2016 Annual Report

Celebrating Seven Years of Investigative Journalism in Vermont

3,251 ARTICLES
48,030 COMMENTS
10,144,677 PAGE VIEWS
157,553 MONTHLY READERS

Vermont’s Online
Nonprofit News Daily
WHO WE ARE

VTDigger is a nonprofit online news daily dedicated to public service journalism. We cover Vermont politics, consumer affairs, business, education, energy, criminal justice and the environment. We also cover community government in four counties and Vermont’s congressional delegation in Washington, DC.

VTDigger was founded in 2009 and merged with the Vermont Journalism Trust in 2011, becoming a 501(c)(3) nonprofit organization.

The mission of the Vermont Journalism Trust and VTDigger is to produce rigorous journalism that explains complex issues, holds the government accountable to the public, and engages Vermonters in the democratic process.

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2016 Media Partners

Addison Independent
Bennington Banner
Berkshire Eagle
Brattleboro Reformer
The Commons News
Manchester Journal
Mountain Times
St. Albans Messenger
Stowe Reporter
Valley News
Waterbury Record
WDEV Radio
Williston Observer
In 2016, VTDigger broke stories about EB-5 fraud at Jay Peak, the state’s failure to rein in Medicaid costs and a controversial storage method for tritium-laced water at Vermont Yankee.

When we published stories about each of these topics, state officials were seeing the information for the first time.

That’s because shining a light in dark corners is our mission at VTDigger. We go beyond the echo chamber style reporting that has become all too common at other news outlets. We seek public records, attend public hearings, analyze data and investigate issues because as journalists we believe passionately in the public’s right to know.

Transparency isn’t a buzzword at VTDigger; it’s the principle that is the very foundation of our work. We report without fear or favor because it’s our job to hold public officials accountable.

While other news outlets ignored the story, we reported on allegations of fraud at Jay Peak two years before the SEC brought 52 counts of securities fraud against the developers in April 2016.

We also expanded our reporting to communities where original reporting is disappearing. We launched a Southern Vermont bureau to ensure that key issues were thoroughly covered, such as the decommissioning of Vermont Yankee, the state’s only nuclear power plant, and the placement of Syrian refugees in Rutland County.

During the 2016 election, we created a complete guide to all of the candidates for House, Senate and statewide office, and we updated our campaign finance database, which included contributions from individuals, political action committees, businesses and political parties from 2009 to the present.

Without your help, none of this important work, which is so crucial to a functioning democracy, would have been possible. We are grateful to the readers, underwriters and foundations that have kept VTDigger’s reporting strong.

We appreciate your support more now than ever.
## Statement of Financial Position

*for the years ended December 31, 2016 (Audited) and 2015 (Reviewed)*

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<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$1,002,199</td>
<td>$396,540</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>6,453</td>
<td>8,047</td>
</tr>
<tr>
<td>Other Assets</td>
<td>549,725</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$1,558,377</strong></td>
<td><strong>$406,087</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES &amp; NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$65,798</td>
<td>$46,879</td>
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<tr>
<td>Net Assets</td>
<td>1,492,579</td>
<td>359,208</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; NET ASSETS</strong></td>
<td><strong>$1,558,377</strong></td>
<td><strong>$406,087</strong></td>
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</tbody>
</table>

## Statement of Activities

*for the years ended December 31, 2016 (Audited) and 2015 (Reviewed)*

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE AND SUPPORT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$315,963</td>
<td>$101,410</td>
</tr>
<tr>
<td>Underwriting</td>
<td>371,624</td>
<td>365,309</td>
</tr>
<tr>
<td>Contributions</td>
<td>426,455</td>
<td>338,923</td>
</tr>
<tr>
<td>News and other revenue</td>
<td>71,564</td>
<td>56,853</td>
</tr>
<tr>
<td>Events</td>
<td>18,000</td>
<td>16,750</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>1,203,606</strong></td>
<td><strong>879,245</strong></td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>85,000</td>
<td>60,501</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td><strong>$1,288,606</strong></td>
<td><strong>$939,746</strong></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>$840,277</td>
<td>$601,985</td>
</tr>
<tr>
<td>General and administrative</td>
<td>28,524</td>
<td>42,406</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>166,034</td>
<td>179,002</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$1,034,835</strong></td>
<td><strong>$823,393</strong></td>
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</tbody>
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*This financial summary is excerpted from VTDigger’s audited financial statements.*
**DONOR HIGHLIGHTS**

