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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

2012

Open to public inspection

Department 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 2012 or tax year beginning SEP 1, 2012, and ending AUG 31, 2013

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"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <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		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 1,437,041. (Part I, column (d) must be on cash basis.)	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	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)
Revenue	1 Contributions, gifts, grants, etc., received	55,000.		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	74.	74.		STATEMENT 1
	4 Dividends and interest from securities	42,847.	42,847.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	108,013.			
	b Gross sales price for all assets on line 6a	467,463.			
	7 Capital gain net income (from Part IV, line 2)		108,013.		
	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	60.	0.		STATEMENT 3	
12 Total. Add lines 1 through 11	205,994.	150,934.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 4	1,647.	824.		0.
	b Accounting fees STMT 5	1,795.	898.		0.
	c Other professional fees STMT 6	9,010.	9,010.		0.
	17 Interest				
	18 Taxes STMT 7	2,654.	0.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 8	31.	0.		0.
	24 Total operating and administrative expenses. Add lines 13 through 23	15,137.	10,732.		0.
	25 Contributions, gifts, grants paid	36,586.			36,586.
26 Total expenses and disbursements. Add lines 24 and 25	51,723.	10,732.		36,586.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	154,271.				
b Net investment income (if negative, enter -0-)		140,202.			
c Adjusted net income (if negative, enter -0-)			N/A		

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	25,352.	42,125.	42,125.
	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 9	1,128,531.	1,266,129.	1,394,916.
14 Land, buildings, and equipment: basis ▶				
Less: accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers)		1,153,883.	1,308,254.	1,437,041.
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	1,153,883.	1,308,154.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	0.	100.	
30 Total net assets or fund balances		1,153,883.	1,308,254.	
31 Total liabilities and net assets/fund balances		1,153,883.	1,308,254.	

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	1,153,883.
2 Enter amount from Part I, line 27a	2	154,271.
3 Other increases not included in line 2 (itemize) ▶ PRIOR PERIOD ADJUSTMENT	3	100.
4 Add lines 1, 2, and 3	4	1,308,254.
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	1,308,254.

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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
b LONG TERM - SEE ATTACHMENT	P	VARIOUS	VARIOUS
c SETTLEMENT	P	VARIOUS	VARIOUS
d CAPITAL GAINS DIVIDENDS			
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 132,349.		121,230.	11,119.
b 319,683.		238,220.	81,463.
c 11.			11.
d 15,420.			15,420.
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			11,119.
b			81,463.
c			11.
d			15,420.
e			

2 Capital gain net income or (net capital loss)	<div style="display: flex; align-items: center;"> <div style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div> <div style="margin-left: 10px;"> <div style="border: 1px solid black; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">2</div> </div> </div>	108,013.
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 style="border: 1px solid black; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">3</div>	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 the 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))
2011	179,287.	1,314,841.	.136356
2010	190,260.	1,366,413.	.139240
2009	153,525.	1,230,236.	.124793
2008	203,984.	1,002,522.	.203471
2007	194,907.	1,355,655.	.143773

2 Total of line 1, column (d)	2	.747633
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	.149527
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	1,401,819.
5 Multiply line 4 by line 3	5	209,610.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,402.
7 Add lines 5 and 6	7	211,012.
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	36,586.

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	2,804.
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	2,804.
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	2,804.
6 Credits/Payments:			
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	1,680.	
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	1,680.	
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	1,124.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11		

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
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. <input type="checkbox"/> \$ 0. (2) On foundation managers. <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ 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) <input type="checkbox"/> VT		
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 2012 or the taxable year beginning in 2012 (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

N/A

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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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>N/A</u>	13	X	
14	The books are in care of ► <u>STEPHANIE MACASKILL, C/O MERCHANTS</u> Telephone no. ► <u>802-865-1627</u> Located at ► <u>275 KENNEDY DRIVE, SOUTH BURLINGTON, VT</u> ZIP+4 ► <u>05403</u>			
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 ► <u>15</u> <u>N/A</u>			
16	At any time during calendar year 2012, 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 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 instructions)? Organizations relying on a current notice regarding disaster assistance check here N/A <input type="checkbox"/>	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 2012?	1c	X
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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <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.) N/A	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 2012 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 2012.) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
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 2012?	4b	X

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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 10		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

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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		
3	All other program-related investments. See instructions.	
Total. Add lines 1 through 3		0.

