Vermont Community Loan Fund, Inc.

7 School Street
PO Box 827
Montpelier, VT 05601
(802) 223-1448
investinvermont.org

Offering Memorandum

Up to $5,000,000 in Community Investment Notes

General Regulatory Notices and Legends

These securities have not been registered with the Securities and Exchange Commission, the State of Vermont Department of Financial Regulation or any other federal or state securities agency. Neither the Securities and Exchange Commission nor any state securities agency has passed upon or endorsed the merits of this offering.

Except as otherwise provided herein, no offering literature in any form is authorized to be used in the offering of these securities except for this Memorandum. No person is authorized to make any representation other than those contained in this Memorandum and, if made, such representation must not be relied upon.

This Memorandum does not constitute an offer to sell or a solicitation or an offer to buy to any person in any jurisdiction in which such offer or solicitation is unauthorized or unlawful.

In making an investment decision investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been approved or disapproved by the Securities and Exchange Commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Memorandum. Any representation to contrary is a criminal offense.

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Introduction

The Vermont Community Loan Fund ("VCLF" and "the Loan Fund") creates opportunities that lead to healthy communities and financial stability for all Vermonters. VCLF provides loans, grants and business development assistance for Vermont businesses & entrepreneurs, community organizations & facilities, early care & learning programs and the development of affordable housing.

The money VCLF lends comes from the community in the form of interest-bearing impact investments. VCLF investors include individuals & families, faith-based groups, foundations & other nonprofits, community & national banks, corporations, local, state and federal governments and others who want to align their investments with their values, earning them a social or "community" return along with their financial return. VCLF offers these investors an attractive investment vehicle for achieving both financial returns and community impacts, which the Fund believes, based on its track record of responsible lending and financial management, is a sensible and low-risk investment. Investors in the Loan Fund may also receive tax benefits.

VCLF is seeking to increase its loan fund through the issuance of promissory notes (hereinafter called "Community Investment Notes"). The investment objectives of Community Investment Notes are to maintain principal, to provide an opportunity to earn a modest financial return and to use these funds to make available financing for projects and businesses that benefit lower-income Vermonters. A range of options is available as to rates, terms and repayment schedules.

This investment option is suitable for persons who are interested in investing in a sustainable and socially responsible manner.

Description of the Organization

A nonprofit, mission-driven, community-focused lender, the Vermont Community Loan Fund provides loans and business development services and technical assistance to create opportunities leading to healthy communities and financial stability for all Vermonters.

VCLF develops and promotes capital-based approaches to issues of poverty and opportunity. An expert in finding and financing businesses and organizations not quite ready for a loan from a conventional lender, the Loan Fund seeks to put transformational capital in the hands of Vermonters who can't get it anywhere else, all to benefit the Vermonters who need it most. Equally committed to social as well as financial returns, VCLF focuses on businesses and programs that help lower-income Vermonters access safe, affordable homes, quality jobs, quality early care & learning and other essential community services. VCLF's goals, as stated in our Articles of Association (rev. 11/2013):

- Make loans and provide assistance to projects that provide long-term access to and control over housing, access and availability of quality early childhood education and care, access and availability of essential community services and economic opportunities including employment for low- and moderate-income and other disadvantaged groups who are denied such access through conventional channels;

- Encourage the elimination of discrimination in access to housing, child care, credit and economic opportunities;

- Promote models of ownership or tenant control that prevent speculation and guarantee that housing remains affordable for successive generations;

- Support projects and educate and advocate for activities that lead to beneficial impacts on the natural environment;

- Educate and advocate for the improvement of children's welfare in the areas of learning, safety, health and economic security;

- Educate and advocate for investments in affordable housing, early childhood education and care, community services, small businesses and entrepreneurship, the revitalization of neighborhoods, downtowns and the working landscape; and

- Conduct public discussion groups, forums, panels, lectures and other similar programs designed to educate the public about the housing, early childhood education and care and economic needs of low-income and other disadvantaged groups.

Today, VCLF has three core lending programs. Our Business Program provides financing to small and emerging businesses and entrepreneurs that preserve or add value to Vermont's natural resources, honor the traditional character of our working landscape, create jobs for lower-income Vermonters, are women-owned or downtown-located, or are agricultural. Our Housing & Community Facilities Program provides loans for affordable housing and facilities and organizations that provide essential services for lower-income Vermonters. VCLF's Early Care & Learning Program helps Vermont's child care providers to start up, grow or enhance their programs and facilities, supporting high-quality early care and learning for Vermont's children and families, as well as jobs in this essential industry.

Beyond these broader core programs, the Loan Fund has developed smaller programs focused on addressing specific needs. Our Agritourism Program provides lower-cost capital for projects that enhance on-farm experiences and tourism. Our Food, Farms & Forests Fund provides lower-cost capital to support Vermont's working landscape. New in 2016, and launched with start-up support from the State of Vermont's Working Lands Enterprise Initiative, the SPROUT program provides lower-interest loans to working lands businesses that wouldn't otherwise qualify for VCLF financing. In 2018, we partnered with Vermont Energy Investment Corporation to provide lower-cost financing to community facilities for energy efficiency rehabilitation projects. In 2019, we used a Northern Border Regional Commission grant to capitalize a new lower-cost loan pool serving Vermont's critical outdoor recreation industry, our TRAILS program. 2020 saw the launch of the Northern Vermont Recovery Loan Fund, providing no-/low-cost capital to businesses and organizations impacted by the COVID-19 pandemic; subsequent philanthropic support helped us make this a statewide program (the Vermont Recovery Loan Fund) in 2021. In September 2021, we launched the Justice Forward Fund, through which we direct a portion of our impact investment capital to serving Vermonters traditionally and generationslly excluded from conventional financial markets and services: Black, Indigenous and Vermonters of Color (BIPOC Vermonters).

VCLF's loan programs provide more than just a loan. A key aspect of VCLF's work is the financial education and business development services we provide. VCLF provides information about the financial, legal and organizational options available to our borrowers. VCLF staff also consults applicants on budget development, ownership structure and general support for the challenging work of acquiring and maintaining affordable housing or other real estate.

The Vermont Community Loan Fund was founded in 1987 by a group of Vermonters working in the areas of affordable housing and economic development. In April 1988, VCLF was recognized as a 501(c)3 nonprofit publicly supported organization governed by a Board of Directors, and began making loans to support development of affordable housing. Over time, in response to emerging needs, the Loan Fund launched loan programs focusing on community facilities/other nonprofits (1990), small businesses (1996) and early care & learning programs (2000).

In 1996, VCLF was certified as a Community Development Financial Institution (CDFI) by the US Department of the Treasury. CDFIs are mission-driven community development organizations, including revolving loan funds (like VCLF), banks, credit unions and venture funds, which provide financial services to underserved communities and populations. Today, there are over 1,200 certified CDFIs with approximately $222B under management; in 2021 alone, certified CDFIs provided $38.7B in financing to support 124,000 businesses and the development of 50,000 affordable homes nationally. CDFIs must undergo annual recertification.

The Vermont Community Loan Fund has a long track record of successfully partnering with federal programs to support economic development and equitable access to capital throughout Vermont. VCLF became Vermont's first statewide US Small Business Administration Microloan Program Intermediary in 2010. In December 2013, the Loan Fund was selected to participate in US SBA's Community Advantage Program, providing small business loan guarantees. US SBA named the Vermont Community Loan Fund the Vermont Microlender of the Year in 2013 and Vermont Mission Lender of the Year in 2015. VCLF has accessed small business loan capital through USDA RD’s Intermediary Relending Program since 1995; in 2016 we were selected to participate in their Rural Microentrepreneur Assistance Program providing loan capital and program subsidy for our business development services. 2020 found the Loan Fund leveraging our federal and state partnerships to be a key driver of Vermont’s economic relief and recovery efforts, both early-stage and ongoing. Our deep relationship with the US SBA qualified us to participate in the Paycheck Protection Program, helping us provide financial relief to our borrowers and other businesses adversely impacted by the COVID-19 pandemic. Similarly, our longstanding partnership with the US Economic Development Authority secured us loan capital and technical assistance support funding through the US Economic Development Authority to launch the Northern Vermont Recovery Loan Fund, providing recovery capital at subsidized rates to the rural businesses that need them most.

In 2007, the Vermont Community Loan Fund underwent our first CARS, or CDFI Assessment and Rating Service rating. Then overseen by CDFI industry advocate/convener Opportunity Finance Network, CARS was created as a standardized framework for assessing CDFI performance, risk and mitigants. Now overseen by independent third-party information service Aeris, today’s Aeris Financial Ratings assess capitalization, asset quality, management, earnings and liquidity (often referred to as the “CAMEL” assessment) and evaluate financial strength and risk in the context of the community finance sector. As a result of our 2017 rating update, VCLF received a “★★★PolicyPlusA” rating, defined as[1]:

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[1] The past performance of other community loan funds is provided for informational purposes only. VCLF makes no warrantees concerning other loan funds or its future performance.

- "★★★" – The Loan Fund shows strong alignment of its impact mission, strategies, activities, and data that guide its lending, programs and planning. It accurately tracks relevant data that indicate that it effectively uses its resources to further its impact goals. However, it may have limited activities beyond direct investments that support its mission and longer term outcome metrics may be limited. Board and management use the data on a regular basis to adjust strategies and activities in line with the Fund's mission.

- "PolicyPlus" – Policy change is an integral part of this CDFI's strategies. The CDFI leads initiatives to change government policy to benefit the community development finance industry or disadvantaged people and communities. The CDFI can provide evidence of its leadership role in recent policy changes that produced benefits beyond additional resources for the CDFI itself, and management can clearly articulate the CDFI's leadership role in current policy activities.

- "A" – The Loan Fund has strong financial strength, recent performance and risk management practices relative to its size, complexity, and risk profile. It is stable but more vulnerable to fluctuations in its operating environment than higher rated loan funds.

Further information about VCLF's rating and the Aeris rating system can be received by contacting VCLF's Director of Investment & Philanthropy at (802) 223-1448.

Lending Activities of the Fund

Since its inception, the Vermont Community Loan Fund has loaned over $122M, with an estimated impact of creating or retaining jobs for 7,863 Vermonters, building or rehabilitating safe, affordable homes for 4,738 Vermont households, creating or retaining quality early childhood care & learning for 5,030 children and financing community organizations serving hundreds of thousands of Vermonters.

VCLF has remained very active, stable and successful in recent years. In 2022, we closed 56 loans totaling $7,037,807, leveraging another $27M in borrower equity, grants and financing from conventional lenders. We also renewed or extended lines of credit approaching $1.2M to five current borrowers. Last year, new VCLF financing created or retained jobs for 276 Vermonters, affordable homes for 251 families, quality early care & learning for 193 children & families, and supported nonprofits and community facilities providing essential services for over 105K Vermonters annually. At year's end, our portfolio consisted of 259 loans with $28.4M outstanding, representing employment for 2,377 Vermonters, 1,239 affordable homes, quality early care & learning serving 1,505 children & families, and community organizations & facilities providing essential services for 138,536 Vermonters annually.

Although each housing, community facility, child care and small business loan is unique, typical financing needs to be met by VCLF include:

1. Interest-only and amortizing loans to land trusts to acquire homes which are sold to leaseholders using a lease-to-purchase scenario;

2. Loans for acquisition and rehabilitation of rental housing by nonprofit organizations;

3. Interim property acquisition and construction loans for affordable housing or social service programs which are expected to receive grants or other long-term, low-interest permanent financing;

4. Loans for acquiring housing which will provide affordable shelter for people who are developmentally disabled, young adults in SRS custody, individuals who were formerly homeless or elders in shared living arrangements;

5. Loans for acquiring buildings which will be used as food banks, child and elder care services or other programs benefiting low-income Vermonters;

6. Loans for acquisition of property, equipment and working capital for small businesses;

7. Loans to for- and nonprofit child care businesses; or

8. Loans to purchase and operate a dairy or other production-based farm or agricultural enterprise.

Lending Policies

VCLF's Loan Policy Manual serves as a comprehensive guide to the policies and procedures to be followed by the VCLF Board of Directors and staff in administering the Vermont Community Loan Fund's loan programs. Projects or businesses seeking financing from VCLF are reviewed by VCLF staff and evaluated by a Loan Review Committee based on several criteria including:

1. The effectiveness with which the project or business provides resources to the community, encourages full participation, builds capacity and eliminates discrimination;

2. The extent to which the project or business provides long-term benefits to low-income persons and the community at large;

3. The ability and potential of the loan applicant to successfully carry out the project or business;

4. The ability of the loan applicant to repay the loan;

5. The ability of the loan to leverage other financing from public agencies, traditional financial institutions or other organizations;

6. The applicant's access to technical assistance and development expertise; and

7. The inability of the applicant to find sufficient financing elsewhere.

The VCLF Internal Loan Team, comprising the Executive Director, Director of Finance and Loan Program Directors, has the authority to approve loans in amounts under $75,000. Loans above these limits require review and approval by the Loan Review Committees comprising members of the VCLF Board of Directors and appointed non-Board community members. Loan repayment schedules are negotiated by VCLF staff and the applicant, according to the instructions of the Loan Review Committee. In setting the terms, the Fund considers the financial ability of the borrower and the resources of the Fund.

