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

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION DECEMBER 31, 2018 AND 2017

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

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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of The Vermont Community Foundation, Inc., and Affiliated Supporting Organizations, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended and the related consolidated statement of functional expenses for the year ended December 31, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Vermont Community Foundation, Inc., and Affiliated Supporting Organizations as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2, during the year ended December 31, 2018, The Vermont Community Foundation, Inc., and Affiliated Supporting Organizations adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

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

Blum, Shapiro + Company, P.C.

West Hartford, Connecticut
January 9, 2020

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 12,041,105	$ 12,961,217
Investments	296,435,163	283,049,082
Other investments	348,509	161,606
Contributions receivable, net	9,809,528	11,439,391
Receivables from trusts	1,436,079	395,001
Other assets	212,724	137,055
Property and equipment, net	2,233,419	2,356,705
Total Assets	$ 322,516,527	$ 310,500,057
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 481,505	$ 520,614
Grants payable, net	1,914,805	964,735
Liabilities under split-interest agreements	9,712,255	10,030,908
Nonprofit organization funds	49,917,234	50,918,604
Total liabilities	62,025,799	62,434,861
Net Assets		
Net assets without donor restrictions	239,039,863	224,368,350
Net assets with donor restrictions	21,450,865	23,696,846
Total net assets	260,490,728	248,065,196
Total Liabilities and Net Assets	$ 322,516,527	$ 310,500,057

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

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

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Contributions	$ 23,431,072	$ 1,050,884	$ 24,481,956	$ 47,447,912	$ 733,146	$ 48,181,058
Addition of supporting organization	30,558,408	1,470,164	32,028,572	-	-	-
Federal and state grants	276,131	-	276,131	1,012,969	-	1,012,969
Total contributions and grants	54,265,611	2,521,048	56,786,659	48,460,881	733,146	49,194,027
Less contributions to nonprofit organization funds	(3,870,699)	-	(3,870,699)	(4,158,424)	-	(4,158,424)
Net contributions and grants	50,394,912	2,521,048	52,915,960	44,302,457	733,146	45,035,603
Net realized and unrealized gains (losses) on investments	(15,829,914)	(1,609,555)	(17,439,469)	24,616,102	2,857,786	27,473,888
Investment income	2,199,503	260,936	2,460,439	932,122	256,815	1,188,937
Change in value of split-interest agreements	-	(364,580)	(364,580)	-	(1,486,743)	(1,486,743)
Other income	599,222	-	599,222	504,861	-	504,861
Net assets released from restrictions	3,053,830	(3,053,830)	-	3,901,867	(3,901,867)	-
Net revenue	40,417,553	(2,245,981)	38,171,572	74,257,409	(1,540,863)	72,716,546
Expenses						
Program expenses:						
Grants approved, net	18,468,850	-	18,468,850	15,052,168	-	15,052,168
Less grants from nonprofit organization funds	(2,074,482)	-	(2,074,482)	(1,914,853)	-	(1,914,853)
Net grants	16,394,368	-	16,394,368	13,137,315	-	13,137,315
Grant administration and related program activities	4,823,124	-	4,823,124	5,266,761	-	5,266,761
Total program expenses	21,217,492	-	21,217,492	18,404,076	-	18,404,076
Supporting services:						
Management and general	3,240,145	-	3,240,145	2,802,605	-	2,802,605
Development	1,288,403	-	1,288,403	1,081,742	-	1,081,742
Total supporting services	4,528,548	-	4,528,548	3,884,347	-	3,884,347
Total expenses	25,746,040	-	25,746,040	22,288,423	-	22,288,423
Increase (Decrease) in Net Assets	14,671,513	(2,245,981)	12,425,532	51,968,986	(1,540,863)	50,428,123
Net Assets - Beginning of Year	224,368,350	23,696,846	248,065,196	172,399,364	25,237,709	197,637,073
Net Assets - End of Year	$ 239,039,863	$ 21,450,865	$ 260,490,728	$ 224,368,350	$ 23,696,846	$ 248,065,196