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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	1,363,095.
b	Average of monthly cash balances	1b	60,072.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	1,423,167.
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	1,423,167.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	21,348.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,401,819.
6	Minimum investment return. Enter 5% of line 5	6	70,091.

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	70,091.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	2,804.
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,804.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	67,287.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	67,287.
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	67,287.

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	36,586.
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	36,586.
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	36,586.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				67,287.
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007	129,750.			
b From 2008	154,480.			
c From 2009	93,435.			
d From 2010	123,187.			
e From 2011	115,188.			
f Total of lines 3a through e	616,040.			
4 Qualifying distributions for 2012 from Part XII, line 4: ► \$	36,586.			
a Applied to 2011, 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 2012 distributable amount				36,586.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))	30,701.			30,701.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	585,339.			
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 2011. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				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 2007 not applied on line 5 or line 7	99,049.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	486,290.			
10 Analysis of line 9:				
a Excess from 2008	154,480.			
b Excess from 2009	93,435.			
c Excess from 2010	123,187.			
d Excess from 2011	115,188.			
e Excess from 2012				

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	36,586.
Total			3a	36,586.
b Approved for future payment				
SEE ATTACHED LIST	NOT RELATED	PUBLIC CHARITIES	SEE ATTACHED LIST	2,500.
Total			3b	2,500.

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- | | | Yes | No |
|----------|--|--------------|----|
| 1 | Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | |
| a | Transfers from the reporting foundation to a noncharitable exempt organization of: | | |
| | (1) Cash | 1a(1) | X |
| | (2) Other assets | 1a(2) | X |
| b | Other transactions: | | |
| | (1) Sales of assets to a noncharitable exempt organization | 1b(1) | X |
| | (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | X |
| | (3) Rental of facilities, equipment, or other assets | 1b(3) | X |
| | (4) Reimbursement arrangements | 1b(4) | X |
| | (5) Loans or loan guarantees | 1b(5) | X |
| | (6) Performance of services or membership or fundraising solicitations | 1b(6) | X |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | X |
| d | If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received. | | |




[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No
- b** If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, this return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.






Signature of officer or trustee Date Title

May the IRS discuss this return with the preparer shown below (see instr.)?

☒ Yes ☐ No

**Paid
Preparer
Use Only**

Print/Type preparer's name SANDRA K. ENMAN CPA, CFP	Preparer's signature 	Date 1/14/14	Check <input type="checkbox"/> if self-employed	PTIN P00096212
Firm's name ▶ ENMAN & ASSOCIATES PC			Firm's EIN ▶ 03-0359626	
Firm's address ▶ 147 KNIGHT LN STE 200 WILLISTON, VT 05495-9388			Phone no. 802-878-7156	

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

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

OMB No 1545-0047

2012

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, total 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 total 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 Part I, 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) (2012)

Name of organization	Employer identification number
MERCHANTS BANK FOUNDATION, INC.	03-6016628

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MERCHANTS BANK 275 KENNEDY DRIVE SOUTH BURLINGTON, VT 05403	\$ 36,586.	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.)
		\$	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) Use duplicate copies of Part II if additional space is needed.

(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 that total 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) ► \$

Use duplicate copies of Part III if additional space is needed

(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	10.
MERCHANTS BANK SWEEP MM	64.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	74.

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	12,546.	12,546.	0.
MERCHANTS TRUST COMPANY S/T CAP GAIN DIVIDENDS - MERCHANTS TRUST COMPANY	42,847.	0.	42,847.
	2,874.	2,874.	0.
TOTAL TO FM 990-PF, PART I, LN 4	58,267.	15,420.	42,847.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
MISCELLANEOUS	60.	0.	
TOTAL TO FORM 990-PF, PART I, LINE 11	60.	0.	

FORM 990-PF LEGAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	1,647.	824.		0.
TO FM 990-PF, PG 1, LN 16A	1,647.	824.		0.

