



**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**

**(A Component Unit of the State of Vermont)**

**Financial Statements  
with Supplementary Information  
as of and for the Years Ended  
June 30, 2024 and 2023**

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

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## **Report on Management's Responsibility**

October 30, 2024

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

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

Berry Dunn McNeil & Parker, LLC, independent auditors, are retained to audit the Authority's basic financial statements. Their accompanying report is based on an audit conducted in accordance with U.S. generally accepted auditing standards ("U.S. GAAS") and *Government Auditing Standards*, which includes obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

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

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

Cassandra Polhemus, Chief Executive Officer

Thad Richardson, Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

The Members of the Authority  
Vermont Economic Development Authority  
(A Component Unit of the State of Vermont)

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Vermont Economic Development Authority ("VEDA" or the "Authority") a component unit of the State of Vermont, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

#### *Basis for Opinions*

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

#### *Management's Responsibility for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the supplementary combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
October 30, 2024  
Registration No: 92-0000278

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**Management's Discussion and Analysis**  
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***Dollar Amounts in Thousands***

**Introduction**

The Vermont Economic Development Authority ("VEDA" or the "Authority") is an instrumentality of the State of Vermont (the "State") whose purpose is to promote the economic development in Vermont by providing financial assistance to commercial and agricultural enterprises. VEDA serves a wide range of economic sectors including: manufacturing, agriculture, travel and tourism, technology and other services including not-for-profits.

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

The *Supplementary Information* includes combining financial statements for the Vermont Small Business Development Corporation and the Vermont 504 Corporation where certain funds are presented discretely.

**The Basic Financial Statements**

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

The ***Statement of Net Position*** presents information on the Authority's assets, liabilities and deferred inflows of resources with the difference between the three reported as Net Position (also referred to as capital or equity). This statement is presented as of the Authority's year end, June 30.

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

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

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**Change in Accounting Principle.** As disclosed in Note 2 to the basic financial statements in 2023, the Authority adopted new accounting guidance, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 101, *Compensated Absences*. The adoption of the statements and related guidance during the year ended June 30, 2023 did not have a material impact of the financial statements of Authority. The Authority did not adopt any new accounting guidance during the year ended June 30, 2024.

Net Position

Table 1 below compares the Net Position of VEDA for years ending 2022 - 2024:

Fiscal Years				<u>2022 to 2023</u>		<u>2023 to 2024</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Chg \$</u>	<u>Chg %</u>	<u>Chg \$</u>	<u>Chg %</u>
Cash and investments	\$ 49,545	\$ 51,355	\$ 65,692	\$ 1,810	4%	\$ 14,337	28%
Loans receivable	254,609	276,233	267,318	21,624	8%	(8,915)	(3)%
Allowance for loan losses	(3,873)	(4,245)	(4,167)	(372)	10%	78	(2)%
Capital assets	4,565	4,422	4,325	(143)	(3)%	(97)	(2)%
Accrued interest receivable	826	906	1,158	80	10%	252	28%
Other assets	<u>3,546</u>	<u>3,334</u>	<u>2,948</u>	<u>(212)</u>	<u>(6)%</u>	<u>(386)</u>	<u>(12)%</u>
Total assets	<u>309,218</u>	<u>332,005</u>	<u>337,274</u>	<u>22,787</u>	<u>7%</u>	<u>5,269</u>	<u>2%</u>
Commercial paper	89,000	88,000	87,500	(1,000)	(1)%	(500)	(1)%
Notes payable	137,644	128,159	128,861	(9,485)	(7)%	702	1%
Other liabilities	<u>9,344</u>	<u>33,067</u>	<u>25,396</u>	<u>23,723</u>	<u>254%</u>	<u>(7,671)</u>	<u>(23)%</u>
Total liabilities	<u>235,988</u>	<u>249,226</u>	<u>241,757</u>	<u>13,238</u>	<u>6%</u>	<u>(7,469)</u>	<u>(3)%</u>
Deferred inflows of resources - leases	<u>1,261</u>	<u>1,147</u>	<u>1,033</u>	<u>(114)</u>	<u>(9)%</u>	<u>(114)</u>	<u>(10)%</u>
Net position							
Restricted net position	29,056	25,365	28,907	(3,691)	(13)%	3,542	14%
Net investment in capital assets	4,565	4,422	4,325	(143)	(3)%	(97)	(2)%
Unrestricted net position	<u>38,348</u>	<u>51,845</u>	<u>61,252</u>	<u>13,497</u>	<u>35%</u>	<u>9,407</u>	<u>18%</u>
Total net position	<u>\$ 71,969</u>	<u>\$ 81,632</u>	<u>\$ 94,484</u>	<u>\$ 9,663</u>	<u>13%</u>	<u>\$ 12,852</u>	<u>16%</u>

