

Vermont Community Loan Fund, Inc.

FINANCIAL STATEMENTS

December 31, 2015

Vermont Community Loan Fund, Inc.
TABLE OF CONTENTS
December 31, 2015

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statements of Financial Position	1
Statements of Activities	2
Statement of Functional Expense - 2015	3
Statement of Functional Expense – 2014	4
Statements of Cash Flows	5
Notes to the Financial Statements	6
	<u>Schedule</u>
SUPPLEMENTARY INFORMATION	
Combining Schedule of Financial Position	1
Combining Schedule of Activities	2



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

We have audited the accompanying financial statements of Vermont Community Loan Fund, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

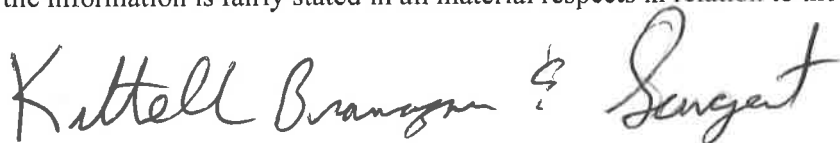
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental 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.

A handwritten signature in cursive script that reads "Kuttell Branagan & Sargent". The signature is written in dark ink and is positioned below the "Other Matter" section.

St. Albans, Vermont
March 30, 2016

VERMONT COMMUNITY LOAN FUND, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31,

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents - Note 2	\$ 5,698,249	\$ 7,159,787
Investments - Note 3 and 4	2,457,187	2,048,789
Other Receivables - Current Portion - Note 5	814,989	26,123
Loans Receivable - Current Portion - Note 6	6,646,727	7,657,667
Equipment Lease Receivable - Current Portion - Note 8	7,174	-
Accrued Interest Receivable	134,717	129,319
Prepaid Expenses	<u>10,793</u>	<u>53,428</u>
Total Current Assets	<u>15,769,836</u>	<u>17,075,113</u>
Noncurrent Assets:		
Loans Receivable - Long-Term Portion - Note 6	21,726,276	17,820,751
Equipment lease Receivable - Long-Term Portion - Note 8	25,862	-
Reserve for Loan Losses - Note 7	(1,778,905)	(1,639,548)
Plant and Equipment - (Net of Accumulated Depreciation) - Note 9	<u>5,212</u>	<u>1,763</u>
Total Noncurrent Assets	<u>19,978,445</u>	<u>16,182,966</u>
TOTAL ASSETS	<u>\$ 35,748,281</u>	<u>\$ 33,258,079</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 18,845	\$ 12,257
Accrued Liabilities	55,227	105,578
Accrued Interest Payable	179,086	172,462
Deferred Revenue - Current Portion - Note 10	-	55,000
Loans Payable - Current Portion - Note 11	<u>6,465,003</u>	<u>6,659,911</u>
Total Current Liabilities	<u>6,718,161</u>	<u>7,005,208</u>
Noncurrent Liabilities:		
Loans Payable - Long-Term - Note 11	<u>19,231,215</u>	<u>17,789,402</u>
TOTAL LIABILITIES	<u>25,949,376</u>	<u>24,794,610</u>
Net Assets:		
Unrestricted	7,422,598	6,390,644
Temporarily Restricted - Note 12	859,133	555,974
Permanently Restricted - Note 12	<u>1,517,174</u>	<u>1,516,851</u>
Total Net Assets	<u>9,798,905</u>	<u>8,463,469</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,748,281</u>	<u>\$ 33,258,079</u>

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,

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:								
Contributions	\$ 113,903	\$ 46,391	\$ -	\$ 160,294	\$ 89,026	\$ 83,260	\$ -	\$ 172,286
Grants	1,351,095	590,525	-	1,941,620	550,417	321,770	706,401	1,578,588
Financing Charges	73,640	-	-	73,640	68,562	-	-	68,562
Loan Interest	1,579,408	-	2,043	1,581,451	1,506,078	-	-	1,506,078
Net Investment Income	43,689	330	1,728	45,747	51,272	471	355	52,098
Recovery of Bad Debt and Foreclosure Expenses	188,116	-	552	188,668	103,635	-	-	103,635
Other Income	61,545	1,930	-	63,475	31,493	206	-	31,699
Net Assets Released from Restrictions - Note 12	340,017	(336,017)	(4,000)	-	378,364	(365,075)	(13,289)	-
Total Revenue	<u>3,751,413</u>	<u>303,159</u>	<u>323</u>	<u>4,054,895</u>	<u>2,778,847</u>	<u>40,632</u>	<u>693,467</u>	<u>3,512,946</u>
Expenses:								
Program Services	2,264,881	-	-	2,264,881	2,309,168	-	-	2,309,168
Management and General	369,831	-	-	369,831	358,891	-	-	358,891
Fundraising	84,747	-	-	84,747	82,382	-	-	82,382
Total Expenses	<u>2,719,459</u>	<u>-</u>	<u>-</u>	<u>2,719,459</u>	<u>2,750,441</u>	<u>-</u>	<u>-</u>	<u>2,750,441</u>
Changes in Net Assets	1,031,954	303,159	323	1,335,436	28,406	40,632	693,467	762,505
Net Assets - January 1,	6,390,644	555,974	1,516,851	8,463,469	6,593,738	515,342	591,884	7,700,964
Net Asset Transfers - Note 19	-	-	-	-	(231,500)	-	231,500	-
Net Assets - December 31,	<u>\$ 7,422,598</u>	<u>\$ 859,133</u>	<u>\$ 1,517,174</u>	<u>\$ 9,798,905</u>	<u>\$ 6,390,644</u>	<u>\$ 555,974</u>	<u>\$ 1,516,851</u>	<u>\$ 8,463,469</u>