FORM 990-PF ACCOUNTING FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	1,795.	898.		0.
TO FORM 990-PF, PG 1, LN 16B	1,795.	898.		0.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FINANCIAL ADVISOR FEES	9,010.	9,010.		0.
TO FORM 990-PF, PG 1, LN 16C	9,010.	9,010.		0.

FORM 990-PF TAXES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	611.	0.		0.
FEDERAL TAXES (BALANCE DUE 2011)	363.	0.		0.
ESTIMATED FEDERAL TAX PAYMENT (2012)	1,680.	0.		0.
TO FORM 990-PF, PG 1, LN 18	2,654.	0.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 8

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ANNUAL FILING FEE	25.	0.		0.
BANK SERVICE CHARGE	6.	0.		0.
TO FORM 990-PF, PG 1, LN 23	31.	0.		0.

FORM 990-PF OTHER INVESTMENTS STATEMENT 9

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MERCHANTS TRUST COMPANY	COST	1,266,129.	1,394,916.
TOTAL TO FORM 990-PF, PART II, LINE 13		1,266,129.	1,394,916.

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 10

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
MARTHA DAVIS	PRESIDENT/CHAIRMAN 2.00	0.	0.	0.
JESSICA PSAROS	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.
SEAN HOUGHTON	TRUSTEE 1.00	0.	0.	0.
DIANE GAGNON	TRUSTEE 1.00	0.	0.	0.
KELLY KIMBALL	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
PART XV, LINES 2A THROUGH 2D

STATEMENT 11

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

STEPHANIE MACASKILL, 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

PBC

Merchants Bank Foundation
EIN# 03-6016628
2012 990-PF Part XV Attachment

PBC

MERCHANTS BANK FOUNDATION, INC.
Outstanding Pledges For FYE '12 - As of December 31, 2012

Pledge #	Original Pledge Date	Organization	Region (by County or State)	Term of Pledge	Last Pmt. Date	Last Pmt. Amount	Total Paid To Date	Current Pledge Balance	Pmt. Projections FY '12	Remaining Balance
05/08	\$ 50,000.00	Champlain College	Chittenden	Payable over 5 years, beg. FY'08 (\$10M each year)	12/31/12	\$ 10,000.00	\$ 50,000.00	\$ -	\$ -	\$ -
11/10	\$ 25,000.00	Champlain College for Center for Financial Literacy	Chittenden	Payable over 3 years, beg. FY '10 (\$10M 2010, \$7.5M 2011, \$7.5M 2012)	12/31/12	\$ 7,500.00	\$ 25,000.00	\$ -	\$ -	\$ -
11/11	\$ 10,000.00	Community Health Center of Burlington Inc.	Chittenden	Payable over 3 years, beg. FY '11 (\$3,000 2011, \$3,000 2012, \$4,000 2013)	12/31/12	\$ 7,000.00	\$ 10,000.00	\$ -	\$ -	\$ -
11/11	\$ 10,000.00	Rynn Center for the Performing Arts	Chittenden	Payable over 2 years, beg. FY '11 (\$2,500 2011, \$7,500 2012)	12/31/12	\$ 7,500.00	\$ 7,500.00	\$ -	\$ -	\$ 2,500.00
5/2012	\$ 10,000.00	City of Montpelier FBO Montpelier Senior Center	Washington	Payable over 3 years, beg. FY '11 (\$3,000 2011, \$3,000 2012, \$4,000 2013)	12/31/12	\$ 7,000.00	\$ 10,000.00	\$ -	\$ -	\$ -
TOTAL:	\$ 105,000.00									

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Page 1 of 1

All outstanding pledges were paid off by the Bank on 12/31/12

Merchants Bank Foundation
EIN# 03-6016628
2012 990-PF Part XV Attachment

Merchants Bank Foundation, Inc

Account #: 5671

Tax Worksheet From 9/1/2012 to 8/31/2013

Trust Category: Nonprofit Agency
 Dates Open: 3/9/1998 to Present
 Trust Year End: August
 Date Printed: 12/09/2013

