \$221,459 remaining on the \$747,000 Round #1 “Bruhn Historic Preservation Program” grant from the National Park Service, and \$664,746 remaining on the \$670,000 Round #2 “Bruhn Historic Preservation Program” grant also from the National Park Service – all conditioned upon PTV incurring specified preservation costs. Conditional promises to give are not recorded until the conditions are substantially met.

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 15 – NET ASSETS

The two classes of net assets have the following donor restrictions:

	Without Donor Restrictions	With Donor Restrictions		Total
		Other Restrictions	Invested in Perpetuity	
As of September 30, 2021:				
Director's Fund Endowment	\$ -	\$ 510,765	\$ 1,252,903	\$ 1,763,668
Stewardship Endowment Fund	-	149,178	409,200	558,378
Field Services Endowment Fund	-	137,161	251,250	388,411
The Robert Sincerbeaux Fund:				
In investments	-	107,348	432,500	539,848
In loan fund	-	-	4,500	4,500
The Stewart Fund for Downtowns & Villages	-	145,887	494,845	640,732
Restricted to future time periods	-	228,830	-	228,830
Restricted to other special projects	-	381,718	-	381,718
Board designated Grand Isle Lake House Fund	692,128	-	-	692,128
Board designated Jordan Community Fund	308,231	-	-	308,231
Board designated Paul Bruhn Fund	962,756	-	-	962,756
Board designated Operating Reserve Fund	830,451	-	-	830,451
Board designated for specific region	50,000	-	-	50,000
Investment in property & program investments	3,748,855	-	-	3,748,855
Non-endowment & property without restrictions	(59,578)	-	-	(59,578)
	<u>\$ 6,532,843</u>	<u>\$ 1,660,887</u>	<u>\$ 2,845,198</u>	<u>\$ 11,038,928</u>
As of September 30, 2020:				
Director's Fund Endowment	\$ -	\$ 362,441	\$ 1,252,903	\$ 1,615,344
Stewardship Endowment Fund	-	100,971	409,200	510,171
Field Services Endowment Fund	-	103,232	251,000	354,232
The Robert Sincerbeaux Fund:				
In investments	-	68,584	427,500	496,084
In loan fund	-	-	4,500	4,500
The Stewart Fund for Downtowns & Villages	-	83,313	394,845	478,158
Restricted to future time periods	-	125,730	-	125,730
Restricted to other special projects	-	353,374	-	353,374
Board designated Grand Isle Lake House Fund	632,649	-	-	632,649
Board designated Jordan Community Fund	279,914	-	-	279,914
Board designated Paul Bruhn Fund	892,738	-	-	892,738
Board designated Operating Reserve Fund	432,590	-	-	432,590
Board designated for specific region	50,000	-	-	50,000
Investment in property & program investments	3,840,810	-	-	3,840,810
Non-endowment & property without restrictions	(33,001)	-	-	(33,001)
	<u>\$ 6,095,700</u>	<u>\$ 1,197,645</u>	<u>\$ 2,739,948</u>	<u>\$ 10,033,293</u>

See independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 16 – PROGRAM-RELATED REAL AND PERSONAL PROPERTY INVESTMENTS

The Trust has taken the lead in a multi-year project to preserve the real property associated with the Vermont Marble Museum in Proctor, Vermont and to help ensure that the Museum remains open to the public. In December 2012, the Trust purchased the Museum’s exhibit items valued at \$1,676,330 - for the bargain price of \$250,000. Working with local volunteers, the Trust helped form a new, unrelated non-profit organization – “Vermont Marble Museum, Inc.” (“the operator”) - that began operating the Museum in 2014. In December 2014, the Trust finished its fundraising campaign and purchased the Museum real property for \$480,000 (including a bargain purchase component (donation) of \$55,000). The Museum’s exhibit items (now being depreciated over 40 years with depreciation of \$41,908 for both 2020 and 2021) is on permanent loan to the operator. The operator has been severely impacted by the COVID-19 pandemic and the Museum did not open for the 2021 season. PTV is currently leasing space within the building to help offset building expenses and is in the process of finding an entity that can take over stewardship of the building.

The Trust’s work to preserve the Vermont Marble Museum has attracted other preservation-minded donors and, in December 2015, the Trust received another donation of quarrying-related collection items valued at approximately \$81,375.