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, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ -	\$ 32,022	\$ -	\$ 32,022
Advertising	42,146	-	4,683	46,829
Bank Charges	6,186	2,651	-	8,837
Board and Committee Expense	2,336	1,401	934	4,671
Computer Supplies	752	200	50	1,002
Consultants	58,216	24,950	-	83,166
Depreciation	1,607	429	107	2,143
Dues and Publications	4,688	1,250	313	6,251
Employee Search & Relocation Exp	-	2,949	-	2,949
Foreclosure Expense	65,368	-	-	65,368
Fiscal Sponsor Admin Fees	17,783	-	-	17,783
Grant Administrative Expenses	36,052	-	-	36,052
Insurance	8,927	2,381	595	11,903
Interest Expense	397,529	-	-	397,529
Legal	539	1,618	-	2,157
Loan Service Fees	6,172	-	-	6,172
Provision for Loan Losses- Note 7	363,265	-	-	363,265
Occupancy Costs	60,498	16,133	4,033	80,664
Office Supplies	4,513	1,203	301	6,017
Outreach	21,070	-	2,341	23,411
Personnel Costs	1,004,408	267,842	66,961	1,339,211
Postage	2,489	1,245	415	4,149
Printing	8,749	2,500	1,250	12,499
Repairs and Maintenance	1,720	459	115	2,294
Staff Enrichment	3,332	888	222	4,442
Telephone	10,155	2,708	677	13,540
Training	1,834	489	122	2,445
Transportation	19,325	5,153	1,288	25,766
Travel	5,102	1,360	340	6,802
Pass Through Grant Expense	<u>110,120</u>	<u>-</u>	<u>-</u>	<u>110,120</u>
 Total	 <u>\$ 2,264,881</u>	 <u>\$ 369,831</u>	 <u>\$ 84,747</u>	 <u>\$ 2,719,459</u>

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, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ -	\$ 30,117	\$ -	\$ 30,117
Advertising	23,798	-	2,644	26,442
Bank Charges	5,594	2,397	-	7,991
Board and Committee Expense	1,156	693	462	2,311
Computer Supplies	2,771	739	185	3,695
Consultants	51,864	22,227	-	74,091
Copying	164	44	11	219
Depreciation	5,341	1,424	356	7,121
Dues and Publications	5,719	1,525	381	7,625
Foreclosure Expense	41,490	-	-	41,490
Fiscal Sponsor Admin Fees	5,146	-	-	5,146
Grant Administration Expense	9,541	-	-	9,541
Insurance	8,120	2,165	541	10,826
Interest Expense	394,403	-	-	394,403
Legal	918	2,755	-	3,673
Loan Service Fees	12,806	-	-	12,806
Provision for Loan Losses - Note 7	426,109	-	-	426,109
Occupancy Costs	61,350	16,360	4,090	81,800
Office Supplies	8,772	2,339	585	11,696
Outreach	27,077	-	3,009	30,086
Personnel Costs	973,226	259,527	64,882	1,297,635
Postage	2,959	1,480	493	4,932
Printing	13,551	3,872	1,936	19,359
Repairs and Maintenance	980	262	66	1,308
Staff Enrichment	2,137	570	142	2,849
Telephone	10,534	2,809	702	14,045
Training	2,036	543	136	2,715
Transportation	19,455	5,188	1,297	25,940
Travel	6,956	1,855	464	9,275
Pass Through Grant Expense	<u>185,195</u>	<u>-</u>	<u>-</u>	<u>185,195</u>
 Total	 <u>\$ 2,309,168</u>	 <u>\$ 358,891</u>	 <u>\$ 82,382</u>	 <u>\$ 2,750,441</u>

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,

	<u>2015</u>	<u>2014</u>
Increase/(Decrease) in Cash:		
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 1,335,436	\$ 762,505
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation Expense	2,143	7,121
Change in Provision for Loan Losses	139,357	(96,516)
(Increase)/Decrease in:		
Prepaid Expenses	42,635	(45,394)
Other Receivable	(788,866)	521,823
Increase/(Decrease) in:		
Accounts Payable	6,588	(720)
Accrued Liabilities	(50,351)	31,160
Deferred revenue	(55,000)	14,845
Net Cash Provided by Operating Activities	<u>631,942</u>	<u>1,194,824</u>
Cash Flows from Investing Activities:		
Decrease/(Increase) in Investments	(408,398)	(40,192)
(Purchase) or Sale of Leasehold Improvements and Equipment	(5,592)	(2,205)
Loans Receivable Written Off	223,908	522,625
Principal Advances on Loans Receivable	(7,622,427)	(5,170,226)
Principal Payments on Loans Receivable	4,503,934	3,535,807
Principal Advances on Equipment Lease Receivable	(34,991)	-
Principal Payments on Equipment Lease Receivable	1,955	-
Decrease/(Increase) in Accrued Interest Receivable	(5,398)	(93)
Net Cash (Used) by Investing Activities	<u>(3,347,009)</u>	<u>(1,154,284)</u>
Cash Flow from Financing Activities:		
Increase/(Decrease) in Accrued Interest Payable	6,624	(14,335)
Proceeds from additional Loans Payable	2,935,251	3,458,127
Principal Payments to Loans Payable	<u>(1,688,346)</u>	<u>(1,734,359)</u>
Net Cash Provided by Financing Activities	<u>1,253,529</u>	<u>1,709,433</u>
Net Increase (Decrease) in Cash:	(1,461,538)	1,749,973
Cash - January 1,	<u>7,159,787</u>	<u>5,409,814</u>
Cash - December 31,	<u>\$ 5,698,249</u>	<u>\$ 7,159,787</u>
Supplemental Disclosures:		
Interest paid to investors	<u>\$ 392,300</u>	<u>\$ 417,861</u>

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

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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.

Prior to 2015 the Vermont Community Loan Fund, Inc. had two controlled subsidiaries, the Vermont Community Enterprise Fund, Inc. (VCEF) and the Building Community Fund, Inc. (BCF). As of May 31, 2000, all of the assets and liabilities of VCEF and BCF were transferred to the Vermont Community Loan Fund, Inc. As of December 31, 2015, both VCEF and BCF had been dissolved.

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	3 Years
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.

Unrestricted Net Assets

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.

Temporarily Restricted Net Assets

These assets result from contributions and other inflows of assets whose use by the Fund is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Fund. Restrictions released within one operating period are reported as unrestricted.

Permanently Restricted Net Assets

These assets result from contributions restricted to funding lending in perpetuity. The income on these funds is expendable for operations.