26% GROWTH IN DONATIONS

37% GROWTH IN REVENUE

2,659 DONORS

73% SAY THEY READ VTDIGGER EVERY DAY

**2016 REVENUE SOURCES**

- Grants 31%
- Underwriting 29%
- Contributions 33%
- News Revenue 6%
- Events 1%

**2016 EXPENSES**

- Program Expenses 81%
- General Administration 3%
- Fundraising 16%
VTDigger’s multi-year investigation into allegations of fraud at Jay Peak Resort took a sharp turn in April 2016 when the Securities and Exchange Commission and the state of Vermont charged the developers, Ariel Quiros and Bill Stenger, with running a Ponzi-like scheme.

The two developers face 52 counts of securities fraud and have been accused of misusing $200 million in immigrant investor funds.

The civil complaints affirmed VTDigger’s investigations in 2014 and 2015. The largest EB-5 related fraud in history was happening in our own backyard.

The EB-5 visa program issues green cards to foreigners who invest $500,000 or more in U.S. businesses. Each investment must create at least 10 full-time jobs in order for immigrant investors to obtain permanent residency in the United States.

Quiros and Stenger leveraged more than $400 million in EB-5 immigrant investor funds for expansions at two resorts and a promised biomedical plant. All of the properties are now in receivership, and Quiros is fighting the SEC in court. His partner and the CEO of Jay Peak, Stenger, has settled with federal regulators. A criminal investigation is under way. Three of the projects were not completed, leaving the immigration status of about 400 investors in limbo.

Despite heavy criticism from the developers and state officials who were charged with overseeing the developments, VTDigger published stories that showed how Stenger and Quiros had abused investors -- nearly two years before the SEC brought charges.

Since the federal lawsuit was filed last year, we have exposed crucial facets of the alleged fraud that have not yet been explored by federal regulators.

- We detailed how the developers sold the same floor of a hotel to two separate sets of investors.
- In South Korea we found that a business associate of Quiros’ had bilked foreign investors in a stem cell research and artificial organ manufacturing facility. Quiros then brought the scam to Vermont.
We reported that state officials charged with overseeing the projects through the Vermont EB-5 Regional Center program were warned about financial improprieties at Jay Peak. A former business partner tipped off state officials about the scheme in May 2012 - four years before the SEC brought charges. State officials ignored his warning, and told him he could no longer do business in the state.

The extent of the role of state officials in the fraud is unknown because the Vermont Attorney General’s office has repeatedly blocked records requests from VTDigger regarding the state’s complicity in the fraud. At one point, state officials said they would charge us $200,000 for EB-5 records. Later, we were told that even if we could muster that exhorbitant sum, the documents would be withheld under an exemption in the state’s public records law.

For two years, VTDigger stood alone in its investigation of fraud allegations made by EB-5 investors. Other news outlets ignored the story altogether or largely published articles that promoted the impact of the Jay Peak Resort expansion on the local economy of the Northeast Kingdom, Vermont’s poorest region.

Even as the civil charges were filed and other media outlets seized on the breaking news events, VTDigger stood apart as the only outlet willing to delve deep into the money trail, wherever it led, and to hold government accountable to the point of suing the Vermont Attorney General’s office.

National news media including the New York Times, Bloomberg Businessweek, PBS Newshour and the Boston Globe have reported on Vermont’s EB-5 scandal, citing VTDigger’s work.

VTDigger was a finalist for several national awards for the coverage of the fraud at Jay Peak

Ancil Payne Award for Ethics in Journalism, Investigative Reporters & Editors FOIA Award, The Al Neuharth Innovation in Investigative Journalism Award, Online News Association
In 2015 and 2016, VTDigger hired political reporter Jasper Craven to write daily reports about Sen. Bernie Sanders’ bid for the Democratic nomination for president.

