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Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

OMB No 1545-0052

2010Department of the Treasury
Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2010, or tax year beginning **SEP 1, 2010**, and ending **AUG 31, 2011**

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Name of foundation MERCHANTS BANK FOUNDATION, INC.		A Employer identification number 03-6016628
Number and street (or P.O. box number if mail is not delivered to street address) 275 KENNEDY DRIVE	Room/suite	B Telephone number (802) 865-1627
City or town, state, and ZIP code SOUTH BURLINGTON, VT 05403		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 1,316,326.	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
(Part I, column (d) must be on cash basis)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received		160,000.		N/A	
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments		152.	152.		STATEMENT 1
4 Dividends and interest from securities		35,861.	35,861.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		36,036.			
b Gross sales price for all assets on line 6a 261,049.					
7 Capital gain net income (from Part IV, line 2)			36,036.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less: Cost of goods sold					
c Gross profit or (loss)					
11 Other income		51.	0.		STATEMENT 3
12 Total. Add lines 1 through 11		232,100.	72,049.		
13 Compensation of officers, directors, trustees, etc.		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 4		1,589.	795.		0.
c Other professional fees STMT 5		8,856.	8,856.		0.
17 Interest					
18 Taxes STMT 6		2,728.	0.	JAN 17 2012	0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses					
24 Total operating and administrative expenses. Add lines 13 through 23		13,173.	9,651.		0.
25 Contributions, gifts, grants paid		190,260.			190,260.
26 Total expenses and disbursements. Add lines 24 and 25		203,433.	9,651.		190,260.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		28,667.			
b Net investment income (if negative, enter -0-)			62,398.		
c Adjusted net income (if negative, enter -0-)				N/A	

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12-07-10

LHA For Paperwork Reduction Act Notice, see the instructions.

Form 990-PF (2010)

SCANNED JAN 20 2012

Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	17,752.	11,453.	11,453.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock			
	c Investments - corporate bonds			
11 Investments - land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
12 Investments - mortgage loans				
13 Investments - other STMT 7	1,106,824.	1,141,790.	1,304,873.	
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers)	1,124,576.	1,153,243.	1,316,326.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	1,124,576.	1,153,243.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	0.	0.	
	30 Total net assets or fund balances	1,124,576.	1,153,243.	
31 Total liabilities and net assets/fund balances	1,124,576.	1,153,243.		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,124,576.
2 Enter amount from Part I, line 27a	2	28,667.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	1,153,243.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,153,243.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a SHORT TERM - SEE ATTACHMENT	P	VARIOUS	VARIOUS
1b LONG TERM - SEE ATTACHMENT	P	VARIOUS	VARIOUS
1c CAPITAL GAINS DIVIDENDS			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 2,652.		2,537.	115.
b 244,263.		222,476.	21,787.
c 14,134.			14,134.
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			115.
b			21,787.
c			14,134.
d			
e			

2 Capital gain net income or (net capital loss)	<div> <div>If gain, also enter in Part I, line 7</div> <div>If (loss), enter -0- in Part I, line 7</div> </div>	2	36,036.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	<div> <div>If gain, also enter in Part I, line 8, column (c).</div> <div>If (loss), enter -0- in Part I, line 8</div> </div>	3	N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	153,525.	1,230,236.	.124793
2008	203,984.	1,002,522.	.203471
2007	194,907.	1,355,655.	.143773
2006	191,997.	1,471,672.	.130462
2005	191,510.	1,446,378.	.132407

2 Total of line 1, column (d)	2	.734906
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.146981
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	1,366,413.
5 Multiply line 4 by line 3	5	200,837.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	624.
7 Add lines 5 and 6	7	201,461.
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	190,260.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	1,248.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.
3	Add lines 1 and 2	3	1,248.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	1,248.
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	1,440.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	1,440.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	192.
11	Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> 192. Refunded <input type="checkbox"/> 0.	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
1c Did the foundation file Form 1120-POL for this year?		X
2 Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. \$ 0. (2) On foundation managers. \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <u>VT</u>		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Form 990-PF (2010)

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ► N/A

14 The books are in care of ► STEPHANIE E. HOWELL, C/O MERCHANTS Telephone no. ► 802-865-1627
 Located at ► 275 KENNEDY DRIVE, SOUTH BURLINGTON, VT ZIP+4 ► 05403

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here
 and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A

16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?
 See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►

16	Yes	No
		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	<u>N/A</u>	1b
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1c
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes," list the years ► _____, _____, _____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	<u>N/A</u>	2b
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____, _____, _____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.)	<u>N/A</u>	3b
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?		4b

Form 990-PF (2010)

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A

5b

Organizations relying on a current notice regarding disaster assistance check here

▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 8		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000

▶ 0

Form 990-PF (2010)

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services

0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 MERCHANTS BANK FOUNDATION PROVIDES GRANTS TO IRC SECTION 501(C)(3) ORGANIZATIONS FOR ACCOMPLISHMENT OF VARIOUS CHARITABLE PURPOSES.	0.
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
1 NONE	0.
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0.

