VERMONT COMMUNITY FOUNDATION, INC., AND AFFILIATED SUPPORTING ORGANIZATIONS

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2025 AND 2024



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AND AFFILIATED SUPPORTING ORGANIZATIONS
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vermont Community Foundation, Inc. and the Affiliated Supporting Organizations, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vermont Community Foundation, Inc. and Affiliated Supporting Organizations as of December 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Vermont Community Foundation, Inc. and Affiliated Supporting Organizations 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vermont Community Foundation, Inc. and Affiliated Supporting Organizations' ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government 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 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 GAAS and *Government 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 Vermont Community Foundation, Inc. and Affiliated Supporting Organizations' 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 Vermont Community Foundation, Inc. and Affiliated Supporting Organizations' 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.

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 is presented for purposes of additional analysis and is not a required part of the 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2026 on our consideration of Vermont Community Foundation, Inc. and Affiliated Supporting Organizations' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vermont Community Foundation, Inc. and Affiliated Supporting Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vermont Community Foundation, Inc. and Affiliated Supporting Organizations' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

West Hartford, Connecticut
August 27, 2026

VERMONT COMMUNITY FOUNDATION, INC.,
AND AFFILIATED SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
ASSETS		
Cash and Cash Equivalents	$ 19,410,227	$ 18,562,941
Investments	421,086,025	388,344,928
Mission Related Investments	9,793,886	8,510,736
Other Investments	808,630	808,630
Contributions Receivable, Net	939,088	1,327,816
Receivables from Trusts	23,188,639	271,431
Other Assets	860,835	622,279
Property and Equipment, Net	2,924,849	2,807,633
Total Assets	$ 479,012,179	$ 421,256,394
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	1,284,930	$ 860,079
Grants Payable, Net	3,046,999	3,076,641
Liabilities under Split-Interest Agreements	7,130,852	7,852,977
Nonprofit Organization Funds	74,283,442	67,275,844
Total Liabilities	85,746,223	79,065,541
NET ASSETS		
Net Assets without Donor Restrictions	355,305,189	326,967,902
Net Assets with Donor Restrictions	37,960,767	15,222,951
Total Net Assets	393,265,956	342,190,853
Total Liabilities and Net Assets	$ 479,012,179	$ 421,256,394

See accompanying Notes to Consolidated Financial Statements.

VERMONT COMMUNITY FOUNDATION, INC.,
AND AFFILIATED SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions	$ 43,995,406	$ 23,913,251	$ 67,908,657	39,701,697	$ 3,944,311	$ 43,646,008
Federal and State Grants	8,468,237	-	8,468,237	1,679,933	-	1,679,933
Total Contributions and Grants	52,463,643	23,913,251	76,376,894	41,381,630	3,944,311	45,325,941
Less: Contributions to Nonprofit Organization Funds	(3,324,962)	-	(3,324,962)	(3,899,616)	-	(3,899,616)
Net Contributions and Grants	49,138,681	23,913,251	73,051,932	37,482,014	3,944,311	41,426,325
Net Realized and Unrealized Gains on Investments	40,990,043	2,239,331	43,229,374	21,132,745	1,343,440	22,476,185
Investment Income	3,289,449	332,070	3,621,519	4,102,632	283,642	4,386,274
Change in Value of Split-Interest Agreements	-	(540,671)	(540,671)	(2,259)	1,029,970	1,027,711
Other Income	2,129,046	10,717	2,139,763	1,691,387	-	1,691,387
Net Assets Released from Restrictions	3,216,882	(3,216,882)	-	11,606,731	(11,606,731)	-
Net Revenue	98,764,101	22,737,816	121,501,917	76,013,250	(5,005,368)	71,007,882
EXPENSES						
Program Expenses:						
Grants Approved, Net	62,382,313	-	62,382,313	52,169,073	-	52,169,073
Less: Grants from Nonprofit Organization Funds	(5,334,347)	-	(5,334,347)	(10,253,338)	-	(10,253,338)
Net Grants	57,047,966	-	57,047,966	41,915,735	-	41,915,735
Grant Administration and Related Program Activities	6,420,880	-	6,420,880	5,888,437	-	5,888,437
Total Program Expenses	63,468,846	-	63,468,846	47,804,172	-	47,804,172
Supporting Services:						
Management and General	5,167,714	-	5,167,714	5,213,309	-	5,213,309
Development	1,790,254	-	1,790,254	1,615,962	-	1,615,962
Total Supporting Services	6,957,968	-	6,957,968	6,829,271	-	6,829,271
Total Expenses	70,426,814	-	70,426,814	54,633,443	-	54,633,443
INCREASE (DECREASE) IN NET ASSETS	28,337,287	22,737,816	51,075,103	21,379,807	(5,005,368)	16,374,439
Net Assets - Beginning of Year	326,967,902	15,222,951	342,190,853	305,588,095	20,228,319	325,816,414
NET ASSETS - END OF YEAR	$ 355,305,189	$ 37,960,767	$ 393,265,956	$ 326,967,902	$ 15,222,951	$ 342,190,853

