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THE VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION DECEMBER 31, 2019 AND 2018

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THE VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

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Independent Auditors' Report

To the Board of Directors
Vermont Community Foundation, Inc.,
and Affiliated Supporting Organizations
Middlebury, Vermont

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Vermont Community Foundation, Inc., and Affiliated Supporting Organizations, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Vermont Community Foundation, Inc., and Affiliated Supporting Organizations as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2, during the year ended December 31, 2019, The Vermont Community Foundation, Inc., and Affiliated Supporting Organizations, as a resource recipient, adopted the contributions received guidance under Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of activities - supplemental disclosure are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blum, Shapiro + Company, P.C.

West Hartford, Connecticut
July 7, 2020

THE VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Assets		
Cash and cash equivalents	$ 10,533,323	$ 12,041,105
Investments	342,934,496	296,435,163
Other investments	351,470	348,509
Contributions receivable, net	12,881,393	9,809,528
Receivables from trusts	1,595,254	1,436,079
Other assets	267,047	212,724
Property and equipment, net	2,238,359	2,233,419
Total Assets	$ 370,801,342	$ 322,516,527
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 969,413	$ 481,505
Grants payable, net	1,752,970	1,914,805
Liabilities under split-interest agreements	10,148,316	9,712,255
Nonprofit organization funds	55,960,663	49,917,234
Total liabilities	68,831,362	62,025,799
Net Assets		
Net assets without donor restrictions	275,176,045	239,039,863
Net assets with donor restrictions	26,793,935	21,450,865
Total net assets	301,969,980	260,490,728
Total Liabilities and Net Assets	$ 370,801,342	$ 322,516,527

The accompanying notes are an integral part of the consolidated financial statements

THE VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Contributions	$ 24,633,324	$ 6,868,769	$ 31,502,093	$ 23,431,072	$ 1,050,884	$ 24,481,956
Addition of supporting organization	-	-	-	30,558,408	1,470,164	32,028,572
Federal and state grants	123,023	-	123,023	276,131	-	276,131
Total contributions and grants	24,756,347	6,868,769	31,625,116	54,265,611	2,521,048	56,786,659
Less contributions to nonprofit organization funds	(1,833,597)	-	(1,833,597)	(3,870,699)	-	(3,870,699)
Net contributions and grants	22,922,750	6,868,769	29,791,519	50,394,912	2,521,048	52,915,960
Net realized and unrealized gains (losses) on investments	37,868,338	3,576,513	41,444,851	(15,829,914)	(1,609,555)	(17,439,469)
Investment income	2,245,224	346,333	2,591,557	2,199,503	260,936	2,460,439
Change in value of split-interest agreements	-	(1,178,465)	(1,178,465)	-	(364,580)	(364,580)
Other income	642,553	-	642,553	599,222	-	599,222
Net assets released from restrictions	4,270,080	(4,270,080)	-	3,053,830	(3,053,830)	-
Net revenue	67,948,945	5,343,070	73,292,015	40,417,553	(2,245,981)	38,171,572
Expenses						
Program expenses:						
Grants approved, net	25,799,651	-	25,799,651	18,468,850	-	18,468,850
Less grants from nonprofit organization funds	(3,931,656)	-	(3,931,656)	(2,074,482)	-	(2,074,482)
Net grants	21,867,995	-	21,867,995	16,394,368	-	16,394,368
Grant administration and related program activities	4,852,835	-	4,852,835	4,823,124	-	4,823,124
Total program expenses	26,720,830	-	26,720,830	21,217,492	-	21,217,492
Supporting services:						
Management and general	3,466,849	-	3,466,849	3,240,145	-	3,240,145
Development	1,625,084	-	1,625,084	1,288,403	-	1,288,403
Total supporting services	5,091,933	-	5,091,933	4,528,548	-	4,528,548
Total expenses	31,812,763	-	31,812,763	25,746,040	-	25,746,040
Increase (Decrease) in Net Assets	36,136,182	5,343,070	41,479,252	14,671,513	(2,245,981)	12,425,532
Net Assets - Beginning of Year	239,039,863	21,450,865	260,490,728	224,368,350	23,696,846	248,065,196
Net Assets - End of Year	$ 275,176,045	$ 26,793,935	$ 301,969,980	$ 239,039,863	$ 21,450,865	$ 260,490,728

The accompanying notes are an integral part of the consolidated financial statements

THE VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Program Services	Management and General	Development	Total	Program Services	Management and General	Development	Total
Grants and scholarships	$ 21,867,995	$ -	$ -	$ 21,867,995	$ 16,394,368	$ -	$ -	$ 16,394,368
Salaries and benefits	3,307,432	2,325,117	1,074,091	6,706,640	3,299,643	2,189,338	924,427	6,413,408
Other professional services	614,052	244,339	189,963	1,048,354	668,033	176,620	85,317	929,970
Communications and advertising	312,683	92,867	68,815	474,365	312,314	92,269	50,502	455,085
Information technology	144,559	141,480	53,177	339,216	114,955	118,856	38,747	272,558
Conferences and meetings	49,263	142,857	124,630	316,750	50,061	152,301	79,790	282,152
Occupancy	139,741	106,239	30,629	276,609	145,307	107,947	28,608	281,862
Travel	114,785	56,086	32,988	203,859	97,915	39,233	42,507	179,655
Depreciation	84,750	70,146	24,141	179,037	75,548	66,127	22,625	164,300
Office expense	55,730	76,475	24,373	156,578	44,353	78,452	13,380	136,185
Professional fees	-	113,843	-	113,843	-	131,016	-	131,016
Insurance	-	58,930	-	58,930	-	51,871	-	51,871
Dues	20,855	27,765	725	49,345	14,995	30,130	2,500	47,625
Other expenses	8,985	10,705	1,552	21,242	-	5,985	-	5,985
Total Expenses	$ 26,720,830	$ 3,466,849	$ 1,625,084	$ 31,812,763	$ 21,217,492	$ 3,240,145	$ 1,288,403	$ 25,746,040