Form 990-PF (2010)

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	1,320,861.
b	Average of monthly cash balances	1b	66,360.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	1,387,221.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	1,387,221.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	20,808.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,366,413.
6	Minimum investment return. Enter 5% of line 5	6	68,321.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	68,321.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	1,248.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,248.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	67,073.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	67,073.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	67,073.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	190,260.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	190,260.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	190,260.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Form 990-PF (2010)

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				67,073.
2 Undistributed income, if any, as of the end of 2010:				
a Enter amount for 2009 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005	120,201.			
b From 2006	121,889.			
c From 2007	129,750.			
d From 2008	154,480.			
e From 2009	93,435.			
f Total of lines 3a through e	619,755.			
4 Qualifying distributions for 2010 from Part XII, line 4: ► \$	190,260.			
a Applied to 2009, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				67,073.
e Remaining amount distributed out of corpus	123,187.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	742,942.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	120,201.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	622,741.			
10 Analysis of line 9:				
a Excess from 2006	121,889.			
b Excess from 2007	129,750.			
c Excess from 2008	154,480.			
d Excess from 2009	93,435.			
e Excess from 2010	123,187.			

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE ATTACHED LIST	NOT RELATED	PUBLIC CHARITIES	SEE ATTACHED LIST	190,260.
Total			► 3a	190,260.
b Approved for future payment SEE ATTACHED LIST	NOT RELATED	PUBLIC CHARITIES	SEE ATTACHED LIST	62,500.
Total			► 3b	62,500.

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2010

Name of the organization

Employer identification number

MERCHANTS BANK FOUNDATION, INC.

03-6016628

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

Employer identification number

MERCHANTS BANK FOUNDATION, INC.

03-6016628

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	MERCHANTS BANK 275 KENNEDY DRIVE SOUTH BURLINGTON, VT 05403	\$ 160,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization

Employer identification number

MERCHANTS BANK FOUNDATION, INC.

03-6016628

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

Name of organization

Employer identification number

MERCHANTS BANK FOUNDATION, INC.**03-6016628**

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year (Enter this information once See instructions) ▶ \$

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
MERCHANTS BANK ACCT# 1553486 INTEREST	44.
MERCHANTS BANK SWEEP MM	108.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	152.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
L/T CAP GAIN DIVIDENDS - MERCHANTS TRUST COMPANY	5,524.	5,524.	0.
MERCHANTS TRUST COMPANY S/T CAP GAIN DIVIDENDS - MERCHANTS TRUST COMPANY	35,861.	0.	35,861.
	8,610.	8,610.	0.
TOTAL TO FM 990-PF, PART I, LN 4	49,995.	14,134.	35,861.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
SECURITY LITIGATION - MFS MASS INV	51.	0.	
TOTAL TO FORM 990-PF, PART I, LINE 11	51.	0.	

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	1,589.	795.		0.
TO FORM 990-PF, PG 1, LN 16B	1,589.	795.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FINANCIAL ADVISOR FEES	8,856.	8,856.		0.
TO FORM 990-PF, PG 1, LN 16C	8,856.	8,856.		0.

FORM 990-PF	TAXES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	186.	0.		0.
FEDERAL TAXES (BALANCE DUE 2009)	1,102.	0.		0.
ESTIMATED FEDERAL TAX PAYMENT (2010)	1,440.	0.		0.
TO FORM 990-PF, PG 1, LN 18	2,728.	0.		0.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	7
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MERCHANTS TRUST COMPANY	COST	1,141,790.	1,304,873.
TOTAL TO FORM 990-PF, PART II, LINE 13		1,141,790.	1,304,873.

FORM 990-PF	PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS	STATEMENT	8
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NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
THOMAS S. LEAVITT	PRESIDENT/CHAIRMAN 2.00	0.	0.	0.
BETSY KAPNER	TRUSTEE 1.00	0.	0.	0.
JESSICA ROHDE	TRUSTEE 1.00	0.	0.	0.
MARTHA DAVIS	TRUSTEE 1.00	0.	0.	0.
PAMELA MATWEECHA	VICE PRESIDENT 2.00	0.	0.	0.
ERINN PERRY	SECRETARY 1.00	0.	0.	0.
STEPHANIE HOWELL	TREASURER 2.00	0.	0.	0.
KATHRYN LEECH	TRUSTEE 1.00	0.	0.	0.
KEVIN FARLEY	TRUSTEE 1.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF	GRANT APPLICATION SUBMISSION INFORMATION	STATEMENT	9
	PART XV, LINES 2A THROUGH 2D		

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

STEPHANIE HOWELL, MERCHANTS BANK
275 KENNEDY DRIVE
S. BURLINGTON, VT 05403

TELEPHONE NUMBER

802-865-1627

FORM AND CONTENT OF APPLICATIONS

SEE ATTACHED SCHEDULE

ANY SUBMISSION DEADLINES

APPLICATIONS MUST BE RECEIVED BY THE 1ST OF THE MONTH IN WHICH THE TRUSTEES ARE MEETING.

RESTRICTIONS AND LIMITATIONS ON AWARDS

GRANTS ARE LIMITED TO 501(C)(3) ORGANIZATIONS

MERCHANTS BANK FOUNDATION, INC.
c/o Merchants Bank
ADDRESS OF APPROPRIATE BRANCH

(802) PHONE NUMBER OF APPROPRIATE BRANCH or 1-800-322-5222

For our Trustees' consideration of a grant or contribution to your organization please respond to the following questions and submit additional information as requested. Trustees meetings are held on a quarterly basis during February, May, August and November. Application deadlines are January 25, April 25, July 25, and October 25. Please mail applications to the attention of NAME OF BRANCH PRESIDENT OR CBO at the address indicated above.

