

Preservation Trust of Vermont, Inc. and Subsidiary

Consolidated Financial Statements
(with Independent Accountants' Review Report)

September 30, 2024 and 2023

Preservation Trust of Vermont, Inc. and Subsidiary
September 30, 2024 and 2023

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Independent Accountants' Review Report

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

We have reviewed the accompanying consolidated financial statements of Preservation Trust of Vermont, Inc. and Subsidiary (the "Organization"), which comprise the consolidated balance sheet as of September 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Preservation Trust of Vermont, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2023 Summarized Comparative Information

The 2023 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated June 6, 2024. We have not performed any auditing procedures since that date. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



South Burlington, Vermont
January 22, 2025
VT Reg. No. 92-349

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statements of Financial Position
September 30, 2024 and 2023

	<u>(Reviewed)</u> <u>2024</u>	<u>(Audited)</u> <u>2023</u>
Assets		
Current assets:		
Cash	\$ 83,431	\$ 270,625
Promises to give	-	50,000
Accounts receivable	133,171	3,750
Prepaid expenses and deposits	8,798	27,344
Current portion of notes receivables	<u>30,000</u>	<u>130,000</u>
Total current assets	255,400	481,719
Program-related investment - limited liability company	100,000	100,000
Beneficial interest in assets held by others	84,143	75,647
Beneficial interest in charitable remainder trust	136,868	135,280
Investments	9,636,873	7,799,361
Notes receivables, net of current portion	-	30,000
Property and equipment, net	2,719,332	2,761,299
Right of use asset, net	813,778	822,339
Security deposits	<u>1,150</u>	<u>1,150</u>
Total assets	<u>\$ 13,747,544</u>	<u>\$ 12,206,795</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 23,829	\$ 9,729
Accrued expenses	30,127	21,563
Refundable advances	1,143,083	1,474,201
Current portion of long-term debt	<u>4,696</u>	<u>4,535</u>
Total current liabilities	1,201,735	1,510,028
Long-term debt, net of current portion	<u>133,440</u>	<u>138,136</u>
Total liabilities	<u>1,335,175</u>	<u>1,648,164</u>
Net assets:		
Without donor restriction	6,300,805	6,178,239
With donor restriction	<u>6,111,564</u>	<u>4,380,392</u>
Total net assets	<u>12,412,369</u>	<u>10,558,631</u>
Total liabilities and net assets	<u>\$ 13,747,544</u>	<u>\$ 12,206,795</u>

See independent accounts' review report and notes to the consolidated financial statements.

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2024
(With Summarized Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	(Reviewed) 2024 Totals	(Audited) Summarized 2023 Totals
Revenues and support				
Grants, contributions and bequests	\$ 1,817,112	\$ 810,181	\$ 2,627,293	\$ 1,758,927
Interest and other income	6,993		6,993	17,684
Conference and admin fees	260,022	-	260,022	13,309
Rental income and maintenance fees	9,213	-	9,213	6,908
Change in beneficial interest in assets held by others	12,637	-	12,637	6,841
Investment income available to operations	-	408,046	408,046	293,097
Net assets released from restrictions	<u>774,815</u>	<u>(774,815)</u>	<u>-</u>	<u>-</u>
 Total revenues and support	 <u>2,880,792</u>	 <u>443,412</u>	 <u>3,324,204</u>	 <u>2,096,766</u>
Operating expenditures				
Program services	2,521,172	-	2,521,172	2,012,728
Support services:				
Management and general	132,345	-	132,345	121,178
Fundraising	<u>104,709</u>	<u>-</u>	<u>104,709</u>	<u>141,034</u>
 Total expenses	 <u>2,758,226</u>	 <u>-</u>	 <u>2,758,226</u>	 <u>2,274,940</u>
 Change in net assets from operations	 <u>122,566</u>	 <u>443,412</u>	 <u>565,978</u>	 <u>(178,174)</u>
Other changes:				
Non-operating investment income	-	1,153,600	1,153,600	369,319
Change in value of charitable remainder trust	-	1,588	1,588	3,260
Contributions restricted for investment perpetuity	<u>-</u>	<u>132,572</u>	<u>132,572</u>	<u>320,000</u>
 Total other changes	 -	 1,287,760	 1,287,760	 692,579
 Change in net assets	 122,566	 1,731,172	 1,853,738	 514,405
Net assets, beginning of year	<u>6,178,239</u>	<u>4,380,392</u>	<u>10,558,631</u>	<u>10,044,226</u>
Net assets, end of year	<u>\$ 6,300,805</u>	<u>\$ 6,111,564</u>	<u>\$ 12,412,369</u>	<u>\$ 10,558,631</u>

