PRESERVATION TRUST OF VERMONT, INC.
AND SUBSIDIARY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2016

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY

SEPTEMBER 30, 2016

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Tapia & Huckabay, P.C.
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Independent Accountant's Compilation Report

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

Management is responsible for the accompanying financial statements of the Preservation Trust of Vermont, Inc. and Subsidiary (Vermont nonprofit organizations), which comprise the statement of financial position as of September 30, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with U.S. generally accepted accounting principles. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying supplementary information following the notes is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have performed a compilation engagement on the information. We have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, or provide any assurance on such information.

Tapia & Huckabay, P.C.

Vergennes, Vermont
July 26, 2017
Vermont Registration #108880

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016

ASSETS		
Cash and cash equivalents (Notes 1 & 4)	$	162,417
Grants and contributions receivable (Notes 1 & 14)		278,053
Other receivables		25,377
Prepaid expenses		7,110
Notes receivable (Note 13)		73,238
Program-related investments - real & personal property (Note 17)		2,291,299
Beneficial interest in assets held by others (Note 7)		77,317
Beneficial interest in charitable remainder trust (Note 15)		110,200
Investments and endowments (Note 6)		4,913,166
Property and equipment, net of accumulated depreciation (Notes 1 & 5)		1,573,245
Deferred compensation plan assets (Note 9)		44,824
TOTAL ASSETS	$	9,556,246
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$	5,877
Accrued expenses		2,145
Refundable advances (Note 12)		1,006,516
Notes payable & advances from individuals (Note 19)		296,341
Deferred compensation plan liability (Note 9)		44,824
Total Liabilities		1,355,703
Net Assets:		
Unrestricted (Note 16)		5,010,127
Temporarily restricted (Note 16)		828,182
Permanently restricted (Note 16)		2,362,234
Total Net Assets		8,200,543
TOTAL LIABILITIES AND NET ASSETS	$	9,556,246

See accompanying notes and independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Grants & contributions (Notes 1, 12 & 14)	$ 391,808	$ 555,965	$ 98,000	$ 1,045,773
Donations of real and personal property (Notes 1 & 17)	206,375	-	-	206,375
Special events (Note 8)	44,277	-	-	44,277
Conference fees	29,640	-	-	29,640
Rental income & maintenance fees (Note 11)	10,099	-	-	10,099
Other income	3,062	-	-	3,062
Change in value of charitable remainder trust (Note 15)	6,600	-	-	6,600
Change in beneficial interest in assets held by others (Note 7)	6,130	-	-	6,130
Investment income (Note 6)	310,077	176,792	-	486,869
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	708,436	(708,436)	-	-
Total support and revenue	1,716,504	24,321	98,000	1,838,825
Expenses and losses:				
Program services (Note 1)	1,070,923	-	-	1,070,923
Supporting services				
Management and general	125,803	-	-	125,803
Fundraising	88,126	-	-	88,126
Total expenses and losses	1,284,852	-	-	1,284,852
Change in net assets	431,652	24,321	98,000	553,973
Net assets, beginning of year as originally stated	4,708,625	753,711	2,184,234	7,646,570
Prior period adjustments (Note 18)	(130,150)	50,150	80,000	-
Net assets, beginning of year as restated	4,578,475	803,861	2,264,234	7,646,570
Net assets, end of year	$ 5,010,127	$ 828,182	$ 2,362,234	$ 8,200,543

See accompanying notes and independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:		
Change in net assets	$	553,973
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		145,892
Contributions restricted for endowment & capital campaign		(92,000)
Contribution of real property		(206,375)
Realized and unrealized (gains) losses on investments		(426,433)
Change in value of charitable remainder trust		(6,600)
Change in beneficial interest in assets held by others		(6,130)
(Increase) decrease in operating receivables		296,505
(Increase) decrease in other current assets		12,221
Increase (decrease) in accounts payable		(28,857)
Increase (decrease) in accrued expenses		14
Increase (decrease) in refundable advances		66,263
Net cash provided by (used in) operating activities		308,473
Cash flows from financing activities:		
Payments on notes payable and advances from individuals		(3,429)
Contributions received restricted for endowment & capital campaign		92,000
Net cash provided by financing activities		88,571
Cash flows from investing activities:		
Purchase of investments		(2,241,006)
Sale of investments		1,856,858
Proceeds from notes receivable		(13,237)
Repayments of notes receivable		30,000
Purchase of program-related real property		(5,069)
Acquisition of property and equipment		(7,390)
Net cash provided by (used in) investing activities		(379,844)
Net increase (decrease) in cash		17,200
Cash at the beginning of the year		145,217
Cash at the end of the year	$	162,417
Supplemental Data:		
Interest paid	$	6,061
Redemption of limited liability company interest through receipt of note receivable		60,000
Donations of real and personal property received		206,375

