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, 2022 and 2021

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

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Supplementary Information

Report on Management's Responsibility

December 6, 2022

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 its employees maintain the highest ethical standards and that its business practices be conducted in a manner that is above reproach.

Berry Dunn McNeil & Parker, LLC, independent auditors, are retained to audit the Authority's basic 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 obtaining an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.

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.

Cassie Polhemus

Cassandra Polhemus, Chief Executive Officer

Thad Richardson, Chief Financial Officer

BerryDunn

INDEPENDENT AUDITOR'S REPORT

The Members of the Authority
Vermont Economic Development Authority

Report of the Audit of the Financial Statements

Opinions

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 (VEDA or the Authority), a component unit of the State of Vermont, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Authority, as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The basic financial statements of the Authority as of and for the year ended June 30, 2021 were audited by other auditors whose report dated November 15, 2021 expressed unmodified opinions on those statements.

Change in Accounting Principle

As discussed in Note 2 to the basic financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* in 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 6 through 14 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the supplementary combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of a report on management's responsibility on page one, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
December 6, 2022

Registration No: 92-0000278

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 financial assistance to commercial and agricultural enterprises. VEDA serves a wide range of economic sectors including: manufacturing, agriculture, travel and tourism, technology and other services including not-for-profits.

The *Financial Statements with Supplementary Information* consist of three main parts: management's discussion and analysis ("MD&A"); the basic financial statements which provide both short-term and long-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 *Supplementary Information* includes combining financial statements for the Vermont Small Business Development Corporation and the Vermont 504 Corporation where certain funds are presented discretely.

The Basic Financial Statements

There are three statements that comprise the Authority's enterprise fund basic financial statements.

The ***Statement of Net Position*** presents information on the Authority's assets, liabilities and deferred inflows of resources with the difference between the three reported as Net Position (also 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 Position*** reports operating revenues and expenses incurred in the normal course of business (operating income or loss) plus non-operating revenues and expenses such as non-exchange transactions including grants, transfers between entities and other transactions of an unusual or non-recurring nature.

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

Dollar Amounts are in Thousands

Change in Accounting Principle. As disclosed in Note 2 to the basic financial statements, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases during the year ended June 30, 2022. The adoption of the standard at July, 1, 2020, in which the Authority was the lessor required recognition of $72 of short-term lease receivables, $1,416 of long-term lease receivables, and $1,488 in deferred inflows of resources. The adoption of the standard at July, 1, 2020, in which the Authority was the lessee required recognition of $61 in short-term lease liabilities, $918 of long-term lease liabilities, and $979 in right-of-use assets. At June 30, 2021, those balances related to leases in which the Authority was the lessor were short-term lease receivables of $142, long-term lease receivables of $1,274, and deferred inflows of resources, net of accumulated amortization of $1,374. At June 30, 2021, those balances related to leases in which the Authority was the lessee were short-term lease liabilities of $141, long-term lease liabilities of $1,255, and right-of-use assets, net of accumulated amortization of $1,361. The impact of the adoption of the standard for the year ended June 30, 2021 was a reduction in net position of $14.

Net Position

Table 1 below compares the Net Position of VEDA for years ending 2020-2022.

Table 1: Net Position				**2020 to 2021**		**2021 to 2022**	
Fiscal Years	**2020**	**Restated 2021**	**2022**	***Chg $***	***Chg %***	***Chg $***	***Chg %***
Cash and investments	$ 38,000	$ 44,778	$ 49,545	$ 6,778	18%	$ 4,767	11%
Loans receivable	278,628	287,942	254,609	9,314	3%	(33,333)	-12%
Allowance for loan losses	(6,367)	(5,576)	(3,873)	791	-12%	1,703	-31%
Capital assets	4,953	4,756	4,565	(197)	-4%	(191)	-4%
Accrued interest receivable	818	1,166	826	348	43%	(340)	-29%
Other assets	696	3,456	3,546	2,760	397%	90	3%
Total Assets	**$ 316,728**	**$ 336,522**	**$ 309,218**	**$ 19,794**	**6%**	**$ (27,304)**	**-8%**
Commercial paper	91,000	90,000	89,000	(1,000)	-1%	(1,000)	-1%
Notes payable	157,768	168,480	137,644	10,712	7%	(30,836)	-18%
Other liabilities	7,519	9,612	9,344	2,093	28%	(268)	-3%
Total Liabilities	**$ 256,287**	**$ 268,092**	**$ 235,988**	**$ 11,805**	**5%**	**$ (32,104)**	**-12%**
Leases	-	1,374	1,261	1,374	100%	(113)	-8%
Deferred Inflows of Resources	**$ -**	**$ 1,374**	**$ 1,261**	**$ 1,374**	**100%**	**$ (113)**	**-8%**
Restricted net position	28,595	26,125	29,056	(2,470)	-9%	2,931	11%
Net investment in capital assets	3,618	4,756	4,565	1,138	31%	(191)	-4%
Unrestricted net position	28,228	36,175	38,348	7,947	28%	2,173	6%
Total Net Position	**$ 60,441**	**$ 67,056**	**$ 71,969**	**$ 6,615**	**11%**	**$ 4,913**	**7%**

Total assets decreased $27,304 in 2022, compared to an increase of $19,794 in 2021. The primary reason for the decrease in 2022 was the forgiveness of $32,515 of SBA Paycheck Protection Program ("PPP") loans, offset by growth in traditional commercial lending programs. The primary reason for the increase in total assets in 2021 was $24,787 of growth in PPP loans along with $6,601 of operating income, offsetting core loan program decline of $15,562, (Note 4).

Allowance for loan losses is discussed in detail under the heading *Credit Risk Management* and in Note 4 of the financial statements.

Capital assets. In 2022, capital assets decreased by $191. This is compared with a decrease of $197 in 2021, as depreciation outpaced asset acquisitions.

Accrued interest receivable Interest receivable decreased $340 in 2022 as borrowers returned to regularly scheduled payments following widespread deferrals in 2021 due to the pandemic, when accrued interest increased $348.

Other assets increased $90 in 2022 due primarily to a $288 increase in insurance and taxes receivable from borrowers, offset by a $125 decrease in right-of-use assets and $73 decrease in lease receivable. Other assets increased $2,760 in 2021 due primarily to the addition of $1,343 in leases receivable and $1,368 in right-of-use assets with the adoption of GASB 87, detailed further in the note 2 (o) to the financial statements.

Total liabilities decreased in 2022 due primarily to the decrease of $22,273 in borrowings under the PPP Liquidity Facility as the underlying loans were forgiven. The CoBank line of credit was paid off in full during 2022 in the amount of $7,600, while commercial paper and notes payable were each reduced by $1,000. Total liabilities increased $11,805 in 2021 due to increased borrowings of $13,971 under the PPP Liquidity Facility to support the PPP lending program, while commercial paper was reduced $1,000, and other notes payable reduced $3,259. Other liabilities decreased $268 in 2022 due primarily to lease liabilities of $100. Other liabilities increased $3,467 in 2021 as restated with the adoption of GASB 87, due primarily to lease liabilities of $1,296 and deferred outflow of resources of $1,374.

Deferred inflows of resources decreased by $113 due to amortization of the lease liabilities. The deferred inflows of resources increase in 2021 by $1,374 as restated with the adoption of GASB 87.

Total net position increased by $4,913 in 2022, based on operating income of $2,058 and $2,855 of unrealized gains in the value of limited partnership interests. Net position increased $6,615 in 2021, the result of $6,643 of operating income net of $28 of non-operating expense.

(Continued)

Dollar Amounts are in Thousands

Revenues, Expenses and Changes in Net Position

Table 2 below shows the change in net position (results of operations) in each of the past three fiscal years and details the amount and percent of change from 2020 to 2021 and from 2021 to 2022.

Revenues, Expenses and Changes in Net Position				2020 to 2021		2021 to 2022	
Fiscal Years	2020	Restated 2021	2022	*Chg $*	*Chg %*	*Chg $*	*Chg %*
Operating Revenues:							
Cash and investment income	$738	$ 372	$416	$ (366)	-50%	$ 44	12%
Net increase in fair value of investments	1,090	1,032	(2,056)	(58)	-5%	(3,088)	-299%
Loans receivable interest	13,452	11,798	11,099	(1,654)	-12%	(699)	-6%
Other revenues	1,349	3,680	1,403	2,331	173%	(2,277)	-62%
Total Operating Revenues	**$ 16,629**	**$ 16,882**	**$ 10,862**	**$ 253**	**2%**	**$ (6,020)**	**-36%**
Operating Expenses:							
Commercial paper and notes payable interest	6,565	3,647	3,830	(2,918)	-44%	183	5%
Provision for (recapture of) loan losses	1,800	(544)	(2,212)	(2,344)	-130%	(1,668)	-307%
Provision for (recapture of) losses on insured loans	0	(3)	0	(3)	100%	3	100%
Staff salaries and benefits	5,408	5,723	5,527	315	6%	(196)	-3%
Professional fees	316	177	246	(139)	-44%	69	39%
Office and administrative	1,163	1,010	1,180	(153)	-13%	170	17%
Depreciation	245	229	233	(16)	-7%	4	2%
Total Operating Expenses	**15,497**	**10,239**	**8,804**	**(5,258)**	**-34%**	**(1,435)**	**-14%**
Operating Income	**$ 1,132**	**$ 6,643**	**$ 2,058**	**$ 5,511**	**487%**	**$ (4,585)**	**-69%**
Non-operating revenue (expense)	(61)	(28)	2,855	33	-54%	2,883	10296%
Change in Net Position	**$ 1,071**	**$ 6,615**	**$ 4,913**	**$ 5,544**	**518%**	**$ (1,702)**	**-26%**

Cash and investment income increased in 2022 with the increase in market interest rates, following a decrease of $366 and $44 in 2021 and 2020, respectively, due to lower yields offsetting higher average balances.

Net decrease in fair value of investments was $2,056 in 2022 due to the impact of rising interest rates on the bond funds held in the portfolio. Fair value increased $1,032 in 2021, and $1,090 in 2020, due primarily to gains in the equity portfolio, which was liquidated in 2021, realizing accumulated gains of $2,452.

Loan receivable interest was lower by $699, or 6%, in 2022 with the forgiveness of PPP loans, and effect of lower interest rates through the majority of the year. Interest income was down $1,654, or 12%, in 2021 due to lower overall yield on loans coupled with contraction in core portfolios.

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Other revenue consists primarily of fees received from borrowers and fees for services to the State of Vermont and others. Income from issuance of tax-exempt bonds was $524 in 2022, compared to $20 in 2021. There was no such income in 2020. In contrast, the Authority earned $2,296 and $517 in fees from originating PPP loans in 2021 and 2020, respectively. There was no such origination fees in 2022. VEDA also earned $504 in grant processing fees in 2021 from the State of Vermont associated with distributing CARES Act funds to Vermont businesses and farms.

Interest expense, which includes debt issuance costs, increased $183, or 5% in 2022 as rates moved up during the end of the year. This was offset by the repayment of $9,600 of funding debt, along with the $22,273 of borrowings under the PPP Liquidity facility. Interest expense was $2,918, or 44%, lower in 2021 due to a lower cost of funds as market rates moved lower during the year, more than offsetting the increase in average debt balances. This follows a decrease of $945 in 2020, also caused by falling rates on outstanding debt.

Provision for loan losses were recaptured in the total amount of $2,212 in 2022, following a recapture of $544 in 2021. This was primarily due to the removal of excess reserves allocated during the pandemic, which were not needed due to strong payment performance through 2022. The recapture in 2021 was primarily due to the reduction in overall portfolio balances causing the general reserves to decline, as adjusting factors remained constant through 2021. Provision expense in 2020 was $1,298 greater than 2019 due to deteriorating economic conditions at June 30, 2020 and the expectation for higher potential credit losses at the time. More detailed information regarding loan loss provisions and the changes in the allowance for loan losses ("reserves") can be found in this section under the heading *Credit Risk Management* and in Note 4 to the basic financial statements.

Gains on insured loans totaled $3 in 2021 as provision was recaptured during the year. There were no such gains or losses in 2022 and 2020. The gains and losses on insured loans are from the Vermont Capital Access Program which is described in Note 1 to the basic financial statements.

Staff salaries and benefits decreased $196 in 2022 due to several retirements and vacant positions during the year. Salary expenses increased $315 in 2021, or 6%, due to normal salary adjustments and one-time incentive payments for staff to reward extraordinary efforts during the year. Salary expense increased $165 in 2020, or 3%, due primarily to normal salary adjustments and benefit costs.

Professional fees increased $69 in 2022 with higher consulting, collection and bad debt expenses, following a decrease of $139 in 2021 due to lower costs in the same categories.

Office and administrative expenses increased $170 in 2022, primarily due to an increase of $85 in marketing expense, and following a decrease of $154 in 2021 as nearly all categories including property management, postage, supplies, and marketing saw lower costs due to the move to offsite work for the year.

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Dollar Amounts are in Thousands

Cash Flows

Table 3 is a presentation that provides important information about the sources and uses of the Authority's cash inflows and outflows from its business operations. Cashflows are grouped by four categories: (1) *Operating Activities* include disbursing and collecting on loans receivable and paying for operating expenses; (2) *Non-Capital Financing Activities* include proceeds and payments on notes payable and commercial paper, as well as non-operating revenues or expenses; (3) *Investing Activities* are the result of investment purchases and sales and related income; and (4) *Capital Investment Activities* that includes the purchase and the financing of capital assets and related repayments.