See independent accounts' review report and notes to the consolidated financial statements

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2024
(With Summarized Comparative Totals for 2023)

	Program Services	Support Services		(Reviewed)	(Audited)
		Management and General	Fundraising	2024 Totals	Summarized 2023 Totals
Salaries, taxes and benefits	\$ 502,839	\$ 51,578	\$ 63,258	\$ 617,675	\$ 570,290
Consultants and subcontractors	58,910	42,255	10,702	111,867	92,007
Depreciation	83,779	1,076	1,614	86,469	87,726
Dues and subscriptions	4,884	-	-	4,884	3,844
Equipment rental	318	2,868	-	3,186	2,197
Grants	1,691,104	-	-	1,691,104	1,286,983
Insurance	12,336	791	396	13,523	9,795
Interest	4,921	-	-	4,921	5,077
Lobbying	23,500	-	-	23,500	23,785
Miscellaneous	(885)	6,353	(111)	5,357	5,212
Occupancy	12,882	7,959	3,411	24,252	36,681
Other direct expenses	63,180	-	-	63,180	51,105
Printing, postage and shipping	1,324	1,323	23,805	26,452	24,401
Property taxes	316	-	-	316	-
Repairs and maintenance	21,670	-	-	21,670	14,206
Supplies	918	184	734	1,836	8,929
Telephone	5,410	-	-	5,410	3,161
Training, conferences and meetings	3,553	17,508	-	21,061	26,970
Travel	30,213	450	900	31,563	22,571
Total expenses	\$ 2,521,172	\$ 132,345	\$ 104,709	\$ 2,758,226	\$ 2,274,940

See independent accountants' review report and notes to the consolidated financial statements.

Preservation Trust of Vermont, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 1,853,738	\$ 514,405
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	86,469	87,726
Contributions restricted for investment in perpetuity	(132,572)	(320,000)
Investment income	(1,561,646)	(540,520)
Right of use asset	8,561	8,391
Beneficial interest in assets held by others	(12,638)	(11,030)
Changes in:		
Cash received from beneficial interest in assets held by others	4,142	4,189
Grants and contributions receivable	50,000	85,000
Charitable remainder trust	(1,588)	(3,260)
Accounts receivable	(129,421)	3,859
Other current assets	18,546	(14,818)
Accounts payable	14,100	(10,550)
Accrued expenses	8,564	2,711
Security deposits	-	(1,150)
Refundable advances	(331,118)	(13,465)
Net cash used by operating activities	(124,863)	(208,512)
Cash flows from investing activities:		
(Purchase) sale of investments	(275,866)	117,591
Payment received on notes receivable	100,000	326
Proceeds from asset disposal	-	3,200
Acquisition of property and equipment	(44,502)	(33,517)
Net cash provided (used) in investing activities	(220,368)	87,600
Cash flows from financing activities:		
Payments on notes payable	(4,535)	4,379
Contributions received restricted for investment in perpetuity	132,572	320,000
Net cash provided by financing activities	128,037	324,379
Net change in cash	(217,194)	203,467
Cash, beginning of year	270,625	67,158
Cash, end of year	\$ 53,431	\$ 270,625
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 4,921	\$ 5,077

See independent accountants' review report and notes to the consolidated financial statements.

