

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2006

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2006 calendar year, or tax year beginning **JUL 1, 2006** and ending **JUN 30, 2007**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization VITAL COMMUNITIES, INC. Number and street (or P.O. box if mail is not delivered to street address) Room/suite 104 RAILROAD ROW City or town, state or country, and ZIP + 4 WHITE RIVER JUNCTION, VT 05001	D Employer identification number 03-0355283 E Telephone number 802-291-9100 F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶
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• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

Hand I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates ▶ **N/A**

H(c) Are all affiliates included? **N/A** Yes No
(If "No," attach a list.)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: ▶ **WWW.VITALCOMMUNITIES.ORG**

J Organization type (check only one) 501(c) (**3**) (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

I Group Exemption Number ▶ **N/A**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **666,570.**

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

	1 Contributions, gifts, grants, and similar amounts received:				
	a Contributions to donor advised funds	1a			
	b Direct public support (not included on line 1a)	1b	403,999.		
	c Indirect public support (not included on line 1a)	1c			
	d Government contributions (grants) (not included on line 1a)	1d	42,452.		
	e Total (add lines 1a through 1d) (cash \$ 431,878. noncash \$ 14,573.) ...	1e			446,451.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			198,626.
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4			2,243.
	5 Dividends and interest from securities	5			
	6 a Gross rents SEE STATEMENT 1	6a	400.		
	b Less: rental expenses	6b			
	c Net rental income or (loss). Subtract line 6b from line 6a	6c			400.
	7 Other investment income (describe ▶)	7			
	8 a Gross amount from sales of assets other than inventory	8a	(A) Securities	(B) Other	
	b Less: cost or other basis and sales expenses	8b			
	c Gain or (loss) (attach schedule)	8c			
	d Net gain or (loss). Combine line 8c, columns (A) and (B) STMT 2	8d			
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
	a Gross revenue (not including \$ _____ of contributions reported on line 1b) ...	9a			
	b Less: direct expenses other than fundraising expenses	9b			
	c Net income or (loss) from special events. Subtract line 9b from line 9a	9c			
	10 a Gross sales of inventory, less returns and allowances	10a			
	b Less: cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c			
	11 Other revenue (from Part VII, line 103)	11			18,850.
	12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12			666,570.
	13 Program services (from line 44, column (B))	13			532,133.
	14 Management and general (from line 44, column (C))	14			114,389.
	15 Fundraising (from line 44, column (D))	15			60,132.
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses. Add lines 16 and 44, column (A)	17			706,654.
	18 Excess or (deficit) for the year. Subtract line 17 from line 12	18			<40,084.>
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19			267,988.
	20 Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 3	20			3,068.
	21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21			230,972.