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

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Development	Total
Grants and scholarships	$ 16,394,368	$ -	$ -	$ 16,394,368
Salaries and benefits	3,299,643	2,189,338	924,427	6,413,408
Other professional services	668,033	176,620	85,317	929,970
Communications and advertising	312,314	92,269	50,502	455,085
Conferences and meetings	50,061	152,301	79,790	282,152
Occupancy	145,307	107,947	28,608	281,862
Information technology	114,955	118,856	38,747	272,558
Travel	97,915	39,233	42,507	179,655
Depreciation	75,548	66,127	22,625	164,300
Office expense	44,353	78,452	13,380	136,185
Professional fees	-	131,016	-	131,016
Insurance	-	51,871	-	51,871
Dues	14,995	30,130	2,500	47,625
Other expenses	-	5,985	-	5,985
Total Expenses	$ 21,217,492	$ 3,240,145	$ 1,288,403	$ 25,746,040

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Increase in net assets	$ 12,425,532	$ 50,428,123
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	164,300	156,945
Contribution of securities and real estate	(9,028,888)	(36,513,224)
Proceeds from sales of donated securities	8,869,541	36,186,842
Transfer of supporting organization securities	(30,776,591)	-
Net realized and unrealized gains (losses) on investments	17,439,469	(27,473,888)
Change in value of split-interest agreements	364,580	1,486,743
(Increase) decrease in operating assets:		
Contributions receivable	1,629,863	2,684,742
Receivables from trusts	(1,041,078)	52,019
Other assets	(75,669)	(15,354)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(39,109)	191,993
Grants payable	950,070	(1,090,028)
Liabilities under split-interest agreements	(683,233)	(813,417)
Nonprofit organization funds	(1,001,370)	8,762,057
Net cash provided by (used in) operating activities	(802,583)	34,043,553
Cash Flows from Investing Activities		
Proceeds from sales of investments	83,851,594	124,694,634
Purchases of investments	(83,738,109)	(157,106,615)
Proceeds from sales of other investments	-	281,190
Purchase of other investments	(190,000)	-
Purchases of property and equipment	(41,014)	(121,470)
Net cash used in investing activities	(117,529)	(32,252,261)
Net Increase (Decrease) in Cash and Cash Equivalents	(920,112)	1,791,292
Cash and Cash Equivalents - Beginning of Year	12,961,217	11,169,925
Cash and Cash Equivalents - End of Year	$ 12,041,105	$ 12,961,217

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

NOTE 1 - ORGANIZATION

Organization

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

The Community Foundation qualifies as a public charity under 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 Code).

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

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendment changes the previous reporting model for nonprofit organizations and enhances the disclosure requirements. The major changes include: (a) requiring the presentation of only two classes of net assets rather than three, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investments expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for annual periods beginning after December 15, 2017. Management has adopted ASU 2016-14 for the year ended December 31, 2018. The amendments have been retrospectively applied, with the exception of a statement of functional expenses and disclosures on liquidity and availability of resources for the year ended December 31, 2017.

Basis of Accounting and Presentation

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

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

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

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

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

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

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are 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 reclassification between the applicable classes of net assets.

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

Investments and Spending Policy Guidance

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

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

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

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

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

For 2018, the spending rates for the Funds range from 3.5% to 100% based on the nature of the fund type. Donor-advised funds, nonprofit organization reserve funds and supporting organizations comprise 61% of the Foundation's investment balance and are not subject to spending limitations as these funds can be advised by the fund representative to grant the full balance. Even so, the Foundation provides a spending guideline to these funds types to assist the fund representative if there is a desire to maintain the fund in perpetuity. The spending guideline provided in 2018 and 2017 was 3.5% of a 36-month average of invested assets as of December 31 for donor-advised funds and 5.0% of a 36-month average of invested assets as of December 31 for nonprofit organization reserve funds. In addition to the spending policy, the Funds pay a supporting fee to the Foundation ranging from 0.80% to 2.00% depending on the type of Fund.

Discretionary, field of interest, designated and nonprofit organization funds are subject to spending policy as these Fund types have been established to be maintained in perpetuity. The 2018 and 2017 spending amount is equal to 3.5% of a 36-month average of invested assets as of December 31 for field of interest and discretionary funds, while the spending amount for designated and nonprofit organization funds is equal to 5.0% of a 36-month average of invested assets as of December 31. Funds subject to the spending policies made up 34% of the total funds held by the Foundation. In addition to the spending policy, the Funds pay a supporting fee to the Foundation ranging from 0.80% to 2.00% depending on the type of Fund.