See accompanying notes and independent accountant’s compilation report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization and Activities:

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

Principles of Consolidation:

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

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are shown as increases in temporarily restricted net assets with a corresponding transfer to unrestricted net assets. Funds received with donor conditions are recorded as refundable advances until the conditions are substantially met.

Cash and Cash Equivalents:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment:

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

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

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. If material, discounts on those amounts are computed using estimated market interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is reflected in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Functional Allocation of Expenses:

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of programs:

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

“Preservation Grants” – With funding from several major Vermont foundations and many other individuals and organizations, the Trust distributed nearly $365,000 in direct grants to over 30 towns, organizations and individuals in support of restoration and rehabilitation projects during the year ended September 30, 2016.

“Grand Isle Lake House” – The Organization, through its subsidiary, continues to preserve and renovate this historic property acquired in 1998 through donation. PRH leases the property to an unrelated, for-profit entity that hosts weddings, special events, nonprofit meetings and business retreats.

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

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

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

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

NOTE 2 - INCOME TAXES

The Trust is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to the Trust qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A). PRH is exempt from federal income tax as an organization described in Section 501(c)(2) of the Internal Revenue Code.

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

NOTE 3 – RETIREMENT PLAN

The Trust maintains a “Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)”, which is open to all employees whose annual compensation exceeds $5,000. Employees can make contributions up to prescribed limits with the Organization making matching contributions up to 3% of total compensation. Employer expense under this plan totaled $6,308 for the year ended September 30, 2016.

NOTE 4 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2016:

Land	$	862,000
Buildings and improvements		1,713,551
Vehicles		18,999
Furniture, fixtures and equipment		35,887
Computer equipment		22,911
Subtotal		2,653,348
Less - accumulated depreciation		(1,080,103)
Net fixed assets	$	1,573,245

Depreciation expense (including $59,020 on real and personal property program investments discussed below) totaled $145,892 for the year ended September 30, 2016.

NOTE 6 – INVESTMENTS AND ENDOWMENTS

The Organization maintains nearly a dozen investment accounts for unrestricted, temporarily restricted, and permanently restricted funds. Earnings from the permanently restricted funds subsidize the Executive Director’s position, help fund the periodic monitoring of conservation easements held by the Organization in furtherance of its mission, and support grant-making and other assistance of community efforts to preserve and strengthen Vermont’s collection of historic and cultural resources.

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

Interpretation of Relevant Law:

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

Return Objectives, Risk Parameters and Investment Strategies:

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

Spending Policy and its Relation to Investment Strategies and Objectives:

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

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

The cost, fair market value (determined by "Level 1" inputs by reference to quoted market prices), and unrealized appreciation (depreciation) of the Organization's investments, by investment class, are summarized as follows as of September 30, 2016:

	Cost	Fair Value	Unrealized (Depreciation) Appreciation
Money market funds	$ 1,093,081	$ 1,093,081	$ -
Fixed income securities	1,081,430	1,119,772	38,342
Equity securities & funds	1,731,607	2,700,313	968,707
	$ 3,906,117	$ 4,913,166	$ 1,007,049

The Organization values its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value (determined by "Level 1" inputs by reference to quoted market prices) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. A reconciliation of the beginning and ending balances of the Organization's investment accounts, including the components of investment income for the year ended September 30, 2016, by net asset class is summarized as follows:

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total
Value of Investments 10/1/15:	$ 1,908,928	$ 25,150	$ 2,164,234	$ 4,098,312
Contributions received	-	-	98,000	98,000
Interest and dividends	83,267	-	-	83,267
Realized & unrealized gains / (losses)	249,641	176,792	-	426,433
Fees	(22,831)	-	-	(22,831)
Net investment income (loss)	310,077	176,792	-	486,869
Appropriated for operations	(146,250)	-	-	(146,250)
Other transfers	372,735	-	3,500	376,235
Value of Investments 9/30/16:	$ 2,445,490	$ 201,942	$ 2,265,734	$ 4,913,166

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

NOTE 7 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

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

NOTE 8 –SPECIAL EVENTS

Included in special event revenue is approximately $22,000 from a silent auction and approximately $22,500 from a raffle.