Vermont Community Loan Fund, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and certificates of deposit as of December 31, 2015 and 2014 totaled \$8,155,436 and \$9,208,576, respectively.

<i>Cash and CDs</i>	<i>2015</i>	<i>2014</i>
Insured/(FDIC/NCUA)	\$ 1,796,084	\$ 1,825,594
Collateralized - Treasury	2,393,481	849,333
Collateralized - Pool	2,647,798	4,236,382
Uninsured/Uncollateralized	1,318,073	2,297,267
Total	\$ 8,155,436	\$ 9,208,576

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 CASH AND CERTIFICATES OF DEPOSIT

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 \$2,947,019 and \$2,433,442 at December 31, 2015 and 2014, respectively.

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

<i>Cash and CDs</i>	<i>2015</i>	<i>2014</i>
Cash	\$ 5,698,249	\$ 7,159,787
Investments- Certificates of Deposit	2,457,187	2,048,789
Total	\$ 8,155,436	\$ 9,208,576

NOTE 3 INVESTMENTS

At December 31, 2015 and 2014, the Fund had no Investments in U.S. Government Agency Obligations. The Fund held certificates of deposit of \$2,457,187 and \$2,048,789, respectively, as indicated in the table above. Investments are carried at cost or amortized cost and the difference between cost and market value is immaterial.

NOTE 4 CASH AND INVESTMENT RESERVES

At December 31, 2015 and 2014, the Fund had cash and investments of \$8,155,436 and \$9,208,576, respectively. The Fund reserves a portion of this money for various purposes. The following is a breakdown of these reserves.

<i>Type of Reserve</i>	<i>2015</i>	<i>2014</i>
Cash Reserved for Building Bright Futures	\$ -	\$ 9,129
Cash Reserved for GMP & GMPCHP	227,326	242,819
Cash Reserved for VECA	118,328	31,990
Cash Reserved for Loan Commitments & Undisbursed Closed Loans	857,945	3,184,714
Cash Reserved for Loan Loss & Liquidity	3,834,602	3,556,105
Available Cash - Undesignated (Operating)	721,632	529,960
Available Cash - for Lending	2,395,603	1,653,859
Total Cash	\$ 8,155,436	\$ 9,208,576

At December 31, 2015, the Available Cash – for Lending excludes unused lines of credit totaling \$1,500,000, an outstanding grant receivable for \$786,840 from the Community Development Financial Institutions (CDFI) Fund, \$587,500 from a Small Business Administration (SBA) loan that was committed and closed in 2014 with \$662,500 drawn down as of December 31, 2015. In addition there is \$352,250 from an USDA Rural Development (IRP 30) loan that was committed and closed in 2015 with \$647,750 drawn as of December 31, 2015.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 OTHER RECEIVABLES

At December 31, 2015 and 2014, the Fund had other receivables of \$814,989 and \$26,123, respectively. Other grants receivable are comprised of grants which will be received in 2016.

<i>Other Receivables</i>	<i>2015</i>	<i>2014</i>
CDFI 2015 Grant	\$ 786,840	\$ -
SBA Technical Assistance Grant	28,149	26,123
Total	\$ 814,989	\$ 26,123

NOTE 6 LOANS RECEIVABLE

At December 31, 2015 and 2014, there were 234 and 230 loans receivable, respectively. The loan balances at December 31, 2015 vary in amount from \$400 to \$1,614,156 with maturity dates ranging from January 1, 2016 to April 25, 2041 and with interest rates from 0% to 11.25% with a weighted average rate of 5.86%. Security interests vary from loan guarantees and first to eighth mortgages to personal and business property. Total loans receivable at December 31, 2015 and 2014 were 28,373,003 and \$25,478,418, respectively.

<i>Loans Receivable</i>	<i>2015</i>	<i>2014</i>
Loans Current, Per Terms of Loan	\$ 27,331,584	\$ 24,127,787
Loans Delinquent, 31-90 Days	336,153	615,186
Non-Performing Loans	705,266	735,445
Total	28,373,003	25,478,418
Less: Current Portion	(6,646,727)	(7,657,667)
Non-Current Portion	\$ 21,726,276	\$ 17,820,751

Maturities of Loans Receivable at December 31, 2015 are as follows:

2016	\$ 6,646,727
2017	4,888,686
2018	3,530,848
2019	4,090,440
2020	4,640,828
Thereafter	<u>4,575,474</u>
Total	<u>\$ 28,373,003</u>

At December 31, 2015 and 2014, 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. This 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.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 LOANS RECEIVABLE (continued)

At December 31, 2015 and 2014, 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. This 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, 2015 and 2014, 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 Vermont Community Loan Fund, Inc. actively seeks out community-based nonprofit 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, 2015 and 2014, there were eighteen (18) and twenty-eight (28) outstanding loan commitments and loans not fully disbursed totaling \$857,945 and \$3,184,714, respectively.

NOTE 7 LOAN LOSS RESERVE

The Vermont Community Loan Fund, Inc. 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 regularly by the loan officer. 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, 2015 and 2014 are \$1,778,905 and \$1,639,548, respectively.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 LOAN LOSS RESERVE (continued)

Changes in the loan loss reserve for the year ended December 31, 2015 were as follows:

2015	Housing	Community Facilities	Business	Child Care	Total
Balance Dec 31, 2014	\$ 360,466	\$ 233,132	\$ 706,549	\$ 339,401	\$ 1,639,548
Provision for Loan Losses	138,727	25,161	(37,487)	48,840	175,241
Recoveries of amounts charged off	12,000	-	166,344	9,680	188,024
	511,193	258,293	835,406	397,921	2,002,813
Amounts Charged off	(4,000)	(88,538)	(5,746)	(125,624)	(223,908)
Balance Dec 31, 2015	\$ 507,193	\$ 169,755	\$ 829,660	\$ 272,297	\$ 1,778,905

Changes in the loan loss reserve for the year ended December 31, 2014 were as follows:

2014	Housing	Community Facilities	Business	Child Care	Total
Balance Dec 31, 2013	\$ 527,224	\$ 173,381	\$ 738,880	\$ 296,579	\$ 1,736,064
Provision for Loan Losses	(160,258)	58,765	317,695	106,393	322,595
Recoveries of amounts charged off		986	94,464	8,064	103,514
	366,966	233,132	1,151,039	411,036	2,162,173
Amounts Charged off	(6,500)	-	(444,490)	(71,635)	(522,625)
Balance Dec 31, 2014	\$ 360,466	\$ 233,132	\$ 706,549	\$ 339,401	\$ 1,639,548

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.