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investment Valuation and Income Recognition

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

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

Property and Equipment

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

Nonprofit Organization Funds

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

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

Amounts received and distributed under these relationships totaled $3,870,699 and $2,074,482 for the year ended December 31, 2018, and $4,158,424 and $1,914,853 for the year ended December 31, 2017.

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

The amounts received but not yet distributed totaled $49,917,234 and $50,918,604 at December 31, 2018 and 2017, respectively, and are included on the consolidated statements of financial position in investments.

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

Contributions

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

The Foundation reports contributions and grants of cash and other assets as donor restricted if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

Functional Expenses and Allocation of Shared Costs

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

Income Taxes

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

Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the current year's presentation.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through January 9, 2020, which represents the date the consolidated financial statements were available to be issued.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the accompanying 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 statement of financial position date are discounted to reflect fair market value using a risk-free interest rate.

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

NOTE 4 - INVESTMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy. Generally, investments are valued based on information provided by fund managers or general partners, including audited financial statements of the investment funds coupled with an understanding of the underlying valuation methodology used by the general partner. The levels relate to valuation only and do not necessarily indicate a measure of risk.

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

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

Fixed Income
Fixed income investments consist of both domestic and foreign issuances of debt instruments and include both government and corporate holdings including Treasury Inflation Protection Securities (TIPS). Also included in the fixed income asset class are mission-related community investment promissory notes that reflect debt agreements with Vermont-based community development financial institutions (CDFIs), community banks and other nonprofits. Management uses a discounted cash flow analysis and evaluation of credit risk to determine the fair value of these notes.

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

Hedged Equity

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

Private Equity/Real Assets

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

Receivables from Trusts

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

There have been no changes in the methodologies used at December 31, 2018 and 2017.

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, 2018 and 2017:

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

Description	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value (1)	Total	% of Total
	2017					
Short-term investments	$ 14,210,412	$ -	$ -	$ -	$ 14,210,412	5.0%
Fixed income	34,964,644	2,400,868	4,884,192	36,206,890	78,456,594	27.7
Equities:						
Domestic	32,481,822	-	-	27,811,858	60,293,680	21.3
Global	21,831,333	-	-	72,537,180	94,368,513	33.4
Alternatives:						
Hedged equity	-	-	-	23,723,492	23,723,492	8.4
Private equity/real assets	-	-	769,718	11,226,673	11,996,391	4.2
Total investments	103,488,211	2,400,868	5,653,910	171,506,093	283,049,082	100.0%
Receivables from trusts	-	-	395,001	-	395,001	
Total Assets at Fair Value	$ 103,488,211	$ 2,400,868	$ 6,048,911	$ 171,506,093	$ 283,444,083	

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

The following table discloses certain additional information as of December 31, 2018 related to the Foundation's investments as described above that use net asset value per share and are not traded in an active market:

Description	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Fixed income	$ 33,927,682	$ -	Monthly	5- to 30-day written notice or as of date set by investment manager
Domestic equity	28,781,212	-	Monthly to quarterly	6- to 60-day written notice or as of date set by investment manager
Global equity	64,111,313	-	Monthly to more than three years	6- to 180-day written notice or as of date set by investment manager
Hedged equity	26,739,642	-	Monthly to annually with lockup terms of full to partial redemption available on 12/31/2018 for some funds	30- to 100-day written notice or as of date set by investment manager
Private equity/ real assets	11,937,919	7,927,084	Illiquid	Illiquid
Total	$ 165,497,768	$ 7,927,084		

In addition to the unfunded commitments related to assets using net asset value per share, the Foundation also has $275,000 in unfunded commitments as of December 31, 2018 related to a mission-related community investment promissory note.