Table 3: Cash Flows				**2020 to 2021**		**2021 to 2022**	
Fiscal Years	**2020**	**Restated 2021**	**2022**	*Chg $*	*Chg %*	*Chg $*	*Chg %*
Provided by principal payments received	$ 50,107	$ 61,023	$ 82,306	$ 10,916	22%	$ 21,283	35%
Provided by interest payments received	13,483	11,389	11,461	(2,094)	-16%	72	1%
Used for principal disbursed on loans	(50,643)	(70,584)	(48,462)	(19,941)	-39%	22,122	31%
Used for all other operating activities	(6,134)	(2,524)	(6,219)	3,610	59%	(3,695)	-146%
Provided by (Used for) Operating Activities	**$ 6,813**	**$ (696)**	**$ 39,086**	**$ (7,509)**	**-110%**	**$ 39,782**	**5716%**
(Used for) provided by non-capital financing activities	(5,360)	7,386	(35,465)	12,746	238%	(42,851)	-580%
(Used for) provided by investing activities	2,353	6,735	(3,615)	4,382	186%	(10,350)	-154%
(Used for) provided by capital investment activities	(704)	(1,375)	(42)	(671)	-95%	1,333	97%
Net increase (decrease) in cash and cash equivalents	**$ 3,102**	**$ 12,050**	**$ (36)**	**$ 8,948**	**288%**	**$ (12,086)**	**-100%**

Table 3 shows that in 2022, operations driven by the net reduction of the loan portfolio due to PPP forgiveness, provided net operating cash of $39,086. In 2021 lending activities used cash totaling $696 with portfolio growth offsetting cash operating income, compared with cash flows provided by operations totaling $6,813 in 2020, driven primarily by net interest income as loan balances remained stable overall. In 2022, non-capital financing activities used $35,465 of cash with repayment of debt during the period, whereas in 2021 and 2020 non-capital financing activities provided $7,386 and used $5,360 respectively, due to borrowings supporting loan growth. Investing activities used net cash of $3,615 in 2022 as excess cash was deployed to purchase higher yielding investments. Investing activities provided net cash of $6,735 in 2021 with the sale of the equity portfolio and related gains. Investing generated cash of $2,353 in 2020 from the income and sale of investments. Capital investing activities used $42 in cash in 2022 for capital purchases, primarily computer equipment and minor building repairs. Capital investment used cash totaling $1,375 in 2021 due to the accelerated

(Continued)

Dollar Amounts are in Thousands

repayment of mortgage debt, and $704 in 2020 to fund improvements to real estate and continue scheduled repayment of associated mortgage debt.

Credit Risk Management

Credit risk is the possibility that a borrower will default on the obligation to repay their debt. To provide for this risk the Authority maintains allowances for loan losses ("reserves") on specific loans receivable where a loss is determined to be probable. VEDA also maintains general reserves for future losses not yet identified that are estimated based on historical loss experience, economic conditions, industry concentration and expectation of future events that would adversely affect VEDA borrowers.

Table 4 details the specific and general reserves and the total reserves as a percentage of outstanding loans receivable balances at June 30, 2022, 2021, and 2020.

Total for Years Ended	Total Loans Receivable at June 30	Specific Reserves at June 30	General Reserves at June 30	Total Reserves at June 30	*Reserves as a % of Total Loans Receivable*		
					Specific	General	Total
2022	**$254,609**	**$ 1,393**	**$ 2,480**	**$ 3,873**	**0.55%**	**0.97%**	**1.52%**
2021	**$287,942**	**$ 1,301**	**$ 4,275**	**$ 5,576**	**0.45%**	**1.48%**	**1.93%**
2020	**$278,628**	**$ 1,724**	**$ 4,643**	**$ 6,367**	**0.62%**	**1.67%**	**2.29%**

The Authority's allowance for loan losses at June 30, 2022 totaled $3,873, or 1.52% of outstanding loans receivable. This compares to an allowance of $5,576, or 1.93%, and $6,367, or 2.29% of outstanding loans receivable at the end of 2021 and 2020, respectively. Changes in the allowance are due to provisions for losses combined with loans that have been charged-off against the reserves (net of any recoveries).

As a result of the unprecedented economic conditions associated with the COVID-19 pandemic, management applied a qualitative factor to the historical calculation for 2020, resulting in a significant increase in the provision for loan losses necessary to reach the level of required reserves. This factor remained in effect at June 30, 2021 as the eventual impact to the portfolio remained uncertain. With strong performance across all portfolios in 2022, VEDA was able to reduce excess reserves to historical levels at June 30, 2022.

Table 5 below shows the ratio of loan loss provisions to average outstanding loans for the past three fiscal years plus the three and ten-year average loan loss provisions as of June 30, 2022.

Averages for Fiscal Year(s):	2022	2021	2020	2020 - 2022	2013 - 2022
Loan Loss Provisions as a % of Average Outstanding Loans	**-0.82%**	**-0.19%**	**0.65%**	**-0.11%**	**0.23%**

Dollar Amounts are in Thousands

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 interest rate risk, or the sensitivity of future income to changes in interest rates. Management minimizes interest-rate risk primarily by matching the variable-rate characteristics of its loans as closely as possible with the variable characteristics of its underlying debt. Likewise, fixed-rate loans receivable are matched with fixed-rate liabilities when feasible.

Table 6 shows loans receivable and the liabilities that fund loans receivable placed within various time horizons based on the earlier of the next interest rate reset date for variable rate instruments or maturity date for fixed-rate instruments. The difference between the two is labeled the "Loan and Funding Liability Repricing Gap".

Loan and Funding Liability Repricing/ Maturity Analysis at June 30, 2022	**Within 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**5 years to 25 Years**	**Total**
Loans receivable, net of allowance	**$ 132,329**	**$ 7,773**	**$ 37,179**	**$ 73,455**	**$ 250,736**
Commercial paper	89,000	0	0	0	89,000
Notes payable	60,125	19,372	50,330	7,817	137,644
Other Liability - State of Vermont	0	0	5,500	0	5,500
Total Funding Liabilities	**$ 149,125**	**$ 19,372**	**$ 55,830**	**$ 7,817**	**$ 232,144**
Loan & Funding Liability Repricing Gap	**$ (16,796)**	**$ (11,599)**	**$ (18,651)**	**$ 65,638**	**$ 18,592**

Loan and Funding Liability Repricing/ Maturity Analysis at June 30, 2021	**Within 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**5 years to 25 Years**	**Total**
Loans receivable	$ 124,601	$ 9,316	$ 75,746	$ 72,703	$ 282,366
Funding Liabilities	$ 150,115	$ 10,755	$ 85,746	$ 17,364	$ 263,980
Loan & Funding Liability Repricing Gap	**$ (25,514)**	**$ (1,439)**	**$ (10,000)**	**$ 55,339**	**$ 18,386**

VEDA reports a cumulative one-year negative repricing gap totaling ($28,395) and ($26,953) at June 30, 2022 and 2021, respectively, indicating that liabilities will reprice faster than loans assuming all other factors remain constant. This gap increases to ($47,046) and ($36,953) through five years as of June 30, 2022 and 2021, respectively. The primary changes between 2022 and 2021 were:

- The CoBank operating line of credit principal balance was reduced by $7,600, offset by the shift of $20,000 in notes payable from the 1-5 year category to the 3 months to 1 year category as the note moves closer to maturity in February 2023.
- The forgiveness of SBA PPP loans during 2022 reduced Loans Receivable by $32,515 and Funding Liabilities by $22,273 in the 1 to 5 year category.

Dollar Amounts are in Thousands

During 2021, VEDA reduced outstanding balances on the CoBank line of credit by $747 and commercial paper by $1,000; these changes account for the majority of the change in liabilities repricing in the first three-months from $150,115 at June 30, 2021 to $159,512 at June 30, 2020.

Liquidity Risk

Liquidity risk is the risk that a company or bank may be unable to meet short term financial demands. The Authority maintains adequate availability on its line of credit with Cobank, ACB (Note 6) to provide liquidity for funding its day-to-day lending operations. VEDA also maintained a back-up line of credit with Northfield Savings Bank, FSB until 2022 (Note 6); this back-up facility was not used in 2022 or 2021 and closed as it was not needed.

Another form of liquidity risk is "refunding risk." Refunding Risk is the risk that when debt reaches maturity, it cannot be refunded with the issuance of new debt under reasonable rates and terms. The credit support provided by letters of credit for VEDA's commercial paper (Note 5) and the credit support of the State through its moral obligation pledge ("MO") provide the Authority with access to capital rates and terms it could not otherwise obtain. At June 30, 2022 and 2021, the Authority had $181,000 of State MO pledged for credit support VEDA debt (Note 12).

Capital Adequacy

Table 7 below details the Authority's net position as a percentage of total assets at June 30, 2022, 2021, and 2020. The Authority must maintain strong net position levels relative to total assets to enable it to borrow at favorable terms in the capital markets. VEDA's capital continues to be strong, allowing for continued future growth and support of the Vermont economy.

As of June 30:	VJF	VACC	VSBDC	VT504	VEDA
2022	27%	13%	22%	33%	23%
2021	27%	13%	18%	10%	20%
2020	24%	12%	17%	13%	18%

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

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Net Position as of June 30, 2022

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	VEDA Combined Total
Current Assets:					
Cash and cash equivalents:					
Unrestricted	$ 2,560	$ 4,616	$ 3,640	$ 2,793	$ 13,609
Restricted	6,585	250	0	44	6,879
Total cash and cash equivalents	9,145	4,866	3,640	2,837	20,488
Loans receivable	19,512	7,340	2,159	1,738	30,749
Accrued interest receivable	502	190	70	64	826
Lease receivable	76	0	0	0	76
Other assets	726	234	0	0	960
Total current assets	29,961	12,630	5,869	4,639	53,099
Investments:					
Unrestricted	1,262	0	0	0	1,262
Restricted	26,889	906	0	0	27,795
Total investments	28,151	906	0	0	29,057
Loans receivable, less current portion	117,129	72,771	23,469	10,491	223,860
Less allowance for loan losses	(1,776)	(1,315)	(633)	(149)	(3,873)
Loans receivable, less current portion, net of allowance	115,353	71,456	22,836	10,342	219,987
Lease receivable, less current portion, net of amortization	1,267	0	0	0	1,267
Right of use assets, net of amortization	1,243	0	0	0	1,243
Capital assets, net of accumulated depreciation	4,565	0	0	0	4,565
Total assets	**$ 180,540**	**$ 84,992**	**$ 28,705**	**$ 14,981**	**$ 309,218**
Current Liabilities:					
Commercial paper	89,000	-	-	-	89,000
Notes payable	59,000	0	344	1,964	61,308
Escrow and reserve accounts	718	250	0	0	968
Accounts payable and accrued expenses	1,161	108	0	0	1,269
Interfund accounts (receivable) payable	(4,992)	1,952	161	2,879	0
Accrued interest payable	262	0	31	18	311
Lease liabilities	104	0	0	0	104
Total current liabilities	145,253	2,310	536	4,861	152,960
Notes payable, less current portion	68,000	0	6,005	2,331	76,336
Interfund notes (receivable) payable, less current portion	(90,146)	71,337	15,965	2,844	0
Lease liabilities, less current portion	1,192	0	0	0	1,192
Other liability - State of Vermont	5,500	0	0	0	5,500
Total liabilities	**$ 129,799**	**$ 73,647**	**$ 22,506**	**$ 10,036**	**$ 235,988**
Deferred Inflow of Resources:					
Leases	1,261	0	0	0	1,261
Total deferred inflows of resources	**$ 1,261**	**$ 0**	**$ 0**	**$ 0**	**$ 1,261**
Restricted net position:					
For collateral reserves	21,251	0	0	0	21,251
For Vermont seed capital fund	6,183	0	0	0	6,183
For CP repayment accounts	421	0	0	0	421
For investment in Cobank	0	906	0	0	906
Community Advantage cash reserve	0	0	0	44	44
For federal program	0	0	0	0	0
For VEDA Capital Access Program	237	0	0	0	237
For Escrows, Reserves and Deposits	14	0	0	0	14
Restricted net position	28,106	906	0	44	29,056
Net investment in capital assets	4,565	0	0	0	4,565
Unrestricted net position	16,809	10,439	6,199	4,901	38,348
Total net position	**$ 49,480**	**$ 11,345**	**$ 6,199**	**$ 4,945**	**$ 71,969**

See accompanying notes to the basic financial statements

Vermont Economic Development Authority

(A Component Unit of the State of Vermont)