Mission Statement

The Foundation strives to provide funding to organizations for programs and services that support general education, human services or community enrichment for all Vermonters for purposes of advancing education, household self-sufficiency, sustainable independence and viable community development.

1. Name of Organization:

2. Address and Telephone Number of Organization:

3. Name of Executive Director, how long has he/she had this responsibility:

4. What is the nature of your request for funding? Is your organization seeking funding for a particular project, or alternatively for general operating revenue? Please explain and indicate the level of funding desired.

5. a.) Briefly explain the nature of your program. Indicate who benefits, what specific services are provided, and general information about your organization.

5. b.) What percentage of the people served by your organization is in the low-to moderate income bracket? If it is at least 51%, please provide documentation showing this.

6. What is the amount of the annual operating budget? Please provide a copy of the revenue and expense report for the most recent fiscal year.

EIN 03-6016628
2010 Fm 990-PF, Part XV attachment

7. **For the consideration of a charitable contribution from the Merchants Bank Foundation, your organization must have a tax-exempt IRS 501(c)(3) status. Please submit written substantiation of your tax-exempt status along with this application.**
8. **Does your organization have a Board of Directors? If so, please identify the members of the Board.**
9. **Does your organization have affiliation with a similar regional or national organization? If so, explain.**
10. **Does your organization receive annual funding from a federal, state or local municipality? If so, what percentage of your budget is from each?**
11. **Has your organization received contributions from other charitable organizations or foundations? If so, who? Do you receive funding from the local United Way campaign?**
12. **Please attach any additional information, which you deem pertinent to this request.**

MERCHANTS BANK FOUNDATION, INC.
 Contributions/Payments for Fiscal Year 2010
 (as of August 31, 2011)

