Preservation Trust of Vermont, Inc. and Subsidiary

Consolidated Financial Statements
(with Independent Auditors' Report)

September 30, 2023 and 2022

Preservation Trust of Vermont, Inc. and Subsidiary
September 30, 2023 and 2022

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Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Preservation Trust of Vermont, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2022 financial statements which have been reviewed by us, and our report thereon, dated July 25, 2023, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 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
June 6, 2024
VT Reg. No. 92-349

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statements of Financial Position
September 30, 2023 and 2022

	(Audited) 2023	(Reviewed) 2022
Assets		
Current assets:		
Cash (Notes 1 & 15)	$ 270,625	$ 67,158
Promises to give (Notes 1 & 10)	50,000	135,000
Other receivables	3,750	7,609
Prepaid expenses and deposits	27,344	16,385
Right of use asset (Note 12)	822,339	830,730
Notes receivables (Note 9)	130,000	130,326
Total current assets	1,304,058	1,187,208
Program-related investments - real and personal property (Note 12)	1,394,064	1,438,006
Program-related investment - limited liability company (Note 13)	100,000	100,000
Beneficial interest in assets held by others (Note 4)	75,647	72,968
Beneficial interest in charitable remainder trust (Note 6)	135,280	132,020
Investments (Note 3)	7,799,361	7,462,229
Notes receivables (Note 9)	30,000	30,000
Property and equipment, net (Note 2)	1,367,235	1,380,700
Security deposits	1,150	-
Total assets	$ 12,206,795	$ 11,803,131
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 9,729	20,279
Accrued expenses	21,563	18,852
Refundable advances (Note 8)	1,474,201	1,572,724
Current portion of long-term debt (Note 14)	4,535	4,379
Total current liabilities	1,510,028	1,616,234
Long-term debt, net of current portion (Note 14)	138,136	142,671
Total liabilities	1,648,164	1,758,905
Net assets: (Note 11)		
Without donor restriction	6,178,239	5,975,913
With donor restriction	4,380,392	4,068,313
Total net assets	10,558,631	10,044,226
Total liabilities and net assets	$ 12,206,795	$ 11,803,131

See accompanying notes to the consolidated financial statements.

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2023
(With Summarized Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	(Audited) 2023 Totals	(Reviewed) Summarized 2022 Totals
Revenues and support				
Grants, contributions and bequests (Note 1, 8 & 10)	$ 988,371	$ 770,556	$ 1,758,927	$ 1,517,504
Interest and other income	17,684	-	17,684	3,948
Conference fees	13,309	-	13,309	8,318
Rental income and maintenance fees (Note 5)	6,908	-	6,908	35,181
Change in beneficial interest in assets held by others (Note 4)	6,841	-	6,841	4,000
Investment income available to operations (Note 3)	178,246	114,851	293,097	474,086
Net assets released from restrictions	971,061	(971,061)	-	-
Total revenues and support	2,182,420	(85,654)	2,096,766	2,043,037
Operating expenditures				
Program services (Note 1)	2,012,728	-	2,012,728	1,801,176
Support services:				
Management and general	121,178	-	121,178	95,077
Fundraising	141,034	-	141,034	122,567
Total expenses	2,274,940	-	2,274,940	2,018,820
Change in net assets from operations	(92,520)	(85,654)	(178,174)	24,217
Other changes:				
Gain on transfer of property	-	-	-	153,770
Non-operating investment income (loss) (Note 3)	294,846	74,473	369,319	(1,360,879)
Change in value of charitable remainder trust (Note 5)	-	3,260	3,260	3,190
Contributions restricted for investment perpetuity	-	320,000	320,000	185,000
Total other changes	294,846	397,733	692,579	(1,018,919)
Change in net assets	202,326	312,079	514,405	(994,702)
Net assets, beginning of year	5,975,913	4,068,313	10,044,226	11,038,928
Net assets, end of year	$ 6,178,239	$ 4,380,392	$ 10,558,631	$ 10,044,226

See accompanying notes to the consolidated financial statements.

