VERMONT ECONOMIC DEVELOPMENT AUTHORITY

(A Component Unit of the State of Vermont)

Financial Statements
with Supplementary Information

as of and for the Years Ended
June 30, 2011 and 2010

(and Report of Independent Auditors')

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VERMONT ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the State of Vermont)
Financial Statements with Supplementary Information

Table of Contents

Supplementary Schedules

Date of Printing: 09/29/2011

Report on Management's Responsibility

September 23, 2011

Management is responsible for the preparation, integrity and objectivity of this report, the *Financial Statements with Supplementary Information* of the Vermont Economic Development Authority ("VEDA" or the "Authority"). The report was prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), applying certain estimates and judgments as required.

The Authority's internal controls are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets. Such controls are based on established policies and procedures and are implemented by trained, skilled personnel. The Authority's employment policy prescribes that VEDA and all of its employees maintain the highest ethical standards and that its business practices be conducted in a manner that is above reproach.

KPMG LLP, independent auditors, is retained to audit the Authority's financial statements. Their accompanying report is based on an audit conducted in accordance with auditing standards generally accepted in the United States of America, which include consideration of the Authority's internal controls to establish a basis for reliance thereon in determining the nature, timing and extent of audit tests to be applied.

The Members of the Authority fulfill their responsibility for these financial statements through the Authority's Audit Committee, which is comprised of a subset of its Members. The Audit Committee meets periodically with the independent auditors, both privately and with management present, to review accounting, auditing, internal controls and financial reporting matters.

The undersigned management of the Authority certify to the accuracy and completeness of the information contained in these *Financial Statements with Supplementary Information* and to the maintenance and effectiveness of disclosure controls and procedures.

Rosalea W. Bradley, Chief Executive Officer

David E. Carter, Chief Financial Officer

KPMG

KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

Independent Auditor's Report

To the Members of the Authority
Vermont Economic Development Authority

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Vermont Economic Development Authority (the Authority), as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Vermont Economic Development Authority, as of June 30, 2011 and 2010, and the respective changes in financial position, and where applicable cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

September 23, 2011

Introduction

The Vermont Economic Development Authority ("VEDA" or the "Authority") is an instrumentality of the State of Vermont (the "State") whose purpose is to promote economic development in Vermont by providing various forms of financial assistance to commercial and agricultural enterprises.

The financial statements consist of three main parts: management's discussion and analysis (this section; "MD&A"); the basic financial statements which provide both long-term and short-term information about the Authority's overall financial status; and the notes to the financial statements which are an integral part of the report as they provide additional explanation and more detailed information regarding the amounts in the basic financial statements and other significant aspects of the Authority's operations.

The Basic Financial Statements

There are three financial statements that comprise the basic financial statements. The ***Balance Sheet*** presents information on the Authority's assets and liabilities with the difference between the two reported as Net Assets (sometimes referred to as capital or equity). This statement is presented as of the Authority's year end, June 30.

The ***Statement of Revenues, Expenses and Changes in Net Assets*** reports operating revenues and expenses incurred in the normal course of business (operating income or loss) plus non-operating revenues and expenses such as appropriations from the State, transfers between entities, and other transactions of an unusual or non-recurring nature.

The ***Statement of Cash Flows*** reports on the source of changes in cash and cash equivalents for the year. Activities that effect the change in cash are grouped into four categories: (1) operating activities; (2) non-capital financing activities (debt and non-operating related activities); (3) investing activities; and (4) capital related financing activities (purchase and financing of capital assets).

GASB pronouncements define VEDA as a special-purpose governmental entity that is engaged in business type activities. As such, VEDA has many characteristics of a for-profit enterprise. The business type activity with characteristics most similar to VEDA is that of a financial institution. For this reason, **Table 6** (page 9) presents amounts from the *Statement of Revenues, Expenses and Changes in Net Assets* in a format typical for financial institutions. In this format, interest on cash and investments is added to notes receivable interest and interest expense is subtracted to arrive at a subtotal caption "Net Interest Income." The changes in Net Interest Income are discussed in a special section of the MD&A and presented using analytic techniques found in the MD&A section of most financial institutions (see **Tables 9-12** beginning on page 11, and **Table 13** in the section titled *Asset-Liability Management* on page 13*).*

Interest Rate Subsidy Program: The Effect on Changes in Net Assets (Net Income or Loss)

The core of the Authority's business, and the primary source of its total revenue, comes from notes receivable interest (interest on loans). VEDA must set the interest rates on its loans at a level that will generate sufficient revenues, when combined with interest on cash and investments and other revenue, to offset the Authority's interest expense, loan losses and other overhead costs.

In an effort to foster economic development, the State has provided the Vermont Jobs Fund (VJF) and the Vermont Agricultural Credit Corporation (VACC), the Authority's two largest programs with resources for an interest rate subsidy program (Note 12). The resources allow the VJF and VACC to offer loan rates below the level necessary to fully cover operating costs (a "subsidy").

Table 1 shows the resources provided by the State since 2000. A total of $12.9 million has been provided to the VJF and VACC to be used for interest rate subsidies on loans to commercial and agricultural businesses. In 2009, $1.25 million was received in the form of an advance and is included under the caption "Other liability – State of Vermont" on the balance sheet; all other resources were appropriations and is reflected as Restricted Net Assets. In 2010, VEDA received $2.95 million from the State for subsidies. No subsidy funds were received in 2011.

Table 1: Resources For Subsidies

Resources Provided By the State of Vermont and Restricted or Dedicated for Interest Rate Subsidies (Amounts in Thousands)							
Yr/Fund		**VJF**			**VACC**		**TOTAL**
2000-08	$	5,716		$	1,965	$	7,681
2009 (a)		1,250	(a)		1,000		2,250
2010		2,000			950		2,950
2011		0			0		0
Total	**$**	**8,966**		**$**	**3,915**	**$**	**12,881**

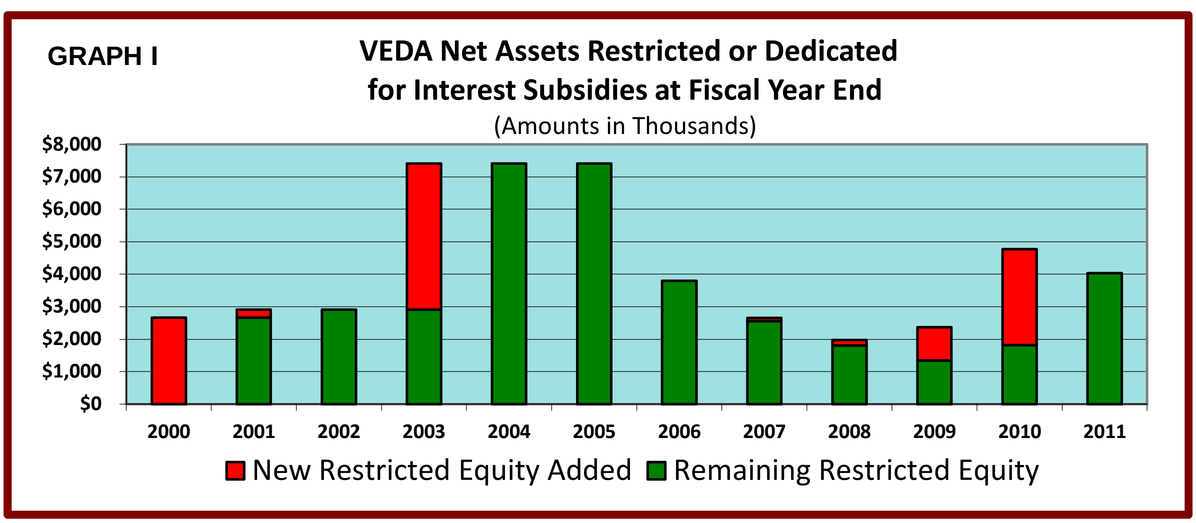
(a) $125 million was an advance and not included in Net Assets.

Table 2 reports the effect on the Change in Net Assets for last three years after adjusting for the interest lost by subsidizing borrower loans. The year to year change in revenues and expenses is discussed in detail under the heading *Revenues, Expenses and Changes in Net Assets: Comparison of 2009 to 2010 and 2010 to 2011* (page 9).

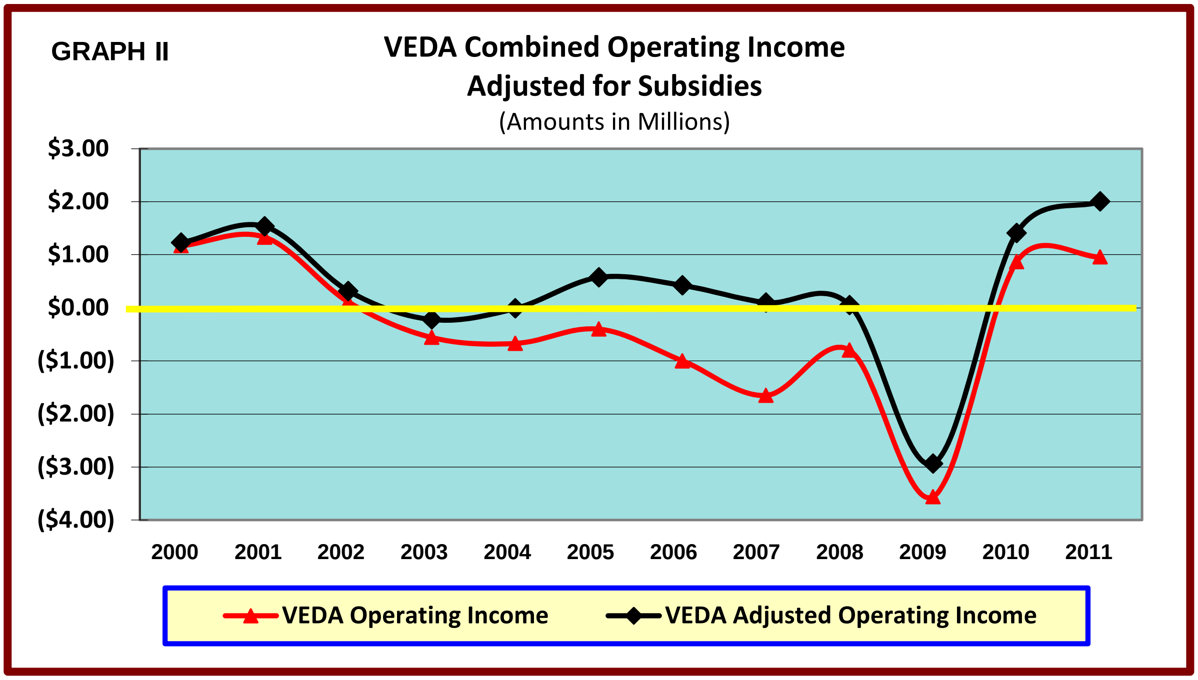
Table 2: Change in Net Assets Adjusted For Subsidies

Amounts in thousands		**2009**		**2010**		**2011**
Revenues	$	4,842	$	7,142	$	8,448
Expenses		(8,401)		(6,273)		(7,487)
Operating (Loss) Income		**(3,559)**		**869**		**961**
Non-operating revenues		1,584		5,888		1,420
Change in Net Assets	**$**	**(1,975)**	**$**	**6,757**	**$**	**2,381**
Adjustment for Subsidies		625		541		1,045
Change in Net Assets Adjusted	**$**	**(1,350)**	**$**	**7,298**	**$**	**3,426**

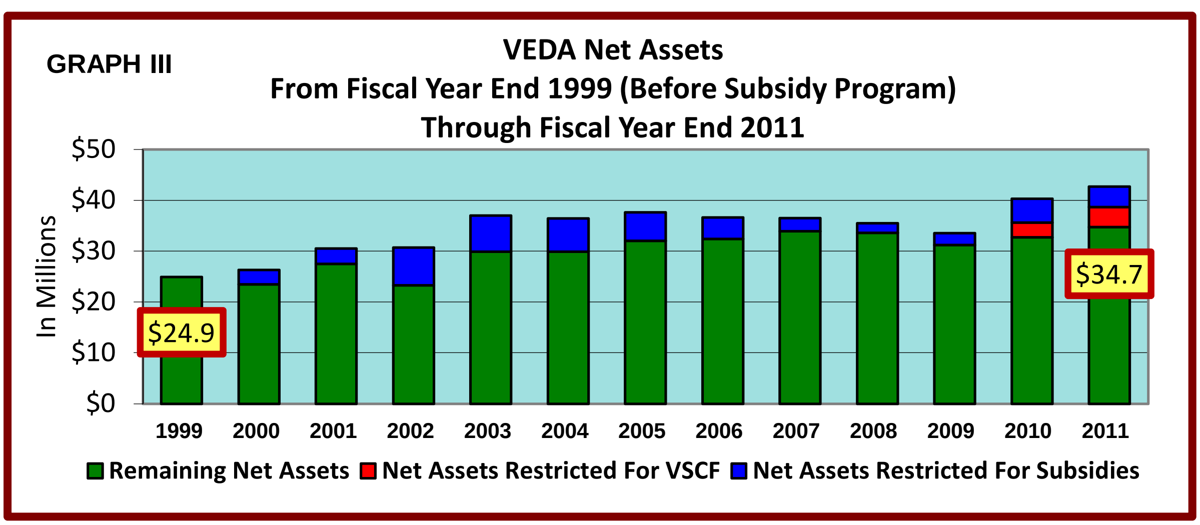
GRAPH I illustrates the amount added to net assets each year for interest subsidies **(red)** plus the amount of any net assets restricted for the subsidy program and unused from prior year **(green)**. Combined this represents the total net assets restricted for subsidies. Each year a portion of the net assets restricted for the subsidy program is "used," reflecting the amount of interest that would have been earned on the subsidized loans if borrowers were charged an interest rate sufficient to cover operating costs.



GRAPH II shows the Authority's Operating Income (or loss) from 2000 through 2011; Operating Income excludes any extraordinary income (i.e. Non-operating). Operating Income, *including* the adjustment for the subsidies **(black line),** is contrasted with operating income *excluding* the adjustment for subsidies **(red line).** The Graph shows that operating income would be positive in every year except 2003 and 2009 when adjusted for the subsidies.



GRAPH III illustrates the changes in total VEDA Net Assets since 1999 (the year before the subsidy program began) through 2011. At the end of 1999, VEDA net assets totaled $24.9 million. At the end of 2011, VEDA net assets totaled $42.7 million of which $4.0 million is restricted for the subsidy program (shown **in blue in GRAPH III**) and $4.0 million of net assets were restricted for investment in the Vermont Seed Capital Fund ("VSCF" and shown in **red** in **GRAPH III)**. The remaining $34.7 million of net assets can be compared with the net assets at the end of 1999. Therefore, since 1999, VEDA has effectively grown its net assets by $9.8 million over the twelve years 2000-2011.



Balance Sheet: Comparison 2009 to 2010 and 2010 to 2011

Table 3: Balance Sheet				**2009 to 2010**		**2010 to 2011**	
Amounts in thousands	**2009**	**2010**	**2011**	***Chg $***	***Chg %***	***Chg $***	***Chg %***
Cash and investments	$ 25,747	$ 27,475	$ 28,828	$ 1,728	7%	$ 1,353	5%
Notes receivable	104,980	119,709	136,319	14,729	14%	16,610	14%
Allowance for losses	(3,317)	(3,834)	(3,726)	(517)	16%	108	-3%
Capital Assets	4,866	4,852	5,072	(14)	0%	220	5%
Other Assets	1,130	1,464	945	334	30%	(519)	-35%
Total Assets	**$ 133,406**	**$ 149,666**	**$ 167,438**	**$ 16,260**	**12%**	**$ 17,772**	**12%**
Commercial paper	$ 82,800	$ 84,500	$ 104,000	$ 1,700	2%	$ 19,500	23%
Notes payable	14,228	22,150	14,074	7,922	56%	(8,076)	-36%
Other liabilities	2,865	2,746	6,712	(119)	-4%	3,966	144%
Total Liabilities	**99,893**	**109,396**	**124,786**	**9,503**	**10%**	**15,390**	**14%**
Restricted net assets	22,434	27,726	28,142	5,292	24%	416	2%
Invested in capital assets, net of debt	1,583	1,651	1,958	68	4%	307	19%
Unrestricted net assets	9,496	10,893	12,552	1,397	15%	1,659	15%
Total Net Assets	**33,513**	**40,270**	**42,652**	**6,757**	**20%**	**2,382**	**6%**
Liabilities and Net Assets	**$ 133,406**	**$ 149,666**	**$ 167,438**	**$ 16,260**	**12%**	**$ 17,772**	**12%**

Table 3 compares the Balance Sheets for VEDA for 2009-2011. **Total assets** *increased* $17.8 million in 2011, which followed an increase in total assets of $16.3 million in 2010. The primary reason for the significant increase in both 2011 and 2010 was the change in notes receivable. Cash disbursed to borrowers totaled $44.3 million in 2011 compared with $33.6 million in 2010 and compared to $28.0 million disbursed in 2009. Principal payments received in 2011 were $26.8 million compared with $18.9 million received in 2010 and $16.2 million of note receivable principal payments received in 2009.

The increase in notes receivable of $16.6 million in 2011 was funded primarily through the draws on commercial paper plus $4.3 million of federal funds received in June 2011 to support VEDA lending programs (Note 13). VEDA increased its commercial paper outstanding by only $19.5 million which coupled with the federal money funded lending and reduced notes payable by $8.1 million. In 2010, the increase in notes receivable was funded by a combination of an increase in notes payable of $7.9 million plus the increase in net assets of $6.8 million.

Allowance for losses is discussed in detail under the heading *Credit Risk Management* (page 8).

Capital assets increased by $220 thousand in 2011, the result of $435 in new capital expenditures less depreciation of $215 thousand. The primary new capital asset related to filling and grading of the land on the site of the VEDA headquarters which had incurred serious erosion problems. In 2010, there was a slight decrease as depreciation of $201 thousand was slightly greater than new capital purchases of $187 thousand.

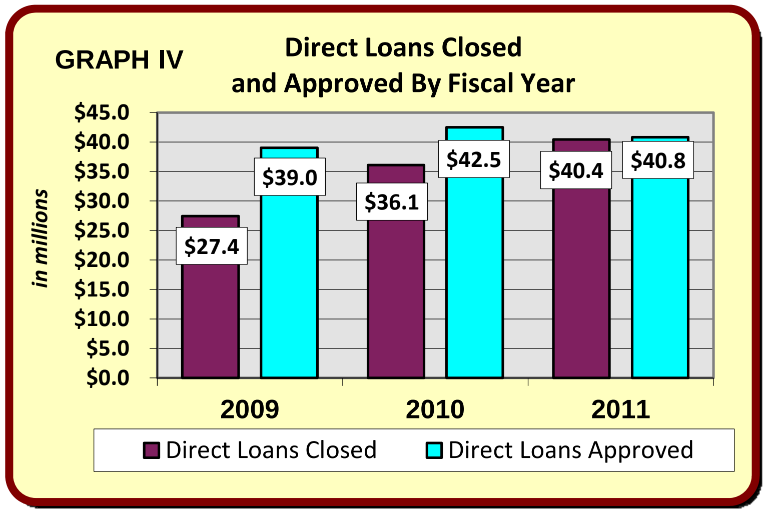
Other assets decreased $519 thousand in 2011, due primarily to $402 thousand of deferred cash inflows related to a derivative financial instrument not included in the 2011 balance sheet plus $130 thousand of real estate acquired through foreclosure that was sold in 2011. In 2010, other assets increased by $334 thousand due primarily to a receivable of $167 thousand for the final draw on a note payable from the USDA (Note 6) and the acquisition of real estate through foreclosure of $130 thousand (Note 4).