NOTE 9 –DEFERRED COMPENSATION PLAN

In October 2015, the Organization established a "Non-Qualified Section 457 Tandem Deferred Compensation Plan" ("the Plan") for the benefit of a long time employee. Under the Plan, the Trust will make annual contributions of approximately $42,000 per year for five years (with the first contribution made in October 2015). The Trust has segregated the Plan assets in one of the investment accounts discussed in Note 6 above. Total plan assets – and the corresponding liability – totaled $44,824 as of September 30, 2016.

NOTE 10 – INVESTMENT IN LIMITED LIABILITY COMPANY

In May 2013, the Trust received a 50% interest in historic real estate in Bennington, Vermont valued at $175,000 and - with an unrelated, non-profit organization dedicated to preservation projects in the Bennington area that received the other 50% - formed a limited liability company to own, preserve, improve and operate (via lease or leases to unrelated, commercial entities) the property. The Trust's 50% interest in the limited liability company was recorded at cost (the $175,000 value of the property contributed plus cash contributed) adjusted by allocable gains and losses. In 2015, the Trust agreed to a redemption of its interest in the limited liability company by the other LLC member and its investment was written down to the $60,000 agreed-to redemption price. In 2016, the Trust's interest was redeemed in return for a $60,000 note receivable (as discussed in Note 13 below).

NOTE 11 – REAL PROPERTY LEASES

As discussed in Note 1, PRH leases the Grand Isle Lake House to an unrelated entity that hosts social functions, conferences and retreats. The lease, first signed in 1998 and extended in May 2016, expires in April 2019 but allows the tenant to extend for three, five-year periods. Under the lease, PRH cannot sell the property before April 2020 and must first offer the property to the tenant at the property's then fair market value. Minimum rental payments to cover operating expenses are approximately $7,700 annually (adjusted each year for inflation). The tenant also makes payments to a maintenance fund to pay for major repairs to the property in an annual amount of the greater of $3,250 or .5% of the tenant's annual gross revenues. Finally, the tenant owes percentage rent of 10% of gross revenue from its operations at the site (to the extent such amounts exceed operating expenses paid by the tenant).

In 2001, PTV received, through bequest, a historic building that includes a home and general store in rural Vermont. The Trust accepted the gift with the understanding that the property would not be used for the Trust's economic gain but that the property would re-emerge as a general store and important gathering place for the community. In September 2009, PTV entered into a lease agreement with a local food market cooperative ("tenant") with the purpose of fulfilling the former owner's wishes. Under the lease, which expired in 2012 but has been indefinitely extended on a month-to-month basis, the tenant pays no rent unless gross revenue exceeds, on a calendar year basis, $150,000 annually. The Trust also makes annual grants to the tenant of $10,000 to cover property taxes, insurance, and ongoing operating costs and expenses.

The Trust leases office space (and associated parking spaces) under a noncancelable lease ending September 2017 with minimum lease payments of $900 per month through the end of the lease term. Rent expense under the lease was $10,800 for the fiscal year ended September 30, 2016.

NOTE 12 – REFUNDABLE ADVANCES

As discussed in Note 1, a significant portion of the Organization's activities involves "Preservation Grants." In this program, the Organization reviews applications for support of renovation projects primarily from local communities and organizations. Qualifying projects are included in applications submitted several times per year by the Organization to a small group of major foundations. Amounts approved by the foundations are earmarked for the specific local renovation projects. The Organization notifies the grantee that they have been approved, but funding is conditioned upon satisfactory completion of the renovation work. The Organization treats the receipt of funds from the foundations as a refundable advance because the support is conditioned on the completion of the renovation work and the subsequent transfer of funds to the grantee. When the renovation work is completed and the funds are disbursed, the Organization recognizes grant income and grant expense. The balance in refundable advances at September 30, 2016 represents current and prior years' grants that are still in progress but ultimately payable to the designated recipients (or conditioned on certain future Organizational expenditures). The activity in the refundable advances account for the year ended September 30, 2016 is as follows:

NOTE 12 – REFUNDABLE ADVANCES (continued)