The accompanying notes are an integral part of the consolidated financial statements

THE VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Increase in net assets	$ 41,479,252	$ 12,425,532
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	179,037	164,300
Loss on disposal of fixed assets	13,184	-
Contribution of securities and real estate	(12,419,366)	(9,028,888)
Proceeds from sales of donated securities	12,477,766	8,869,541
Transfer of supporting organization securities	-	(30,776,591)
Net realized and unrealized (gains) losses on investments	(41,444,851)	17,439,469
Change in value of split-interest agreements	1,178,465	364,580
(Increase) decrease in operating assets:		
Contributions receivable	(3,071,865)	1,629,863
Receivables from trusts	(159,175)	(1,041,078)
Other assets	(54,323)	(75,669)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	487,908	(39,109)
Grants payable	(161,835)	950,070
Liabilities under split-interest agreements	(742,404)	(683,233)
Nonprofit organization funds	6,043,429	(1,001,370)
Net cash provided by (used in) operating activities	3,805,222	(802,583)
Cash Flows from Investing Activities		
Proceeds from sales of investments	181,604,591	83,851,594
Purchases of investments	(186,720,434)	(83,738,109)
Purchase of other investments	-	(190,000)
Purchases of property and equipment	(197,161)	(41,014)
Net cash used in investing activities	(5,313,004)	(117,529)
Net Decrease in Cash and Cash Equivalents	(1,507,782)	(920,112)
Cash and Cash Equivalents - Beginning of Year	12,041,105	12,961,217
Cash and Cash Equivalents - End of Year	$ 10,533,323	$ 12,041,105

The accompanying notes are an integral part of the consolidated financial statements

NOTE 1 - ORGANIZATION

Organization

The Vermont Community Foundation, Inc. (the Community Foundation) was incorporated in 1986 with a mission to provide philanthropists with the knowledge, skills and means to make the most of their giving while ensuring that philanthropy promotes social, environmental and economic health and addresses the needs of Vermont through grantmaking, and to provide leadership on key community issues.

The Community Foundation qualifies as a public charity under IRS Section 170(b)(1)(A)(vi) and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code).

The consolidated financial statements include the accounts of the Community Foundation and the following affiliated supporting organizations (collectively, the Foundation):

- The J. Warren and Lois McClure Foundation, Inc., formed in 1994
- Let’s Grow Kids, Inc., formed in 2000
- The High Meadows Fund, Inc., formed in 2004
- Addison Community Athletics Foundation, Inc., formed in 2012
- The Curtis Fund, Inc., converted to a supporting organization of the Community Foundation from a private foundation in 2018 (see Note 16)

The supporting organizations are affiliated with the Community Foundation and are separate legal entities established under the provisions of Section 509(a)(3) of the Code and are Type I supporting organizations. As defined by the IRS, a Type I supporting organization is controlled by the Community Foundation through operation, supervision or control by appointing the majority of the supporting organization’s board members.

All material interorganization balances and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018 for resource recipients and for annual reporting periods beginning after

December 15, 2019 for resource providers. Management has adopted ASU 2018-08 as a resource recipient for the year ended December 31, 2019. Management will adopt ASU 2018-08 as a resource provider for the year ending December 31, 2020 and is still considering the impact of adoption as a resource provider. The amendments have been applied using the modified prospective method. There was no cumulative effect of applying ASU 2018-08.

Basis of Accounting and Presentation

The Foundation prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Foundation follows ASC 958-205, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which sets forth the net asset classifications of donor-restricted endowment funds in accordance with the State of Vermont's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Based on the review of the Foundation's governing documents, the Board of Directors has determined that the Foundation does not have endowment funds as defined by UPMIFA. Whether or not the Foundation has Funds that are subject to UPMIFA, additional disclosures concerning the Foundation's Funds as required by ASC 958-205 are included in the consolidated financial statements.

Net assets, revenues, gains and losses, and expenses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions
Net assets without donor restrictions are net assets available for general use and not subject to donor restrictions or on which donor-imposed restrictions have expired. Included in this category are contributions without donor restrictions, net investment returns on Funds without donor restrictions and donor-restricted contributions whose donor-imposed restrictions were met during the year.

With Donor Restrictions
Net assets subject to donor-imposed restrictions that will be met by actions of the Foundation or the passage of time. Included in this net asset category are contributions for which donor-imposed restrictions have not been met, irrevocable charitable trusts, lead trusts, charitable gift annuities, pledge and contributions receivable and donor-imposed restricted Funds where the principal may be expended upon the passage of a stated period of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Funds held by the Foundation are subject to variance power pursuant to Sections 1.170A-9(e)(11)(v)(B), (C) and (D) of the Code, which allows the Board of the Foundation unilateral power to redirect the use of a donor's contribution to a charitable purpose if conditions or circumstances are such or have so changed since a restriction by a donor as to purpose, manner of distribution, use or investment was imposed that such restriction or condition is unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served. The Board has adopted a policy describing the criteria and limited circumstances under which the Foundation would exercise this power.

Investments and Spending Policy Guidance

The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the Foundation. The Funds are invested in a manner that is intended to produce results that exceed the Foundation's customized benchmark by 50 basis points (0.50%), net of investment management fees, while assuming a moderate level of investment risk. The Foundation expects its Funds, over time, to provide an annual average rate of return of at least the rate of inflation plus yearly spending but it also recognizes the need to adjust spending rates in order to respond to market performance and to balance immediate needs against those of future generations. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In addition to the spending policy, costs associated with administering the Funds range from 0.95% to 2.15%. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

In establishing this policy, the Foundation considered the long-term expected return on its Funds. Accordingly, over the long term, the Foundation expects the current spending policy to allow its funds to grow at least at the annual rate of inflation plus yearly spending. This is consistent with the Foundation's objective to maintain the purchasing power of the Fund's assets held for a specified term as well as to provide additional real growth through new gifts and investment return.