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2023
(With Summarized Comparative Totals for 2022)

	Program Services	Support Services: Management and General	Support Services: Fundraising	(Audited) 2023 Totals	(Reviewed) Summarized 2022 Totals
Salaries, taxes and benefits	$ 418,547	$ 56,429	$ 95,314	$ 570,290	$ 534,728
Consultants and subcontractors	48,777	29,172	14,058	92,007	130,884
Depreciation	85,036	1,076	1,614	87,726	115,489
Dues and subscriptions	3,844	-	-	3,844	1,835
Equipment rental	219	1,978	-	2,197	2,143
Grants	1,286,983	-	-	1,286,983	893,594
Insurance	9,262	355	178	9,795	46,501
Interest	5,077	-	-	5,077	5,227
Lobbying	23,785	-	-	23,785	22,500
Miscellaneous	945	4,052	215	5,212	7,215
Occupancy	23,964	8,902	3,815	36,681	54,293
Other direct expenses	51,105	-	-	51,105	30,160
Printing, postage and shipping	1,220	1,220	21,961	24,401	22,385
Property taxes	-	-	-	-	57,320
Repairs and maintenance	14,206	-	-	14,206	59,783
Supplies	6,541	478	1,910	8,929	5,263
Telephone	3,161	-	-	3,161	5,303
Training, conferences and meetings	10,438	16,532	-	26,970	9,266
Travel	19,618	984	1,969	22,571	14,931
Total expenses	$ 2,012,728	$ 121,178	$ 141,034	$ 2,274,940	$ 2,018,820

See accompanying notes to the consolidated financial statements.

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 514,405	$ (994,702)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	87,726	115,489
Contributions restricted for investment in perpetuity	(320,000)	(185,000)
Right of use asset obtained	-	(830,730)
Unrealized (gain) loss on investments	(540,520)	972,703
Gain on transfer of assets	-	(153,770)
Changes in:		
Beneficial interest in assets held by others	(6,841)	(4,000)
Charitable remainder trust	(3,260)	(3,190)
Grants and contributions receivable	85,000	148,000
Other current assets	(10,959)	17,636
Right of use asset	8,391	-
Accounts payable	(10,550)	11,055
Accrued expenses	2,711	16,611
Security deposits	(1,150)	-
Refundable advances	(13,465)	22,968
Net cash provided (used) by operating activities	(208,512)	(866,930)
Cash flows from investing activities:		
Purchase of investments	(859,500)	(614,768)
Sale of investments	977,091	1,440,195
Notes receivable to others	-	(121,000)
Repayments of notes receivable	326	4,936
Proceeds from asset disposal	3,200	-
Acquisition of property and equipment	(33,517)	(68,235)
Net cash provided (used) in investing activities	87,600	641,128
Cash flows from financing activities:		
Payments on notes payable and advances from individuals	4,379	4,229
Contributions received restricted for investment in perpetuity	320,000	185,000
Net cash provided by financing activities	324,379	189,229
Net change in cash	203,467	(36,573)
Cash, beginning of year	67,158	103,731
Cash, end of year	$ 270,625	$ 67,158

Supplemental disclosures of non-cash flow information:
Noncash financing activities in 2022 consists of a transfer of an outstanding loan balance totaling $106,000 as described in Note 12.

1. Summary of Operations and Significant Accounting Policies

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.

(a) 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.

(b) 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.

(c) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

(d) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities 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 (losses) on investments are reflected in the consolidated statements of activities and changes in net assets.

(e) 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 consolidated statement of activities and changes in net assets 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.

(f) 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.

(g) Use of Estimates

The preparation of consolidated 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.

Summary of Operations and Significant Accounting Policies (continued)

(h) Comparative Financial Information

The consolidated 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 consolidated financial statements for the year ended September 30, 2022, from which the summarized information was derived.

(i) 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

(j) 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.

(k) 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 $1,310,000 in direct and "field service" grants to over 150 towns, organizations and individuals in support of restoration and rehabilitation projects during the year ended September 30, 2023.

"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 leases the property and hosts weddings, special events, non-profit meetings and business retreats. The prior lessee used the property from 1998 until they ceased operating in July 2020 due to financial repercussions of the COVID-19 pandemic. The board issued a Request for Proposals from potential operators of the Grand Isle Lake House. In February 2022, the new operator was selected and a lease was signed.

"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.

Summary of Operations and Significant Accounting Policies (continued)

"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.

(l) 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 consolidated financial statements. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before the year ended September 30, 2020.

(m) 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. Total expense under this plan totaled $13,485 and $13,642 for the years ended September 30, 2023 and 2022, respectively.

(n) 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.

(o) Subsequent Events

The Trust evaluated subsequent events through June 6, 2024, the date of the Trust's consolidated financial statements were available to be used.