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**Total assets** increased \$5,269 in 2024 compared to an increase of \$22,787 in 2023. The primary reason for the increase in 2024 was the \$14,337 increase in cash and investments offset by an \$8,915 decrease in loans receivable, driven by fewer originations and increased payoffs and paydowns during the year. The primary reason for the increase in total assets in 2023 was the \$21,624 increase in loans receivable.

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

**Capital assets.** In 2024, capital assets decreased by \$97. This is compared with a decrease of \$143 in 2023, as depreciation continues to outpace asset acquisitions.

**Accrued interest receivable.** Interest receivable increased \$252 in 2024 due primarily to portfolio growth and the higher interest rate environment. Accrued interest increased \$80 in 2023 due primarily to portfolio growth.

**Other assets** decreased \$386 in 2024 due primarily to a \$313 decrease in right-of-use assets. Other assets decreased \$212 in 2023 due primarily to a \$125 decrease in right-of-use assets and \$76 decrease in lease receivable.

**Total liabilities** decreased by \$7,469 in 2024 due primarily to the deferred revenue associated with the federal State Small Business Credit Initiative ("SSBCI") program and State of Vermont forgivable loan program, which totaled \$0 in 2024, compared with \$14,251 in 2023. This was offset by an increase to the State of Vermont forgivable loan program which totaled \$16,258 and \$9,167 in 2024 and 2023, respectively. Total liabilities increased \$13,238 in 2023 primarily to due to the deferred revenue associated with the federal State Small Business Credit Initiative ("SSBCI") program and State of Vermont forgivable loan program, which totaled \$9,167 and \$14,251, respectively, compared with \$0 in 2022. This was offset by a reduction in notes payable and commercial paper of \$9,485 and \$1,000, respectively.

**Deferred inflows of resources** decreased by \$114 in 2024 due to amortization of the lease liabilities. The deferred inflows of resources decreased in 2023 by \$114 due to amortization of the lease liabilities.

**Total net position** increased by \$12,852 in 2024, based on operating loss of \$396 and \$12,660 of non-operating revenue representing grant funding earned from funding loans in the SSBCI program. Net position increased \$9,663 in 2023, based on operating income of \$207 and \$10,065 of non-operating revenue representing grant funding earned from funding loans in the SSBCI program.

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**Revenues, Expenses and Changes in Net Position**

**Table 2** below shows the change in net position (results of operations) in each of the past three fiscal years and details the amount and percent of change from 2022 to 2023 and from 2023 to 2024:

**Table 2: Revenues, Expenses and Changes in Net Position**

<i>Fiscal Years</i>	<u>Years Ended June 30</u>			<u>2022 to 2023</u>		<u>2023 to 2024</u>	
	<u>Restated</u> <u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Chg \$</u>	<u>Chg %</u>	<u>Chg \$</u>	<u>Chg %</u>
<b>Operating Revenues</b>							
Cash and investment income	\$ 416	\$ 895	\$ 1,398	\$ 479	115%	\$ 503	56%
Net increase in fair value of investments	(2,056)	(446)	177	1,610	(78)%	623	(140)%
Loans receivable interest	11,099	14,669	15,921	3,570	32%	1,252	9%
Other revenues	<u>1,403</u>	<u>1,318</u>	<u>927</u>	<u>(85)</u>	<u>(6)%</u>	<u>(391)</u>	<u>12%</u>
Total operating revenues	10,862	16,436	18,423	5,574	51%	1,987	11%
<b>Operating Expenses</b>							
Commercial paper and notes payable interest	3,830	8,990	11,120	5,160	135%	2,130	24%
Provision for (recapture of) loan losses	(2,212)	92	68	2,304	(104)%	(24)	(26)%
Provisions for (recapture of) losses on insured loans	-	14	-	14	100%	(14)	100%
Staff salaries and benefits	5,527	5,662	5,931	135	2%	269	5%
Professional fees	246	432	304	186	76%	(128)	(30)%
Office and administrative	1,180	1,146	1,161	(34)	(3)%	15	1%
Depreciation	<u>233</u>	<u>236</u>	<u>235</u>	<u>3</u>	<u>1%</u>	<u>(1)</u>	<u>-%</u>
Total operating expenses	<u>8,804</u>	<u>16,572</u>	<u>18,819</u>	<u>7,768</u>	<u>88%</u>	<u>2,247</u>	<u>14%</u>
Operating income	2,058	(136)	(396)	(2,194)	(107)%	(260)	191%
Non-operating revenue (expense)	<u>2,855</u>	<u>9,799</u>	<u>13,248</u>	<u>6,944</u>	<u>243%</u>	<u>3,449</u>	<u>35%</u>
Change in net position	<u>\$ 4,913</u>	<u>\$ 9,663</u>	<u>\$ 12,852</u>	<u>\$ 4,750</u>	<u>97%</u>	<u>\$ 3,189</u>	<u>33%</u>