See accompanying Notes to Consolidated Financial Statements.

VERMONT COMMUNITY FOUNDATION, INC.,
AND AFFILIATED SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	Program Services	Management and General	Development	Total	Program Services	Management and General	Development	Total
Grants and Scholarships	$ 57,047,966	$ -	$ -	$ 57,047,966	$ 41,915,735	$ -	$ -	$ 41,915,735
Salaries and Benefits	4,092,898	3,143,940	1,232,520	8,469,358	3,933,477	3,067,033	1,320,102	8,320,612
Other Professional Services	778,884	561,101	228,782	1,568,767	810,144	575,419	101,475	1,487,038
Communications and Advertising	236,199	151,485	61,358	449,042	262,593	205,194	41,640	509,427
Information Technology	180,757	191,240	74,923	446,920	73,373	566,247	13,681	653,301
Conferences and Meetings	131,796	127,705	40,598	300,099	237,158	102,893	20,110	360,161
Occupancy	208,206	260,009	54,741	522,956	229,251	153,691	52,823	435,765
Travel	80,309	66,408	26,924	173,641	53,555	18,271	16,390	88,216
Depreciation	84,614	103,105	35,167	222,886	70,336	60,868	21,541	152,745
Office Expense	55,041	72,927	10,026	137,994	48,845	47,282	10,140	106,267
Professional Fees	1,081	261,289	251	262,621	12,047	185,395	9,115	206,557
Insurance	47,751	35,888	11,969	95,608	39,313	59,305	-	98,618
Dues	9,553	8,641	3,487	21,681	7,763	15,888	2,790	26,441
Bad Debt Expense	490,707	-	-	490,707	-	-	-	-
Other Expenses	23,084	183,976	9,508	216,568	110,582	155,823	6,155	272,560
Total Expenses	$ 63,468,846	$ 5,167,714	$ 1,790,254	$ 70,426,814	$ 47,804,172	$ 5,213,309	$ 1,615,962	$ 54,633,443

See accompanying Notes to Consolidated Financial Statements.

VERMONT COMMUNITY FOUNDATION, INC.,
AND AFFILIATED SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 51,075,103	$ 16,374,439
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	222,886	152,745
Contribution of Securities and Real Estate	(10,640,698)	(10,125,554)
Proceeds from Sales of Donated Securities	10,616,960	10,136,612
Net Realized and Unrealized Gains on Investments	(43,229,374)	(22,476,185)
Change in Value of Split-Interest Agreements	540,671	(1,027,711)
(Increase) Decrease in Operating Assets:		
Contributions Receivable	388,728	1,720,260
Receivables from Trusts	(22,917,208)	(15,932)
Other Assets	(238,556)	(260,345)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	424,851	(344,804)
Grants Payable	(29,642)	(5,570)
Liabilities under Split-Interest Agreements	(1,262,796)	(16,759)
Nonprofit Organization Funds	7,007,598	(4,400,432)
Net Cash Used by Operating Activities	(8,041,477)	(10,289,236)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	179,854,971	14,029,171
Purchases of Investments	(170,626,106)	(8,542,314)
Purchases of Property and Equipment	(340,102)	(172,568)
Net Cash Provided by Investing Activities	8,888,763	5,314,289
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	-	(221,997)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	847,286	(5,196,944)
Cash and Cash Equivalents - Beginning of Year	18,562,941	23,759,885
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,410,227	$ 18,562,941