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A STMT 5	65,607.	25,016.	17,550.	23,041.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26 Salaries and wages of employees not included on lines 25a, b, and c	346,293.	285,426.	37,790.	23,077.
27 Pension plan contributions not included on lines 25a, b, and c				
28 Employee benefits not included on lines 25a - 27	63,235.	48,152.	12,395.	2,688.
29 Payroll taxes	31,797.	23,812.	4,552.	3,433.
30 Professional fundraising fees				
31 Accounting fees	35,844.	26,544.	9,280.	20.
32 Legal fees				
33 Supplies	22,395.	17,677.	4,365.	353.
34 Telephone	2,894.	505.	2,389.	
35 Postage and shipping	9,526.	6,366.	1,480.	1,680.
36 Occupancy	16,300.	12,048.	2,937.	1,315.
37 Equipment rental and maintenance	16,250.	7,652.	8,598.	
38 Printing and publications	33,027.	26,995.	3,770.	2,262.
39 Travel	10,929.	9,483.	504.	942.
40 Conferences, conventions, and meetings	7,770.	6,913.	697.	160.
41 Interest				
42 Depreciation, depletion, etc. (attach schedule)	3,529.	2,249.	1,280.	
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 4	41,258.	33,295.	6,802.	1,161.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	706,654.	532,133.	114,389.	60,132.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;
 (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► SEE STATEMENT 6	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a VALLEY QUEST- PROGRAM THAT STRENGTHENS A SENSE OF COMMUNITY IN THE CITIZENS OF OUR REGION THROUGH TREASURE HUNTS BY LOCAL SCHOOL CHILDREN, ADULTS AND MEMBERS OF LOCAL CIVIC ORGANIZATIONS. HIKES ARE BASED ON CLUES THAT EDUCATE PARTICIPANTS ABOUT HISTORY AND SPECIAL PLACES OF THE REGION. THE PROGRAM SERVED AN AVERAGE OF 2,000 CONSUMERS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	100,628.
b OUTREACH-ACTIVITIES ARE PERFORMED IN THE LOCAL COMMUNITY TO PROMOTE THE VITAL COMMUNITY PROGRAMS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	100,373.
c UPPER VALLEY HOUSING COALITION- PROGRAM WORKS TO INCREASE THE SUPPLY OF DIVERSE WORKFORCE HOUSING IN THE UPPER CONNECTICUT RIVER VALLEY REGION. THE PROGRAM SERVED AN AVERAGE OF 1,600 CONSUMERS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	124,524.
d VALLEY FOOD AND FARM- PROGRAM FOSTERS RELATIONSHIPS THAT MAKE LOCAL AGRICULTURE A VIBRANT PART OF DAILY COMMUNITY LIFE. THE PROGRAM SERVED AN AVERAGE OF 20,000 CONSUMERS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	175,434.
e Other program services (attach schedule) SEE STATEMENT 7	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	31,174.
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	532,133.

Form 990 (2006)

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing	168,960.	45	97,706.
	46 Savings and temporary cash investments	62,861.	46	115,571.
	47 a Accounts receivable	25,026.		
	b Less: allowance for doubtful accounts		47c	25,026.
	48 a Pledges receivable	32,920.		
	b Less: allowance for doubtful accounts		48c	32,920.
	49 Grants receivable	6,203.	49	2,767.
	50 a Receivables from current and former officers, directors, trustees, and key employees		50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b	
	51 a Other notes and loans receivable			
	b Less: allowance for doubtful accounts		51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	4,167.	53	650.
	54 a Investments - publicly-traded securities		54a	
	<input type="checkbox"/> Cost <input type="checkbox"/> FMV			
	54 b Investments - other securities		54b	
	<input type="checkbox"/> Cost <input type="checkbox"/> FMV			
	55 a Investments - land, buildings, and equipment: basis			
	b Less: accumulated depreciation		55c	
56 Investments - other		56		
57 a Land, buildings, and equipment: basis	24,203.			
b Less: accumulated depreciation STMT 8	15,369.	57c	8,834.	
58 Other assets, including program-related investments (describe ► _____)		58		
59 Total assets (must equal line 74). Add lines 45 through 58	310,289.	59	283,474.	
Liabilities	60 Accounts payable and accrued expenses	37,301.	60	10,195.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe ► SEE STATEMENT 9)	5,000.	65	42,307.
66 Total liabilities. Add lines 60 through 65	42,301.	66	52,502.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	187,512.	67	205,972.
	68 Temporarily restricted	80,476.	68	25,000.
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	267,988.	73	230,972.
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73	310,289.	74	283,474.

Part VI Other Information (continued)		Yes	No	
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b		3,080.
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a		N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b		N/A
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c	Dues, assessments, and similar amounts from members	85c		N/A
d	Section 162(e) lobbying and political expenditures	85d		N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		N/A
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a		N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b		N/A
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a		N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b		N/A
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0.; section 4912 ▶ 0.; section 4955 ▶ 0.			
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			0.
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization			0.
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e		X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f		X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		X
90 a	List the states with which a copy of this return is filed ▶ NONE			
b	Number of employees employed in the pay period that includes March 12, 2006	90b		13
91 a	The books are in care of ▶ LEN CADWALLADER Telephone no. ▶ 802-291-9100 Located at ▶ 104 RAILROAD ROW, WHITE RIVER JUNCTION, VT ZIP + 4 ▶ 05001			
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b		X
	If "Yes," enter the name of the foreign country ▶ N/A See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			