Statement of Net Position as of June 30, 2021

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	VEDA Combined Total
Current Assets:					
Cash and cash equivalents:					
Unrestricted	$ 1,653	$ 321	$ 2,726	$ 5,658	$ 10,358
Restricted	9,887	250	0	29	10,166
Total cash and cash equivalents	11,540	571	2,726	5,687	20,524
Loans receivable	11,079	5,911	2,378	2,138	21,506
Accrued interest receivable	583	241	176	166	1,166
Lease receivable	74	0	0	0	74
Other assets	648	24	0	0	672
Total current assets	23,924	6,747	5,280	7,991	43,942
Investments:					
Unrestricted	5,955	0	0	0	5,955
Restricted	17,403	896	0	0	18,299
Total investments	23,358	896	0	0	24,254
Loans receivable, less current portion	117,725	81,136	24,929	42,646	266,436
Less allowance for loan losses	(2,472)	(1,988)	(929)	(187)	(5,576)
Loans receivable, less current portion, net of allowance	115,253	79,148	24,000	42,459	260,860
Lease receivable, less current portion, net of amortization	1,343	0	0	0	1,343
Right-of-use assets, net of amortization	1,368	0	0	0	1,368
Capital assets, net of accumulated depreciation	4,756	0	0	0	4,756
Total assets	**$ 170,001**	**$ 86,791**	**$ 29,280**	**$ 50,450**	**$ 336,522**
Current Liabilities:					
Commercial paper	$ 90,000	$ 0	$ 0	$ 0	$ 90,000
Notes payable	21,000	7,600	305	1,964	30,869
Escrow and reserve accounts	685	250	0	0	935
Accounts payable and accrued expenses	1,576	97	(1)	0	1,672
Interfund accounts (receivable) payable	(4,602)	3,238	73	1,291	0
Accrued interest payable	20	17	30	42	109
Lease liabilities	100	0	0	0	100
Total current liabilities	108,779	11,202	407	3,297	123,685
Notes payable, less current portion	107,000	0	6,093	24,518	137,611
Lease liabilities, less current portion	1,296	0	0	0	1,296
Interfund notes (receivable) payable, less current portion	(100,146)	64,737	17,615	17,794	0
Other liability - State of Vermont	5,500	0	0	0	5,500
Total liabilities	**$ 122,429**	**$ 75,939**	**$ 24,115**	**$ 45,609**	**$ 268,092**
Deferred inflow of resources:					
Leases	1,374	0	0	0	1,374
Total deferred inflows of resources	**$ 1,374**	**$ 0**	**$ 0**	**$ 0**	**$ 1,374**
Restricted net position	25,200	896	0	29	26,125
Net investment in capital assets	4,756	0	0	0	4,756
Unrestricted net position	16,242	9,956	5,165	4,812	36,175
Total net position, as restated	**$ 46,198**	**$ 10,852**	**$ 5,165**	**$ 4,841**	**$ 67,056**

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 Position

For the Year Ended June 30, 2022

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	VEDA Combined Total
Operating Revenues:					
Cash and investment revenue	$ 409	$ 1	$ 2	$ 4	$ 416
Net decrease in fair value of investments	(2,056)	0	0	0	(2,056)
Loans receivable interest	5,249	4,107	1,231	512	11,099
Other revenues	1,171	61	61	110	1,403
Total operating revenues	4,773	4,169	1,294	626	10,862
Operating Expenses:					
Commercial paper and notes payable interest	3,614	87	65	64	3,830
Interfund interest (revenue) expense	(2,017)	1,580	377	60	0
Recapture of loan losses	(986)	(699)	(486)	(41)	(2,212)
Staff salaries, expenses, and benefits	4,284	1,243	0	0	5,527
Professional fees	192	48	1	5	246
Office and administrative expenses	1,180	0	0	0	1,180
Interfund (revenue) expense allocation	(2,461)	1,474	503	484	0
Depreciation on capital assets	233	0	0	0	233
Total operating expenses	4,039	3,733	460	572	8,804
Operating income	**734**	**436**	**834**	**54**	**2,058**
Non-operating revenue (expense):					
Non-operating revenue - seed capital fund	2	0	0	0	2
Capital access program rebate expense	(12)	0	0	0	(12)
Net increase in fair value of non-operating investments	2,865	0	0	0	2,865
Interfund non-operating (expense) revenue	(307)	57	200	50	0
Total non-operating revenue	2,548	57	200	50	2,855
Net increase in net position	**3,282**	**493**	**1,034**	**104**	**4,913**
Net position at beginning of year	46,198	10,852	5,165	4,841	67,056
Net position at end of year	**$ 49,480**	**$ 11,345**	**$ 6,199**	**$ 4,945**	**$ 71,969**

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 Position

For the Year Ended June 30, 2021

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp.	Vermont 504 Corporation	VEDA Combined Total
Operating Revenues:					
Cash and investment revenue	$ 363	$ 2	$ 3	$ 4	$ 372
Net increase in fair value of investments	1,032	0	0	0	1,032
Loans receivable interest	5,526	4,239	1,446	587	11,798
Other revenues	1,118	150	18	2,394	3,680
Total operating revenues	8,039	4,391	1,467	2,985	16,882
Operating Expenses:					
Commercial paper and notes payable interest	3,371	132	64	80	3,647
Interfund interest (revenue) expense	(2,471)	1,907	494	70	0
Recaptive of loan losses	(250)	(169)	(53)	(72)	(544)
Recaptive of losses on insured loans	(3)	0	0	0	(3)
Staff salaries, expenses, and benefits	4,485	1,238	0	0	5,723
Professional fees	170	8	0	(1)	177
Office and administrative expenses	1,010	0	0	0	1,010
Interfund (revenue) expense allocation	(3,021)	1,590	473	958	0
Depreciation on capital assets	229	0	0	0	229
Total operating expenses	3,520	4,706	978	1,035	10,239
Operating income (loss)	**4,519**	**(315)**	**489**	**1,950**	**6,643**
Non-operating (expense) revenue:					
Non-operating revenue - seed capital fund	0	0	0	0	0
Capital access program rebate expense	(7)	0	0	0	(7)
Net decrease in fair value of non-operating investments	(21)	0	0	0	(21)
Interfund non-operating (expense) revenue	(71)	71	(71)	71	0
Total non-operating revenue (expense)	(99)	71	(71)	71	(28)
Net increase (decrease) in net position, as restated	**4,420**	**(244)**	**418**	**2,021**	**6,615**
Net position at beginning of year	41,778	11,096	4,747	2,820	60,441
Net position at end of year, as restated	$ 46,198	$ 10,852	$ 5,165	$ 4,841	$ 67,056

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, 2022

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Sm. Business Dev. Corp.	Vermont 504 Corporation	VEDA Combined Total
Cash flows from operating activities:					
Interest received on loans receivable	$ 5,350	$ 4,160	$ 1,337	$ 614	$ 11,461
Other revenues received	1,171	61	61	110	1,403
Operating expenses paid other than interest	(4,078)	(4,260)	(415)	1,100	(7,653)
Receipts from VCAP participating banks	31	0	0	0	31
Principal received on loans receivable	23,660	16,019	7,684	34,943	82,306
Principal disbursed on loans receivable	(31,205)	(9,057)	(5,815)	(2,385)	(48,462)
Net cash (used for) provided by operating activities	**(5,071)**	**6,923**	**2,852**	**34,382**	**39,086**
Cash flows from non-capital financing activities:					
Commercial paper and notes payable interest paid	(3,372)	(106)	(64)	(88)	(3,630)
Interfund notes payable interest received (paid)	2,017	(1,580)	(377)	(60)	0
Interfund non-operating (expense) revenue	(307)	57	200	50	0
Non-operating revenue - seed capital fund	2	0	0	0	2
Proceeds from issuance of commercial paper	622,500	0	0	0	622,500
Payments on maturing commercial paper	(623,500)	0	0	0	(623,500)
Proceeds (disbursed) received on interfund notes payable	(9,330)	8,500	350	480	0
Payments received (paid) on interfund notes payable	19,330	(1,900)	(2,000)	(15,430)	0
Proceeds from notes payable	-	2,706	251	205	3,162
Payments on notes payable	(1,000)	(10,306)	(300)	(22,393)	(33,999)
Net cash provided by (used for) non-capital financing activities	**6,340**	**(2,629)**	**(1,940)**	**(37,236)**	**(35,465)**
Cash flows from investing activities:					
Purchase of investments	(4,011)	0	0	0	(4,011)
Revenue received on cash and investments	389	1	2	4	396
Net cash (used for) provided by investing activities	**(3,622)**	**1**	**2**	**4**	**(3,615)**
Cash flows from capital and related financing activities:					
Purchase of capital assets	(42)	0	0	0	(42)
Net cash used for capital and related financing activities	**(42)**	**0**	**0**	**0**	**(42)**
Net (decrease) increase in cash and cash equivalents	**(2,395)**	**4,295**	**914**	**(2,850)**	**(36)**
Cash and cash equivalents at beginning of year	11,540	571	2,726	5,687	20,524
Cash and cash equivalents at end of year	**$ 9,145**	**$ 4,866**	**$ 3,640**	**$ 2,837**	**$ 20,488**

See accompanying notes to the basic financial statements

(Continued)

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Cash Flows
For the Year Ended June 30, 2022

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Sm. Business Dev. Corp.	Vermont 504 Corporation	VEDA Combined Total
Reconciliation of operating income to					
net cash (used for) provided by operating activities:					
Operating income	$ 734	$ 436	$ 834	$ 54	$ 2,058
Adjustments to reconcile operating income to					
net cash (used for) provided by operating activities:					
Interest revenue on investment activities	(409)	(1)	(2)	(4)	(416)
Net decrease in fair value of investments	2,056	0	0	0	2,056
Interest expense	3,654	89	65	64	3,872
Interest (revenue) expense for interfund activities	(2,017)	1,580	377	60	0
Recapture of loan losses	(986)	(699)	(486)	(41)	(2,212)
Depreciation expense	233	0	0	0	233
Changes in assets and liabilities:					
Loans receivable	(7,837)	6,936	1,679	32,555	33,333
Allowance for loan losses	290	26	190	3	509
Accrued interest receivable	101	51	106	103	361
Other assets	(118)	(210)	0	0	(328)
Escrow and reserve accounts	33	0	0	0	33
Accounts payable and accrued expenses	(415)	1	1	0	(413)
Interfund accounts payable (receivable)	(390)	(1,286)	88	1,588	0
Net cash (used for) provided by operating activities	**$ (5,071)**	**$ 6,923**	**$ 2,852**	**$ 34,382**	**$ 39,086**

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Cash Flows
For the Year Ended June 30, 2021

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Sm. Business Dev. Corp.	Vermont 504 Corporation	VEDA Combined Total
Cash flows from operating activities:					
Interest received on loans receivable	$ 5,309	$ 4,316	$ 1,315	$ 449	$ 11,389
Other revenues received	1,075	150	18	2,394	3,637
Operating expenses paid other than interest	(4,791)	(351)	(993)	(68)	(6,203)
Receipts from VCAP participating banks	42	0	0	0	42
Principal received on loans receivable	26,897	18,607	3,691	11,828	61,023
Principal disbursed on loans receivable	(14,601)	(15,548)	(3,298)	(37,137)	(70,584)
Net cash provided by (used for) operating activities	**13,931**	**7,174**	**733**	**(22,534)**	**(696)**
Cash flows from non-capital financing activities:					
Commercial paper and notes payable interest paid	(3,395)	(148)	(56)	(58)	(3,657)
Interfund notes payable interest received (paid)	2,471	(1,907)	(494)	(70)	0
Interfund non-operating (expense) revenue	(71)	71	(71)	71	0
Proceeds from issuance of commercial paper	452,500	0	0	0	452,500
Payments on maturing commercial paper	(453,500)	0	0	0	(453,500)
Proceeds (disbursed) received on interfund notes payable	(57,328)	24,532	950	31,846	0
Payments received (paid) on interfund notes payable	48,297	(28,900)	0	(19,397)	0
Proceeds from notes payable	0	31,493	84	20,493	52,070
Payments on notes payable	(1,000)	(32,240)	(268)	(6,515)	(40,023)
Capital access program rebates paid	(7)	0	0	0	(7)
Payments to banks for losses on insured loans, net	3	0	0	0	3
Net cash (used for) provided by non-capital financing activities	**(12,030)**	**(7,099)**	**145**	**26,370**	**7,386**
Cash flows from investing activities:					
Redemption or sale of investments	3,853	0	0	0	3,853
Revenue received on cash and investments	2,873	2	3	4	2,882
Net cash provided by investing activities	**6,726**	**2**	**3**	**4**	**6,735**
Cash flows from capital and related financing activities:					
Purchase of capital assets	(32)	0	0	0	(32)
Payments on mortgage note payable	(1,335)	0	0	0	(1,335)
Interest paid on mortgage note payable	(8)	0	0	0	(8)
Net cash used for capital and related financing activities	**(1,375)**	**0**	**0**	**0**	**(1,375)**
Net increase in cash and cash equivalents	**7,252**	**77**	**881**	**3,840**	**12,050**
Cash and cash equivalents at beginning of year	4,288	494	1,845	1,847	8,474
Cash and cash equivalents at end of year	**$ 11,540**	**$ 571**	**$ 2,726**	**$ 5,687**	**$ 20,524**

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statement of Cash Flows
For the Year Ended June 30, 2021

Dollar Amounts in Thousands	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Sm. Business Dev. Corp.	Vermont 504 Corporation	VEDA Combined Total
Reconciliation of operating income (loss) to					
net cash provided by (used for) operating activities:					
Operating income (loss)	$ 4,520	$ (315)	$ 489	$ 1,950	$ 6,644
Adjustments to reconcile operating income (loss) to					
net cash provided by (used for) for operating activities					
Interest revenue on investment activities	(363)	(2)	(3)	(4)	(372)
Net increase in fair value of investments	(1,032)	0	0	0	(1,032)
Interest expense	3,371	132	64	80	3647
Interest (income) expense for interfund financing	(2,471)	1,907	494	70	0
Recapture of loan losses	(250)	(169)	(53)	(72)	(544)
Provision for losses on insured loans	(3)	0	0	0	(3)
Depreciation expense	229	0	0	0	229
Changes in assets and liabilities:					
Loans receivable	12,341	3,184	475	(25,314)	(9,314)
Allowance for loan losses	(45)	(125)	(84)	5	(249)
Accrued loan interest receivable	(217)	77	(129)	(138)	(407)
Other assets	(53)	62	0	0	9
Escrow and reserve accounts	42	0	0	0	42
Accounts payable and accrued expenses	644	27	(10)	(7)	654
Interfund accounts payable (receivable)	(2,782)	2,396	(510)	896	0
Net cash provided by (used for) operating activities	**$ 13,931**	**$ 7,174**	**$ 733**	**$ (22,534)**	**$ (696)**