Sanders electrified the nation with the same egalitarian rhetoric that has made him an unassailable political force in Vermont for more than 35 years. The Vermont senator drew millions of followers, raised $227 million in campaign donations and won 21 primary contests. Sanders’ message resonated with disenfranchised voters and millennials. Avid Sanderistas donated $27 each on average and buoyed his candidacy with an aggressive social media campaign.

Craven was on the scene, covering Sanders’ debates with Hillary Clinton, primary contests in Iowa, New York, Nevada, New Hampshire and South Carolina, and ultimately, the Democratic National Convention where the Vermont senator lost his bid to become the nominee and eventually conceded.

VTDigger published more than 100 stories about the race, which were featured in a special section called “Bernie’s Bid.” We also wrote about Bernie Sanders’ wife, Jane, who was deeply involved in the Vermont senator’s run for president in 2016 and her connection to a media firm that made millions of dollars in media buys for the Sanders campaign.

Southern Vermont Bureau

Newspapers in Southern Vermont laid off a dozen reporters and editors in the region in 2015 and 2016. As a result, news coverage in the region diminished significantly.

To help fill this void, VTDigger established a Southern Vermont Bureau in 2016 with partial funding from a $75,000 grant from the Ethics and Excellence in Journalism Foundation.

The purpose of the bureau is to give readers access to the local news they need to participate in their communities. The project also supports the Brattleboro Reformer, The Commons News and the Bennington Banner and brings readers from southern and northern Vermont together through the VTDigger news community.

In a unique collaboration, VTDigger shares reporting staff with the Reformer, the Commons and the Banner. Alan Keays covers Rutland County for VTDigger, Jim Therrien is a staff reporter for VTDigger and the Bennington Banner, and Mike Faher reports on Windham County for VTDigger, the Brattleboro Reformer and the Commons.

In 2016, VTDigger published daily reports from the Southern Vermont Bureau about school district consolidation, the death penalty trial of Donald Fell, the sale of the Rutland Herald to a Maine newspaper company, the redevelopment of downtown Bennington, the Women’s World Cup race at Killington Ski Resort and the proposed sale of the shuttered Vermont Yankee plant.

Additional areas of key coverage in Southern Vermont included:

- PFOA contamination of 500 private drinking wells in Bennington
- The clash in Rutland over Syrian refugee resettlement
- Entergy’s storage of irradiated water in open kiddie-style swimming pools in the basement of the defunct Vermont Yankee nuclear reactor