All VCLF loans are secured, generally through a mortgage or another type of security interest on borrower assets. In special circumstances, the Fund may consider an unsecured loan of up to $10,000 for not more than five years. An unsecured loan may only be approved if a sufficient loan loss reserve exists. All borrowers from the Fund are required to submit periodic written reports describing the financial and operational status of the project, and of the sponsoring organization.

Portfolio Management and Monitoring

The VCLF Board of Directors has established a Loan Monitoring Committee which meets at least annually to ensure compliance with lending and management policies and to recommend strategies for preventing or minimizing loan loss. The Committee is also charged with reviewing loan procedures and recommending needed changes. An additional measure of protection is achieved through regular staff monitoring of loans and the provision of technical assistance and other support services to borrowers.

VCLF holds cash in reserve equal to a percentage of each loan outstanding, based upon a risk assessment for each loan. VCLF has separated the loans into two loan pools for the purpose of risk rating. Housing and community facilities loans make up one pool and the business and child care loans make up the second. Both loan pools have risk ratings ranging from 1 (lowest risk) to 6 (workout). The risk rating policy for each loan pool specifies threshold requirements for risk levels. As of December 31st, 2022, the weighted average risk rating of the housing and community facilities loan portfolio was 3.17; the allocation to loan loss reserves represented 4.3% of loans receivable. As of December 31st, 2022, the weighted average risk rating of the business and early care & learning loan portfolio was 3.22; the allocation to loan loss reserves represented 7.4% of loans receivable. On December 31st, 2022, VCLF's loan loss reserves totaling $1,573,531 were equal to 5.5% of the total value of the portfolio. In the event of problem loans, VCLF, due to its mission, does not necessarily follow standard workout or collection procedures.

VCLF strives to maintain a level of permanent loan capital (equity or net assets) that will insure the ability of VCLF to satisfy its obligations to its investors. Various funders/investors, as well as VCLF's own internal policies, have set a minimum level of permanent capital equal to no less than 15% of total assets. As of December 31st, 2022, permanent capital/equity of $17,538,753 was equal to 33.3% of total assets.

Organizational Management of the Fund

VCLF is directed and controlled by a Board of Directors. The skills and experience of the members of the VCLF Board of Directors represent a wide range of expertise in housing development, real estate, community organizations, economic development, banking, entrepreneurship, agricultural, child care and financial management. The VCLF Board currently sets broad strategic goals and policy and assists with fundraising and capitalization.

VCLF's By-laws specify that board members have an affirmative obligation to disclose any actual or potential conflicts of interest of themselves or members of their families or any organization with which they are affiliated. Members of the VCLF Board of Directors and its committees serve the Loan Fund on a voluntary basis and without compensation. Summary resumes of VCLF's Board of Directors are presented in Exhibit A.

The Executive Director is responsible for overseeing all operations including management, lending and portfolio oversight, business development assistance, capitalization and fundraising, communications and public relations. The Executive Director is also charged with executing all promissory notes and loan agreements with investors; the Executive Director and the Loan Officers are authorized to execute documents with approved borrowers. Loan Program Directors are responsible for loan underwriting, portfolio monitoring and provision of technical assistance. The Director of Finance & Administration is responsible for oversight and management of the organization’s financial position, budgeting and planning, IT systems and human resources. The Director of Investment & Philanthropy is responsible for fundraising, capitalization and communications. Summary resumes of VCLF management staff are presented in Exhibit B.

The Loan Fund’s operating expenses are supported by fees and income generated by our loan programs, as well as by philanthropy and government grants and contracts. VCLF’s most recently completed audited financial statements are attached as Exhibit C.

Terms of Investment in the Community Investment Notes

Flexible Vehicles, Rates and Terms: Subject to VCLF’s approval, any individual or organization may invest in the Vermont Community Loan Fund. VCLF accepts investments whenever there is a reasonable likelihood that the funds can be placed responsibly in accordance with both the investor's wishes and the overall purposes of the Fund. In order to best serve its borrowers’ investment goals, VCLF has created products with varying characteristics as to term, interest rate, liquidity and schedule of repayment:

- The **Social Investment Term Account** features fixed interest and maturity date. Interest payments can be made quarterly, semi-annually, annually or at maturity; interest can also be "reinvested" (added to your principal) on a regular basis. Interest repayment options include quarterly, semi-annual or annual payments, to defer payment of the principal until the end of the loan period, or to defer all payment until the end of the loan period.

- The **Social Investment Cash Account** features an open-ended maturity date. The investor may withdraw funds once a month; there is no limit to deposits.

- The **Social Investment Graduating Account** allows for a lower balance required to open a VCLF investment account, and regular electronic deposits from the investor.

The rate of return an investor chooses can vary from no interest, to the maximum rate allowed by VCLF, depending on the investor's wishes. Lower interest investments allow us to provide greater resources to community organizations.

Investors are urged to consider their personal situation in determining the rate of return they desire. Any other combination that fits the needs of the investor will be considered.

Investment Process: To make an investment, the investor fills out the VCLF Investor Response Form to select the product, amount, rate, terms and repayment schedule. Upon receipt of the completed Investor Response Form, accompanied by the funds necessary to open the investment, either by check or electronic transfer, a loan agreement and promissory note are prepared. These documents outline the terms of the Community Investment Note. If the documents meet the investor's approval, the investor signs two copies of the Loan Agreement, returning one copy to VCLF and retaining the other copy and the Promissory Note for their own records.

A sample Investor Response Form is attached as Exhibit D. A sample VCLF Loan Agreement and Promissory Note are attached as Exhibit E.

VCLF Investments are not Insured or Secured: An investor's loan to VCLF is not insured or guaranteed by VCLF or any other entity. They are unsecured loans between the investor and VCLF, and as such they are not secured through the grant of any interest in property of VCLF. The Community Investment Notes issued by VCLF to investors are not negotiable instruments (i.e. they cannot be sold or signed over to another holder, and must be held by the original investor through their stated term).

There are Potential Tax Benefits to Investors: Community Investment Notes are not tax deductible nor are they considered income when the principal is repaid. Any interest is fully taxable to the investor. Investors should consult their own tax advisors as to the tax consequences of investing in Community Investment Notes.

Vermont taxpayers may be eligible to receive the Charitable Housing Tax Credit, a tax credit toward their state income tax liability. The amount of the credit will be calculated based upon the difference between the investor's VCLF interest rate and the State of Vermont's Charitable Threshold Rate. Both the amount of the credit and the charitable investment rate vary on an annual basis as adjusted each July 1. Current information about the tax credit is available from VCLF's Director of Investment & Philanthropy, at (802)-223-1448. As of July 1, 2022, the Charitable Housing Tax Credit rate was 1.37%.

Investors May Request Early Repayment, or VCLF May Choose to Prepay a Loan: VCLF, in its discretion and upon request by an investor, may prepay any Community Investment Notes before maturity. VCLF, at its own initiative, may prepay any Community Investment Note, at any time, without penalty.

Your Loan Can be Renewed at Your Option: Approximately two weeks prior to a loan's stated maturity date, VCLF will notify the investor, and the investor can choose to be repaid, or let the loan renew automatically on the same term at the current interest rate. The investor can choose to reinvest the interest earned on the principal sum, and increase the amount loaned to VCLF.

VCLF Will Provide Periodic Financial Information: For so long as their Community Investment Note is outstanding, investors will receive access to annual reports and audited financial statements. Interim un-audited quarterly financial statements shall be made available upon request.

VCLF Welcomes Further Support: VCLF is seeking investments in their Community Investment Notes, however tax-deductible donations and gifts of appreciated stock and securities to VCLF are also welcome. Gifts may be either unrestricted or designated for operating expenses, providing technical assistance, or permanent capital. Contributions enhance the ability of VCLF to meet the varied financial needs of its borrowers.

Special Risk Factors

The Community Investment Notes offered by VCLF are subject to certain risks, which should be carefully considered by any potential investor. Special risk factors identified by VCLF's management include the following:

High-risk Operations: VCLF seeks to meet financing needs not commercially serviceable due to the cost of the financing, the limited debt coverage ratio, the ratio of loan to value, the newness of the enterprise or the limited experience of management. The size of its loans may also be large in relation to its funding base, and its security may be of a subordinate priority. In some cases, collateral acquired may have limited or no re-sale value. Thus, VCLF's lending activities typically involve a higher degree of risk than deemed acceptable by a conventional lender. Any losses in its loan portfolio, to the extent they might exceed loss reserves and permanent capital, could thus seriously affect the Loan Fund's financial position.

Balloon Loans: Balloon loans are a common financing structure employed by VCLF's Affordable Housing and Community Facilities Loan Program. These are loans where, generally, the principal amount borrowed is repaid in one lump payment at maturity. Although VCLF maintains portfolio management policies to address this risk, there is an inherently higher risk in these loans, because the borrower may not be able to secure additional financing at the time the balloon is due and will therefore be unable to repay VCLF.

Limited Capitalization: Income generated by VCLF loan programs only covers a portion of the Loan Fund's operating costs. Philanthropy and government grants are required to fund the balance of the Loan Fund's expenses. These funding sources also provide resources for permanent loan capital, or fund equity, beyond retained earnings. VCLF is under no commitment to return the proceeds of Community Investment Notes prior to their due date. VCLF may not choose to accommodate those investors who request an early repayment of their investment.

No Assured Participation in Management: As a nonprofit organization, VCLF has no shareholders. Control of the Fund is exercised by the VCLF Board of Directors. Those individuals who serve on the VCLF Board of Directors donate their time and are not compensated, and appointments to the Board of Directors are established by the then current Board of Directors. Unlike a for-profit corporation, the Directors who serve on the VCLF Board cannot be removed by shareholder action, and therefore the Directors serve at their leisure, without oversight (beyond the oversight of fellow Board members).

Limited Governmental Regulation: VCLF is not subject to the same governmental regulation or supervision in regard to its lending activities as a traditional commercial lender. Additionally, as a nonprofit organization, VCLF is generally able to rely upon exemption from compliance with Federal and State securities laws and regulations that require registration of securities to protect investors. For more information, please see "Exhibit F – VT Department of Financial Regulation Exemption from Registration."

Because of these exemptions, VCLF is regulated differently than for-profit entities who are involved in similar offerings and as a result, investors are not afforded with the same protections. The absence of such regulatory oversight, together with the possibility of future regulation of this type, may negatively affect the Fund, which in turn may negatively affect investors in the Fund.

Conflict of Interest: VCLF management must balance the interests of its investors with the interests of its borrowers and the needs of the Loan Fund itself. This situation may cause potential conflicts of interest, particularly in the event that these interests become divergent.

No Public Market: There is no public market for Community Investment Notes nor is it expected any such market will develop. As a consequence, an investment in a Community Investment Note cannot be easily liquidated through sale or other transfer for value.

No Repayment Penalty: The Community Investment Notes may be prepaid in whole, or in part, at any time, at VCLF's discretion, without penalty.

Unsecured Loan Obligations: The Community Investment Notes are unsecured (i.e. they are not collateralized by any assets of VCLF), so the holders of the Community Investment Notes would not be able to foreclose on any property or assets of VCLF in the event VCLF defaulted in the repayment of such Community Investment Notes. Additionally, the Community Investment Notes are not FDIC-insured or otherwise insured. They rest only upon the general credit of VCLF, which has not been established by any conventional means. Neither are funds from Community Investment Notes placed in escrow nor subject to a trust indenture or any sinking fund obligations. Therefore there can be no assurance that liquid assets will be available to pay accrued interest or to repay principal when it is due.

Plan of Distribution

Investments in the Vermont Community Loan Fund may be made only with the approval of the Executive Director or the officers of VCLF. The Loan Fund retains the right, in its sole discretion, to accept or reject any investment.

Use of Proceeds

The investment monies received by VCLF from investors through its Community Investment Notes are intended to be used by VCLF to augment its revolving loan fund and not to pay the expenses of administration or expenses of the offering of these securities. It is intended that such expenses, to the extent that they are not covered by the net interest earned on loans made by VCLF, will be funded through separate grants solicited for this purpose. While it is the Fund's intention to apply the proceeds of these investments as indicated, VCLF reserves the right to alter the application of proceeds should business exigencies so require.