Organization	Region	Date Paid	Amount	Balance	Purpose of Donation
Annual Budget		12/24/10	\$ 25,000.00	\$ 145,000.00	
Special Allocated Donations - ECHO			\$ 10,000.00	\$ 180,000.00	
Special Allocated Donations - Champlain College				\$ 180,000.00	
The Jimmy Fund	Chittenden	9/13/10	\$ 50.00	\$ 179,950.00	Help with general operating expenses
American Foundation for Suicide Prevention	Washington	9/22/10	\$ 50.00	\$ 179,900.00	Help with annual fundraising campaign
The Leukemia and Lymphoma Society	Chittenden	9/30/10	\$ 50.00	\$ 179,850.00	Help with fundraising/operating expenses
The Upper Valley Haven	Windsor	11/2/10	\$ 150.00	\$ 179,700.00	Help with general operating expenses
Far Haven Concerned Inc	Rutland	11/9/10	\$ 500.00	\$ 179,200.00	Help with general operating expenses
Hardwick Area Food Pantry	Caledonia	11/24/10	\$ 100.00	\$ 179,100.00	Help with general operating expenses
Chittenden Emergency Food Shelf	Chittenden	11/24/10	\$ 500.00	\$ 178,600.00	Help with general operating expenses
Brattleboro Music Center	Windham	11/24/10	\$ 500.00	\$ 178,100.00	Help with financial aid for the music education programs
Vermont Cancer Survivor Network Inc	Washington	11/24/10	\$ 1,250.00	\$ 176,850.00	Help to support expansion of the Kindred Connections
Jencho Center Preservation Association	Chittenden	11/24/10	\$ 1,250.00	\$ 175,600.00	Help to repair the Jencho Community Center building
Northern Stage	Statewide	11/24/10	\$ 1,500.00	\$ 174,100.00	Help with National Endowment for the Arts
Kids Cove of Wallingford Inc	Rutland	11/24/10	\$ 1,500.00	\$ 172,600.00	Help with purchasing and renovating the Wallingford location
The Mentor Connector	Rutland	11/24/10	\$ 1,000.00	\$ 171,600.00	Help with general operating expenses
Green Mountain Habitat for Humanity	Chittenden	11/24/10	\$ 2,500.00	\$ 169,100.00	Help fund construction adhering to the Passwe Housing Institute
Champlain College	Statewide	11/24/10	\$ 10,000.00	\$ 159,100.00	Help with the Center for Financial Literacy
Vermont Youth Conservation Corps	Statewide	11/24/10	\$ 5,000.00	\$ 154,100.00	Help with Vermont Futures school program
Northeast Kingdom Youth Services	Caledonia	12/9/10	\$ 100.00	\$ 154,000.00	Help with the Elm Street Shelter
Upright Steeple Society	Caledonia	12/9/10	\$ 50.00	\$ 153,950.00	Help with the York Street Meeting House Project
Operation Tribute	Caledonia	12/9/10	\$ 50.00	\$ 153,900.00	Help with general operating expenses
Area Agency on Aging for Northeastern Vermont	Caledonia	12/9/10	\$ 500.00	\$ 153,400.00	Help with the Blizzard Box Initiative
United Way of Chittenden County	Caledonia	12/9/10	\$ 30,000.00	\$ 123,400.00	Annual United Way Campaign Donation
Burlington College	Chittenden	12/9/10	\$ 1,000.00	\$ 122,400.00	Help with educational scholarships
Hardack Inc	Franklin	12/28/10	\$ 100.00	\$ 122,300.00	Help with general operating expenses
Bennington Area Chamber of Commerce	Bennington	12/28/10	\$ 100.00	\$ 122,200.00	Help with general operating expenses
King Street Center	Chittenden	12/28/10	\$ 100.00	\$ 122,100.00	Help with general operating expenses
Spaulding High School Class of 1979	Chittenden	1/14/11	\$ 150.00	\$ 121,950.00	Help with general operating expenses
Brownell Library	Chittenden	1/14/11	\$ 100.00	\$ 121,850.00	Help with general operating expenses
Hoosick Falls Health Center Foundation	Bennington	1/14/11	\$ 300.00	\$ 121,550.00	Help with general operating expenses
Washington County Youth Service Bureau	Washington	2/1/11	\$ 100.00	\$ 121,450.00	Help with general operating expenses
Windsor County Partners	Windsor	2/1/11	\$ 500.00	\$ 120,950.00	Help with general operating expenses
Southern Vermont Area Health Education Ctr	Windsor	2/1/11	\$ 500.00	\$ 120,450.00	Help with general operating expenses
Spaulding High School Key Club	Washington	2/1/11	\$ 50.00	\$ 120,400.00	Help with general operating expenses
Barre City Elementary and Middle School	Washington	2/18/11	\$ 50.00	\$ 120,350.00	Help with the RIF program
Spaulding High School Project Graduation	Washington	2/18/11	\$ 50.00	\$ 120,300.00	Help with the project graduation program
Champlain Islands Celebration of the Arts Inc	Grand Isle	2/18/11	\$ 750.00	\$ 119,550.00	Help with purchasing new display hardware
King Street Center Inc	Chittenden	2/18/11	\$ 500.00	\$ 119,050.00	Help with general operating expenses
New England Tropical Conservatory Inc	Bennington	2/18/11	\$ 250.00	\$ 118,800.00	Help with general operating expenses
Purple Tree Inc	Orange	2/18/11	\$ 500.00	\$ 118,300.00	Help to support the Ugly Duckling performance
Brattleboro Center for the Performing Arts	Windham	2/18/11	\$ 500.00	\$ 117,800.00	Help to support 10 special movie events in 2011
Everybody Wins Vermont Inc	Washington	2/18/11	\$ 1,500.00	\$ 116,300.00	Help with general operating expenses
Friends of Burlington Gardens Inc	Chittenden	2/18/11	\$ 500.00	\$ 115,800.00	Help to support to Healthy City Youth Initiative
Helen Day Art Center Inc	Washington	2/18/11	\$ 500.00	\$ 115,300.00	Help to provide scholarship funds
Hinesburg Nursery School	Chittenden	2/18/11	\$ 500.00	\$ 114,800.00	Help to provide scholarship funds
South Burlington Schools Foundation	Chittenden	3/14/11	\$ 600.00	\$ 114,200.00	Help to fund the Yellowstone Expedition
Roxbury Union Congregational Church	Washington	3/14/11	\$ 250.00	\$ 113,950.00	Help to replace windows in the church
Home Share Now Inc	Washington	3/14/11	\$ 1,000.00	\$ 112,950.00	Help with general operating expenses
College of St. Josephs	Rutland	3/14/11	\$ 500.00	\$ 112,450.00	Help with the STEPS program
Hubbard Hall Projects Inc	Bennington	3/14/11	\$ 300.00	\$ 112,150.00	Help with general operating expenses
Safeline Inc	Orange	3/14/11	\$ 1,500.00	\$ 110,650.00	Help with development of property in Chelsea, VT
Vermont Search & Rescue K9 Inc	Washington	3/14/11	\$ 1,000.00	\$ 109,650.00	Help to purchase water equipment
Northeastern Vermont Area Health Education Cent	Caledonia	3/14/11	\$ 700.00	\$ 108,950.00	Help with general operating expenses
The Mentoring Project of the Upper Valley Inc	Orange	3/14/11	\$ 1,000.00	\$ 107,950.00	Help with general operating expenses
John G McCullough Free Library	Bennington	3/18/11	\$ 250.00	\$ 107,700.00	Help with general operating expenses
Partners of the Americas Vermont	Washington	3/23/11	\$ 250.00	\$ 107,450.00	Help with the Kids Share Workshops
Hoops of Hope	Chittenden	3/23/11	\$ 100.00	\$ 107,350.00	Help with general operating expenses