Other liabilities increased $4 million due primarily to the receipt of $4.3 million of federal money to support VEDA loan programs; these funds were recorded as deferred revenue until they are used. This increase was offset in part by $402 thousand in "Fair Value Adjustment of Derivative" related to the interest rate swap (Note 3) that was terminated in 2011. In 2010, there was a decrease of $119 thousand due primarily to the increase of $87 thousand in the fair value adjustment for the swap.

Total Net Assets increased by $2.4 million due to the receipt of a $1.1 million appropriation for investment in the Vermont Seed Capital Fund and operating income of $961 thousand. In 2010, total Net Assets increased by $6.8 million as a result of $2.95 million appropriated for interest subsidies (Note 12) and $2.9 million appropriated for the Vermont Seed Capital Fund (Note 3) plus operating income of $869 thousand.

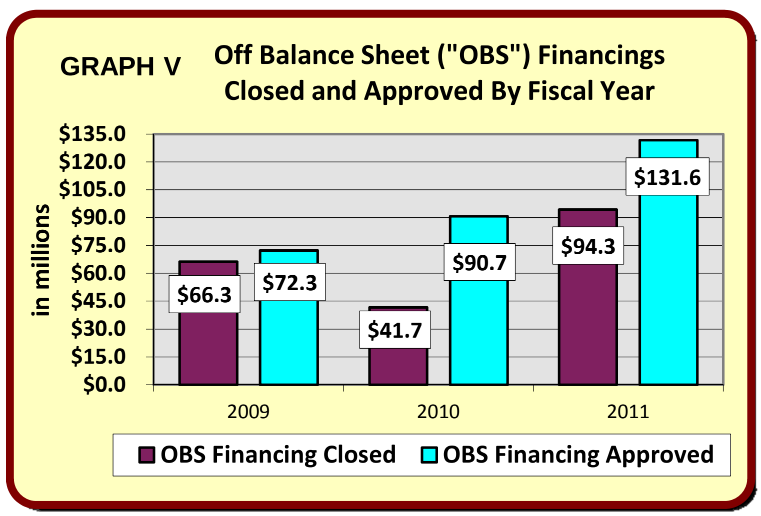
Financing Program Activity

GRAPH IV shows that the Authority *closed* $40.4 million in direct loans (notes receivable) in 2011 compared with $36.1 million closed in 2010 and $27.4 million closed in 2009. Direct loans *approved* in 2011 totaled $40.8 million compared with $42.5 million in 2010 and $39.0 million in 2009.



The Authority has three programs for which the financing volume is not included in the balance sheet of VEDA. These programs are "off balance sheet" and include industrial development bonds, mortgage insurance contracts and loans made under the U.S. Small Business Administration 504 Loan program.

GRAPH V shows that in 2011, the Authority *closed* $94.3 million in off balance sheet ("OBS") financings compared to $41.7 million in 2010 and $66.3 million in 2009. Off balance sheet closings increased in 2011, including $90.3 million in Recovery Zone Facility Bond ("RZFB") authorized under the American Recovery and Reinvestment Act ("ARRA").

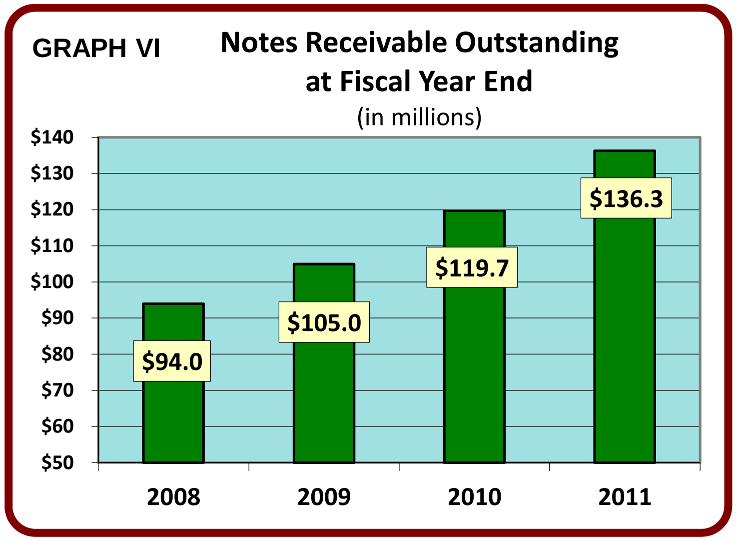


The total in 2010 was lower than 2009 due primarily to the closing of $59.1 million of industrial development bonds (IDBs) compared with closing only $36.0 million of IDBs in 2010.

Off balance sheet *approvals* in 2011 totaled $131.6 million compared to $90.7 million in 2010 and $72.3 million in 2009. A substantial amount of approvals in 2010 and 2011 can be attributed to $135 million of expanded IDB capacity authorized under the RZFB program.

Notes Receivable Outstanding

GRAPH VI shows the outstanding notes receivable at year end for the period 2008 to 2011. The total growth in the three years 2009 through 2011 was 45%. In the three years 2009 through 2011, outstanding notes receivable increased 12%, 14%, and 14%, respectively. The double digit growth in notes receivable in 2009-2011 demonstrates the high demand for VEDA financing, but also creates a need for increased borrowing capacity to fund future loan demand. During 2011, VEDA increased borrowing capability in all of its direct lending programs.



Capital Adequacy

Table 4 details the Authority's net assets, (equity or capital) as a percentage of total assets at June 30, 2011, 2010 and 2009. The Authority must maintain strong levels of net assets relative to total assets to borrow at favorable terms in the capital markets.

Table 4: Net Assets as a % of Total Assets

As of June 30:	VJF	VACC	VEDA
2011	32%	18%	25%
2010	32%	20%	27%
2009	28%	21%	25%

Credit Risk Management

Credit risk is the risk that a borrower will default on the obligation to repay their debts. To provide for this risk the Authority maintains allowances for losses (reserves) on specific notes receivable where a loss is determined to be probable. It also maintains general reserves that are estimated based on historical loss experience, economic conditions, industry concentration and expectation of future events that would adversely affect VEDA borrowers.

Table 5 details the amount of specific and non-specific ("general") allowance for loan losses ("reserves") and the total reserves as a percentage of outstanding notes receivable balances at June 30, 2009 through 2011. Integral to VEDA's mission is the challenge of meeting its economic development objectives while utilizing prudent lending practices.

Table 5: Specific and General Allowance for Loan Losses ('Reserves') at June 30

Total for Years Ending	Total Notes Receivable at June 30:	Specific Reserves at June 30:	General Reserves at June 30:	Total Reserves at June 30:	*Reserves as a % of Total Notes Receivable* Specific	General	Total
2011	**$ 136,319,011**	$ 1,863,100	$ 1,862,600	**$ 3,725,700**	**1.37%**	**1.37%**	**2.73%**
2010	**$ 119,709,038**	$ 2,081,925	$ 1,751,800	**$ 3,833,725**	**1.74%**	**1.46%**	**3.20%**
2009	**$ 104,980,156**	$ 1,968,100	$ 1,348,400	**$ 3,316,500**	**1.87%**	**1.28%**	**3.16%**

The Authority's reserves at June 30, 2011 totaled $3,725,700 or 2.73% of outstanding notes receivable. This compares to an allowance of $3,833,725, or 3.20% of the outstanding notes receivable at the end of 2010 and to an allowance of $3,316,500, or 3.16% of the outstanding notes receivable at the end of 2009. Changes in the allowance are due primarily to provisions for losses and loans that have been charged-off. See Note 4 of the financial statements for detail of the changes in the allowance.

Revenues, Expenses and Changes in Net Assets: Comparison of 2009 to 2010 and 2010 to 2011

Table 6 shows the change in net assets (results of operations) in each of the past three years and details the amount and percent of change from 2009 to 2010 and from 2010 to 2011.

Table 6: Revenues, Expenses & Changes in Net Assets				**2009 to 2010**		**2010 to 2011**	
Amounts in thousands	**2009**	**2010**	**2011**	***Chg $***	***Chg %***	***Chg $***	***Chg %***
Cash and investment interest	$ 816	$ 643	$ 496	$ (173)	-21%	$ (147)	-23%
Notes receivable interest	3,890	4,096	4,576	206	5%	480	12%
less interest expense	2,126	1,137	1,531	(989)	-47%	394	35%
Net Interest Income	**$ 2,580**	**$ 3,602**	**$ 3,541**	**$ 1,022**	**40%**	**$ (61)**	**-2%**
Add other revenues	1,041	1,056	1,434	15	1%	378	36%
Net (decrease) increase in the fair value of investments	(906)	1,347	1,942	2,253	-249%	595	44%
Less provision for loan losses	1,931	1,025	1,702	(906)	-47%	677	66%
Less provision for losses on insured loans	521	70	2	(451)	-87%	(68)	-97%
Less All Other Expenses:							
Staff salaries and benefits	2,132	2,499	2,693	367	17%	194	8%
Professional fees	714	696	496	(18)	-3%	(200)	-29%
Office and administrative expenses & depreciation	976	846	1,063	(130)	-13%	217	26%
Total All Other Expenses	**3,822**	**4,041**	**4,252**	**219**	**6%**	**211**	**5%**
Operating (Loss) Income	**$ (3,559)**	**$ 869**	**$ 961**	**$ 4,428**	**-124%**	**$ 92**	**11%**
Non-operating (expenses) revenues	1,584	5,889	1,420	4,305	272%	(4,469)	-76%
Change in net assets	**$ (1,975)**	**$ 6,758**	**$ 2,381**	**$ 8,733**	**-442%**	**$ (4,377)**	**-65%**

In 2011, VEDA recorded a change in net assets (i.e. net income) of $2.38 million compared to a change in net assets of $6.76 million in 2010 and compared to a change in net assets ($1.98) million in 2009. The 2011 change in net assets was primarily due to $1.4 million in non-operating income (appropriations and deferred appropriations earned) and operating income of $961 thousand. In 2010, the change in net assets of $6.76 million was due to $5.89 million in appropriations combined net operating income of $869 thousand. The 2009 net decrease of $1.98 million was due primarily to investment and loan losses. The change in net interest income, the core of VEDA's operations, changes year to year based on changes in interest rates and also changes in the amount of cash and investments, notes receivable and debt outstanding. **These changes are discussed in detail in the section *Change in Net Interest Income.***

Other Revenue is comprised primarily of fees paid by borrowers, rental income, and fees for servicing non-VEDA programs. Other Revenue in 2011 increased $378 thousand due to the collection of fees for issuing bonds under the previously described RZFB program. Other revenue in 2010 was approximately the same as 2009.

Table 7 details the **net change in the fair value of investments,** including unrealized and realized gains and losses. Fair values of financial assets can fluctuate significantly year to year due to changes in interest rates and the credit risk associated with investment issuers:

Table 7: Change in Fair Value of Investments				2009 to 2010		2010 to 2011	
Amounts in thousands	2009	2010	2011	*Chg $*	*Chg %*	*Chg $*	*Chg %*
Unrealized (losses) gains	$ (511)	$ 1,193	$ 1,180	$ 1,704	-333%	$ (13)	-1%
Realized gains (losses)	(395)	154	762	549	-139%	608	395%
Net Change in Fair Value	**$ (906)**	**$ 1,347**	**$ 1,942**	**$ 2,253**	**-249%**	**$ 595**	**44%**

In 2009, the value of equity securities plummeted resulting in significant unrealized losses. Also in 2009, there was a permanent impairment (a realized loss) of $249 thousand related to the downgrade of a single issuer of debt securities. In 2010 and 2011, equity values rebounded, recouping the value lost in 2009 and adding unrealized gains.

Provision for loan losses increased in 2011 by $677 thousand following a decline of $906 thousand in 2010. As with the $1.9 million of loss provisions in 2009 which was due primarily to a single $715 thousand provision for a development corporation loan, the loss provisions in 2011 were impacted by provisions of $695 thousand and $588 thousand for two VJF borrowers.

Provision for losses on insured loans were relatively small in 2011 and 2010 compared with 2009 which included a large loss on a loan insured under the Mortgage Insurance Program. The losses in 2011 and 2010 related to the FAP program.

All other expenses increased $211 thousand or 5% in 2011 and increased $219 thousand or 6% in 2010 compared to 2009. The components are discussed in more detail below:

Staff salaries and benefits increased by $194 thousand or 8% in 2011 related to a full year of expense for employees added in 2010. In 2010, the increase was $367 thousand or 17% in compared with 2009. VEDA began adding staff midway through 2009 and into 2010 to assist with the significant growth in loan origination and servicing (3 loan officers, 1 loan closing officer and 1 administrative assistant).

Professional fees decreased $200 thousand in 2011, or -29% compared to a decrease of $18 thousand in 2010 or -3%. Non-recurring consulting fees in 2010 combined with the recovery of legal and consulting fees in 2011 that were incurred in prior periods accounted for the decline in 2011. In addition to auditing and legal expense, the Authority uses consultants for information technology, loan work outs, human resource management, collateral inspections and appraisals.

Table 8 below details the changes in **Office and Administrative Expense and Depreciation** (including Occupancy) over the past three years:

Table 8: Office and Administrative Expenses (including Occupancy expenses) and Depreciation				2009 to 2010		2010 to 2011	
Amounts in thousands	2009	2010	2011	*Chg $*	*Chg %*	*Chg $*	*Chg %*
Office & Administrative	$ 580	$ 430	$ 597	$ (150)	-26%	$ 167	39%
Occupancy	219	215	251	(4)	-2%	36	17%
Depreciation	177	201	215	24	14%	14	7%
Office and Administrative Expenses and Depreciation	**$ 976**	**$ 846**	**$ 1,063**	**$ (130)**	**-13%**	**$ 217**	**26%**

Office and administrative expenses and depreciation increased $217 thousand or 26% compared with a decrease of $131 thousand, or -13% in 2010. The change is primarily due to a swing of $170 thousand of collection expense. Additional increases in 2011 included of $23 thousand in facility related expenses, $18 thousand in additional depreciation and $10 thousand more in marketing expense.

Changes in Net Interest Income: 2010 To 2011

Table 9 sets forth information regarding the total dollar amount of interest income earned on interest earning assets (excluding the change in fair value) and the resultant average yields; and the total dollar amount of interest expense on interest bearing liabilities and the resultant average cost. Information is based on average monthly balances.

Table 9: Average Balance Sheet and Yield/Cost Comparison, 2010 to 2011
Dollar amounts in thousands (Table excludes Net Increase (Decrease) in Fair Value)

Interest Earning Assets and Interest Bearing Liabilities	2010 Average Balance	2010 Income or Expense	2010 Yield or Cost	2011 Average Balance	2011 Income or Expense	2011 Yield or Cost	Income or Expense Change
Interest earning assets and income:							
Cash and investments	$ 26,692	$ 643	2.41%	$ 29,812	$ 496	1.66%	$ (147)
Notes receivable, net of allowance	109,800	4,096	3.73%	125,113	4,576	3.66%	480
Total interest earning assets	**$ 136,492**	**$ 4,739**	**3.47%**	**$ 154,925**	**$ 5,072**	**3.27%**	**$ 333**
Interest bearing liabilities and expense:							
Notes payable	$ 19,077	$ 319	1.67%	$ 24,910	$ 400	1.61%	$ 81
Commercial paper	84,075	818	0.97%	91,330	1,131	1.24%	313
Total interest bearing liabilities	**$ 103,152**	**$ 1,137**	**1.10%**	**$ 116,240**	**$ 1,531**	**1.32%**	**$ 394**
Net Interest Income (and as % of earning assets)		**$ 3,602**	**2.64%**		**$ 3,541**	**2.29%**	**$ (61)**

Table 9 indicates the average yield on earning assets decreased from 3.47% in 2010 to 3.27% in 2011 and the average cost of interest bearing liabilities increased from 1.10% in 2010 to 1.32% in 2011.

Table 10 sets forth information regarding changes in interest income and interest expense for 2011 compared to 2010. For each category of interest earning assets and interest bearing liabilities presented in **Table 9**, information is presented in **Table 10** with respect to: (1) Change in rate (change in rate multiplied by prior year average balance); (2) Change in volume (change in average balance multiplied by prior year rate); and (3) Change in rate/volume (change in rate multiplied by change in average balance).

Table 10: Change in Net Interest Income From 2010 to 2011
Dollar amounts in thousands (Table excludes Net Increase (Decrease) in Fair Value)

For Year Ended June 30, 2011 and 2010 Increases (Decreases) Due To Changes In:	Rate	Volume	Rate/ Volume	Total
Income on interest earning assets:				
Cash and investments	$ (199)	$ 75	$ (23)	$ (147)
Notes receivable, net of allowance	(80)	571	(11)	480
Total income on interest earning assets	**(279)**	**646**	**(34)**	**333**
Expense on interest bearing liabilities:				
Notes payable	(13)	98	(4)	81
Commercial paper	223	71	19	313
Total expense on interest bearing liabilities	**210**	**169**	**15**	**394**
Changes in net interest income	**$ (489)**	**$ 477**	**$ (49)**	**$ (61)**

Table 10 shows that *Total Income on Interest Earning Assets* increased by $324 thousand in 2011 compared with 2010 and of that, $646 thousand of the change was due to an increase in volume offset by ($287) thousand due to a decrease in rates. *Total Expense on Interest Bearing Liabilities* increased by $394 thousand in 2011 with $210 thousand due to higher rates (specifically $434 thousand more in debt issuance costs, offset by lower interest expense). Additional debt outstanding contributed $169 thousand to the increase in the costs related to interest bearing liabilities.

Table 11 sets forth the same information as **Table 9**, but for the 2010 and 2009.

Table 11: Average Balance Sheet and Yield/Cost Comparison, 2009 to 2010
Dollar amounts in thousands (Table excludes Net Increase (Decrease) in Fair Value)

Interest Earning Assets and Interest Bearing Liabilities	2009 Average Balance	2009 Income or Expense	2009 Yield or Cost	2010 Average Balance	2010 Income or Expense	2010 Yield or Cost	Income or Expense Change
Interest earning assets and income:							
Cash and investments	$ 27,186	$ 816	3.00%	$ 26,692	$ 643	2.41%	$ (173)
Notes receivable, net of allowance	97,739	3,890	3.98%	109,800	4,096	3.73%	206
Total interest earning assets	**$ 124,925**	**$ 4,706**	**3.77%**	**$ 136,492**	**$ 4,739**	**3.47%**	**$ 33**
Interest bearing liabilities and expense:							
Notes payable	$ 20,109	$ 477	2.37%	$ 19,077	$ 319	1.67%	$ (158)
Commercial paper	71,675	1,649	2.30%	84,075	818	0.97%	(831)
Total interest bearing liabilities	**$ 91,784**	**$ 2,126**	**2.32%**	**$ 103,152**	**$ 1,137**	**1.10%**	**$ (989)**
Net Interest Income (and as % of earning assets)		**$ 2,580**	**2.07%**		**$ 3,602**	**2.64%**	**$ 1,022**

Table 12 presents the same information regarding **Table 11** as **Table 10** presented relative to **Table 9** for 2010 with 2009.