See accompanying notes to the basic financial statements

Vermont Economic Development Authority
(A Component Unit of the State of Vermont)
Statements of Fiduciary Net Position
as of June 30, 2022 and 2021

Dollar Amounts in Thousands	2022 Custodial Funds	2021 Custodial Funds
Current Assets:		
Restricted cash and cash equivalents	$ 21,171	$ 17,130
Interest receivable	124	162
Other receivables	95	46
Loans receivable	2,925	3,648
Total current assets	24,315	20,986
Loans receivable, less current portion	19,416	27,434
Total assets	**$ 43,731**	**$ 48,420**
Due to VEDA for administrative fees	102	54
Total liabilities	**$ 102**	**$ 54**
Restricted Net Position:		
Drinking Water State Revolving Fund	36,333	36,858
Clean Energy Development Fund	1,022	2,000
State Infrastructure Bank	3,988	3,947
Brownfields Revolving Loan Fund	1,913	1,825
Windham County Economic Development Fund	373	3,736
Total net position restricted for other governments	**$ 43,629**	**$ 48,366**

See accompanying notes to the basic financial statements

Vertmont Economic Development Authority

(A Component Unit of the State of Vermont)

Statements of Changes in Fiduciary Net Position

as of June 30, 2022 and 2021

Dollar Amounts in Thousands	2022 Custodial Funds	2021 Custodial Funds
Additions:		
Contributions from State of Vermont	$ 186	$ 10,438
Investment earnings	16	27
Interest income on notes receivable	414	422
Loan fees	21	2
Other additions	0	11
Total additions	**637**	**10,900**
Deductions:		
Administrative expense	170	170
Grant funds disbursed	833	68
Loan loss provision	0	0
Other deductions	3,369	0
Funds returned to State of Vermont	1,003	257
Total deductions	**5,375**	**495**
Net (decrease) increase in fiduciary net position	**(4,738)**	**10,405**
Fiduciary net position at beginning of year	**48,366**	**37,960**
Fiduciary net position at end of year	**$ 43,628**	**$ 48,365**

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. VEDA's mission is to promote prosperity in the State by providing financial assistance to eligible businesses. VEDA funds a wide range of enterprises including: manufacturing; agriculture; travel and tourism; technology; renewable energy generation, efficiency and distribution; 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 and is generally exempt from federal income taxes.

The Authority is governed by a fifteen-member board (the "Board"). The Board is comprised of five State officials: Treasurer of the State; Secretary of the Agency of Commerce and Community Development; Secretary of Agriculture, Food and Markets; Commissioner of Forests, Parks and Recreation; and Commissioner of Public Service. The remaining ten Board members are citizens of the State 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 of the Authority. This enabling legislation is silent as to whether 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

The programs of VEDA are operated from four major funds: the Vermont Jobs Fund ("VJF"), the Vermont Agricultural Credit Corporation ("VACC"), the Vermont Small Business Development Corporation ("VSBDC") and the Vermont 504 Corporation ("VT504"). The programs operated within each of the funds are described below:

Vermont Jobs Fund ("VJF")

The VJF derives its operating revenues primarily from interest on loans receivable, interest on investments, and fee income from loans receivable and Industrial Development Bonds. The VJF programs are outlined as follows:

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.

Subchapter 3 also provides the statutory authority for lending by the VJF to the VACC, VSBDC and the VT504 (“Interfund lending”; see Note 6).

Industrial Development Bonds (“IDB”)

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 or for a not-for-profit enterprise. Since 1988, the Authority has issued $819,791 of these bonds; $189,736 and $236,177 remain outstanding at June 30, 2022 and 2021 respectively. 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. In 2022, the Authority received $524 in fees for industrial development bond issuance with a more active issuance environment, compared with fees totaling $20 in 2021.

Direct Loans to Businesses

Loans in this group are established primarily under Subchapter 5 of the VEDA statute as well as Subchapter 12. 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.

Vermont Sustainable Energy Loan Fund

This program is established under Subchapter 13 of the VEDA statute. This program is designed to make loans and provide other forms of financing for projects that stimulate and encourage development and deployment of sustainable energy projects in the State.

VEDA Capital Access Program (“VCAP”)

The VCAP establishes cash reserves at participating financial institutions (“banks”) throughout the State. Banks enroll eligible loans and contribute an amount equal to 6% of the enrolled loan amount to a reserve account held at the bank in the Authority’s name; enrolled loans cannot exceed $250. VEDA matches the banks’ contribution with an equal contribution to create a pooled cash reserve for loan losses. Banks can claim losses they incur on any enrolled loans in amounts not to exceed the outstanding cash reserve balance. The cash reserve amounts are included under the captions “Restricted cash and cash equivalents,” and the banks portion of the reserve is recorded under the caption “Escrow and reserve accounts” and VEDA’s portion is recorded as part of “Restricted net position” on the *Statement of Net Position*. VEDA also provides a rebate equal to 3% of the enrolled loan amount to participating banks and this expense is recorded under the caption “Capital Access Program Rebate Expense” on the *Statement of Revenues, Expenses and Changes in Net Position*.

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. The purpose of the VACC is to aid family farmers and agricultural facility operators by making available direct loans at favorable rates and terms.

Vermont Small Business Development Corporation ("VSBDC")

The VSBDC-IRP participates in the United States Department of Agriculture ("USDA") Intermediary Relending Program ("IRP"). Within the VSBDC there are two funds: the VSBDC IRP Fund ("VSBDC-IRP") and the VSBDC Loan Fund ("VSBDC-LF"). The VSBDC-LF was established to make small business loans when IRP funds are not available or when a project is ineligible for IRP funding. Both the VSBDC-IRP and the VSBDC-LF derive their revenues principally from interest and fees on loans.

Vermont 504 Corporation ("VT504")

The VT504 is eligible for participation in certain federal programs because of its status as a Certified Development Corporation, or "CDC". The federal programs are operated under the VT504 CDC Fund (VT504-CDC"). The VT504 also participates in the USDA IRP program described above. This program is operated under the VT504-IRP Fund ("VT504-IRP").

The VT504-CDC operates two Small Business Administration ("SBA") loan programs: the SBA 504 loan program and the SBA Community Advantage program ("CA"). SBA 504 loans are made for the acquisition of land, buildings, machinery or equipment and are collateralized by property, plant and equipment or other assets (Note 7). The CA program makes loans up to $250,000 and are guaranteed by the full faith and credit of the federal government. The VT504 CDC Fund derives its revenues primarily from fees for originating and servicing SBA 504 loans and interest and fees on CA loans. In 2020 and 2021 The VT504-CDC also participated in the SBA Paycheck Protection Program ("PPP") lending program, providing loans to eligible borrowers as part of the CARES Act response to COVID-19.

The VT504-IRP makes small business loans using monies borrowed from the USDA IRP. The VT504-IRP derives its revenues principally from interest and fees earned on loans.

(c) Custodial Funds

The Authority provides underwriting, servicing, fiduciary and accounting services for lending programs operated by VEDA at the direction of various State agencies. The Custodial Funds include cash and loans receivable that are held in the name of the Authority for the benefit of the State (Note 12). While not considered a direct recipient of federal funds under these programs, VEDA manages and holds federal funds for the benefit of the Custodial Fund programs.

(d) Discretely Presented Component Units

Accounting principles generally accepted in the United States of America (GAAP) 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. By statute, the management and the boards of directors of the Authority's three corporations (VACC, VSBDC and VT504) also serve as the management and Board of the Authority. As such, the three not-for-profit corporations are included in these financial statements as discretely presented 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 in accordance with GAAP.

(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. The funds are used to pay interest at maturity on VEDA's outstanding commercial paper (Note 5) and to pay interest monthly on certain notes payable (Note 6). Cash in reserve accounts for the VCAP are restricted (in the VJF). the VJF also holds restricted cash for the cumulative principal payments received on a certain loan, which are payable to the State of Vermont at maturity. Additional sources of VJF restricted cash are funds specific to loan loss reserves in excess of historical averages in the Broadband Lending Program, and tenants' security deposits for office space leased to unrelated third parties by the VJF. VT504 holds restricted cash reserves based on a percentage of loans outstanding as required by SBA for the Community Advantage loan program. VACC holds restricted cash allocated for loan loss reserves in excess of historical averages in a specific Farm Operating Loan Program ("FOLP")

(d) Investments

The Authority's investments are presented in these financial statements at fair value. Under GAAP, fair value is determined using a hierarchy of three assessment criteria ("Levels") based on the degree of certainty around the asset's underlying value. Assets included in "Level 1" can be valued with certainty because the investments are liquid and have observable market prices. The "Level 2" assessment includes investments whose values are based on their quoted prices in inactive markets and "Level 3" investments are illiquid and to estimate their value requires inputs that are not observable and require assumptions and estimates prepared by management. The specific investments and valuation methods are described in Note 3.

(e) Loans Receivable

Loans receivable are recorded at the uncollected principal balance, net of any loans sold without recourse.

(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 where the accrual of interest has been discontinued are designated nonaccrual loans (Note 4). Loans are classified as nonaccrual when they become 90-days past due, unless they are adequately collateralized and in the process of collection. All interest accrued but not paid on nonaccrual loans is charged off against current period income. Interest income on nonaccrual loans 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.

(h) Capital Assets

VEDA's capital assets include real estate ("RE"), Leasehold Improvements ("LHI") and furniture, fixtures & equipment ("FF&E"). RE includes land and two buildings. LHI are capital improvements made to property leased from a third party (Note 8). FF&E includes office furniture and fixtures and office equipment including computer hardware and software where the cost exceeds one thousand dollars. All assets are stated at cost net of accumulated depreciation. The Authority depreciates capital assets (except land and land improvements) using the straight-line method over the estimated useful life of the asset. VEDA uses fifteen to forty years for RE and RE improvements; three to five years for computer related hardware and software; and up to ten years for furniture and fixtures. LHI are depreciated over the life of the lease (Note 8). The charts below show the changes in capital assets and accumulated depreciation for the years ended June 30, 2022 and 2021:

Dollar Amounts are in Thousands

Capital Assets Schedule For the Year Ending June 30, 2022:	Beginning Capital Assets	Add New Capital Assets	Less Current Year Depreciation	Less Assets Retired	Ending Capital Assets
Real Estate - Montpelier	$ 6,173	$ 0	$ 0	$ 0	$ 6,173
Leasehold Improvements - Burlington	201	0	0	0	201
Accumulated Depreciation - RE & LHI	(2,217)	0	(191)	0	(2,408)
Furniture, fixtures and equipment	1,646	42	0	0	1,688
Accumulated Depreciation - FF&E	(1,547)	0	(42)	0	(1,589)
Developed Land - Montpelier	500	0	0	0	500
Total Capital Assets, net	**$ 4,756**	**$ 42**	**$ (233)**	**$ 0**	**$ 4,565**

Capital Assets Schedule For the Year Ending June 30, 2021:	Beginning Capital Assets	Add New Capital Assets	Less Current Year Depreciation	Less Assets Retired	Ending Capital Assets
Real Estate - Montpelier	$ 6,173	$ 0	$ 0	$ 0	$ 6,173
Leasehold Improvements - Burlington	201	0	0	0	201
Accumulated Depreciation - RE & LHI	(2,027)	0	(190)	0	(2,217)
Furniture, fixtures and equipment	1,614	32	0	0	1,646
Accumulated Depreciation - FF&E	(1,508)	0	(39)	0	(1,547)
Developed Land - Montpelier	500	0	0	0	500
Total Capital Assets, net	**$ 4,953**	**$ 32**	**$ (229)**	**$ 0**	**$ 4,756**

<u>i) Restricted Net Position</u>
Portions of net position are restricted when constraints are placed on them from external sources. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first with unrestricted resources utilized as needed (Note 13).

<u>(j) Operating Revenues and Expenses</u>
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 "operating" revenues or expenses. Inter-governmental transfers such as appropriations and other items of an unusual or non-recurring nature are considered "non-operating" revenues or expenses.

<u>(k) Allocation of Expenses</u>
Overhead and some minor direct expenses are paid by the VJF on behalf of the other programs. Programs pay direct expenses for staff (VACC only) and professional fees, plus an administrative fee to the VJF based on the monthly outstanding loan receivable balance in each program plus additional charges for originating and closing the financing products of each program. Allocated expenses are reflected on the *Statement of Revenues, Expenses and Changes in Net Position* under the caption "Interfund (revenue) expense allocation."

(l) Interfund Non-Operating Transfers

Inter-fund transfers are permanent asset transfers generally used to increase equity and help defray a portion of the cost of operating activities and are recorded under the caption “Interfund non-operating (expense) revenue” on the *Statement of Revenues, Expenses and Changes in Net Position*.