Additional information

Any prospective investor having questions or wishing to review any of the Vermont Community Loan Fund's corporate records should contact Executive Director William Belongia or Director of Investment & Philanthropy Jake Ide. The offices of the Vermont Community Loan Fund, Inc. are located at 7 School Street in Montpelier, Vermont. The telephone number is (802) 223-1448. The fax number is (802) 223-

1455. The website is located at: investinvermont.org.

Materials that are available to prospective investors upon request include the VCLF's articles of incorporation, code of by-laws, IRS determination letter, sample loan agreement and promissory note. Further materials regarding lending activities that are available include Loan Policy Handbook and procedures and sample loan agreements with borrowers. Many organizational documents including audited financial statements, 990s, annual reports, newsletters, social impact reports and Strategic Plans can be found online at: https://www.investinvermont.org/publications-and-reports/.

No agent of the VCLF is authorized to provide any offering literature or advertising of Community Investment Notes except for this Memorandum and its exhibits or to make any representations other than those contained in this Memorandum.

Exhibit A—Summary Resumes, VCLF Board of Directors

Dr. Asma Ali Abuniab (Williston)
Asma is a community development strategist & analyst who has most recently served as project coordinator for Care International Switzerland, national field coordinator for the UN's Office for the Coordination of Humanitarian Affairs, information coordinator for BBC World Service Trust. She currently develops curriculum and coaching programs for New Americans living in Vermont.

José Aguayo (Montpelier)
José is an entrepreneur, business journalist and has worked for the UN and the States of Texas and Arizona in trade and finance.

Arne Hammarlund (Marlboro)
Arne worked for over thirty years in community development and socially responsible banking, with leadership positions at People's United Bank and, formerly, Chittenden Bank and Vermont National Bank.

Kim Keiser (Moretown)
Currently serving as the Vermont Director for the Turrell Fund, Kim has had a long career in public service and advocacy for early care & learning, culminating as Deputy Commissioner the Vermont Department for Children & Families.

Chloe Leary (Brattleboro)
A longtime advocate for southern Vermont children and families, Chloe served on Vermont's Blue Ribbon Commission on Financing High-Quality, Affordable Child Care and is presently the executive director of Brattleboro's Winston Prouty Center for Child and Family Development.

Jim Maland (Brattleboro)
A retired educator/administrator, Jim is a veteran of many community initiatives and organizations including serving as Chair of the Board of Directors of the Windham Child Care Association.

Ira Marvin (Hyde Park)
Ira is the farm and facility manager at Butternut Mountain Farm, a family business focused on maple syrup production, processing and distribution. Ira serves of the Board of the Vermont Natural Resources Council.

Gwen Pokalo – Vice President (Burlington)
Gwen is the Vice President of Policy for the Center for Women & Enterprise and has long career in the entrepreneurialism, business assistance and local economic development.

Janet Spitler – President (Shelburne)
Janet worked for twenty-five years in finance leadership positions at Merchants Bank and Boston Financial Group; today she is the VP Finance, CFO & Treasurer for Housing Vermont.

Stephanie Wernhoff (Shelburne)
Newly retired, Stephanie enjoyed a long career in Vermont banking, most recently as Senior Vice President for Commercial Real Estate Finance for People's United Bank.

Exhibit B—Summary Resumes, VCLF Management Staff

William Belongia, Executive Director
Will is responsible for organizational leadership, strategy & planning, budget, personnel management and oversight for all programming. He has been with VCLF since 1993. He started as VCLF's Business Manager, eventually serving as CFO; he was hired as VCLF's Executive Director in July 2004. He serves on several Boards, including Vermont Rural Ventures and the Working Lands Enterprise Board. He holds a degree in Economics from the University of Notre Dame and a Masters in Business Administration from the University of Vermont.

Jake Ide, Director of Investment & Philanthropy
Jake is responsible for oversight and management of VCLF fundraising, capitalization & communications. Prior to arriving at VCLF in 2005, Jake led fundraising & communications efforts for nonprofit organizations. Jake is a graduate of Brown University.

Katherine Nelson, Director of Finance & Administration
Katherine has been with VCLF since 2013. She started as VCLF's Senior Accountant and transitioned to the Director of Finance in January 2016, where she is now responsible for the Loan Fund's financial planning and management, as well as program planning, information systems, and human resources management. Prior to joining VCLF, Katherine held financial positions at several for-profit businesses. She serves on the Board for the Good Samaritan House. She holds an MBA from Babson.

Dan Winslow, Director of Business and Early Care & Learning Programs
Dan arrived at the Loan Fund in 2009 as a Loan Coordinator after serving as a credit analyst at Vermont Student Assistance Corporation. Since then, he's advanced steadily, culminating with his appointment as Business and ECL programs director in 2019. He received a degree in Business Administration at St. Michael's College.

Vermont Community Loan Fund, Inc.

FINANCIAL STATEMENTS

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KBS
Kittell Branagan & Sargent
Certified Public Accountants
Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vermont Community Loan Fund, Inc.
Montpelier, Vermont

Opinion

We have audited the accompanying financial statements of Vermont Community Loan Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vermont Community Loan Fund, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Vermont Community Loan Fund, Inc. 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Vermont Community Loan Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

154 North Main Street, St. Albans, Vermont 05478 | P 802.524.9531 | 800.499.9531 | F 802.524.9533
www.kbscpa.com

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 generally accepted 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, including omissions, 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 generally accepted 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 Vermont Community Loan Fund, Inc.'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 Vermont Community Loan Fund, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kittell Branagan & Sargent

St. Albans, Vermont
February 23, 2023

Vermont Community Loan Fund, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents - Note 2, 4 and 5	$ 11,630,467	$ 18,291,115
Investments - Certificates of Desposit - Note 2, 4 and 5	1,951,538	2,752,266
Investments - Note 3, 4 and 5	3,114,891	749,703
Other Receivables - Current Portion - Note 6	65,838	56,027
Loans Receivable - Current Portion - Note 7	6,658,844	6,339,629
Accrued Interest Receivable	201,572	175,672
Prepaid Expenses	44,434	47,185
TOTAL CURRENT ASSETS	23,667,584	28,411,597
NON-CURRENT ASSETS		
Investments - Long-Term Portion- Note 3, 4 and 5	8,178,590	2,659,424
Loans Receivable - Long-Term Portion - Note 7	20,817,872	22,644,133
Operating Lease - Right to Use Asset	497,342	-
Security Deposit -Note 17	4,308	4,308
Reserve for Loan Losses - Note 8	(1,573,531)	(1,737,899)
Plant and Equipment - (Net of Accumulated Depreciation) - Note 9	210,188	213,851
TOTAL NON-CURRENT ASSETS	28,134,769	23,783,817
TOTAL ASSETS	$ 51,802,353	$ 52,195,414

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts Payable	$ 26,900	$ 17,801
Accrued Liabilities	78,020	84,297
Borrower Deposits - Note 14	141,060	341,090
Accrued Interest Payable	226,517	240,725
Deferred Revenue - Current Portion - Note 10	14,768	21,027
Operating Lease Liability - Current Portion - Note 17	65,071	-
Loans Payable - Current Portion - Note 11	10,394,712	7,811,098
TOTAL CURRENT LIABILITIES	10,947,048	8,516,038
NON-CURRENT LIABILITIES		
Deferred Revenue - Long-Term - Note 10	21,346	36,919
Operating Lease Liability - Note 17	439,430	-
Loans Payable - Long-Term - Note 11	22,878,355	26,497,702
TOTAL NON-CURRENT LIABILITIES	23,339,131	26,534,621
TOTAL LIABILITIES	34,286,179	35,050,659
NET ASSETS		
Without Donor Retrictions- Note 13	13,748,273	13,284,527
With Donor Restrictions- Note 12 and 13	3,767,901	3,860,228
TOTAL NET ASSETS	17,516,174	17,144,755
TOTAL LIABILITIES AND NET ASSETS	$ 51,802,353	$ 52,195,414

The accompanying notes are an integral part of this financial statement.

Vermont Community Loan Fund, Inc.
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2022

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions	$ 118,340	$ 106,901	$ 225,241	$ 230,984	$ 196,063	$ 427,047
Grants	774,295	277,000	1,051,295	2,725,359	1,212,500	3,937,859
Financing Charges	89,015	-	89,015	226,507	-	226,507
Loan Interest	1,505,219	935	1,506,154	1,577,535	-	1,577,535
Net Investment Income	152,446	534	152,980	55,807	767	56,574
Recovery of Bad Debt and Foreclosure Expenses	-	-	-	31,406	-	31,406
Other Income	24,515	-	24,515	31,356	-	31,356
Net Assets Released from Restrictions - Note 12	477,697	(477,697)	-	469,465	(469,465)	-
TOTAL REVENUE	3,141,527	(92,327)	3,049,200	5,348,419	939,865	6,288,284
EXPENSES						
Program Services	2,124,479	-	2,124,479	2,343,976	-	2,343,976
Management and General	453,012	-	453,012	420,048	-	420,048
Fundraising	100,290	-	100,290	92,621	-	92,621
TOTAL EXPENSES	2,677,781	-	2,677,781	2,856,645	-	2,856,645
CHANGES IN NET ASSETS	463,746	(92,327)	371,419	2,491,774	939,865	3,431,639
NET ASSETS - January 1,	13,284,527	3,860,228	17,144,755	10,792,753	2,920,363	13,713,116
NET ASSETS - December 31,	$ 13,748,273	$ 3,767,901	$ 17,516,174	$ 13,284,527	$ 3,860,228	$ 17,144,755

The accompanying notes are an integral part of this financial statement.

Vermont Community Loan Fund, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Accounting	$ -	$ 36,131	$ -	$ 36,131
Bank Charges	3,989	1,710	-	5,699
Board and Committee Expense	915	549	366	1,830
Computer Supplies	9,163	2,443	611	12,217
Consultants	83,110	35,619	-	118,729
Depreciation	45,503	12,134	3,034	60,671
Dues and Publications	7,640	2,037	509	10,186
Employee Search & Relocation Exp	-	2,249	-	2,249
Foreclosure Expense	41,929	-	-	41,929
Fiscal Sponsor Admin Fees	15,354	-	-	15,354
Grant Administrative Expenses	6,661	-	-	6,661
Insurance	16,333	4,356	1,089	21,778
Interest Expense	505,062	-	-	505,062
Legal	1,048	3,144	-	4,192
Loan Service Fees	7,483	-	-	7,483
Marketing and Communications	39,785	-	4,421	44,206
Provision for Loan Losses - Note 8	(55,001)	-	-	(55,001)
Occupancy Costs	80,095	21,359	5,340	106,794
Office Supplies	5,641	1,504	376	7,521
Outreach	18,104	-	2,012	20,116
Personnel Costs	1,205,952	321,587	80,397	1,607,936
Postage	2,117	1,058	353	3,528
Repairs and Maintenance	1,534	409	102	2,045
Staff Enrichment	4,855	1,295	324	6,474
Telephone	9,947	2,653	663	13,263
Training	4,385	1,169	292	5,846
Transportation	4,954	1,321	330	6,605
Travel	1,071	285	71	1,427
Pass Through Grant Expense	56,850	-	-	56,850
TOTAL	$ 2,124,479	$ 453,012	$ 100,290	$ 2,677,781

The accompanying notes are an integral part of this financial statement.

Vermont Community Loan Fund, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Accounting	$ -	$ 35,220	$ -	$ 35,220
Bank Charges	3,359	1,440	-	4,799
Board and Committee Expense	642	386	257	1,285
Computer Supplies	9,496	2,532	633	12,661
Consultants	66,353	28,437	-	94,790
Depreciation	28,475	7,593	1,898	37,966
Dues and Publications	6,874	1,833	458	9,165
Employee Search & Relocation Exp	-	1,721	-	1,721
Foreclosure Expense	54,761	-	-	54,761
Fiscal Sponsor Admin Fees	15,484	-	-	15,484
Grant Administrative Expenses	13,372	-	-	13,372
Insurance	13,393	3,572	893	17,858
Interest Expense	530,830	-	-	530,830
Legal	690	2,071	-	2,761
Loan Service Fees	24,276	-	-	24,276
Marketing and Communications	33,687	-	3,743	37,430
Provision for Loan Losses - Note 7	139,084	-	-	139,084
Occupancy Costs	65,968	17,592	4,398	87,958
Office Supplies	4,388	1,170	293	5,851
Outreach	7,555	-	840	8,395
Personnel Costs	1,159,947	309,319	77,330	1,546,596
Postage	2,084	1,043	348	3,475
Repairs and Maintenance	1,413	377	94	1,884
Staff Enrichment	3,377	901	225	4,503
Telephone	10,031	2,675	669	13,375
Training	6,389	1,704	426	8,519
Transportation	1,666	444	111	2,221
Travel	68	18	5	91
Pass Through Grant Expense	140,314	-	-	140,314
TOTAL	$ 2,343,976	$ 420,048	$ 92,621	$ 2,856,645

The accompanying notes are an integral part of this financial statement.