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

2015 Risk	Housing	Community Facilities	Business	Child Care	Total
Low	\$ 766,810	\$ 152,159	\$ 140,000	\$ -	\$ 1,058,969
Moderate	3,962,156	858,973	838,943	269,607	5,929,679
Average	5,696,830	654,321	4,177,348	2,417,829	12,946,328
Substantial	2,670,704	2,248,756	273,322	1,483,326	6,676,108
High	340,132	119,299	1,217,488	-	1,676,919
Workout	85,000	-	-	-	85,000
Total	\$ 13,521,632	\$ 4,033,508	\$ 6,647,101	\$ 4,170,762	\$ 28,373,003

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 LOAN LOSS RESERVE (continued)

2014 Risk	Housing	Community Facilities	Business	Child Care	Total
Low	\$ 555,442	\$ 136,818	\$ 133,000	\$ -	\$ 825,260
Moderate	3,673,190	454,151	1,198,310	251,183	5,576,834
Average	4,188,596	990,614	2,733,670	2,842,437	10,755,317
Substantial	2,158,076	2,564,275	607,387	1,495,053	6,824,791
High	92,555	219,164	1,001,027	98,470	1,411,216
Workout	85,000	-	-	-	85,000
Total	\$ 10,752,859	\$ 4,365,022	\$ 5,673,394	\$ 4,687,143	\$ 25,478,418

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 VCLF 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 VCLF

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.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 LOAN LOSS RESERVE (continued)

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.

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:

2015	Recorded Investment	Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Housing	\$ 13,521,632	\$ 13,521,632	\$ 507,193	\$ 12,137,246	\$ 618,446
Community Facilities	4,033,508	4,033,508	169,755	4,199,265	239,786
Business	6,647,101	6,647,101	829,660	6,160,248	428,844
Child Care	4,170,762	4,170,762	272,297	4,428,953	294,375
Total	\$ 28,373,003	\$ 28,373,003	\$ 1,778,905	\$ 26,925,712	\$ 1,581,451

2014	Recorded Investment	Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Housing	\$ 10,752,859	\$ 10,752,859	\$ 360,466	\$ 10,571,140	\$ 584,009
Community Facilities	4,365,022	4,365,022	233,132	4,526,552	265,380
Business	5,673,394	5,673,394	706,549	5,295,974	355,669
Child Care	4,687,143	4,687,143	339,401	4,528,868	301,020
Total	\$ 25,478,418	\$ 25,478,418	\$ 1,639,548	\$ 24,922,534	\$ 1,506,078

For the years ended December 31, 2015 and 2014, \$1,581,451 and \$1,506,078 was recognized as interest income from the above loans.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 LOAN LOSS RESERVE (continued)

As of December 31, 2015 and 2014, the Fund was not committed to lend any additional funds to borrowers whose loans were nonperforming, impaired or restructured.

NOTE 8 EQUIPMENT ACCESS PROGRAM

The Equipment Access Program (EAP) is a partnership between the Vermont Community Loan Fund and two food business incubators, the non-profit Center for an Agricultural Economy and the for profit Mad River Food Hub L3C. The Memorandum of Understanding was finalized April 28, 2014. The program is a revolving lease fund that helps emerging food processors find and finance the equipment they need to grow their businesses. The food business incubators provide customers, equipment and business expertise. VCLF provides the administrative services including lease documentation, billing systems, accounting and financial reporting. Philanthropic sources have provided grant capital to be used to reduce the lease amount owed. Total equipment leases receivable at December 31, 2015 and 2014 were 33,036 and \$0, respectively.

<i>Equipment Leases Receivable</i>	<i>2015</i>	<i>2014</i>
Loans Current, Per Terms of Loan	\$ 33,036	\$ -
Loans Delinquent, 31-90 Days	-	-
Non-Performing Loans	-	-
Total	33,036	-
Less: Current Portion	(7,174)	-
Non-Current Portion	\$ 25,862	\$ -

NOTE 9 PLANT AND EQUIPMENT

The following is a summary of net plant and equipment at December 31, 2015 and 2014:

Fixed Assets	Gross Fixed Assets 12/31/15	Accumulated Depreciation 12/31/15	Net Book Value 12/31/15	Gross Fixed Assets 12/31/14	Accumulated Depreciation 12/31/14	Net Book Value 12/31/14
Furniture, Fixtures and Equipment	\$ 93,415	\$ 88,203	\$ 5,212	\$ 89,554	\$ 87,791	\$ 1,763
Leasehold Improvements	14,679	14,679	-	14,679	14,679	-
Total	\$ 108,094	\$ 102,882	\$ 5,212	\$ 104,233	\$ 102,470	\$ 1,763

NOTE 10 DEFERRED REVENUE

At December 31, 2015 and 2014, deferred revenue was \$0 and \$55,000, respectively.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 11 LOANS PAYABLE

At December 31, 2015 and 2014, there were various loans payable. There were 506 loans, at December 31, 2015, which varied in amount from \$250 to \$1,247,000 with maturity dates from January 15, 2016 to January 12, 2045 and with interest rates from 0% to 4% with a weighted average rate of 1.59%. The loans from USDA, totaling \$4,804,217, are secured by a pledge of all assets now in the IRP Revolving Fund, including cash and investments, notes receivable and the security interest in collateral pledged. Loans from SBA, totaling \$984,984, 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, 2015 and 2014 were \$25,696,218 and \$24,449,313, respectively.