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

Capital Gains and Losses

Individual Transactions

Short-Term

	Cusip	Shares/Par	Acquired	Date Sold	Days Held	Income	Principal	Cost Basis	Wash Sale Cost Adjustment	Gain/Loss	Description of Transaction
Vanguard MSCI Emerging Markets ETF	922042858	844 000000	06/18/2012	12/04/2012	169	0 00	35,610 17	-33,274 02	0 00	2,336 15	Sold 844 shares @ \$42 2031 of Vanguard MSCI Emerging Markets ETF
Vanguard MSCI Emerging Markets ETF	922042858	680 000000	02/27/2012	12/04/2012	281	0 00	28,690 67	-29,831 33	0 00	-1,140 66	Sold 680 shares @ \$42 2031 of Vanguard MSCI Emerging Markets ETF
Harbor International Fund - Instl	411511306	76 057000	06/18/2012	12/17/2012	182	0 00	4,660 01	-4,129 89	0 00	530 12	Sold 76 057 shares @ \$61 2700 of Harbor International Fund - Instl
Lazard Intl Strategic Equity Instl	52106N590	3,476 165000	06/18/2012	12/17/2012	182	0 00	40,844 94	-34,414 03	0 00	6,430 91	Sold 3,476 165 shares @ \$11 7500 of Lazard Intl Strategic Equity Instl
Brandywine Blue Fd Common	10532B101	94 280000	06/18/2012	12/17/2012	182	0 00	2,317 40	-2,255 18	0 00	62 22	Sold 94 28 shares @ \$24 5800 of Brandywine Blue Fd Common
Clipper Fund	188850101	35 308000	02/23/2012	12/17/2012	298	0 00	2,472 62	-2,360 68	0 00	111 94	Sold 35 308 shares @ \$70 0300 of Clipper Fund
Vanguard Growth Index Signal	922908470	44 445000	12/17/2012	07/23/2013	218	0 00	1,740 01	-1,516 91	0 00	223 10	Sold 44 445 shares @ \$39 1500 of Vanguard Growth Index Signal
Vanguard Total Stock Mkt Idx Signal	922908488	320 990000	12/17/2012	07/23/2013	218	0 00	13,202 30	-11,119 10	0 00	2,083 20	Sold 320 99 shares @ \$41 1300 of Vanguard Total Stock Mkt Idx Signal
Vanguard Value Index Signal	922908462	96 564000	12/17/2012	07/23/2013	218	0 00	2,810 97	-2,329 12	0 00	481 85	Sold 96 564 shares @ \$29 1100 of Vanguard Value Index Signal
Short-Term Total						0 00	132,349 09	-121,230 26	0 00	11,118 83	

Long-Term

	Cusip	Shares/Par	Acquired	Date Sold	Days Held	Income	Principal	Cost Basis	Wash Sale Cost Adjustment	Gain/Loss	Description of Transaction
Vanguard MSCI Emerging Markets ETF	922042858	1,248 000000	09/26/2011	12/04/2012	435	0 00	52,655 81	-45,739 20	0 00	6,916 61	Sold 1,248 shares @ \$42 2031 of Vanguard MSCI Emerging Markets ETF
Oakmark Global Fund	413838830	153 488000	03/16/2011	12/17/2012	642	0 00	3,524 09	-3,295 39	0 00	228 70	Sold 153 488 shares @ \$22 9600 of Oakmark Global Fund
Harbor International Fund - Instl	411511306	114.215000	04/21/2009	12/17/2012	1,338	0 00	6,997 95	-4,153 98	0 00	2,843 97	Sold 114 215 shares @ \$61 2700 of Harbor International Fund - Instl

Merchants Bank Foundation
 EIN# 03-6016628
 2012'990-PF Part IV Attachment

Merchants Bank Foundation, Inc

Account #: 5671

Tax Worksheet From 9/1/2012 to 8/31/2013

Trust Category: Nonprofit Agency
 Dates Open: 3/9/1998 to Present
 Trust Year End: August
 Date Printed: 12/09/2013