(m) Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

(n) Risks and Uncertainties

As a result of the COVID-19 pandemic, beginning in March 2020, the Authority moved to a remote working environment and has continued operating primarily in this capacity through June 30, 2022. The Authority has seen no adverse effects on operations from this transition and plans to continue in a hybrid environment going forward with employees both remote and in-office. To date, the loan portfolios have performed very well with no significant deterioration in credit quality, however much of this is due to federal support, and uncertainty remains surrounding the eventual emergence from the pandemic and long-term impact on economic conditions.

(o) Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2022 and 2021, the Authority adopted the following new accounting standards issued by the GASB:

GASB Statement No. 87, *Leases.* In June 2017, the GASB issued Statement No. 87, *Leases*. This statement was originally effective for financial statements for periods beginning after December 15, 2019 and was extended by 18 months to be effective for reporting periods beginning after June 15, 2021. The Authority adopted this statement during the year ended June 30, 2022 with a restatement of the June 30, 2021 financial statements. The impact of the adoption of the new accounting standard as of the beginning of the year ended June 30, 2021 is as follows:

Dollar Amounts are in Thousands

Balance Sheet - Year Beginning July 1, 2021		
Current Portion Lease Receivable	$	72
Long Term Portion Lease Receivable		1,416
Right-Of-Use Asset		979
Total Assets Adjustment		**2,467**
Current Portion Lease Liabilities		61
Long Term Lease Liabilities		918
Total Liabilities Adjustment		**979**
Deferred Inflow of Resources		1,488
Total Deferred Inflows of Resources Adjustment		**1,488**
Total Liabilities & Net Assets	**$**	**0**

GASB Statement No. 84, *Fiduciary Activities.* During the fiscal year ended June 30, 2021, the Authority adopted GASB Statement No. 84 which updates guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. Fiduciary activities consist of several revolving loan funds the Authority administers on behalf of the State of Vermont and are reported under the Statement of Fiduciary Net Position, Statement of Change in Fiduciary Net Position, and in further detail in Note 12. The impact of the adoption of the standard for the year ended June 30, 2020 was an increase in net position of $28,131.

(3) Cash Equivalents and Investments

Custodial Risk

Custodial risk for deposits is the risk that, in the event of a depository financial institution failure, the Authority will not be able to recover funds deposited in the failed institution. When the Authority's cash balances exceed the federal deposit insurance maximum, VEDA uses collateralized deposits whereby the financial institution pledges debt securities of the federal government that are held in trust for the benefit of the Authority.

Cash Equivalents

The Authority's cash equivalents include collateralized deposits and money market accounts. Deposits are collateralized with securities held in trust in the name of the bank for the benefit of the Authority. The total money market accounts at June 30, 2022 and 2021 were $3,997 and $7,590, respectively. The balances were comprised of direct obligations of the U.S. Government. The money market funds are Level 1 investments. With the exception of $3,752 of money market funds held with the main investment portfolio, 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. There were also cash and cash equivalents held in collateralized deposit accounts for the Custodial Funds totaling $21,172 and $17,130 at June 30, 2022 and 2021, respectively.

Dollar Amounts are in Thousands

A trust indenture governs how the majority of restricted cash and cash equivalents in the VJF can be invested. The restricted cash is collateral for VEDA commercial paper (Note 5) and certain notes payable (Note 6). Allowable investments under the trust indenture are the same as investments allowed under the Authority's investment policy. The bank balance of the collateralized deposit accounts approximates book balance shown in the charts below.

The book balance of cash and cash equivalents for the past two years are presented in the charts below:

Cash and Cash Equivalent Balances at June 30, 2022:	VJF	VACC	VSBDC	VT504	VEDA TOTAL	CUSTODIAL FUNDS
Collateralized deposit accounts	$ 5,121	$ 4,866	$ 3,639	$ 2,837	$ 16,463	$ 21,172
Money market accounts	3,997	0	0	0	3,997	0
Total cash and cash equivalents	**$ 9,118**	**$ 4,866**	**$ 3,639**	**$ 2,837**	**$ 20,460**	**$ 21,172**

Cash and Cash Equivalent Balances at June 30, 2021:	VJF	VACC	VSBDC	VT504	VEDA TOTAL	CUSTODIAL FUNDS
Collateralized deposit accounts	$ 3,950	$ 571	$ 2,726	$ 5,687	$ 12,934	$ 17,130
Money market accounts	7,590	0	0	0	7,590	0
Total cash and cash equivalents	**$ 11,540**	**$ 571**	**$ 2,726**	**$ 5,687**	**$ 20,524**	**$ 17,130**

Investments

The Authority's investments are described below:

Bond Mutual Funds

The Authority invests in two bond market indexed mutual funds that are Level 1 investments.

Exchange-Traded Funds ("ETF")

The ETF is indexed to S&P 500 stock market index and is a Level 1 investment.

US Treasury Securities

The Authority invests in short to medium term US Treasury Bonds that are Level 1 investments.

Cobank, ACB Stock

As part of its borrowing relationship with Cobank, ACB (Note 6), the VACC is required to own Cobank stock in amounts relative to the VACC's outstanding debt with Cobank, adjusted annually. The stock is held by Cobank in the name of the VACC and is considered a Level 3 investment as it is valued using unobservable inputs. At June 30, 2022 and 2021, the VACC owned $906 and $896 of CoBank stock, respectively.

Vermont Capital Partners, LP

In 2006, VEDA formed Vermont Capital Partners, LP ("VCP") and 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 in VCP. There are four limited partners of VCP who have invested combined capital of $2,750. The VCP partnership agreement specified that VCP invest 100% of its capital in Brook Ventures II, LP ("BVII") a Massachusetts based mezzanine debt fund.

Consistent with the authorizing legislation, the primary purpose of VEDA's investment in VCP is "to create job opportunities and support economic development" with profit a secondary consideration. VCP is recorded at net asset value as a practical expedient and is therefore excluded from the fair value hierarchy. Net asset value may not be indicative of net realizable value or reflective of future fair value. The net asset value at both June 30, 2022 and 2021 was $0. There are no unfunded commitments related to VCP.

The Authority, as General Partner pays ongoing expenses as needed and VEDA will be reimbursed by VCP. As of June 30, 2022 and 2021, the Authority had expended $518 and $511, respectively, of reimbursable costs and these costs are recorded in the *Statement of Net Position* under the caption "Other assets."

Vermont Seed Capital Fund, LP

VEDA has an investment in the Vermont Seed Capital Fund, LP ("VSCF"). VEDA is one of two limited partners in the VSCF. The VCET Capital Corporation is the General Partner of the VSCF and invested $1,000. VCET Capital Corporation is an affiliate entity of the Vermont Center for Emerging Technologies, located in Burlington, Vermont.

In 2010 through 2020, the Authority received State funds for investment in VSCF totaling $4,178. In 2022, the Authority received $1 from the State representing repayment of a loan through the Champlain Bridge Fund. There were no such funds received in 2021. The authorizing legislation for the VSCF stated the primary purpose for the investment is "to increase the amount of investment capital provided to firms within the State of Vermont and to support job creation and preservation in the State of Vermont." The authorizing legislation provides that any proceeds derived from VSCF be used by VEDA solely for reinvestment in the VSCF or another seed capital fund. Consequently, the investment is included under the captions "Restricted investments" and as a portion of "Restricted net position" on the *Statement of Net Position*. VSCF is recorded at net asset value as a practical expedient. Net asset value may not be indicative of net realizable value or reflective of future fair value and is therefore excluded from the fair value hierarchy. The net asset value of the Authority's investment in VSCF at June 30, 2022 and 2021 was $6,183 and $3,317, respectively. The increase in net asset value is due to a significant upward revision to the value of one portfolio company during the year. There are no unfunded commitments related to VSCF.

Dollar Amounts are in Thousands

All investments as of June 30, 2022 and 2021 are shown in the chart below:

Fair Value Hierarchy	Investments By Type or By Issuer	Weighted Average Term (yrs)	At June 30, 2021 Cost Basis	At June 30, 2021 Fair Value ("FV")	At June 30, 2022 Cost Basis	At June 30, 2022 Fair Value ("FV")
Level 1:	Bond Market Index Fund	8.9	$ 9,582	$ 10,059	$ 9,583	$ 8,813
Level 1:	Corporate Bond Index Fund	3.1	9,645	9,982	9,645	9,202
Level 1:	US Treasury Bonds	1.5	0	0	3,983	3,953
Level 3:	CoBank, ACB Stock	n/a	896	896	906	906
Excluded	Vermont Seed Capital Fund, LP	n/a	4,177	3,317	4,178	6,183
Excluded	Vermont Capital Partners, LP	n/a	2,000	0	2,000	0
Total Investments			**$ 26,300**	**$ 24,254**	**$ 30,295**	**$ 29,057**

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 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 bond mutual funds or exchange-traded funds ("ETF") 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 Board. The Authority's investment policy mandates that debt securities carry a minimum rating of investment grade (BBB-).

The investments in Vermont Capital Partners, LP and the Vermont Seed Capital Fund, described above, were authorized by statute and are outside the scope of the Authority's investment policy.

Dollar Amounts are in Thousands

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. Duration is a measure of an investment's 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 the cash flows as a percentage of an investment's full price. The Authority's Asset Liability Management Committee has selected a diversification mix for its Level 1 marketable securities of approximately 80% in bond mutual funds and US Treasury investments with an average duration of less than five years and up to 20% in an ETF indexed to the Standard and Poor's 500 stock index.

4) Loans Receivable

The outstanding balance of loans receivable by major program group as of June 30, 2022 and 2021, are detailed in the charts below.

In addition to loans receivable shown above, there were $22,341 and $31,082 of Custodial Fund loans outstanding at June 30, 2022 and 2021, respectively. These loans are represented on the *Statement of Fiduciary Net Position*.

Nonaccrual Loans

The outstanding balance of nonaccrual loans at June 30, 2022 and 2021 was $10,463 and $16,076, respectively. The allowance for loan losses specific to nonaccrual loans totaled $1,393 and $1,301 at June 30, 2022 and 2021, respectively. Total interest collected on nonaccrual loans in the years ended 2022 and 2021 was $510 and $1,142, respectively.

Loans Receivable By Major Program Group - Balances at June 30, 2022:	VJF	VACC	VSBDC	VT504	VEDA TOTAL	As a % of TOTAL
Loans to development corporations	$ 22,407	$ 0	$ 0	$ 0	$ 22,407	9%
Direct loans to businesses	103,941	0	0	0	103,941	40%
Agricultural loans	8,494	80,111	0	0	88,605	35%
Small business loans	1,799	0	25,628	12,229	39,656	16%
Total Loans Receivable	**$ 136,641**	**$ 80,111**	**$ 25,628**	**$ 12,229**	**$ 254,609**	**100%**

Loans Receivable By Major Program Group - Balances at June 30, 2021:	VJF	VACC	VSBDC	VT504	VEDA TOTAL	As a % of TOTAL
Loans to development corporations	$ 20,494	$ 0	$ 0	$ 0	$ 20,494	7%
Direct loans to businesses	95,664	0	0	0	95,664	33%
Agricultural loans	10,421	87,047	0	0	97,468	34%
Small business loans	2,225	0	27,307	44,784	74,316	26%
Total Loans Receivable	**$ 128,804**	**$ 87,047**	**$ 27,307**	**$ 44,784**	**$ 287,942**	**100%**

Dollar Amounts are in Thousands

Allowance for Loan Losses

Changes in the allowance for loan losses ("reserves") result from loss provisions charged to or recovered from operations; loans receivable that are "written-off" and charged to the allowance; and recoveries added to the allowance (collection of loans receivable that were previously written-off). The Authority performs a substantive review of the allowances on a quarterly basis.

Management establishes "Specific Reserves" for loans receivable where a loss is probable and establishes non-specific (i.e. "general") allowances for unidentified future losses. General 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 chart below details the changes in the allowance for loan losses for 2022 and 2021:

Change in Allowance for Loan Losses For Year Ended June 30, 2022:	Beginning 2022 Allowance	Add (deduct) Loan Loss Provisions	Less Loan Write-offs	Add Loan Recoveries	Ending 2022 Allowance
VJF	**$ 2,472**	**$ (986)**	**0**	**$ 291**	**$ 1,776**
VACC	**1,988**	**(699)**	**0**	**26**	**1,315**
VSBDC	**929**	**(486)**	**(52)**	**242**	**633**
VT504	**187**	**(41)**	**0**	**3**	**149**
VEDA Total	**$ 5,576**	**$ (2,212)**	**$ (52)**	**$ 562**	**$ 3,873**

Change in Allowance for Loan Losses For Year Ended June 30, 2021:	Beginning 2021 Allowance	Add (deduct) Loan Loss Provisions	Less Loan Write-offs	Add Loan Recoveries	Ending 2021 Allowance
VJF	**$ 2,767**	**$ (250)**	**$ (75)**	**$ 30**	**$ 2,472**
VACC	**2,282**	**(169)**	**(130)**	**5**	**1,988**
VSBDC	**1,064**	**(53)**	**(90)**	**8**	**929**
VT504	**254**	**(72)**	**0**	**5**	**187**
VEDA Total	**$ 6,367**	**$ (544)**	**$ (295)**	**$ 48**	**$ 5,576**

Loans Receivable Guaranteed by Federal Government

The Authority has a portion of loans receivable guaranteed the federal government. The chart below details the federally guaranteed balances and the range and average guarantee percentage.

