PRESERVATION TRUST OF VERMONT, INC.
AND SUBSIDIARY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2012

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY

SEPTEMBER 30, 2012

TABLE OF CONTENTS

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Independent Accountant's Compilation Report

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

We have compiled the accompanying statement of financial position of the Preservation Trust of Vermont, Inc. and Subsidiary (nonprofit organizations) as of September 30, 2012, and the related statements of activities and cash flows for the year then ended, and the accompanying supplementary schedule of functional expenses, which is presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with U.S. generally accepted accounting principles.

Management is responsible for the preparation and fair presentation of financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The prior year summarized comparative information has been derived from the Organization's 2011 financial statements which were compiled by us and, in our report dated July 13, 2012, we noted that those statements were the representation of management and that we did not express any opinion or any other form of assurance on them.

Wallace W. Tapia, P.C.

Burlington, Vermont
September 26, 2013
Vermont Registration #333

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012
(With Summarized Information for 2011)

ASSETS	2012	2011
Cash and cash equivalents (Notes 1 & 4)	$ 124,012	$ 201,104
Grants and contributions receivable (Notes 1 & 12)	75,804	133,236
Other receivables	23,064	23,002
Prepaid expenses	51,515	6,981
Note receivable (Note 11)	30,000	30,000
Beneficial interest in assets held by others (Note 7)	74,526	68,018
Investments (Note 6)	4,317,550	3,610,489
Property and equipment, net of accumulated depreciation (Notes 1, 5 & 13)	1,875,445	1,954,094
TOTAL ASSETS	$ 6,571,916	$ 6,026,924

LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 23,395	$ 18,858
Accrued expenses (Note 9)	47,938	42,626
Capital lease payable (Note 13)	5,878	7,598
Refundable advances (Note 10)	1,125,247	856,720
Total Liabilities	1,202,458	925,802
Net Assets:		
Unrestricted (Note 15)	1,955,080	1,877,581
Temporarily restricted (Notes 6 & 15)	1,600,553	1,561,916
Permanently restricted (Notes 6 & 15)	1,813,825	1,661,625
Total Net Assets	5,369,458	5,101,122
TOTAL LIABILITIES AND NET ASSETS	$ 6,571,916	$ 6,026,924

See accompanying notes and independent accountant’s compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(With Summarized Information for 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
Revenue:					
Grants & contributions (Notes 1, 10 & 12)	$ 247,398	$ 1,757,544	$ 152,200	$ 2,157,142	$ 1,293,171
Special events (Note 8)	40,135	-	-	40,135	44,004
Conference fees	14,298	-	-	14,298	14,731
Rental income (Note 9)	5,401	-	-	5,401	7,092
Change in beneficial interest (Note 7)	9,951	-	-	9,951	-
Other income	8,909	-	-	8,909	18,609
Investment income (Note 6)	122,247	184,336	-	306,583	37,767
Net assets released from restrictions:					
Transfers to fulfill purpose restrictions	1,903,243	(1,903,243)	-	-	-
Total support and revenue	2,351,582	38,637	152,200	2,542,419	1,415,374
Expenses and losses:					
Program (Note 1)	2,109,259	-	-	2,109,259	1,000,155
Management and general	74,363	-	-	74,363	76,558
Fundraising	90,461	-	-	90,461	81,396
Change in beneficial interest (Note 7)	-	-	-	-	104
Total expenses and losses	2,274,083	-	-	2,274,083	1,158,213
Change in net assets	77,499	38,637	152,200	268,336	257,161
Net assets, beginning of year	1,877,581	1,561,916	1,661,625	5,101,122	4,843,961
Net assets, end of year	$ 1,955,080	$ 1,600,553	$ 1,813,825	$ 5,369,458	$ 5,101,122

See accompanying notes and independent accountant's compilation report.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(With Summarized Information for 2011)