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

Capital Gains and Losses

Individual Transactions

Long-Term

	Cusip	Shares/Par	Acquired	Date Sold	Days Held	Income	Principal	Cost Basis	Wash Sale Cost Adjustment	Gain/Loss	Description of Transaction
Harbor International Fund - Instl	411511306	374 058000	11/06/2008	12/17/2012	1,502	0 00	22,918 53	-14,446 12	0 00	8,472 41	Sold 374 058 shares @ \$61 2700 of Harbor International Fund - Instl
Harbor International Fund - Instl	411511306	68 751000	11/14/2011	12/17/2012	399	0 00	4,212 37	-3,768 24	0 00	444 13	Sold 68 751 shares @ \$61 2700 of Harbor International Fund - Instl
BBH Core Select N	05528X604	604 578000	08/08/2011	12/17/2012	497	0 00	10,561 97	-8,101 34	0 00	2,460 63	Sold 604 578 shares @ \$17 4700 of BBH Core Select N
Brandywine Blue Fd Common	10532B101	640 479000	11/06/2008	12/17/2012	1,502	0 00	15 742 97	-12,566 20	0 00	3,176 77	Sold 640 479 shares @ \$24 5800 of Brandywine Blue Fd Common
Brandywine Blue Fd Common	10532B101	69 475000	11/14/2011	12/17/2012	399	0 00	1,707 70	-1,642 38	0 00	65 32	Sold 69 475 shares @ \$24 5800 of Brandywine Blue Fd Common
Clipper Fund	188850101	191 515000	11/06/2008	12/17/2012	1,502	0 00	13,411 80	-8,240 89	0 00	5,170 91	Sold 191 515 shares @ \$70 0300 of Clipper Fund
Clipper Fund	188850101	124 698000	03/09/2010	12/17/2012	1,014	0 00	8,732 60	-7,126 47	0 00	1,606 13	Sold 124 698 shares @ \$70 0300 of Clipper Fund
Clipper Fund	188850101	43 501000	05/08/2008	12/17/2012	1,684	0 00	3,046 37	-3,200 37	0 00	-154 00	Sold 43 501 shares @ \$70 0300 of Clipper Fund
FMI Large Cap Fund	302933205	570 701000	08/08/2011	12/17/2012	497	0 00	9,833 17	-8,166 73	0 00	1,666 44	Sold 570 701 shares @ \$17 2300 of FMI Large Cap Fund
Fairholme Fund	304871106	361 238000	11/06/2008	12/17/2012	1,502	0 00	11,263 40	-7,918 93	0 00	3,344 47	Sold 361 238 shares @ \$31 1800 of Fairholme Fund
Fairholme Fund	304871106	445 024000	11/14/2011	12/17/2012	399	0 00	13,875 85	-11,242 03	0 00	2,633 82	Sold 445 024 shares @ \$31 1800 of Fairholme Fund
Longleaf Partners Fund	543069108	308 109000	02/12/2003	12/17/2012	3,596	0 00	8,251 16	-6,615 10	0 00	1,636 06	Sold 308 109 shares @ \$26 7800 of Longleaf Partners Fund
Longleaf Partners Fund	543069108	67 855000	11/14/2011	12/17/2012	399	0 00	1,817 16	-1,802 89	0 00	14 27	Sold 67 855 shares @ \$26 7800 of Longleaf Partners Fund
Oakmark Fund	413838103	277 557000	02/12/2003	12/17/2012	3,596	0 00	13,411 53	-7,793 80	0 00	5,617 73	Sold 277 557 shares @ \$48 3200 of Oakmark Fund
Osterweis Fund	742935406	298 048000	11/06/2008	12/17/2012	1,502	0 00	8,324 47	-5,704 64	0 00	2,619 83	Sold 298 048 shares @ \$27 9300 of Osterweis Fund

Merchants Bank Foundation
 EIN# 03-6016628
 2012 990-PF Part IV Attachment

Merchants Bank Foundation, Inc

Account #: 5671

Tax Worksheet From: 9/1/2012 to 8/31/2013

Trust Category: Nonprofit Agency
 Dates Open: 3/9/1998 to Present
 Trust Year End: August
 Date Printed: 12/09/2013