Vermont Community Loan Fund, Inc.
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 371,419	$ 3,431,639
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation Expense	60,671	37,966
Loans Receivable Charged Off	109,367	152,672
Change in Provision for Loan Losses	(164,368)	(13,587)
(Increase)/Decrease in:		
Prepaid Expenses	2,751	(5,784)
Security Deposit	-	(4,308)
Operating Lease - Right to Use Asset	47,652	-
Other Receivable	(9,811)	(38,962)
Increase/(Decrease) in:		
Accounts Payable	9,099	857
Accrued Liabilities	(6,277)	7,388
Borrower Deposits	(200,030)	200,303
Operating Lease Liability	(40,493)	-
Deferred revenue	(21,832)	(27,640)
NET CASH PROVIDED BY OPERATING ACTIVITIES	158,148	3,740,544
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(Increase) in Investments - Certicates of Deposits	800,728	(753,158)
Decrease/(Increase) in Investments	(7,884,354)	191,192
(Purchase) or Sale of Leasehold Improvements and Equipment	(57,008)	(216,373)
Principal Advances on Loans Receivable	(7,403,640)	(6,494,707)
Principal Payments on Loans Receivable	8,801,315	5,757,111
Decrease/(Increase) in Accrued Interest Receivable	(25,900)	10,094
NET CASH (USED) BY INVESTING ACTIVITIES	(5,768,859)	(1,505,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Accrued Interest Payable	(14,208)	4,803
Proceeds from additional Loans Payable	2,244,356	3,317,761
Principal Payments to Loans Payable	(3,280,084)	(1,573,465)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(1,049,936)	1,749,099
NET INCREASE (DECREASE) IN CASH	(6,660,647)	3,983,802
CASH - January 1,	18,291,115	14,307,313
CASH - December 31,	$ 11,630,468	$ 18,291,115
SUPPLEMENTAL DISCLOSURES		
Interest paid to investors	$ 519,408	$ 526,612

The accompanying notes are an integral part of this financial statement.

Vermont Community Loan Fund, Inc. (herein "The Fund") was organized in June 1987 as a non-profit corporation under the laws of the State of Vermont and was granted exempt status by the Internal Revenue Service under IRC Section 501(c) (3) on April 27, 1988.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with generally accepted accounting principles.

Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three (3) months of the date acquired by The Fund.

Plant and equipment is stated at cost for purchases higher than $1,000. Normal maintenance and repair costs are expensed as incurred. Depreciation is charged using the straight-line method over the following estimated lives:

Leasehold Improvements	Term of Lease
Furniture, Fixtures and Equipment	5 Years
Computer Equipment	3 Years

Paid time off is accrued and charged to the appropriate program expense when earned by the employee.

Contributions of cash and other assets are reported as restricted if they are received with donor imposed stipulations that limit the use of the donated assets. Contributions can be unrestricted, temporarily restricted, or permanently restricted.

<u>Net Assets without Donor Restrictions</u>
These assets result from contributions and other inflows which have no restrictions and over which the Board of Directors retains full control to use in achieving any of its organizational purposes.

<u>Net Assets with Donor Restrictions</u>
These assets result from donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or programs run by The Fund. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained for a particular use in perpetuity. Net assets with donor-imposed restrictions are released when the restriction expires which could be when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Fund reports each class of net assets within the following subcategories:

Program Activities – Include net assets that are restricted to cover program delivery expenses and general operating functions of The Fund, which could include salary, program costs, overhead, and other expenses.

Financing Activities – Net assets that are restricted for mission-related lending. Where restricted by donors, these include net assets which will be redeployed as lending capital unless the grant is released due to a restriction being met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because donors generally allow contributions to this category of net assets to offset loan charge-offs, The Fund releases an amount equivalent to the loss taken related to the charge-off. Any net recoveries related to the loan charge-off will be returned to this category.

Pass-Through Activities – Net assets that are restricted amounts to be passed through (re-granted) to other organizations or individuals for mission-related purposes. These net assets are not available to be used for program activities or financing activities.

The Fund classifies net assets with donor restrictions into two subcategories:

- *Purpose restricted* net assets include amounts restricted for program activities or mission related finance activities of The Fund.
- *Perpetual in nature* net assets include grant funds that are held in perpetuity.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Below Market Interest Rate Loans

Generally accepted accounting principles require not-for-profit organizations to record interest expense (income) and contribution revenue (expense) in connection with loans that are interest free or that have below market interest rates. The Fund believes there is no material difference between market rates for these types of loans and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the financial statements to reflect rate differentials.

Loans Receivable

The Fund considers all loans receivable as not held for sale therefore management intends to hold them until paid. Interest accrues daily on outstanding loan balances and The Fund generally collects payments on principal and interest monthly.

Loans become delinquent after 30 days have elapsed since the scheduled payment due date per the terms of the loan. Loans are recorded for non-accrual status when repayment of principal and/or interest in full is doubtful or the borrower's financial soundness is in serious jeopardy. If a loan is well secured and in the process of collection and not expected to result in a deficiency after collateral liquidation, The Fund's staff can recommend that the loan not be placed on non-accrual status. Loans that are removed from non-accrual status must be current and approved by The Fund's Executive Director with written notice.

Loans that have payments in arrears of 90 days or more will be reviewed for consideration as a potential loan charge-off. In the instance of secured loans, staff will take steps to review and evaluate the current value of collateral, including real estate, assigned accounts, chattel/personal property, and the strength of any loan guarantors or co-signers. After exhausting reasonable efforts in loan workout and collateral acquisition and liquidation, staff can categorize those non-performing loans as non-recoverable and offset the respective loan loss reserve account against the outstanding balance of the loan.

NOTE 2 CASH AND CERTIFICATES OF DEPOSIT

Cash and certificates of deposit as of December 31, 2022 and 2021 totaled $13,582,005 and $21,043,381, respectively.

Cash and Certficates of Deposit	***2022***	***2021***
Insured/(FDIC/NCUA)	$ 1,868,331	$ 2,002,764
Collateralized - Treasury	2,344,174	2,794,954
Collateralized - Pool	9,228,733	14,124,920
Uninsured/Uncollateralized	140,767	2,120,743
Total	$ 13,582,005	$ 21,043,381

The collateralized accounts are collateralized with government securities, federal agency issued mortgage backed securities and/or general obligation Vermont municipal notes and bonds held by the Bank's Trust department with a security interest granted to The Fund.

Per agreements with Green Mountain Power, USDA Rural Development, the Small Business Administration, and the Economic Development Authority (EDA), separate bank accounts are maintained totaling $2,671,477 and $3,195,276 at December 31, 2022 and 2021, respectively.

The book balance is comprised of cash and certificates of deposits as follows:

Cash and Certficates of Deposit	***2022***	***2021***
Cash and Cash Equivalents	$ 11,630,467	$ 18,291,115
Investments- Certificates of Deposit	1,951,538	2,752,266
Total	$ 13,582,005	$ 21,043,381

NOTE 3 INVESTMENTS

At December 31, 2022 and 2021, The Fund had $11,293,481 and $3,409,127 in investments in U.S. Government Agency Obligations, respectively.

The Fund's investments are reported at fair value in the accompanying balance sheets. The methods used to measure fair value may produce an amount that may not be indicative of net realizable or reflective of future fair values. Furthermore, although The Fund believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

NOTE 3 INVESTMENTS (continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The Fund uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, The Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs and Level 3 inputs are only used when Level 1 inputs are not available. All of the investments held by The Fund are classified as Level 1.

Level 2 Fair Value Measurements

The fair value of U.S. government agency obligations is valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The book balance is comprised of U.S. government agency obligations as follows:

Investments	***2022***	***2021***
Investments - U.S. Government Agency Obligations	$ 11,293,481	$ 3,409,127
Less: Current Portion	3,114,891	749,703
Non-Current Portion	$ 8,178,590	$ 2,659,424

NOTE 4 LIQUIDITY

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 5), within one year of the statement of financial position date, comprise the following at December 31, 2022.

Cash and cash equivalents	$ 11,630,467
Investments - Certificates of Deposit	1,951,538
Investments	3,114,891
Other receivables	65,838
Loans receivable - current portion	6,658,844
Accrued interest receivable	201,572
	$ 23,623,150
Less:	
Pass-through cash and cash equivalents:	(448,334)
Borrower Deposits	(141,060)
Investor liquidity reserves	(2,661,845)
	$ 20,371,911

NOTE 4 LIQUIDITY (continued)

The Fund's investment and cash management objectives are to carry out The Fund's mission. Effective investment and cash management enhances The Fund's capacity to increase access to capital for the benefit of low and moderate income Vermonters. The Fund is committed to repaying in full all investors and to preserve its capital for the use in fulfilling its mission.

As a part of its internal cash management policies, The Fund aims to maintain operating liquidity balances of at least three months of operating expenses and current payables. Cash exceeding short-term requirements can be invested in various marketable securities, mainly certificates of deposit from financial institutions, US government obligations, and/or US government agency securities (see Note 2 and 3) following the parameters of the Board-approved Investment and Cash Management Policy. In managing its investment portfolio, The Fund aims to minimize risk to principal and ensure compliance with all investor covenants.

To ensure sufficient funding available to support investor repayments, as part of a Board-approved Investment and Cash Management Policy, The Fund maintains an internal liquidity reserve equal to the greatest of 8% of unrestricted obligations to investors or 25% of unrestricted obligations to investors due in the next twelve months.

To supplement liquidity for mission related financing, The Fund currently has two committed lines of credit from two different banks which it could draw upon (see Note 16). As of December 31, 2022, none of these lines have outstanding balances.

NOTE 5 CASH AND INVESTMENT RESERVES

At December 31, 2022 and 2021, The Fund had cash and investments of $24,875,486 and $24,452,507, respectively. The Fund reserves a portion of this money for various purposes.

The following is a breakdown of these reserves.

Type of Reserve	***2022***	***2021***
Cash Reserved for GMP & GMPCHP	$ 138,357	$ 194,925
Cash Reserved for VECAA	309,977	322,735
Cash Reserved for Loan Commitments & Undisbursed Closed Loans	6,881,525	5,243,783
Cash Reserved for Loan Loss & Investor Liquidity	4,235,377	4,482,603
Cash Reserved for Borrower Deposits	141,060	341,090
Available Cash - Undesignated (Operating)	1,029,835	1,189,651
Available Cash for Lending	12,139,355	12,677,720
Total Cash	$ 24,875,486	$ 24,452,507

At December 31, 2022, the Available Cash for Lending excludes various lines of credits and financing commitments as more fully described in Note 16. Financing Commitments.

NOTE 6 OTHER RECEIVABLES

At December 31, 2022 and 2021, The Fund had other receivables of $65,838 and $56,027 respectively. Other receivables are comprised of grants which will be received in 2023.

Other Receivables	***2022***	***2021***
EDA CARES Technical Assistance Grant	$ -	$ 4,539
USDA (RMAP) Technical Assistance Grant	10,199	5,962
SBA Technical Assistance Grant	55,639	45,526
Total	$ 65,838	$ 56,027

NOTE 7 LOANS RECEIVABLE

At December 31, 2022 and 2021, there were 255 and 242 loans receivable, respectively. The loan balances at December 31, 2022 vary in amount from $280 to $2,080,810 with maturity dates ranging from February 1, 2023 to December 1, 2041 and with interest rates from 0% to 8% with a weighted average rate of 5.00%. Security interests vary from loan guarantees and senior and junior mortgages to personal and business property.

Total loans receivable at December 31, 2022 and 2021 were $27,476,716 and $28,983,762, respectively.

Loans Receivable	***2022***	***2021***
Loans Current, Per Terms of Loan	$ 26,659,500	$ 28,240,979
Loans Delinquent, 31-90 Days	147,566	9,695
Non-Performing Loans	669,650	733,088
Total	27,476,716	28,983,762
Less: Current Portion	(6,658,844)	(6,339,629)
Non-Current Portion	$ 20,817,872	$ 22,644,133

Maturities of Loans Receivable at December 31, 2022 are as follows:

2023	$ 6,658,844
2024	3,844,902
2025	3,006,711
2026	2,553,217
2027	5,885,127
Thereafter	5,527,915
Total	$ 27,476,716

In 2013, The Fund was approved to be a member of the U.S. Small Business Administration 7(a) Loan Guarantee Program – Community Advantage Pilot Program. The guarantee program provides guarantees for 85% of the principal balance of qualifying loans equal to or under $150,000 and a 75% guarantee for loans over $150,000. As of December 31, 2022 and 2021 the guaranteed principal balance was $180,388 and $398,577, respectively. The total outstanding balances for these loans as of December 31, 2022 and 2021 were $236,896 and $511,641, respectively.