		2012		2011
Cash flows from operating activities:				
Change in net assets	$	268,336	$	257,161
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		84,618		86,182
Contributions restricted for endowment & capital campaign		(152,200)		(182,833)
Realized and unrealized (gains) losses on investments		(250,938)		3,920
(Increase) decrease in operating receivables		(10,707)		31,550
(Increase) decrease in other current assets		(44,596)		9,203
Increase (decrease) in accounts payable		4,537		7,259
Increase (decrease) in accrued expenses		5,312		4,864
Increase (decrease) in refundable advances		268,527		(230,163)
Net cash provided by (used in) operating activities		172,889		(12,857)
Cash flows from financing activities:				
Net proceeds from (payments on) capital lease payable		(1,720)		(1,476)
Contributions received restricted for endowment & capital campaign		220,339		919,177
Net cash provided by financing activities		218,619		917,701
Cash flows from investing activities:				
Purchase of investments		(3,015,458)		(3,288,368)
Sale of investments		2,552,827		2,484,587
Net repayments of notes receivable		-		2,000
Acquisition of property and equipment		(5,969)		(4,082)
Net cash provided by (used in) investing activities		(468,600)		(805,863)
Net increase (decrease) in cash		(77,092)		98,981
Cash at the beginning of the year		201,104		102,123
Cash at the end of the year	$	124,012	$	201,104
Supplemental Data:				
Interest paid	$	1,050	$	1,296

See accompanying notes and independent accountant’s compilation report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization and Activities:

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

Principles of Consolidation:

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

Financial Statement Presentation:

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

Contributions:

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

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 financial statements for the year ended September 30, 2011, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Use of Estimates:

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

Property and Equipment:

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

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

Promises to Give:

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

Functional Allocation of Expenses:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of programs:

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

> "Preservation Grants" – With funding from several major Vermont foundations, the Department of Housing and Urban Development, and many other individuals and organizations, the Trust distributed over $1,500,000 in direct grants to over 90 towns, organizations and individuals in support of restoration, rehabilitation and flood recovery projects during the year ended September 30, 2012.
>
> "Grand Isle Lake House" – The Organization, through its subsidiary, continues to preserve and renovate this historic property acquired in 1998 through donation. PRH leases the property to an unrelated, for-profit entity that hosts weddings, special events, nonprofit meetings and business retreats.
>
> "Endangered Places" – With funding provided by contributions from individuals and private organizations, the Organization supports and strengthens Vermont's downtown and village center areas through technical and program support.
>
> "Historic Preservation Easement Program" – The Organization holds and monitors conservation easements on historic buildings and archaeological sites throughout Vermont (often times in conjunction with the Vermont Housing and Conservation Board).
>
> "Field Service Program" – The Organization provides on-site technical and financial assistance to communities throughout Vermont.

Reclassification:

Portions of the 2011 financial statements have been reclassified to conform to the 2012 financial statement presentation.

NOTE 2 - INCOME TAXES

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

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

NOTE 3 – RETIREMENT PLAN

The Trust maintains "Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)", which is open to all employees whose annual compensation exceeds $5,000. Employees can make contributions up to prescribed limits with the Organization making matching contributions up to 3% of total compensation. Employer expense under this plan totaled $7,078 and $6,592 for the years ended September 30, 2012 and 2011, respectively.

NOTE 4 – CONCENTRATION OF CASH ON DEPOSIT

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

NOTE 5 – PROPERTY AND EQUIPMENT

Fixed assets consist of the following as of September 30:

	2012	2011
Land	$ 862,000	$ 862,000
Buildings and improvements	1,699,651	1,694,667
Vehicles	21,323	21,323
Furniture, fixtures and equipment	35,887	35,887
Computer equipment	13,988	13,003
Subtotal	2,632,849	2,626,880
Less - accumulated depreciation	(757,404)	(672,786)
Net fixed assets	$ 1,875,445	$ 1,954,094

Depreciation expense totaled $84,618 and $86,182 for the years ended September 30, 2012 and 2011, respectively.