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Internal Revenue Service (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 IRC).

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,
- Addison Community Athletics Foundation, Inc., formed in 2012, and
- The Curtis Fund, Inc., converted to a supporting organization of the Community Foundation from a private foundation in 2018.

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 IRC 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.

In 2023, the Board of Directors of Let's Grow Kids, Inc. (the "Organization"), a supporting organization, approved a formal plan to cease operations and transfer its remaining net assets upon completion of its activities. During 2025, the Organization substantially ceased operations and transferred its remaining net assets to a donor-advised fund established at the Vermont Community Foundation. As of December 31, 2025, the Organization had not yet legally dissolved.

The consolidated financial statements also include VCF Holdings LLC (the LLC), which was created in 2025 and is a wholly owned limited liability company of the Community Foundation. The LLC was formed solely to hold title to the rights associated with a documentary film. The documentary film rights are accounted for as an intangible asset and are recorded at cost, which includes expenditures incurred to acquire, produce, and secure the film and related intellectual property rights. The LLC does not conduct operating activities independent of its ownership of the documentary film rights. Management evaluates the carrying value of the film asset for impairment when events or changes in circumstances indicate that the recorded amount may not be recoverable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

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

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 FASB Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities — Presentation of Financial Statements,* FAS Staff Position FAS 117-1, *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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation (Continued)

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 IRC, 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 objective is to prudently invest the assets subject to this Policy so as to achieve a long-term rate of return, with a reasonable assumption of risk and suitable fee structures, that provides resources for sustainable grant-making. The aspiration is that investments will be consistent with the mission of the Foundation. The return objective is to preserve purchasing power by exceeding the rate of inflation plus investment management and administrative fees, thus providing for spending in the fulfillment of long-term philanthropic objectives.

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 0.30% 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Spending Policy Guidance (Continued)

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, and
- The investment policies of the Foundation.

For 2025, the spending rates for the funds range from 3.5% to 5% based on the nature of the fund type. Donor-advised funds, nonprofit organization reserve funds and supporting organizations comprise 63% 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 2025 and 2024 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 1.00% 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 2025 and 2024 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 35% 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 2% of the total funds held by the Foundation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated 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. The Foundation maintains an arrangement with its primary depository bank whereby balances in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit are re-disbursed among a consortium of insured banks in amounts within the FDIC limit, thus reducing the Foundation's exposure to risk. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2025 and 2024, the Foundation had approximately $18,404,000 and $18,006,000, respectively, in excess of FDIC 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.

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 2 and 3 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.

Leases

The Foundation leases office space and office equipment. The Foundation determines if an arrangement is a lease at inception.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Foundation uses risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the Statements of Financial Position.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. As the Foundation did not maintain any material lease agreements in 2025 and 2024, no ROU asset or liability have been recorded as of December 31, 2025 and 2024.

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 $2,132,533 and $6,526,776, respectively, for the year ended December 31, 2025, and $3,899,616 and $10,253,338, respectively, for the year ended December 31, 2024.

The amounts received but not yet distributed totaled $74,283,442 and $67,275,844 at December 31, 2025 and 2024, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Including Government Grants and Contracts

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 establishes an allowance for doubtful accounts for potential credit losses based on historical experience and an analysis of each delinquent account balance. Uncollectible account balances are written off when management determines the probability of collection is remote. Management has determined that no allowance is necessary based on analysis.

The Foundation reports contributions and governmental 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.