Table 12: Change in Net Interest Income From 2009 to 2010
Dollar amounts in thousands (Table excludes Net Increase (Decrease) in Fair Value)

For Year Ended June 30, 2010 and 2009 Increases (Decreases) Due To Changes In:	Rate	Volume	Rate/ Volume	Total
Income on interest earning assets:				
Cash and investments	$ (161)	$ (15)	$ 3	$ (173)
Notes receivable, net of allowance	(244)	480	(30)	206
Total income on interest earning assets	**(405)**	**465**	**(27)**	**33**
Expense on interest bearing liabilities:				
Notes payable	(141)	(24)	7	(158)
Commercial paper	(951)	285	(165)	(831)
Total expense on interest bearing liabilities	**(1,092)**	**261**	**(158)**	**(989)**
Changes in net interest income	**$ 687**	**$ 204**	**$ 131**	**$ 1,022**

Asset-Liability Management

Asset-Liability Management is the management of the various risks inherent in financial instruments such as investments, loans and debt. One significant risk is market risk, or the sensitivity of future income to changes in interest rates. Management minimizes market risk primarily by matching the variable characteristics of its loans as closely as possible with the variable characteristics of its underlying debt.

Table 13: Gap Repricing/Maturity Analysis *Dollar amounts in thousands*

Repricing Horizon at June 30, 2011	Within 3 Months	3 Months to 1 Year	1 year to 5 Years	5 years to 25 Years	Non-Earning Non-Costing	Total
Cash and cash equivalents	$ 2,333	$ 0	$ 0	$ 0	$ 0	$ 2,333
Investments	687	2,060	11,560	8,148	4,040	26,495
Notes receivable	125,243	779	10,906	3,116	0	140,044
Other	0	0	0	0	6,017	6,017
Total assets	**$ 128,263**	**$ 2,839**	**$ 22,466**	**$ 11,264**	**$ 10,057**	**$ 174,889**
Debt	$ 109,073	$ 219	$ 1,482	$ 5,023	$ 2,370	$ 118,167
Other liabilities and net assets	503	1,074	3,042	869	43,875	49,363
Total liabilities & net assets	**$ 109,576**	**$ 1,293**	**$ 4,524**	**$ 5,892**	**$ 46,245**	**$ 167,530**
Repricing "Gap"	***$ 18,687***	***$ 1,546***	***$ 17,942***	***$ 5,372***	***$ (36,188)***	***$ 7,359***

Table 13 is a "Gap Analysis," and shows the "gap" or the mismatching of assets, liabilities and net assets, based on the earlier of the repricing date for variable rate instruments or maturity date:

The Authority's "repricing gap" indicates that $12.0 million more assets mature or have interest rates that reset within the next three months than debt or other liabilities and net assets. When more assets reprice than liabilities in a period of rising interest rates, net interest income would increase; conversely, when interest rates decline, net interest income would decline.

Table 13 illustrates the degree to which Management has succeeded in matching the amount of debt repricing in any period with the amount of notes receivable repricing in the same period. **Table 13** indicates that the $109 million of debt repricing in the next three months is used to fund the $119 million of notes receivable that are also repricing in the next three months.

Statement of Cash Flows

The cash flow statement provides important information about how the Authority utilizes the cash flows from its business operations. Operations are grouped by four categories of activities: *Operating Activities* include the disbursing and collecting on notes receivable and paying for operating expenses; Non-*Capital Financing Activities* include proceeds and payments on notes payable and commercial paper, as well as non-operating revenues or expenses; Investing *Activities* are the result of investment purchases and sales; and *Capital Investment Activities* the purchase and financing of capital assets and related repayments.

Table 14: Statement of Cash Flows				**2009 to 2010**		**2010 to 2011**	
Amounts in thousands	**2009**	**2010**	**2011**	***Chg $***	***Chg %***	***Chg $***	***Chg %***
Cash flows provided by or (used for) various activities are presented as positive or (negative) numbers, respectively:							
Principal Payments Received	16,185	18,902	26,862	2,717	17%	7,960	42%
Principal Disbursed on Loans	(27,994)	(33,641)	(44,278)	(5,647)	20%	(10,637)	32%
All Other Operating Activities	1,355	989	2,364	(366)	-27%	1,375	139%
Operating Activities	**$ (10,454)**	**$ (13,750)**	**$ (15,052)**	**$ (3,296)**	**32%**	**$ (1,302)**	**9%**
Non-Capital Financing Acitivities	10,807	13,879	14,611	3,072	28%	732	5%
Investing Activities	(66)	(683)	1,251	(617)	935%	1,934	-283%
Capital Investment Activities	(949)	(410)	(657)	539	-57%	(247)	60%
Net (decrease) increase in cash and cash equivalents	**$ (662)**	**$ (964)**	**$ 153**	**$ (302)**	**46%**	**$ 1,117**	**-116%**

Table 14 illustrates how in 2010 and 2011 the disbursements on notes receivable were greater than principal payments received (*Operating Activities*). This need for cash to fund the net outflow to VEDA borrowers resulted in an increase in cash provided by borrowings (*Non-Capital Financing Activities*).

Final Comments

This was another challenging year for the economy. The State and the nation continue show very slow economic and job growth. VEDA plays a vital role in stimulating economic activity and creating jobs, so 2011 was another year of considerable new activity. It was also a year where the Authority received significant federal funds to supplement State funds received last year to support VEDA programs. Low borrowing rates continue help VEDA provide low rates to its borrowers with less of an adverse impact on its net interest margin.

The Authority received $4.3 million of a total federal government transfer of $13.2 million for the interest subsidy program and to supplement a new capital access program to replace the FAP. These funds are in addition to the $2.95 million received for interest subsidies in 2010. The funds allow VEDA to continue the programs that have proven successful in stimulating economic activity and creating jobs. Loan volume continued to surge in 2011 in even greater amounts than they did 2010 and 2009. VEDA programs continue to be used to assist business by lowering financing costs, expanding access to capital and by incenting financial institutions to lend more by mitigating some of their credit risk. VEDA continues to modify programs and improve the delivery of its financing products to the businesses and farmers of Vermont.

If there are questions regarding the information contained in this report, please contact the Authority's Chief Financial Officer, David E. Carter.
Also, visit the VEDA website at www.veda.org

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Balance Sheet as of June 30, 2011

Assets	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Current Assets:				
Cash and cash equivalents:				
Unrestricted	$ 801,952	$ 124,685	$ 1,078,461	$ 2,005,098
Restricted	79,192	0	248,540	327,732
Total cash and cash equivalents	881,144	124,685	1,327,001	2,332,830
Notes receivable	5,015,889	4,193,732	1,688,233	10,897,854
Accrued interest receivable	125,969	74,723	28,610	229,302
Other assets	575,704	135,492	3,220	714,416
Total current assets	6,598,706	4,528,632	3,047,064	14,174,402
Investments				
Unrestricted	2,000,000	455,356	0	2,455,356
Restricted	24,040,000	0	0	24,040,000
Total investments	26,040,000	455,356	0	26,495,356
Notes receivable, less current portion	58,434,118	56,459,501	10,527,538	125,421,157
Less allowance for loan losses	(2,325,300)	(736,400)	(664,000)	(3,725,700)
Notes receivable, less current portion, net of allowance	56,108,818	55,723,101	9,863,538	121,695,457
Capital assets, net of accumulated depreciation	5,072,367	0	0	5,072,367
Total assets	**$ 93,819,891**	**$ 60,707,089**	**$ 12,910,602**	**$ 167,437,582**
Liabilities				
Current Liabilities:				
Commercial paper	$ 104,000,000	$ 0	$ 0	$ 104,000,000
Interfund notes (receivable) payable	(48,400,000)	44,550,000	3,850,000	0
Notes payable	118,745	5,000,000	172,704	5,291,449
Escrow and reserve accounts	11,425	3,049	185,145	199,619
Accounts payable and accrued expenses	712,067	185,920	2,152	900,139
Interfund accounts (receivable) payable	(154,759)	95,694	59,065	0
Due to State of Vermont	0	0	62,827	62,827
Other liability - State of Vermont	1,142,663	0	0	1,142,663
Deferred revenue for federal program	3,314,312	0	1,031,243	4,345,555
Accrued interest payable	22,445	13,951	24,235	60,631
Total current liabilities	60,766,898	49,848,614	5,387,371	116,002,883
Notes payable, less current portion	2,995,859	0	5,787,016	8,782,875
Total liabilities	**$ 63,762,757**	**$ 49,848,614**	**$ 11,174,387**	**$ 124,785,758**
Net Assets				
Restricted				
For commercial paper collateral	20,067,767	0	0	20,067,767
For Vermont seed capital fund	4,040,000	0	0	4,040,000
For interest rate subsidies	2,542,937	1,491,532	0	4,034,469
Total restricted net assets	26,650,704	1,491,532	0	28,142,236
Invested in capital assets, net of debt	1,957,763	0	0	1,957,763
Unrestricted net assets	1,448,667	9,366,943	1,736,215	12,551,825
Total net assets	**$ 30,057,134**	**$ 10,858,475**	**$ 1,736,215**	**$ 42,651,824**
Total liabilities and net assets	**$ 93,819,891**	**$ 60,707,089**	**$ 12,910,602**	**$ 167,437,582**

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Balance Sheet as of June 30, 2010

Assets	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Current Assets:				
Cash and cash equivalents:				
Unrestricted	$ 1,018,744	$ 64,244	$ 821,879	$ 1,904,867
Restricted	62,898	0	211,951	274,849
Total cash and cash equivalents	1,081,642	64,244	1,033,830	2,179,716
Notes receivable	5,200,125	3,985,178	1,244,530	10,429,833
Accrued interest receivable	83,572	60,769	18,851	163,192
Other assets	599,859	129,693	168,754	898,306
Total current assets	6,965,198	4,239,884	2,465,965	13,671,047
Investments				
Unrestricted	2,000,000	395,559	0	2,395,559
Restricted	22,900,000	0	0	22,900,000
Total investments	24,900,000	395,559	0	25,295,559
Notes receivable, less current portion	54,638,056	46,997,172	7,643,977	109,279,205
Less allowance for loan losses	(2,359,425)	(786,400)	(687,900)	(3,833,725)
Notes receivable, less current portion, net of allowance	52,278,631	46,210,772	6,956,077	105,445,480
Deferred cash inflows from derivative instrument	401,879	0	0	401,879
Capital assets, net of accumulated depreciation	4,852,331	0	0	4,852,331
Total assets	**$ 89,398,039**	**$ 50,846,215**	**$ 9,422,042**	**$ 149,666,296**
Liabilities				
Current Liabilities:				
Commercial paper	$ 84,500,000	$ 0	$ 0	$ 84,500,000
Interfund notes (receivable) payable	(29,025,000)	26,200,000	2,825,000	0
Notes payable	86,262	14,250,000	146,899	14,483,161
Escrow and reserve accounts	11,184	0	175,205	186,389
Accounts payable and accrued expenses	480,314	85,024	1,286	566,624
Interfund accounts (receivable) payable	(105,533)	83,859	21,674	0
Due to State of Vermont	0	0	35,827	35,827
Other liability - State of Vermont	1,450,206	0	0	1,450,206
Accrued interest payable	61,770	25,835	17,307	104,912
Total current liabilities	57,459,203	40,644,718	3,223,198	101,327,119
Notes payable, less current portion	3,114,615	0	4,552,236	7,666,851
Fair value of derivative instrument	401,879	0	0	401,879
Total liabilities	**$ 60,975,697**	**$ 40,644,718**	**$ 7,775,434**	**$ 109,395,849**
Net Assets				
Restricted				
For commercial paper collateral	20,051,714	0	0	20,051,714
For investment in Vermont Seed Capital Fund, LP	2,900,000	0	0	2,900,000
For interest rate subsidies	2,993,923	1,780,852	0	4,774,775
Total restricted net assets	25,945,637	1,780,852	0	27,726,489
Invested in capital assets, net of debt	1,651,454	0	0	1,651,454
Unrestricted net assets	825,251	8,420,645	1,646,608	10,892,504
Total net assets	**$ 28,422,342**	**$ 10,201,497**	**$ 1,646,608**	**$ 40,270,447**
Total liabilities and net assets	**$ 89,398,039**	**$ 50,846,215**	**$ 9,422,042**	**$ 149,666,296**

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Operating Revenues:				
Cash and investment interest	$ 491,802	$ 2,459	$ 1,670	$ 495,931
Net increase in fair value of investments	1,942,483	0	0	1,942,483
Notes receivable interest	1,772,780	2,279,568	524,036	4,576,384
Other revenues	959,054	179,262	295,178	1,433,494
Total operating revenues	5,166,119	2,461,289	820,884	8,448,292
Operating Expenses:				
Interest on commercial paper and notes payable	1,253,782	227,964	49,043	1,530,789
Interfund interest (revenue) expense	(395,524)	352,182	43,342	0
Provision for loan losses	1,309,133	(15,235)	408,125	1,702,023
Provision for losses on insured loans	0	0	1,962	1,962
Staff salaries, expenses, and benefits	2,140,873	552,536	0	2,693,409
Professional fees	281,694	171,144	43,368	496,206
Office and administrative expenses	848,192	0	0	848,192
Interfund (revenue) expense allocation	(850,153)	515,720	334,433	0
Depreciation of capital assets	214,747	0	0	214,747
Total operating expenses	4,802,744	1,804,311	880,273	7,487,328
Operating income (loss)	**363,375**	**656,978**	**(59,389)**	**960,964**
Non-operating Revenue (Expense):				
Appropriation from State of Vermont	1,140,000	0	0	1,140,000
Deferred appropriation earned	305,451	0	0	305,451
Non-operating expense to State of Vermont	0	0	(25,038)	(25,038)
Interfund non-operating (expense) revenue	(174,034)	0	174,034	0
Total non-operating revenues	1,271,417	0	148,996	1,420,413
Net increase in net assets	**1,634,792**	**656,978**	**89,607**	**2,381,377**
Net assets at beginning of year	28,422,342	10,201,497	1,646,608	40,270,447
Net assets at end of year	**$ 30,057,134**	**$ 10,858,475**	**$ 1,736,215**	**$ 42,651,824**

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Operating Revenues:				
Cash and investment interest	$ 638,764	$ 2,535	$ 2,014	$ 643,313
Net increase in fair value of investments	1,346,631	0	0	1,346,631
Notes receivable interest	1,759,009	1,961,206	375,893	4,096,108
Other revenues	611,708	98,957	345,734	1,056,399
Total operating revenues	4,356,112	2,062,698	723,641	7,142,451
Operating Expenses:				
Interest on commercial paper and notes payable	937,789	161,167	37,837	1,136,793
Interfund interest (income) expense	(358,526)	330,190	28,336	0
Provision for loan losses	648,348	156,091	220,346	1,024,785
Provision for losses on insured loans	0	0	69,670	69,670
Staff salaries, expenses, and benefits	1,986,796	512,557	0	2,499,353
Professional fees	446,730	204,558	44,892	696,180
Office and administrative expenses	644,788	0	0	644,788
Interfund expense allocation	(791,061)	501,584	289,477	0
Depreciation on capital assets	201,414	0	0	201,414
Total operating expenses	3,716,278	1,866,147	690,558	6,272,983
Operating income	**639,834**	**196,551**	**33,083**	**869,468**
Non-Operating Revenue:				
Appropriation from State of Vermont	4,900,000	950,000	0	5,850,000
Non-operating revenue from State of Vermont	0	0	38,351	38,351
Interfund non-operating (expense) revenue	(375,000)	0	375,000	0
Total non-operating revenue	4,525,000	950,000	413,351	5,888,351
Net increase in net assets	**5,164,834**	**1,146,551**	**446,434**	**6,757,819**
Net assets at beginning of year	23,257,508	9,054,946	1,200,174	33,512,628
Net assets at end of year	$ 28,422,342	$ 10,201,497	$ 1,646,608	$ 40,270,447

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Cash Flows
For the Year Ended June 30, 2011

	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Cash flows from operating activities:				
Interest received on notes receivable	$ 1,717,773	$ 2,208,789	$ 511,341	$ 4,437,903
Other revenues received	959,054	179,262	295,178	1,433,494
Operating expenses paid other than interest	(2,213,924)	(1,132,468)	(174,010)	(3,520,402)
Borrower escrow funds received	0	3,049	1,376	4,425
Receipts from participating banks, net	0	0	8,564	8,564
Rental deposits received from lessees, net	241	0	0	241
Principal received on notes receivable	12,306,494	13,467,407	1,088,081	26,861,982
Principal disbursed on notes receivable	(17,261,578)	(22,171,854)	(4,844,434)	(44,277,866)
Net cash used for operating activities	(4,491,940)	(7,445,815)	(3,113,904)	(15,051,659)
Cash flows from non-capital financing activities:				
Interest paid on commercial paper and notes payable	(1,157,209)	(239,848)	(42,115)	(1,439,172)
Interest received (paid) on interfund notes payable	395,524	(352,182)	(43,342)	0
Federal program funds received	3,314,312		1,031,243	4,345,555
Appropriation received from State of Vermont	1,140,000	0	0	1,140,000
Interfund non-operating (expense paid) income received	(174,034)	0	174,034	0
Repurchased sold notes receivable	0	(944,376)	0	(944,376)
Non-operating income from the State of Vermont	0	0	1,962	1,962
Grants disbursed on behalf of the State	(2,092)	0	0	(2,092)
Proceeds from issuance of commercial paper	645,240,000	0	0	645,240,000
Payments on maturing commercial paper	(625,740,000)	0	0	(625,740,000)
Proceeds (disbursed) received on interfund notes payable	(26,325,000)	24,500,000	1,825,000	0
Payments received (paid) on interfund notes payable	6,950,000	(6,150,000)	(800,000)	0
Proceeds from notes payable	0	12,750,000	1,407,500	14,157,500
Payments on notes payable	0	(22,000,000)	(146,915)	(22,146,915)
Payments to banks for losses on insured loans, net	0	0	(1,962)	(1,962)
Net cash provided by non-capital financing activities	3,641,501	7,563,594	3,405,405	14,610,500
Cash flows from investing activities:				
Redemption or sale of investments	64,406,708	0	0	64,406,708
Purchase of investments	(63,604,225)	(59,797)	0	(63,664,022)
Income received on cash and investments	504,412	2,459	1,670	508,541
Net cash provided by (used for) investing activities	1,306,895	(57,338)	1,670	1,251,227
Cash flows from capital and related financing activities:				
Purchase of capital assets	(434,783)	0	0	(434,783)
Payments on mortgage note payable	(86,273)	0	0	(86,273)
Interest paid on mortgage note payable	(135,898)	0	0	(135,898)
Net cash used for capital and related financing activities	(656,954)	0	0	(656,954)
Net (decrease) increase in cash and cash equivalents	**(200,498)**	**60,441**	**293,171**	**153,114**
Cash and cash equivalents at beginning of year	1,081,642	64,244	1,033,830	2,179,716
Cash and cash equivalents at end of year	**$ 881,144**	**$ 124,685**	**$ 1,327,001**	**$ 2,332,830**