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

Capital Gains and Losses

Individual Transactions

Long-Term

	Cusip	Shares/Par	Acquired	Date Sold	Days Held	Income	Principal	Cost Basis	Wash Sale Cost Adjustment	Gain/Loss	Description of Transaction
Osterwels Fund	742935406	80 434000	11/14/2011	12/17/2012	399	0 00	2,246 52	-2,066 36	0 00	180 16	Sold 80 434 shares @ \$27 9300 of Osterwels Fund
Touchstone Sands Cap Instl Growth Fd	89155J104	333 788000	05/08/2008	12/17/2012	1,684	0 00	5,721 13	-4,098 92	0 00	1,622 21	Sold 333 788 shares @ \$17 1400 of Touchstone Sands Cap Instl Growth Fd
Virtus Premium AlphaSector I	92828R230	878 759000	08/19/2011	12/17/2012	486	0 00	11,757 79	-10,044 22	0 00	1,713 57	Sold 878 759 shares @ \$13 3800 of Virtus Premium AlphaSector I
Oakmark Global Fund	413838830	23 259000	03/09/2010	07/23/2013	1,232	0 00	661 02	-462 62	0 00	198 40	Sold 23 259 shares @ \$28 4200 of Oakmark Global Fund
Oakmark Global Fund	413838830	217 654000	06/18/2012	07/23/2013	400	0 00	6,185 73	-4,474 96	0 00	1,710 77	Sold 217 654 shares @ \$28 4200 of Oakmark Global Fund
Oakmark Global Fund	413838830	265 103000	03/16/2011	07/23/2013	860	0 00	7,534 23	-5,691 76	0 00	1,842 47	Sold 265 103 shares @ \$28 4200 of Oakmark Global Fund
Harbor International Fund - Instl	411511306	201 711000	06/18/2012	07/23/2013	400	0 00	13,258 46	-10,952 90	0 00	2,305 56	Sold 201 711 shares @ \$65 7300 of Harbor International Fund - Instl
Lazard Intl Strategic Equity Instl	52106N590	1,238 313000	06/18/2012	07/23/2013	400	0 00	16,469 56	-12,259 30	0 00	4,210 26	Sold 1,238 313 shares @ \$13 3000 of Lazard Intl Strategic Equity Instl
Longleaf Partners Fund	543069108	885 088000	11/06/2008	07/23/2013	1,720	0 00	27,127 94	-14,170 25	0 00	12,957 69	Sold 885 088 shares @ \$30 6500 of Longleaf Partners Fund
Longleaf Partners Fund	543069108	71 320000	02/12/2003	07/23/2013	3,814	0 00	2,185 96	-1,531 24	0 00	654 72	Sold 71 32 shares @ \$30 6500 of Longleaf Partners Fund
Longleaf Partners Fund	543069108	76 581000	06/18/2012	07/23/2013	400	0 00	2,347 21	-2,082 24	0 00	264 97	Sold 76 581 shares @ \$30 6500 of Longleaf Partners Fund
Oakmark Fund	413838103	43 929000	02/12/2003	07/23/2013	3,814	0 00	2,606 28	-1,233 53	0 00	1,372 75	Sold 43 929 shares @ \$59 3300 of Oakmark Fund
Osterwels Fund	742935406	42 473000	11/06/2008	07/23/2013	1,720	0 00	1,461 06	-812 93	0 00	648 13	Sold 42 473 shares @ \$34 4000 of Osterwels Fund
Touchstone Sands Cap Instl Growth Fd	89155J104	168 695000	05/08/2008	07/23/2013	1,902	0 00	3,350 29	-2,071 58	0 00	1,278 71	Sold 168 695 shares @ \$19 8600 of Touchstone Sands Cap Instl Growth Fd
Virtus Premium AlphaSector I	92828R230	414 928000	08/19/2011	07/23/2013	704	0 00	6,481 17	-4,742 63	0 00	1,738 54	Sold 414 928 shares @ \$15 6200 of Virtus Premium AlphaSector I
Long-Term Total						0 00	319,683 25	-238,220 14	0 00	81,463 11	
Individual Transactions Total						0 00	452,032 34	-359,450 40	0 00	92,581 94	

Merchants Bank Foundation
 EIN# 03-6016628
 2012 990-PF Part IV Attachment

Merchants Bank Foundation, Inc

Account #: 5671

Tax Worksheet From 9/1/2012 to 8/31/2013

Trust Category: Nonprofit Agency
 Dates Open: 3/9/1998 to Present
 Trust Year End: August
 Date Printed: 12/09/2013