Loans Payable	2015	2014
Total Loans Payable	\$ 25,696,218	\$ 24,449,313
Less: Current Portion	(6,465,003)	(6,659,911)
Non-Current Portion	\$ 19,231,215	\$ 17,789,402

Maturities at December 31, 2015 are as follows:

2016	\$ 6,465,003
2017	2,814,130
2018	4,828,106
2019	3,142,704
2020	2,509,342
Thereafter	<u>5,936,933</u>
	<u>\$ 25,696,218</u>

Per its Bylaws, Vermont Community Loan Fund, Inc. 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 VCLF Board members are significant employees or board directors. There are some loans payable that contain certain financial covenants.

NOTE 12 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Unrestricted net assets, temporarily restricted net assets, and permanently restricted net asset balances as of December 31, 2015 and December 31, 2014 were as follows:

Net Assets	2015	2014
Temporarily Restricted Net Assets	\$ 859,133	\$ 555,974
Permanently Restricted Net Assets	1,517,174	1,516,851
Unrestricted Net Assets	7,422,598	6,390,644
Total Net Assets	\$ 9,798,905	\$ 8,463,469

Temporarily restricted net assets consist of grant programs the Fund administers. At December 31, 2015 temporarily restricted net assets was comprised of the Green Mountain Power (GMP) Renewable Development Fund and Combined Heat and Power Fund, the Vermont Early Childhood Alliance Fiscal Sponsorship (VECA), The Barre Area Revolving Loan Fund (BRLF), the Shared Services Program, and the Equipment Access Program (EAP).

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 12 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (continued)

The temporarily restricted net assets balances for GMP, VECA, BRLF, Shared Services and EAP as of December 31, 2015 and December 31, 2014 were as follows:

Temporarily Restricted Net Assets	2015	Income	Net Assets Released	2014
Green Mountain Power	\$ 367,326	\$ 330	\$ (7,623)	\$ 374,619
Vermont Early Childhood Alliance	99,204	296,390	(204,090)	6,904
Barre Area Revolving Loan Fund	236,082	257,245	(21,163)	-
Shared Services	4,110	30,000	(25,890)	-
Equipment Access Program	152,411	1,930	(23,970)	174,451
Total Temporary Restricted Net Assets	\$ 859,133	\$ 585,895	\$ (282,736)	\$ 555,974

Permanently restricted net assets consist of grants and contributions restricted to funding loans or loan loss reserve in perpetuity.

Net assets were released from restrictions by incurring expenses in satisfaction of the restricted purposes specified by donors/grantors.

The permanently restricted net assets balances for VHCB program, USDA-RD grants, and the EDA Fund as of December 31, 2015 and December 31, 2014 were as follows:

Permanently Restricted Net Assets	2015	Income	Net Assets Released	2014
Vermont Housing Conservation Board for Mobile Home Loan Subsidy Program - VHCB (now restricted to affordable housing)	\$ 152,907	\$ -	\$ (4,000)	\$ 156,907
USDA-RD Grants (three revolving loan funds), plus deposit interest	429,192	360	-	428,832
Economic Development Authority (EDA)	935,075	3,963	-	931,112
Total Permanently Restrictred Net Assets	\$ 1,517,174	\$ 4,323	\$ (4,000)	\$ 1,516,851

NOTE 13 PENSION PLAN

The Vermont Community Loan Fund 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. VCLF 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 2014 and 2015. Pension expense for the years ended December 31, 2015 and 2014 was \$57,680 and \$47,392, respectively.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 14 FINANCING COMMITMENTS

The Fund was approved for loans from Community National Bank and People’s United Bank in 2009, TD Bank in 2012, the SBA in 2014 and IRP 30 in 2015. Each loan has been renewed at successive maturity since then, if applicable. At December 31, 2015, the Fund had \$2,439,750 in financing available.

Financing Commitments	Rate	Term (Yrs)	Financing Amount	2015 Outstanding Balance	Available Balance	2014 Outstanding Balance
People's United Bank Line of Credit (LOC)	Variable	1	\$ 500,000	-	\$ 500,000	-
Community National Bank LOC	Variable	2	500,000	-	500,000	-
TD Bank LOC	Variable	1	500,000	-	500,000	-
IRP 30 Loan	1.000%	30	1,000,000	647,750	352,250	-
SBA Loan	0.125%	10	1,250,000	633,730	587,500	312,500
Total			\$ 3,750,000	\$ 1,281,480	\$ 2,439,750	\$ 312,500

NOTE 15 LEASE AGREEMENT

In 2006, the Fund entered into a five (5) year lease agreement with River Street Associates to rent office space. An addendum was signed in July 2011 renewing the lease for an additional five years terminating July 31, 2016. Rental expense for the year ended December 31, 2015 was \$61,500 and for the year ended 2014 was \$60,500.

Future lease commitments are as follows:

January 1, 2016 - July 31, 2016	\$ 36,400
	\$ 36,400

Effective August 1, 2013 and at each annual renewal thereafter the Fund has the right to terminate the lease with 120 days’ notice.

NOTE 16 GMP FUNDS EFFECT ON NET ASSETS

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 prior years, both funds have received grants which increased the net assets in the Fund. However, net assets in the funds will decrease in subsequent years as the Fund sub-grants the capital to eligible renewable energy projects. Net assets for the RDF and CHP as of December 31, 2015 and 2014 are \$367,326 and \$374,619 respectively.

Net assets, excluding the RDF and CHP, as of December 31, 2015 and 2014 are \$9,431,579 and \$8,088,850, respectively.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 17 VERMONT EARLY CHILDHOOD ALLIANCE FISCAL SPONSORSHIP

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

The Vermont Early Childhood Alliance (VECA) 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, VCLF 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 ran December 1, 2013 through November 30, 2014. Additional funds were received to close out December 2014. The agreement was renewed in 2015 and 2016. The VECA activities will be funded by grants and donations from interested foundations, agencies, corporations and individuals.

As of December 31, 2015 temporarily restricted net assets in the VECA Fund were \$99,204 and \$6,904 at December 31, 2014.

NOTE 18 ECONOMIC DEVELOPMENT AUTHORITY

VCLF 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, VCLF was required to contribute \$231,500 in equity which is indicated on the Statement of Activities as a Net Asset Transfer from Unrestricted to Permanently Restricted Net Assets. The Net Asset Transfer was comprised of three performing loans with cumulative balances of \$230,337 and \$1,163 in cash.