**Cash and investment income** increased \$503 in 2024 with the increase in market interest rates, following an increase of \$479 in 2023, which was due primarily to increasing rates throughout 2023.

**Net increase in fair value of investments** was \$177 in 2024 driven by the stabilization of interest rates impacting the bond funds held in the portfolio. Fair value decreased \$446 in 2023 due to rising interest rates and decreased \$2,056 in 2022, also due to rate movement.

**Loan receivable interest** increased by \$1,252, or 9%, in 2024 with the effect of higher interest rates through the year. Similarly, interest income also increased \$3,570, or 32%, in 2023 with the higher interest rate environment.

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**Other revenue** consists primarily of fees received from borrowers and fees for services to the State of Vermont and others. Income from issuance of tax-exempt bonds was \$0 in 2024, compared to \$65 and \$524 in 2023 and 2022 respectively. VEDA also earned \$89 and \$410 in grant processing fees in 2024 and 2023, respectively, from the State of Vermont associated with distributing CARES Act funds to Vermont businesses and farms.

**Interest expense**, which includes debt issuance costs, increased \$2,130, or 24%, in 2024 as rates remained elevated throughout the year. Interest expense was \$5,160, or 135%, higher in 2023 compared to 2022 as rates moved up rapidly during the year.

**Provision for loan losses** were \$68 in 2024, reflecting growth in the portfolio and the requirement of specific reserves on several loan relationships. The 2023 provision for loan losses were \$92, reflecting growth in the portfolio and the requirement of specific reserves on several loan relationships, following a recapture of \$2,212 in 2022. The 2022 recapture was primarily due to the removal of excess reserves allocated during the pandemic, which were not needed due to strong payment performance through 2023. More detailed information regarding loan loss provisions and the changes in the allowance for loan losses ("reserves") can be found in this section under the heading *Credit Risk Management* and in Note 4 to the basic financial statements.

**Provision for loss on insured loans** totaled \$0 in 2024 compared to \$14 in 2023. There were no such gains or losses in 2022. The gains and losses on insured loans are from the Vermont Capital Assets Program which is described in Note 1 to the basic financial statements.

**Staff salaries and benefits** increased \$269, or 5% in 2024 due to normal cost of living increases. Salary expenses increased \$135 in 2023, or 2%, due to normal cost of living increases.

**Professional fees** decreased \$128 in 2024 due primarily to the legal costs associated with establishing the SSBCI equity program. These costs are reimbursed by the program funding and reflected in other non-operating income.

**Office and administrative expenses** increased \$15 in 2024 primarily due to continued cost reduction associated with office space, as many staff continue to work in a hybrid model. 2023 total expenses decreased \$21 or 2%, for the same reasons.