The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 assets) for the years ended December 31, 2018 and 2017:

	Fixed Income	Private Equity/Real Assets	Receivables from Trusts	Total
Beginning balance - January 1, 2017	$ 4,042,352	$ 820,629	$ 447,020	$ 5,310,001
Total gains (losses)	(67,771)	-	-	(67,771)
Total interest income	115,278	10,000	-	125,278
Change in value of split-interest	-	-	(2,262)	(2,262)
Purchases/issuances	1,197,465	-	-	1,197,465
Settlements	(403,132)	(60,911)	(49,757)	(513,800)
Ending balance - December 31, 2017	4,884,192	769,718	395,001	6,048,911
Total losses (realized/unrealized)	(43,777)	-	-	(43,777)
Total interest income	136,138	10,000	-	146,138
Change in value of split-interest	-	-	(129,329)	(129,329)
Purchases/issuances	1,285,000	325,001	1,220,164	2,830,165
Settlements	(358,704)	-	(49,757)	(408,461)
Ending Balance - December 31, 2018	$ 5,902,849	$ 1,104,719	$ 1,436,079	$ 8,443,647

There were no transfers out of Level 3 during the years ended December 31, 2018 and 2017.

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

NOTE 5 - OTHER INVESTMENTS

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

	2018	2017
Taproot Capital Fund, L3C	$ 348,509	$ 161,606

The High Meadows Fund, Inc., is a 50% partner of Taproot Capital Fund, L3C, which was valued at $348,509 and $161,606 as of December 31, 2018 and 2017, respectively. Taproot Capital Fund, L3C, is a low-profit limited liability corporation with a mission to significantly further the charitable, educational and other exempt purposes of its tax-exempt members. The High Meadows Fund, Inc., has $635,000 and $825,000 in unfunded commitments to Taproot Capital Fund, L3C, as of December 31, 2018 and 2017, respectively.

NOTE 6 - MISSION-RELATED INVESTMENTS

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

The Foundation has traditionally focused its MRIs on affordable housing, job creation, environment, agriculture, childcare centers and community-based investments. In 2017, the Foundation launched a revised programmatic strategy focused on closing the opportunity gap faced by many Vermont children and families and Vermont communities. The new opportunity gap strategy will be incorporated into the MRI structure to provide investments along with the Foundation's grants and programmatic work.

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, 2018 and 2017:

	2018	2017
Short-term investments	$ 211,209	$ 877,944
Fixed income	9,670,282	7,642,099
Private equity/real assets	2,926,603	2,020,040
Total Mission-Related Investments	$ 12,808,094	$ 10,540,083

NOTE 7 - CONTRIBUTIONS RECEIVABLE

The Foundation recognizes unconditional contributions and pledges when the written promise is made. The following is a summary of unconditional contributions receivable at December 31, 2018 and 2017:

	2018	2017
To be received in less than one year	$ 3,302,743	$ 2,317,478
To be received in one to five years	7,131,451	8,009,333
To be received in over five years	-	1,998,451
	10,434,194	12,325,262
Less unamortized discount	624,666	885,871
Net Unconditional Contributions Receivable	$ 9,809,528	$ 11,439,391

Contributions receivable are discounted at rates ranging from 2% to 2.2% for the years ended December 31, 2018 and 2017.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018 and 2017:

	2018	2017
Land and building	$ 2,820,009	$ 2,818,584
Leasehold improvements	121,164	111,484
Office furniture and equipment	832,434	802,526
Vehicle	21,222	21,222
	3,794,829	3,753,816
Less accumulated depreciation	1,561,410	1,397,111
Net Property and Equipment	$ 2,233,419	$ 2,356,705

Depreciation expense for the years ended December 31, 2018 and 2017 was $164,300 and $156,945, respectively.

NOTE 9 - SPLIT-INTEREST AGREEMENTS

Charitable Remainder and Lead Trusts

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

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

Charitable Gift Annuity

The Foundation is the beneficiary of numerous charitable gift annuity agreements whereby assets were contributed to the Foundation; in exchange, the Foundation agrees to pay a stated dollar amount annually to the designated beneficiary. Upon the death of the beneficiary, the remaining assets are directed to a component fund held by the Foundation for the purpose directed by the charitable gift annuity agreement. The portion of the assets transferred that is attributable to the present value of the future benefits to be received by the Foundation is recognized in the consolidated statement 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 2018 and 2017 of $62,493 and $62,475, respectively.