Part VI Other Information (continued) Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c
 If "Yes," enter the name of the foreign country N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a PROGRAM INCOME					198,626.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments				2,243.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	400.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a ADVERTISING INCOME	511190	18,850.			
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		18,850.		2,643.	198,626.
105 Total (add line 104, columns (B), (D), and (E))					220,119.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93A	INCOME RECEIVED FROM THE VARIOUS PROGRAMS OF VITAL COMMUNITIES, INC.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13). **N/A**

106 Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

107 Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

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, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here	<div style="display: flex; justify-content: space-between;"> Signature of officer Date </div>																
	<div style="display: flex; justify-content: space-between;"> LEONARD CADWALLADER, EXECUTIVE DIRECTOR </div>																
	<div style="display: flex; justify-content: space-between;"> Type or print name and title </div>																
Paid Preparer's Use Only	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%; border-bottom: 1px solid black;">Preparer's signature</td> <td style="width: 10%; border-bottom: 1px solid black;">Date</td> <td style="width: 10%; border-bottom: 1px solid black;">Check if self-employed <input type="checkbox"/></td> <td style="width: 40%; border-bottom: 1px solid black;">Preparer's SSN or PTIN (See Gen. Inst. X)</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Firm's name (or yours if self-employed), address, and ZIP + 4</td> <td colspan="2" style="border-bottom: 1px solid black;">EIN</td> <td style="border-bottom: 1px solid black;">Phone no.</td> </tr> <tr> <td style="border-bottom: 1px solid black;">TYLER, SIMMS & ST.SAUVEUR CPAS PC</td> <td colspan="2" style="border-bottom: 1px solid black;">19 MORGAN DRIVE</td> <td style="border-bottom: 1px solid black;">603-653-0044</td> </tr> <tr> <td style="border-bottom: 1px solid black;">LEBANON, NH 03766</td> <td colspan="2" style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> </table>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X)	Firm's name (or yours if self-employed), address, and ZIP + 4	EIN		Phone no.	TYLER, SIMMS & ST.SAUVEUR CPAS PC	19 MORGAN DRIVE		603-653-0044	LEBANON, NH 03766			
Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X)														
Firm's name (or yours if self-employed), address, and ZIP + 4	EIN		Phone no.														
TYLER, SIMMS & ST.SAUVEUR CPAS PC	19 MORGAN DRIVE		603-653-0044														
LEBANON, NH 03766																	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

2006

Name of the organization VITAL COMMUNITIES, INC.	Employer identification number 03 0355283
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Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 2 of the instructions. List each one. If there are 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 & deferred compensation	(e) Expense account and other allowances
LISA JOHNSON VC, 104 RAILROAD ROW, WRJ, VT 05001	PROGRAM COORDINATOR 40.00	50,589.	8,823.	
Total number of other employees paid over \$50,000 ▶	0			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor 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 II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶	0	

Part III Statements About Activities (See page 2 of the instructions.)

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities?	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	2d	X
e	Transfer of any part of its income or assets?	2e	X
3 a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a	X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c	X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4 a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A
d	Enter the total number of donor advised funds owned at the end of the tax year	N/A	
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	N/A	
f	Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts	0.	
g	Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year	0.	

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: (1) **more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) **no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					▶

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	431,264.	437,024.	419,864.	428,052.	1,716,204.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	146,639.	90,123.	26,517.	24,878.	288,157.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	12,698.	12,362.	13,880.	14,862.	53,802.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	590,601.	539,509.	460,261.	467,792.	2,058,163.
24 Line 23 minus line 17	443,962.	449,386.	433,744.	442,914.	1,770,006.
25 Enter 1% of line 23	5,906.	5,395.	4,603.	4,678.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 35,400.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 888,715.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 1,770,006.
d Add: Amounts from column (e) for lines: 18 <u>53,802.</u> 19 _____ 22 _____ 26b <u>888,715.</u>					26d 942,517.
e Public support (line 26c minus line 26d total)					26e 827,489.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 46.7506%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A (2005) _____ (2004) _____ (2003) _____ (2002) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A (2005) _____ (2004) _____ (2003) _____ (2002) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶	27f N/A				
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

NONE

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			

32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			

33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			

34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended?	34b	
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table -			
If the amount on line 40 is -	The lobbying nontaxable amount is -		
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	41	
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h .)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h .)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2006

Name of organization

VITAL COMMUNITIES, INC.