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies

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

(a) Principles of Consolidation

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

(b) Financial Statement Presentation

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

(c) Basis of Accounting

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

(d) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. The cost assigned to investments received by gift is the market value at the date the gift is received. The net realized and unrealized gains (losses) on investments are reflected in the consolidated statement of activities and changes in net assets.

(e) Contributions

Contributions received are recorded as either “with donor restrictions” or “without donor restrictions” depending on the existence and/or nature of any such specific restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same period are shown as increases in net assets with donor restrictions with a corresponding transfer to net assets without donor restrictions.

(f) Cash and Cash Equivalents

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

(g) Use of Estimates

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

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Summary of Operations and Significant Accounting Policies (continued)

(h) Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class (and, for the statement of functional expenses, in total but not by functional category). Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended September 30, 2023, from which the summarized information was derived.

(i) Property and Equipment

The Organization's policy is to capitalize all additions over \$2,500. 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

The Trust has taken the lead in a multi-year project to preserve the real property associated with the Vermont Marble Museum in Proctor, Vermont and to help ensure that the Museum remains open to the public. In September 2022, the Trust transferred the Vermont Marble Museum buildings, improvements and land to The Zion Corporation. The Trust transferred the property to The Zion Corporation for \$1 and transfer of loan balance of \$106,000. As part of the arrangement, the Trust entered into an agreement to lease a portion of the building to use as a public museum, including exhibits, offices, and storage to operate the Vermont Marble Museum. The agreement requires the Organization to make annual payments of \$1 through July 31, 2121. The Trust has recognized a right of use asset representing the fair value of the leased space of \$813,778 on the accompanying consolidated statements of financial position as of September 30, 2024. MMC recognized the original fair value of the property as \$830,730 in 2022. Accumulated amortization of \$16,952 was recorded as of September 30, 2024.

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

	2024	2023
Collections	\$ 1,757,705	\$ 1,757,705
Less - accumulated depreciation	(407,584)	(363,641)
Collections, net	\$ 1,350,121	\$ 1,394,064

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Summary of Operations and Significant Accounting Policies (continued)

(j) Promises to Give

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

(k) Description of Programs

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

“Preservation Grants” – With funding from several major Vermont foundations and many other individuals and organizations, the Trust distributed nearly \$1,310,000 in direct and “field service” grants to over 150 towns, organizations and individuals in support of restoration and rehabilitation projects during the year ended September 30, 2024.

“Grand Isle Lake House” – The Organization, through its subsidiary, continues to preserve and renovate this historic property acquired in 1998 through donation. The unrelated for-profit entity leases the property and hosts weddings, special events, non-profit meetings and business retreats. The prior lessee used the property from 1998 until they ceased operating in July 2020 due to financial repercussions of the COVID-19 pandemic. The board issued a Request for Proposals from potential operators of the Grand Isle Lake House. In February 2022, the new operator was selected and a lease was signed.

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

“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 program is being used to help save historic sites throughout the state mainly through the acquisition of options on real property followed by a search for a suitable, long-term owner or steward.

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

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Summary of Operations and Significant Accounting Policies (continued)

(l) Income Taxes

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

The Trust believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before the year ended September 30, 2021.

(m) Retirement Plan

The Trust maintains a “Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)”, which is open to all employees whose annual compensation exceeds \$5,000. Employees can make contributions up to prescribed limits with the Organization making matching contributions up to 3% of total compensation. Total expense under this plan totaled \$14,892 and \$13,485 for the years ended September 30, 2024 and 2023, respectively.

(n) Concentration of Cash on Deposit

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

(o) Accounts Receivable

On October 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization’s consolidated financial statements but did change how the allowance for credit losses is determined.

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. The Organization provides for losses on accounts receivable using the allowance method. An allowance, if provided for, is based on experience, third-party contracts and other circumstances, which may affect the ability of clients to meet their obligations.