The Trust’s program related real and personal property investments are summarized as follows as of September 30th:

	2021	2020
Land	\$ 110,000	\$ 110,000
Buildings and improvements	841,582	823,294
Collections	1,757,705	1,757,705
Subtotal	2,709,287	2,690,999
Less - accumulated depreciation	(418,164)	(345,559)
Net fixed assets	\$ 2,291,123	\$ 2,345,440

NOTE 17 – PROGRAM-RELATED INVESTMENT IN LIMITED LIABILITY COMPANY

In May 2019, the Trust made a \$100,000 “preferred membership” investment in a limited liability company working to preserve and renovate property in Bennington, Vermont. PTV earns “preferred distributions” on its investment at a rate of 3% per annum. Under the terms of the operating agreement – and assuming the limited liability company is in compliance with its loan obligations – the limited liability company will redeem PTV’s preferred membership interest in June 2024 at its original \$100,000 investment plus any accrued but unpaid preferred distributions.

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 18 – NOTES PAYABLE AND ADVANCES FROM INDIVIDUALS

Notes payable consisted of the following at September 30th:

	<u>2021</u>	<u>2020</u>
\$175,000 term loan with the U.S. Department of Agriculture dated June 2015 with payments of principal and interest (at 3.5%) of \$788 due monthly through June 2045; secured by Vermont Marble Museum collections and substantially all of borrower's other personal property.	\$ 151,279	\$ 155,362
\$106,000 interest-free, "deferred" note payable with the Vermont Housing and Conservation Board dated December 2014; due in full on the earlier of 1) June 30, 2022 (modified from an original maturity date of June 30, 2020) or 2) PTV's transfer of the Vermont Marble Museum real property to Vermont Marble Museum, Inc. (at which time the note will be forgiven); secured by a first mortgage on Vermont Marble Museum real property.	106,000	106,000
\$100,000 interest-free loan from an individual; secured by a 50% interest in certain pledges receivable secured in connection with the purchase of land at "Exit 4" in Randolph, Vermont; originally due in full July 2020; paid in full January 2021.	-	20,000
	<u>\$ 257,279</u>	<u>\$ 281,362</u>

Future maturities on notes payable are as follows:

2022	\$ 110,217
2023	4,366
2024	4,522
2025	4,696
2026	4,849
2027 & beyond	<u>128,629</u>
	<u>\$ 257,279</u>

Interest expense on the above notes and advances was \$5,373 and \$5,537 for the fiscal years ended September 30, 2021 and 2020, respectively.

See independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 19 – PAYCHECK PROTECTION PROGRAM INCOME

In April 2020, PTV applied for and received a \$69,900 Payroll Protection Program (“PPP”) loan from a local bank. Since the Organization used the funds for allowable purposes under the program and retained its employees during the period from the loan date through September 30, 2020, it believed it had substantially met the conditions for forgiveness contemplated in the loan and expected the loan to be fully forgiven. And since full forgiveness was contemplated at the inception of the loan, PTV treated the receipt of the PPP funds as a conditional grant whose conditions were substantially met as of the end of the fiscal year - with the \$69,900 included in grants, contributions and bequests on the Statement of Activities for the fiscal year then ended. The loan was forgiven in full in November 2020.

NOTE 20 – 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 program activities, fundraising efforts and special events. The Organization manages liquidity by investing surplus funds – and then withdrawing them to operations as needed – in the unrestricted portion of its investment portfolio (mainly cash and short-term fixed income securities). The Board also authorizes transfers of board designated funds in order to fund special program and capital activities where current available resources are insufficient.

The following reflects the Organization’s financial assets as of September 30th, reduced by amounts not available for general use within one year because of donor-imposed restrictions or internal designations. Amounts available include amounts that are available for general expenditure in the following year (i.e. time restricted donations, if any). Amounts not available include amounts set aside for operating or other reserves that *could* be drawn upon if the board of directors approved the action.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 103,731	\$ 135,905
Non board or donor restricted portion of investments	1,405,216	1,558,037
Receivables expected to be collected in the coming year	152,540	105,496
Subtract: net assets with donor restrictions for specific purposes	<u>(385,894)</u>	<u>(353,374)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,275,593</u>	<u>\$ 1,446,064</u>

See independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 21 – SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to September 30, 2021 through January 26, 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.

See independent accountant's compilation report.