Conditional government grants and contracts not recognized in the consolidated financial statements as of December 31, 2025 and 2024, totaled $0 and $101,385, respectively. Government grants and contracts are conditioned on incurring qualified program expenses or performance measures.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the IRC. 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 August 27, 2026, which represents the date the consolidated financial statements were available to be issued.

NOTE 2 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 3 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.

NOTE 3 INVESTMENTS (CONTINUED)

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 consolidated 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). Fixed income investments also include mission-related investments (see Note 5). 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.

NOTE 3 INVESTMENTS (CONTINUED)

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 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 5). 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.

NOTE 3 INVESTMENTS (CONTINUED)

There have been no changes in the methodologies used at December 31, 2025 and 2024.

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:

	2025					
	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value (1)	Total	Percentage of Total
Short-Term Investments	$ 17,193,633				$ 17,193,633	4.1 %
Fixed Income	83,059,700	6,378	379,996	16,293,920	99,739,994	23.7
Equities:						
Domestic	73,004,820			33,414,349	106,419,169	25.3
Global	102,506,685			57,427,327	159,934,012	38.0
Alternatives:						
Hedged Equity				6,343,407	6,343,407	1.5
Private Assets			1,659,415	29,796,395	31,455,810	7.5
Total Investments	275,764,838	6,378	2,039,411	143,275,398	421,086,025	100.0
Receivable from Trusts	-	-	23,188,639	-	23,188,639	
Total Assets at Fair Value	$ 275,764,838	$ 6,378	$ 25,228,050	$ 143,275,398	$ 444,274,664	

	2024					
	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value (1)	Total	Percentage of Total
Short-Term Investments	$ 31,883,032	$ -	$ -	$ -	$ 31,883,032	8.2 %
Fixed Income	45,615,699	1,482,332	379,996	14,516,458	61,994,485	16.0
Equities:						
Domestic	88,585,447	-	-	29,364,371	117,949,818	30.4
Global	73,845,411	-	-	58,815,143	132,660,554	34.2
Alternatives:						
Hedged Equity	-	-	-	13,794,987	13,794,987	3.6
Private Assets	-	-	2,088,088	27,973,964	30,062,052	7.7
Total Investments	239,929,589	1,482,332	2,468,084	144,464,923	388,344,928	100.0
Receivable from Trusts	-	-	271,431	-	271,431	
Total Assets at Fair Value	$ 239,929,589	$ 1,482,332	$ 2,739,515	$ 144,464,923	$ 388,616,359	

(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.

NOTE 3 INVESTMENTS (CONTINUED)

The following table discloses certain additional information as of December 31, 2025, related to the Foundation's investments as described above that use net asset value per share and are not traded in an active market:

	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Fixed Income	$ 16,293,920	$ -	Monthly	5- to 30-Day Written Notice or as of Date Set by Investment Manager
Domestic Equity	33,414,349	-	Monthly to Quarterly	6- to 60-Day Written Notice or as of Date Set by Investment Manager
Global Equity	57,427,327	-	Monthly to More than Three Years	6- to 180-Day Written Notice or as of Date Set by Investment Manager
Hedged Equity	6,343,407	-	Monthly to Annually with Lockup Terms of Full to Partial Redemption Available on December 31, 2021, for Some Funds	30- to 100-Day Written Notice or as of Date Set by Investment Manager
Private Assets	29,796,395	7,360,092	Illiquid	Illiquid
Total	$ 143,275,398	$ 7,360,092		

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, 2025 and 2024:

	Fixed Income	Private Assets	Receivable from Trusts	Total
Beginning Balance - January 1, 2024	$ 229,997	$ 2,120,767	$ 255,499	$ 2,606,263
Total Gains (Losses) (Realized/Unrealized)	-	(26,614)	-	(26,614)
Total Interest Income	-	14,250	-	14,250
Change in Value of Split-Interest Agreements	-	-	-	-
Purchases/Issuances	-	-	-	-
Settlements	-	-	15,932	15,932
Reclassification	149,999	(20,315)		129,684
Ending Balance - December 31, 2024	379,996	2,088,088	271,431	2,739,515
Contributions	-	-	22,894,883	22,894,883
Total Gains (Losses) (Realized/Unrealized)	-	(478,673)	-	(478,673)
Total Interest Income	-	18,000	-	18,000
Change in Value of Split-Interest Agreements	-	-	22,325	22,325
Purchases/Issuances	-	-	-	-
Settlements	-	-	-	-
Reclassification	-	32,000	-	32,000
Ending Balance - December 31, 2025	$ 379,996	$ 1,659,415	$ 23,188,639	$ 25,228,050

There were no transfers out of Level 3 during the years ended December 31, 2025 and 2024.

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 3 INVESTMENTS (CONTINUED)

The following table presents information about significant unobservable inputs related to the Foundation's investments in Level 3 assets at December 31, 2025:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs
Fixed Income	$ 379,996	Discounted Cash Flow	Evaluation of Credit Risk
Private Equity/Real Assets	1,659,415	Net Asset Values	Funds of Funds and Direct Fund Structures
Receivable from Trusts	23,188,639	Fair Value and Discounted Cash Flow	Amount and Timing of Distributions from Trust

NOTE 4 OTHER INVESTMENTS

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

	2025	2024
Taproot Capital Fund, L3C	$ 808,630	$ 808,630

The Foundation is a 50% partner of Taproot Capital Fund, L3C, which was valued at $808,630 for the years ended December 31, 2025 and 2024, 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 Foundation has $207,968 in unfunded commitments to Taproot Capital Fund, L3C, as of December 31, 2025 and 2024, respectively.

NOTE 5 MISSION-RELATED INVESTMENTS

Since 2001, the Foundation's Board has allocated 5% of most pooled investments to Vermont-based mission-related investments (MRI) 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 entrepreneurship.

NOTE 5 MISSION-RELATED INVESTMENTS (CONTINUED)

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:

	2025	2024
Short-Term Investments	$ 1,779,857	$ 2,910,776
Fixed Income	1,518,626	1,465,883
Private Equity/Real Assets	8,608,499	7,193,629
Mission-Related Community Investment Promissory Notes	9,793,886	8,510,736
Total Mission-Related Investments	$ 21,700,868	$ 20,081,024

Mission-Related Investments – Promissory Notes

The Foundation holds mission-related community investment promissory notes that reflect debt agreements with Vermont-based community development financial institutions (CDFI), community banks and other nonprofits. Payments of principal are a reduction of the note receivable, and interest payments are recorded as investment income. Mission-Related Promissory Notes on the statements of financial position as of December 31, 2025 and 2024 are $9,793,886 and $8,510,736, respectively, in Mission Related Investments. The notes bear interest from 2% - 6.5%. The Community Foundation considers the balances to be fully collectible and there has not been any forgiveness of balances or write offs during 2025 and 2024. No allowance for credit losses has been determined for December 31, 2025 and 2024.

Future payments to be received under these agreements as of December 31, 2025 are as follows:

Year Ending June 30	Amount
2026	$ 850,000
2027	1,250,000
2028	750,000
2029	-
2030	-
Thereafter	6,943,886
Total	9,793,886

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 $50,000 as of December 31, 2025 and 2024, respectively.

As of December 31, 2025, the Community Foundation had not entered into any loan obligations with capital providers that were covered by these guarantees.

NOTE 6 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:

	2025	2024
To be Received in Less than One Year	$ 300	$ 1,562,213
To be Received in One to Five Years	938,800	-
Total	939,100	1,562,213
Less: Unamortized Discount	12	234,397
Net Unconditional Contributions Receivable	$ 939,088	$ 1,327,816

Contributions receivable are discounted at rates ranging from 4.01% to 4.79% for the years ended December 31, 2025 and 2024.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2025	2024
Land and Building	3,186,092	$ 3,170,282
Leasehold Improvements	395,512	336,930
Office Furniture and Equipment	1,467,422	1,537,257
Vehicle	-	21,222
Total	5,049,026	5,065,691
Less: Accumulated Depreciation	2,124,177	2,258,058
Net Property and Equipment	$ 2,924,849	$ 2,807,633

Depreciation expense for the years ended December 31, 2025 and 2024, was $222,886 and $152,745, respectively.