With the above-mentioned benchmarks and goals in mind, the Foundation manages and invests the Funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The Foundation considers the following factors in making a determination to appropriate or accumulate the Funds:

- The duration and preservation of a Fund
- The purpose of the Foundation and the donor-restricted funds
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

For 2019, the spending rates for the Funds range from 3.5% to 100% based on the nature of the fund type. Donor-advised funds, nonprofit organization reserve funds and supporting organizations comprise 61% of the Foundation's investment balance and are not subject to spending limitations as these funds can be advised by the fund representative to grant the full balance. Even so, the

Foundation provides a spending guideline to these fund types to assist the fund representative if there is a desire to maintain the fund in perpetuity. The spending guideline provided in 2019 and 2018 was 3.5% of a 36-month average of invested assets as of December 31 for donor-advised funds and 5.0% of a 36-month average of invested assets as of December 31 for nonprofit organization reserve funds. In addition to the spending policy, the Funds pay a supporting fee to the Foundation ranging from 0.80% to 2.00% depending on the type of Fund.

Discretionary, field of interest, designated and nonprofit organization funds are subject to spending policy as these Fund types have been established to be maintained in perpetuity. The 2019 and 2018 spending amount is equal to 3.5% of a 36-month average of invested assets as of December 31 for field of interest and discretionary funds, while the spending amount for designated and nonprofit organization funds is equal to 5.0% of a 36-month average of invested assets as of December 31. Funds subject to the spending policies made up 34% of the total funds held by the Foundation. In addition to the spending policy, the Funds pay a supporting fee to the Foundation ranging from 0.80% to 2.00% depending on the type of Fund.

Charitable remainder trusts and charitable gift annuities administered by the Foundation do not have a spending rate and account for 5% of the total funds held by the Foundation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as currency and highly liquid investments with original maturities of 90 days or less. The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation’s deposits are held by high-quality financial institutions and are not subject to significant credit risk. In addition, The Foundation maintains a repurchase agreement for a portion of the funds held at the financial institution which sweeps the Foundation’s bank account nightly and purchases U.S. Government securities in the Foundation’s name thus further reducing the Foundation’s exposure to credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between willing market participants at the measurement date. See Notes 3 and 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) include the Foundation’s gains and losses on investments bought and sold as well as held during the year. Management determines the Foundation’s valuation policies and procedures utilizing information provided by investment advisors. Management reviews the valuation policies and procedures with the Foundation’s Finance, Risk and Audit Committee, which reports key information to the Board on an ongoing basis.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed $1,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Repairs and maintenance are charged to expense as incurred.

Nonprofit Organization Funds

The Foundation receives and distributes assets for Funds that have been established by unrelated nonprofit organizations from their own resources for the sole purpose of supporting their organization's operations.

The Foundation offers two types of nonprofit organization funds, reserve and endowment. The nonprofit organization reserve fund allows the nonprofit full access to the fund balance, while the nonprofit organization endowment fund permits access to the full fund balance only under certain circumstances. A distribution of the nonprofit organization endowment fund balance beyond spending policy and closing of the fund is made only after detailed due diligence occurs to ensure the purpose and restrictions, if any, for which the nonprofit fund was established, are being maintained. Further, the Board of the Foundation needs to approve any such request for distribution.

Amounts received and distributed under these relationships totaled $1,833,597 and $3,931,656, respectively, for the year ended December 31, 2019 and $3,870,699 and $2,074,482, respectively, for the year ended December 31, 2018.

In 2018, the Foundation had a component fund provide a grant to a nonprofit organization Fund. As a result, $150,000 in net assets have been recharacterized from the consolidated statements of activities to a liability on the consolidated statements of financial position called "nonprofit organization funds".

The amounts received but not yet distributed totaled $55,960,663 and $49,917,234 at December 31, 2019 and 2018, respectively, and are included on the consolidated statements of financial position in investments.

The Foundation does not include the change in the value of the nonprofit organization Funds' investments in the consolidated statements of activities and consolidated statements of cash flows.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value, if material.

The Foundation reports contributions and grants of cash and other assets as donor restricted if they are received with donor stipulations that limit their use. When a donor 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 consolidated statements of activities as net assets released from restrictions. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of release of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributed services are recognized in the consolidated financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

Functional Expenses and Allocation of Shared Costs

Expenses are charged to program, management and general administration and/or development based on direct expenses incurred. Common costs, including occupancy and fringe benefits, are allocated to functional categories based upon staff utilization associated with programmatic, management and general, development activities. Such allocations are determined by management on an equitable basis.

Income Taxes

The Foundation is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Code. However, the Foundation may be subject to unrelated business income taxes related to income generated from its alternative investments. Unrelated business income taxes, if any, are included in management and general expenses in the consolidated statements of activities.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through July 7, 2020, which represents the date the consolidated financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. The situation is ongoing and dynamic. We are unable to determine its potential impact, if any, on the Foundation’s operations for 2020.

Subsequent to the consolidated statement of financial position date, domestic and global investment markets have experienced significant volatility. This volatility is the result of numerous economic and political factors including the impact of the spread of the coronavirus. As a result, the current fair value of the Foundation’s investments may be materially different from the amounts recorded in the consolidated financial statements as of December 31, 2019.