2. Property and Equipment

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

	2023	2022
Land	$ 862,000	$ 862,000
Buildings and improvements	1,909,222	1,875,951
Vehicles	22,820	22,820
Furniture, fixtures and equipment	68,417	73,081
Computer equipment	16,372	16,372
Subtotal	2,878,831	2,850,224
Less - accumulated depreciation	(1,511,596)	(1,469,524)
Property and equipment, net	$ 1,367,235	$ 1,380,700

Depreciation expense including depreciation expense on real and personal property program investments totaled $87,726 and $115,489 for the years ended September 30, 2023 and 2022, respectively. See note 12 for program-related real and personal property investments.

3. Investments

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 periodic monitoring, 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.

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 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.

Investments (continued)

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.

Generally accepted accounting principles in the United States of America establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at September 30, 2023 and 2022.

Equities and bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments (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:

		Cost		Fair Value		Unrealized (Depreciation) Appreciation
As of September 30, 2023:						
Money market funds	$	1,080,027	$	1,080,027	$	-
Fixed income securities		2,554,972		2,378,083		(176,889)
Equity securities and funds		2,043,117		4,341,251		2,298,134
	$	5,678,116	$	7,799,361	$	2,121,245
As of September 30, 2022:						
Money market funds	$	1,144,150	$	1,144,150	$	-
Fixed income securities		2,599,783		2,438,677		(161,106)
Equity securities and funds		2,132,138		3,879,402		1,747,264
	$	5,876,071	$	7,462,229	$	1,586,158

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, 2023 and 2022, by net asset class is summarized as follows:

				With Donor Restrictions				
		Without Donor Restrictions		Unappropriated Appreciation		Original Gift Basis		Total
Value of Investments 10/1/22:	$	4,155,497	$	281,034	$	3,025,698	$	7,462,229
Contributions received		-		-		320,000		320,000
Interest and dividends		166,928		-		-		166,928
Realized & unrealized gains / (losses)		351,196		189,324		-		540,520
Fees		(45,032)		-		-		(45,032)
Net investment income (loss)		(473,092)		189,324		-		662,416
Appropriated for operations		(178,246)		(114,851)		-		(293,097)
Other transfers		(352,187)		-		-		(352,187)
Net transfers		(530,433)		(114,851)		-		(645,284)
Value of Investments 9/30/23:	$	4,098,156	$	355,507	$	3,345,698	$	7,799,361

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.

4. 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." Total fund balances were $75,647 and $72,968 at September 30, 2023 and 2022, respectively.

5. 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.

The Trust leased office space (and associated parking spaces) under a month to month lease with minimum lease payments of $900. In December of 2022, the Trust signed a 3 year lease which will expire November 30, 2025 with minimum lease payments of $1,150 Rent expense under the leases was $13,300 for both 2023 and 2022.

6. Beneficial Interest in Charitable Remainder Trust

Upon the death of a 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 $135,280 as of September 30, 2023 ($132,020 as of September 30, 2022) with the $3,260 change for the fiscal year ended September 30, 2023 ($3,190 for 2022) shown in the consolidated statement of activities and changes in net assets as "change in value of charitable remainder trust."

7. Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. 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.

8. Refundable Advances

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, 2023 and 2022 is as follows:

	2023	2022
Refundable advances, beginning of the year	$ 1,572,724	$ 1,137,658
Grant funds received	451,315	975,000
Grant funds disbursed	(549,838)	(539,934)
Refundable advances, end of the year	$ 1,474,201	$ 1,572,724

9. Notes Receivable

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

	2023	2022
$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
$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.	-	326
$130,000 interest-free note receivable from the North Calais Memorial Hall Association dated April 2022; due in full April 2024.	130,000	130,000
	$ 160,000	$ 160,326

10. Promises to Give

Promises to give consisted of the following as of September 30th:

		2023		2022
Without donor restrictions (including amounts already expended on restricted grants and contributions):	$	-	$	85,000
With donor restrictions:				
For future years		50,000		50,000
For specific program activities		-		-
		50,000		50,000
Total unconditional promises to give	$	50,000	$	135,000
Receivable in less than one year	$	50,000	$	135,000
Receivable in one to five years		-		-
Total unconditional promises to give		50,000		135,000
Less discounts to net present value		-		-
Less allowance for uncollectable promises receivable		-		-
Net unconditional promises to give	$	50,000	$	135,000

Conditional promises to give at September 30, 2023 included the $554,296 remaining on a Round #2 and 3 "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.