Employer identification number

03-0355283

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (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 foundation

Check 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 organizations 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 Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests 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 Form 990-EZ, that received from any one contributor, during the year, some 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: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do 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, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2006)

Name of organization VITAL COMMUNITIES, INC.	Employer identification number 03-0355283
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Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	<u>ANONYMOUS</u> <hr/> <hr/>	\$ <u>20,682.</u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	<u>BYRNE FOUNDATION</u> <u>PO BOX 599</u> <u>ETNA, NH 03750</u>	\$ <u>20,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	<u>DARTMOUTH COLLEGE</u> <u>PO BOX 930</u> <u>HANOVER, NH 03755</u>	\$ <u>29,510.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	<u>DARTMOUTH MEDICAL CENTER</u> <u>ONE MEDICAL CENTER DRIVE</u> <u>LEBANON, NH 03756</u>	\$ <u>40,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	<u>DARTMOUTH PRINTING COMPANY</u> <u>69 LYME ROAD</u> <u>HANOVER, NH 03755</u>	\$ <u>10,190.</u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	<u>HYPERTHERM</u> <u>PO BOX 5010</u> <u>LEBANON, NH 03755</u>	\$ <u>11,500.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization VITAL COMMUNITIES, INC.	Employer identification number 03-0355283
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Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7	<u>JOHN MERCK FUND</u> <u>11 BEACON STREET, SUITE 1230</u> <u>BOSTON, MA 02108</u>	\$ <u>35,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	<u>MASCOMA SAVINGS BANK</u> <u>PO BOX 435</u> <u>LEBANON, NH 03766</u>	\$ <u>17,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	<u>NEW HAMPSHIRE CHARITABLE FOUNDATION</u> <u>37 PLEASANT STREET</u> <u>CONCORD, NH 03301</u>	\$ <u>27,658.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
10	<u>NEW HAMPSHIRE CHARITABLE FOUNDATION - UPPER VALLEY REGION</u> <u>16 BUCK ROAD</u> <u>HANOVER, NH 03755</u>	\$ <u>16,952.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
11	<u>NH HOUSING FINANCE AUTHORITY</u> <u>PO BOX 5087</u> <u>MANCHESTER, NH 03108</u>	\$ <u>10,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
12	_____ _____ _____	\$ <u>25,000.</u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization VITAL COMMUNITIES, INC.	Employer identification number 03-0355283
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Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
13	ROBINS FOUNDATION C/O WACHOVIA BANK PO BOX 27602 RICHMOND, VA 23261	\$ 67,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
14	NORTHEAST SARE/UVM 1-5 CARRIGAN DRIVE, HILLS BUILDING BURLINGTON, VT 05405	\$ 16,249.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
15	UPPER VALLEY TRAILS ALLIANCE PO BOX 1215 NORWICH, VT 05055	\$ 17,495.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
16		\$ 30,000.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
17	ANONYMOUS	\$ 20,000.	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.)

Name of organization VITAL COMMUNITIES, INC.	Employer identification number 03-0355283
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Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	412 SHARES OF JP MORGAN _____ _____ _____	\$ 20,682.	03/14/07
5	PRINTING NEWSLETTER AND ANNUAL REPORT _____ _____ _____	\$ 10,190.	VARIOUS
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
1	WEBSITE	080101	SL	3.00	16	9,050.			9,050.	9,050.		0.
2	LAPTOP COMPUTER (D)SOFTWARE MISSION	120101	200DB	5.00	16	1,967.			1,967.	1,854.		113.
3	MAESTRO	042702	SL	3.00	16	4,125.			4,125.	4,125.		0.
4	IBM LAPTOP	102903	200DB	5.00	16	1,000.			1,000.	712.		123.
5	OFFICE CABINETS	021006	SL	5.00	16	2,691.			2,691.	224.		538.
6	IBM COMPUTER	063006	SL	5.00	16	1,395.			1,395.			279.
7	EXCEED SOFTWARE	083006	SL	3.00	16	8,100.			8,100.			2,475.
	* TOTAL 990 PAGE 2 DEPR					28,328.		0.	28,328.	15,965.	0.	3,528.