As of December 31, 2015, the permanently restricted net assets in the EDA were \$935,075 and \$931,112 at December 31, 2014.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 19 NEXT GENERATION FUND

The Next Generation Fund (NGF) was created by the Vermont Community Loan 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 child care borrowers, through low interest rate bearing investments, permanent capital grants and capacity building grants. VCLF contributed \$250,000 unrestricted equity to the NGF, and it has attracted two investments to date including the Office of the Treasurer State of Vermont and the Vermont Community Foundation.

As of December 31, 2015, the unrestricted net assets in the NGF were \$219,363 and \$238,315 at December 31, 2014.

NOTE 20 FOOD, FARMS & FOREST FUND

The Food, Farms & Forest Fund (FFF) was created by the Vermont Community Loan 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. The FFF has attracted several investors to date including the Vermont Community Foundation. To date no food, farm, and forest programs have been funded by the FFF Fund.

As of December 31, 2015, the unrestricted net assets in the FFF were \$0.

NOTE 21 BARRE AREA REVOLVING LOAN FUND

VCLF 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. VCLF charged 8% of deposited funds to establish a segregated loan fund to manage the BRLF. Annually, VCLF will charge 1% asset management fee to fund operations of the BRLF. VCLF will retain the interest from loans and cash on deposit.

As of December 31, 2015, the temporarily restricted net assets were \$236,082.

NOTE 22 VERMONT NONPROFIT SHARED SERVICES NETWORK

The Vermont Community Loan Fund entered into a fiscal sponsor relationship with the Vermont Nonprofit Shared Services (Shared Services) Network on February 11, 2015.

Shared Services received a \$30,000 grant and entered into a contract with two consultants to develop a business plan for a new Vermont Nonprofit Shared Services Network. The Network would permit Vermont-based nonprofits to pool resources in order to enhance sustainability and encourage innovation in the nonprofit sector. A shared services network could provide Vermont's nonprofits economies of scale and could facilitate sharing "back office" functions, thereby enabling nonprofits to focus on programmatic concerns and would improve the quality of service delivery for those nonprofits and lead to healthier communities.

Vermont Community Loan Fund, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 22 VERMONT NONPROFIT SHARED SERVICES NETWORK (continued)

The original sponsorship ended December 31, 2015, however this was extended to January 31, 2016 to complete the project.

As of December 31, 2015, the temporary restricted net assets were \$4,110 and will be utilized in 2016.

NOTE 23 SUBSEQUENT EVENTS

In accordance with accounting standards, the Fund has evaluated subsequent events through March 30, 2016, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2015, have been incorporated into these basic financial statements herein.

SUPPLEMENTARY INFORMATION

VERMONT COMMUNITY LOAN FUND, INC. AND SUBSIDIARIES
 COMBINING SCHEDULE OF FINANCIAL POSITION
 December 31, 2015

ASSETS	Operating Fund	Shared Services	Building Bright Futures Fund	GMP CVPS RDF/CHP Fund	VECA Fund	Unrestricted Fund	Agri Tourism Fund	Intermediary Relending Program 29 Fund	Intermediary Relending Program 30 Fund	SBA Fund
Current Assets:										
Cash and Cash Equivalents	\$ 717,321	\$ 4,110	\$ -	\$ 227,326	\$ 118,529	\$ 795,757	\$ 226,932	\$ 1,146,486	\$ 244,808	\$ 709,883
Investments	-	-	-	-	-	2,457,187	-	-	-	-
Other Receivables-Current Portion	28,149	-	-	-	-	786,840	-	-	-	-
Loans Receivable - Current Portion	-	-	-	-	-	5,233,479	12,215	814,971	193,078	121,018
Equipment Lease - Current Portion	-	-	-	-	-	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-	88,183	487	19,993	8,206	1,852
Prepaid Expenses	9,966	-	-	-	827	-	-	-	-	-
Due from Other Programs	122,493	-	-	-	-	4,293	-	177,038	-	-
Total Current Assets	<u>877,929</u>	<u>4,110</u>	<u>-</u>	<u>227,326</u>	<u>119,356</u>	<u>9,365,739</u>	<u>239,634</u>	<u>2,158,488</u>	<u>446,092</u>	<u>832,753</u>
Noncurrent Assets:										
Loans Receivable - Long-Term Portion	-	-	-	140,000	-	16,673,620	190,984	2,737,917	648,652	406,566
Equipment Lease - Long-Term Portion	-	-	-	-	-	-	-	-	-	-
Reserve for Loan Losses	-	-	-	-	-	(1,332,657)	(8,474)	(273,260)	(29,198)	(26,715)
Net Property, Plant and Equipment	4,720	-	-	-	492	-	-	-	-	-
Total Noncurrent Assets	<u>4,720</u>	<u>-</u>	<u>-</u>	<u>140,000</u>	<u>492</u>	<u>15,340,963</u>	<u>182,510</u>	<u>2,464,657</u>	<u>619,454</u>	<u>379,851</u>
TOTAL ASSETS	<u>\$ 882,649</u>	<u>\$ 4,110</u>	<u>\$ -</u>	<u>\$ 367,326</u>	<u>\$ 119,848</u>	<u>\$ 24,706,702</u>	<u>\$ 422,144</u>	<u>\$ 4,623,145</u>	<u>\$ 1,065,546</u>	<u>\$ 1,212,604</u>
<u>LIABILITIES AND NET ASSETS</u>										
Current Liabilities:										
Accounts Payable	\$ 18,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	49,538	-	-	-	5,504	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	154,099	-	19,535	2,894	225
Due to Other Programs	-	-	-	-	15,140	-	620	-	192,906	40,287
Loans Payable - Current Portion	-	-	-	-	-	5,593,268	-	203,145	-	168,590
Total Current Liabilities	<u>68,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,644</u>	<u>5,747,367</u>	<u>620</u>	<u>222,680</u>	<u>195,800</u>	<u>209,102</u>
Noncurrent Liabilities:										
Loans Payable - Long-Term	-	-	-	-	-	13,188,073	-	3,953,321	647,750	816,394
Total Liabilities	<u>68,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,644</u>	<u>18,935,440</u>	<u>620</u>	<u>4,176,001</u>	<u>843,550</u>	<u>1,025,496</u>
Net Assets:										
Unrestricted	814,266	-	-	-	-	5,618,355	(7,668)	447,144	221,996	187,108
Temporarily Restricted	-	4,110	-	367,326	99,204	-	-	-	-	-
Permanently Restricted	-	-	-	-	-	152,907	429,192	-	-	-
Total Net Assets	<u>814,266</u>	<u>4,110</u>	<u>-</u>	<u>367,326</u>	<u>99,204</u>	<u>5,771,262</u>	<u>421,524</u>	<u>447,144</u>	<u>221,996</u>	<u>187,108</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 882,649</u>	<u>\$ 4,110</u>	<u>\$ -</u>	<u>\$ 367,326</u>	<u>\$ 119,848</u>	<u>\$ 24,706,702</u>	<u>\$ 422,144</u>	<u>\$ 4,623,145</u>	<u>\$ 1,065,546</u>	<u>\$ 1,212,604</u>