NOTE 7 LOANS RECEIVABLE (continued)

Because of The Fund's participation in the U.S. Small Business Administration 7(a) Loan Guarantee Program – Community Advantage Pilot Program, The Fund was able to become a Paycheck Protection Program (PPP) lender under the Coronavirus Aid, Relief, and Economic Security Act (CARES). In 2022 and 2021, The Fund closed zero (0) and forty-six (46) loans totaling $0 and $908,904, respectively. As of December 31, 2022, the outstanding balance for these loans was $0.

At December 31, 2022 and 2021, The Fund also held a $95,000 note receivable which will only be recoverable under certain conditions and, therefore, this loan is not included in the total above, or in Exhibit I. This loan was made to the Crystal Lake Housing Limited Partnership (Crystal Lake) and is structured as a thirty (30) year, 0% deferred note. The repayment of this note is based on the future cash flow and ability of the borrower to repay. A grant was received by The Fund to make this loan. This grant does not require any payback by The Fund regardless of the collection of the loan from Crystal Lake.

At December 31, 2022 and 2021, The Fund also held a $400,000 note receivable which will only be recoverable under certain conditions and, therefore, this loan is not included in the total above, or in Exhibit I. This loan was made to the Moose River Housing Limited Partnership (Moose River) and is structured as a thirty (30) year, 0% deferred note. The repayment of this note is based on the future cash flow and ability of the borrower to repay. A grant was received by The Fund to make this loan. This grant does not require any payback by The Fund regardless of the collection of the loan from Moose River.

At December 31, 2022 and 2021, The Fund also held a $413,400 note receivable which will only be recoverable under certain conditions and, therefore, this loan is not included in the total above, or in Exhibit I. This loan was made to the Evergreen Housing Limited Partnership (Evergreen) and is structured as a thirty (30) year, 0% deferred note. The repayment of this note is based on the future cash flow and ability of the borrower to repay. A grant was received by The Fund to make this loan. This grant does not require any payback by The Fund regardless of the collection of the loan from Evergreen.

Per its Bylaws, The Fund actively seeks out community-based non-profit organizations and members of lending institutions to serve on the Board of Directors. Consequently, during the course of business, loans may be made to organizations of which current Vermont Community Loan Fund, Inc. members are significant employees or board directors.

Committed Funds to Borrowers

At December 31, 2022 and 2021, there were thirty (30) outstanding loan commitments and loans not fully disbursed totaling $6,881,525 and $5,243,782, respectively.

NOTE 8 LOAN LOSS RESERVE

The Fund has established a reserve to cover potential loan losses. The reserve amount is based on a risk rating system. Each loan in the portfolio is assigned a risk rating which is tied to a percentage. This percentage is used to determine the reserve amount for each loan based on the outstanding loan balance. Each loan's risk rating is evaluated at the time of origination and annually by both the loan officer and the loan monitoring committee. This process is intended to manage the risk of the portfolio. It should assure a consistent level of awareness regarding the risk and a systematic method of adjusting the portfolio's reserves to accommodate risk levels at any given time. The loan loss reserve account is funded from unrestricted net assets. The loan loss reserves at December 31, 2022 and 2021 are $1,573,531 and $1,737,899, respectively.

Changes in the loan loss reserve for the years ended December 31, were as follows:

2022	Housing	Community Facilities	Business	Early Care & Learning	Total
Balance Dec 31, 2021	$ 595,821	$ 225,333	$ 524,915	$ 391,830	$ 1,737,899
Provision for Loan Losses	(31,781)	(36,357)	(4,587)	17,724	(55,001)
Recoveries of amounts charged off	-	-	-	-	-
	564,040	188,976	520,328	409,554	1,682,898
Amounts Charged off	(6,000)	-	-	(103,367)	(109,367)
Balance Dec 31, 2022	$ 558,040	$ 188,976	$ 520,328	$ 306,187	$ 1,573,531

2021	Housing	Community Facilities	Business	Early Care & Learning	Total
Balance Dec 31, 2020	$ 661,000	$ 216,168	$ 520,693	$ 353,625	$ 1,751,486
Provision for Loan Losses	(65,179)	9,165	(18,401)	182,093	107,678
Recoveries of amounts charged off	-	-	22,623	8,783	31,406
	595,821	225,333	524,915	544,501	1,890,570
Amounts Charged off	-	-	-	(152,671)	(152,671)
Balance Dec 31, 2021	$ 595,821	$ 225,333	$ 524,915	$ 391,830	$ 1,737,899

Despite the above allocation, the loan loss reserve is general in nature and is available to absorb loss from any loan type.

The Fund's impairment methodology is to individually evaluate every loan for impairment in calculating the loan loss reserve.

NOTE 8 LOAN LOSS RESERVE (continued)

The following table summarizes the loan ratings applied to The Fund's loan types as of December 31:

2022 Risk	Housing	Community Facilities	Business	Early Care & Learning	Total
Low	$ 318,177	$ 26,118	$ -	$ -	$ 344,295
Moderate	2,100,859	482,161	194,091	234,603	3,011,714
Average	4,984,400	373,118	6,006,446	2,006,755	13,370,719
Substantial	4,038,721	3,480,383	1,381,526	606,292	9,506,922
High	479,968	-	272,190	316,500	1,068,658
Workout	85,000	-	-	89,408	174,408
Total	$ 12,007,125	$ 4,361,780	$ 7,854,253	$ 3,253,558	$ 27,476,716

2021 Risk	Housing	Community Facilities	Business	Early Care & Learning	Total
Low	$ 341,992	$ 33,277	$ 60,037	$ -	$ 435,306
Moderate	3,352,345	705,596	-	95,906	4,153,847
Average	4,313,848	-	5,172,764	2,412,500	11,899,112
Substantial	4,578,744	4,288,327	1,773,217	485,665	11,125,953
High	496,306	-	278,964	487,773	1,263,043
Workout	85,000	-	-	21,501	106,501
Total	$ 13,168,235	$ 5,027,200	$ 7,284,982	$ 3,503,345	$ 28,983,762

The following is an overview of The Fund's loan rating system:

1 Rating – Low Risk

At origination, loans will warrant a rating of "1" when the loan is fully secured by cash or other liquid securities. This also would apply to loans that are pre-funded with designated funds from outside entities and there is no risk of The Fund's capital. On a continuing basis, loans will warrant a rating of "1" only when the loan exhibits all of the following characteristics:

- Loan is current.
- Balance remains fully secured

2 Rating – Moderate Risk

At origination, loans will warrant a rating of "2" when the loan exhibits the following characteristics:

- The loan either has a strong collateral position with a discounted LTV of at least 80% or historical and projected cash flow provide debt service coverage of at least 1.3x.
- The loan officer believes there is very low risk of the loan going into default and very low risk of loss to The Fund.

NOTE 8 LOAN LOSS RESERVE (continued)

On a continuing basis, loans will warrant a rating of “2” when the loan exhibits the following characteristics:

- Loan payments are timely.
- Borrower's financial condition is stable (able to meet financial obligations).

3 Rating – Average Risk

At origination, loans will warrant a rating of “3” when the loan exhibits the following characteristics:

- Collateral coverage of the loan is sufficient with a discounted LTV of at least 100% but the liquidation value may be questionable.
- Cash flow coverage is sufficient with debt service coverage of at least 1.1x

On a continuing basis, loans will warrant a rating of “3” when the loan exhibits any of the following characteristics:

- Loan payments are frequently late.
- Borrower's financial condition is weak (having difficulty meeting financial obligations).
- Financial reports are irregular.

4 Rating – Substantial Risk

In general, the Business lending shall not seek to originate loans with a risk rating of “4”. On a continuing basis, loans will warrant a rating of “4” when the loan exhibits any of the following characteristics:

- Loan payments are frequently 30 days past due without good cause.
- Borrower's financial condition is weak (unable to meet financial obligations).
- Financial reports are non-existent without good cause.
- Evidence of fraud.
- Serious documentation deficiencies (i.e. insurance coverage).
- Workout is a consideration.

5 Rating – High Risk

Loans will warrant a rating of “5” when the loan exhibits the following characteristics:

- The loan officer believes there is a significant risk that the loan will remain non-performing.

NOTE 8 LOAN LOSS RESERVE (continued)

6 Rating – Workout

A loan will warrant a “6” rating when it is deemed that there is virtually no chance that a loan will be performing and it is either in foreclosure or going through a voluntary liquidation with the borrower. A loan will maintain this rating until it has been charged off.

The following table provides information with respect to loans individually assessed for impairment as of and for the year ended December 31:

2022	Recorded Investment	Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Housing	$ 12,007,125	$ 12,007,125	$ 558,040	$ 12,587,679	$ 682,701
Community Facilities	4,361,780	4,361,780	188,976	4,694,490	258,927
Business	7,854,253	7,854,253	520,328	7,569,618	388,261
Early Care & Learning	3,253,558	3,253,558	306,187	3,378,452	176,265
Total	$ 27,476,716	$ 27,476,716	$ 1,573,531	$ 28,230,239	$ 1,506,154

2021	Recorded Investment	Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Housing	$ 13,168,235	$ 13,168,235	$ 595,821	$ 13,994,105	$ 748,491
Community Facilities	5,027,200	5,027,200	225,333	5,023,508	287,263
Business	7,284,982	7,284,982	524,915	6,471,798	346,831
Child Care	3,503,345	3,503,345	391,830	3,201,889	194,950
Total	$ 28,983,762	$ 28,983,762	$ 1,737,899	$ 28,691,300	$ 1,577,535

For the years ended December 31, 2022 and 2021, $1,506,154 and $1,577,535 were recognized as interest income from the above loans.

As of December 31, 2022 and 2021, The Fund was not committed to lend any additional funds to borrowers whose loans were nonperforming, impaired or restructured.

NOTE 9 PLANT AND EQUIPMENT

The following is a summary of net plant and equipment at December 31, 2022 and 2021:

Fixed Assets	Gross Fixed Assets 12/31/22	Accumulated Depreciation 12/31/22	Net Book Value 12/31/22	Gross Fixed Assets 12/31/21	Accumulated Depreciation 12/31/21	Net Book Value 12/31/21
Furniture, Fixtures and Equipment	$ 298,315	$ 208,770	$ 89,545	$ 273,177	$ 174,900	$ 98,277
Leasehold Improvements	120,643	-	120,643	120,643	5,069	115,574
Total	$ 418,958	$ 208,770	$ 210,188	$ 393,820	$ 179,969	$ 213,851

NOTE 10 DEFERRED REVENUE

At December 31, 2022 and 2021, deferred revenue was $36,114 and $57,946 respectively.

NOTE 10 DEFERRED REVENUE (continued)

In late 2016, with start-up support from the State of Vermont's Working Lands Enterprise Initiative (WLEB), The Fund started the Sprout Deferred Payment Loan Program (Sprout) to help meet the financing needs of working land entrepreneurs who might not be eligible for a loan otherwise. The initial grant funding in 2016, as well as additional funding in 2018, from WLEB covers a portion of the loan interest. As of December 31, 2022 and 2021, there were 20 borrowers each year who were participating in the Sprout program.

Deferred revenue consists of remaining WLEB funds expected to be earned in subsequent years.

Deferred Revenue	2022	2021
WLEB	$ 36,114	$ 57,946
Less: Current Portion	(14,768)	(21,027)
Non-Current Portion	$ 21,346	$ 36,919

NOTE 11 LOANS PAYABLE

At December 31, 2022 and 2021, there were various loans payable. There were 713 loans at December 31, 2022, which varied in amount from $250 to $1,500,000 with maturity dates from January 15, 2023 to August 18, 2047 and with interest rates from 0% to 4% with a weighted average rate of 1.44%. The loans from USDA, totaling $4,856,099, are secured by a pledge of all assets now in the IRP and RMAP Revolving Funds, including cash and investments, notes receivable and the security interest in collateral pledged. Loans from the SBA, totaling $653,830, are secured by a pledge of all assets in the SBA Revolving Fund, including cash and investments, notes receivable and the security interest in collateral pledged. The remainder of the loans are unsecured. The loans payable balances at December 31, 2022 and 2021 were $33,273,067 and $34,308,800, respectively.