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
FMI Large Cap Fund	302933205	10/31/2012	0 00	118 91	118 91	Short Term Capital Gain Allocation on 1,377 246 shares	118 91
Longleaf Partners Fund	543069108	11/08/2012	0 00	429 73	429 73	Short Term Capital Gain Allocation on 1,408 953 shares	345 33
PIMCO Total Return Fund	693390700	12/12/2012	0 00	1,491 76	1,491 76	Short Term Capital Gain Allocation on 9,634 181 shares	0 00
AQR Diversified Arbitrage Fund Class I	00203H602	12/14/2012	0 00	152 77	152 77	Short Term Capital Gain Allocation on 2,900 482 shares	36 68
Arbitrage Funds Class I	03875R205	12/20/2012	0 00	674 76	674 76	Short Term Capital Gain Allocation on 2,615 362 shares	69 84
FMI Large Cap Fund	302933205	12/28/2012	0 00	6 31	6 31	Short Term Capital Gain Allocation on 806 545 shares	6 31
Short Term Capital Gain Allocation Total			0 00	2,874 24	2,874 24		577 07

Long Term Capital Gain Allocation

Description of Security	Cusip	Trade Date	Income	Principal	Gain/Loss	Description of Transaction
FMI Large Cap Fund	302933205	10/31/2012	0 00	163 47	163 47	Long Term Capital Gain Allocation on 1,377 246 shares
Longleaf Partners Fund	543069108	11/08/2012	0 00	5,551.27	5,551 27	Long Term Capital Gain Allocation on 1,408 953 shares
Touchstone Sands Cap Instl Growth Fd	89155J104	12/06/2012	0 00	1,254 69	1,254 69	Long Term Capital Gain Allocation on 1,957 727 shares
PIMCO Total Return Fund	693390700	12/12/2012	0 00	1,094 92	1,094 92	Long Term Capital Gain Allocation on 9,634 181 shares
PIMCO Unconstrained Bd Fd	72201M487	12/12/2012	0 00	115 68	115 68	Long Term Capital Gain Allocation on 8,455 809 shares
Oakmark Fund	413838103	12/14/2012	0 00	851 60	851 60	Long Term Capital Gain Allocation on 567 355 shares
Osterweis Fund	742935406	12/17/2012	0 00	383 44	383 44	Long Term Capital Gain Allocation on 845 556 shares
BBH Core Select N	05528X604	12/18/2012	0 00	323 42	323 42	Long Term Capital Gain Allocation on 1,401 888 shares
Westport Select Cap I	961323409	12/28/2012	0 00	2,806 88	2,806 88	Long Term Capital Gain Allocation on 552 72 shares
Long Term Capital Gain Allocation Total			0 00	12,545 37	12,545 37	

Merchants Bank Foundation
 EIN# 03-6016628
 2012 990-PF Part IV Attachment

Merchants Bank and MB Foundation Donation/Sponsorship Application Form



Guidelines can be found on <http://www.mbv.com/about-us/community-matters>

Date: _____
Organization Name: _____
Mailing Address: _____
Executive Director or Board President: _____
Name/Title of Individual Completing Form: _____
Phone Number: _____
Email Address: _____
Website Address: _____
Annual operating budget: \$ _____ # Employees: _____

What is the amount of your request? \$ _____
If less than \$500, complete Part A.
If \$500 to \$2,999, complete Part A & B.
If \$3,000 or more, complete Part A, B & C.

PART A

1. What is your organization's mission (50 words or less)?

2. What is the program or event for which you are requesting funds?

3. If this is an event, when is it? _____

4. Is the organization a 501c3?

- ☐ Yes, tax ID#: _____
☐ No

5. Is the organization a customer of Merchants Bank?

- ☐ Yes, primary MB contact is: _____
☐ No

6. Do any Merchants Bank employees volunteer for your organization?

- ☐ Yes, please list: _____
☐ No

FOR MERCHANTS BANK USE ONLY

Date received: _____
Date reviewed: _____
☐ Approved, by _____
☐ Declined, by _____
☐ Fwd to Cmte by _____
If MB employee recommends for approval,
please note why:

A/P CHECK REQUEST

Amount: \$ _____
Cost Center _____ GL 5690550
Approved by: _____
Date: _____
☐ Mail check to organization
☐ Forward check to: _____

7. How much has your organization received from Merchants Bank and/or the Merchants Bank Foundation (please understand that past support is no guarantee of future support):
In 2012: \$ _____; In 2011: \$ _____; In 2010: \$ _____
If your organization has not received funding from Merchants Bank within the past two years please include a W9.
8. How many people will be served by this program? (Or if this is an event, how many people do you expect to attend?)
9. If this is a fundraising event, how much does the organization expect for proceeds:
Gross: \$ _____; Net \$ _____; Net as a % of Gross: _____%
For fundraising and community events, please note: if net proceeds are 75% or more we will consider the request as a donation; if net proceeds are less than 75% we look for advertising value and will consider your request as a marketing/advertising sponsorship. In most cases we prefer to donate to the program directly rather than paying for event costs.
10. If your request is approved, how will Merchants Bank be recognized? You may attach a list of sponsor benefits, especially if you are requesting funding for an event and there are a variety of support levels to consider.

PART B – also complete this section if your request is for \$500 or more

11. The geographic region(s) served by this program/event are:

Vermont, Burlington MSA:

- ☐ Chittenden County
- ☐ Franklin County
- ☐ Grand Isle County

Vermont, Non-MSA:

- ☐ Addison County
- ☐ Bennington County
- ☐ Caledonia County
- ☐ Essex County
- ☐ Lamoille County
- ☐ Orange County
- ☐ Orleans County
- ☐ Rutland County
- ☐ Washington County
- ☐ Windham County
- ☐ Windsor County

Areas outside Vermont

- ☐ Please describe _____

12. The age groups served by this program/event are:

- ☐ Under 18
- ☐ 18-24
- ☐ 25-44
- ☐ 45-59
- ☐ 60+

13. What activities will be the focus of this program/event?

- ☐ Low- to moderate-income individuals and families. If so, what % of people served by this program/event are in the low- to moderate-income bracket? _____
(If 51% or more, provide supporting documentation)
- ☐ Education and Job Development (education-to-career)
- ☐ At risk-youth programs
- ☐ Financial literacy
- ☐ Performing arts & cultural activities
- ☐ Environmental & preservation programs
- ☐ Designated disaster area(s)
- ☐ Distressed or underserved nonmetropolitan areas
- ☐ Sporting event
- ☐ Other, please describe

14. If your organization has a Board of Directors, please list them.

15. If any of your organization's programs currently receive funding from United Way, please note which ones.

16. What percent of your organization's annual funding is from:

Federal _____%; State _____%; Local municipalities _____%

17. List other non-profit organizations with which you are collaborating on this program or project.

18. If other financial institutions (banks or credit unions) are supporting your organization, please note which program(s) and the amount of their support.

PART C – also complete this section if your request is for \$3,000 or more

19. What is your intended result, outcome or condition of well being? (For example, children born healthy, children ready for school, safe communities, clean environment, etc.)

20. What are the key indicators or benchmark measures which help quantify the achievements? (For example, rate of low-birth weight babies, percent ready at K entry, crime rate, etc.)

21. What are the performance measures for success that demonstrate how well the program, agency, or service is working?

- How much – (For example, how many students enrolled in a job training program)
- How well – (For example, number of students who graduated from the program)
- Is anyone better off? - (For example, % of graduates who secure full-time employment)

22. Please attach your organization's most recent Form 990 (or Revenue/Expense summary).

SUBMIT YOUR REQUEST:

Before submitting your request, save your file with a file name beginning with your organization name, followed by the program/event name. For example, "YourOrganization_ProgramName.doc."

Please email your completed application to ONE Merchants Bank branch, loan officer or financial advisor. Duplicate requests will be discarded. Multiple requests from one organization within a calendar year will be discarded, so please consider the scope and timing of your request.

Amount of Request:	Application Deadlines:	Response to Applicant, either Approved or Declined:
Typically \$25 to \$250, but not more than \$500	On-going	On-going
\$500 or more	Quarterly: Feb 28, May 31, Aug 30, Nov 29	Quarterly: Mar 29, Jun 28, Sep 30, Dec 31