The Southern Vermont Bureau is an expansion of VTDigger’s local coverage, which was launched in 2015 with Chittenden County coverage. Morgan True, the Burlington Bureau chief, covers city hall, crime, education and local economic issues.
<table>
<thead>
<tr>
<th>BUDGET</th>
<th>Medicaid program runs ongoing deficit</th>
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<tr>
<td></td>
<td>For two years running, the state had a $30 million deficit in the Medicaid budget. VTDigger’s analysis showed that one-third of Vermonters received support from the program. People who were no longer eligible for Medicaid were getting services because the state had failed to conduct eligibility screenings.</td>
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<thead>
<tr>
<th>CRIMINAL JUSTICE</th>
<th>Wrong-way driver on I-89 kills five teens</th>
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<td></td>
<td>Five teenagers from the Mad River Valley were killed when a driver purposely drove the wrong way on I-89. Four of the teens were students at Harwood Union High School. Steven Bourgoin has pleaded not guilty to second degree murder.</td>
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<tr>
<th>EDUCATION</th>
<th>Vermont schools merge districts under Act 46</th>
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<td>School districts began to implement Act 46, a historic education law requiring school boards to consolidate governance of local schools. While many districts in rural areas struggled to reach consensus on mergers, dozens of others took advantage of tax break incentives.</td>
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<thead>
<tr>
<th>PEOPLE AND PLACES</th>
<th>Utah man pitches planned communities in the Upper Valley</th>
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<td>A Mormon businessman from Utah bought up 4,500 acres in four towns to build a sustainable community of 20,000 residents near the Joseph Smith birthplace in Sharon. His plans, which were based on Mormon tenets, rattled the local communities, which voted against the project in a referendum.</td>
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<tr>
<th>ENVIRONMENT</th>
<th>Water in Bennington County tainted by PFOA</th>
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<td>The Shumlin administration announced that 500 wells in Bennington County had been contaminated by PFOA, a toxic chemical from the manufacture of a Teflon fabric. The state sued the manufacturer, Saint Gobain Performance Plastics, for a new water system to replace the tainted wells.</td>
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<tr>
<th>ENERGY</th>
<th>Protesters attempt to block Vermont gas pipeline</th>
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<tr>
<td></td>
<td>Opponents attempted to stop Vermont Gas’ construction of a 41-mile pipeline through Addison County. Protesters chained themselves to backhoes and residents of Hinesburg sued the company over a section of pipeline that ran through a park.</td>
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<tr>
<th>POLITICS</th>
<th>Election 2016: Vermonters elect Republican governor</th>
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<td></td>
<td>For the first time in decades, a change in leadership swept the state’s three most important political posts: governor, Senate president pro tem and House speaker. Phil Scott, a Republican, was elected to the governor’s office; Tim Ashe, a Progressive/Democrat, took the helm of the Senate; and Democrat Mitzi Johnson was named to the top post in the House.</td>
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The 2016 race for governor was the most expensive in Vermont history. In all, candidates, parties and political groups spent about $14 million.

Expenditures by outside groups reached a new peak. Independent spending backed by the Republican Governors Association (for Scott) and Planned Parenthood (for Minter) exceeded $5.3 million. The candidates were also big spenders. Minter burned through $1.954 million, while Scott spent $1.5 million through Nov. 4. Republican and Democratic primary challengers expended $3.6 million on campaigns.

VTDigger’s campaign finance database, which aggregates contributions by donor from 2009 to 2016, gave readers access to detailed information about contributions from parties, political action committees, unions, businesses and individuals. We published graphs that gave readers at-a-glance information about how much candidates had raised from different types of contributors. We also published information about top donors. The database tracks all contributions to candidates over four election cycles.

VTDigger created a complete voter guide that featured detailed information about each of the gubernatorial candidates, including profiles, campaign finance information, video ads, stories and responses to key questions on issues.

We also published the first general election guide to all of the Vermont House and Senate candidates from every district in the state. The guide included biographical, party and campaign data. Each candidate was asked to cite three reasons why they were running for office.

Phil Scott Elected Governor

When Democratic Gov. Peter Shumlin was first elected in 2010, pundits wrote off the Republican Party and declared that the Democrats would retain a stranglehold on the Statehouse for at least a decade.

Just four years later, the Democrat from Putney barely won re-election against Scott Milne, a little-known Republican candidate. Five months into his third term, Shumlin announced he would not seek re-election.

Three Democrats and two Republicans vied for the open gubernatorial seat in a bruising 2016 primary race. Sue Minter beat Matt Dunne and Peter Galbraith in the Democratic primary, and Phil Scott beat Bruce Lisman in the Republican fight.

In the general election, Scott, the three-term lieutenant governor, business owner and race car driver, defeated Minter, a former state representative and transportation secretary, by 9 percentage points, dominating not only in the state’s rural areas, but also in populous Chittenden County.

Vermonters split their ballots between Republican and Democratic parties. The majority of those who checked the box for Scott rejected Donald Trump, the Republican presidential candidate, and voted for Democrat Hillary Clinton.

VTDigger Hosts Debate

VTDigger partnered with Castleton State College on a general election debate with Republican Phil Scott and Democrat Sue Minter at the Paramount Theatre in Rutland.