Federally Guaranteed Loan Receivable Balances at June 30, 2021 and 2022	VEDA FUND	At June 30 2021	At June 30 2022	Average Guarantee 2021	Average Guarantee 2022	Guarantee Range
USDA Department of Rural Development	VJF	$ 800	$ 6,092	80%	77%	66% - 80%
USDA Farm Service Agency, net of sold	VACC	38,302	33,806	91%	91%	80% - 95%
Small Business Administration	VT504	2,697	3,024	83%	86%	75% - 85%
Small Business Administration PPP	VT504	36,295	3,779	100%	100%	100%
Total Guaranteed Loan Receivable Balances		**$ 78,094**	**$ 46,701**	**94%**	**89%**	**66% - 95%**

Dollar Amounts are in Thousands

Loans Sold to Third Party

No loans were sold in 2022 or 2021. At June 30, 2022 and 2021, the VACC was servicing $1,059 and $1,612, respectively of loans receivable sold.

Interfund Loan Transfers

Loans receivable are periodically transferred from the VACC to the VJF to more effectively use the available collateral for borrowings. In both 2022 and 2021, no loans were transferred at book value from the VACC to the VJF. The total outstanding loans receivable transferred from the VACC to the VJF was $8,494 and $10,421 at June 30, 2022 and 2021, respectively.

(5) Commercial Paper

Since 1998, the Authority has issued commercial paper to fund a portion of its lending operations. From time to time throughout the year, the Authority issues taxable and tax-exempt commercial paper ("CP") to fund new loans and to refund outstanding loans. The chart below shows the amounts and terms of commercial paper at June 30, 2022 and 2021:

Commercial Paper Outstanding at June 30, 2022	Issue Date	Maturity Date	Interest Rate		Amount Issued
Taxable commercial paper	04/11/2022	07/11/2022	1.050%	$	85,000
Tax-exempt commercial paper	04/11/2022	07/11/2022	1.000%		4,000
Total Commercial Paper Outstanding			**1.048%**	**$**	**89,000**

Commercial Paper Outstanding at June 30, 2021	Issue Date	Maturity Date	Interest Rate		Amount Issued
Taxable commercial paper	06/16/2021	07/16/2021	0.070%	$	85,000
Tax-exempt commercial paper	06/16/2021	07/16/2021	0.070%		5,000
Total Commercial Paper Outstanding			**0.070%**	**$**	**90,000**

The Authority issued taxable and non-taxable commercial paper in the amounts of $85,000 and $3,750 on July 11, 2022. The stated interest rate for the taxable and non-taxable CP is 2.30% and 1.55%, respectively. Both CP notes will mature on October 5, 2022.

Letter of Credit ("LC")

The Authority utilizes a letter of credit ("LC") to enhance the credit rating of the commercial paper it issues. The LC provider's credit rating elevates VEDA's CP to "A-1" and "P-1" as rated by Standard and Poor's and Moody's Investor Services, respectively.

VEDA has an agreement with J.P. Morgan Chase Bank, National Association ("JPM") to provide two LCs for the issuance of taxable and tax-exempt commercial paper. The LCs expire February 17, 2023. The combined letters of credit were paid off in full as of June 30, 2022. At June 30, 2021, the principal amount of the combined letters of credit was $95,000. The LCs are collateralized with $12,500 in restricted investments (Note 3) and a moral obligation pledge of the State for $82,500 (Note 12). Included under the caption "Interest on commercial paper and notes payable" on the *Statement of*

Dollar Amounts are in Thousands

Revenues, Expenses and Changes in Net Position of the VJF are fees related to the LC of $722 and $735 for 2022 and 2021, respectively.

The changes in commercial paper due to new issued or refunded and matured commercial paper during 2022 and 2021 is shown in the charts below:

Changes in Commercial Paper for the year ended June 30, 2022		2022 Beginning Balance		Total CP Issued		Total CP Matured		2022 Ending Balance
Taxable commercial paper	$	85,000	$	595,000	$	(595,000)	$	85,000
Tax-exempt commercial paper		5,000		27,500		(28,500)		4,000
Total Commercial Paper	**$**	**90,000**	**$**	**622,500**	**$**	**(623,500)**	**$**	**89,000**

Changes in Commercial Paper for the year ended June 30, 2021		2021 Beginning Balance		Total CP Issued		Total CP Matured		2021 Ending Balance
Taxable commercial paper	$	85,000	$	425,000	$	(425,000)	$	85,000
Tax-exempt commercial paper		6,000		27,500		(28,500)		5,000
Total Commercial Paper	**$**	**91,000**	**$**	**452,500**	**$**	**(453,500)**	**$**	**90,000**

(6) Notes Payable and Interfund Notes Payable

Notes Payable

The Authority's notes payable are described below:

Northfield Savings Bank, FSB ("NSB")

The Authority retired the mortgage with NSB on its principal headquarters location in Montpelier, Vermont during 2021. VEDA had a back-up liquidity facility of $2,500 with NSB as of June 30, 2021, which was closed in 2022 at VEDA's request due to lack of use. There were no amounts drawn or outstanding on the line during 2022 or 2021. Included in VJF interest expense in 2022 and 2021 are fees related to the LOC in the amount of $0 and $5, respectively.

TD Bank, NA ("TDB")

VEDA has two variable-rate notes with an aggregate outstanding balance of $40,000 at June 30, 2022 and 2021, respectively. Both notes have the same maturity date of February 24, 2024. The loans carry the same floating interest rate and call for monthly interest payments and principal at maturity.

The Authority has three fixed-rate notes. The first note has an outstanding balance of $20,000 and $21,000 at June 30, 2022 and 2021, respectively. This note has an original maturity of ten years and calls for monthly interest payments and annual principal payments of $1,000 for each of the first five years and $4,000 for each of the remaining five years.

The second fixed-rate note with an outstanding balance of $15,000 at June 30, 2022 and 2021, has an original maturity of five years and calls for monthly interest payments and principal at maturity. The third fixed-rate note with an outstanding balance of $22,000 at June 30, 2022 and 2021, has an original maturity of five years and calls for monthly interest payments and principal at maturity.

The $97,000 in aggregate TDB notes payable outstanding at June 30, 2022 are collateralized with $8,700 of restricted investments (Note 4) and a moral obligation pledge of the State totaling $92,500.

Dollar Amounts are in Thousands

VEDA has a revolving line of credit note (the "line") with an outstanding balance of $20,000 for both June 30, 2022 and 2021. The line is secured by various loans receivable. The line calls for monthly interest payments at a floating interest rate and principal at maturity.

State of Vermont

The Authority has a loan from the State in the amount of $10,000 with an original maturity of ten years. The loan is not collateralized and is fixed for the first five years and then has a one-time interest rate adjustment for the remaining five years. The loan calls for quarterly interest payments and principal at maturity. The loan was granted an adjustment to 1.00% effective May 1, 2021, to fix the rate at 1.00% through February 28, 2022, when the rate reverted to a fixed rate of 2.43% through maturity on January 31, 2025.

Cobank, ACB ("Cobank")

The VACC has an available revolving line of credit (LOC) agreement with Cobank in the amount of $40,000, with $0 and $7,600 outstanding at June 30, 2022 and 2021, respectively. The line has been in place since 1999 and is the primary source liquidity for the Authority and its programs. The LOC includes annual line reviews and a sixty-day termination notice. The line is set to mature December 1, 2022. The terms of the note call for monthly interest payments at a floating interest rate. Included in VACC interest expense in 2022 and 2021 are fees related to the LOC in the amount of $77 and $74, respectively.

United States Department of Agriculture ("USDA") Intermediary Relending Program ("IRP")

The VSBDC and the VT504 have notes payable to the USDA Intermediary Relending Program through the USDA Department of Rural Development. All IRP notes are at a fixed rate for a period of thirty years and have annual payments of interest the first three years and twenty-seven years of annual principal and interest payments. The IRP notes are collateralized with the assets of the respective VSBDC and VT504 IRP Funds.

The schedule below details the changes in notes payable in 2022 and 2021:

Changes in Note Payable For Year Ended June 30:	**2021 Beginning Balance**	**Add New Debt**	**Less Debt Paid**	**2021 Ending Balance**	**Add New Debt**	**Less Debt Paid**	**2022 Ending Balance**
VJF	$ 130,335	$ 0	$ 2,335	$ 128,000	$ 0	$ 1,000	$ 127,000
VACC	8,347	31,493	32,240	7,600	2,706	10,306	0
VSBDC	6,582	84	268	6,398	251	300	6,349
VT504	12,504	20,493	6,515	26,482	205	22,392	4,295
Totals for 2021 & 2022:	**$ 157,768**	**$ 52,070**	**$ 41,358**	**$ 168,480**	**$ 3,162**	**$ 33,998**	**$ 137,644**

Details of notes payable as of June 30, 2022 and 2021 are shown in the chart below:

Notes Payable for Years Ended June 30:	Note Amount	Issue Date	Maturity Date	Current Rate	Balance 2021	Balance 2022
TD Bank, N.A. (variable-rate)	30,000	02/24/17	02/24/23	1.66%	30,000	30,000
TD Bank, N.A. (fixed-rate)	25,000	02/24/17	02/24/27	3.06%	21,000	20,000
TD Bank, N.A. (variable-rate)	25,000	03/22/17	02/24/23	1.66%	10,000	10,000
TD Bank, N.A. (fixed-rate)	15,000	06/29/18	02/24/23	3.49%	15,000	15,000
TD Bank, N.A. (fixed-rate)	22,000	01/10/19	01/10/24	3.38%	22,000	22,000
TD Bank, N.A. (line of credit)	20,000	03/10/17	04/30/24	1.75%	20,000	20,000
State of Vermont	10,000	02/01/15	01/31/25	2.43%	10,000	10,000
Total Notes Payable - VJF	**$ 147,000**			**2.47%**	**$ 128,000**	**$ 127,000**
Total Notes Payable - VACC (Cobank, ACB)	**$ 40,000**	**12/01/22**	**12/01/22**	**0.00%**	**$ 7,600**	**$ 0**
USDA Rural Development IRP	1,000	10/04/94	10/03/24	1.00%	163	122
USDA Rural Development IRP	1,000	03/16/95	03/15/25	1.00%	150	108
USDA Rural Development IRP	200	03/09/06	03/08/36	1.00%	36	24
USDA Rural Development IRP	750	11/19/10	11/18/40	1.00%	574	548
USDA Rural Development IRP	750	03/09/06	03/09/36	1.00%	441	414
USDA Rural Development IRP	750	06/27/08	06/27/38	1.00%	495	468
USDA Rural Development IRP	750	10/27/09	10/27/39	1.00%	548	522
USDA Rural Development IRP	1,000	01/10/14	01/10/44	1.00%	872	838
USDA Rural Development IRP	1,000	07/13/16	07/13/46	1.00%	968	935
USDA Rural Development IRP	1,000	12/19/17	12/18/47	1.00%	1,000	968
USDA Rural Development IRP	250	12/11/18	12/10/48	1.00%	146	250
USDA Rural Development IRP	1,000	05/21/19	05/20/49	1.00%	1,000	1,000
USDA Rural Development IRP	250	12/20/19	12/20/49	1.00%	5	152
Total Notes Payable - VSBDC	**$ 9,700**			**1.00%**	**$ 6,398**	**$ 6,349**
USDA Rural Development IRP	750	10/27/09	10/27/39	1.00%	548	523
USDA Rural Development IRP	750	11/19/10	11/18/40	1.00%	574	548
USDA Rural Development IRP	1,000	02/10/14	02/10/44	1.00%	868	834
USDA Rural Development IRP	1,000	04/21/17	04/21/47	1.00%	968	935
USDA Rural Development IRP	1,000	12/11/18	12/10/48	1.00%	1,000	1,000
USDA Rural Development IRP	1,000	12/02/19	12/02/49	1.00%	250	455
PPP Liquidity Facility	22,274	06/02/20	06/23/25	0.35%	22,274	-
Total Notes Payable - VT504	**$ 27,774**			**1.00%**	**$ 26,482**	**$ 4,295**
Total Notes Payable	**$ 224,474**			**2.36%**	**$ 168,480**	**$ 137,644**

Dollar Amounts are in Thousands

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

	Notes Payable Principal				Notes Payable Interest			
Fiscal Year	VJF	VACC	VSBDC	VT504	VJF	VACC	VSBDC	VT504
2023	$ 59,000	$ 0	$ 344	$ 152	$ 2,740	$ 0	$ 63	$ 43
2024	46,000	0	352	168	1,281	0	60	41
2025	14,000	0	323	171	509	0	57	40
2026	4,000	0	262	172	245	0	53	38
2027	4,000	0	264	174	122	0	51	36
2028-2032	0	0	1,362	899	0	0	213	155
2033-2037	0	0	1,395	942	0	0	144	109
2038-2042	0	0	1,108	894	0	0	78	62
2043-2047	0	0	776	582	0	0	30	23
2048-2052	0	0	163	141	0	0	2	2
Total	**$ 127,000**	**$ 0**	**$ 6,349**	**$ 4,295**	**$ 4,897**	**$ 0**	**$ 751**	**$ 549**

Interfund Notes Payable

The VACC, VSBDC and VT504 have notes payable to the VJF to fund a portion of their lending operations. The interfund borrower-lender relationship allows the Authority to provide liquidity and facilitates cash management for all its programs. In 2019, the interfund notes payable were renewed for three years and call for monthly interest payments at a floating rate of interest. The interfund notes payable outstanding at June 30, 2022 and 2021 are shown in the chart below:

Interfund Notes Payable for Years Ending June 30:	Note Amount	Issue Date	Maturity Date	Current Rate	Balance 2021	Balance 2022
VACC	$ 80,000	09/30/16	09/30/22	2.75%	$ 64,737	$ 71,337
VSBDC Loan Fund	25,000	09/30/16	09/30/22	2.75%	17,615	15,965
VT504 CDC Fund	5,000	09/30/16	09/30/22	2.75%	17,794	2,844
Total Interfund Notes Payable	**$ 110,000**			**2.75%**	**$ 100,146**	**$ 90,146**

Detail of the changes in the interfund notes payable or (receivable) outstanding at June 30, 2022 and 2021 are shown in the chart below:

Fund or Company Note (Receivable) or Payable	2021 Beginning Balance	Add New Payable or (Receivable)	Payments Received or (Paid)	2021 Ending Balance	Add New Payable or (Receivable)	Payments Received or (Paid)	2022 Ending Balance
VJF	$ (91,115)	$ (57,328)	$ 48,297	$ (100,146)	$ (9,330)	$ 19,330	$ (90,146)
VACC	69,105	24,532	(28,900)	64,737	8,500	(1,900)	71,337
VSBDC	16,665	950	0	17,615	350	(2,000)	15,965
VT504	5,345	31,846	(19,397)	17,794	480	(15,430)	2,844
VEDA TOTAL	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**

Dollar Amounts are in Thousands

(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 *Statement of Net Position* 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 $9,414 and $12,420 of loans at June 30, 2022 and 2021, respectively. The VT504 received $86 and $94 in fees related to the SBA 504 Loan Program in 2022 and 2021, respectively.