The following is a summary of loans payable at December 31, 2022 and 2021:

Loans Payable	2022	2021
Total Loans Payable	$ 33,273,067	$ 34,308,800
Less: Current Portion	(10,394,712)	(7,811,098)
Non-Current Portion	$ 22,878,355	$ 26,497,702

Maturities at December 31, 2022 are as follows:

2023	$ 10,394,712
2024	6,789,910
2025	3,846,585
2026	2,873,413
2027	1,841,115
Thereafter	7,527,332
	$ 33,273,067

NOTE 11 LOANS PAYABLE (continued)

Per its Bylaws, The Fund actively seeks out investors and members of the socially responsible investment community to serve as members of its Board of Directors. Consequently, during the course of business, investments may be accepted from individual Board members or from organizations of which current Board members of The Fund are significant employees or board directors. There are some loans payable that contain certain financial covenants.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2022	2021
Satisfaction of purpose restrictions		
Vermont Early Childhood Advocacy Alliance	$ 273,808	$ 228,116
Barre Area Revolving Loan Fund	1,971	1,954
Equipment Access Program	-	96,237
Vermont Housing Conservation Board for Mobile Home Subsidy Program - VHCB	6,000	-
Green Mountain Power	56,850	44,150
Mascoma Business Navigator	60,079	-
Interest Rate Subsidy - COVID program	24,869	-
Interest Rate Subsidy - SPROUT program	5,819	1,459
Racial Justice Contributions	48,301	97,549
Total releases from purpose restrictions	$ 477,697	$ 469,465

Net Assets with donor restrictions are restricted and summarized as follows as of December 31:

	2022		
Program Initiative	**Purpose Restricted**	**Perpetual in Nature**	**Total**
Program Activities:			
Vermont Early Childhood Advocacy Alliance	$ 281,716	$ -	$ 281,716
Racial Justice Programs	168,829	-	168,829
Total Program Activities	450,545	-	450,545
Financing Activities:			
Barre Area Revolving Loan Fund	196,244	-	196,244
Equipment Access Program	-	-	-
Northern Border Regional Commission	94,104	-	94,104
Philanthropic Interest Rate Subsidies - Racial Justice	164,118	-	164,118
Philanthropic Interest Rate Subsidies - Sprout Program	81,001	-	81,001
Philanthropic Interest Rate Subsidies - COVID Recovery	105,130	-	105,130
Vermont Housing Conservation Board for Mobile Home Subsidy Program - VHCB (now restricted to affordable housing)	-	140,907	140,907
USDA-RD Grants (three revolving funds), plus deposit interest	-	431,811	431,811
Economic Development Authority (EDA)	-	1,965,684	1,965,684
Total Financing Activities	640,597	2,538,402	3,178,999
Pass-Through:			
Green Mountain Power (GMP)	138,357	-	138,357
Total net assets with donor restrictions	$ 1,229,499	$ 2,538,402	$ 3,767,901

NOTE 13 PROGRAM IMPACT ON NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS

VERMONT EARLY CHILDHOOD ADVOCACY ALLIANCE EFFECT ON NET ASSETS WITH DONOR RESTRICTIONS

The Fund entered into a fiscal sponsor relationship with the Vermont Early Childhood Advocacy Alliance on November 22, 2013.

The Vermont Early Childhood Advocacy Alliance (VECAA) is an unincorporated coalition of individuals, organizations, businesses and agencies dedicated to supporting Vermont's children during their early years. The Alliance is committed to improving the early childhood experience in the areas of education/learning, safety, health, nutrition and economic security.

A fiscal sponsor describes a relationship in which an unincorporated group wishing to conduct charitable activities affiliates with an existing 501(c)(3) nonprofit with a compatible mission. The parent sponsor accepts the group as one of its programs, provides organizational support (accounting, HR, back-office, etc.). The fiscal sponsor is able to provide this support only to groups whose activities further the sponsor's mission and tax-exempt purpose. At a minimum the fiscal sponsor must:

- Retain control and discretion as to the use of any funds.
- Maintain records establishing that the funds were used for section 501(c)(3) purposes.
- Limit distributions to specific projects that are in furtherance of their own exempt purpose.

A 501(c)(3) organization acting as a fiscal sponsor that fails to conform to these requirements jeopardizes their own exempt status.

In preparation for beginning this relationship, The Fund revised and updated its charitable and tax-exempt purpose filing with the Vermont Secretary of State's office and filed Form 5768 with the IRS.

The original sponsorship agreement was entered into in 2013 and renewed in subsequent years. In 2018, the agreement was renewed to include a provision that the agreement will remain in effect until the relationship is terminated. The VECAA activities will be funded by grants and donations from interested foundations, agencies, corporations and individuals.

As of December 31, 2022 donor restricted net assets in the VECAA Fund were $281,716 and $299,623 at December 31, 2021.

RACIAL JUSTICE PROGRAM EFFECT ON NET ASSETS WITH DONOR RESTRICTIONS

The Fund received several philanthropic donations in 2020, 2021, and 2022 towards The Fund's initiatives surrounding racial justice. The goal of the racial justice program is to provide education internally as well as creating a Racial Justice Fund for lending. In 2021, the Justice Forward Fund was launched. As a part of this work, a Business Navigator was hired in 2021 to help coordinate partnerships in Chittenden County to increase The Fund's work with communities of color.

As of December 31, 2022 and December 31, 2021 donor restricted net assets in the Racial Justice program totaled $168,829 and $218,211, respectively for program activities.

NOTE 13 PROGRAM IMPACT ON NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS (continued)

BARRE AREA REVOLVING LOAN FUND EFFECT ON NET ASSETS WITH DONOR RESTRICTIONS

The Fund received a capital grant from the Barre Area Revolving Loan Fund (BRLF) in 2015 to provide loans to businesses in the Town and City of Barre, VT. This revolving loan fund was capitalized with $257,245 received in cash. The Fund charged 8% of deposited funds to establish a segregated loan fund to manage the BRLF. Annually, The Fund will charge a 1% asset management fee to fund operations of the BRLF. The Fund will retain the interest from loans and cash on deposit.

As of December 31, 2022, the donor restricted net assets were $196,244 and $198,215 at December 31, 2021.

NORTHERN BORDERS REGIONAL COMMISSION EFFECT ON NET ASSETS WITH DONOR RESTRICTIONS

In 2019, The Fund received a $250,000 capital grant from the Northern Borders Regional Commission (NBRC) to provide loans to small business owners and entrepreneurs at work in Vermont's working lands, forestry, and outdoor recreation sectors. The Fund will provide matching funds in the revolving fund using other sources of capital. In 2022, the grant period was extended to September 30, 2023.

As of December 31, 2022 and December 31, 2021, the donor restricted net assets were $94,104 and $93,250, respectively.

PHILANTHROPIC INTEREST RATE SUBSIDIES EFFECT ON NET ASSETS WITH DONOR RESTRICTIONS

In 2021 and 2020, The Fund received several philanthropic donations intended to subsidize interest rates for various lending programs, including a replenishment of interest subsidy related to the Sprout program, funding towards the Justice Forward Fund, as well as a subsidy dedicated to helping borrowers impacted by the COVID-19 pandemic.

As of December 31, 2022 and December 31, 2021, the donor restricted net assets were $350,249 and $353,935, respectively.

GMP FUNDS EFFECT ON NET ASSETS WITH DONOR RESTRICTIONS

In 2004, The Fund established the Green Mountain Power Renewable Development Fund (RDF). In 2008, The Fund established the Green Mountain Power Combined Heat and Power Fund (CHP). In 2015, the Funds of the CHP Fund were consolidated with the RDF Fund. In 2016 and prior years, both funds have received grants which increased the net assets in The Fund. Net assets in the funds will decrease in subsequent years as The Fund sub-grants the capital to eligible renewable energy projects.

Donor restricted net assets for the RDF and CHP as of December 31, 2022 and 2021 are $138,357 and $194,925 respectively.

NOTE 13 PROGRAM IMPACT ON NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS (continued)

ECONOMIC DEVELOPMENT AUTHORITY EFFECT ON NET ASSETS WITH DONOR RESTRICTIONS

The Fund received a capital grant from the Economic Development Authority (EDA) in 2014 to provide loans to businesses in the six northern most counties of Vermont – Caledonia, Essex, Franklin, Grand Isle, Lamoille and Orleans. This revolving loan fund was capitalized with $526,007 received in cash and $180,393 in loans from the former holder of the grant. In addition, The Fund was required to contribute $231,500 in equity. The Net Asset Transfer was comprised of three performing loans with cumulative balances of $230,337 and $1,163 in cash.

In 2021, under the Reinvigorating Lending for the Future Act, the EDA released its federal interest in the capital grant. Per the terms of the released agreement, the funds associated with this grant are to continue as a revolving loan fund and the EDA reserves the right to inquire. The funds associated with this capital grant will remain restricted.

The Fund was awarded a $960,000 capital grant in 2020 to provide loans to businesses impacted by the COVID-19 pandemic located in the six northern most counties of Vermont – Caledonia, Essex, Franklin, Grand Isle, Lamoille and Orleans. In 2021, all funds were drawn from the EDA for deployment to nine (9) borrowers. In 2022, $42,000 from an associated technical assistance grant were shifted in the revolving loan fund for a total of $1,002,000. The additional funds were deployed to two (2) additional borrowers.

As of December 31, 2022, the total donor restricted net assets in the EDA were $1,965,684 and $1,923,521 at December 31, 2021.

NEXT GENERATION FUND EFFECT ON NET ASSETS WITHOUT DONOR RESTRICTIONS

The Next Generation Fund (NGF) was created by The Fund late in 2013 in order to create a self-sustaining pool of loan capital to support its child care programs. The Fund is intended to provide technical assistance and lower cost loans to early care and learning borrowers, through low interest rate bearing investments, permanent capital grants and capacity building grants. The Fund contributed $250,000 unrestricted equity to the NGF. As of December 31, 2022 The Fund has twenty-one (21) investors, including the Office of the Treasurer State of Vermont, totaling approximately $1.125 million with approximately $894,000 in loans receivable to seven (7) borrowers.

As of December 31, 2022, the unrestricted net assets in the NGF were $205,750 and $211,086 at December 31, 2021.

NOTE 13 PROGRAM IMPACT ON NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS (continued)

FOOD, FARMS & FOREST FUND EFFECT ON NET ASSETS WITHOUT DONOR RESTRICTIONS

The Food, Farms & Forest Fund (FFF) was created by The Fund in late 2015 in order to create a self-sustaining pool of loan capital to support its food, farm and forest programs. The Fund is intended to provide technical assistance and lower cost loans to food, farm and forest borrowers, through low interest rate bearing investments, permanent capital grants and capacity building grants. As of December 31, 2022 the FFF had sixty (60) investors totaling approximately $2.0 million in loans payable and has approximately $1.337 million in loans receivable to twenty-six (26) borrowers.

As of December 31, 2022, the unrestricted net deficits in the FFF were $(53,463) and $(30,878) as of December 31, 2021.

NOTE 14 BORROWER DEPOSITS

The Fund held cash balances of $141,060 and $341,090 for one (1) and two (2) borrowers as of December 31, 2022 and 2021, respectively. The deposits are available to cover any shortfalls in debt repayments.

NOTE 15 403(b) RETIREMENT PLAN

The Fund's 403(b) Plan consists of an Elective Employee Deferral, an employer Match of the Participants' Elective Deferral and a Discretionary Employer Contribution. The Elective Employee Deferral allows each Participant to defer the maximum percentage of Compensation or dollar amount permissible under Code §402(g), not to exceed the limits of Code §§403(b), 404, 414(v) and 415. The Fund matches 100% of the Participants' Elective Deferrals up to a maximum of 2.5%. The Discretionary Employer Contribution is allocated as a percentage of compensation of the eligible Participants for the Plan Year. The Discretionary Contribution was 2.5% in 2022 and 2021. Pension expense for the years ended December 31, 2022 and 2021 was $54,539 and $51,720, respectively.

NOTE 16 FINANCING COMMITMENTS

The Fund was approved for loans from Community National Bank and M&T Bank (formerly People's United Bank) in 2009, TD Bank in 2012, Bank of America in 2018, as well as the Small Business Administration (SBA) in 2022. The Bank of America investment was repaid and closed in 2022. Each other loan has been renewed at successive maturity since then, if applicable.

NOTE 16 FINANCING COMMITMENTS (continued)

At December 31, 2022, The Fund had $1,161,888 in financing available.

Financing Commitments	Rate	Term (Yrs)	Financing Amount	2022 Outstanding Balance	Available Balance	2021 Outstanding Balance
M&T Bank Line of Credit (LOC)	Variable	1	$ 500,000	-	$ 500,000	-
TD Bank LOC	Variable	1	500,000	-	$ 500,000	-
Bank of America	2.500%	8	2,000,000	-	$ -	2,000,000
SBA	0.000%	10	500,000	338,112	$ 161,888	-
Total			$ 3,500,000	$ 338,112	$ 1,161,888	$ 2,000,000

NOTE 17 OPERATING LEASE AGREEMENT

In 2021, The Fund entered into a ten (10) year lease agreement with Malone 118 Main street Montpelier Properties, LLC to rent office space. The lease agreement included a security deposit of $4,308. Rental expense for the years ended December 31, 2022 and 2021 was $63,484 and $62,240, respectively.

In 2022, The Fund adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. Under ASC 842, A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassess its determination if the terms and conditions of the contract are changed. The allocation of consideration in the contract is recognized straight-line over the term of the lease. A discount rate of 4.50% was used to determine present value. The adoption of the standard resulted in an increase in operating right-of-use asset of $544,934 and an increase in lease liability of $544,934.