NOTE 8 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% 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 2024 of $56,631. There was no such reserve maintained in 2025.

The Foundation recognized contribution revenue of $22,994,665 in 2025 and $510,810 in 2024 in connection with establishing new split-interest agreements. The consolidated statements of financial position include the following amounts as of December 31:

	2025	2024
Charitable Remainder Trusts and Charitable Gift Annuities Included in Cash and Investments	13,742,221	$ 13,306,721
Charitable Lead Trusts	$ 23,188,639	$ 271,431
Amounts Included in Net Assets With Donor Restrictions	$ 29,784,196	$ 5,051,700

NOTE 8 SPLIT INTEREST AGREEMENTS (CONTINUED)

Charitable Gift Annuity (Continued)

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 9 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:

	2025	2024
To be Paid in Less than One Year	$ 2,410,940	$ 2,383,293
To be Paid in One to Five Years	657,750	714,955
To be Paid in Five Plus Years	-	10,000
Total	3,068,690	3,108,248
Less: Discount	21,691	31,607
Net Unconditional Grants Payable	$ 3,046,999	$ 3,076,641

Grants payable are discounted at a rate of 2.68% and 2.98% as of December 31, 2025 and 2024, respectively.

NOTE 10 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.

NOTE 11 LINE OF CREDIT

In 2021 the Foundation established a $1 million revolving line of credit. Amounts outstanding under the facility bear interest at *The Wall Street Journal* prime rate plus 25 basis points, with a floor rate of 3%. The facility is collateralized with certain investments held at the Foundation's custody bank. There were no amounts outstanding on the line of credit as of December 31, 2025 and 2024.

NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES

As described in Note 1, the Foundation is comprised of supporting organizations as well as the Vermont Community Foundation. Each supporting organization has its own board of directors, sets its own strategy and has its 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 organizations 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:

	2025	2024
Cash and Cash Equivalents	$ 19,410,227	$ 18,562,941
Liquid Investments	275,764,838	329,619,504
Contributions Receivable	-	1,327,816
Total	295,175,065	349,510,261
Less: Funds Not Available for General Expenditure	289,747,554	343,065,822
Total Financial Assets Available to Management for General Expenditures within One Year	$ 5,427,511	$ 6,444,439

General operating 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 use is limited due to donor and board restrictions on purpose.

NOTE 13 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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 investment of its available funds. The supporting organizations and the Community Foundation maintain policies that structure their financial assets to be available as general expenditures, liabilities, and other obligations come due. The supporting organizations' boards along with their staff set their annual budget and invest resources to meet their liquidity needs and their long-term requirements. The Community Foundation invests its excess cash in liquid 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 expenditures. 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 structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests cash in excess of its daily requirements in short-term investments and money market funds. In 2022, the Board formalized an operating reserve policy that calls for a minimum of three months of operating expenses to be designated as an operating reserve. Operating cash stood at $4,335,964 and $3,347,356 as of December 31, 2025 and 2024, respectively. Of these amounts, $1,902,432 and $1,847,577, respectively, were designated as operating reserves. In addition, the Foundation has a $1 million revolving line of credit. See Note 11 for further information.

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 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.