The Foundation received loans pursuant to the Paycheck Protection Program (PPP) of the CARES Act. The loans received are as follows:

Vermont Community Foundation	$	489,100
Let’s Grow Kids, Inc.		568,380
Addison Community Athletics Foundation, Inc.		18,100
Total	$	1,075,580

The loans bear interest at a rate of 1.0%. Under the PPP loan program, the Foundation may apply for forgiveness of all or a portion of the loan based on the amount of qualifying expenses incurred during the covered period subsequent to receipt of the funds. The amount of loan forgiveness, if any, is not known at the date the consolidated financial statements were available to be issued.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the accompanying consolidated statements of financial position for cash and cash equivalents and accounts payable and accrued expenses approximate the respective fair values due to the short maturities of those instruments.

Grants payable beyond 12 months from the consolidated statements of financial position date are discounted to reflect fair market value using a risk-free interest rate.

The carrying amount of contributions receivable is based on the present value of expected cash flows, calculated using discount rates determined at the date of the gift. Management does not believe that the carrying amount differs materially from fair value.

NOTE 4 - INVESTMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Foundation classifies its investments into Level 1, which refers to investments traded in an active market; Level 2, which refers to investments not traded in an active market but for which observable market inputs are readily available (such as similar assets in active markets or inputs other than quoted market prices that are observable for the asset); and Level 3, which refers to investments not traded in an active market and for which no significant observable market inputs are available.

The asset'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. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy. Generally, investments are valued based on information provided by fund managers or general partners, including audited financial statements of the investment funds coupled with an understanding of the underlying valuation methodology used by the general partner. The levels relate to valuation only and do not necessarily indicate a measure of risk.

The following is a description of the valuation methodologies and investment strategies used for financial instruments measured at fair value:

Short-Term Investments
Investments consist of short-term treasury securities, checking accounts and money market holdings with daily liquidity.

Fixed Income
Fixed income investments consist of both domestic and foreign issuances of debt instruments and include both government and corporate holdings including Treasury Inflation Protection Securities (TIPS). Also included in the fixed income asset class are mission-related community investment promissory notes that reflect debt agreements with Vermont-based community development financial institutions (CDFIs), community banks and other nonprofits. Fixed income investments also include

mission-related investments (see Note 6). These investments are made with a long-term perspective and reflect diversification across managers, strategies, geographies and vintage years. Management uses a discounted cash flow analysis and evaluation of credit risk to determine the fair value of these notes.

Equities
The Foundation accesses both domestic and international equities through mutual funds, commingled funds and separate accounts. Domestic and international equities, including international emerging market equities, accessed through mutual funds and separate accounts are listed securities traded on public exchanges, at various market capitalizations, and are priced daily by the underlying managers. Interests in both domestic and international equities, including international emerging markets, through commingled funds are valued using net asset value as determined by the investment manager of the fund.

Hedged Equity
Hedged equity investments are valued using net asset values as determined by the investment manager of the fund. Hedged equity includes both multi-strategy and long/short equity approaches. Multi-strategy funds typically involve event-driven, stressed and distressed credit, and spread-based arbitrage investments. These strategies tend to be both flexible and opportunistic and incorporate differentiated drivers of return compared to traditional investment strategies. As a result, they are expected to produce returns that exhibit relatively low correlation to broad market indices over longer time horizons. Long/short equity managers typically make both long and short investments in publicly traded equity securities and produce returns that can be expected to correlate more closely with the performance of the equity markets than is expected from multi-strategy managers, though with lower volatility than traditional “long only” equity managers. Investments in hedged assets are generally subject to an initial lock-up of 12 to 36 months and, thereafter, investors can typically withdraw quarterly or annually with advance notice. The managers’ underlying investments may themselves be less liquid, but the investment cycle is substantially shorter than for private equity. Over time, hedged equity investments are expected to generate equity-like returns with lower volatility than equity markets.

Private Equity/Real Assets
Private equity/real assets investments are valued using net asset values as determined by the investment manager of the fund. This asset class invests in both funds of funds and direct fund structures whereby the underlying investments may not be quoted on a public exchange. Private equity/real estate investments are made through limited partnerships that make underlying investments in various forms of private assets, including mission-related investments (see Note 6). These investments are made with a long-term perspective and reflect diversification across managers, strategies, geographies and vintage years.

Receivable from Trusts
Fair value inputs used for remainder interests in charitable trusts are based on the estimated present value of the future payments to the Foundation, which is considered to be the fair value of the assets held in trust.

There have been no changes in the methodologies used at December 31, 2019 and 2018.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation 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.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2019 and 2018:

	2019					
Description	**Level 1**	**Level 2**	**Level 3**	**Investments Measured at Net Asset Value (1)**	**Total**	**% of Total**
Short-term investments	$ 19,515,666	$ -	$ -	$ -	$ 19,515,666	5.7%
Fixed income	41,129,492	2,258,958	4,515,574	26,830,644	74,734,668	21.8
Equities:						
Domestic	45,608,904	-	-	38,828,450	84,437,354	24.6
Global	43,587,732	-	-	77,825,867	121,413,599	35.4
Alternatives:						
Hedged equity	-	-	-	28,497,746	28,497,746	8.3
Private equity/real assets	-	-	2,164,433	12,171,030	14,335,463	4.2
Total investments	149,841,794	2,258,958	6,680,007	184,153,737	342,934,496	100.0%
Receivable from trusts	-	-	1,595,254	-	1,595,254	
Total Assets at Fair Value	$ 149,841,794	$ 2,258,958	$ 8,275,261	$ 184,153,737	$ 344,529,750	