EIN 03-6016628
 2010 Fm 990-PF, Part IV 3a Attachment

Community Foundation of New Jersey	Statewide	3/23/11	\$ 1,000.00	\$ 106,350.00	Help with the Miss Vermont Scholarship Organization
Friends of the Opera House at Enosburg Falls	Franklin	4/8/11	\$ 50.00	\$ 106,300.00	Help with general operating expenses
Girls on the Run of VT Inc	Chittenden	4/8/11	\$ 280.00	\$ 106,040.00	Help with general operating expenses
Jencho Underhill Ecumenical Ministry	Chittenden	4/14/11	\$ 300.00	\$ 105,740.00	Help with the Jericho Summer Rec program
Jencho Little League	Chittenden	4/14/11	\$ 200.00	\$ 105,540.00	Help with the summer programs
Community Action Service Team Inc	Washington	4/15/11	\$ 100.00	\$ 105,440.00	Help with the Waterbury Food Shelf
Northfield Ambulance Volunteers Inc	Washington	4/15/11	\$ 300.00	\$ 105,140.00	Help with Northfield Safety Days
Champlain Housing Trust	Chittenden	4/22/11	\$ 250.00	\$ 104,890.00	Help with general operating expenses
HomeShare Vermont Inc	Chittenden	4/22/11	\$ 500.00	\$ 104,390.00	Help with general operating expenses
Muscular Dystrophy Association	Chittenden	4/22/11	\$ 500.00	\$ 103,890.00	Help with general operating expenses
Fletcher Allen Health Care	Chittenden	4/22/11	\$ 150.00	\$ 103,740.00	Help with The Thomas Cook Endowment Fund
Studio Place Arts Inc	Washington	4/29/11	\$ 500.00	\$ 103,240.00	Help with general operating expenses
Mt Mansfield Union High School	Chittenden	4/29/11	\$ 150.00	\$ 103,090.00	Help with MMU Project Graduation
Travis Roy Foundation	Chittenden	4/29/11	\$ 500.00	\$ 102,590.00	Help with general operating expenses
Central Vermont Council on Aging	Washington	5/4/11	\$ 900.00	\$ 101,690.00	Help to purchase new desks/chairs after their move
American Cancer Society	Chittenden	5/12/11	\$ 100.00	\$ 101,590.00	Help with general operating expenses
Fairlee Historical Society	Orange	5/12/11	\$ 250.00	\$ 101,340.00	Help with general operating expenses
Fair Haven Union High School Project Graduation	Rutland	5/12/11	\$ 200.00	\$ 101,140.00	Help with general operating expenses
Lamoille Family Center Inc	Lamoille	5/19/11	\$ 500.00	\$ 100,640.00	Help with the Dirt Divas program
Boy Scouts of America	Washington	5/19/11	\$ 500.00	\$ 100,140.00	Help with the Green Mountain Council, Boy Scouts
Waterbury 4th of July and Special Events Committee	Washington	5/19/11	\$ 400.00	\$ 99,740.00	Help with general operating expenses
National Peace Academy Inc	Chittenden	5/20/11	\$ 100.00	\$ 99,640.00	Help with general operating expenses
Burlington High School National Honor Society	Chittenden	5/20/11	\$ 500.00	\$ 99,140.00	Help with fundraising for Wendy J Pierson Foundation for Brain Cancer Research
Humane Society of Chittenden County	Chittenden	5/20/11	\$ 500.00	\$ 98,640.00	Help with general operating expenses
Sara Holbrook Community Center	Chittenden	5/20/11	\$ 750.00	\$ 97,890.00	Help to support the summer program
Westgate Housing Inc	Windham	5/20/11	\$ 750.00	\$ 97,140.00	Help to support the summer enrichment program
INSPIRE for Autism	Windham	5/20/11	\$ 1,000.00	\$ 96,140.00	Help to purchase a vehicle for the program
United States Conference of Catholic Bishops	Chittenden	5/20/11	\$ 750.00	\$ 95,390.00	Help to build a new sign for St. Francis Xavier School
Vermonts Camp Ta-Kum-Ta	Grand Isle	5/27/11	\$ 2,000.00	\$ 93,390.00	Help to build additional buildings
The Champlain Adaptive Mounted Program (CHAM)	Grand Isle	5/27/11	\$ 1,000.00	\$ 92,390.00	Help to create a multi-purpose room
Brattleboro Mutual Aid Association	Windham	5/27/11	\$ 7,500.00	\$ 84,890.00	Help to support the Cooler & Greener Project at Thompson House
Oxbow High School	Orange	5/27/11	\$ 250.00	\$ 84,640.00	Help to support the Oxbow Community Scholarship for Excellence
Connecticut Valley Fair	Orange	5/27/11	\$ 250.00	\$ 84,390.00	Help with general operating expenses
Project Independence	Washington	6/10/11	\$ 4,000.00	\$ 80,390.00	Help with emergency efforts to clean up Barre flooding
Child Care Resources	Chittenden	6/14/11	\$ 250.00	\$ 80,140.00	Help with general operating expenses
Maple Street Foundation	Bennington	6/22/11	\$ 250.00	\$ 79,890.00	Help with general operating expenses
Hoosack Falls Health Center Foundation	Bennington	7/8/11	\$ 100.00	\$ 79,790.00	Help with general operating expenses
VT National Guard Charitable Foundation Inc	Chittenden	7/8/11	\$ 250.00	\$ 79,540.00	Help with general operating expenses
First United Methodist Church of Shelburne	Chittenden	7/8/11	\$ 250.00	\$ 79,290.00	Help with general operating expenses
Green Across the Pacific	Chittenden	7/8/11	\$ 250.00	\$ 79,040.00	Help with general operating expenses
Franklin County Industrial Development Corp	Franklin	7/8/11	\$ 500.00	\$ 78,540.00	Help with general operating expenses
Boys and Girls Club of Greater Vergennes	Addison	7/25/11	\$ 250.00	\$ 78,290.00	Help support the VT Youth of the Year program
Cadams Elementary School	Washington	7/25/11	\$ 150.00	\$ 78,140.00	Help with general operating expenses
Green Across the Pacific	Chittenden	7/25/11	\$ 250.00	\$ 77,890.00	Help with general operating expenses
Sterling School Inc	Caledonia	7/25/11	\$ 400.00	\$ 77,490.00	Help with Get Thee to a Funnery
VT Symphony Orchestra Inc	Orange	7/25/11	\$ 200.00	\$ 77,240.00	Help with general operating expenses
Luc Gales Foundation	Franklin	7/25/11	\$ 100.00	\$ 77,040.00	Help with general operating expenses
Friends of the Opera House at Enosburg Falls	Franklin	7/25/11	\$ 100.00	\$ 76,840.00	Help with general operating expenses
Vermont Bicycle and Pedestrian Coalition Inc	Bennington	8/4/11	\$ 250.00	\$ 76,690.00	Help with the Meals on Wheels program
Southwest Vermont Council on Aging	Rutland	8/4/11	\$ 600.00	\$ 76,090.00	Help with general operating expenses
Champlain Community Services	Chittenden	8/4/11	\$ 500.00	\$ 75,590.00	Help with general operating expenses
Baby Memorial Free Library	Addison	8/4/11	\$ 500.00	\$ 75,090.00	Help with general operating expenses
Caledonia County 4H Foundation	Caledonia	8/10/11	\$ 100.00	\$ 74,990.00	Help with general operating expenses
Northeast Kingdom Community Action Inc	Caledonia	8/10/11	\$ 100.00	\$ 74,890.00	Help with general operating expenses
Vermont Symphony Orchestra Inc	Orange	8/10/11	\$ 250.00	\$ 74,640.00	Help with general operating expenses
Bully Be Gone	Lamoille	8/11/11	\$ 500.00	\$ 74,140.00	Help with general operating expenses
Chittenden Community Television	Chittenden	8/23/11	\$ 1,500.00	\$ 72,640.00	Help with CCTV Center for Media and Democracy
Linking Learning to Life	Chittenden	8/23/11	\$ 1,000.00	\$ 71,640.00	Help with general operating expenses
Puppets in Education Inc	Chittenden	8/23/11	\$ 1,500.00	\$ 70,140.00	Help with general operating expenses
Orange County Parent Child Center Inc	Orange	8/23/11	\$ 2,500.00	\$ 67,640.00	Help with general operating expenses
Slate Valley Teen Center Inc	Rutland	8/23/11	\$ 3,000.00	\$ 64,640.00	Help with general operating expenses
Green Mountain Pug Rescue	Washington	8/23/11	\$ 1,000.00	\$ 63,640.00	Help with general operating expenses
Youth Services	Windham	8/23/11	\$ 2,400.00	\$ 61,240.00	Help with Bellows Falls Union High School
Addison County Community Trust	Addison	8/23/11	\$ 500.00	\$ 60,740.00	Help with the VT Affordable Housing Coalition