Accounts receivable are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization’s policy to charge off the uncollectible receivable when management determines it will not be collected. Receivable balances as of September 30, 2024, September 30, 2023, October 01, 2022 were \$133,171, \$3,750, and \$7,609. The Organization has no allowance for credit losses as of September 30, 2024 and 2023 as they deemed all balances collectible.

(p) Reclassification

Portions of the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation.

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Summary of Operations and Significant Accounting Policies (continued)

(q) Subsequent Events

The Trust evaluated subsequent events through January 22, 2025, the date of the Trust's consolidated financial statements were available to be used.

2. Property and Equipment

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

	2024	2023
Land	\$ 862,000	\$ 862,000
Building and improvements	1,950,175	1,909,222
Vehicles	-	22,820
Furniture, fixtures and equipment	56,967	53,417
Collections	1,757,705	1,757,705
Computer equipment	-	16,372
Subtotal	4,626,847	4,621,536
Less - accumulated depreciation	(1,907,515)	(1,860,237)
Property and equipment, net	\$ 2,719,332	\$ 2,761,299

Depreciation expense including depreciation expense on real and personal property program investments totaled \$86,469 and \$87,726 for the years ended September 30, 2024, respectively.

3. Investments

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

Interpretation of Relevant Law:

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

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Investments (continued)

Return Objectives, Risk Parameters and Investment Strategies:

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

Spending Policy and its Relation to Investment Strategies and Objectives:

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

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at September 30, 2024 and 2023.

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

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Investments (continued)

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

The approximate cost, fair market value (determined by “Level 1” inputs by reference to quoted market prices), and unrealized appreciation (depreciation) of the Organization’s investments, by investment class, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
As of September 30, 2024:			
Money market funds	\$ 1,659,665	\$ 1,659,665	\$ -
Certificates of deposit	107,044	107,479	435
Fixed income securities	2,449,307	2,441,863	(7,444)
Equity securities and funds	2,146,296	5,427,866	3,281,570
	<u>\$ 6,362,312</u>	<u>\$ 9,636,873</u>	<u>\$ 3,274,561</u>
As of September 30, 2023:			
Money market funds	\$ 1,080,027	\$ 1,080,027	\$ -
Fixed income securities	2,554,972	2,378,083	(176,889)
Equity securities and funds	2,043,117	4,341,251	2,298,134
	<u>\$ 5,678,116</u>	<u>\$ 7,799,361</u>	<u>\$ 2,121,245</u>

Income from the permanently restricted funds is for on-going projects of the Organization and considered released from restriction once appropriated by management for operations. A reconciliation of the beginning and ending balances of the Organization’s investment accounts, including the components of investment income for the years ended September 30, 2024 and 2023, by net asset class is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Unappropriated Appreciation</u>	<u>Original Gift Basis</u>	
Value of Investments 10/1/23:	\$ 4,098,156	\$ 355,507	\$ 3,345,698	\$ 7,799,361
Contributions received	-	-	132,572	132,572
Interest and dividends	108,003	101,485	-	209,488
Realized & unrealized gains	736,771	692,303	-	1,429,074
Fees	(26,030)	(24,459)	-	(50,489)
Net investment income	818,744	769,329	-	1,588,073
Appropriated for operations	(210,371)	(197,675)	-	(408,046)
Other transfers	261,839	263,074	-	524,913
Net transfers	51,468	65,399	-	116,867
Value of Investments 9/30/24:	<u>\$ 4,968,368</u>	<u>\$ 1,190,235</u>	<u>\$ 3,478,270</u>	<u>\$ 9,636,873</u>

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Investments (continued)

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

4. Beneficial Interests

Beneficial Interest in Assets Held by Others:

In 1994, the Trust transferred \$50,000 to the Vermont Community Foundation for the establishment of a fund to benefit preservation projects in the Bennington, Vermont area. Income earned by the fund (i.e. the allocable amount of earnings from the Foundation’s common pooled fund) is generally distributable to the Trust (at the direction of the Trust) on an annual basis. The Trust, however, has granted variance power to the Foundation which means that the Board of Trustees of the Foundation “has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.” Total fund balances were \$84,143 and \$75,647 at September 30, 2024 and 2023, respectively.