	2018					
Description	**Level 1**	**Level 2**	**Level 3**	**Investments Measured at Net Asset Value (1)**	**Total**	**% of Total**
Short-term investments	$ 18,205,257	$ -	$ -	$ -	$ 18,205,257	6.2%
Fixed income	37,788,549	2,369,173	5,902,849	33,927,682	79,988,253	27.0
Equities:						
Domestic	37,766,415	-	-	28,781,212	66,547,627	22.4
Global	27,800,433	-	-	64,111,313	91,911,746	31.0
Alternatives:						
Hedged equity	-	-	-	26,739,642	26,739,642	9.0
Private equity/real assets	-	-	1,104,719	11,937,919	13,042,638	4.4
Total investments	121,560,654	2,369,173	7,007,568	165,497,768	296,435,163	100.0%
Receivable from trusts	-	-	1,436,079	-	1,436,079	
Total Assets at Fair Value	$ 121,560,654	$ 2,369,173	$ 8,443,647	$ 165,497,768	$ 297,871,242	

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following table discloses certain additional information as of December 31, 2019 related to the Foundation's investments as described above that use net asset value per share and are not traded in an active market:

Description	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Fixed income	$ 26,830,644	$ -	Monthly	5- to 30-day written notice or as of date set by investment manager
Domestic equity	38,828,450	-	Monthly to quarterly	6- to 60-day written notice or as of date set by investment manager
Global equity	77,825,867	-	Monthly to more than three years	6- to 180-day written notice or as of date set by investment manager
Hedged equity	28,497,746	-	Monthly to annually with lockup terms of full to partial redemption available on 12/31/2019 for some funds	30- to 100-day written notice or as of date set by investment manager
Private equity/ real assets	12,171,030	10,403,732	Illiquid	Illiquid
Total	$ 184,153,737	$ 10,403,732		

In addition to the unfunded commitments related to assets using net asset value per share, the Foundation also has $275,000 in unfunded commitments as of December 31, 2019 related to a mission-related community investment promissory note.

The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 assets) for the years ended December 31, 2019 and 2018:

	Fixed Income	Private Equity/Real Assets	Receivable from Trusts	Total
Beginning balance - January 1, 2018	$ 4,884,192	$ 769,718	$ 395,001	$ 6,048,911
Total losses (realized/unrealized)	(43,777)	-	-	(43,777)
Total interest income	136,138	10,000	-	146,138
Change in value of split-interest agreements	-	-	(129,329)	(129,329)
Purchases/issuances	1,285,000	325,001	1,220,164	2,830,165
Settlements	(358,704)	-	(49,757)	(408,461)
Ending balance - December 31, 2018	5,902,849	1,104,719	1,436,079	8,443,647
Total gains (realized/unrealized)	322,394	124,714	-	447,108
Total interest income	144,363	10,000	-	154,363
Change in value of split-interest agreements	-	-	198,630	198,630
Purchases/issuances	-	925,000	-	925,000
Settlements	(1,854,032)	-	(39,455)	(1,893,487)
Ending Balance - December 31, 2019	$ 4,515,574	$ 2,164,433	$ 1,595,254	$ 8,275,261

There were no transfers out of Level 3 during the years ended December 31, 2019 and 2018.

Realized and unrealized gains and losses on these investments are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

NOTE 5 - OTHER INVESTMENTS

Other investments are comprised of an investment the Foundation owns between 20%-50% ownership and which the equity method is used to account for the financial interests.

	2019	2018
Taproot Capital Fund, L3C	$ 351,470	$ 348,509

The High Meadows Fund, Inc., is a 50% partner of Taproot Capital Fund, L3C, which was valued at $351,470 and $348,509 for the years ended December 31, 2019 and 2018, respectively. Taproot Capital Fund, L3C, is a low-profit limited liability corporation with a mission to significantly further the charitable, educational and other exempt purposes of its tax-exempt members. The High Meadows Fund, Inc., has $635,000 in unfunded commitments to Taproot Capital Fund, L3C, as of December 31, 2019 and 2018.

NOTE 6 - MISSION-RELATED INVESTMENTS

Since 2001, the Foundation's board has allocated 5% of the pooled investments to Vermont-based mission-related investments (MRIs) that focus on fostering positive social, economic or environmental change. The MRIs are structured in the form of equity, quasi-equity and debt and are deployed through intermediaries such as Community Development Financial Institutions (CDFIs), mutual funds and venture capital firms, or directly to local nonprofits or private companies. Some, but not all supporting organizations participate in the MRIs.

The Foundation incorporates its programmatic strategy on closing the opportunity gap faced by many Vermont children and families and Vermont communities into the MRI structure to provide investments along with the Foundation's grants and programmatic work. The Foundation continues to focus its MRIs on affordable housing, healthy ecosystems, downtown revitalization, education, food and farm, and opportunity entrepreneurs.

Investment returns generated from the MRIs are both market rate and below market rate returns. The following is a summary of the MRIs by asset allocation for the years ended December 31, 2019 and 2018:

	2019	2018
Short-term investments	$ 891,015	$ 211,209
Fixed income	8,514,589	9,670,282
Private equity/real assets	3,610,943	2,926,603
Total Mission-Related Investments	$ 13,016,547	$ 12,808,094

Additionally, the Community Foundation has guaranty agreements to enhance two Vermont nonprofit organizations' ability to obtain financing from other financial institutions. These guarantees were provided so the organizations could expand their programming capabilities which align with the Community Foundation's Opportunity Gap initiative. The Community Foundation provided loan guarantees up to a maximum amount of $1,394,250 and $1,341,750 as of December 31, 2019 and December 31, 2018, respectively.

As of December 31, 2019, the Community Foundation had not entered into any loan obligations with capital providers that were covered by these guarantees.