FORM 990 RENTAL INCOME STATEMENT 1

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
SUBLET OF 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	1	400.
TOTAL TO FORM 990, PART I, LINE 6A		400.

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 2

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
MISSION MAESTRO	04/27/02	06/30/06	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	4,125.	0.	4,125.	0.
TO FM 990, PART I, LN 8		4,125.	0.	4,125.	0.

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 3

DESCRIPTION	AMOUNT
IN-KIND DONATIONS OF SERVICES	3,080.
PRIOR PERIOD ADJUSTMENT	<12.>
TOTAL TO FORM 990, PART I, LINE 20	3,068.

FORM 990 OTHER EXPENSES STATEMENT 4

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
WORKER'S COMPENSATION				
INSURANCE	4,185.	3,324.	501.	360.
ADVERTISING EXPENSE	14,065.	10,174.	3,891.	
INTERNET	1,523.	1,188.	239.	96.
MEALS	8,733.	7,913.	341.	479.
BANK AND FINANCE CHARGES	697.	20.	677.	
BAD DEBT	3,505.	2,500.	1,005.	
TAXES	2,738.	2,738.		
MISCELLANEOUS	<543.>	<19.>	<524.>	
PAYROLL EXPENSES	627.		627.	
DUES AND SUBSCRIPTIONS	2,291.	2,020.	45.	226.
REIMBURSED PROGRAM EXPENSES	3,437.	3,437.		

CONTRIBUTION TO
OVERHEAD

0.

TOTAL TO FM 990, LN 43

41,258.

33,295.

6,802.

1,161.

FORM 990 OFFICER COMPENSATION ALLOCATION STATEMENT 5
PART II, LINE 25A

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
LEONARD CADWALLADER	56,784.	8,823.		65,607.
A. PROGRAM SERVICES	21,652.	3,364.		25,016.
B. MANAGEMENT AND GENERAL	15,190.	2,360.		17,550.
C. FUNDRAISING	19,942.	3,099.		23,041.
TOTAL PROGRAM SERVICES				25,016.
TOTAL MANAGEMENT AND GENERAL				17,550.
TOTAL FUNDRAISING				23,041.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PART II, LINE 25A				65,607.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 6
PART III

EXPLANATION

THE MISSION OF VITAL COMMUNITIES IS TO ENGAGE CITIZENS IN COMMUNITY LIFE, AND TO FOSTER THE LONG-TERM BALANCE OF CULTURAL, ECONOMIC, ENVIRONMENTAL AND SOCIAL WELL-BEING IN THE UPPER VALLEY REGION OF NEW HAMPSHIRE AND VERMONT.

FORM 990 OTHER PROGRAM SERVICES STATEMENT 7

DESCRIPTION OF OTHER PROGRAM SERVICES	GRANTS AND ALLOCATIONS	EXPENSES
UPPER VALLEY TRANSPORTATION MANAGEMENT ASSOCIATION-PROGRAM PROVIDES LEADERSHIP AND EDUCATION TO PROMOTE PLANNING, DEVELOPMENT, AND IMPLEMENTATION OF TRANSPORTATION INITIATIVES TO MITIGATE TRAFFIC CONGESTION AND REDUCE RELIANCE ON SINGLE OCCUMPANT VEHICLE COMMUTING, SERVED AN AVERAGE OF 350 CONSUMERS.	0.	31,174.
TOTAL TO FORM 990, PART III, LINE E		31,174.