The Foundation’s investments consist of short term investments, fixed income, domestic equities and global equities. Based on the most recent audited financial statements available for the Vermont Community Foundation (December 31, 2023), approximately 61% of assets are valued at Level 1 and 38% of assets are measured at net asset value (NAV), with the remaining 1% measured at Level 2 and 3. Based on the audited financial statements for the Vermont Community Foundation in the prior year (December 31, 2022), approximately 56% of assets were valued at Level 1, 3% of assets were valued at Level 3, and 41% of assets were measured at net asset value (NAV). Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

Beneficial Interest in Charitable Remainder Trust:

Upon the death of a grantor in 2015, the Trust became a remainder beneficiary of a charitable remainder unitrust administered by an unrelated third party. The charitable remainder trust provides for the payment of distributions to a designated beneficiary over the beneficiary’s lifetime with the remaining assets distributable to several non-profit organizations upon the end of the trust’s term. Adjusting for changes in life expectancy, the Trust has estimated the fair value of its interest at \$136,868 as of September 30, 2024 (\$135,280 as of September 30, 2023) with the \$1,588 change for the fiscal year ended September 30, 2024 (\$3,260 for 2023) shown in the consolidated statement of activities and changes in net assets as “change in value of charitable remainder trust.”

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

5. Real Property Leases

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

6. Functional Allocation of Expenses

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

7. Refundable Advances

A significant portion of the Organization’s activities involves “Preservation Grants” in which PTV reviews applications for support of renovation projects primarily from local communities and organizations. Qualifying projects are included in applications submitted several times per year by the Organization to a small group of major foundations. Amounts approved by the foundations are earmarked for the specific local renovation projects. The Organization notifies the grantee that they have been approved, but funding is conditioned upon satisfactory completion of the renovation work. The Organization treats the receipt of funds from the foundations as a refundable advance because the support is conditioned on the completion of the renovation work and the subsequent transfer of funds to the grantee. When the renovation work is completed and the funds are disbursed, the Organization recognizes grant income and grant expense. The balance in refundable advances represents current and prior years’ grants that are still in progress but ultimately payable to the designated recipients (or conditioned on certain future Organizational expenditures). The activity in the refundable advances account for the years ended September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Refundable advances, beginning of the year	\$ 1,474,201	\$ 1,572,724
Grant funds received	457,500	451,315
Grant funds disbursed	<u>(788,618)</u>	<u>(549,838)</u>
Refundable advances, end of the year	<u>\$ 1,143,083</u>	<u>\$ 1,474,201</u>

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
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8. Notes Receivable

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

	2024	2023
\$30,000 note receivable from the Vermont Community Loan Fund dated December 2015 with interest payable annually at 3%, due in full December 2025.	\$ 30,000	\$ 30,000
\$130,000 interest-free note receivable from the North Calais Memorial Hall Association dated April 2022; due in full in April 2024.	-	130,000
	\$ 30,000	\$ 160,000