11. Net Assets

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

As of September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions: Other Restrictions	With Donor Restrictions: Invested in Perpetuity	Total
Director's Fund Endowment	$ -	$ 307,891	$ 1,252,903	$ 1,560,794
Stewardship Endowment Fund	-	135,950	409,200	545,150
Field Services Endowment Fund	-	93,647	251,000	344,467
The Robert Sincerbeaux Fund:				
In investments	-	58,802	427,500	486,302
In loan fund	-	-	4,500	4,500
The Stewart Fund for Downtowns & Villages	-	386,388	394,845	781,233
Restricted to future time periods	-	235,280	-	235,280
Restricted to other special projects	-	422,666	-	422,666
Board designated Grand Isle Lake House Fund	488,905	-	-	488,905
Board designated Jordan Community Fund	280,822	-	-	280,822
Board designated Paul Bruhn Fund	982,287	-	-	982,287
Board designated Operating Reserve Fund	648,188	-	-	648,188
Board designated for specific region	50,000	-	-	50,000
Investment in property, non-endowment and program investments	3,728,036	-	-	3,728,036
	$ 6,178,238	$ 1,640,444	$ 2,739,948	$ 10,558,631

As of September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions: Other Restrictions	With Donor Restrictions: Invested in Perpetuity	Total
Director's Fund Endowment	$ -	$ 213,107	$ 1,252,903	$ 1,466,010
Stewardship Endowment Fund	-	98,228	409,200	507,428
Field Services Endowment Fund	-	72,542	251,000	323,542
The Robert Sincerbeaux Fund:				
In investments	-	19,226	427,500	446,726
In loan fund	-	-	4,500	4,500
The Stewart Fund for Downtowns & Villages	-	275,220	394,845	670,065
Restricted to future time periods	-	232,020	-	232,020
Restricted to other special projects	-	418,022	-	418,022
Board designated Grand Isle Lake House Fund	462,797	-	-	462,797
Board designated Jordan Community Fund	254,733	-	-	254,733
Board designated Paul Bruhn Fund	942,187	-	-	942,187
Board designated Operating Reserve Fund	636,646	-	-	636,646
Board designated for specific region	50,000	-	-	50,000
Investment in property, non-endowment and program investments	3,629,550	-	-	3,629,550
	$ 5,975,913	$ 1,328,365	$ 2,739,948	$ 10,044,226

12. 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 September 2022, the Trust transferred the Vermont Marble Museum buildings, improvements and land to The Zion Corporation. The Trust transferred the property to The Zion Corporation for $1 and transfer of loan balance of $106,000. As part of the arrangement, the Trust entered into an agreement to lease a portion of the building to use as a public museum, including exhibits, offices, and storage to operate the Vermont Marble Museum. The agreement requires the organization to make annual payments of $1 through July 31, 2121. The Trust recognized in the accompanying consolidated statements of financial position as of September 30, 2023 and 2022 is $822,339 and $830,730 as right of use asset obtained which represents fair market value of the leased space and a $153,770 gain on transfer of property during the year ended September 30, 2022.

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

		2023		2022
Collections	$	1,757,705	$	1,757,705
Less - accumulated depreciation		(363,641)		(319,699)
Property and equipment, net	$	1,394,064	$	1,438,006

13. 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.

14. Notes Payable

Notes payable consisted of the following at September 30th:

		2023		2022
$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.	$	142,671	$	147,050
Total long-term debt		142,671		147,050
Less current portion		4,535		4,379
Long-term, net of current	$	138,136	$	142,671

Notes Payable and Advances From Individuals (continued)

Future maturities on notes payable are as follows:

2024	$	4,535
2025		4,696
2026		4,863
2027		5,036
2028		5,215
Thereafter		118,326
	$	142,671

Interest expense on the above note was $5,077 and $5,227 for the years ended September 30, 2023 and 2022, respectively.

15. Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of 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.

		2023		2022
Cash	$	270,625	$	67,158
Non board or donor restricted portion of investments		1,582,689		1,752,079
Receivables expected to be collected in the coming year		229,696		272,935
Subtract: net assets with donor restrictions for specific purposes		(447,667)		(418,021)
Financial assets available to meet cash needs for general expenditures within one year	$	1,608,343	$	1,674,151