NOTE 6 – INVESTMENTS AND ENDOWMENTS

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

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

Interpretation of Relevant Law:

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

Return Objectives, Risk Parameters and Investment Strategies:

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

Spending Policy and its Relation to Investment Strategies and Objectives:

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

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

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

	Cost	Fair Value	Unrealized (Depreciation) Appreciation
As of September 30, 2012:			
Money market funds & certificates of deposit	$ 1,945,280	$ 1,945,280	$ -
Fixed income securities	721,362	771,433	50,071
Equity securities & funds	1,251,310	1,600,837	349,527
	$ 3,917,952	$ 4,317,550	$ 399,598
As of September 30, 2011:			
Money market funds & certificates of deposit	$ 1,892,360	$ 1,892,360	$ -
Fixed income securities	616,074	642,393	26,319
Equity securities & funds	962,162	1,075,736	113,574
	$ 3,470,596	$ 3,610,489	$ 139,893

The Organization values its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value (determined by "Level 1" inputs by reference to quoted market prices) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. A reconciliation of the beginning and ending balances of the Organization's investment accounts, including the components of investment income for the years ended September 30, 2011 and 2012, by net asset class is summarized as follows:

	Unrestricted Funds	Temporarily Restricted Funds	Permanenatly Restricted Funds	Total
Value of Investments 10/1/10:	$ 1,165,129	$ 159,960	$ 1,481,625	$ 2,806,714
Contributions received	-	-	180,000	180,000
Interest and dividends	55,531	-	-	55,531
Realized & unrealized gains / (losses)	(3,920)	-	-	(3,920)
Fees	(13,844)	-	-	(13,844)
Net investment income (loss)	37,767	-	-	37,767
Appropriated for operations	(68,500)	-	-	(68,500)
Other transfers	690,258	(35,750)	-	654,508
Value of Investments 9/30/11:	$ 1,824,654	$ 124,210	$ 1,661,625	$ 3,610,489

NOTE 6 – INVESTMENTS AND ENDOWMENTS (continued)

	Unrestricted Funds	Temporarily Restricted Funds	Permanenatly Restricted Funds	Total
Value of Investments 10/1/11:	$ 1,824,654	$ 124,210	$ 1,661,625	$ 3,610,489
Contributions received	-	-	152,200	152,200
Interest and dividends	72,502	-	-	72,502
Realized & unrealized gains / (losses)	66,602	184,336	-	250,938
Fees	(16,896)	-	-	(16,896)
Net investment income (loss)	122,208	184,336	-	306,544
Appropriated for operations	(91,300)	-	-	(91,300)
Other transfers	538,155	(198,538)	-	339,617
Value of Investments 9/30/12:	$ 2,393,717	$ 110,008	$ 1,813,825	$ 4,317,550

The $2,393,717 in unrestricted investment funds shown above is net of a deficit of $15,790 for the cumulative amounts of the permanently restricted funds whose fair values were below the amounts that must be retained (due to transfers out of the funds in excess of earnings as well as the timing of transfers into the funds).

Except for a portion of the earnings on the Stewardship Endowment, which must be added back to principal (if earnings exceed appropriations), income from the permanently restricted funds is for on-going projects of the Organization and considered unrestricted, once appropriated by management for operations.

NOTE 7 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

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

NOTE 8 –SPECIAL EVENTS

Included in special event revenue is approximately $17,400 in 2012 and $19,000 in 2011 from a silent auction and approximately $22,700 in 2012 and $25,000 in 2011 from a raffle.

NOTE 9 – REAL PROPERTY LEASES

As discussed in Note 1, PRH leases the Grand Isle Lake House to an unrelated entity that hosts social functions, conferences and retreats. The lease, signed May 1, 1998, had an initial three-year term and can be extended for three, five-year periods by notice from the tenant. The tenant has exercised the options and extended the term of the lease for the three periods allowed. Since the tenant has exercised all of the options, PRH cannot sell the property without first offering the property to the tenant at the property's then fair market value. The minimum rental payments are approximately $7,000 annually (adjusted each year for inflation). The tenant also makes payments of $3,250 per year to a maintenance fund to pay for major repairs to the property. The balance in the fund as of September 30, 2012 and 2011 was $37,731 and $34,536 respectively, and is included in accrued expenses on the Statement of Financial Position. Finally, the tenant owes percentage rent of 10% of gross revenue from its operations at the site (to the extent such amounts exceed operating expenses paid by the tenant).