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Cash Flows

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

**Table 3: Cash Flows**

Fiscal Years	Years Ended June 30			2022 to 2023		2023 to 2024	
	2022	2023	2024	Chg \$	Chg %	Chg \$	Chg %
Provided by principal payments received	\$ 82,306	\$ 46,977	\$ 40,418	\$ (35,329)	(43)%	\$ (6,559)	(14)%
Provided by interest payments received	11,461	14,610	15,747	3,149	27%	1,137	8%
Used for principal disbursed on loans	(48,462)	(68,322)	(45,835)	(19,860)	(41)%	22,487	33%
Used for all other operating activities	<u>(6,219)</u>	<u>(5,920)</u>	<u>(6,599)</u>	<u>299</u>	<u>5 %</u>	<u>(679)</u>	<u>(11)%</u>
Provided by (used for) operating activities	39,086	(12,655)	3,731	(51,741)	132%	16,386	(129)%
(Used for) provided by non-capital financing activities	(35,465)	15,426	8,656	50,891	(143)%	(6,770)	44%
(Used for) provided by investing activities	(3,615)	718	13	4,333	(120)%	(705)	98%
Used for capital and related financing activities	<u>(42)</u>	<u>(93)</u>	<u>(138)</u>	<u>(51)</u>	<u>121%</u>	<u>(45)</u>	<u>(48)%</u>
Net (decrease) increase in cash and cash equivalents	\$ <u>(36)</u>	\$ <u>3,396</u>	\$ <u>12,262</u>	\$ <u>3,432</u>	<u>(9,533)%</u>	\$ <u>8,866</u>	<u>(261)%</u>

**Table 3** shows that in 2024, operations provided net operating cash of \$3,731, as loan disbursements were supported with principal and interest payments received during the year. In 2023, operations used \$12,655 to fund growth in the loan portfolio. In 2024, non-capital financing activities provided \$8,656 of cash, primarily due to the SSBCI program funding received. In 2023, non-capital financing activities provided \$15,426 also consisting primarily of federal SSBCI program funding. In 2022, non-capital financing activities used \$35,465 of cash with repayment debt during the period. Investing activities provided \$13 of net cash in 2024 from income on the bond portfolio, offset by the use of cash to invest in SSBCI related venture capital funds. Investing activities provided net cash of \$718 in 2023 from income on the bond portfolio. Investing activities provided net cash of \$2,353 in 2022 as excess cash was deployed to repay higher interest debt. Capital and related financing activities used \$138 and \$93 in cash in 2024 and 2023 for capital purchases, respectively, primarily computer equipment and minor building repairs.

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**Table 4** details the specific and general reserves and the total reserves as a percentage of outstanding loans receivable balances at June 30, 2024, 2023 and 2022.

**Table 4: Reserves**

<u>Total for Years Ended</u>	<u>Total Loans receivable at June 30</u>	<u>Specific Reserves at June 30</u>	<u>General Reserves at June 30</u>	<u>Total Reserves at June 30</u>	<u>Reserves as a % of Total Loans Receivable</u>		
					<u>Specific</u>	<u>General</u>	<u>Total</u>
2024	\$ 267,318	\$ 1,643	\$ 2,524	\$ 4,167	0.61 %	0.94 %	1.55 %
2023	\$ 276,233	\$ 1,732	\$ 2,513	\$ 4,245	0.63 %	0.91 %	1.54 %
2022	\$ 254,609	\$ 1,393	\$ 2,480	\$ 3,873	0.55 %	0.97 %	1.51 %

The Authority's allowance for loan losses at June 30, 2024 totaled \$4,167, or 1.55% of outstanding loans receivable. This compares to an allowance of \$4,245, or 1.54%, and \$3,873, or 1.51% of outstanding loans receivable at the end of 2023 and 2022, respectively. Changes in the allowance are due to provisions for losses combined with loans that have been charged-off against the reserves (net of any recoveries).

**Table 5** below shows the ratio of loan loss provisions to average outstanding loans for the past three-year and ten-year average loan loss provisions as of June 30, 2024.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2022-2024</u>	<u>2015-2024</u>
Loan Loss Provision as a % of Average Outstanding Loans	-0.03%	-0.03%	-0.82%	-0.25%	0.12%