(8) Leases

The Authority has owned the site of its primary headquarters building located in Montpelier, Vermont since 2007. The real property includes 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. The projected lease payments from VEDA tenants based on current maturities are shown in the chart to the right.

Lease Revenue 56-58 East State Street		
Fiscal Year		**Revenue**
2023	$	171
2024		137
2025		137
2026		137
2027		137
After 2027		824
Total	**$**	**1,543**

Lessor

VEDA has an operating lease to a single not-for-profit tenant for the first two floors in the main building. The lease currently expires in 2023 with option to extend for two additional five-year terms. The lease calls for fixed monthly payments and requires the lessee to pay a pro-rata share of certain occupancy related expenses including property taxes, maintenance, and utilities.

As of June 30, 2022, the second building has several single-office tenants under short-term lease agreements of one year or less. Rental income from both buildings totaled $250 and $222 in 2022 and 2021, respectively and includes the pro rata share of operating expenses paid by the lessee noted above.

Lessee

The Authority has long term office leases in Burlington and Middlebury, Vermont, and an annually renewable lease for a satellite office located in St. Johnsbury, Vermont. The Authority paid total occupancy expenses, including related common area expenses for the years ended June 30, 2022 and 2021, of $174 and $148, respectively. Future lease obligations are seen in the chart below.

Dollar Amounts are in Thousands

Contractual Lease Obligations								
Year Ending June 30	Burlington		Middlebury		St Johnsbury		Total	
2023	$	79	$	49	$	14	$	142
2024		81		49		0		130
2025		83		49		0		132
2026		84		49		0		133
2027		86		53		0		139
After 2027		578		276		0		854
Total	**$**	**991**	**$**	**525**	**$**	**14**	**$**	**1,530**

As mentioned in note 1 (o) above, GASB Statement No. 87 requires the reporting of lease assets and liabilities based on the net present value of the leases at each year end, with income and expenses based on the implied interest income/expense and corresponding amortization of the lease asset/liability.

(9) 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 in the employee's name and held by a financial institution of the employee's choosing. Contributions to the SEP accounts are immediately 100% vested and the Authority does not offer any additional post-employment benefits to its employees. The Authority's retirement plan contributions as a percent of total payroll for employees enrolled in the plan is shown for the last three years in the chart below:

Retirement Plan for Fiscal Years ended June 30:		**2020**		**2021**		**2022**
Contributions to Simplified Employer Plan ("SEP")	$	362	$	401	$	383
SEP Contributions as a % of Covered Payroll		10%		10%		10%

(10) Contingent Liabilities

The Authority receives financial assistance from the Federal government in the form of loan guarantees, grants 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 Uniform Guidance or to financial and compliance audits by the grantor agencies. Any guarantee amounts paid and received that are disallowed because of these audits would become a liability of the Authority. At June 30, 2022 and 2021, management was not aware of any such disallowance.

Dollar Amounts are in Thousands

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 commercial insurance 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.

(11) Loan Commitments Outstanding

At June 30, 2022, the Authority had commitments for new loans and undisbursed amounts on existing loans. The amounts are expected to be disbursed in 2023 and are detailed in the chart below:

Outstanding Commitments Balances at June 30, 2022	**VJF**	**VACC**	**VSBDC**	**VT504**	**VEDA TOTAL**
Loan receivable commitments	$ 12,117	$ 1,009	$ 1,915	$ 0	$ 15,041
Undisbursed loans receivable	6,786	3,019	623	9	10,437
Outstanding Commitments	**$ 18,903**	**$ 4,028**	**$ 2,538**	**$ 9**	**$ 25,478**

(12) Relationships with the State of Vermont

Moral Obligation Pledge

State statute provides a moral obligation (“MO”) pledge to support various debt issues of the Authority (Note 5 and 6). An MO pledge is not the same as a *full faith and credit* pledge of the State. Rather, the moral obligation requires VEDA to maintain reserve funds at specified reserve fund requirements and for VEDA to report any deficiencies that arise to the State. The State is then required to request an appropriation from the legislative body to make up any shortfall. Since there is no legal requirement for the State to make the appropriation, timely payment depends on the State’s willingness to support VEDA’s debt. At the end of 2022 and 2021 there was $181,000 of MO authorized in State statute. Of the amount authorized, $175,000 was pledged and outstanding at June 30, 2022 and 2021, respectively.

Advances

In 2014, the Authority received an advance of $5,500 from the State to fund a portion of a project to build a State office building in St. Albans, Vermont. The terms of the agreement with the State stipulates that the borrower’s principal repayments be held by VEDA until the funds are requested by the State. VEDA’s obligation to repay the advanced funds is limited to repayments received from the Authority’s borrower. The aggregate amount of principal payments collected at June 30, 2022 and 2021 was $1,636 and $1,417, respectively and is recorded on the *Statement of Net Position* under the caption “Cash and cash equivalents – Restricted.”

Outstanding advance balances are reflected on the *Statement of Net Position* under the caption “Other Liability – State of Vermont.”

Reserves

VEDA has received funds from the State to support loan loss reserves for programs carrying higher than average risk of loss. In 2020 the VJF received \$540 to support the Broadband Lending Program (BBLP), and VACC received \$250 to support the Farm Ownership Loan Program (FOLP). To date, no losses have been incurred under these programs, and no further appropriations received. At the conclusion of the programs, any unused funds will be due to the State; as such, the funds are carried on the VFJ and VACC *Statement of Net Position* as restricted cash with a corresponding contingent liability.

Custodial 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 loans receivable for the programs in the Authority's name. These assets are recorded on the *Statement of Fiduciary Net Position* and *Statement of Changes in Fiduciary Net Position*. The Custodial 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 improvement projects. The Authority issues loans receivable and is assisted by the ANR in approving the loans. The VJF earned \$89 and \$92 in fees in 2022 and 2021, respectively.

Clean Energy Development Fund ("CEDF")

The Authority provides services to CEDF which is operated by the State Department of Public Service ("DPS"). The CEDF makes grants and loans to businesses for developing and marketing renewable and clean sources of energy. The VJF earned \$14 and \$16 in fees for services in 2022 and 2021, 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 \$23 and \$17 in fees for services in 2022 and 2021, 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 cleaning up environmentally "dirty" sites (a "Brownfield"). The VJF earned \$12 and \$19 in fees for services in 2022 and 2021, respectively.

Dollar Amounts are in Thousands

Windham County Economic Development Program ("WCEDP")

The Authority provides services to the State Agency of Commerce and Community Development ("ACCD") for the WCEDP to help businesses in Windham County that are adversely impacted by the closing of the Vermont Yankee Nuclear Power Plant in Vernon. The VJF earned fees for services of $32 and $26 in 2022 and 2021, respectively. Effective June 30, 2022, the program assets were transferred to the Brattleboro Development Credit Corporation, with the exception of one loan that will continue to be serviced by the Authority.

Clean Water State Revolving Loan Fund Program ("CWSLRF")

The Authority provides services to the State Department of Environmental Conservation ("DEC") in the operation of the CWSLRF, which makes loans to private entities for water system improvement projects. The VJF earned fees for services of $59 and $71 in 2022 and 2021, respectively.

The chart below shows the cash and loans receivable at June 30, 2022 and 2021 for the respective State agencies:

Custodial Funds at June 30, 2022:	**DWF & CWSLRF**	**CEDF**	**SIB**	**BRF**	**WCEDF**	**TOTAL**
Cash and cash equivalents	$ 18,253	$ 67	$ 1,646	$ 1,205	$ 0	$ 21,171
Loans receivable	18,044	953	2,264	710	373	22,344
Total Cash and Loans at June 30, 2022	**$ 36,297**	**$ 1,020**	**$ 3,910**	**$ 1,915**	**$ 373**	**$ 43,515**

Custodial Funds at June 30, 2021:	**DWF & CWSLRF**	**CEDF**	**SIB**	**BRF**	**WCEDF**	**TOTAL**
Cash and cash equivalents	$ 12,461	$ 711	$ 2,523	$ 225	$ 1,210	$ 17,130
Loans receivable	24,319	1,287	1,348	1,604	2,524	31,082
Total Cash and Loans at June 30, 2021	**$ 36,780**	**$ 1,998**	**$ 3,871**	**$ 1,829**	**$ 3,734**	**$ 48,212**

(13) Restricted Net Position

The changes in restricted net position, exclusive of fiduciary activity, for the past two years are detailed in the chart below:

VEDA had restricted net position of $29,056 and $26,125 at June 30, 2022 and 2021, respectively. The purpose of the restricted net position amounts are described below:

Dollar Amounts are in Thousands

Restricted Net Position for Years Ended June 30, 2020, 2021 & 2022:	Balance at 06/30/2020	(Decrease) Increase	Balance at 06/30/2021	(Decrease) Increase	Balance at 06/30/2022
For collateral reserve funds	$ 24,181	$ (2,505)	$ 21,676	$ (4)	$ 21,672
For Vermont seed capital fund	3,338	(21)	3,317	2,866	6,183
For federal program	0	0	0	0	0
For VEDA Capital Access Program	169	26	195	42	237
For Escrows, Reserves and Deposits	12	0	12	2	14
VJF Total	**27,700**	**(2,500)**	**25,200**	**2,906**	**28,106**
For investment in Cobank	873	23	896	10	906
VACC Total	**873**	**23**	**896**	**10**	**906**
Community Advantage Restricted Cash	25	4	29	15	44
VT504 Total	**25**	**4**	**29**	**15**	**44**
Totals at June 30, 2020, 2021 and 2022	**$ 28,598**	**$ (2,473)**	**$ 26,125**	**$ 2,931**	**$ 29,056**

<u>Collateral Reserve Funds</u>

Under the letter of credit agreement with JPM (Note 5) and certain notes payable to TD Bank, the Authority is required to have a minimum of $21,251 in fair value of marketable securities held with a trustee as collateral; this amount includes the $12,500 pledged to JPM and described in Note 5. In addition, the Authority must also place with the trustee the amount of interest due to the holders of the VEDA commercial paper at maturity. These amounts are represented as restricted assets on the *Statement of Net Position*.

<u>Vermont Seed Capital Fund</u>

The Authority has restricted net position representing its investment in the Vermont Seed Capital Fund (Note 3). By statute, all revenues derived from the fund must be reinvested in the VSCF or another seed capital fund. Consequently, the amount of the investment is recorded on the *Statement of Net Position* as a restricted investment.

<u>VEDA Capital Access Programs ("VCAP")</u>

Included in Restricted cash and cash equivalents was $371 and $328 in the VJF at June 30, 2022 and 2021, respectively. These amounts are reserve funds held at banks participating in VCAP. The Authority's portion of each reserve is recorded as restricted net position and the participating banks portion is recorded under the caption "Escrow and reserve accounts" on the *Statement of Net Position*.

<u>Investment in Cobank</u>

As part of the agreement with Cobank (Note 6), the VACC is required to purchase stock in Cobank which can only be redeemed when the relationship is terminated. The investment is recorded under the caption "Restricted investments" on the *Statement of Net Position*.

Community Advantage

As part of the Small Business Administration, Community Advantage Program, the Authority is required to maintain a specified level of restricted cash. The cash is presented under the caption "Restricted Cash" in the VT504 CDC Fund and totaled $44 and $29 at June 30, 2022 and 2021, respectively.

(14) Subsequent Events

The COVID-19 pandemic caused a much higher level of loan payment deferral requests from Borrowers and the Authority continues to monitor credit quality and delinquency rates closely, with the understanding that these payment deferrals have the potential to delay potential credit quality impacts. To date there have been no material increases in delinquency or charge-off activity, and the majority of loans have since resumed normal payment schedules.