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Cash Flows
For the Year Ended June 30, 2011

	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Reconciliation of Operating Income (Loss) to Net Cash Used For Operating Activities:				
Operating income	$ 363,375	$ 656,978	$ (59,389)	$ 960,964
Adjustments to reconcile operating income to net cash used for operating activities:				
Interest income on investment activities	(491,802)	(2,459)	(1,670)	(495,931)
Net increase in fair value of investments	(1,942,483)	0	0	(1,942,483)
Interest expense for commercial paper and notes payable	1,253,782	227,964	49,043	1,530,789
Interest (received) paid for interfund financing activities	(395,524)	352,182	43,342	0
Provision for loan losses	1,309,133	(15,235)	408,125	1,702,023
Provision for losses on insured loans	0	0	1,962	1,962
Repurchase sold note receivable	0	944,376		944,376
Depreciation expense	214,747	0	0	214,747
Changes in assets and liabilities:				
Notes receivable	(3,611,826)	(9,670,883)	(3,327,264)	(16,609,973)
Allowance for loan losses	(1,343,258)	(34,765)	(432,025)	(1,810,048)
Accrued interest on notes receivable	(55,007)	(13,954)	(9,759)	(78,720)
Other assets	24,155	(5,799)	165,534	183,890
Escrow and reserve accounts	241	3,049	9,940	13,230
Accounts payable and accrued expenses	231,753	100,896	866	333,515
Interfund accounts (receivable) payable	(49,226)	11,835	37,391	0
Net cash used for operating activities	$ (4,491,940)	$ (7,445,815)	$ (3,113,904)	$ (15,051,659)

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Cash Flows
For the Year Ended June 30, 2010

	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Cash flows from operating activities:				
Interest received on notes receivable	$ 1,812,591	$ 1,967,779	$ 374,423	$ 4,154,793
Other revenues received	611,708	98,957	345,734	1,056,399
Operating expenses paid other than interest	(2,202,317)	(1,493,614)	(529,204)	(4,225,135)
Receipts from participating banks, net	0	0	4,625	4,625
Rental deposits paid to lessees, net	(2,022)	0	0	(2,022)
Principal received on notes receivable	7,124,936	10,406,321	1,370,419	18,901,676
Principal disbursed on notes receivable	(11,465,175)	(17,981,993)	(4,193,646)	(33,640,814)
Net cash used for operating activities	(4,120,279)	(7,002,550)	(2,627,649)	(13,750,478)
Cash flows from non-capital financing activities:				
Interest paid on commercial paper and notes payable	(814,049)	(145,390)	(33,446)	(992,885)
Interest received (paid) on interfund notes payable	358,526	(330,190)	(28,336)	0
Appropriation received from State of Vermont	4,900,000	950,000	0	5,850,000
Interfund non-operating (expense paid) income received	(375,000)	0	375,000	0
Interfund transfer of notes receivable for cash	(148,626)	0	148,626	0
Repurchased sold notes receivable	0	(497,304)	0	(497,304)
Program paid to State of Vermont	(673)	0	0	(673)
Non-operating income from the State of Vermont	0	0	6,494	6,494
Grants disbursed on behalf of the State	(121,734)	0	0	(121,734)
Proceeds from issuance of commercial paper	659,400,000	0	0	659,400,000
Payments on maturing commercial paper	(657,700,000)	0	0	(657,700,000)
Proceeds (disbursed) received on interfund notes payable	(4,700,000)	3,000,000	1,700,000	0
Payments received (paid) on interfund notes payable	3,875,000	(3,500,000)	(375,000)	0
Proceeds from notes payable	0	6,650,000	1,500,000	8,150,000
Payments on notes payable	0	0	(145,445)	(145,445)
Payments to banks for losses on insured loans, net	0	0	(69,670)	(69,670)
Net cash provided by non-capital financing activities	4,673,444	6,127,116	3,078,223	13,878,783
Cash flows from investing activities:				
Redemption or sale of investments	30,816,346	0	0	30,816,346
Purchase of investments	(32,126,690)	(35,473)	0	(32,162,163)
Income received on cash and investments	658,292	2,535	2,014	662,841
Net cash (used for) provided by investing activities	(652,052)	(32,938)	2,014	(682,976)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(187,427)	0	0	(187,427)
Payments on mortgage note payable	(82,646)	0	0	(82,646)
Interest paid on mortgage note payable	(139,550)	0	0	(139,550)
Net cash used for capital and related financing activities	(409,623)	0	0	(409,623)
Net (decrease) increase in cash and cash equivalents	**(508,510)**	**(908,372)**	**452,588**	**(964,294)**
Cash and cash equivalents at beginning of year	1,590,152	972,616	581,242	3,144,010
Cash and cash equivalents at end of year	**$ 1,081,642**	**$ 64,244**	**$ 1,033,830**	**$ 2,179,716**

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Cash Flows
For the Year Ended June 30, 2010

	Vermont Jobs Fund	Vermont Agricultural Credit Corporation	Non-Major Funds Combined	VEDA Combined Total
Reconciliation of Operating Income to Net Cash Used For Operating Activities:				
Operating income	$ 639,834	$ 196,551	$ 33,083	$ 869,468
Adjustments to reconcile operating loss to net cash used for operating activities:				
Interest income on investment activities	(638,764)	(2,535)	(2,014)	(643,313)
Net decrease in fair value of investments	(1,346,631)	0	0	(1,346,631)
Interest expense for commercial paper and notes payable	937,789	161,167	37,837	1,136,793
Interest (income) expense for interfund financing activities	(358,526)	330,190	28,336	0
Provision for loan losses	648,348	156,091	220,346	1,024,785
Provision for losses on insured loans	0	0	69,670	69,670
Interfund transfer of notes receivable	148,626	0	(148,626)	0
Repurchase sold note receivable	0	497,304	0	497,304
Depreciation expense	201,414	0	0	201,414
Changes in assets and liabilities:				
Notes receivable	(4,283,042)	(7,946,685)	(2,499,155)	(14,728,882)
Allowance for loan losses	(205,823)	(126,291)	(175,446)	(507,560)
Accrued interest receivable	53,582	6,573	(1,470)	58,685
Other assets	(130,202)	(33,416)	(161,925)	(325,543)
Escrow and reserve accounts	(2,022)	0	4,625	2,603
Accounts payable and accrued expenses	136,931	(177,834)	(18,368)	(59,271)
Interfund accounts (receivable) payable	78,207	(63,665)	(14,542)	0
Net cash used for operating activities	$ (4,120,279)	$ (7,002,550)	$ (2,627,649)	$ (13,750,478)

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Fiduciary Assets and Liabilities for the Agency Funds
as of June 30, 2011 and 2010

Assets	2011 Agency Funds	2010 Agency Funds
Current Assets:		
Restricted cash and cash equivalents	$ 5,863,781	$ 3,907,234
Notes receivable	795,029	675,048
Total current assets	6,658,810	4,582,282
Notes receivable, less current portion	15,021,884	13,369,288
Total assets	**$ 21,680,694**	**$ 17,951,570**
Liabilities		
Current Liabilities:		
Due to Drinking Water State Revolving Fund	13,249,278	11,967,426
Due to Clean Energy Development Fund	5,290,163	3,240,749
Due to State Infrastructure Bank	2,830,249	2,739,645
Due to Brownfields Revolving Loan Fund	311,004	3,750
Total liabilities	**$ 21,680,694**	**$ 17,951,570**

See accompanying notes to the basic financial statements

(1) Authorizing Legislation and Programs

(a) Authorizing Legislation

The Vermont Economic Development Authority (the "Authority" or "VEDA") is a body corporate and politic and a public instrumentality of the State of Vermont (the "State"). It was created by the General Assembly in 1974. Its purpose is to promote economic prosperity in the State by providing financial assistance to eligible businesses. VEDA funds a wide spectrum of enterprises including: manufacturing, agriculture, travel and tourism, technology and other services including not-for-profits. The primary goal of VEDA programs is to provide eligible borrowers with access to capital at favorable interest rates. The Authority is reported as a component unit in the State's financial statements. VEDA is a tax-exempt entity.

The Authority is governed by a twelve member board (the "Members") comprised of three State officials: the Treasurer, the Secretary of the Agency of Commerce and Community Development, and the Secretary of Agriculture, Food and Markets. The remaining Members are nine citizens appointed by the Governor with the advice and consent of the Senate. In accordance with the enabling legislation which created the Authority, the State of Vermont reserves the right, at its sole discretion, and at any time, to alter or change the structure, organization, programs or activities of the Authority. This enabling legislation includes the power to terminate the Authority, subject to any limitation on the impairment of contracts entered into by the Authority. This enabling legislation is silent as to whether or not the State has any responsibility to fund deficits which the Authority may incur other than those deficits specifically described in these notes.

(b) Programs of the Authority

In accordance with accounting principles generally accepted in the United States of America, the Vermont Jobs Fund ("VJF") and the Vermont Agricultural Credit Corporation ("VACC") are considered major funds of VEDA. Accordingly, they are presented under separate headings in the basic financial statements and the remaining programs are aggregated under the heading "Non-Major Funds Combined."

Vermont Jobs Fund ("VJF")

The VJF derives its revenues primarily from interest on notes receivable, interest on investments, and fee income from notes receivable and Industrial Development Bonds. The VJF programs are outlined below:

Loans to Development Corporations

This program is established under Subchapter 3 of the VEDA statute. Under this program the Authority provides loans to non-profit local development corporations. Allowable lending purposes include the purchase, construction and renovation of speculative buildings and small business incubator facilities, the purchase of land for industrial parks, and for industrial park planning and development.

Industrial Development Bonds

This program is established under Subchapter 4 of the VEDA statute. This program is designed to aid businesses and not-for-profit enterprises through the Authority's issuance of tax-exempt bonds. Allowable financing purposes include the acquisition of land, buildings, machinery and equipment for use in an industrial facility. The bonds are not general obligations of the State of Vermont or the Authority and do not constitute indebtedness or a charge against the general credit or taxing power of the State of Vermont or the Authority. Since fiscal 1988, the Authority has issued $521 million of these bonds and $314 million and $278 million remain outstanding at June 30, 2011 and 2010, respectively. In 2011 and 2010 the Authority received $544,536 and $216,031, respectively, in fees for issuing industrial development bonds.

Direct Loans to Businesses

This program is established under Subchapter 5 of the VEDA statute. This program is designed to make loans available to commercial enterprises. Allowable lending purposes include the purchase of land, the purchase, construction and renovation of buildings, and the purchase and installation of machinery and equipment for use in an eligible facility or project. Included in the Subchapter 5 group are loans for technology infrastructure and incubator facilities.

Vermont Agricultural Credit Corporation ("VACC")

The Authority operates its agricultural loan programs through the VACC. The VACC derives its revenues primarily from interest on lending operations and available cash reserves. The purpose of the VACC is to aid family farmers and agricultural facility operators by making available direct loans at favorable rates and terms. The majority of notes receivable made under this program carry guarantees of the federal government. At June 30, 2011 and 2010, $35,680,809 and $29,176,806, respectively of the outstanding balance of the notes receivable were guaranteed by the federal government. The federal guarantees range from 50% to 95% of the outstanding balance. The average federal guarantee on outstanding notes receivable was 90% at June 30, 2011 and 2010.

Non-Major Funds

Vermont Small Business Development Corporation ("VSBDC")

The VSBDC participates in the United States Department of Agriculture ("USDA") Intermediary Relending Program ("IRP Fund"). The IRP lends to eligible organizations for the purpose of making small business loans in designated rural areas.

A second fund, the "Loan Fund" was established to make small business loans using VEDA capital. The "Loan Fund" was initially capitalized with $1,000,000 from the VJF. Both the IRP and the Loan Fund derive their revenues principally from interest and fees earned on loans

Vermont 504 Corporation ("VT504")

The Authority incorporated the VT504 as a non-profit corporation to operate as a Small Business Administration ("SBA") Section 504 Certified Development Corporation ("CDC"). The VT504 derives its revenues principally from fees for originating and servicing loans made to eligible businesses by the Small Business Administration under its 504 loan program. These loans are made for the acquisition of land, buildings, machinery or equipment and are collateralized by property, plant and equipment or other assets. The VT504 CDC Fund derives its revenues principally from fees earned for originating and servicing loans on behalf of the SBA.

In 2010, a second fund was established to make small business loans using monies borrowed from the United States Department of Agriculture ("USDA") Intermediary Relending Program. The "VT504 IRP Fund" was initially capitalized with $187,500 from the VJF. The VT504 IRP Fund derives its revenues principally from interest and fees earned on loans.

Mortgage Insurance Program ("MIP")

The MIP is designed to provide businesses with access to capital by insuring a portion of loans made by lending institutions. The loans can be for the acquisition of land, buildings, machinery and equipment, or working capital. All insured loans are collateralized by property, plant and equipment, or other assets of the business entity. The full faith and credit of the State of Vermont is pledged to support the operations of the MIP. The MIP derives its revenues primarily from insurance premiums received from insured lenders.

Financial Access Program ("FAP")

The FAP generates its revenue through interest earned on the reserve balances deposited and held on behalf of the participating banks. The FAP is designed to stimulate lending to eligible small businesses by providing for the creation of a reserve fund which may be used to reimburse participating banks, in whole or in part, for losses on loans made under the program.

The reserve balances are comprised of deposits made by banks, which represent between 3% and 7% of the enrolled loan amount, matched equally by an allocation of insurance. The full faith and credit of the State of Vermont is pledged to support the operations of the FAP. The deposited amounts are included under the caption "Restricted cash and cash equivalents" and as "Escrow and reserve accounts" on the Balance Sheet.

Agency Funds ("AGN")

The Authority provides underwriting, servicing, fiduciary and accounting services for lending programs operated by VEDA at the direction of various State agencies. The AGN includes cash and notes receivable that are held in the name of the Authority for the benefit of the State. These amounts are presented on the Statement of Fiduciary Net Assets. The programs include the State Infrastructure Bank ("SIB"), the Drinking Water State Revolving Fund ("DWF"), the Brownfield Revitalization Fund ("BRF") and the Clean Energy Development Fund ("CEDF"). While not a direct recipient of federal funds, VEDA manages and holds federal funds for the SIB and DWF.

(c) Blended Component Units

Accounting principles generally accepted in the United States of America require that the financial statements present the Authority and its component units. Component Units are entities that, although legally separate are either financially accountable to, or have relationships such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The management and the boards of directors of the of the Authority's three corporations (VACC, VSBDC and VT504) also serve as the management and Members of the Authority. As such, each of the three not-for-profit corporations are included in these financial statements as blended component units. Separate audited financial statements for component units are not available.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Authority follows the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when incurred. The Authority has elected to apply all Governmental Accounting Standards Board ("GASB") pronouncements as well as any Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989 to the extent they do not conflict with GASB pronouncements.

Adoption of GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*

In 2010, the Authority adopted GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments.* This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. At June 30, 2010, the Authority had one derivative instrument known as an interest-rate swap which was associated with a single hedgeable item – a fixed-rate note receivable. The swap was been determined to be an effective hedge under the standards and hedge accounting has been applied.

Under hedge accounting, the fair value of the derivative instrument is recorded on the Balance Sheet under the caption "Fair value of derivative instrument" with an offsetting deferred inflow or outflow recorded under the caption "Deferred cash inflows [or outflow] from derivative instrument." The note receivable was paid in full during 2011 and the related interest rate swap was terminated. The Authority has no derivative instruments as of June 30, 2011.

(b) Cash and Cash Equivalents
The Authority considers all highly liquid investments, both restricted and unrestricted, with original maturities of three months or less to be cash equivalents.

(c) Restricted Cash and Cash Equivalents
Certain cash and cash equivalents in the VJF are restricted under a trust indenture and held by a trustee in the Authority's name to pay interest at maturity on VEDA's outstanding commercial paper (Note 5). Cash equivalents in the MIP and FAP are restricted pending transfer to the State. The FAP holds restricted cash on behalf of participating banks.

(d) Unrestricted and Restricted Investments
Certain investments in the VJF are restricted under a trust indenture and held by a trustee in the Authority's name. The funds are invested at the direction of investment managers selected by the Authority's Members upon recommendation of VEDA's Investment Committee. These investments are collateral for the credit facility that enhances the credit rating of VEDA's commercial paper (Note 5). These investments are presented in these financial statements at fair value.

The VJF has an unrestricted investment in Vermont Capital Partners, LP ("VCP"). VCP is a limited partnership in which VEDA operates as General Partner. VEDA's capital contribution to VCP represents 42% of the total VCP capital. VCP is required by the partnership agreement to invest 100% of its capital in a second limited partnership, the management of which is not under the control of the General Partner. The VCP investment is recorded at cost.

In 2010, VEDA received State appropriations totaling $2,900,000 for investment in an entrepreneur seed capital fund. VEDA invested these funds in a limited partnership called the Vermont Seed Capital Fund, LP ("VSCF"). VEDA is one of two limited partners in the VSCF. The authorizing legislation provided for the continued reinvestment of any proceeds in the fund. The invested funds cannot by used by VEDA except for investment in a seed capital fund, consequently they are recorded under the caption Restricted Investments and Net Assets Restricted for Vermont Seed Capital Fund" on the Balance Sheet. In 2011, the State appropriated an additional $1,140,000 for investment in the fund. The investment in VSCF is recorded at cost and was $4,040,000 and $2,900,000, respectively at June 30, 2011 and 2010.

The VACC has an investment in CoBank, ACB ("CoBank") stock, ownership of which is required as part of the borrowing relationship with CoBank (Note 6). The stock cannot be remarketed and is consequently recorded at cost.

(e) Notes Receivable
Notes receivable are recorded at the uncollected principal balance, net of any loans sold without recourse. In the VACC, as of June 30, 2011 and 2010, VEDA had $986,840 and $1,931,216 in outstanding loans sold, respectively.

(f) Allowance for Loan Losses
The allowance for loan losses ("reserves") are maintained at a level estimated to be adequate to absorb probable losses. Management determines the adequacy of the reserves based upon review of each credit relationship, historic loss experience, current economic conditions, and risk characteristics of the various loan types and other pertinent factors. Future changes in economic and risk conditions could affect the adequacy of the reserves.

(g) Nonaccrual Loans

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Loans are classified as nonaccrual when they become 90 days past due, unless they are adequately collateralized and in the process of collection. When a loan is placed in nonaccrual status, all interest accrued, but not paid, is charged off against current period income. Interest income is recognized only when collected, and accrual of interest is resumed when collection of the total amount in arrears is received, or the collectability of all future amounts due is determined to be probable.