NOTE 14 NET ASSETS CLASSIFICATION AND VALUES (CONTINUED)

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 consisted of the following:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Advised Funds	$ 149,620,492	$ 1,965,818	$ 151,586,310
Designated Funds	76,873,856	4,685,273	81,559,129
Unrestricted Funds	20,062,108	118,602	20,180,710
Field of Interest	52,092,945	1,272,604	53,365,549
Planned Giving Funds	-	8,223,534	8,223,534
Scholarship Funds	(134,274)	134,274	-
Supporting Organization	47,623,679	21,560,662	69,184,341
Operating Funds	9,166,383	-	9,166,383
Total	$ 355,305,189	$ 37,960,767	$ 393,265,956

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Advised Funds	$ 138,260,951	$ 1,773,685	$ 140,034,636
Designated Funds	69,261,567	6,956,043	76,217,610
Unrestricted Funds	11,294,989	110,836	11,405,825
Field of Interest	48,165,824	1,207,858	49,373,682
Planned Giving Funds	-	5,051,701	5,051,701
Scholarship Funds	2,356,887	122,828	2,479,715
Supporting Organization	50,271,804	-	50,271,804
Operating Funds	7,355,880	-	7,355,880
Total	$ 326,967,902	$ 15,222,951	$ 342,190,853

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:

	2025	2024
Accumulated Earnings on Funds Subject to a Time Restriction	$ 279,055	$ 603,634
Split-Interest Agreements	651,290	2,933,092
Contributions Receivable	1,244,372	1,721,296
Flood Response and Recovery	1,042,165	6,348,709
Total	$ 3,216,882	$ 11,606,731

NOTE 15 FOUNDATION FUNDS

As described more fully in Note 1, 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 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Net Assets - January 1, 2024	$ 305,588,095	$ 20,228,319	$ 325,816,414
Investment Return:			
Investment Income	4,102,632	283,642	4,386,274
Investment Gain	21,132,745	1,343,440	22,476,185
Total Investment Return	25,235,377	1,627,082	26,862,459
Contributions	37,482,014	3,944,311	41,426,325
Appropriation for Expenditure	(43,026,712)	(11,606,731)	(54,633,443)
Other Changes:			
Change in Split-Interest Agreements	(2,259)	1,029,970	1,027,711
Other Income	1,691,387	-	1,691,387
Total Other Changes	1,689,128	1,029,970	2,719,098
Net Assets - December 31, 2024	326,967,902	15,222,951	342,190,853
Investment Return:			-
Investment Income	3,289,449	332,070	3,621,519
Investment Gain	40,990,043	2,239,331	43,229,374
Total Investment Return	44,279,492	2,571,401	46,850,893
Contributions	49,138,681	23,913,251	73,051,932
Appropriation for Expenditure	(67,209,932)	(3,216,882)	(70,426,814)
Other Changes:			
Change in Split-Interest Agreements	-	(540,671)	(540,671)
Other Income	2,129,046	10,717	2,139,763
Total Other Changes	2,129,046	(529,954)	1,599,092
Net Assets - December 31, 2025	$ 355,305,189	$ 37,960,767	$ 393,265,956

NOTE 16 SUPPORTING ORGANIZATIONS

Net assets of the supporting organizations are included in net assets as follows as of December 31:

	2025	2024
The J. Warren and Lois McClure Foundation, Inc.	28,965,154	7,780,285
Let's Grow Kids, Inc.	897,370	6,460,890
The Curtis Fund, Inc.	37,419,062	34,202,868
Addison Community Athletics Foundation, Inc.	1,902,755	1,827,761
Total Supporting Organizations Net Assets	$ 69,184,341	$ 50,271,804

NOTE 17 RETIREMENT PLANS

The Foundation has a 403(b)(7) or SIMPLE/IRA retirement plan covering all employees electing to participate. With the 403(b)(7) plan, the Foundation matches 100% up to 3% and 50% on the next 2% of employee's W-2 wages. With the SIMPLE/IRA plan, the Foundation matches dollar for dollar employee contributions up to 3% of their W-2 wages. Contributions to the plans charged to operations totaled $209,414 in 2025 and $205,843 in 2024.

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. The plan called for an annual contribution of $10,000 in 2025 and 2024. The total cost charged to operations was $18,544 in 2025 and $15,322 in 2024 in accordance with the vesting schedule in place at the time of the contribution. The amount accrued for this obligation was $87,550 and $69,006 as of December 31, 2025 and 2024, respectively, for this obligation.