NOTE 7 - CONTRIBUTIONS RECEIVABLE

The Foundation recognizes unconditional contributions and pledges when the written promise is made. The following is a summary of unconditional contributions receivable at December 31, 2019 and 2018:

	2019	2018
To be received in less than one year	$ 3,530,829	$ 3,302,743
To be received in one to five years	9,151,171	7,131,451
To be received in over five years	833,333	-
	13,515,333	10,434,194
Less unamortized discount	633,940	624,666
Net Unconditional Contributions Receivable	$ 12,881,393	$ 9,809,528

Contributions receivable are discounted at rates ranging from 1.6% to 2.4% for the years ended December 31, 2019 and 2018.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2019 and 2018:

	2019	2018
Land and building	$ 2,900,189	$ 2,820,009
Leasehold improvements	139,061	121,164
Office furniture and equipment	631,548	832,434
Vehicle	21,222	21,222
	3,692,020	3,794,829
Less accumulated depreciation	1,453,661	1,561,410
Net Property and Equipment	$ 2,238,359	$ 2,233,419

Depreciation expense for the years ended December 31, 2019 and 2018 was $179,037 and $164,300, respectively.

NOTE 9 - SPLIT-INTEREST AGREEMENTS

Charitable Remainder and Lead Trusts

The Foundation is the beneficiary of various charitable remainder trusts for which the Foundation is the trustee. A charitable remainder trust provides for the payment of distributions to the donor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Foundation's use. The trust is carried at the fair value of the underlying investments. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recognized in the consolidated statement of activities as a donor-restricted contribution in the year the trust is established. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The liability is calculated using a discount rate ranging from 2.0% to 8.2% and applicable mortality tables.

The Foundation is also the beneficiary of several charitable lead trusts held by a third party. The present value of these receivables is reported as receivables from trusts on the consolidated statements of financial position.

Charitable Gift Annuity

The Foundation is the beneficiary of numerous charitable gift annuity agreements whereby assets were contributed to the Foundation; in exchange, the Foundation agrees to pay a stated dollar amount annually to the designated beneficiary. Upon the death of the beneficiary, the remaining assets are directed to a component fund held by the Foundation for the purpose directed by the charitable gift annuity agreement. The portion of the assets transferred that is attributable to the present value of the future benefits to be received by the Foundation is recognized in the consolidated statements of activities as a donor-restricted contribution in the period of the transfer. On an annual basis, The Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The liability is calculated using a discount rate ranging from 1.2% to 8.0% and applicable mortality tables. Annually, the Foundation reviews the actuarial assumptions and corresponding assets for each contract and maintains a reserve to address potential shortfalls. The Foundation maintained a reserve in 2019 and 2018 of $61,561 and $62,493, respectively.

The Foundation recognized contribution revenue of $109,730 in 2019 and $235,293 in 2018 in connection with establishing new split-interest agreements. The consolidated statements of financial position include the following amounts as of December 31, 2019 and 2018:

	2019	2018
Charitable Remainder Trusts and Charitable Gift Annuities Included in Cash and Investments	$ 16,836,618	$ 14,813,029
Charitable Lead Trusts	$ 1,595,254	$ 1,436,079
Amounts Included in Net Assets With Donor Restrictions	$ 8,283,556	$ 6,536,852

The Foundation has also entered into certain other gift annuity agreements with donors under which the obligation to the donors has been satisfied through the purchase of commercial annuities from a qualified insurance company. The Foundation remains contingently liable for these obligations in the event of default by the insurance company.

NOTE 10 - GRANTS

Grants authorized but unpaid as of year end are reported as liabilities. The following is a summary of grants authorized and payable at December 31, 2019 and 2018:

	2019	2018
To be paid in less than one year	$ 1,385,850	$ 1,311,044
To be paid in one to five years	379,500	618,200
	1,765,350	1,929,244
Less discount	12,380	14,439
Net Unconditional Grants Payable	$ 1,752,970	$ 1,914,805

Grants payable are discounted at a rate of 2.30% and 1.90% as of December 31, 2019 and 2018, respectively.

NOTE 11 - GRANT AND PROGRAM ADMINISTRATION

The Foundation administers grant decisions made by the Foundation staff and as recommended by fund advisors, nonprofit organization fund advisors and the Foundation's supporting organizations. The costs associated with the administration of the grants are included in grant administration and related program activities in the consolidated statements of activities. Also included are program expenses related to the work of the Community Foundation's Supporting Organizations and such programs as the Vermont Women's Fund.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES

As described in Note 1, the Foundation is comprised of five supporting organizations as well as the Vermont Community Foundation. The supporting organizations have their own board of directors, set their own strategy and have their own operating budget. The Community Foundation is comprised of component funds which are under the control of the Community Foundation and subject to the fund agreement for each component fund. The financial assets available for general operating expenditures of the supporting organization and the Community Foundation, that is, without donor restrictions limiting use, within one year of the consolidated statements of financial position date are as follows:

	2019	2018
Cash and cash equivalents	$ 10,533,323	$ 12,041,105
Liquid investments	308,171,589	254,292,704
Pledges receivable, net	3,530,829	3,100,962
	322,235,741	269,434,771
Less funds not available for general expenditure	313,498,752	261,139,164
Total Financial Assets Available to Management for General Expenditures Within One Year	$ 8,736,989	$ 8,295,607

General expenditures are expenditures such as salaries and benefits, occupancy, professional services, marketing communication and other such expenditures incurred to operate the supporting organizations and the Community Foundation to meet its charitable purpose. The funds not available for general operations are excluded as their purpose is limited in use due to donor and board restrictions on purpose.

Liquidity Management

The supporting organizations and the Community Foundation regularly monitor the availability of resources required to meet operating needs and other contractual commitments while also striving to maximize the investment of its available funds. The supporting organizations and the Community Foundation maintain policies that structure their financial assets to be available as the general expenditures, liabilities, and other obligations come due. The supporting organizations' boards along with their staff set their annual budget and invest additional resources to meet their long-term needs. The Community Foundation invests its excess cash in a repurchase agreement with its bank as well as invests excess cash in short-term investments.

The Foundation generally uses the assets held for donor-advised funds for grantmaking based on donor recommendations, although those funds are not donor restricted.