The outstanding balance of nonaccrual loans at June 30, 2011 and 2010 was $7,967,857 and $12,684,305, respectively. These amounts represent 5.85% and 10.60% of total notes receivable outstanding at June 30, 2011 and 2010, respectively. The allowance for loan losses specific to nonaccrual loans totaled $1,090,600 and $1,535,700 at June 30, 2011 and 2010, respectively which represented 14% and 12% of the nonaccrual loans outstanding. Total interest collected on nonaccrual loans in the years ended 2011 and 2010 was $243,758 and $435,239, respectively.

(h) Other Real Estate Acquired

Other Real Estate acquired through foreclosure or other means is recorded at the net realizable value of the property (Note 4).

(i) Capital Assets

The chart below shows the changes in capital assets and accumulated depreciation for the years ending June 30, 2011 and 2010:

Capital Assets Schedule for the Year Ending June 30, 2011:	Beginning Capital Assets	Add New Capital Assets	Less Current Year Depreciation	Less Assets Retired	Ending Capital Assets
Real Estate - Montpelier, Vermont	$ 4,642,062	$ 107,410	$ 0	$ 0	$ 4,749,472
Accumulated Depreciation - RE	(372,170)	0	(121,260)	0	(493,430)
Furniture, fixtures and equipment	656,972	77,373	0	0	734,345
Accumulated Depreciation - FF&E	(324,533)	0	(93,487)	0	(418,020)
Developed Land - Montpelier, Vermont	250,000	250,000	0	0	500,000
Total Capital Assets, net	**$ 4,852,331**	**$ 434,783**	**$ (214,747)**	**$ 0**	**$ 5,072,367**

Capital Assets Schedule for the Year Ending June 30, 2010:	Beginning Capital Assets	Add New Capital Assets	Less Current Year Depreciation	Less Assets Retired	Ending Capital Assets
Real Estate - Montpelier, Vermont	$ 4,630,217	$ 11,845	$ 0	$ 0	$ 4,642,062
Accumulated Depreciation - RE	(246,640)	0	(125,530)	0	(372,170)
Furniture, fixtures and equipment	527,220	175,582	0	(45,830)	656,972
Accumulated Depreciation - FF&E	(294,479)	0	(75,884)	45,830	(324,533)
Developed Land - Montpelier, Vermont	250,000	0	0	0	250,000
Total Capital Assets, net	**$ 4,866,318**	**$ 187,427**	**$ (201,414)**	**$ 0**	**$ 4,852,331**

Capital assets include real estate ("RE") and furniture, fixtures & equipment ("FF&E"). RE includes land and two buildings. FF&E includes office furniture and fixtures and office equipment including computer hardware and software where the cost exceeds $1,000. All assets are stated at cost net of accumulated depreciation.

The Authority depreciates capital assets (except land and land improvements, which is not depreciated) using the straight-line method over the capital assets' estimated useful life. VEDA uses fifteen to forty years for RE and RE improvements; three to five years for computer related hardware and software; and up to a maximum of ten years for furniture and fixtures.

(j) Restricted Net Assets
Net assets are restricted when constraints are placed on them externally. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted assets first with unrestricted resources utilized as needed.

(k) Operating Revenues and Expenses
All revenues related to the origination and servicing of loans and managing the Authority's remaining assets and liabilities, including all overhead expenses, are considered to be "operating" revenues and expenses. Inter-governmental transfers such as appropriations and other items of an unusual or non-recurring nature are considered "non-operating" revenues and expenses.

(l) Interfund Transfers
Inter-fund transfers are permanent asset transfers generally used to increase equity and help defray a portion of the cost of operating activities. In 2011 and 2010, the VJF made non-operating transfers of $187,500 each to the VSBDC and the VT504.

(m) Allocation of Expenses
Overhead and some minor direct expenses are paid by the VJF on behalf of other the programs. All programs pay direct expenses for staff and professional fees plus an administrative fee to the VJF based on the outstanding balances in each program plus additional charges for originating and closing the financing products of each program. The allocation of overhead is shown on the Statement of Revenues, Expenses and Changes in Net Assets under the caption "Interfund expense allocation."

(n) Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment increases the inherent uncertainty in the estimates made by management.

(3) Cash Equivalents and Investments:

Summary of Investment Policy
The Authority's investment policy allows the following as eligible investments: (a) Direct obligations of the United States of America and unconditionally guaranteed by the United States of America and debt obligations of U.S. Government agencies; (b) Overnight repurchase or collateralized deposit agreements collateralized by obligations of the U.S. Government and its Agencies; (c) Investment agreements with financial institutions which are rated at least "A" by nationally recognized credit rating agencies; (d) Interest bearing time deposits, certificates of deposit or other depository arrangement insured by the Federal Deposit Insurance Corporation (FDIC); (e) Commercial paper which is rated "A-1" by Standard and Poor's and "P-1" by Moody's Investors Services and matures not more than 270 days after the date of purchase; (f) Domestic money market funds regulated by and in good standing with the Securities and Exchange Commission ("SEC"), such money market funds being composed entirely of investments eligible under VEDA's investment policy; (g) Corporate bonds, debentures, Yankee bonds, mortgage-backed securities and other domestically or foreign issued fixed-income instruments deemed prudent by the Investment Managers; (h) Individual equity securities of domestic or international companies; (i) Equity or fixed-income mutual funds of domestic or international companies. Such funds must be

comprised of investments eligible under the policy; and (j) any other investment with prior approval of the Authority's Members.

A trust indenture governs how restricted cash and cash equivalents in the VJF can be invested. The restricted cash is partial collateral for VEDA commercial paper (Note 5). The allowable investments under the trust indenture are similar to the investments allowed under the Authority's own policy.

Cash Equivalents
The Authority's cash equivalents include collateralized deposits and money market accounts. The collateralized deposits were collateralized with securities held in trust in the name of the bank for the benefit of the Authority. Money market accounts comprised of direct obligations of the U.S. Government at June 30, 2011 and 2010 totaled $67,767 and $51,713, respectively. The remaining money market accounts are comprised of investments eligible under VEDA's investment policy and totaled $248,540 and $211,951 at June 30, 2011 and 2010, respectively. All cash and cash equivalents are held by financial institutions in the Authority's name.

The book balance of cash equivalents for each of the past two years are as follows:

At June 30, 2011:	VJF	VACC	Non-Major Funds Combined	VEDA TOTAL
Collateralized deposit accounts	$ 813,377	$ 124,685	$ 1,078,461	$ 2,016,523
Money market accounts	67,767	0	248,540	316,307
Total cash and cash equivalent	**$ 881,144**	**$ 124,685**	**$ 1,327,001**	**$ 2,332,830**

At June 30, 2010:	VJF	VACC	Non-Major Funds Combined	VEDA TOTAL
Collateralized deposit accounts	$ 1,029,929	$ 64,244	$ 821,879	$ 1,916,052
Money market accounts	51,713	0	211,951	263,664
Total cash and cash equivalent	**$ 1,081,642**	**$ 64,244**	**$ 1,033,830**	**$ 2,179,716**

There were also cash and cash equivalents held in the Agency Fund totaling $5,863,781 and $3,907,234 at June 30, 2011 and 2010, respectively. The bank balance of the collateralized deposit accounts approximates the amounts shown above as of June 30, 2011 and 2010. These funds are held by a single financial institution and collateralized with securities eligible under the Authority's Investment Policy and held in trust in the name of the bank for the benefit of VEDA.

Investments
The Authority's investment policy mandates that all debt investments carry a minimum rating of investment grade (BBB-). In the chart, investments within a group (by type or issuer) carry the same ratings except Corporate Bonds. The ratings for Corporate Bonds range in rating from a low of BBB- to a high rating of AAA; the weighted average rating for Corporate Bonds is A+. The weighted average rating is AA for investments that carry a long-term credit rating from one of three recognized rating agencies.

Investments as of June 30, 2011 and 2010 are shown in the charts below:

Investments *By Type or By Issuer* **as of June 30, 2011**	**Long-Term Credit Ratings** **Weighted Average**	 **Range From Low to High**	**Par or Notional Amount**	**Weighted Average Coupon**	**Amortized Cost Basis**	**Estimated Fair Value ("FV")**	**FV as a % of Total**
US Government	AAA	AAA to AAA	$ 3,280,000	2.28%	$ 3,291,238	$ 3,322,584	12.6%
Mortgage-Backed Securities	AAA	AAA to AAA	5,107,627	4.94%	5,463,829	5,482,941	20.7%
Commercial Mortgage Secuties	AA+	A to AAA	1,838,686	4.06%	1,866,072	1,889,886	7.1%
Asset-Backed Securities	AAA	AAA to AAA	963,932	1.88%	966,817	982,448	3.7%
Corporate Bonds	A/A-	BBB- to AAA	2,410,000	4.57%	2,451,823	2,513,220	9.5%
Domestic Preferred Stocks	C	C	10,000	8.31%	6,600	25,500	0.1%
Investments with fixed maturity date:			**$13,610,245**	**3.93%**	**$14,046,379**	**$14,216,579**	**53.7%**
Domestic Common Stocks	NOT RATED	NOT RATED	3,137,518	N/A	3,137,518	4,093,748	15.5%
International Common Stocks	NOT RATED	NOT RATED	1,456,103	N/A	1,456,103	1,689,673	6.4%
The investments below are recorded at cost:							
Vermont Seed Capital Fund, LP	NOT RATED	NOT RATED	4,040,000	N/A	4,040,000	4,040,000	15.2%
Restricted Investments			**$ 22,243,866**		**$ 22,680,000**	**$ 24,040,000**	**90.8%**
The investments below are recorded at cost:							
CoBank, ACB Stock	NOT RATED	NOT RATED	455,356	N/A	455,356	455,356	1.7%
Vermont Capital Partners, LP	NOT RATED	NOT RATED	2,000,000	N/A	2,000,000	2,000,000	7.5%
Unrestricted Investments			**$ 2,455,356**		**$ 2,455,356**	**$ 2,455,356**	**9.2%**
Investments at June 30, 2011			**$24,699,222**		**$25,135,356**	**$26,495,356**	**100.0%**

Investments *By Type or By Issuer* **as of June 30, 2010**	**Long-Term Credit Ratings** **Weighted Average**	 **Range From Low to High**	**Par or Notional Amount**	**Weighted Average Coupon**	**Amortized Cost Basis**	**Estimated Fair Value ("FV")**	**FV as a % of Total**
US Government	AAA	AAA to AAA	$ 3,876,000	1.96%	$ 3,931,030	$ 4,029,263	16.0%
Mortgage-Backed Securities	AAA	AAA to AAA	3,693,396	5.46%	3,847,146	3,978,545	15.7%
Commercial Mortgage Secuties	AA+	A to AAA	1,250,304	5.48%	1,239,216	1,245,774	4.9%
Asset-Backed Securities	AAA	AAA to AAA	1,491,489	3.10%	1,492,585	1,511,306	6.0%
Corporate Bonds	A/A-	BBB- to AAA	2,536,000	5.47%	2,559,561	2,714,050	10.7%
Domestic Preferred Stocks	C	C	10,000	8.31%	6,600	3,400	0.0%
Investments with fixed maturity date:			**$12,857,189**	**4.15%**	**$13,076,138**	**$13,482,338**	**53.3%**
Domestic Common Stocks	NOT RATED	NOT RATED	3,702,927	N/A	3,702,927	3,503,227	13.8%
International Common Stocks	NOT RATED	NOT RATED	2,005,903	N/A	2,005,903	1,979,703	7.8%
The investments below are recorded at cost:							
Vermont Seed Capital Fund, LP	NOT RATED	NOT RATED	2,900,000	N/A	2,900,000	2,900,000	11.5%
Domestic Money Market Funds	NOT RATED	NOT RATED	1,034,732	N/A	1,034,732	1,034,732	4.1%
Restricted Investments			**$ 22,500,751**		**$ 22,719,700**	**$ 22,900,000**	**90.5%**
The investments below are recorded at cost:							
CoBank, ACB Stock	NOT RATED	NOT RATED	395,559	N/A	395,559	395,559	1.6%
Vermont Capital Partners, LP	NOT RATED	NOT RATED	2,000,000	N/A	2,000,000	2,000,000	7.9%
Unrestricted Investments			**$ 2,395,559**		**$ 2,395,559**	**$ 2,395,559**	**9.5%**
Investments at June 30, 2011			**$24,896,310**		**$25,115,259**	**$25,295,559**	**100.0%**

Debt Securities

At June 30, 2011, the Authority owned 134 different debt securities totaling $14,216,579 including a fair value adjustment of $170,200. The debt securities are comprised of general obligations of the issuer (i.e. uncollateralized), collateralized pools of mortgages or other types of receivables, and preferred stock of domestic corporations.

At June 30, 2010, the Authority owned 110 different debt securities totaling $13,482,338 including a fair value adjustment of $406,200. The debt securities are comprised of general obligations of the issuer (i.e. uncollateralized), collateralized pools of mortgages or other types of receivables, and preferred stock of domestic corporations.

Equity Securities

At June 30, 2011, the Authority owned 36 different equity positions in domestic and foreign corporations totaling $5,783,421 including a fair value adjustment of $1,189,800. At June 30, 2010, the Authority owned 39 different equity positions in domestic and foreign corporations totaling $5,482,930 including a fair value adjustment of ($225,900).

CoBank, ACB Stock

The VACC borrows funds from CoBank, ACB (Note 6). As part of its borrowing relationship, the VACC is required to own CoBank stock in amounts relative to the outstanding debt, adjusted annually. At June 30, 2011 and 2010, the VACC owned $455,356 and $395,559 of CoBank stock, respectively. The stock is held by CoBank in the name of the VACC. Ownership of CoBank stock is required as part of a borrowing relationship with CoBank and cannot be remarketed and is consequently valued at cost.

Vermont Capital Partners, LP

In 2006, VEDA formed Vermont Capital Partners, LP (“VCP”). The Authority also formed VEDA Capital Advisors, LLC, a limited liability company to act as General Partner of VCP. VEDA is the sole member of VEDA Capital Advisors, LLC and, acting as the General Partner, invested $2,000,000 in VCP. There are four limited partners of VCP who have invested combined capital of $2,750,000. The VCP partnership agreement specifies that VCP must invest 100% of its capital in Brook Ventures II, LP (“BVII”) a Massachusetts based mezzanine debt fund. The target market for BVII is the northeastern United States and BVII focuses on markets historically underserved by mezzanine capital. BV II was selected by approval of the VEDA Members after due diligence by VEDA Management and consultation from legal and financial experts in mezzanine debt funds.

The amount of VCP contributed capital outstanding at June 30, 2011 and 2010 was $4,750,000. The estimated fair value of VCP capital at June 30, 2011 and 2010 was $3,708,145 and $4,106,577, respectively. There is no ready market for the VCP investment in BVII so the Authority’s investment is carried at cost of $2,000,000 as of June 30, 2011 and 2010.

The Authority paid organizational costs to form the VCP and pays ongoing expenses as needed. The General Partner will be reimbursed by the VCP limited partners for their share of these costs. As of June 30, 2011 and 2010, the Authority had expended $362,636 and $350,000 of reimbursable costs to form and operate the VCP. These costs are recorded in the Balance Sheet under the caption “Other assets.”

Vermont Seed Capital Fund, LP

In 2010, VEDA received an appropriation of $2,900,000 for investment in an entrepreneur seed capital fund. VEDA invested these funds in a limited partnership called the Vermont Seed Capital Fund, LP (“VSCF”). VEDA is the one of two limited partners in the VSCF. The other limited partner’s investment totals $1,000,000. The VCET Capital Corporation is the General Partner and is an affiliate entity of the Vermont Center for Emerging Technology (“VCET”) located in Burlington, Vermont.

The legislation authorizing the creation of the VSCF provided that VEDA's share of any proceeds from the VSCF be perpetually reinvested in a seed capital fund. In 2011, the State appropriated an additional $1,140,000 to VEDA for investment in the VSCF.

There is no ready market for the VSCF investment so the Authority's investment is carried at cost of $4,040,000 and $2,900,000 at of June 30, 2011 and 2010, respectively. Since the invested funds cannot by used by VEDA except for reinvestment in the VCSF, the investment is reflected under the captions "Restricted Investments and Net Assets Restricted for Vermont Seed Capital Fund" on the Balance Sheet.

Interest Rate Risk on Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Authority's Investment Policy seeks to minimize interest rate risk through a combination of diversification and duration. The Authority's Investment Committee has selected a diversification mix for its marketable securities of approximately 70% fixed-income securities with an average duration of less than five years combined with a mix of 30% equity securities of well capitalized companies. None of the debt investments have any terms which are considered to make them highly sensitive to interest rate changes.

Duration is a measure of an investments exposure to changes in fair value that could result from changes in interest rates (i.e. interest rate risk). Duration uses the present value of cash flows from an investment, weighted for those cash flows as a percentage of an investment's full price. The chart below illustrates the differences between the weighted average remaining term to maturity ("WAM") and the duration of investments for which projected cash flows can be reasonably estimated for investments outstanding at June 30, 2011 and 2010.

Fixed Maturity Investments	as of June 30, 2011			as of June 30, 2010		
Subject to Interest Rate Risk	WAM (a)	Duration	Fair	WAM (a)	Duration	Fair
By Investment Type	(in yrs)	(in yrs)	Value	(in yrs)	(in yrs)	Value
Asset-Backed Securities	5.21	1.74	$ 982,448	3.24	1.34	$ 1,511,306
Commercial MBS	26.21	2.81	1,889,886	27.33	2.33	1,245,774
Corporate Bonds	5.18	4.35	2,513,220	7.74	5.50	2,714,050
Mortgage-Backed Securities ("MBS")	26.33	3.87	5,482,941	24.20	1.68	3,978,545
Domestic Preferred Stocks	N/A	N/A	25,500	N/A	N/A	3,400
US Government	8.91	5.35	3,322,584	4.75	4.24	4,029,263
Total Debt Securities	**16.99**	**4.00**	**$14,216,579**	**15.67**	**3.01**	**$13,482,338**

(a) "WAM" is an acronym for Weighted Average Maturity.

Derivative Financial Instrument

On June 30, 2006, the Authority entered into a derivative financial instrument called an interest rate swap. The swap counterparty was Dexia Credit Local ("Dexia"). Dexia was rated A+ by one national credit rating agency with comparable long-term ratings from the other national rating agencies. The swap was used to hedge interest rate risk on a long-term fixed-rate tax exempt note receivable funded with commercial paper that refunds approximately every ninety days. The underlying note receivable was paid in full on November 19, 2010; the Borrower paid a fee of $444,500 to the swap counterparty to terminate the swap. The termination fee is equal to the fair value adjustment of the swap on the date of termination.

The notional amount of the swap was adjusted on a quarterly based on a preset schedule that approximated the amortization of the underlying note receivable being hedged. The notional amount of the swap at June 30, 2010 was $2,993,842.

Under the swap, VEDA paid a fixed rate of 4.38%. The receive rate was based on a quarterly average of the weekly Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (formerly the Bond Market Association/PSA Municipal Swap Index) and was 0.25% at June 30, 2010. The fair value of the swap at June 30, 2010 was ($401,879).