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 8

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
WEBSITE	9,050.	9,050.	0.
LAPTOP COMPUTER	1,967.	1,967.	0.
IBM LAPTOP	1,000.	835.	165.
OFFICE CABINETS	2,691.	762.	1,929.
IBM COMPUTER	1,395.	279.	1,116.
EXCEED SOFTWARE	8,100.	2,475.	5,625.
TOTAL TO FORM 990, PART IV, LN 57	24,203.	15,368.	8,835.

FORM 990 OTHER LIABILITIES STATEMENT 9

DESCRIPTION	AMOUNT
PAYROLL RELATED LIABILITIES	42,307.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	42,307.

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, STATEMENT 10
 TRUSTEES AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
LEONARD CADWALLADER VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	EXECUTIVE DIRECTOR 40.00	56,784.	8,823.	0.
CLAY ADAMS VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	DIRECTOR 1.00	0.	0.	0.
STEPHEN CHRISTY VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	MEMBER 1.00	0.	0.	0.
DANIEL EMANUELE VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	MEMBER 1.00	0.	0.	0.
LYNDSEY ERIKSON VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	MEMBER 1.00	0.	0.	0.
BILL GERAGHTY VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	MEMBER 1.00	0.	0.	0.
TOM GERLACH VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	MEMBER 1.00	0.	0.	0.
SANDRA HOEH VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	MEMBER 1.00	0.	0.	0.
HENRY HOMEYER VITAL COMMUNITIES, 104 RAILROAD ROW WHITE RIVER JCT, VT 05001	MEMBER 1.00	0.	0.	0.

KAREN KEANE	MEMBER			
VITAL COMMUNITIES, 104 RAILROAD				
ROW	1.00	0.	0.	0.
WHITE RIVER JCT, VT 05001				
CAROLA LEA	MEMBER			
VITAL COMMUNITIES, 104 RAILROAD				
ROW	1.00	0.	0.	0.
WHITE RIVER JCT, VT 05001				
MIKE MELLER	MEMBER			
VITAL COMMUNITIES, 104 RAILROAD				
ROW	1.00	0.	0.	0.
WHITE RIVER JCT, VT 05001				
ALLIE QUINN	MEMBER			
VITAL COMMUNITIES, 104 RAILROAD				
ROW	1.00	0.	0.	0.
WHITE RIVER JCT, VT 05001				
ANNELI SCHALOCK	MEMBER			
VITAL COMMUNITIES, 104 RAILROAD				
ROW	1.00	0.	0.	0.
WHITE RIVER JCT, VT 05001				
ANNE SILBERFARB	MEMBER			
VITAL COMMUNITIES, 104 RAILROAD				
ROW	1.00	0.	0.	0.
WHITE RIVER JCT, VT 05001				
MIKE SMITH	MEMBER			
VITAL COMMUNITIES, 104 RAILROAD				
ROW	1.00	0.	0.	0.
WHITE RIVER JCT, VT 05001				
TOTALS INCLUDED ON FORM 990, PART V-A		56,784.	8,823.	0.

Form **990-W**

**Estimated Tax on Unrelated Business Taxable
Income for Tax-Exempt Organizations**

OMB No. 1545-0976

(WORKSHEET)
Department of the Treasury
Internal Revenue Service

(and on Investment Income for Private Foundations) **FORM 990-T**
(Keep for your records. Do not send to the Internal Revenue Service.)

2007

1	Unrelated business taxable income expected in the tax year	1	
2	Tax on the amount on line 1. See instructions for tax computation	2	
3	Alternative minimum tax (see instructions)	3	
4	Total. Add lines 2 and 3	4	
5	Estimated tax credits (see instructions)	5	
6	Balance. Subtract line 5 from line 4	6	
7	Other taxes (see instructions)	7	
8	Total. Add lines 6 and 7	8	
9	Credit for federal tax paid on fuels (see instructions)	9	
10a	Subtract line 9 from line 8. Note. If less than \$500, the organization is not required to make estimated tax payments. Private foundations, see instructions	10a	
b	Enter the tax shown on the 2006 return (see instructions). Caution. If zero or the tax year was for less than 12 months, skip this line and enter the amount from line 10a on line 10c	10b	1,676.
c	2007 Estimated Tax. Enter the smaller of line 10a or line 10b. If the organization is required to skip line 10b, enter the amount from line 10a on line 10c	10c	1,680.
			ADJUSTED TO