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. Although the Foundation does not intend to spend from the board-designated endowment (other than amounts appropriated per the board's annual spending rate approval), these amounts could be made available if necessary. See Note 15 for more information.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board will designate a portion of any operating surplus to its operating reserve which was $2,077,984 and $2,169,175 as of December 31, 2019 and 2018, respectively.

NOTE 13 - NET ASSETS CLASSIFICATION AND VALUES

The Foundation accounts for all net assets in accordance with the donor's original intent as provided for in the gift instrument in the following net asset classifications:

Advised Funds
Donors who wish to be actively involved in grantmaking on an ongoing basis establish Advised Funds. Fund advisors make grant recommendations to the Foundation to support their favorite nonprofits and/or partner with the Foundation in responding to grant proposals made through Unrestricted or Field of Interest Fund grant rounds.

Designated Funds
A donor may wish to support a specific nonprofit or a group of nonprofits. In this case, a Designated Fund can be established, specifying that the annual distribution amount from a Fund be sent to the named nonprofit(s).

Unrestricted Funds
Donors who want to leave annual grantmaking decisions to the Foundation and provide resources to meet emerging community needs establish Unrestricted Funds. These Funds serve broad charitable interests.

Field of Interest Funds
Donors who want to leave annual grantmaking decisions to the Foundation and provide resources to meet emerging community needs establish Field of Interest Funds. These Funds are focused on an issue or community specified by the donor.

Planned Giving Funds
These Funds allow philanthropic individuals and/or their beneficiaries to receive income from a donated asset, benefit from an immediate income tax deduction, and leave a legacy that will support the causes they care about. After the beneficiaries' death, the remainder of the gift may be used to establish a named charitable Fund or be added to an existing Fund at the Foundation.

Scholarship Funds
These Funds provide support for Vermont students to help them realize a variety of educational goals.

Supporting Organizations
These organizations are considered public charities and are affiliated under special provisions of Section 509(a)(3) of the Internal Revenue Code, supporting charitable programs that advance the general mission of the Foundation. The Foundation offers this form of charitable partnership as a cost-efficient and tax-wise alternative to private foundations for individuals and families seeking the feel of a private foundation but in partnership with the Foundation's expertise and community knowledge.

Operating Funds
These Funds provide the operational support that enables the Foundation to deliver on its mission of Better Together: Inspiring giving and bringing together people and resources to make a difference in Vermont.

Net Assets as of December 31, 2019 and 2018 consisted of the following:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Advised funds	$ 124,752,096	$ 2,134,611	$ 126,886,707
Designated funds	44,336,432	1,873,757	46,210,189
Unrestricted funds	9,572,569	114,910	9,687,479
Field of interest	24,382,991	1,296,952	25,679,943
Planned giving funds	-	6,913,825	6,913,825
Scholarship funds	2,399,385	123,165	2,522,550
Supporting organization	64,953,740	14,315,395	79,269,135
Operating funds	4,778,832	21,320	4,800,152
	$ 275,176,045	$ 26,793,935	$ 301,969,980

	2018		
	Without Donor Restriction	With Donor Restriction	Total
Advised funds	$ 112,838,445	$ 1,926,019	$ 114,764,464
Designated funds	35,418,707	1,702,747	37,121,454
Unrestricted funds	8,115,742	103,397	8,219,139
Field of interest	19,604,311	1,172,708	20,777,019
Planned giving funds	-	5,297,716	5,297,716
Scholarship funds	2,160,316	117,138	2,277,454
Supporting organization	56,241,638	11,108,337	67,349,975
Operating funds	4,660,704	22,803	4,683,507
	$ 239,039,863	$ 21,450,865	$ 260,490,728

NOTE 14 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions were released from restrictions by satisfying the following time restrictions for the years ended December 31, 2019 and 2018:

	2019	2018
Accumulated earnings on Funds subject to a time restriction	$ 256,310	$ 254,998
Split-interest agreements	325,295	368,687
Contributions receivable	3,688,475	2,430,145
	$ 4,270,080	$ 3,053,830

NOTE 15 - FOUNDATION FUNDS

As described more fully in Note 2, net assets associated with Foundation are classified and reported based on the existence or absence of donor or time restrictions. The Curtis Fund follows donor's intent of its original gift of $250,000 and will not permit spending if the Curtis Fund's balance is underwater.

Changes in the Foundation Funds for the years ended December 31, 2019 and 2018 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Net assets - January 1, 2018	$ 224,368,350	$ 23,696,846	$ 248,065,196
Investment return:			
Investment income	2,199,503	260,936	2,460,439
Investment loss	(15,829,914)	(1,609,555)	(17,439,469)
Total investment return	(13,630,411)	(1,348,619)	(14,979,030)
Contributions	50,394,912	2,521,048	52,915,960
Appropriation for expenditure	(22,692,210)	(3,053,830)	(25,746,040)
Other changes:			
Change in split-interest agreements	-	(364,580)	(364,580)
Other income	599,222	-	599,222
Total other changes	599,222	(364,580)	234,642
Net assets - December 31, 2018	239,039,863	21,450,865	260,490,728
Investment return:			
Investment income	2,245,224	346,333	2,591,557
Investment gain	37,868,338	3,576,513	41,444,851
Total investment loss	40,113,562	3,922,846	44,036,408
Contributions	22,922,750	6,868,769	29,791,519
Appropriation for expenditure	(27,542,683)	(4,270,080)	(31,812,763)
Other changes:			
Change in split-interest agreements	-	(1,178,465)	(1,178,465)
Other income	642,553	-	642,553
Total other changes	642,553	(1,178,465)	(535,912)
Net Assets - December 31, 2019	$ 275,176,045	$ 26,793,935	$ 301,969,980

NOTE 16 - SUPPORTING ORGANIZATIONS

Net assets of the supporting organizations are included in net assets without donor restrictions as follows as of December 31, 2019 and 2018:

	2019	2018
The High Meadows Fund, Inc.	$ 20,600,694	$ 18,026,061
The J. Warren and Lois McClure Foundation, Inc.	8,339,593	7,699,547
Let's Grow Kids, Inc.	16,683,555	12,809,121
The Curtis Fund, Inc.	32,153,818	27,476,774
Addison Community Athletics Foundation, Inc.	1,491,475	1,338,473
Total Supporting Organizations Net Assets	$ 79,269,135	$ 67,349,976

On May 3, 2018, the Curtis Fund, Inc., previously known as the General Educational Fund Inc., founded by Emma Eliza Curtis, filed a request to terminate private foundation status with the Internal Revenue Service to operate as a public charity by satisfying the requirements of Section 509(a)(3) as a supporting organization of the Foundation. This reclassification became effective August 1, 2018, and the advanced ruling approving the change in status was received on February 19, 2019.

NOTE 17 - MAJOR DONORS

In 2019, the Foundation received a substantial portion of its contributions from one donor. Contributions for the year ended December 31, 2019 from this donor were $6,073,755 (19.2% of total contributions). There were no amounts due from this donor at December 31, 2019.

In 2018, the Foundation received a substantial portion of its contributions from one donor. Contributions for the year ended December 31, 2018 from this donor were $30,808,408 (54.0% of total contributions). There were no amounts due from this donor at December 31, 2018.

NOTE 18 - RETIREMENT PLANS

The Foundation has a 403(b)(7) or SIMPLE/IRA retirement plan covering all employees electing to participate. The Foundation matches dollar for dollar employee contributions up to 3% of their W-2 wages. Contributions to the plan charged to operations totaled $135,486 in 2019 and $132,193 in 2018.

The Foundation has a 457(b) deferred compensation plan covering the Chief Executive Officer. The purpose of the plan is to retain a key employee by offering benefits comparable with similar organizations. Annual contributions to the plan are approved each year by the Board of Directors. The plan called for an annual contribution of $12,500 in 2019 and $10,000 in 2018. The total cost charged to operations was $7,557 in 2019 and $3,334 in 2018 in accordance with the vesting schedule in place at the time of the contribution. The amount accrued for this obligation was $10,891 and $3,334 as of December 31, 2019 and 2018, respectively, for this obligation.

Supplementary Information

THE VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

CONSOLIDATING STATEMENTS OF ACTIVITIES - SUPPLEMENTAL DISCLOSURE
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Vermont Community Foundation	Supporting Organizations	Adjustments and Eliminations (1)	Total	Vermont Community Foundation	Supporting Organizations	Adjustments and Eliminations (1)	Total
Revenue								
Contributions	$ 21,677,943	$ 10,702,832	$ (878,682)	$ 31,502,093	$ 21,134,616	$ 36,383,415	$ (1,007,503)	$ 56,510,528
Federal and state grants	-	123,023	-	123,023	-	276,131	-	276,131
Total contributions	21,677,943	10,825,855	(878,682)	31,625,116	21,134,616	36,659,546	(1,007,503)	56,786,659
Less contributions to nonprofit organization funds	(1,833,597)	-	-	(1,833,597)	(3,870,699)	-	-	(3,870,699)
Net contributions	19,844,346	10,825,855	(878,682)	29,791,519	17,263,917	36,659,546	(1,007,503)	52,915,960
Net realized and unrealized gains (losses) on investments	31,292,481	10,152,370	-	41,444,851	(11,596,181)	(5,843,288)	-	(17,439,469)
Investment income	1,463,147	1,128,410	-	2,591,557	1,549,629	910,810	-	2,460,439
Change in value of split-interest agreements	(1,178,465)	-	-	(1,178,465)	(364,580)	-	-	(364,580)
Other income	1,044,482	146,060	(547,989)	642,553	975,001	147,923	(523,702)	599,222
Net revenue	52,465,991	22,252,695	(1,426,671)	73,292,015	7,827,786	31,874,991	(1,531,205)	38,171,572
Expenses								
Program expenses:								
Grants approved, net	22,373,529	4,304,804	(878,682)	25,799,651	15,787,389	3,688,964	(1,007,503)	18,468,850
Less grants from nonprofit organization funds	(3,931,656)	-	-	(3,931,656)	(2,074,482)	-	-	(2,074,482)
Net grants	18,441,873	4,304,804	(878,682)	21,867,995	13,712,907	3,688,964	(1,007,503)	16,394,368
Grant administration and related program activities	1,127,640	3,725,195	-	4,852,835	955,165	3,867,959	-	4,823,124
Total program expenses	19,569,513	8,029,999	(878,682)	26,720,830	14,668,072	7,556,923	(1,007,503)	21,217,492
Supporting services:								
Management and general	2,430,390	1,584,448	(547,989)	3,466,849	2,240,942	1,522,905	(523,702)	3,240,145
Development	905,996	719,088	-	1,625,084	861,009	427,394	-	1,288,403
Total supporting services	3,336,386	2,303,536	(547,989)	5,091,933	3,101,951	1,950,299	(523,702)	4,528,548
Total expenses	22,905,899	10,333,535	(1,426,671)	31,812,763	17,770,023	9,507,222	(1,531,205)	25,746,040
Increase (Decrease) in Net Assets	29,560,092	11,919,160	-	41,479,252	(9,942,237)	22,367,769	-	12,425,532
Net Assets - Beginning of Year	193,140,752	67,349,976	-	260,490,728	203,082,989	44,982,207	-	248,065,196
Net Assets - End of Year	$ 222,700,844	$ 79,269,136	$ -	$ 301,969,980	$ 193,140,752	$ 67,349,976	$ -	$ 260,490,728

(1) Adjustments and Eliminations include intercompany transactions that are eliminated for consolidation purposes.