The Foundation recognized contribution revenue of $235,293 in 2018 and $69,982 in 2017, in connection with establishing new split-interest agreements. The consolidated statements of financial position include the following amounts as of December 31, 2018 and 2017:

	2018	2017
Charitable Remainder Trusts and Charitable Gift Annuities Included in Cash and Investments	$ 14,813,029	$ 16,581,421
Charitable Lead Trusts	$ 1,436,079	$ 395,001
Amounts Included in Net Assets With Donor Restrictions	$ 6,536,852	$ 6,945,514

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

NOTE 10 - GRANTS

Grants authorized but unpaid as of year end are reported as liabilities. The following is a summary of grants authorized and payable at December 31, 2018 and 2017:

	2018	2017
To be paid in less than one year	$ 1,311,044	$ 651,341
To be paid in one to five years	618,200	320,000
	1,929,244	971,341
Less discount	14,439	6,606
Net Unconditional Grants Payable	$ 1,914,805	$ 964,735

Grants payable are discounted at a rate of 1.90% and 2.11% as of December 31, 2018 and 2017, respectively.

NOTE 11 - GRANT AND PROGRAM ADMINISTRATION

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

NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	$ 12,041,105
Short-term investments	254,292,704
Pledges receivable, net	3,100,962
	269,434,771
Less funds not available for general expenditure	261,139,164
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 8,295,607

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

Liquidity Management

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

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 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.

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, 2018 and 2017 consisted of the following:

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

	2017		
	Without Donor Restriction	With Donor Restriction	Total
Advised funds	$ 114,812,940	$ 2,170,908	$ 116,983,848
Designated funds	38,767,497	1,915,368	40,682,865
Unrestricted funds	9,396,737	114,690	9,511,427
Field of interest	20,390,713	1,278,715	21,669,428
Planned giving funds	-	6,760,603	6,760,603
Scholarship funds	2,681,634	138,311	2,819,945
Supporting organization	33,751,060	11,231,147	44,982,207
Operating funds	4,567,769	87,104	4,654,873
	$ 224,368,350	$ 23,696,846	$ 248,065,196

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, 2018 and 2017:

	2018	2017
Accumulated earnings on Funds subject to a time restriction	$ 254,998	$ 253,768
Split-interest agreements	368,687	301,783
Contributions receivable	2,430,145	3,346,316
	$ 3,053,830	$ 3,901,867

NOTE 15 - FOUNDATION FUNDS

As described more fully in Note 2, net assets associated with the 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, 2018 and 2017 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Net assets - January 1, 2017	$ 172,399,364	$ 25,237,709	$ 197,637,073
Investment return:			
Investment income	932,122	256,815	1,188,937
Investment gains	24,616,102	2,857,786	27,473,888
Total investment return	25,548,224	3,114,601	28,662,825
Contributions	44,302,457	733,146	45,035,603
Appropriation for expenditure	(18,386,556)	(3,901,867)	(22,288,423)
Other changes:			
Change in split-interest agreements	-	(1,486,743)	(1,486,743)
Other income	504,861	-	504,861
Total other changes	504,861	(1,486,743)	(981,882)
Net assets - December 31, 2017	224,368,350	23,696,846	248,065,196
Investment return:			
Investment income	2,199,503	260,936	2,460,439
Investment loss	(15,829,914)	(1,609,555)	(17,439,469)
Total investment loss	(13,630,411)	(1,348,619)	(14,979,030)
Contributions	50,394,912	2,521,048	52,915,960
Appropriation for expenditure	(22,692,210)	(3,053,830)	(25,746,040)
Other changes:			
Change in split-interest agreements	-	(364,580)	(364,580)
Other income	599,222	-	599,222
Total other changes	599,222	(364,580)	234,642
Net Assets - December 31, 2018	$ 239,039,863	$ 21,450,865	$ 260,490,728

NOTE 16 - SUPPORTING ORGANIZATIONS

Net assets of the supporting organizations are included in net assets without donor restrictions as follows as of December 31, 2018 and 2017:

	2018	2017
The High Meadows Fund, Inc.	$ 18,026,061	$ 19,957,535
The J. Warren and Lois McClure Foundation, Inc.	7,699,547	8,563,282
Let's Grow Kids, Inc.	12,809,121	15,149,298
The Curtis Fund, Inc.	27,476,774	-
Addison Community Athletics Foundation, Inc.	1,338,473	1,312,092
Total Supporting Organizations Net Assets	$ 67,349,976	$ 44,982,207

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

NOTE 17 - MAJOR DONORS

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

In 2017, the Foundation received a substantial portion of its contributions from one donor. Contributions for the year ended December 31, 2017 from this donor were $29,521,458 (60.0% of total contributions). There were no amounts due from this donor at December 31, 2017.