In 2001, PTV received, through bequest, a historic building that includes a home and general store in rural Vermont. The Trust accepted the gift with the understanding that the property would not be used for the Trust's economic gain but that the property would re-emerge as a general store and important gathering place for the community. In September 2009, PTV entered into a three-year lease agreement with a local food market cooperative ("tenant") with the purpose of fulfilling the former owner's wishes. The tenant pays no rent unless gross revenue exceeds, on a calendar year basis, $150,000 annually. The Trust also makes annual, $10,000 grants to the tenant, over the term of the lease, to cover property taxes, insurance, and ongoing operating costs and expenses. The agreement has been informally extended through December 2013 and the Organization is in the process of negotiating a formal lease modification.

NOTE 10 – REFUNDABLE ADVANCES

As discussed in Note 1, a significant portion of the Organization's activities involves "Preservation Grants." In this program, the Organization reviews applications for support of renovation projects primarily from local communities and organizations. Qualifying projects are included in applications submitted several times per year by the Organization to a small group of major foundations. Amounts approved by the foundations are earmarked for the specific local renovation projects. The Organization notifies the grantee that they have been approved, but funding is conditioned upon satisfactory completion of the renovation work. The Organization treats the receipt of funds from the foundations as a refundable advance because the support is conditioned on the completion of the renovation work and the subsequent transfer of funds to the grantee. When the renovation work is completed and the funds are disbursed, the Organization recognizes grant income and grant expense. In 2012, the Organization also disbursed over $150,000 in grants to assist towns and organizations recover from damage from Tropical Storm Irene. The balance in refundable advances at September 30, 2012 and 2011, represents current and prior years' grants that are still in progress but ultimately payable to the designated recipients. The activity in the refundable advances account for the years ended September 30 is as follows:

	2012	2011
Refundable advances, beginning of the year	$ 856,720	$ 1,086,883
Grant funds received	602,430	72,849
Grant funds released from restriction	4,986	-
Grant funds disbursed	(338,989)	(303,012)
Refundable advances, end of the year	$ 1,125,147	$ 856,720

NOTE 11 – NOTES RECEIVABLE

Note receivable consisted of a note from the Vermont Community Loan Fund originally dated August 2006 and renewed in December 2010 with current interest payable annually at 3% and due in full December 2015.

NOTE 12 – PROMISES TO GIVE

Grants and contributions receivable at September 30, 2012 consisted of $54,657 in unrestricted promises to give and $21,147 temporarily restricted for the capital campaign discussed below. All amounts are expected to be fully received during the fiscal year ending September 30, 2013.

Grants and contributions receivable at September 30, 2011 consisted of $43,950 in unrestricted promises to give and $89,286 temporarily restricted for the capital campaign.

Conditional promises to give at September 30, 2012, consisted of the $150,000 balance of a $300,000 matching grant receivable restricted to the permanently restricted Director's Fund discussed below. Another $75,000 of the match was met in early 2013. Conditional promises to give are not recorded until the conditions are substantially met.

NOTE 13 – CAPITAL LEASE

In April 2010, the Trust purchased equipment under a five-year capital lease agreement. The lease agreement contains a bargain purchase option at the end of the lease term, and accordingly, the equipment and lease are recorded in the Trust's Statement of Financial Position. The future minimum payments required under the lease terms are $2,772 for years ending September 30, 2013 and 2014 and $1,617 for the year ending September 30, 2015. Amortization of the asset held under the capital lease is included in depreciation expense.

NOTE 14 – SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated "events" subsequent to September 30, 2012 through September 26, 2013 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

Included in prepaid expenses at September 30, 2012, is $30,000 in option payments on the potential purchase by the Organization of real and personal property in Proctor, Vermont. In December 2012, the parties modified the agreement, and the Organization purchased certain personal property for $250,000. The Organization continues to have an option to purchase the real property (expiring December 2013) for $480,000.

As discussed in Note 9, the Organization is in the process of negotiating a formal modification for a lease of certain real property that expired in September 2012 (and which has been informally extended through December 2013).