The debate drew a politically diverse crowd, including gun rights activists, union representatives, Castleton students, large-scale wind proponents and opponents, economic development boosters and political party officials.
2016 FINANCIAL SUPPORTERS

FOUNDATIONS $1000+

- Acorn Fund
- Boatwright Foundation, Inc.
- Ethics & Excellence in Journalism Foundation
- Fountain Fund
- Fund for Investigative Journalism
- Gay and Lesbian Fund of Vermont
- GDS Legacy Foundation, Inc.
- High Meadows Fund
- Institute for Nonprofit News
- J. Warren and Lois McClure Foundation
- Johnson Family Foundation
- Keelan Family Foundation
- Lintilhac Foundation, Inc.
- Marro Family Private Foundation
- Mathew Rubin Fund
- Meredith Corporation Foundation
- Morris and Bessie Altman Foundation
- Norman J. and Doris Fisher Foundation
- Northeast Kingdom Fund
- Schwab Charitable Fund
- Tulgey Wood Foundation
- Vermont Community Foundation
- Wayne and Deborah Granquist Fund
- Winthrop H. Smith Family Foundation

BENEFACTORS CIRCLE $5000+

- Estate of Kim Gale
- Mark Johnson
- Thomas and Ina Smith Johnson
- John Kern and Valerie Hurley
- Lyman Orton
- Ernie Pomerleau
- Patrick Robins and Lisa Schamberg

LEADING UNDERWRITERS

- Clara Martin Center
- Dartmouth Hitchcock Medical Center
- Downs Rachlin Martin PLLC
- FairPoint Communications
- First Light Fiber
- Gifford Medical Center
- Howard Center
- Merchants Bank
- Rutland Regional Medical Center
- Sovernet
- University of VT Healthcare Network
- Vermont Gas
- Vermont Student Assistance Corporation
- Vermont Telephone Company
- Wind Works

UNDERWRITERS & SPONSORS

- 802Cars
- AAPVT (American Academy of Pediatrics Vermont Chapter)
- Akerman LLP
- American Heart Association
- American Lung Assoc of NE
- Blue Cross Blue Shield of Vermont
- Bullrock Corp
- Capitol Grounds
- Catamount Solar
- Champlain College
- Community Engagement Lab
- Compassion and Choices
- Cookie Love
- Cyclevision
- Davis & Hodgdon Associates CPAs
- Efficiency Vermont
- Ellis Mills
- Tom & Mary Evslin
- Flynn Center For Performing Arts
- Franklin Center
- Green Mountain College
- Green Mountain Power
- Green Up Vermont
- Humane Society of the United States
- Hunger Mountain Co-op
- Josh Fitzhugh for Senate
- Lake Champlain Chocolates
- Let’s Grow Kids
- Louis Meyers For Senate
- Lund Family Center
- Marijuana Policy Project
- Martha’s Vineyard Hospital
- Matt Dunne for VT
- Montpelier Alive
- Northfield Savings Bank
- Orleans County Restorative Justice
- PayData
- Regenerate Vermont
- Renewable Energy Vermont
- Saint Michael’s College
- SAM-VT (Smarter Approaches to Marijuana)
- Sirotkin for Senate
- Snelling Center
- Union Bank
- University of Vermont MPA
- VEIC
- Vermont Coffee Company
- Vermont Employee Ownership Center
- Vermont Environmental Consortium
- Vermont Fuel Dealers Association
- Vermont Historical Society
- Vermont Housing Finance Agency
- Vermont Insurance Agents Association
- Vermont Recruiters Association
- Vermont State Treasurer
- Vermont Vehicle and Automotive Distributor’s Association
- VNRC
- Voices for Vermont’s Children
- VPIRG
- VT Childcare Industry & Career Counsel
- VT Dept of Labor
- VT Economic Development Authority
- VT Fish & Wildlife
- VT Society of Association Executives
- Washington County Mental Health Services
- Way to Go!
- Westview Meadows
- Zuckerman for Vermont

IN-KIND DONORS

- Paramount Theater
- Northern Stage
- Vermont Coffee Company
- Jet Service Envelope
- Timothy Cornell, Esq.
- Castleton University
- GNAT
- Channel 17/Town Meeting TV
- ORCA Media
- PEG TV

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