At December 31, 2022 the right-of-use asset and lease liability were $497,342 and 504,501, respectively.

A schedule by years of minimum future rentals on the operating lease and the decrease of the net present value (NPV) of the lease liability are as follows:

Year	Rent Expense	Right-of-Use Asset Balance at Dec 31	NPV of Lease Liability Balance at Dec 31
2023	$ 65,071	$ 447,829	$ 460,560
2024	66,698	396,357	413,032
2025	68,365	342,649	361,601
2026	70,074	286,585	306,105
2027	71,826	227,981	246,318
2028	73,622	166,673	182,030
2029	75,462	102,398	112,936
2030	77,349	34,969	38,799
2031	39,152	-	-
Total	$ 607,619		

NOTE 17 OPERATING LEASE AGREEMENT (continued)

At renewal, The Fund has the option to extend the lease for two (2) additional five (5) year terms.

NOTE 18 SUBSEQUENT EVENTS

In accordance with accounting standards, the Fund has evaluated subsequent events through February 23, 2023, which is the date of these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2022, have been incorporated into these basic financial statements herein.

SUPPLEMENTARY INFORMATION

VERMONT COMMUNITY LOAN FUND, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF FINANCIAL POSITION
December 31, 2022

Schedule 1

ASSETS	Operating Fund	GMP CVPS RDF/CHP Fund	VECAA Fund	Unrestricted Fund	Agri Tourism Fund	Intermediary Relending Program 29 Fund	Intermediary Relending Program 30 Fund	Intermediary Relending Program 31 Fund	SBA Fund	RMAP Fund	EDA Fund	EDA CARES Fund	Barre Revolving Loan Fund	NBRC Fund	Food, Farms, and Forest Fund	Next Generation Fund	Elimination	Total
CURRENT ASSETS																		
Cash and Cash Equivalents	$ 1,029,835	$ 138,357	$ 309,977	$ 6,101,708	$ 91,835	$ 994,418	$ 253,051	$ 528,547	$ 316,407	$ 143,349	$ 286,730	$ 106,387	$ 163,698	$ 9,260	$ 683,952	$ 472,956	$ -	$ 11,630,467
Investments - Certificates of Deposit	-	-	-	1,770,679	-	180,859	-	-	-	-	-	-	-	-	-	-	-	1,951,538
Investments	353,365	-	-	2,761,526	-	-	-	-	-	-	-	-	-	-	-	-	-	3,114,891
Other Receivables-Current Portion	65,838	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,838
Loans Receivable - Current Portion	-	-	-	4,768,170	80,007	360,181	200,577	161,129	117,657	45,748	158,962	215,185	8,029	19,925	313,540	209,734	-	6,658,844
Accrued Interest Receivable	-	-	-	163,253	649	8,217	3,504	2,978	1,360	504	1,579	145	100	426	3,835	15,022	-	201,572
Prepaid Expenses	40,210	-	4,224	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,434
Due from Other Programs	141,405	-	-	-	-	550,450	4,870	2,747	9,210	4,547	-	-	-	-	-	-	(713,229)	-
TOTAL CURRENT ASSETS	1,630,653	138,357	314,201	15,565,336	172,491	2,094,125	462,002	695,401	444,634	194,148	447,271	321,717	171,827	29,611	1,001,327	697,712	(713,229)	23,667,584
NON-CURRENT ASSETS																		
Investments - Long-Term Portion	-	-	-	8,178,590	-	-	-	-	-	-	-	-	-	-	-	-	-	8,178,590
Loans Receivable - Long-Term Portion	-	-	-	14,649,032	261,046	1,175,188	654,438	525,725	383,889	149,266	518,658	702,097	26,198	65,013	1,023,009	684,313	-	20,817,872
Lease - Right to Use Asset	497,342	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	497,342
Security Deposits	4,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,308
Reserve for Loan Losses	-	-	-	(1,142,326)	(13,642)	(97,957)	(37,074)	(27,509)	(35,900)	(12,444)	(63,504)	(40,695)	(1,369)	(3,398)	(53,462)	(44,251)	-	(1,573,531)
Net Property, Plant and Equipment	210,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	210,188
TOTAL NON-CURRENT ASSETS	711,838	-	-	21,685,296	247,404	1,077,231	617,364	498,216	347,989	136,822	455,154	661,402	24,829	61,615	969,547	640,062	-	28,134,769
TOTAL ASSETS	$ 2,342,491	$ 138,357	$ 314,201	$ 37,250,632	$ 419,895	$ 3,171,356	$ 1,079,366	$ 1,193,617	$ 792,623	$ 330,970	$ 902,425	$ 983,119	$ 196,656	$ 91,226	$ 1,970,874	$ 1,337,774	$ (713,229)	$ 51,802,353
LIABILITIES AND NET ASSETS																		
CURRENT LIABILITIES																		
Accounts Payable	$ 22,675	$ -	$ 1,723	$ 2,502	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,900
Accrued Liabilities	67,119	-	10,901	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,020
Borrower Deposits	-	-	-	141,060	-	-	-	-	-	-	-	-	-	-	-	-	-	141,060
Accrued Interest Payable	-	-	-	180,403	-	12,688	8,447	3,578	2,655	17	-	-	-	-	14,773	3,956	-	226,517
Due to Other Programs	-	-	19,861	659,741	920	-	-	-	-	-	2,670	21,390	1,782	520	3,229	3,116	(713,229)	-
Deferred Revenue - Current Portion	-	-	-	14,768	-	-	-	-	-	-	-	-	-	-	-	-	-	14,768
Lease Liability - Current Portion	65,071	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,071
Loans Payable - Current Portion	-	-	-	9,622,553	-	217,782	33,740	32,802	106,566	21,523	-	-	-	-	236,717	123,029	-	10,394,712
TOTAL CURRENT LIABILITIES	154,865	-	32,485	10,621,027	920	230,470	42,187	36,380	109,221	21,540	2,670	21,390	1,782	520	254,719	130,101	(713,229)	10,947,048
NON-CURRENT LIABILITIES																		
Deferred Revenue - Long-Term	-	-	-	21,346	-	-	-	-	-	-	-	-	-	-	-	-	-	21,346
Lease Liability	439,430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	439,430
Loans Payable - Long-Term	-	-	-	15,009,299	-	2,473,890	839,737	934,747	547,265	301,876	-	-	-	-	1,769,618	1,001,923	-	22,878,355
TOTAL NON-CURRENT LIABILITIES	439,430	-	-	15,030,645	-	2,473,890	839,737	934,747	547,265	301,876	-	-	-	-	1,769,618	1,001,923	-	23,339,131
TOTAL LIABILITIES	594,295	-	32,485	25,651,672	920	2,704,360	881,924	971,127	656,486	323,416	2,670	21,390	1,782	520	2,024,337	1,132,024	(713,229)	34,286,179
NET ASSETS																		
Without Donor Restrictions	1,229,118	-	-	11,458,053	(12,836)	466,996	197,442	222,490	136,137	7,554	(63,505)	(40,695)	(1,370)	(3,398)	(53,463)	205,750	-	13,748,273
With Donor Restrictions	519,078	138,357	281,716	140,907	431,811	-	-	-	-	-	963,260	1,002,424	196,244	94,104	-	-	-	3,767,901
TOTAL NET ASSETS	1,748,196	138,357	281,716	11,598,960	418,975	466,996	197,442	222,490	136,137	7,554	899,755	961,729	194,874	90,706	(53,463)	205,750	-	17,516,174
TOTAL LIABILITIES AND NET ASSETS	$ 2,342,491	$ 138,357	$ 314,201	$ 37,250,632	$ 419,895	$ 3,171,356	$ 1,079,366	$ 1,193,617	$ 792,623	$ 330,970	$ 902,425	$ 983,119	$ 196,656	$ 91,226	$ 1,970,874	$ 1,337,774	$ (713,229)	$ 51,802,353

VERMONT COMMUNITY LOAN FUND, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF ACTIVITIES
December 31, 2022

Schedule 2

	Operating Fund	GMP CVPS RDF/CHP Fund	VECAA Fund	Unrestricted Fund	Agri Tourism Fund	Intermediary Relending Program 29 Fund	Intermediary Relending Program 30 Fund	Intermediary Relending Program 31 Fund	SBA Fund	RMAP Fund	EDA Fund	EDA CARES Fund	Barre Revolving Loan Fund	NBRC Fund	Food, Farms, and Forest Fund	Next Generation Fund	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS																	
Revenue and Support																	
Contributions	$ 118,340	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 118,340
Grants	274,295	-	-	500,000	-	-	-	-	-	-	-	-	-	-	-	-	774,295
Financing Charges	89,015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89,015
Loan Interest	-	-	-	1,107,780	9,401	133,588	38,898	50,034	19,505	9,911	26,900	49	2,491	4,642	55,094	46,926	1,505,219
Net Investment Income	2,081	-	-	142,225	-	2,632	685	661	422	286	740	-	224	-	1,430	1,060	152,446
Other Income	24,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,515
Net Assets Released from Restrictions	139,068	56,850	273,808	6,000	-	-	-	-	-	-	-	-	1,971	-	-	-	477,697
Total Unrestricted Revenue and Support	647,314	56,850	273,808	1,756,005	9,401	136,220	39,583	50,695	19,927	10,197	27,640	49	4,686	4,642	56,524	47,986	3,141,527
Expenses:																	
Program Services	1,295,170	56,850	273,808	365,474	4,833	(18,332)	10,798	3,957	21,120	9,798	13,550	4,097	589	4,513	54,809	23,445	2,124,479
Management and General	453,012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	453,012
Fundraising	100,290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,290
Total Expenses	1,848,472	56,850	273,808	365,474	4,833	(18,332)	10,798	3,957	21,120	9,798	13,550	4,097	589	4,513	54,809	23,445	2,677,781
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE TRANSFERS	(1,201,158)	-	-	1,390,531	4,568	154,552	28,785	46,738	(1,193)	399	14,090	(4,048)	4,097	129	1,715	24,541	463,746
Transfers	1,131,208	-	-	(864,892)	(9,401)	(108,176)	(30,837)	(40,692)	10,863	(3,541)	(27,640)	-	(2,715)	-	(24,300)	(29,877)	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(69,950)	-	-	525,639	(4,833)	46,376	(2,052)	6,046	9,670	(3,142)	(13,550)	(4,048)	1,382	129	(22,585)	(5,336)	463,746
NET ASSETS WITHOUT DONOR RESTRICTIONS- January 1, 2022	1,299,068	-	-	10,932,414	(8,003)	420,620	199,494	216,444	126,467	10,696	(49,955)	(36,647)	(2,752)	(3,527)	(30,878)	211,086	13,284,527
NET ASSETS WITHOUT DONOR RESTRICTIONS - December 31, 2022	$ 1,229,118	$ -	$ -	$ 11,458,053	$ (12,836)	$ 466,996	$ 197,442	$ 222,490	$ 136,137	$ 7,554	$ (63,505)	$ (40,695)	$ (1,370)	$ (3,398)	$ (53,463)	$ 205,750	$ 13,748,273
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS																	
Contributions	$ 86,000	$ -	$ 20,901	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 106,901
Grants	-	-	235,000	-	-	-	-	-	-	-	-	42,000	-	-	-	-	277,000
Net Investment Income	-	282	-	-	170	-	-	-	-	-	-	67	-	15	-	-	534
Net Loan Interest Income	-	-	-	-	-	-	-	-	-	-	-	96	-	839	-	-	935
Net Assets Released from Restrictions	(139,068)	(56,850)	(273,808)	(6,000)	-	-	-	-	-	-	-	-	(1,971)	-	-	-	(477,697)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(53,068)	(56,568)	(17,907)	(6,000)	170	-	-	-	-	-	-	42,163	(1,971)	854	-	-	(92,327)
NET ASSETS WITH DONOR RESTRICTIONS- January 1, 2022	572,146	194,925	299,623	146,907	431,641	-	-	-	-	-	963,260	960,261	198,215	93,250	-	-	3,860,228
NET ASSETS WITH DONOR RESTRICTIONS - December 31, 2022	$ 519,078	$ 138,357	$ 281,716	$ 140,907	$ 431,811	$ -	$ -	$ -	$ -	$ -	$ 963,260	$ 1,002,424	$ 196,244	$ 94,104	$ -	$ -	$ 3,767,901

Invest in Vermont…
Invest in THE VERMONT COMMUNITY LOAN FUND!

YES, I believe in social & economic justice for *all* Vermonters! I understand that my investment will provide flexible, supported financing to affordable housing developers, nonprofits & community facilities, local businesses, farms, food producers, working landscape entrepreneurs and early care & learning programs.

Name(s) for legal documents:		
Social Security or Tax ID #:		
Mailing Address: City:	State:	Zip Code:
Phone:	Email:	

PLEASE SELECT ONE:

☐ **Social Investment Term Account**

Our most popular investment vehicle; similar to a bank CD. You select the fixed term and rate, and how you'd like us to handle your interest. At maturity, you'll have the option of renewing at current rates/terms, or repayment.