(4) Notes Receivable

The outstanding balance of notes receivable for the years ending June 30, 2011 and 2010 are detailed in the charts below:

Notes Receivable By Program Balances at June 30, 2011:	VJF	VACC	Non-Major Funds Combined	VEDA TOTAL	As a % of TOTAL
Loans to development corporations	$ 17,119,023	$ 0	$ 0	$ 17,119,023	13%
Direct loans to businesses	46,330,984	0	0	46,330,984	34%
Agricultural loans	0	60,653,233	0	60,653,233	44%
Small business loans	0	0	12,215,771	12,215,771	9%
Total Notes Receivable	**$ 63,450,007**	**$ 60,653,233**	**$ 12,215,771**	**$ 136,319,011**	**100%**

Notes Receivable By Program Balances at June 30, 2010:	VJF	VACC	Non-Major Funds Combined	VEDA TOTAL	As a % of TOTAL
Loans to development corporations	$ 20,338,069	$ 0	$ 0	$ 20,338,069	17%
Direct loans to businesses	39,500,112	0	0	39,500,112	33%
Agricultural loans	0	50,982,350	0	50,982,350	43%
Small business loans	0	0	8,888,507	8,888,507	7%
Total Notes Receivable	**$ 59,838,181**	**$ 50,982,350**	**$ 8,888,507**	**$ 119,709,038**	**100%**

There were $15,604,392 and $14,044,336 of Agency Fund notes receivable outstanding at June 30, 2011 and 2010, respectively. These notes receivable are represented on the Statement of Fiduciary Net Assets.

Other Real Estate Owned

In March 2010, the Authority acquired property located in Waitsfield, Vermont by a deed in lieu of foreclosure. The property was collateral for a loan to a local development corporation. No income was derived from the property in fiscal years 2010 or 2011. The property was valued at its net realizable value of $130,000 and was recorded under the caption "Other Assets" on the Balance Sheet at June 30, 2010. The property was sold in November 2010 for $210,000 with related selling and other costs of $80,000 resulting in no gain or loss.

Allowance for Loan Losses

Changes in the allowance for loan losses ("reserves") result from loss provisions charged to or (recovered from) operations; the write-off of notes receivable charged to the allowance; and recoveries (collection of prior period write-offs) added to the allowance. The Authority performs a substantive review of the allowances on a quarterly basis. Management establishes "Specific Reserves" for notes receivables where a loss is probable and also establishes non-specific allowances for unidentified future losses. Non-specific reserves are based on a review of historical loss experience on the various loan portfolios combined with management's judgment of how those historical trends might relate to future loss experience.

The change in the allowance for the years ending June 30, 2011 and 2010 are shown in the charts below:

For Year Ending June 30, 2011: Loan Program and Fund Totals	Beginning 2011 Allowance	Add (deduct) Loan Loss Provisions	Less Loan Write-offs	Add Loan Recoveries	Ending 2011 Allowance
Loans to development corporations	$ 1,028,525	$ (165,425)	$ 0	$ 10,000	$ 873,100
Direct loans to businesses	1,330,900	1,474,558	(1,353,618)	360	1,452,200
VJF Total	**2,359,425**	**1,309,133**	**(1,353,618)**	**10,360**	**2,325,300**
VACC Total	**786,400**	**(15,235)**	**(43,947)**	**9,182**	**736,400**
VSBDC small business loans	645,700	366,625	(435,098)	3,073	580,300
VT504 small business loans	42,200	41,500	0	0	83,700
Non-Major Funds Combined	**687,900**	**408,125**	**(435,098)**	**3,073**	**664,000**
VEDA Total	**$ 3,833,725**	**$ 1,702,023**	**$ (1,832,663)**	**$ 22,615**	**$ 3,725,700**

For Year Ending June 30, 2010: Loan Program and Fund Totals	Beginning 2010 Allowance	Add (deduct) Loan Loss Provisions	Less Loan Write-offs	Add Loan Recoveries	Ending 2010 Allowance
Loans to development corporations	$ 852,000	$ 46,525	$ 0	$ 130,000	$ 1,028,525
Direct loans to businesses	1,064,900	601,823	(335,823)	0	1,330,900
VJF Total	**1,916,900**	**648,348**	**(335,823)**	**130,000**	**2,359,425**
VACC Total	**756,600**	**156,091**	**(129,300)**	**3,009**	**786,400**
VSBDC small business loans	643,000	178,146	(175,446)	0	645,700
VT504 small business loans	0	42,200	0	0	42,200
Non-Major Funds Combined	**643,000**	**220,346**	**(175,446)**	**0**	**687,900**
VEDA Total	**$ 3,316,500**	**$ 1,024,785**	**$ (640,569)**	**$ 133,009**	**$ 3,833,725**

(5) Commercial Paper

Since 1998, the Authority has issued commercial paper to fund its lending operations. Approximately every ninety days, the Authority issues taxable and tax-exempt commercial paper ("CP") to fund new loans and to refund existing loans. Credit support for the program is provided by an irrevocable letter of credit ("LC"). Because of the credit rating of the LC provider, the LC elevates the rating for the VEDA CP to "A-1" as rated by Standard and Poor's and P-1 by Moody's Investor Services. The charts below detail the rates and terms of outstanding commercial paper at June 30, 2011 and 2010:

Commercial Paper Outstanding at June 30, 2011	Issue Date	Maturity Date	Rate	Amount Outstanding
Taxable commercial paper	06/09/2011	09/07/2011	0.26%	$ 93,400,000
Tax-exempt commercial paper	06/09/2011	09/07/2011	0.27%	10,600,000
Total Commercial Paper Outstanding			**0.03%**	**$ 104,000,000**

Commercial Paper Outstanding at June 30, 2010	Issue Date	Maturity Date	Rate	Amount Outstanding
Taxable commercial paper	06/03/2010	07/15/2010	0.50%	$ 61,700,000
Taxable commercial paper	05/27/2010	07/15/2010	0.53%	8,300,000
Total taxable commercial paper			**0.50%**	**$ 70,000,000**
Tax-exempt commercial paper	05/27/2010	07/15/2010	0.50%	14,500,000
Total Commercial Paper Outstanding			**0.50%**	**$ 84,500,000**

The changes in commercial paper due to newly issued or refunded and matured commercial paper during the past two years is shown in the chart below:

Commercial Paper Roll Forward Schedule for the year ending June 30, 2011	2011 Beginning Balance	Total CP Issued	Total CP Matured	2011 Ending Balance
Taxable commercial paper	$ 70,000,000	$ 558,700,000	$ (535,300,000)	93,400,000
Tax-exempt commercial paper	14,500,000	86,540,000	(90,440,000)	10,600,000
Total Commercial Paper	**$ 84,500,000**	**$ 645,240,000**	**$ (625,740,000)**	**$ 104,000,000**

Commercial Paper Roll Forward Schedule for the year ending June 30, 2010	2010 Beginning Balance	Total CP Issued	Total CP Matured	2010 Ending Balance
Taxable commercial paper	$ 70,000,000	$ 562,500,000	$ (562,500,000)	70,000,000
Tax-exempt commercial paper	12,800,000	96,900,000	(95,200,000)	14,500,000
Total Commercial Paper	**$ 82,800,000**	**$ 659,400,000**	**$ (657,700,000)**	**$ 84,500,000**

Letter of Credit:

In December 2007, VEDA entered into a three year letter of credit ("LC") agreement with Calyon, acting through its New York Branch ("Calyon") in the amount of $90,000,000. Calyon is the corporate and investment banking entity of the Credit Agricole Group. The LC was collateralized with $20,000,000 in investment securities, and a moral obligation pledge of the State for $70,000,000.

In December 2010, VEDA entered into a new LC agreement with J.P. Morgan Chase Bank, National Association ("JPM") to replace Calyon. The JPM credit facility totals $120,000,000 and matures in December 2013. The LC under the JPM agreement is collateralized with $20,000,000 in investment securities, and a moral obligation pledge of the State for $100,000,000.

Included in interest expense were fees related to the LC of $742,548 and $321,269 in 2011 and 2010, respectively. Included in the LC fees for 2011 and 2010 was $36,628 and $40,559 of amortized deferred debt issuance costs. These costs represent amortization of a portion of $113,858 of legal, consulting, transfer agent and rating agency fees related to the JPM LC and $122,250 related to Calyon. Of the amortized amount for 2011, $17,628 was related to Calyon and $19,000 was related to JPM. At June 30, 2011, unamortized deferred bond issuance costs related to JPM totaled $94,860 and is included under the caption "Other Assets" on the Balance Sheet.

(6) Interfund Notes Payable and Notes Payable

Interfund Notes Payable

The VACC and VSBDC borrow monies from the VJF to fund their lending operations under revolving line of credit notes (LOC). The VJF funds the Interfund notes with the issuance of commercial paper. In 2011, the VACC increased its LOC note from $30,000,000 to $60,000,000. The outstanding balance at June 30, 2011 and 2010 was $44,550,000 and $26,200,000, respectively.

The VSBDC LOC note amount was increased from $3,000,000 to $5,000,000 in 2010. The outstanding balance at June 30, 2011 and 2010 on the VSBDC LOC was $3,850,000 and $2,825,000, respectively.

The term of both inter-fund notes payable are for three years and call for monthly interest payments at a floating rate of interest tied to the cost of VEDA's Taxable CP.

Notes Payable

Details of notes payable outstanding at June 30, 2011 and 2010 are shown in the chart below:

Notes Payable for Years Ending June 30:	Original Amount	Issue Date	Maturity Date	Current Rate	Balance 2011	Balance 2010
VJF - Northfield Savings Bank, FSB	**$ 3,400,000**	**12/13/07**	**12/15/22**	**4.25%**	**$ 3,114,604**	**$ 3,200,877**
VACC - CoBank, ACB.	**$ 30,000,000**	**12/31/10**	**12/31/11**	**2.15%**	**$ 5,000,000**	**$ 14,250,000**
VSBDC - USDA Rural Development IRP	$ 1,000,000	08/08/89	08/08/19	1.00%	$ 366,760	$ 405,158
VSBDC - USDA Rural Development IRP	1,000,000	10/04/94	10/04/24	1.00%	549,120	585,728
VSBDC - USDA Rural Development IRP	1,000,000	03/16/95	03/16/25	1.00%	537,216	573,927
VSBDC - USDA Rural Development IRP	200,085	03/09/06	03/09/24	1.00%	148,043	158,660
VSBDC - USDA Rural Development IRP	750,000	03/09/06	03/09/36	1.00%	701,081	725,662
VSBDC - USDA Rural Development IRP	750,000	06/27/08	06/27/38	1.00%	750,000	750,000
VSBDC - USDA Rural Development IRP	750,000	10/29/09	10/29/39	1.00%	750,000	750,000
VT504 - USDA Rural Development IRP	750,000	10/29/09	10/29/39	1.00%	750,000	750,000
VSBDC - USDA Rural Development IRP	750,000	11/18/10	11/18/40	1.00%	657,500	0
VT504 - USDA Rural Development IRP	750,000	11/18/10	11/18/40	1.00%	750,000	0
Non-Major Funds Combined	**$ 7,700,085**			**1.00%**	**$ 5,959,720**	**$ 4,699,135**
Total Notes Payable	**$ 41,100,085**			**2.13%**	**$ 14,074,324**	**$ 22,150,012**

Mortgage Note Payable

The Authority carries a mortgage with Northfield Savings Bank, FSB ("NSB") on its principal headquarters building. The mortgage loan has a fixed-rate of interest and calls for monthly payments of principal and interest. Subsequent to year end, the Authority negotiated a reduction in the interest rate from 4.25% to 3.25% adjusting every five years; the term and monthly payment remain the same.

CoBank, ACB

The VACC has a revolving line of credit agreement with CoBank that was originally entered into in July 1999. On June 28, 2010, the LOC amount was increased from $20,000,000 to $30,000,000 and includes annual line reviews and a sixty-day termination notice. In December 2010, coincident with the increase in commercial paper and Interfund borrowing capacity, the CoBank LOC was reduced back down to $20,000,000. The terms of the note call for monthly interest payments at a floating interest rate. Included in VACC interest expense in 2011 and 2010 are fees related to the LOC in the amount of $12,828 and $19,964, respectively.

Intermediary Relending Program

The VSBDC and VT 504 have eight and two notes payable, respectively from the USDA Intermediary Relending Program through the U.S. Department of Rural Development. These funds are borrowed at a fixed rate for a period of thirty years and have annual payments of principal and interest. Subsequent to year end the Authority borrowed $92,500 that was remaining to be drawn on the VSBDC USDA Rural Development IRP note dated November 18, 2010 in the amount of $750,000.

Financial Debt Covenants

Under the commercial paper and certain note payable debt agreements, the Authority has agreed to comply with certain financial covenants. The covenants require certain minimum equity levels and to maintain the amount of adversely classified loans below a specified level. As of and for the years ended June 30, 2011 and 2010, the Authority believes it has met its required financial covenants.

The schedule below details the changes in notes payable over the past two years:

Note Payable Roll Forward Schedule	2011 Beginning Balance	Add New Debt	Less Debt Paid	2011 Ending Balance
VJF	$ 3,200,877	$ 0	$ 86,273	$ 3,114,604
VACC	14,250,000	12,750,000	22,000,000	5,000,000
Non-Major Funds Combined	4,699,135	1,407,500	146,915	5,959,720
Total for FY 2011	**$ 22,150,012**	**$ 14,157,500**	**$ 22,233,188**	**$ 14,074,324**

Note Payable Roll Forward Schedule	2010 Beginning Balance	Add New Debt	Less Debt Paid	2010 Ending Balance
VJF	$ 3,283,523	$ 0	$ 82,646	$ 3,200,877
VACC	7,600,000	6,650,000	0	14,250,000
Non-Major Funds Combined	3,344,580	1,500,000	145,445	4,699,135
Total for FY 2010	**$ 14,228,103**	**$ 8,150,000**	**$ 228,091**	**$ 22,150,012**

The aggregate maturities of the notes payable principal and interest for future years are as follows:

Notes Payable Principal Payments:			Non-Major Funds	Interest Payments:		Non-Major Funds
Fiscal Year	VJF	VACC	Combined	VJF	VACC	Combined
2012	$ 118,745	$ 5,000,000	$ 172,704	$ 103,761	$ 59,597	$ 59,597
2013	125,669	0	174,431	96,837	0	57,871
2014	129,873	0	224,847	92,633	0	56,126
2015	134,218	0	276,690	88,288	0	53,878
2016	138,708	0	279,457	83,798	0	51,110
2017-2021	765,922	0	1,400,779	346,608	0	213,071
2022-2026	1,701,469	0	1,164,705	123,237	0	146,231
2027-2031	0	0	858,774	0	0	96,302
2032-2036	0	0	902,476	0	0	52,496
2037-2041	0	0	504,857	0	0	12,316
Total	**$ 3,114,604**	**$ 5,000,000**	**$ 5,959,720**	**$ 935,162**	**$ 59,597**	**$ 798,998**

(7) Small Business Administration Debentures

The VT504 approves the issuance of SBA guaranteed debentures and uses the proceeds to make loans to eligible businesses. The debentures and the loans they fund are not included in the balance sheet of VT504 and accordingly, are not included in these financial statements. The VT504 acts as an originator and servicing agent for the SBA and has no obligation to repay the debentures. The VT504 was servicing $24,481,740 and $24,314,746 of loans at June 30, 2011 and 2010, respectively. The VT504 received $178,440 and $194,108 in fees to service these loans in 2011 and 2010, respectively.

(8) Retirement Plan

The Authority has a non-contributory defined contribution retirement plan for all employees who have completed one year of service. Contributions are based on ten percent of each participant's compensation. Contributions are made to individual Simplified Employer Plan ("SEP") accounts held by a financial institution in the participant's name. Contributions are immediately 100% vested. Information regarding the Authority's retirement plan contributions, covered and total payroll for employees for the last three years are shown in the chart below:

Retirement Plan Information for Fiscal Years ending June 30:	2009	2010	2011
Contributions to Simplified Employer Plan ("SEP")	$ 146,719	$ 161,784	$ 185,610
SEP Contributions as a % of Covered Payroll	10%	10%	10%

The Authority does not offer any additional post-employment benefits to its employees.

(9) Operating Leases

In 2007, the Authority purchased its primary headquarters building located in Montpelier, Vermont. The purchase included land, adequate parking, and two buildings. The "main" building consists of four floors with aggregate office space of approximately 20,000 square feet; the second building has approximately 2,400 square feet of leasable office space. The Authority occupies the third and fourth floors of the main building as its primary offices and leases the remaining space.

VEDA has operating leases with its various tenants for space in the two buildings. The first two floors in the main building are leased to a single not-for-profit tenant. The lease was signed in fiscal 2009 with an occupancy date of August 1, 2009. The lease is for fifteen years with fixed monthly payments for ten years; in the eleventh year the payments increase by 25% and remain fixed at that level for the remaining five years of the lease. The lease requires the lessee to pay a pro-rata share of certain occupancy related expenses including taxes, maintenance, and utilities.

Lease Revenue Fiscal Year	VJF
2012	$ 135,165
2013	136,065
2014	136,985
2015	137,935
2016	138,905
2017-2021	798,655
2022-2026	165,710
Total	**$ 1,649,420**

The space in the second building is leased to multiple tenants. The leases range from month-to-month to a maximum term of one year. The terms of the leases call for fixed monthly payments. Rental income in 2011 and 2010 from both buildings totaled $202,560 and $196,928, respectively. The projected lease payments from VEDA tenants are shown in the chart above.

The Authority has one year renewable leases for two satellite offices, one in Burlington and one in St. Johnsbury, Vermont. The Authority paid occupancy expenses under these leases for the years ended June 30, 2011 and 2010, of $13,798 and $18,246, respectively.

(10) Loan Commitments Outstanding

At June 30, 2011 the Authority had commitments for new loans and undisbursed amounts on existing loans. These amounts are expected to be disbursed in the next fiscal year and are detailed below:

Outstanding Commitments at June 30, 2011	VJF	VACC	NON-MAJOR FUNDS	VEDA TOTAL
Note receivable commitments	$ 2,887,803	$ 2,914,325	$ 669,769	$ 6,471,897
Undisbursed notes receivable	3,655,596	2,100,004	326,674	6,082,274
Outstanding Commitments	**$ 6,543,399**	**$ 5,014,329**	**$ 996,443**	**$ 12,554,171**

(11) Contingent Liabilities

Insurance Programs

Under the Authority's two insurance programs (the MIP and FAP) VEDA has a contingent liability to lending institutions for the portion of loans VEDA insures. The full faith and credit of the State is pledged to support the activities of the two programs. The insured loan balances in the MIP totaled $2,484,000 and $4,901,888 at June 30, 2011 and 2010, respectively. The contingent liability for the FAP totaled $809,748 and $807,044 at June 30, 2011 and 2010, respectively.

Losses on FAP insured loans totaled $1,962 and $69,670 in 2011 and 2010, respectively. The losses in the MIP and FAP are recorded under the caption "Provision for losses on insured loans" on the Statement of Revenues, Expenses and Changes in Net Assets.