VERMONT COMMUNITY LOAN FUND, INC. AND SUBSIDIARIES
 COMBINING SCHEDULE OF FINANCIAL POSITION
 December 31, 2015

Schedule 1

<u>ASSETS</u>	<u>EDA Fund</u>	<u>Equipment Access Program Fund</u>	<u>Barre Revolving Loan Fund</u>	<u>Food, Farms, and Forest Fund</u>	<u>Next Generation Fund</u>	<u>Elimination</u>	<u>Total</u>
Current Assets:							
Cash and Cash Equivalents	\$ 618,516	\$ 119,479	\$ 203,077	\$ 376,026	\$ 189,999	\$ -	\$ 5,698,249
Investments	-	-	-	-	-	-	2,457,187
Other Receivables-Current Portion	-	-	-	-	-	-	814,989
Loans Receivable - Current Portion	83,863	-	4,309	-	183,794	-	6,646,727
Equipment Lease - Current Portion	-	7,174	-	-	-	-	7,174
Accrued Interest Receivable	897	-	59	-	15,040	-	134,717
Prepaid Expenses	-	-	-	-	-	-	10,793
Due from Other Programs	-	-	-	93	-	(303,917)	-
Total Current Assets	<u>703,276</u>	<u>126,653</u>	<u>207,445</u>	<u>376,119</u>	<u>388,833</u>	<u>(303,917)</u>	<u>15,769,836</u>
Noncurrent Assets:							
Loans Receivable - Long-Term Portion	281,740	-	29,334	-	617,463	-	21,726,276
Equipment Lease - Long-Term Portion	-	25,862	-	-	-	-	25,862
Reserve for Loan Losses	(73,279)	(1,321)	(3,364)	-	(30,637)	-	(1,778,905)
Net Property, Plant and Equipment	-	-	-	-	-	-	5,212
Total Noncurrent Assets	<u>208,461</u>	<u>24,541</u>	<u>25,970</u>	<u>-</u>	<u>586,826</u>	<u>-</u>	<u>19,978,445</u>
TOTAL ASSETS	<u>\$ 911,737</u>	<u>\$ 151,194</u>	<u>\$ 233,415</u>	<u>\$ 376,119</u>	<u>\$ 975,659</u>	<u>\$ (303,917)</u>	<u>\$ 35,748,281</u>
<u>LIABILITIES AND NET ASSETS</u>							
Current Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,845
Accrued Liabilities	185	-	-	-	-	-	55,227
Accrued Interest Payable	-	-	-	442	1,891	-	179,086
Due to Other Programs	49,756	105	698	-	4,405	(303,917)	-
Loans Payable - Current Portion	-	-	-	-	500,000	-	6,465,003
Total Current Liabilities	<u>49,941</u>	<u>105</u>	<u>698</u>	<u>442</u>	<u>506,296</u>	<u>(303,917)</u>	<u>6,718,161</u>
Noncurrent Liabilities:							
Loans Payable - Long-Term	-	-	-	375,677	250,000	-	19,231,215
Total Liabilities	<u>49,941</u>	<u>105</u>	<u>698</u>	<u>376,119</u>	<u>756,296</u>	<u>(303,917)</u>	<u>25,949,376</u>
Net Assets:							
Unrestricted	(73,279)	(1,322)	(3,365)	-	219,363	-	7,422,598
Temporarily Restricted	-	152,411	236,082	-	-	-	859,133
Permanently Restricted	935,075	-	-	-	-	-	1,517,174
Total Net Assets	<u>861,796</u>	<u>151,089</u>	<u>232,717</u>	<u>-</u>	<u>219,363</u>	<u>-</u>	<u>9,798,905</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 911,737</u>	<u>\$ 151,194</u>	<u>\$ 233,415</u>	<u>\$ 376,119</u>	<u>\$ 975,659</u>	<u>\$ (303,917)</u>	<u>\$ 35,748,281</u>