AMOUNT: $________________ Minimum $1,000

TERM: ________________ Minimum 1 year

INTEREST RATE: ________ %

CURRENT RATES
- **2.0%** for 1 to 2 year term
- **2.25%** for 3 to 4 year term
- **2.5%** for 10+ year term

☐ Please check here to receive the Charitable Housing Tax Credit (Term Accounts only. See VCLF Investment Packet for details.)

INTEREST OPTIONS: ____________

- Reinvest
- Quarterly check/electronic payment
- Semi-annual check/electronic payment
- Annual check/electronic payment
- Payment at maturity
- Donate

☐ **Social Investment Cash Account**

The most flexible VCLF investment: open-ended term, variable rate, unlimited deposits, monthly withdrawals.

AMOUNT: $________________ Minimum $2,500

INTEREST RATE: ________________ % Maximum 0.25%

☐ **Social Investment Graduating Account**

"Start small" and add to your investment with monthly deposits. One-year term, after which it becomes a Term Account (see above).

AMOUNT: $________________ Minimum $250, with >$250/month for 12 months

INTEREST RATE: ________________ % Maximum 0.25%

☐ **The Food, Farms & Forests Fund**

Dedicated to small farms, healthy food producers and Vermont's working landscape.

AMOUNT: $____________ Minimum $1,000

INTEREST RATE: __________ % See "Current Rates" Above

TERM: ____________ Minimum 1 year

☐ **The Next Generation Fund**

Dedicated to quality early care & learning programs serving Vermont's children & families.

AMOUNT: $____________ Minimum $1,000

INTEREST RATE: __________ % See "Current Rates" Above

TERM: ____________ Minimum 1 year

SIGNATURE: ________________________

DATE: ________________________

Make checks payable and return to: Vermont Community Loan Fund, PO Box 827, Montpelier, VT, 05601. Please contact us for wiring instructions. All investments are set up for applicable interest payment and maturity dates on the 15th of the appropriate month/year. Please find full details about investing with VCLF at investinvermont.org/investors or in the VCLF Investment Packet.

Note L-«feeid»

<u>VERMONT COMMUNITY LOAN FUND, INC.</u>
SOCIAL INVESTMENT TERM ACCOUNT
LOAN AGREEMENT[i]

This is a LOAN AGREEMENT, dated «today», by and between «notes», (hereinafter the "Lender"), whose address is «address», «city», «state» «zip», and the VERMONT COMMUNITY LOAN FUND, INC., a non-profit corporation organized under the laws of the State of Vermont, (hereinafter the "Borrower"), located at 7 School Street, Montpelier, whose mailing address is P.O. Box 827, Montpelier, VT 05601-0827.

WHEREAS, the Borrower is organized for purposes including the following: To make loans to projects which provide long-term access to and control over housing, land, and capital for low-income and other disadvantaged groups; and, to make loans and provide advice and support to businesses that: a) expand educational and economic opportunities for those Vermonters who are substantially unemployed, under-employed or otherwise economically disadvantaged; b) expand opportunities for low-income and other disadvantaged Vermonters to own, manage, and operate business enterprises; and c) provide new opportunities for sustainable economic development; and

WHEREAS, the Lender shares these purposes and desires to support the Borrower and Borrower's mission to serve various other organizations and individuals in their activities in furtherance of these purposes;

NOW THEREFORE, the Borrower and the Lender agree as follows:

1. The Lender shall lend the Borrower a sum of money (the "Loan"), under the terms and conditions stated in the "Promissory Note" of even or approximate date herewith or any future replacement thereto to be identified as the "Amended Promissory Note."

2. The Borrower shall use the principal amount or any accrued interest on the Loan for the purpose of providing financing for projects or enterprises determined by the Borrower to further the purposes for which Borrower was formed.

3. The interest rate charged by the Borrower on the loans it makes to finance appropriate projects or enterprises shall bear no relationship to the interest payable to the Lender pursuant to the Promissory Note, or any Amended Promissory Note.

4. The Lender has no legal or other right to look to any project or enterprise (and associated collateral) financed by the Borrower for repayment of the Loan; the Lender's only recourse for repayment will be against the Borrower.

5. This Loan is unsecured. The Borrower shall evidence the Loan with a Promissory Note or Amended Promissory Note to the Lender for the sum of the Loan.

6. Unpaid principal shall bear simple interest per annum at the rate set forth in the Promissory Note or any subsequent Amended Promissory Note, with final payment due as set forth in the Promissory Note, or Amended Promissory Note.

7. The term of the Promissory Note or Amended Promissory Note shall automatically extend for an additional term of equal length to the prior term, unless the Lender opts out of renewal, as provided below. In the event of a renewal, Borrower shall provide Lender with the proposed terms for an Amended Promissory Note (the "Renewal Notice"), which shall highlight any adjustments in terms and interest rate, at least two weeks prior to the maturity date of the existing Promissory Note or Amended Promissory Note, as applicable. Unless the Lender notifies the Borrower within two weeks following the maturing Promissory Note or Amended Promissory Note, as the case may be, the loan will automatically renew on the terms provided in the Renewal Notice, and the Borrower shall execute and deliver an Amended Promissory Note, which shall supersede and replace the prior Promissory Note (or prior Amended Promissory Note, as applicable). VCLF publishes current interest rates on its website and makes them available at its office.

8. The principal sum of the Loan may increase by actions of the Lender through reinvesting interest.

9. For so long as the Loan is outstanding, the Borrower will provide the Lender with access to annual reports containing audited financial statements. Interim un-audited quarterly financial statements shall be made available upon request.

10. The Borrower may prepay the whole or any part of the principal amount without penalty.

11. Neither this LOAN AGREEMENT, or any Promissory Note or Amended Promissory Note issued pursuant to this LOAN AGREEMENT, nor any rights hereunder or thereunder may be assigned, conveyed or transferred, in whole or in part, without Borrower's prior written consent, which the Borrower may withhold in its sole discretion. Any assignment in violation of the foregoing shall be null and void. Subject to the foregoing, the rights and obligations of Borrower and Lender under this LOAN AGREEMENT shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

12. This LOAN AGREEMENT shall be governed by the laws of the State of Vermont.

In Witness Whereof, the parties hereby set their hands and seals and execute this LOAN AGREEMENT as of the date first set forth above.

LENDER:
«notes»

Date: ___________________ By: _____________________________________

BORROWER:
VERMONT COMMUNITY LOAN FUND, INC.

Date: «today» By: _____________________________________
William Belongia, Executive Director

WAIVER OF CONFIDENTIALITY

I/We understand that the endorsement of the work of the Vermont Community Loan Fund, Inc. by investors is helpful in securing new investments and increasing the resources available for perpetually affordable housing, community facilities, and sustainable economic development in Vermont. I/We hereby authorize the Vermont Community Loan Fund, Inc. to publicize my/our name as an investor with the Vermont Community Loan Fund, Inc.

Signed:_______________________________________ **Date**_______________________

Signed:_______________________________________ **Date**_______________________

---

[i] Investment in these securities involves significant risks and is suitable only for persons who have no need for immediate liquidity in their investment and who can bear the economic risk of a loss of their entire investment. The purchaser should be aware that it may be required to bear the financial risks of the investment for an indefinite period of time. In making an investment decision, the investor must rely on their own examination of the issuer and the terms of the offering of the securities, including the merits and risks involved.
These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.
These securities are subject to restrictions on transferability and resale and may not be transferred or resold. You may be required to bear the financial risks of this investment for an indefinite period of time.

VERMONT COMMUNITY LOAN FUND, INC.
PROMISSORY NOTE[ii]

Note L-«feeid»
$«feeamt»

FOR VALUE RECEIVED, the VERMONT COMMUNITY LOAN FUND, INC. (hereinafter the "Borrower") promises to pay to «notes» (hereinafter the "Lender"), the principal sum of $«feeamt», with simple interest on the unpaid principal balance from «CurrentInvestDate» until paid, at the rate of «CurrentRate» per annum. Payments shall be made to the Lender at «address», «city», «state» «zip», or such other place as the Lender may designate. Interest on the unpaid principal balance shall be payable quarterly/semi-annually/annually/at maturity/reinvested at maturity. No principal shall be due and payable, until «expirationdate» (the "Maturity Date"). The entire remaining indebtedness under this Note, unless sooner paid, shall be due and payable on the Maturity Date, unless otherwise extended and/or modified under the terms and provisions of the Loan Agreement executed between the Borrower and the Lender dated «today». This Note may be prepaid, in whole or in part, without premium or penalty.

This Note and the loan evidenced herein are subject to the terms and conditions of the above-referenced Loan Agreement between the Borrower and the Lender. This Note shall be the joint and several obligations of all makers, sureties, guarantors and endorsers, and shall be binding upon them, their successors and assigns.

This PROMISSORY NOTE shall be governed by the laws of the State of Vermont.

DATED at Montpelier, Vermont on «today».

BORROWER:
Vermont Community Loan Fund, Inc.
P.O. Box 827, Montpelier, VT 05601

By: ___________________________________
William Belongia, Executive Director

[ii] These securities are subject to restrictions on transferability and resale and may not be transferred or resold. You may be required to bear the financial risks of this investment for an indefinite period of time. This PROMISSORY NOTE has not been registered under the Securities Act of 1933, as amended, or under any state securities act. The securities have not been recommended by any federal or state securities commission or regulatory authority.

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

SECURITIES DIVISION

In Re:	)	
	)	
	)	
Waiver of Conditions	)	Docket No. 17-012-S
Of V.S.R. § 5-4 for the	)	
Vermont Community Loan Fund	)	

REVISED ORDER

WHEREAS, the Vermont Community Loan Fund, Inc. ("VCLF") is a registered nonprofit revolving loan fund and has raised tens of millions from investors during the last thirty years to fund secured loans for local community development initiatives within the State of Vermont; and

WHEREAS, VCLF represents it is exempt from the Securities Act of 1933; and

WHEREAS, the Commissioner finds registration of the Securities Offering unnecessary for investor protection due to VCLF's charitable mission, robust financial position, provision of audited financials and long track record of successfully repaying investors; and

WHEREAS, on March 5, 2017, with respect to VCLF's offering of up to $ 5,000,000 in Community Investment Notes described in that offering memorandum dated January 1, 2017 (the "Securities Offering"); the Department issued an order (the "Order") which, in relevant part:

(1) Waived the requirement under V.S.R. § 5-4 that all sales of securities sold within any twelve (12) month period does not exceed one million dollars ($ 1,000,000) in order for the registration exemption to apply;
(2) Waived the filing requirements of V.S.R. § 5-4(c)-(f), provided VCLF (i) annually files a copy of its audited financial statements with the Department within thirty (30) days of their completion; (ii) files a copy of any amended offering document with the Department within thirty (30) days of using such amendment in solicitation activities; and (iii) files a sales report conforming with requirements of V.S.R. § 5-4(f) on an annual basis; and
(3) Clarified that the Order is specific to the Securities Offering and that VCLF may not rely on it for future offerings, nor many any other person or entity rely on the Order for any purpose; and

WHEREAS, more than five years have passed since the Department issued the Order, and VCLF has requested that the Department confirm that the provisions of the Order still apply;

NOW, THEREFORE, IT IS ORDERED, under the authority granted by 9 V.S.A. § 5201(7) and V.S.R. § 5-4(g):

(1) The Commissioner waives the requirement under V.S.R. § 5-4 that all sales of the Securities Offering sold within any twelve (12) month period does not exceed one million dollars ($ 1,000,000) in order for the registration exemption to apply and exempts the Securities Offering from registration under the Act, provided that the maximum aggregate amount in cash and other consideration from all sales of securities by VCLF does not exceed five million dollars ($5,000,000) within any twelve-month period; and

(2) The Commissioner waives the filing requirements of V.S.R. § 5-4(c)-(f), provided the VCLF (i) annually files a copy of its audited financial statements with the Department within thirty (30) days of their completion; (ii) files a copy of any amended offering document with the Department within thirty (30) business days of using such amendment in solicitation activities; (iii) files a sales report conforming with the requirements of V.S.R. § 5-4(f) on an annual basis; and (iv) promptly notifies the Department of any adverse change in the assets, business, operations, management or financial of VCLF or the occurrence of any event which may have a material adverse effect on VCLF; and

(3) This Order is specific to VCLF's Securities Offering; accordingly, VCLF may not rely on this Order for future offerings and no other person or entity may rely on this Order for any purpose; and

(4) A copy of this Order shall be provided by VCLF to each investor; and

(5) The Department retains all other enforcement authority conferred by law.

Dated at Montpelier, Vermont, _December 7___, 2022.

Kevin Gaffney, Commissioner
Vermont Department of Financial Regulation