Other Contingent Liabilities

The Authority receives financial assistance from the Federal government in the form of loan guarantees and interest subsidies. Entitlement to Federal financial assistance is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations. All Federal financial assistance programs are subject to either the Federal Single Audit Act or to financial and compliance audits by the grantor agencies. Any guarantees paid or subsidy amounts received that are disallowed as a result of these audits would become a liability of the Authority. At June 30, 2011 and 2010, management was not aware of any such disallowance.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these risks through a combination of commercial insurance packages purchased in the name of the Authority. Insurance settlements have not exceeded insurance coverage for any of the past three years, nor have there been any reductions in insurance coverage.

(12) Relationships with the State of Vermont and Other Related Parties

Appropriations

Appropriations represent funds transferred from the State to the Authority for support of certain programs. In the years ended June 30, 2011 and 2010, the Authority received appropriations of $1,140,000 and $5,850,000, respectively, from the State.

Net Assets Restricted

VEDA had Restricted Net Assets of $20,067,767 and $20,051,714 under the caption [Restricted] "For commercial paper collateral" at June 30, 2011 and 2010, respectively. These amounts represent restricted assets pledged to collateralize the issuance of commercial paper (Note 5).

As a result of various agreements with (and appropriations from) the State, amounts are recorded as [Restricted] "For interest rate subsidies" in the Net Asset section on the VJF and VACC balance sheets. At June 30, 2011 and 2010, the Authority had $4,034,469 and $4,774,775 of Net Assets restricted for subsidies, respectively. The decrease in 2011 of $740,306 was the result of subsidies used.

In 2010, the State appropriated $2,900,000 to VEDA for investment in a seed capital fund. In 2011, the State appropriated an additional $1,140,000 for investment in the same fund (Note 3). Since all revenues derived from the fund are reinvested in the fund, the investment of $4,040,000 is recorded a restricted investment and as restricted net assets.

Interest Rate Subsidies
In previous years, the Authority has received resources from the State (appropriations and debt forgiveness) for interest rate subsidies. The various resources, together with investment income generated thereon or interest expense saved is used to offset revenue lost on subsidized VJF and VACC loans. For VEDA, a subsidy is defined as the difference between the interest rate charged to borrowers and the interest rate that is required to cover operating costs and provide growth in Net Assets.

In 2010, VEDA received $2,950,000 in appropriations for interest rate subsidies in the VJF and for subsidies and loan losses in the VACC. The appropriations are recorded as Restricted Net Assets under the caption "Restricted for interest rate subsidies."

On a monthly basis, management determines the amount of subsidy used for each note receivable based on the loan balance, the cost of borrowed funds, a margin to cover operating costs, the rate charged on each note and estimated loan losses (as applicable). In 2011 the Authority incurred non-covered operating costs resulting from the VEDA subsidy program of $1,045,757 of which $740,306 was funded from restricted net assets and $305,451 that was funded through the write-down of a FY 2009 advance from the State (see comment below) and recorded under the caption "Deferred appropriation earned" on the Statement of Net Assets. In 2010, the Authority incurred $540,845 of non-covered operating costs resulting from the subsidy program, funded entirely from restricted net assets.

In 2009, the Authority received an advance of $1,250,000 from the State. Through an agreement with the State, annual write-downs of the advance and the interest expense saved through use of the funds to reduce outstanding commercial paper, is designated for interest rate subsidies. None of the advance was written down in 2010. In 2011, $305,451 of the advance, net of interest saved was written down and recorded as Deferred Appropriation Earned on the Statement of Net Assets. The remaining $944,549 of the advance is reflected on the Balance Sheet under the caption "Other Liability – State of Vermont."

Insurance Fund and Financial Access Programs
By statute the State of Vermont pledges its full faith and credit to support the operations of the MIP and FAP. The statute also calls for all net income to be transferred annually to the State. The transfers between the programs and the State (either to or from) are recorded under the caption "Non-operating revenue (or expense) from the State."

Grants on Behalf of the State
Pursuant to an agreement with the State, VEDA funds grants made by two State Agencies. The grants fund farm waste remediation and disposal projects as well as projects to control the pollution of lakes and streams in Vermont. In 2011 and 2010, $2,092 and $121,734 was disbursed by VEDA for grants on behalf of the State. These amounts are not reflected on the *Statement of Revenues, Expenses and Change in Net Assets* because the grant expense is offset by a commensurate amount of forgiveness of the "Other Liability State of Vermont." The remaining amount available for grants at June 30, 2011 and 2010 was $198,114 and $200,206, respectively. The funds are disbursed at the direction of the Agencies.

Agency Funds
VEDA services loan programs for various Agencies of the State. The Authority provides underwriting, servicing, fiduciary and accounting services for these programs. VEDA holds cash for all programs and notes receivable for two programs in the Authority's name. These assets are recorded on the *Statement of Fiduciary Assets and Liabilities for the Agency Funds*. The Agency Fund programs are described in more detail below:

Drinking Water State Revolving Fund ("DWF")
VEDA assists the Agency of Natural Resources ("ANR") in the operation of the DWF which makes loans to private entities for drinking water-related projects. The Authority issues notes receivable and

is assisted by the ANR in approving the loans. ANR transferred $1,500,000 and $2,218,626 to the Authority in 2011 and 2010, respectively for the purpose of making the DWF loans. The VJF earned $80,223 and $100,340 in fees in 2011 and 2010, respectively.

Clean Energy Development Fund ("CEDF")
The Authority provides services to CEDF which is operated in conjunction with the State Department of Public Service ("DPS"). The CEDF makes grants and loans to businesses for the purpose of developing and marketing renewable and clean sources of energy. DPS transferred $2,459,070 and $1,822,493 to the Authority in 2011 and 2010, respectively for the purpose of making the CEDF loans. The VJF earned $53,474 and $32,367 in fees for services in 2011 and 2010, respectively.

State Infrastructure Bank ("SIB")
The SIB makes municipal and private sector loans for transportation infrastructure-related projects at the direction of its Board and in conjunction with the State Agency of Transportation. The VJF earned $3,831 and $3,394 in fees for services in 2011 and 2010, respectively.

Brownfield Revitalization Fund ("BRF")
The Authority provides services to the State Agency of Commerce and Community Development ("ACCD") in the operation of the BRF. The BRF makes loans to businesses or individuals for the purpose of cleaning up environmentally "dirty" sites (a "Brownfield"). In fiscal 2011, ACCD transferred $310,000 to the Authority for the purpose of making BRF loans. The VJF earned $4,364 and $1,950 in fees for these services in 2011 and 2010, respectively.

A summary of the cash and notes receivable at June 30, 2011 and 2010 for the respective State agencies are shown in the chart below:

At June 30, 2011:	**DWF**	**CEDF**	**SIB**	**BRF**	**TOTAL**
Cash and cash equivalents	$ 1,543,755	$ 1,391,295	$ 2,830,249	$ 98,483	$ 5,863,782
Notes receivable	11,705,523	3,898,868	0	212,521	15,816,912
Total Due To Agency	**$ 13,249,278**	**$ 5,290,163**	**$ 2,830,249**	**$ 311,004**	**$ 21,680,694**

At June 30, 2010:	**DWF**	**CEDF**	**SIB**	**BRF**	**TOTAL**
Cash and cash equivalents	$ 1,047,395	$ 116,445	$ 2,739,645	$ 3,750	$ 3,907,235
Notes receivable	10,920,031	3,124,304	0	0	14,044,335
Total Due To Agency	**$ 11,967,426**	**$ 3,240,749**	**$ 2,739,645**	**$ 3,750**	**$ 17,951,570**

Other Related Parties
In 2010, a Member of the Authority took the position of Chief Financial Officer for a VEDA Borrower. The Borrower's loan from VEDA is in the amount of $1,300,000 and was approved by the Members in May 2009 prior to the Member accepting the position. The balance on the related party loan was $741,038 and $137,514 at June 30, 2011 and 2010, respectively.

(13) Deferred Revenue for Federal Program

In 2011, the Authority received $4,345,555 from the United States Treasury Department as the State's allocation under the State Small Business Credit Initiative Act of 2010 ("SSBCI"). The Act allocated a total of $13,168,350 with the remaining $8,822,795 to be drawn over the next fiscal year to support the following VEDA programs: (1) Interest subsidies in the VJF; (2) Technology loans in the VJF; (3) Small business loans in the VSBDC and VT504; and (4) A new capital access program included in the VJF intended to replace the FAP. The revenue will be earned over time as loans are made under the programs and program costs are incurred.

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VERMONT ECONOMIC DEVELOPMENT AUTHORITY

(A Component Unit of the State of Vermont)

SUPPLEMENTARY SCHEDULES

Combining Financial Statements - Non-Major Funds Combined

Combining Financial Statements – Vermont Small Business Development Corporation

Combining Financial Statements – Vermont 504 Corporation

June 30, 2011 and 2010

Supplementary Schedules

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Combining Balance Sheet - Non-Major Funds Combined
as of June 30, 2011

Assets	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	Insurance Fund	Financial Access Program	Non-Major Funds Combined
Current Assets:					
Cash and cash equivalents:					
Unrestricted	$ 615,076	$ 463,385	$ 0	$ 0	$ 1,078,461
Restricted	0	0	61,812	186,728	248,540
Total cash and cash equivalents:	615,076	463,385	61,812	186,728	1,327,001
Notes receivable	1,515,289	172,944	0	0	1,688,233
Accrued interest receivable	24,707	3,881	0	22	28,610
Other assets	3,220	0	0	0	3,220
Total current assets	2,158,292	640,210	61,812	186,750	3,047,064
Notes receivable, less current portion	9,027,062	1,500,476	0	0	10,527,538
Less allowance for loan losses	(580,300)	(83,700)	0	0	(664,000)
Notes receivable, less current, net of allowance	8,446,762	1,416,776	0	0	9,863,538
Total assets	**$ 10,605,054**	**$ 2,056,986**	**$ 61,812**	**$ 186,750**	**$ 12,910,602**
Liabilities					
Current Liabilities:					
Interfund note payable	$ 3,850,000	$ 0	$ 0	$ 0	$ 3,850,000
Notes payable	172,704	0	0	0	172,704
Escrow and reserve accounts	1,376	0	0	183,769	185,145
Accounts payable and accrued expenses	414	1,320	418	0	2,152
Interfund accounts payable	57,709	(192)	1,548	0	59,065
Due to State of Vermont	0	0	59,846	2,981	62,827
Deferred revenue for federal program	1,031,243	0	0	0	1,031,243
Accrued interest payable	17,522	6,713	0	0	24,235
Total current liabilities	5,130,968	7,841	61,812	186,750	5,387,371
Notes payable, less current portion	4,287,016	1,500,000	0	0	5,787,016
Total liabilities	**$ 9,417,984**	**$ 1,507,841**	**$ 61,812**	**$ 186,750**	**$ 11,174,387**
Unrestricted net assets	**$ 1,187,070**	**$ 549,145**	**$ 0**	**$ 0**	**$ 1,736,215**
Total liabilities and net assets	**$ 10,605,054**	**$ 2,056,986**	**$ 61,812**	**$ 186,750**	**$ 12,910,602**

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Combining Balance Sheet - Non-Major Funds Combined
as of June 30, 2010

Assets	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	Insurance Fund	Financial Access Program	Non-Major Funds Combined
Current Assets:					
Cash and cash equivalents:					
Unrestricted	$ 411,396	$ 410,483	$ 0	$ 0	$ 821,879
Restricted	0	0	34,031	177,920	211,951
Total cash and cash equivalents:	411,396	410,483	34,031	177,920	1,033,830
Notes receivable	1,171,812	72,718	0	0	1,244,530
Accrued interest receivable	16,460	2,355	0	36	18,851
Other assets	167,269	1,485	0	0	168,754
Total current assets	1,766,937	487,041	34,031	177,956	2,465,965
Notes receivable, less current portion	6,873,447	770,530	0	0	7,643,977
Less allowance for loan losses	(645,700)	(42,200)	0	0	(687,900)
Notes receivable, less current, net of allowance	6,227,747	728,330	0	0	6,956,077
Total assets	**$ 7,994,684**	**$ 1,215,371**	**$ 34,031**	**$ 177,956**	**$ 9,422,042**
Liabilities					
Current Liabilities:					
Interfund note payable	$ 2,825,000	$ 0	$ 0	$ 0	$ 2,825,000
Notes payable	146,899	0	0	0	146,899
Escrow and reserve accounts	0	0	0	175,205	175,205
Accounts payable and accrued expenses	1,286	0	0	0	1,286
Interfund accounts payable	15,654	5,065	955	0	21,674
Due to State of Vermont	0	0	33,076	2,751	35,827
Accrued interest payable	14,507	2,800	0	0	17,307
Total current liabilities	3,003,346	7,865	34,031	177,956	3,223,198
Notes payable, less current portion	3,802,236	750,000	0	0	4,552,236
Total liabilities	**$ 6,805,582**	**$ 757,865**	**$ 34,031**	**$ 177,956**	**$ 7,775,434**
Unrestricted net assets	**$ 1,189,102**	**$ 457,506**	**$ 0**	**$ 0**	**$ 1,646,608**
Total liabilities and net assets	**$ 7,994,684**	**$ 1,215,371**	**$ 34,031**	**$ 177,956**	**$ 9,422,042**

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Combining Statement of Revenues, Expenses and Changes in Net Assets -
Non-Major Funds Combined
For the year ended June 30, 2011

	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	Mortgage Insurance Fund	Financial Access Program	Non-Major Funds Combined
Operating Revenues:					
Cash and investment interest	$ 192	$ 1,141	$ 107	$ 230	$ 1,670
Notes receivable interest	462,925	61,111	0	0	524,036
Other revenues	33,418	213,863	47,897	0	295,178
Total operating revenues	496,535	276,115	48,004	230	820,884
Operating Expenses:					
Interest on notes payable	40,235	8,808	0	0	49,043
Interfund interest	43,342	0	0	0	43,342
Provision for loan losses	366,625	41,500	0	0	408,125
Provision for losses on insured loans	0	0	0	1,962	1,962
Professional fees	19,007	11,973	12,388	0	43,368
Interfund expense allocation	260,949	64,638	8,846	0	334,433
Total operating expenses	730,158	126,919	21,234	1,962	880,273
Operating (loss) income	**(233,623)**	**149,196**	**26,770**	**(1,732)**	**(59,389)**
Non-Operating Revenue (Expense):					
Non-operating (expense) revenue from State	0	0	(26,770)	1,732	(25,038)
Interfund non-operating revenue (expense)	231,591	(57,557)	0	0	174,034
Total non-operating revenue (expense)	231,591	(57,557)	(26,770)	1,732	148,996
Net (decrease) increase in net assets	**(2,032)**	**91,639**	**0**	**0**	**89,607**
Net assets at beginning of year	1,189,102	457,506	0	0	1,646,608
Net assets at end of year	$ 1,187,070	$ 549,145	$ 0	$ 0	$ 1,736,215

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Combining Statement of Revenues, Expenses and Changes in Net Assets - Non-Major Funds Combined
For the year ended June 30, 2010

	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	Mortgage Insurance Fund	Financial Access Program	Non-Major Funds Combined
Operating Revenues:					
Cash and investment interest	$ 507	$ 941	$ 172	$ 394	$ 2,014
Notes receivable interest	356,121	19,772	0	0	375,893
Other revenues	40,284	247,733	57,717	0	345,734
Total operating revenues	396,912	268,446	57,889	394	723,641
Operating Expenses:					
Interest on notes payable	35,037	2,800	0	0	37,837
Interfund interest	28,336	0	0	0	28,336
Provision for loan losses	178,146	42,200	0	0	220,346
Provision for losses on insured loans	0	0	0	69,670	69,670
Professional fees	18,836	15,667	10,389	0	44,892
Interfund expense allocation	189,784	83,118	16,560	15	289,477
Total operating expenses	450,139	143,785	26,949	69,685	690,558
Operating (loss) income	**(53,227)**	**124,661**	**30,940**	**(69,291)**	**33,083**
Non-Operating Revenue:					
Non-operating revenue from State of Vermont	0	0	(30,940)	69,291	38,351
Interfund non-operating revenue	187,500	187,500	0	0	375,000
Total non-operating revenue	187,500	187,500	(30,940)	69,291	413,351
Net increase in net assets	**134,273**	**312,161**	**0**	**0**	**446,434**
Net assets at beginning of year	1,054,829	145,345	0	0	1,200,174
Net assets at end of year	$ 1,189,102	$ 457,506	$ 0	$ 0	$ 1,646,608

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Combining Statement of Cash Flows - Non-Major Funds Combined
For the Year Ended June 30, 2011

	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	Mortgage Insurance Program	Financial Access Program	Non-Major Funds Combined
Cash flows from operating activities:					
Interest received on notes receivable	$ 451,742	$ 59,585	$ 0	$ 14	$ 511,341
Other revenues received	33,418	213,863	47,897	0	295,178
Operating expenses paid other than interest	(74,724)	(79,063)	(20,223)	0	(174,010)
Borrower escrow funds received	1,376	0	0	0	1,376
Receipts from participating banks, net	0	0	0	8,564	8,564
Principal received on notes receivable	945,322	142,759	0	0	1,088,081
Principal disbursed on notes receivable	(3,860,633)	(983,801)	0	0	(4,844,434)
Cash (used for) provided by operating activities	(2,503,499)	(646,657)	27,674	8,578	(3,113,904)
Cash flows from non-capital financing activities:					
Interest paid on notes payable	(37,220)	(4,895)	0	0	(42,115)
Interfund interest paid	(43,342)	0	0	0	(43,342)
Federal program funds received	1,031,243	0	0	0	1,031,243
Interfund non-operating income (expense)	231,591	(57,557)	0	0	174,034
Interfund transfer of notes receivable for cash	(10,870)	10,870	0	0	0
Non-operating income (paid to) received from State	0	0	0	1,962	1,962
Proceeds from interfund note payable	1,825,000	0	0	0	1,825,000
Payments on interfund notes payable	(800,000)	0	0	0	(800,000)
Proceeds from notes payable	657,500	750,000	0	0	1,407,500
Payments on notes payable	(146,915)	0	0	0	(146,915)
Payments for losses on insured loans, net	0	0	0	(1,962)	(1,962)
Cash provided by (used for) non-capital financing activities	2,706,987	698,418	0	0	3,405,405
Cash flows from investing activities:					
Interest received on cash and investments	192	1,141	107	230	1,670
Net cash provided by investing activities	192	1,141	107	230	1,670
Net increase (decrease) in cash and cash equivalents	**203,680**	**52,902**	**27,781**	**8,808**	**293,171**
Cash and cash equivalents at beginning of year	411,396	410,483	34,031	177,920	1,033,830
Cash and cash equivalents at end of year	**$ 615,076**	**$ 463,385**	**$ 61,812**	**$ 186,728**	**$ 1,327,001**
Reconciliation of Operating (Loss) Income to Cash (Used For) Provided By Operating Activities:					
Operating (loss) income	$ (233,623)	$ 149,196	$ 26,770	$ (1,732)	$ (59,389)
Adjustments to reconcile operating (loss) income to cash (used for) provided by operating activities:					
Interest income on investment activities	(192)	(1,141)	(107)	(230)	(1,670)
Interest paid on notes payable	40,235	8,808	0	0	49,043
Interest paid for interfund financing activities	43,342	0	0	0	43,342
Provision for loan losses	366,625	41,500	0	0	408,125
Provision for losses on insured loans	0	0	0	1,962	1,962
Interfund transfer of notes receivable	10,870	(10,870)	0	0	0
Changes in assets and liabilities:					
Notes receivable	(2,497,092)	(830,172)	0	0	(3,327,264)
Allowance for loan losses	(432,025)	0	0	0	(432,025)
Accrued interest receivable	(8,247)	(1,526)	0	14	(9,759)
Other assets	164,049	1,485	0	0	165,534
Escrow and reserve accounts	1,376	0	0	8,564	9,940
Accounts payable and accrued expenses	(872)	1,320	418	0	866
Interfund accounts payable	42,055	(5,257)	593	0	37,391
Cash (used for) provided by operating activities	$ (2,503,499)	$ (646,657)	$ 27,674	$ 8,578	$ (3,113,904)