**Asset-Liability Management**

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

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

<u>2024</u>	<u>Within 3 months</u>	<u>3 Months to 1 Year</u>	<u>1 Year to 5 Years</u>	<u>5 Years to 25 Years</u>	<u>Total</u>
Loans receivable, net of allowance	\$ <u>88,132</u>	\$ <u>16,375</u>	\$ <u>129,925</u>	\$ <u>32,886</u>	\$ <u>267,318</u>
Commercial paper	87,500	-	-	-	87,500
Notes payable	13,118	36,355	66,265	13,123	128,861
Other liability - State of Vermont	-	-	-	5,500	5,500
Total funding liabilities	<u>100,618</u>	<u>36,355</u>	<u>66,265</u>	<u>18,623</u>	<u>221,861</u>
Loan & funding liability repricing (gap) excess	<u>\$ (12,486)</u>	<u>\$ (19,980)</u>	<u>\$ 63,660</u>	<u>\$ 14,263</u>	<u>\$ 45,457</u>
<u>2023</u>	<u>Within 3 months</u>	<u>3 Months to 1 Year</u>	<u>1 Year to 5 Years</u>	<u>5 Years to 25 Years</u>	<u>Total</u>
Loans receivable, net of allowance	<u>92,929</u>	<u>14,221</u>	<u>133,463</u>	<u>35,620</u>	<u>276,233</u>
Commercial paper	88,000	-	-	-	88,000
Notes payable	14,626	26,376	79,338	7,819	128,159
Other liability - State of Vermont	-	-	-	5,500	5,500
Total funding liabilities	<u>102,626</u>	<u>26,376</u>	<u>79,338</u>	<u>13,319</u>	<u>221,659</u>
Loan & funding liability repricing (gap) excess	<u>\$ (9,697)</u>	<u>\$ (12,155)</u>	<u>\$ 54,125</u>	<u>\$ 22,301</u>	<u>\$ 54,574</u>

VEDA reports a cumulative one-year negative repricing gap totaling \$32,466 and \$21,852 at June 30, 2024 and 2023, respectively, indicating that liabilities will reprice faster than loans assuming all other factors remain constant. There is a positive pricing gap of \$63,660 and \$54,125 through five years as of June 30, 2024 and 2023, respectively. The primary changes between 2024 and 2023 were:

- The forgivable loan program administered for the State of Vermont carried a balance of \$14,144 in 2003, and \$0 in 2024, as all loans were forgiven. These were short-term loans, and not offset by funding liabilities, causing the repricing gap to appear lower in 2023.
- The CoBank operating line of credit principal balance was reduced by \$7,600, offset by the shift of \$20,000 in notes payable from the 1-5 year category to the 3 months to 1 year category as the note moves closer to maturity in February 2025.

**Liquidity Risk**

Liquidity risk is the risk that a company or bank may be unable to meet short term financial demands. The Authority maintains adequate availability on its line of credit with CoBank, ACB and TD Bank (Note 6) to provide liquidity for funding its day-to-day lending operations.

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Another form of liquidity risk is “refunding risk.” Refunding Risk is the risk that when debt reaches maturity, it cannot be refunded with the issuance of new debt under reasonable rates and terms. The credit support provided by letters of credit for VEDA’s commercial paper (Note 5) and the credit support of the State through its moral obligation (“MO”) pledge provide the Authority with access to capital rates and terms it could not otherwise obtain. At June 30, 2024 and 2023, the Authority had \$181,000 of State MO pledged for credit support VEDA debt (Note 12).

Capital Adequacy

**Table 7** below details the Authority’s net position as a percentage of total assets at June 30, 2024, 2023 and 2022. The Authority must maintain strong net position levels relative to total assets to enable it to borrow at favorable terms in the capital markets. VEDA’s capital continues to be strong, allowing for continued future growth and support of the Vermont economy.

	Vermont Jobs Fund ("VJF")	Vermont Agricultural Credit Corporation ("VACC")	Vermont Small Business Development Corporation ("VSBDC")	Vermont 504 Corporation ("VT504")	<u>VEDA</u>
2024	31%	15%	31%	51%	28%
2023	27%	14%	82%	49%	25%
2022	27%	13%	22%	33%	23%

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

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
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**Statement of Net Position as of June 30, 2024**