NOTE 18 - RETIREMENT PLANS

The Foundation has a 403(b)(7) or SIMPLE/IRA retirement plan covering all employees electing to participate. The Foundation matches dollar for dollar employee contributions up to 3% of their W-2 wages. Contributions to the plan charged to operations totaled $135,527 in 2018 and $114,549 in 2017.

The Foundation has a 457(b) deferred compensation plan covering the Chief Executive Officer. The purpose of the plan is to retain a key employee by offering benefits comparable with similar organizations. Annual contributions to the plan are approved each year by the Board of Directors. The plan called for an annual contribution of $10,000 in 2018. The total cost charged to operations amounted to $3,334 in 2018 in accordance with the vesting schedule in place at the time of the contribution. At December 31, 2018, $3,334 was accrued for this obligation. The Plan was not funded as of December 31, 2017.

Supplementary Information

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

CONSOLIDATING STATEMENTS OF ACTIVITIES - SUPPLEMENTAL DISCLOSURE FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Vermont Community Foundation	Supporting Organizations	Adjustments and Eliminations (1)	Total	Vermont Community Foundation	Supporting Organizations	Adjustments and Eliminations (1)	Total
Revenue								
Contributions	$ 21,134,616	$ 36,383,415	$ (1,007,503)	$ 56,510,528	$ 45,071,308	$ 3,952,763	$ (843,013)	$ 48,181,058
Federal and state grants	-	276,131	-	276,131	-	1,012,969	-	1,012,969
Total contributions	21,134,616	36,659,546	(1,007,503)	56,786,659	45,071,308	4,965,732	(843,013)	49,194,027
Less contributions to nonprofit organization funds	(3,870,699)	-	-	(3,870,699)	(4,158,424)	-	-	(4,158,424)
Net contributions	17,263,917	36,659,546	(1,007,503)	52,915,960	40,912,884	4,965,732	(843,013)	45,035,603
Net realized and unrealized gains (losses) on investments	(11,596,181)	(5,843,288)	-	(17,439,469)	23,322,506	4,151,382	-	27,473,888
Investment income	1,549,629	910,810	-	2,460,439	776,069	412,868	-	1,188,937
Change in value of split-interest agreements	(364,580)	-	-	(364,580)	(1,486,743)	-	-	(1,486,743)
Other income	975,001	147,923	(523,702)	599,222	877,294	131,975	(504,408)	504,861
Net revenue	7,827,786	31,874,991	(1,531,205)	38,171,572	64,402,010	9,661,957	(1,347,421)	72,716,546
Expenses								
Program expenses:								
Grants approved, net	15,787,389	3,688,964	(1,007,503)	18,468,850	13,692,927	2,202,254	(843,013)	15,052,168
Less grants from nonprofit organization funds	(2,074,482)	-	-	(2,074,482)	(1,914,853)	-	-	(1,914,853)
Net grants	13,712,907	3,688,964	(1,007,503)	16,394,368	11,778,074	2,202,254	(843,013)	13,137,315
Grant administration and related program activities	955,165	3,867,959	-	4,823,124	849,595	4,417,166	-	5,266,761
Total program expenses	14,668,072	7,556,923	(1,007,503)	21,217,492	12,627,669	6,619,420	(843,013)	18,404,076
Supporting services:								
Management and general	2,240,942	1,522,905	(523,702)	3,240,145	1,941,658	1,365,355	(504,408)	2,802,605
Development	861,009	427,394	-	1,288,403	744,651	337,091	-	1,081,742
Total supporting services	3,101,951	1,950,299	(523,702)	4,528,548	2,686,309	1,702,446	(504,408)	3,884,347
Total expenses	17,770,023	9,507,222	(1,531,205)	25,746,040	15,313,978	8,321,866	(1,347,421)	22,288,423
Increase (Decrease) in Net Assets	(9,942,237)	22,367,769	-	12,425,532	49,088,032	1,340,091	-	50,428,123
Net Assets - Beginning of Year	203,082,989	44,982,207	-	248,065,196	153,994,957	43,642,116	-	197,637,073
Net Assets - End of Year	$ 193,140,752	$ 67,349,976	$ -	$ 260,490,728	$ 203,082,989	$ 44,982,207	$ -	$ 248,065,196

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