		(a)	(b)	(c)	(d)	
11	Installment due dates (see instructions)	11	10/15/07	12/17/07	03/17/08	06/16/08
12	Required installments. Enter 25% of line 10c in columns (a) through (d) unless the organization uses the annualized income installment method, the adjusted seasonal installment method, or is a "large organization" (see instructions)	12	420.	420.	420.	420.
13	2006 Overpayment (see instructions)	13				
14	Payment due. (Subtract line 13 from line 12.)	14	420.	420.	420.	420.

LHA For Paperwork Reduction Act Notice, see instructions.

Form 990-W (2007)

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2006

Department of the Treasury
Internal Revenue Service

For calendar year 2006 or other tax year beginning **JUL 1, 2006**, and ending **JUN 30, 2007**

Open to Public Inspection for
501(c)(3) Organizations Only

A <input type="checkbox"/> Check box if address changed		Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) VITAL COMMUNITIES, INC.	Employer identification number (Employees' trust, see instructions for Block D on page 9.) 03-0355283
B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Print or Type	Number, street, and room or suite no. If a P.O. box, see page 9 of instructions. 104 RAILROAD ROW	Unrelated business activity codes (See instructions for Block E on page 9.) 541800
		City or town, state, and ZIP code WHITE RIVER JUNCTION, VT 05001	
C Book value of all assets at end of year 283,485.	F Group exemption number (see instructions for Block F.) ▶		
	G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		

H Describe the organization's primary unrelated business activity. ▶ **DISPLAY ADVERTISING**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ Yes No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ **LEN CADWALLADER** Telephone number ▶ **802-291-9100**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances c Balance ▶	1c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11 18,850.	6,678.	12,172.
12 Other income (See instructions; attach schedule.)	12		
13 Total. Combine lines 3 through 12	13 18,850.	6,678.	12,172.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	
20 Charitable contributions (See instructions for limitation rules.)	20	
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	
28 Other deductions (attach schedule)	28	
29 Total deductions. Add lines 14 through 28	29	0.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	12,172.
31 Net operating loss deduction (limited to the amount on line 30)	31	
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	12,172.
33 Specific deduction (Generally \$1,000, but see instructions for exceptions)	33	1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	11,172.

Part III Tax Computation

Table with 3 columns: Line number, Description, and Amount. Includes lines 35 (Organizations Taxable as Corporations), 36 (Trusts Taxable at Trust Rates), 37 (Proxy tax), 38 (Alternative minimum tax), and 39 (Total).

Part IV Tax and Payments

Table with 3 columns: Line number, Description, and Amount. Includes lines 40a-40e (Credits), 41-42 (Other taxes), 43 (Total tax), 44a-44g (Payments), 45 (Total payments), 46 (Estimated tax penalty), 47 (Tax due), 48 (Overpayment), and 49 (Enter the amount of line 48).

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 18)

Table with 3 columns: Question number, Question text, and Yes/No response. Includes questions 1, 2, and 3 regarding foreign accounts, foreign trusts, and tax-exempt interest.

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

Table with 3 columns: Line number, Description, and Amount. Includes lines 1-5 (Inventory and Purchases) and line 6 (Inventory at end of year). Also includes question 8 regarding section 263A costs.

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, it is true, correct, and complete.

Sign Here: Signature of officer, Date, EXECUTIVE DIRECTOR, Title. Includes a box for 'May the IRS discuss this return with the preparer shown below (see instructions)?' with Yes checked.

Paid Preparer's Use Only: Preparer's signature, Date, Firm's name (TYLER, SIMMS & ST.SAUVEUR CPAS PC), Address (19 MORGAN DRIVE, LEBANON, NH 03766), EIN (02-0476956), and Phone no. (603-653-0044).