VERMONT COMMUNITY LOAN FUND, INC. AND SUBSIDIARIES
COMBINING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2015

	Operating Fund	Shared Services	Building Bright Futures Fund	GMP CVPS RDF/CHP Fund	VECA Fund	Unrestricted Fund	Agri Tourism Fund	Intermediary Relending Program 29 Fund	Intermediary Relending Program 30 Fund
Changes in Unrestricted Net Assets:									
Revenue and Support:									
Contributions	\$ 113,903	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	249,690	-	-	-	-	1,101,405	-	-	-
Financing Charges	73,640	-	-	-	-	-	-	-	-
Loan Interest	-	-	-	-	-	1,219,064	8,297	244,467	21,454
Net Investment Income	400	-	17	-	-	37,530	-	1,890	814
Other Income	61,545	-	-	-	-	168,297	-	19,819	-
Net Assets Released from Restrictions	-	25,890	53,280	7,623	204,091	4,000	-	-	-
Total Unrestricted Revenue and Support	499,178	25,890	53,297	7,623	204,091	2,530,296	8,297	266,176	22,268
Expenses:									
Program Services	1,087,812	25,890	53,280	7,623	204,091	644,312	(71)	73,133	32,092
Management and General	369,831	-	-	-	-	-	-	-	-
Fundraising	84,747	-	-	-	-	-	-	-	-
Total Expenses	1,542,390	25,890	53,280	7,623	204,091	644,312	(71)	73,133	32,092
Change in Unrestricted Net Assets Before Transfers	(1,043,212)	-	17	-	-	1,885,984	8,368	193,043	(9,824)
Transfers	1,085,092	-	(17)	-	-	(1,093,585)	(8,297)	(203,645)	231,820
Change in Unrestricted Net Assets After Transfers	41,880	-	-	-	-	792,399	71	(10,602)	221,996
Unrestricted Net Assets - January 1, 2015	772,386	-	-	-	-	4,825,956	(7,739)	457,746	-
Unrestricted Net Assets - December 31, 2015	\$ 814,266	\$ -	\$ -	\$ -	\$ -	\$ 5,618,355	\$ (7,668)	\$ 447,144	\$ 221,996
Changes in Temporarily Restricted Net Assets:									
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 46,391	\$ -	\$ -	\$ -	\$ -
Grants	-	30,000	53,280	-	250,000	-	-	-	-
Net Investment Income	-	-	-	330	-	-	-	-	-
Lease Revenue	-	-	-	-	-	-	-	-	-
Net Assets Released from Restrictions	-	(25,890)	(53,280)	(7,623)	(204,091)	-	-	-	-
Change in Temporarily Restricted Net Assets	-	4,110	-	(7,293)	92,300	-	-	-	-
Temporarily Restricted Net Assets - January 1, 2015	-	-	-	374,619	6,904	-	-	-	-
Temporarily Restricted Net Assets - December 31, 2015	\$ -	\$ 4,110	\$ -	\$ 367,326	\$ 99,204	\$ -	\$ -	\$ -	\$ -
Changes in Permanently Restricted Net Assets:									
Net Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360	\$ -	\$ -
Net Loan Interest Income	-	-	-	-	-	-	-	-	-
Bad Debt Recovery Income	-	-	-	-	-	-	-	-	-
Change in Permanently Restricted Net Assets Before Transfers	-	-	-	-	-	-	360	-	-
Net Assets Released from Restrictions	-	-	-	-	-	(4,000)	-	-	-
Permanently Restricted Net Assets - January 1, 2015	-	-	-	-	-	156,907	428,832	-	-
Permanently Restricted Net Assets - December 31, 2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,907	\$ 429,192	\$ -	\$ -

VERMONT COMMUNITY LOAN FUND, INC. AND SUBSIDIARIES
 COMBINING SCHEDULE OF ACTIVITIES
 For the Year Ended December 31, 2015

Schedule 2

	SBA Fund	EDA Fund	Equipment Access Program Fund	Barre Revolving Loan Fund	Food, Farms, and Forest Fund	Next Generation Fund	Total
Changes in Unrestricted Net Assets:							
Revenue and Support:							
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,903
Grants	-	-	-	-	-	-	1,351,095
Financing Charges	-	-	-	-	-	-	73,640
Loan Interest	32,387	14,656	-	167	-	38,916	1,579,408
Net Investment Income	1,567	-	270	-	149	1,052	43,689
Other Income	-	-	-	-	-	-	249,661
Net Assets Released from Restrictions	-	-	23,970	21,163	-	-	340,017
Total Unrestricted Revenue and Support	<u>33,954</u>	<u>14,656</u>	<u>24,240</u>	<u>21,330</u>	<u>149</u>	<u>39,968</u>	<u>3,751,413</u>
Expenses:							
Program Services	9,438	51,579	25,292	24,528	619	25,263	2,264,881
Management and General	-	-	-	-	-	-	369,831
Fundraising	-	-	-	-	-	-	84,747
Total Expenses	<u>9,438</u>	<u>51,579</u>	<u>25,292</u>	<u>24,528</u>	<u>619</u>	<u>25,263</u>	<u>2,719,459</u>
Change in Unrestricted Net Assets Before Transfers	24,516	(36,923)	(1,052)	(3,198)	(470)	14,705	1,031,954
Transfers	<u>22,256</u>	<u>-</u>	<u>(270)</u>	<u>(167)</u>	<u>470</u>	<u>(33,657)</u>	<u>-</u>
Change in Unrestricted Net Assets After Transfers	46,772	(36,923)	(1,322)	(3,365)	-	(18,952)	1,031,954
Unrestricted Net Assets - January 1, 2015	<u>140,336</u>	<u>(36,356)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,315</u>	<u>6,390,644</u>
Unrestricted Net Assets - December 31, 2015	<u>\$ 187,108</u>	<u>\$ (73,279)</u>	<u>\$ (1,322)</u>	<u>\$ (3,365)</u>	<u>\$ -</u>	<u>\$ 219,363</u>	<u>\$ 7,422,598</u>
Changes in Temporarily Restricted Net Assets:							
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,391
Grants	-	-	-	257,245	-	-	590,525
Net Investment Income	-	-	-	-	-	-	330
Lease Revenue	-	-	1,930	-	-	-	1,930
Net Assets Released from Restrictions	-	-	(23,970)	(21,163)	-	-	(336,017)
Change in Temporarily Restricted Net Assets	-	-	(22,040)	236,082	-	-	303,159
Temporarily Restricted Net Assets - January 1, 2015	<u>-</u>	<u>-</u>	<u>174,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,974</u>
Temporarily Restricted Net Assets - December 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,411</u>	<u>\$ 236,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 859,133</u>
Changes in Permanently Restricted Net Assets:							
Net Investment Income	\$ -	\$ 1,368	\$ -	\$ -	\$ -	\$ -	\$ 1,728
Net Loan Interest Income	-	2,043	-	-	-	-	2,043
Bad Debt Recovery Income	-	552	-	-	-	-	552
Change in Permanently Restricted Net Assets Before Transfers	-	3,963	-	-	-	-	4,323
Net Assets Released from Restrictions	-	-	-	-	-	-	(4,000)
Permanently Restricted Net Assets - January 1, 2015	<u>-</u>	<u>931,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,516,851</u>
Permanently Restricted Net Assets - December 31, 2015	<u>\$ -</u>	<u>\$ 935,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,517,174</u>