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Combining Statement of Cash Flows - Non-Major Funds Combined
For the Year Ended June 30, 2010

	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	Mortgage Insurance Fund	Financial Access Program	Non-Major Funds Combined
Cash flows from operating activities:					
Interest received on notes receivable	$ 357,017	$ 17,417	$ 0	$ (11)	$ 374,423
Other revenues received	40,284	247,733	57,717	0	345,734
Operating expenses paid other than interest	(399,451)	(109,123)	(20,615)	(15)	(529,204)
Receipts from participating banks, net	0	0	0	4,625	4,625
Principal received on notes receivable	1,323,832	46,587	0	0	1,370,419
Principal disbursed on notes receivable	(3,481,404)	(712,242)	0	0	(4,193,646)
Cash (used for) provided by operating activities	(2,159,722)	(509,628)	37,102	4,599	(2,627,649)
Cash flows from non-capital financing activities:					
Interest paid on notes payable	(33,446)	0	0	0	(33,446)
Interfund interest paid	(28,336)	0	0	0	(28,336)
Interfund operating transfer received	187,500	187,500	0	0	375,000
Interfund transfer of notes receivable for cash	326,219	(177,593)	0	0	148,626
Non-operating income received from State of Vermont	0	0	(61,237)	67,731	6,494
Proceeds from interfund note payable	1,700,000	0	0	0	1,700,000
Payments on interfund notes payable	(375,000)	0	0	0	(375,000)
Proceeds from notes payable	750,000	750,000	0	0	1,500,000
Payments on notes payable	(145,445)	0	0	0	(145,445)
Payments for losses on insured loans, net	0	0	0	(69,670)	(69,670)
Net cash provided (used for) by non-capital financing activities	2,381,492	759,907	(61,237)	(1,939)	3,078,223
Cash flows from investing activities:					
Interest received on cash and investments	507	941	172	394	2,014
Net cash provided by investing activities	507	941	172	394	2,014
Net (decrease) increase in cash and cash equivalents	**222,277**	**251,220**	**(23,963)**	**3,054**	**452,588**
Cash and cash equivalents at beginning of year	189,119	159,263	57,994	174,866	581,242
Cash and cash equivalents at end of year	**$ 411,396**	**$ 410,483**	**$ 34,031**	**$ 177,920**	**$ 1,033,830**
Reconciliation of Operating (Loss) Income to Cash (Used For) Provided By Operating Activities:					
Operating (loss) income	$ (53,227)	$ 124,661	$ 30,940	$ (69,291)	$ 33,083
Adjustments to reconcile operating (loss) income to cash (used for) provided by operating activities:					
Interest income on investment activities	(507)	(941)	(172)	(394)	(2,014)
Interest expense paid on notes payable	35,037	2,800	0	0	37,837
Interest paid for interfund financing activities	28,336	0	0	0	28,336
Provision for loan losses	178,146	42,200	0	0	220,346
Provision for losses on insured loans	0	0	0	69,670	69,670
Interfund transfer of notes receivable	(326,219)	177,593	0	0	(148,626)
Changes in assets and liabilities:					
Notes receivable	(1,655,907)	(843,248)	0	0	(2,499,155)
Allowance for loan losses	(175,446)	0	0	0	(175,446)
Accrued interest receivable	896	(2,355)	0	(11)	(1,470)
Other assets	(167,269)	(1,485)	6,829	0	(161,925)
Escrow and reserve accounts	0	0	0	4,625	4,625
Accounts payable and accrued expenses	(11,360)	(6,823)	(185)	0	(18,368)
Interfund accounts payable	(12,202)	(2,030)	(310)	0	(14,542)
Cash (used for) provided by operating activities	$ (2,159,722)	$ (509,628)	$ 37,102	$ 4,599	$ (2,627,649)

Vermont Small Business Development Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Balance Sheet
as of June 30, 2011 and 2010

	as of June 30, 2011			as of June 30, 2010		
Assets	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total
Current Assets:						
Unrestricted cash and cash equivalents	$ 347,799	$ 267,277	$ 615,076	$ 346,546	$ 64,850	$ 411,396
Notes receivable	750,779	764,510	1,515,289	603,846	567,966	1,171,812
Accrued interest receivable	16,815	7,892	24,707	10,702	5,758	16,460
Other assets	3,220	0	3,220	167,269	0	167,269
Total current assets	1,118,613	1,039,679	2,158,292	1,128,363	638,574	1,766,937
Notes receivable, less current portion	5,234,631	3,792,431	9,027,062	4,143,942	2,729,505	6,873,447
Less allowance for loan losses	(352,700)	(227,600)	(580,300)	(335,800)	(309,900)	(645,700)
Notes receivable, less current portion, net of allowance	4,881,931	3,564,831	8,446,762	3,808,142	2,419,605	6,227,747
Total assets	**$ 6,000,544**	**$ 4,604,510**	**$ 10,605,054**	**$ 4,936,505**	**$ 3,058,179**	**$ 7,994,684**
Liabilities						
Current Liabilities:						
Interfund note payable	$ 0	$ 3,850,000	$ 3,850,000	$ 0	$ 2,825,000	$ 2,825,000
Notes payable	172,704	0	172,704	146,899	0	146,899
Escrow and reserve accounts	1,376	0	1,376	0	0	0
Accounts payable and accrued expenses	414	0	414	1,286	0	1,286
Interfund accounts payable	401,917	(344,208)	57,709	10,884	4,770	15,654
Deferred revenue for federal program	0	1,031,243	1,031,243	0	0	0
Accrued interest payable	17,522	0	17,522	14,507	0	14,507
Total current liabilities	593,933	4,537,035	5,130,968	173,576	2,829,770	3,003,346
Notes payable, less current portion	4,287,016	0	4,287,016	3,802,236	0	3,802,236
Total liabilities	**4,880,949**	**4,537,035**	**9,417,984**	**3,975,812**	**2,829,770**	**6,805,582**
Unrestricted net assets	**1,119,595**	**67,475**	**1,187,070**	**960,693**	**228,409**	**1,189,102**
Total liabilities and net assets	**$ 6,000,544**	**$ 4,604,510**	**$ 10,605,054**	**$ 4,936,505**	**$ 3,058,179**	**$ 7,994,684**

Vermont Small Business Development Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	For the Year Ended June 30, 2011			For the Year Ended June 30, 2010		
	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total
Operating Revenues:						
Cash and investment interest	$ 35	$ 157	$ 192	$ (50)	$ 557	$ 507
Notes receivable interest	303,454	159,471	462,925	232,993	123,128	356,121
Other revenues	16,960	16,458	33,418	14,034	26,250	40,284
Total operating revenues	320,449	176,086	496,535	246,977	149,935	396,912
Operating Expenses:						
Interest on notes payable	40,235	0	40,235	35,037	0	35,037
Interfund note payable interest	0	43,342	43,342	0	28,336	28,336
Provision for loan losses	178,541	188,084	366,625	(5,075)	183,221	178,146
Professional fees	18,306	701	19,007	15,342	3,494	18,836
Inter-fund expense allocation	115,162	145,787	260,949	91,142	98,642	189,784
Total operating expenses	352,244	377,914	730,158	136,446	313,693	450,139
Operating (loss) income	**(31,795)**	**(201,828)**	**(233,623)**	**110,531**	**(163,758)**	**(53,227)**
Non-operating revenue	190,697	40,894	231,591	187,500	0	187,500
Net increase (decrease) in net assets	**158,902**	**(160,934)**	**(2,032)**	**298,031**	**(163,758)**	**134,273**
Net assets at beginning of year	960,693	228,409	1,189,102	662,662	392,167	1,054,829
Net assets at end of year	$ 1,119,595	$ 67,475	$ 1,187,070	$ 960,693	$ 228,409	$ 1,189,102

Vermont Small Business Development Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Statement of Cash Flows
For the Years Ended June 30, 2011 and 2010

	For the Year Ended June 30, 2011			For the Year Ended June 30, 2010		
	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total
Cash flows from operating activities:						
Interest received on notes receivable	$ 297,341	$ 154,401	$ 451,742	$ 232,973	$ 124,044	$ 357,017
Other revenues received	16,960	16,458	33,418	14,034	26,250	40,284
Operating expenses paid other than interest	420,742	(495,466)	(74,724)	(276,990)	(122,461)	(399,451)
Borrower escrow funds received	1,376	0	1,376	0	0	0
Principal received on notes receivable	478,333	466,989	945,322	924,070	399,762	1,323,832
Principal disbursed on notes receivable	(1,790,325)	(2,070,308)	(3,860,633)	(1,206,375)	(2,275,029)	(3,481,404)
Cash used for operating activities	(575,573)	(1,927,926)	(2,503,499)	(312,288)	(1,847,434)	(2,159,722)
Cash flows from noncapital financing activities:						
Interest paid on notes payable	(37,220)	0	(37,220)	(33,446)	0	(33,446)
Interest paid on interfund note payable	0	(43,342)	(43,342)	0	(28,336)	(28,336)
Federal program funds received	0	1,031,243	1,031,243	0	0	0
Interfund non-operating revenue (expense)	190,697	40,894	231,591	187,500	0	187,500
Interfund transfer of notes receivable for cash	(87,271)	76,401	(10,870)	(175,774)	501,993	326,219
Proceeds from interfund note payable	0	1,825,000	1,825,000	0	1,700,000	1,700,000
Payments on interfund note payable	0	(800,000)	(800,000)	0	(375,000)	(375,000)
Proceeds from notes payable	657,500	0	657,500	750,000	0	750,000
Payments on notes payable	(146,915)	0	(146,915)	(145,445)	0	(145,445)
Cash provided by noncapital financing activities	576,791	2,130,196	2,706,987	582,835	1,798,657	2,381,492
Cash flows from investing activities:						
Interest received on cash and investments	35	157	192	(50)	557	507
Net cash provided by (used for) investing activities	35	157	192	(50)	557	507
Net increase (decrease) in cash and cash equivalents	**1,253**	**202,427**	**203,680**	**270,497**	**(48,220)**	**222,277**
Cash and cash equivalents at beginning of year	346,546	64,850	411,396	76,049	113,070	189,119
Cash and cash equivalents at end of year	**$ 347,799**	**$ 267,277**	**$ 615,076**	**$ 346,546**	**$ 64,850**	**$ 411,396**
Reconciliation of Operating (Loss) Income to Cash Used For Operating Activities:						
Cash flows from operating activities:						
Operating (loss) income	**$ (31,795)**	**$ (201,828)**	**$ (233,623)**	**$ 110,531**	**$ (163,758)**	**$ (53,227)**
Adjustments to reconcile operating income to cash used for operating activities:						
Interest income on investment activities	(35)	(157)	(192)	50	(557)	(507)
Interest expense on notes payable	40,235	0	40,235	35,037	0	35,037
Interest paid for interfund financing activities	0	43,342	43,342	0	28,336	28,336
Provision for loan losses	178,541	188,084	366,625	(5,075)	183,221	178,146
Interfund transfer of notes receivable	87,271	(76,401)	10,870	175,774	(501,993)	(326,219)
Changes in assets and liabilities:						
Notes receivable	(1,237,622)	(1,259,470)	(2,497,092)	(444,254)	(1,211,653)	(1,655,907)
Allowance for loan losses	(161,641)	(270,384)	(432,025)	(13,825)	(161,621)	(175,446)
Accrued interest receivable	(6,113)	(2,134)	(8,247)	(20)	916	896
Other assets	164,049	0	164,049	(167,269)	0	(167,269)
Escrow funds received	1,376	0	1,376	0	0	0
Accounts payable and accrued expenses	(872)	0	(872)	(2,872)	(8,488)	(11,360)
Interfund accounts payable	391,033	(348,978)	42,055	(365)	(11,837)	(12,202)
Cash used for operating activities	$ (575,573)	$ (1,927,926)	$ (2,503,499)	$ (312,288)	$ (1,847,434)	$ (2,159,722)

Vermont 504 Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Balance Sheet
as of June 30, 2011 and 2010

	as of June 30, 2011			as of June 30, 2010		
Assets	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total
Current Assets:						
Unrestricted cash and cash equivalents	$ 294,627	$ 168,758	$ 463,385	$ 117,809	$ 292,674	$ 410,483
Notes receivable	172,944	0	172,944	72,718	0	72,718
Accrued interest receivable	3,881	0	3,881	2,355	0	2,355
Other assets	0	0	0	0	1,485	1,485
Total current assets	471,452	168,758	640,210	192,882	294,159	487,041
Notes receivable, less current portion	1,500,476	0	1,500,476	770,530	0	770,530
Less allowance for loan losses	(83,700)	0	(83,700)	(42,200)	0	(42,200)
Notes receivable, less current portion, net of allowance	1,416,776	0	1,416,776	728,330	0	728,330
Total assets	**$ 1,888,228**	**$ 168,758**	**$ 2,056,986**	**$ 921,212**	**$ 294,159**	**$ 1,215,371**
Liabilities						
Current Liabilities:						
Accounts payable and accrued expenses	$ 0	$ 1,320	$ 1,320	$ 0	$ 0	$ 0
Interfund accounts payable	(4,875)	4,683	(192)	0	5,065	5,065
Accrued interest payable	6,713	0	6,713	2,800	0	2,800
Total current liabilities	1,838	6,003	7,841	2,800	5,065	7,865
Notes payable, less current portion	1,500,000	0	1,500,000	750,000	0	750,000
Total liabilities	**1,501,838**	**6,003**	**1,507,841**	**752,800**	**5,065**	**757,865**
Unrestricted net assets	**386,390**	**162,755**	**549,145**	**168,412**	**289,094**	**457,506**
Total liabilities and net assets	**$ 1,888,228**	**$ 168,758**	**$ 2,056,986**	**$ 921,212**	**$ 294,159**	**$ 1,215,371**

Vermont 504 Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	For the Year Ended June 30, 2011			For the Year Ended June 30, 2010		
	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total
Operating Revenues:						
Cash and investment interest	$ 375	$ 766	$ 1,141	$ 0	$ 941	$ 941
Notes receivable interest	61,111	0	61,111	19,772	0	19,772
Other revenues	14,357	199,506	213,863	6,145	241,588	247,733
Total operating revenues	75,843	200,272	276,115	25,917	242,529	268,446
Operating Expenses:						
Interest on notes payable	8,808	0	8,808	2,800	0	2,800
Provision for loan losses	41,500	0	41,500	42,200	0	42,200
Professional fees	0	11,973	11,973	0	15,667	15,667
Inter-fund expense allocation	0	64,638	64,638	5	83,113	83,118
Total operating expenses	50,308	76,611	126,919	45,005	98,780	143,785
Operating income (loss)	**25,535**	**123,661**	**149,196**	**(19,088)**	**143,749**	**124,661**
Non-operating revenue (expense)	192,443	(250,000)	(57,557)	187,500	0	187,500
Net increase (decrease) in net assets	**217,978**	**(126,339)**	**91,639**	**168,412**	**143,749**	**312,161**
Net assets at beginning of year	168,412	289,094	457,506	0	145,345	145,345
Net assets at end of year	$ 386,390	$ 162,755	$ 549,145	$ 168,412	$ 289,094	$ 457,506

Vermont 504 Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Statement of Cash Flows
For the Years Ended June 30, 2011 and 2010

	For the Year Ended June 30, 2011			For the Year Ended June 30, 2010		
	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total
Cash flows from operating activities:						
Interest received on notes receivable	$ 59,585	$ 0	$ 59,585	$ 17,417	$ 0	$ 17,417
Other revenues received	14,357	199,506	213,863	6,145	241,588	247,733
Operating expenses paid other than interest	(4,875)	(74,188)	(79,063)	(5)	(109,118)	(109,123)
Principal received on notes receivable	142,759	0	142,759	46,587	0	46,587
Principal disbursed on notes receivable	(983,801)	0	(983,801)	(712,242)	0	(712,242)
Cash (used for) provided by operating activities	(771,975)	125,318	(646,657)	(642,098)	132,470	(509,628)
Cash flows from noncapital financing activities:						
Interest paid on notes payable	$ (4,895)	$ 0	$ (4,895)	$ 0	$ 0	$ 0
Interfund non-operating revenue (expense)	192,443	(250,000)	(57,557)	187,500	0	187,500
Interfund transfer of notes receivable for cash	10,870	0	10,870	(177,593)	0	(177,593)
Proceeds from notes payable	750,000	0	750,000	750,000	0	750,000
Cash provided by (used for) noncapital financing activities	948,418	(250,000)	698,418	759,907	0	759,907
Cash flows from investing activities:						
Interest received on cash and investments	375	766	1,141	0	941	941
Net cash provided by investing activities	375	766	1,141	0	941	941
Net increase (decrease) in cash and cash equivalents	**176,818**	**(123,916)**	**52,902**	**117,809**	**133,411**	**251,220**
Cash and cash equivalents at beginning of year	117,809	292,674	410,483	0	159,263	159,263
Cash and cash equivalents at end of year	**$ 294,627**	**$ 168,758**	**$ 463,385**	**$ 117,809**	**$ 292,674**	**$ 410,483**
Reconciliation of Operating Income to Cash (Used for) Provided By Operating Activities:						
Cash flows from operating activities:						
Operating income (loss)	**$ 25,535**	**$ 123,661**	**$ 149,196**	**$ (19,088)**	**$ 143,749**	**$ 124,661**
Adjustments to reconcile operating income to cash (used for) provided by operating activities:						
Interest income on investment activities	(375)	(766)	(1,141)	0	(941)	(941)
Interest expense on notes payable	8,808	0	8,808	2,800	0	2,800
Provision for loan losses	41,500	0	41,500	42,200	0	42,200
Interfund transfer of notes receivable	(10,870)	0	(10,870)	177,593	0	177,593
Changes in assets and liabilities:						
Notes receivable	(830,172)	0	(830,172)	(843,248)	0	(843,248)
Allowance for loan losses	0	0	0	0	0	0
Accrued interest receivable	(1,526)	0	(1,526)	(2,355)	0	(2,355)
Other assets	0	1,485	1,485	0	(1,485)	(1,485)
Accounts payable and accrued expenses	0	1,320	1,320	0	(6,823)	(6,823)
Interfund accounts payable	(4,875)	(382)	(5,257)	0	(2,030)	(2,030)
Cash (used for) provided by operating activities	$ (771,975)	$ 125,318	$ (646,657)	$ (642,098)	$ 132,470	$ (509,628)