Bennington Area Habitat for Humanity	Bennington	8/23/11	\$ 3,000.00	\$ 57,740.00	Help with general operating expenses
Lamoille Family Center Inc	Lamoille	8/23/11	\$ 1,000.00	\$ 56,740.00	Help with parent education
Central Vermont Community Action Council Inc	Washington	8/23/11	\$ 15,000.00	\$ 41,740.00	Help to combine facilities
Northfield Parent Teacher Organization Inc	Washington	8/23/11	\$ 1,000.00	\$ 40,740.00	Help with playground renovations
United Church of Northfield	Washington	8/23/11	\$ 500.00	\$ 40,240.00	Help to restore the church steeple
Grace Cottage Hospital	Windham	8/23/11	\$ 8,000.00	\$ 32,240.00	Help to purchase additional CT scanner
Central Vermont Adult Basic Education Inc	Washington	8/23/11	\$ 500.00	\$ 31,740.00	Help to support the Volunteer Outreach program
Food Works at Two Rivers Center for Sustainability	Washington	8/23/11	\$ 500.00	\$ 31,240.00	Help to support the Farm-to-Table program
Barre Historical Society	Washington	8/23/11	\$ 2,000.00	\$ 29,240.00	Help to repair damage due to flooding
St Francis Xavier School	Chittenden	8/23/11	\$ 1,000.00	\$ 28,240.00	Help with general operating expenses
Puppets in Education Inc	Chittenden	8/23/11	\$ 1,000.00	\$ 27,240.00	Help with general operating expenses
Laura Kate Winterbottom Memorial Fund	Chittenden	8/23/11	\$ 250.00	\$ 26,990.00	Help with general operating expenses
Sustainable Energy Resource Group	Orange	8/23/11	\$ 50.00	\$ 26,940.00	Help with general operating expenses
Housing Trust of Rutland County Inc	Rutland	8/23/11	\$ 1,500.00	\$ 25,440.00	Help to subsidize two rental units for one year
Town of Thetford	Orange	8/23/11	\$ 100.00	\$ 25,340.00	Help with the Thetford Elder Network program
Town of Thetford	Orange	8/23/11	\$ 100.00	\$ 25,240.00	Help with the Thetford Food Shelf program
Hinesburg Community Resource Center	Chittenden	8/31/11	\$ 500.00	\$ 24,740.00	Help to benefit the Hinesburg Food Shelf
				\$ 24,740.00	
				\$ 24,740.00	
				\$ 24,740.00	
Special Allocated Donations:					
ECHO at the Leahy Center for Lake Champlain		8/14/11	\$ 25,000.00	\$ (260.00)	Help with financing for a new Lakeside Pavilion
Champlain College - Vision Innovation Passion		7/25/11	\$ 10,000.00	\$ (10,260.00)	Help with the Vision Innovation Passion campaign
Total:			\$ 190,260.00	\$ (10,260.00)	