Refundable advances, beginning of the year	$	940,253
Grant funds received		230,000
Grant funds released from restriction		-
Grant funds disbursed		(163,737)
Refundable advances, end of the year	$	1,006,516

NOTE 13 – NOTES RECEIVABLE

Notes receivable consisted of the following as of September 30, 2016:

$30,000 note receivable from the Vermont Community Loan Fund originally dated August 2006 and most recently renewed in December 2015 with current interest payable annually at 3% and due in full December 2025.	$	30,000
$60,000 interest-free, note receivable from unrelated, Vermont non-profit organization dated March 2016 and issued in conjunction with the redemption of the Trust's interest in a limited liability company; $30,000 payment due and paid at closing with the $30,000 balance due March 2017.		30,000
$13,237 in interest-free advances to the non-profit operator of the Vermont Marble Museum ($8,238 dated July 2016 and $5,000 dated September 2016) with repayments of $5,000 anticipated by December 2016 and the balance anticipated by June 2018.		13,238
	$	73,238

NOTE 14 – PROMISES TO GIVE

Grants and contributions receivable consisted of the following as of September 30, 2016:

Unrestricted	$	57,053
Temporarily restricted:		
For future years		200,000
For specific program activities		15,000
		215,000
Permanently restricted:		
For the Directors Fund		25,000
Total unconditional promises to give	$	297,053
Receivable in less than one year	$	282,053
Receivable in one to five years		15,000
Total unconditional promises to give		297,053
Less discounts to net present value		-
Less allowance for uncollectible promises receivable		(19,000)
Net unconditional promises to give	$	278,053

There were no material conditional promises to give at September 30, 2016. Conditional promises to give are not recorded until the conditions are substantially met.

NOTE 15 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

Upon the death of the grantor in 2015, the Trust became a remainder beneficiary of a charitable remainder unitrust administered by an unrelated third party. The charitable remainder trust provides for the payment of distributions to a designated beneficiary over the beneficiary's lifetime with the remaining assets distributable to several non-profit organizations upon the end of the trust's term. The Trust estimated the fair value of its 10% remainder interest (using the beneficiary's estimated life expectancy and a discount rate of 4%) at $103,600 as of September 30, 2015. Revising the discount rate to 4.5% and adjusting for changes in life expectancy, the Trust has estimated the fair value of its interest at $110,200 as of September 30, 2016 with the $6,600 change shown on the Statement of Activities as "change in value of charitable remainder trust."

NOTE 16 –NET ASSETS

The three classes of net assets have the following donor restrictions as of September 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Director's Fund Endowment:				
In investments	$ -	$ 106,918	$ 1,226,575	$ 1,333,493
In receivables	-	-	25,000	25,000
Stewardship Endowment Fund	-	16,144	403,200	419,344
Field Services Endowment Fund	-	49,653	250,000	299,653
The Robert Sincerbeaux Fund:				
In investments		22,242	215,500	237,742
In loan fund			71,500	71,500
The Stewart Fund for Downtowns & Villages	-	985	170,459	171,444
Advocacy Revolving Fund	5,967	-	-	5,967
Restricted to future time periods	-	310,200	-	310,200
Restricted to other special projects		322,040	-	322,040
Board designated Grand Isle Lake House Fund	608,434	-	-	608,434
Board designated capital campaign	1,009,515	-	-	1,009,515
Board designated for specific region	50,000	-	-	50,000
Investment in property & program investments	3,864,544	-	-	3,864,544
Non-endowment & property unrestricted	(528,333)	-	-	(528,333)
	$ 5,010,127	$ 828,182	$ 2,362,234	$ 8,200,543

In 2008, PTV launched a capital campaign with the goal of providing funds for capital improvements and special projects and to increase the Organization's permanent endowment. Since the Trust has substantial discretion over the use of non-permanently restricted capital campaign contributions, amounts that have not been designated to a specific permanently restricted fund are shown as board designated net assets.