In May 2013, the Organization received a gift of a 50% interest in real property located in Bennington, Vermont (with the Organization's interest estimated at $175,000) with the stipulation that the property not be sold for three years. The Organization has formed a limited liability company (with an unrelated non-profit organization that received the other 50% interest) to hold the property with the intent of improving and preserving it.

NOTE 15 –NET ASSETS

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

	Unrestricted	Temporarily Restricted	Permanenatly Restricted	Total
As of September 30, 2012:				
Director's Fund Endowment	$ (925)	$ -	$ 1,017,825	$ 1,016,900
Stewardship Endowment Fund	(14,865)	-	349,200	334,335
Field Services Endowment Fund	-	14,558	250,000	264,558
The Robert Sincerbeaux Fund	-	3,403	196,800	200,203
Advocacy Revolving Fund	39,326	92,047	-	131,373
Board designated Grand Isle Lake House Fund	529,304	-	-	529,304
Restricted to other special projects	-	422,726	-	422,726
Capital campaign - undesignated	-	1,067,819	-	1,067,819
Board designated for specific region	50,000	-	-	50,000
Investment in real estate and property	1,875,445	-	-	1,875,445
Non-endowment unrestricted	(523,205)	-	-	(523,205)
	$ 1,955,080	$ 1,600,553	$ 1,813,825	$ 5,369,458
As of September 30, 2011:				
Director's Fund Endowment	$ (128,816)	$ -	$ 867,825	$ 739,009
Stewardship Endowment Fund	(43,500)	-	349,200	305,700
Field Services Endowment Fund	(3,350)	-	250,000	246,650
The Robert Sincerbeaux Fund	(24,460)	-	194,600	170,140
Advocacy Revolving Fund	14,073	124,210	-	138,283
Board designated Grand Isle Lake House Fund	490,916	-	-	490,916
Restricted to other special projects	-	453,356	-	453,356
Capital campaign - undesignated	-	984,350	-	984,350
Board designated for specific region	50,000	-	-	50,000
Investment in property & equipment	1,954,094	-	-	1,954,094
Non-endowment unrestricted	(431,376)	-	-	(431,376)
	$ 1,877,581	$ 1,561,916	$ 1,661,625	$ 5,101,122

In 2008, PTV launched a capital campaign with the goal of providing funds for capital improvements and special projects and to increase the Organization's permanent endowment. Any restrictions on capital campaign contributions are by mutual agreement between PTV and the donors. Amounts that have not yet been designated to a specific purpose within the capital campaign are shown as temporarily restricted net assets.

PRESERVATION TRUST OF VERMONT, INC. AND SUBSIDIARY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(With Summarized Information for 2011)

	Program	Management & General	Fundraising	2012 Total	2011 Total
Salaries, taxes and benefits	$ 234,163	$ 30,704	$ 52,347	$ 317,214	$ 307,163
Grants	1,532,743	-	-	1,532,743	534,185
Consultants	54,016	967	968	55,951	19,607
Dues and subscriptions	3,898	269	-	4,167	3,687
Equipment rental	160	1,438	-	1,598	1,234
Food and beverage	14,804	1,941	3,308	20,053	7,747
Insurance	1,919	1,785	113	3,817	4,112
Lobbying	11,250	-	-	11,250	15,075
Miscellaneous	2,988	3,925	372	7,285	6,526
Other direct expenses	45,056	3,265	12,851	61,172	35,193
Printing & publication costs	3,698	1,076	8,757	13,531	8,053
Postage and shipping	1,216	1,118	2,515	4,849	4,183
Professional services	57,548	20,332	-	77,880	55,248
Rent	5,494	3,846	1,647	10,987	11,464
Repairs and maintenance	14,707	-	-	14,707	12,128
Supplies	3,211	424	1,695	5,330	5,282
Telephone	7,452	239	239	7,930	6,689
Training and conferences	165	-	-	165	175
Travel	29,434	2,193	4,387	36,014	32,742
Utilities	1,772	-	-	1,772	138
Interest	1,050	-	-	1,050	1,296
Depreciation	82,515	841	1,262	84,618	86,182
	$ 2,109,259	$ 74,363	$ 90,461	$ 2,274,083	$ 1,158,109

See independent accountant’s compilation report.