Notes

Other Accounting Entries
 IRS-Form 990-PF for fiscal year 2009 \$ 1,102.00
 IRS-estimated tax payments for, FY '10 \$ 1,440.00
 Enman and Associates \$ 1,588.75

County Summary	
Addison	\$ 1,250.00
Bennington	\$ 4,800.00
Caledonia	\$ 2,100.00
Chittenden	\$ 21,910.00
Franklin	\$ 950.00
Grand Isle	\$ 3,750.00
Lamoille	\$ 3,000.00
Orange	\$ 9,000.00
Rutland	\$ 8,800.00
Washington	\$ 30,400.00
Windham	\$ 20,650.00
Windsor	\$ 1,150.00
Statewide	\$ 47,500.00
Special Project Allocations	\$ 35,000.00
Total	\$ 190,260.00

MERCHANTS BANK FOUNDATION, INC.
Outstanding Pledges For FYE'10 - As of August 4, 2011

Pledge Date	Original Amount	Organization	Region (by County or Statewide)	Term of Pledge	Last Pmt. Date	Last Pmt. Amount	Total Paid To Date	Current Pledge Balance	Pmt. Projections FY '10	Remaining Balance
05/09	\$ 50,000.00	Champlain College	Chittenden	Payable over 5 years, beg. FY'08 (\$10M each year)	7/25/11	\$ 10,000.00	\$ 30,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
11/09	\$ 10,000.00	Vermont Youth Conservation Corps	Statewide	Payable over 2 years, beg. FY'09 (\$5M each year)	11/10/10	\$ 5,000.00	\$ 10,000.00	\$ -	\$ -	\$ -
11/10	\$ 25,000.00	Champlain College Center for Financial Literacy	Chittenden	Payable over 3 years, beg. FY'10 (\$10M 2010, \$7.5M 2011, \$7.5M 2012)	11/10/10	\$ 10,000.00	\$ 10,000.00	\$ 15,000.00	\$ -	\$ 15,000.00
12/10	\$ 50,000.00	ECHO at the Leahy Center for Lake Champlain	Chittenden	Payable over 2 years, beg. FY'10 (\$25M each year)	8/11/11	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
5/11	\$ 10,000.00	Grantsboro Mutual Auto Association INC DBA Thompson House	Windham	Payable over 2 years, beg. FY'10 (\$7,500 2010, \$2,500 2011)	5/27/11	\$ 7,500.00	\$ 7,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
TOTAL:	\$ 145,000.00							\$ 62,500.00	\$ -	\$ 82,500.00

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EIN 03-6016628
2010 Fm 990-PF, Part XV 36 Attachment

Merchants Bank Foundation, Inc

Account #: 5671

Tax Worksheet: From 9/1/2010 to 8/31/2011

Trust Category: Nonprofit Agency
 Dates Open: 3/9/1998 to Present
 Trust Year End: August
 Date Printed: 12/09/2011

Admin Officer: Jim Miller
 Invest Officer: 4111
 Tax State: Vermont
 Tax ID: 03-6016628

Capital Gains and Losses

Individual Transactions

Short-Term

Description of Security	Cusip	Shares/Par	Acquired	Date Sold	Days Held	Income	Principal	Cost Basis	Gain/Loss
Westport Select Cap I	961323409	52.368000	05/04/2010	12/09/2010	219	0.00	1,296.10	-1,239.55	56.55
Osterweis Strategic Income Fund	742935489	113.804000	01/11/2010	12/09/2010	332	0.00	1,355.40	-1,297.37	58.03
Short-Term Total						0.00	2,651.50	-2,536.92	114.58