9. Net Assets

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

	With Donor Restrictions			
As of September 30, 2024:	Without Donor Restrictions	Other Restrictions	Invested in Perpetuity	
			Total	
Director's Fund Endowment	\$ -	\$ 528,652	\$ 1,252,903	\$ 1,781,555
Stewardship Endowment Fund	-	225,617	421,200	646,817
Field Services Endowment	-	290,014	251,000	541,014
Covered Bridge Endowment Fund	-	225,551	10,572	236,123
Whale Dance Endowment Fund	-	104,999	-	104,999
The Robert Sincerbeaux Fund:				
In investments	-	138,367	437,500	575,867
In loan fund	-	-	4,500	4,500
The Stewart Fund for Downtowns & Villages	-	488,380	494,845	983,225
Restricted to future time periods	-	136,868	-	136,868
Restricted to other special projects	-	1,100,596	-	1,100,596
Board designated Grand Isle Lake House Fund	281,013	-	-	281,013
Board designated Jordan Community Fund	315,126	-	-	315,126
Board designated Paul Bruhn Fund	1,122,843	-	-	1,122,843
Board designated Operating Reserve Fund	714,192	-	-	714,192
Board designated for specific region	50,000	-	-	50,000
Investment in property, non-endowment and program investments	3,817,631	-	-	3,817,631
	\$ 6,300,805	\$ 3,239,044	\$ 2,872,520	\$ 12,412,369

Preservation Trust of Vermont, Inc. and Subsidiary
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Net Assets (continued)

As of September 30, 2023:	Without Donor Restrictions	With Donor Restrictions		Total
		Other Restrictions	Invested in Perpetuity	
Director's Fund Endowment	\$ -	\$ 307,891	\$ 1,252,903	\$ 1,560,794
Stewardship Endowment Fund	-	135,950	409,200	545,150
Field Services Endowment	-	93,647	251,000	344,647
The Robert Sincerbeaux Fund:				
In investments	-	58,802	427,500	486,302
In loan fund	-	-	4,500	4,500
The Stewart Fund for Downtowns & Villages	-	386,388	394,845	781,233
Restricted to future time periods	-	235,280	-	235,280
Restricted to other special projects	-	422,486	-	422,486
Board designated Grand Isle Lake House Fund	488,905	-	-	488,905
Board designated Jordan Community Fund	280,822	-	-	280,822
Board designated Paul Bruhn Fund	982,287	-	-	982,287
Board designated Operating Reserve Fund	648,188	-	-	648,188
Board designated for specific region	50,000	-	-	50,000
Investment in property, non-endowment and program investments	<u>3,728,037</u>	<u>-</u>	<u>-</u>	<u>3,728,037</u>
	<u>\$ 6,178,239</u>	<u>\$ 1,640,444</u>	<u>\$ 2,739,948</u>	<u>\$ 10,558,631</u>

10. Program-Related Investment in Limited Liability Company

In May 2019, the Trust made a \$100,000 “preferred membership” investment in a limited liability company working to preserve and renovate property in Bennington, Vermont. PTV earns “preferred distributions” on its investment at a rate of 3% per annum. Under the terms of the operating agreement – and assuming the limited liability company is in compliance with its loan obligations – the limited liability company will redeem PTV’s preferred membership in June 2025 with interest at its original \$100,000 investment plus any accrued but unpaid preferred distributions.

11. Notes Payable

Note payable consisted of the following at September 30th:

	2024	2023
\$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.	\$ 138,136	\$ 142,671
Less current portion	<u>(4,696)</u>	<u>(4,535)</u>
Long-term, net of current	<u>\$ 133,440</u>	<u>\$ 138,136</u>

Preservation Trust of Vermont, Inc. and Subsidiary
Notes to the Financial Statements
September 30, 2024 and 2023

Notes Payable (continued)

Future maturities on notes payable are as follows:

2025	\$	4,696
2026		4,863
2027		5,036
2028		5,215
2029		5,401
Thereafter		<u>112,925</u>
	\$	<u>138,136</u>

Interest expense on the above note was \$4,921 and \$5,077 for the years ended September 30, 2024 and 2023, respectively.

12. Liquidity and Availability of Financial Assets

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

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

	2024	2023
Cash	\$ 83,431	\$ 270,625
Non board or donor restricted portion of investments	2,198,424	1,582,689
Receivables expected to be collected in the coming year	133,171	3,750
Subtract: net assets with donor restrictions for specific purposes	<u>(1,100,596)</u>	<u>(447,667)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,314,430</u>	<u>\$ 1,409,397</u>