NOTE 17 – PROGRAM-RELATED REAL AND PERSONAL PROPERTY INVESTMENTS

The Trust has taken the lead in a multi-year project to preserve the real property associated with the Vermont Marble Museum in Proctor, Vermont and to help ensure that the Museum remains open to the public. In December 2012, the Trust purchased the Museum's collections (including the exhibits and a large library of historic glass plate negatives) – valued at $1,676,330 - for the bargain price of $250,000 and signed an option to purchase the real property. Working with local volunteers, the Trust helped form a new, unrelated non-profit organization – "Vermont Marble Museum, Inc." ("the operator") - that has purchased other Museum personal property and began operating the Museum in 2014. In December 2014, the Trust finished its fundraising campaign and purchased the Museum real property (for a final negotiated price of $425,000 which was net of a bargain purchase component (donation) of $55,000). The Trust plans to lease the property to the operator for five years (though no rent has been charged through September 30, 2016) and then make an outright gift of the real estate to the operator. The Museum collection (now being depreciated over 40 years with depreciation of $41,908 in 2016) will be on permanent loan to the operator.

The Trust's work to preserve the Vermont Marble Museum has attracted other preservation-minded donors. In November 2015, the Trust received a donation of the "Fox Hill Center for Arts Property" – real estate in Poultney, Vermont with an appraised value of $125,000. And, in December 2015, the Trust received another donation of quarrying-related collection items valued at approximately $81,375.

The Trust's program related real and personal property investments are summarized as follows as of September 30, 2016:

Land	$	135,000
Buildings and improvements		480,009
Collections		1,757,705
Subtotal		2,372,714
Less - accumulated depreciation		(81,415)
Net fixed assets	$	2,291,299

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

Unrestricted net assets as of September 30, 2015 have been reduced by $130,150 – from amounts previously reported – as follows:

- Increase temporarily restricted net assets by $100,000 for time restricted promises to give.
- Increase temporarily restricted net assets by $25,150 for unappropriated endowment appreciation at September 30, 2015.
- Increase permanently restricted net assets by $75,000 – and decrease temporarily restricted net assets by the same amount – to correct the balance of the Robert Sincerbeaux fund.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS (continued)

- Increase permanently restricted net assets by $5,000 to correct the balance of a Director's Fund promise to give.

NOTE 19 – NOTES PAYABLE AND ADVANCES FROM INDIVIDUALS

Notes payable consisted of the following at September 30, 2016:

$175,000 term loan with the U.S. Department of Agriculture dated June 2015 with payments of principal and interest (at 3.5%) of $788 due monthly through June 2045; secured by Vermont Marble Museum collections and substantially all of borrower's other personal property.	$	170,341
$106,000 interest-free, "deferred" note payable with the Vermont Housing and Conservation Board dated December 2014; due in full on the earlier of 1) June 30, 2020 or 2) PTV's transfer of the Vermont Marble Museum real property to Vermont Marble Museum, Inc. (at which time the note will be forgiven); secured by first mortgage on Vermont Marble Museum real property.		106,000
Unsecured, interest-free advances from individuals; due on demand.		20,000
	$	296,341

Future maturities on notes payable are as follows:

2017	$	23,540
2018		3,666
2019		3,797
2020		109,932
2021		4,071
2022 & beyond		151,335
	$	296,341

Interest expense on the above notes and advances was $6,061 for the fiscal year ended September 30, 2016.

NOTE 20 – SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to September 30, 2016 through July 26, 2017 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Program	Management & General	Fundraising	Total
Salaries, taxes and benefits	$ 287,103	$ 36,778	$ 57,014	$ 380,895
Grants	379,739	-	-	379,739
Consultants	24,710	764	1,140	26,614
Dues and subscriptions	3,486	-	-	3,486
Equipment rental	111	1,003	-	1,114
Food and beverage	6,835	864	1,290	8,989
Insurance	6,395	2,312	376	9,083
Miscellaneous	8,938	4,326	2,060	15,324
Other direct expenses	27,109	9,433	11,000	47,542
Printing & publication costs	3,429	1,718	2,519	7,666
Postage and shipping	753	1,350	3,089	5,192
Professional services	98,859	59,143	-	158,002
Rent	6,205	4,344	1,861	12,410
Repairs and maintenance	20,698	-	-	20,698
Supplies	3,568	542	2,167	6,277
Telephone	6,661	200	200	7,061
Training and conferences	2,029	-	-	2,029
Travel	29,091	1,741	3,482	34,314
Utilities	2,182	-	-	2,182
Interest	6,061	-	-	6,061
Depreciation	142,679	1,285	1,928	145,892
	$ 1,070,923	$ 125,803	$ 88,126	$ 1,284,852

See independent accountant's compilation report.