Long-Term

Description of Security	Cusip	Shares/Par	Acquired	Date Sold	Days Held	Income	Principal	Cost Basis	Gain/Loss
Oakmark Global Fund	413838830	308.885000	11/13/2003	12/09/2010	2,583	0.00	6,826.35	-5,664.95	1,161.40
PIMCO Emerging Local Bd Fd	72201F516	444.389000	11/19/2009	12/09/2010	385	0.00	4,763.85	-4,457.22	306.63
Harbor International Fund - Instl	411511306	101.293000	11/06/2008	12/09/2010	763	0.00	6,051.26	-3,911.93	2,139.33
Thornburg International Value Fund	885215566	62.253000	09/09/2004	12/09/2010	2,282	0.00	1,757.40	-1,128.65	628.75
Thornburg International Value Fund	885215566	174.980000	04/21/2009	12/09/2010	597	0.00	4,939.69	-3,224.89	1,714.80
Thornburg International Value Fund	885215566	27.542000	11/06/2008	12/09/2010	763	0.00	777.51	-529.08	248.43
Brandywine Blue Fd Common	105328101	386.334000	11/06/2008	12/09/2010	763	0.00	9,592.68	-7,579.88	2,012.80
Clipper Fund	188850101	24.265000	05/08/2008	12/09/2010	945	0.00	1,482.57	-1,785.18	-302.61
Longleaf Partners Fund	543069108	165.769000	02/12/2003	12/09/2010	2,857	0.00	4,581.87	-3,559.06	1,022.81
Osterweis Fund	742935406	104.177000	11/06/2008	12/09/2010	763	0.00	2,792.98	-1,993.95	799.03
Touchstone Sands Cap Instl Growth Fd	89155J104	581.011000	05/08/2008	12/09/2010	945	0.00	8,221.31	-7,134.81	1,086.50
Virtus AlphaSector Rotation Fund Class I	92828R271	384.722000	11/19/2009	12/09/2010	385	0.00	4,205.01	-3,720.26	484.75
Loomis Sayles Bond Fund	543495840	132.367000	08/20/2003	12/09/2010	2,668	0.00	1,866.37	-1,613.56	252.81
Loomis Sayles Bond Fund	543495840	86.919000	11/19/2009	12/09/2010	385	0.00	1,225.56	-1,150.81	74.75
PIMCO Emerging Local Bd Fd	72201F516	1,613.981000	03/09/2010	03/16/2011	372	0.00	16,866.10	-16,494.88	371.22
PIMCO Total Return Fund	693390700	1,616.056000	02/12/2003	03/16/2011	2,954	0.00	17,615.01	-17,327.26	287.75
PIMCO Total Return Fund	693390700	1,153.985000	11/19/2009	03/16/2011	482	0.00	12,578.44	-12,693.83	-115.39
PIMCO Emerging Local Bd Fd	72201F516	1,233.976000	03/09/2010	08/08/2011	517	0.00	13,438.00	-12,611.24	826.76
Loomis Sayles Bond Fund	543495840	1,351.592000	02/12/2003	08/08/2011	3,099	0.00	19,611.60	-15,300.02	4,311.58
Loomis Sayles Bond Fund	543495840	500.648000	08/20/2003	08/08/2011	2,910	0.00	7,264.40	-6,102.90	1,161.50
PIMCO Unconstrained Bd Fd	72201M487	295.943000	04/21/2009	08/08/2011	839	0.00	3,276.09	-3,024.54	251.55
PIMCO Unconstrained Bd Fd	72201M487	773.152000	08/07/2009	08/08/2011	731	0.00	8,558.79	-8,295.92	262.87
PIMCO Unconstrained Bd Fd	72201M487	449.059000	03/09/2010	08/08/2011	517	0.00	4,971.08	-4,912.71	58.37
PIMCO Unconstrained Bd Fd	72201M487	909.669000	11/19/2009	08/08/2011	627	0.00	10,070.04	-10,079.13	-9.09
Virtus AlphaSector Rotation Fund Class I	92828R271	7,050.553000	11/19/2009	08/19/2011	638	0.00	70,928.56	-68,178.85	2,749.71
Long-Term Total						0.00	244,262.52	-222,475.51	21,787.01
Individual Transactions Total						0.00	246,914.02	-225,012.43	21,901.59

Short Term Capital Gain Allocation

Description of Security	Cusip	Trade Date	Income	Principal	Gain/Loss	Description of Transaction	Qualified Amount
PIMCO Total Return Fund	693390700	12/08/2010	0.00	6,795.13	6,795.13	Short Term Capital Gain Allocation on 18,363.238 shares	0.00
PIMCO Unconstrained Bd Fd	72201M487	12/08/2010	0.00	251.38	251.38	Short Term Capital Gain Allocation on 12,114.499 shares	0.00

EIN 03-6016628

2010 Fm 990-PF, Part IV attachment
 1a & 1b

Merchants Bank Foundation, Inc

Account #: 5671

Tax Worksheet: From 9/1/2010 to 8/31/2011

Trust Category: Nonprofit Agency
 Dates Open: 3/9/1998 to Present
 Trust Year End: August
 Date Printed: 12/09/2011

Admin Officer: Jim Miller
 Invest Officer: 4111
 Tax State: Vermont
 Tax ID: 03-6016628

Capital Gains and Losses

Short Term Capital Gain Allocation

Description of Security	Cusip	Trade Date	Income	Principal	Gain/Loss	Description of Transaction	Qualified Amount
Osterweis Strategic Income Fund	742935489	12/15/2010	0.00	512.70	512.70	Short Term Capital Gain Allocation on 5,381.011 shares	0.00
AQR Diversified Arbitrage Fund Class I	00203H602	12/17/2010	0.00	378.47	378.47	Short Term Capital Gain Allocation on 2,873.532 shares	84.85
Arbitrage Funds Class I	03875R205	12/17/2010	0.00	672.16	672.16	Short Term Capital Gain Allocation on 2,466.64 shares	3.83
Short Term Capital Gain Allocation Total			0.00	8,609.84	8,609.84		88.68

Long Term Capital Gain Allocation

Description of Security	Cusip	Trade Date	Income	Principal	Gain/Loss	Description of Transaction
PIMCO Total Return Fund	693390700	12/08/2010	0.00	3,107.06	3,107.06	Long Term Capital Gain Allocation on 18,363.238 shares
PIMCO Unconstrained Bd Fd	72201M487	12/08/2010	0.00	38.52	38.52	Long Term Capital Gain Allocation on 12,114.499 shares
Osterweis Strategic Income Fund	742935489	12/15/2010	0.00	219.92	219.92	Long Term Capital Gain Allocation on 5,381.011 shares
Fairholme Fund	304871106	12/16/2010	0.00	2,158.43	2,158.43	Long Term Capital Gain Allocation on 1,276.923 shares
Arbitrage Funds Class I	03875R205	12/17/2010	0.00	0.25	0.25	Long Term Capital Gain Allocation on 2,466.64 shares
Long Term Capital Gain Allocation Total			0.00	5,524.18	5,524.18	