NOTE 18 LEASES

The Foundation leases equipment as well as certain office facilities for various terms under noncancelable operating lease agreements. The leases expire at various dates through 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the Company to pay real estate taxes, insurance, and repairs.

Total lease expense under operating leases totaled $139,022 and $150,589 for the year ended December 31, 2025 and 2024.

VERMONT COMMUNITY FOUNDATION, INC.,
AND AFFILIATED SUPPORTING ORGANIZATIONS
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	Vermont Community Foundation	Supporting Organizations	Adjustments and Eliminations (1)	Total	Vermont Community Foundation	Supporting Organizations	Adjustments and Eliminations (1)	Total
REVENUE								
Contributions	$ 49,366,215	$ 20,999,489	$ (2,457,047)	$ 67,908,657	$ 40,878,085	$ 2,341,387	$ 426,536	$ 43,646,008
Federal and State Grants	-	8,468,237	-	8,468,237	610,444	1,069,489	-	1,679,933
Total Contributions	49,366,215	29,467,726	(2,457,047)	76,376,894	41,488,529	3,410,876	426,536	45,325,941
Less: Contributions to Nonprofit Organization Funds	(3,324,962)	-	-	(3,324,962)	(3,899,616)	-	-	(3,899,616)
Net Contributions	46,041,253	29,467,726	(2,457,047)	73,051,932	37,588,913	3,410,876	426,536	41,426,325
Net Realized and Unrealized Gains on Investments	38,416,349	4,813,025	-	43,229,374	18,886,979	3,589,206	-	22,476,185
Investment Income	2,549,399	1,072,120	-	3,621,519	3,250,300	1,135,974	-	4,386,274
Change in Value of Split-Interest Agreements	(540,671)	-	-	(540,671)	1,027,711	-	-	1,027,711
Other Income	2,318,925	664,816	(843,978)	2,139,763	2,416,673	224,513	(949,799)	1,691,387
Net Revenue	88,785,255	36,017,687	(3,301,025)	121,501,917	63,170,576	8,360,569	(523,263)	71,007,882
EXPENSES								
Program Expenses:								
Grants Approved, Net	52,030,866	12,808,494	(2,457,047)	62,382,313	47,201,630	4,540,907	426,536	52,169,073
Less Grants from Nonprofit Organization Funds	(5,334,347)	-	-	(5,334,347)	(10,253,338)	-	-	(10,253,338)
Net Grants	46,696,519	12,808,494	(2,457,047)	57,047,966	36,948,292	4,540,907	426,536	41,915,735
Grant Administration and Related Program Activities	3,317,606	3,103,274	-	6,420,880	2,411,316	3,477,121	-	5,888,437
Total Program Expenses	50,014,125	15,911,768	(2,457,047)	63,468,846	39,359,608	8,018,028	426,536	47,804,172
Supporting Services:								
Management and General	5,094,970	916,722	(843,978)	5,167,714	4,550,983	1,612,125	(949,799)	5,213,309
Development	1,513,594	276,660	-	1,790,254	1,340,227	275,735	-	1,615,962
Total Supporting Services	6,608,564	1,193,382	(843,978)	6,957,968	5,891,210	1,887,860	(949,799)	6,829,271
Total Expenses	56,622,689	17,105,150	(3,301,025)	70,426,814	45,250,818	9,905,888	(523,263)	54,633,443
INCREASE (DECREASE) IN NET ASSETS	32,162,566	18,912,537	-	51,075,103	17,919,758	(1,545,319)	-	16,374,439
Net Assets - Beginning of Year	291,919,049	50,271,804	-	342,190,853	273,999,291	51,817,123	-	325,816,414
NET ASSETS - END OF YEAR	$ 324,081,615	$ 69,184,341	$ -	$ 393,265,956	$ 291,919,049	$ 50,271,804	$ -	$ 342,190,853



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