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)(see instr. on pg 20)

1 Description of property

Table with 4 rows for property description (1-4).

Table for Rent received or accrued (2) and Deductions directly connected with the income (3). Includes sub-rows (a) and (b) for rent types.

Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) 0. Total deductions. Enter here and on page 1, Part I, line 6, column (B) 0.

Schedule E - Unrelated Debt-Financed Income (See instructions on page 20)

Table for Unrelated Debt-Financed Income with columns for Description of debt-financed property (1), Gross income (2), and Deductions (3(a) and 3(b)).

Table for calculations: Amount of average acquisition debt (4), Average adjusted basis (5), Column 4 divided by column 5 (6), Gross income reportable (7), and Allocable deductions (8).

Totals. Enter here and on page 1, Part I, line 7, column (A) 0. Enter here and on page 1, Part I, line 7, column (B) 0.

Total dividends-received deductions included in column 8 0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 21)

Table for Exempt Controlled Organizations with columns for Name of Controlled Organization (1), Employer Identification Number (2), Net unrelated income (3), Total of specified payments made (4), Part of column 4 that is included (5), and Deductions directly connected (6).

Nonexempt Controlled Organizations

Table for Nonexempt Controlled Organizations with columns for Taxable Income (7), Net unrelated income (8), Total of specified payments made (9), Part of column 9 that is included (10), and Deductions directly connected (11).

Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A) 0. Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B) 0.

Totals 0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions on page 22)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions on page 22)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals	0.	0.				0.

Schedule J - Advertising Income (see instructions on page 23)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1) VALLEY FOOD &						
(2) FARM GUIDE	18,850.	6,678.	12,172.			
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	18,850.	6,678.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions on page 23)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
			%
			%
			%
			%
Total. Enter here and on page 1, Part II, line 14			0.

Department of the Treasury
Internal Revenue Service

▶ **Attach to your income tax return.**

Name(s) as shown on your income tax return

Identifying number

VITAL COMMUNITIES, INC.

03-0355283

Enter the federal telephone excise tax billed during each period as listed in column (a) of lines 1-14 below.

By filing this form, you are certifying that you (1) have not received from your service provider a credit or refund of the tax paid on long distance service or bundled service billed after February 28, 2003, and before August 1, 2006, and (2) will not ask your provider for a credit or refund or have withdrawn any request submitted to the provider for a credit or refund.

Caution. See the instructions for explanations of the services that qualify for a credit or refund of the federal telephone excise tax.

Amount of federal excise tax on long distance or bundled service only

(a) Bills dated during:	(b) Long distance service	(c) Bundled service	(d) Tax credit or refund (add columns (b) and (c))	(e) Interest (see instructions)
1 March, April, and May 2003	\$	\$	\$ 8.	\$ 2.
2 June, July, and August 2003			8.	2.
3 September, October, and November 2003			8.	2.
4 December 2003; January and February 2004			8.	2.
5 March, April, and May 2004			8.	2.
6 June, July, and August 2004			8.	2.
7 September, October, and November 2004			8.	2.
8 December 2004; January and February 2005			7.	1.
9 March, April, and May 2005			6.	1.
10 June, July, and August 2005			6.	1.
11 September, October, and November 2005			6.	1.
12 December 2005; January and February 2006			5.	1.
13 March, April, and May 2006			5.	1.
14 June and July 2006			3.	
15 Add lines 1 - 14 in columns (d) and (e)			\$ 94.	\$ 20.
16 Total credit or refund requested. Add columns (d) and (e) on line 15. Enter here and on Form 1040, line 71; Form 1040A, line 42; Form 1040EZ, line 9; Form 1040EZ-T, line 1a; Form 1040NR, line 69; Form 1040NR-EZ, line 21; Form 1120, line 32g; Form 1120-A, line 28g; Form 1120S, line 23d; Form 1041, line 24f; Form 1041-N, line 17; Form 1065, line 23; Form 990-T, line 44f; or the proper line of other returns				\$ 114.

LHA For Paperwork Reduction Act Notice, see the instructions.

Form **8913** (2006)