The state of Vermont has been approved for participation in the State Small Business Credit Initiative (SSBCI), legislated as part of the 2021 American Rescue Plan Act (ARPA) which will provide up to $58 million of federal funding allocated in three tranches over the coming 10 years. VEDA has been selected as Vermont's implementing entity for the program and will utilize 50% of program dollars for lending purposes, with the remaining 50% allocated between four venture capital firms for investment in Vermont businesses. The capital provided for the lending program will remain with VEDA in perpetuity to support ongoing lending programs, while the equity program capital will continue to be dedicated to investment in small businesses, with management contracted to qualified firms. VEDA also participated in the first iteration of SSBCI in 2012, where the program provided over $13 million in permanent capital for lending activities.

The Authority has also been selected to administer a forgivable loan program on behalf of the State, using federal ARPA funding, and received a $19,000 appropriation for the program in September, 2022. The Authority will receive payment to reimburse its costs incurred to administer the program, and any unused appropriation will revert back to the state at program conclusion.

Vermont Small Business Development Corporation

(A Component Unit of the Vermont Economic Development Authority)

Combining Statements of Net Position

as of June 30, 2022 and 2021

Dollar Amounts in Thousands	as of June 30, 2022			as of June 30, 2021		
	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	$ 3,128	$ 512	$ 3,640	$ 1,854	$ 872	$ 2,726
Loans receivable	733	1,426	2,159	659	1,719	2,378
Accrued interest receivable	26	44	70	57	119	176
Total current assets	3,887	1,982	5,869	2,570	2,710	5,280
Loans receivable, less current portion	7,557	15,912	23,469	8,454	16,475	24,929
Less allowance for loan losses	(186)	(447)	(633)	(318)	(611)	(929)
Loans receivable, less current portion, net of allowance	7,371	15,465	22,836	8,136	15,864	24,000
Total assets	**$ 11,258**	**$ 17,447**	**$ 28,705**	**$ 10,706**	**$ 18,574**	**$ 29,280**
Current Liabilities:						
Notes payable	$ 344	$ 0	$ 344	$ 305	$ 0	$ 305
Accounts payable and accrued expenses	0	0	0	0	(1)	(1)
Interfund accounts payable	29	132	161	5	68	73
Accrued interest payable	31	0	31	30	0	30
Total current liabilities	404	132	536	340	67	407
Notes payable, less current portion	6,005	0	6,005	6,093	0	6,093
Interfund note payable, less current portion	0	15,965	15,965	0	17,615	17,615
Total liabilities	**$ 6,409**	**$ 16,097**	**$ 22,506**	**$ 6,433**	**$ 17,682**	**$ 24,115**
Unrestricted net position	**$ 4,849**	**$ 1,350**	**$ 6,199**	**$ 4,273**	**$ 892**	**$ 5,165**

Vermont Small Business Development Corporation

(A Component Unit of the Vermont Economic Development Authority)

Combining Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2022 and 2021

Dollar Amounts in Thousands	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total
Operating Revenues:						
Cash and investment revenue	$ 2	$ 0	$ 2	$ 3	$ 0	$ 3
Loans receivable interest	400	831	1,231	462	984	1,446
Other revenues	25	36	61	10	8	18
Total operating revenues	427	867	1,294	475	992	1,467
Operating Expenses:						
Notes payable interest	65	0	65	64	0	64
Interfund interest expense	0	377	377	0	494	494
Provision for loan losses	(80)	(406)	(486)	(3)	(50)	(53)
Professional fees	1	0	1	0	0	0
Interfund expense allocation	159	344	503	154	319	473
Total operating expenses	145	315	460	215	763	978
Operating income	**282**	**552**	**834**	**260**	**229**	**489**
Non-operating revenue:						
Interfund non-operating revenue (expense)	294	(94)	200	78	(149)	(71)
Total non-operating revenue (expense)	294	(94)	200	78	(149)	(71)
Net increase in net position	**576**	**458**	**1,034**	**338**	**80**	**418**
Net position at beginning of year	4,273	892	5,165	3,935	812	4,747
Net position at end of year	**$ 4,849**	**$ 1,350**	**$ 6,199**	**$ 4,273**	**$ 892**	**$ 5,165**

Vermont Small Business Development Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

Dollar Amounts in Thousands	For the Year Ended June 30, 2022 VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total	For the Year Ended June 30, 2021 VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total
Cash flows from operating activities:						
Interest received on loans receivable	$ 431	$ 906	$ 1,337	$ 420	$ 895	$ 1,315
Other revenues received	25	36	61	10	8	18
Operating expenses paid other than interest	(136)	(279)	(415)	(168)	(825)	(993)
Principal received on loans receivable	2,358	5,326	7,684	1,142	2,549	3,691
Principal disbursed on loans receivable	(1,587)	(4,228)	(5,815)	(1,006)	(2,292)	(3,298)
Net cash provided by operating activities	**1,091**	**1,761**	**2,852**	**398**	**335**	**733**
Cash flows from noncapital financing activities:						
Interest paid on notes payable	(64)	0	(64)	(56)	0	(56)
Interest paid on interfund note payable	0	(377)	(377)	0	(494)	(494)
Interfund non-operating revenue (expense)	294	(94)	200	78	(149)	(71)
Interfund transfer of loans receivable	0	0	0	0	0	0
Proceeds from interfund note payable	0	350	350	0	950	950
Payments on interfund note payable	0	(2,000)	(2,000)	0	0	0
Proceeds from notes payable	251	0	251	84	0	84
Payments on notes payable	(300)	0	(300)	(268)	0	(268)
Net cash provided by (used for) non-capital financing activities	**181**	**(2,121)**	**(1,940)**	**(162)**	**307**	**145**
Cash flows from investing activities:						
Interest received on cash and investments	2	0	2	3	0	3
Net cash provided by investing activities	**2**	**0**	**2**	**3**	**0**	**3**
Net increase (decrease) in cash and cash equivalents	**1,274**	**(360)**	**914**	**239**	**642**	**881**
Cash and cash equivalents at beginning of year	1,854	872	2,726	1,615	230	1,845
Cash and cash equivalents at end of year	**$ 3,128**	**$ 512**	**$ 3,640**	**$ 1,854**	**$ 872**	**$ 2,726**
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 282	$ 552	$ 834	$ 260	$ 229	$ 489
Adjustments to reconcile operating income to net cash provided by operating activities						
Interest income on investment activities	(2)	0	(2)	(3)	0	(3)
Interest expense on notes payable	65	0	65	64	0	64
Interest paid on interfund notes payable	0	377	377	0	494	494
Provision for loan losses	(80)	(406)	(486)	(3)	(50)	(53)
Changes in assets and liabilities:						
Loans receivable	823	856	1,679	137	338	475
Allowance for loan losses	(52)	242	190	(3)	(81)	(84)
Accrued interest receivable	31	75	106	(40)	(89)	(129)
Accounts payable and accrued expenses	0	1	1	(11)	1	(10)
Interfund accounts payable	24	64	88	(3)	(507)	(510)
Net cash provided by operating activities	**$ 1,091**	**$ 1,761**	**$ 2,852**	**$ 398**	**$ 335**	**$ 733**

Vermont 504 Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Statements of Net Position
as of June 30, 2022 and 2021

Dollar Amounts in Thousands	as of June 30, 2022 VT504 IRP Fund	as of June 30, 2022 VT504 SBA CDC Fund	as of June 30, 2022 VT504 Combined Total	as of June 30, 2021 VT504 IRP Fund	as of June 30, 2021 VT504 SBA CDC Fund	as of June 30, 2021 VT504 Combined Total
Current Assets:						
Unrestricted cash and cash equivalents	$ 1,789	$ 1,004	$ 2,793	$ 1,190	$ 4,468	$ 5,658
Restricted cash	0	44	44	0	29	29
Loans receivable	315	1,423	1,738	633	1,505	2,138
Accrued interest receivable	10	54	64	46	120	166
Total current assets	2,114	2,525	4,639	1,869	6,122	7,991
Loans receivable, less current portion	4,609	5,882	10,491	4,619	38,027	42,646
Less allowance for loan losses	(110)	(39)	(149)	(154)	(33)	(187)
Loans receivable, less current portion, net of allowance	4,499	5,843	10,342	4,465	37,994	42,459
Total assets	**$ 6,613**	**$ 8,368**	**$ 14,981**	**$ 6,334**	**$ 44,116**	**$ 50,450**
Current Liabilities:						
Notes payable	151	1,813	1,964	151	1,813	1,964
Interfund accounts payable	7	2,872	2,879	2	1,289	1,291
Accrued interest payable	18	0	18	20	22	42
Total current liabilities	176	4,685	4,861	173	3,124	3,297
Notes payable, less current portion	4,144	(1,813)	2,331	4,057	20,461	24,518
Interfund note payable, less current portion	0	2,844	2,844	0	17,794	17,794
Total liabilities	**$ 4,320**	**$ 5,716**	**$ 10,036**	**$ 4,230**	**$ 41,379**	**$ 45,609**
Restricted net position	0	44	44	0	29	29
Unrestricted net position	2,293	2,608	4,901	2,104	2,708	4,812
Net position	**$ 2,293**	**$ 2,652**	**$ 4,945**	**$ 2,104**	**$ 2,737**	**$ 4,841**

Vermont 504 Corporation

(A Component Unit of the Vermont Economic Development Authority)

Combining Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2022 and 2021

Dollar Amounts in Thousands	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	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 revenue	$ 1	$ 3	$ 4	$ 1	$ 3	$ 4
Loans receivable interest	226	286	512	281	306	587
Other revenues	14	96	110	5	2,389	2,394
Total operating revenues	241	385	626	287	2,698	2,985
Operating Expenses:						
Notes payable interest	40	24	64	42	38	80
Interfund interest expense	0	60	60	0	70	70
Provision for loan losses	(46)	5	(41)	(6)	(66)	(72)
Professional fees	(3)	8	5	1	(2)	(1)
Interfund expense allocation	93	391	484	94	864	958
Total operating expenses	84	488	572	131	904	1,035
Operating income (loss)	**157**	**(103)**	**54**	**156**	**1,794**	**1,950**
Interfund non-operating revenue	32	18	50	51	20	71
Net increase (decrease) in net position	**189**	**(85)**	**104**	**207**	**1,814**	**2,021**
Net position at beginning of year	2,104	2,737	4,841	1,897	923	2,820
Net position at end of year	**$ 2,293**	**$ 2,652**	**$ 4,945**	**$ 2,104**	**$ 2,737**	**$ 4,841**

Vermont 504 Corporation
(A Component Unit of the Vermont Economic Development Authority)
Combining Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

Dollar Amounts in Thousands	For the Year Ended June 30, 2022 VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total	For the Year Ended June 30, 2021 VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total
Cash flows from operating activities:						
Interest received on loans receivable	$ 262	$ 352	$ 614	$ 243	$ 206	$ 449
Other revenues received	14	96	110	5	2,389	2,394
Operating expenses paid other than interest	(85)	1,185	1,100	(103)	35	(68)
Principal received on loans receivable	1,386	33,557	34,943	673	11,155	11,828
Principal disbursed on loans receivable	(1,055)	(1,330)	(2,385)	(620)	(36,517)	(37,137)
Net cash provided by (used for) operating activities	**522**	**33,860**	**34,382**	**198**	**(22,732)**	**(22,534)**
Cash flows from noncapital financing activities:						
Interest paid on notes payable	$ (42)	$ (46)	$ (88)	$ (41)	$ (17)	$ (58)
Interest paid on interfund note payable	0	(60)	(60)	0	(70)	(70)
Interfund non-operating revenue (expense)	32	18	50	51	20	71
Proceeds from interfund note payable	0	480	480	0	31,846	31,846
Payments on interfund note payable	0	(15,430)	(15,430)	0	(19,397)	(19,397)
Proceeds from notes payable	205	0	205	125	20,368	20,493
Payments on notes payable	(119)	(22,274)	(22,393)	(118)	(6,397)	(6,515)
Net cash provided by (used for) non-capital financing activities	**76**	**(37,312)**	**(37,236)**	**17**	**26,353**	**26,370**
Cash flows from investing activities:						
Interest received on cash and investments	1	3	4	1	3	4
Net cash provided by investing activities	**1**	**3**	**4**	**1**	**3**	**4**
Net increase (decrease) in cash and cash equivalents	**599**	**(3,449)**	**(2,850)**	**216**	**3,624**	**3,840**
Cash and cash equivalents at beginning of year	1,190	4,497	5,687	974	873	1,847
Cash and cash equivalents at end of year	**$ 1,789**	**$ 1,048**	**$ 2,837**	**$ 1,190**	**$ 4,497**	**$ 5,687**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ 157	$ (103)	$ 54	$ 156	$ 1,794	$ 1,950
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Interest income on investment activities	(1)	(3)	(4)	(1)	(3)	(4)
Interest expense on notes payable	40	24	64	42	38	80
Interest paid for interfund financing activities	0	60	60	0	70	70
Provision for loan losses	(46)	5	(41)	(6)	(66)	(72)
Changes in assets and liabilities:						
Loans receivable	328	32,227	32,555	48	(25,362)	(25,314)
Allowance for loan losses	2	1	3	5	0	5
Accrued interest receivable	37	66	103	(38)	(100)	(138)
Accounts payable and accrued expenses	0	0	0	0	(7)	(7)
Interfund accounts payable	5	1,583	1,588	(8)	904	896
Net cash provided by (used for) operating activities	**$ 522**	**$ 33,860**	**$ 34,382**	**$ 198**	**$ (22,732)**	**$ (22,534)**