<i>Dollar Amounts in Thousands</i>	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp	Vermont 504 Corporation	VEDA Combined Total
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents					
Unrestricted	\$ 2,354	\$ 1,980	\$ 2,533	\$ 2,008	\$ 8,875
Restricted	<u>26,974</u>	<u>250</u>	<u>-</u>	<u>47</u>	<u>27,271</u>
Total cash and cash equivalents	29,328	2,230	2,533	2,055	36,146
Loans receivable	16,248	5,837	2,571	868	25,524
Accrued interest receivable	748	285	103	22	1,158
Lease receivable	104	-	-	-	104
Other assets	<u>672</u>	<u>298</u>	<u>5</u>	<u>2</u>	<u>977</u>
Total current assets	<u>47,100</u>	<u>8,650</u>	<u>5,212</u>	<u>2,947</u>	<u>63,909</u>
<b>Investments</b>					
Unrestricted	7,501	-	-	-	7,501
Restricted	<u>21,163</u>	<u>882</u>	<u>-</u>	<u>-</u>	<u>22,045</u>
Total investments	28,664	882	-	-	29,546
Loans receivable, less current portion	128,996	72,627	31,858	8,313	241,794
Less allowance for loan losses	<u>(2,010)</u>	<u>(1,008)</u>	<u>(967)</u>	<u>(182)</u>	<u>(4,167)</u>
Loans receivable, less current portion, net of allowance for loan losses	<u>126,986</u>	<u>71,619</u>	<u>30,891</u>	<u>8,131</u>	<u>237,627</u>
Lease receivable, less current portion, net of amortization	1,062	-	-	-	1,062
Right of use assets, net of amortization	805	-	-	-	805
Capital assets, net of accumulated depreciation	<u>4,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,325</u>
Total assets	<u>\$ 208,942</u>	<u>\$ 81,151</u>	<u>\$ 36,103</u>	<u>\$ 11,078</u>	<u>\$ 337,274</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Commercial paper	\$ 87,500	\$ -	\$ -	\$ -	\$ 87,500
Notes payable	17,000	-	318	156	17,474
Escrow and reserve accounts	1,002	250	-	-	1,252
Deferred revenue - federal program	16,258	-	-	-	16,258
Accounts payable and accrued expenses	1,148	89	-	-	1,237
Interfund accounts (receivable) payable	(3,035)	2,856	139	40	-
Accrued interest payable	238	-	34	21	293
Lease liabilities	<u>83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83</u>
Total current liabilities	120,194	3,195	491	217	124,097
Notes payable, less current portion	100,000	-	6,333	5,054	111,387
Interfund notes (receivable) payable	(83,818)	65,537	18,115	166	-
Lease liabilities, less current portion	773	-	-	-	773
Other liability - State of Vermont	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total liabilities	<u>\$ 142,649</u>	<u>\$ 68,732</u>	<u>\$ 24,939</u>	<u>\$ 5,437</u>	<u>\$ 241,757</u>
<b>Deferred inflows of resources</b>					
Leases	<u>\$ 1,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,033</u>
<b>Restricted net position</b>					
For collateral reserves	\$ 17,331	\$ -	\$ -	\$ -	\$ 17,331
For Vermont seed capital fund	6,471	-	-	-	6,471
For SSBCI equity investments	3,470	-	-	-	3,470
For CP repayment accounts	459	-	-	-	459
For investment in Cobank	-	882	-	-	882
Community Advantage cash reserve	-	-	-	47	47
For VEDA capital access program	<u>247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247</u>
Total restricted net position	27,978	882	-	47	28,907
Net investment in capital assets	4,325	-	-	-	4,325
Unrestricted net position	<u>32,957</u>	<u>11,537</u>	<u>11,164</u>	<u>5,594</u>	<u>61,252</u>
Total net position	<u>\$ 65,260</u>	<u>\$ 12,419</u>	<u>\$ 11,164</u>	<u>\$ 5,641</u>	<u>\$ 94,484</u>

The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Statement of Net Position as of June 30, 2023**

<i>Dollar Amounts in Thousands</i>	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp	Vermont 504 Corporation	VEDA Combined Total
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents					
Unrestricted	\$ 1,942	\$ 550	\$ 2,162	\$ 1,771	\$ 6,425
Restricted	<u>17,164</u>	<u>250</u>	<u>-</u>	<u>45</u>	<u>17,459</u>
Total cash and cash equivalents	19,106	800	2,162	1,816	23,884
Loans receivable	21,779	5,450	2,477	881	30,587
Accrued interest receivable	603	215	72	16	906
Lease receivable	101	-	-	-	101
Other assets	<u>695</u>	<u>254</u>	<u>-</u>	<u>-</u>	<u>949</u>
Total current assets	<u>42,284</u>	<u>6,719</u>	<u>4,711</u>	<u>2,713</u>	<u>56,427</u>
<b>Investments</b>					
Unrestricted	7,007	-	-	-	7,007
Restricted	<u>19,557</u>	<u>907</u>	<u>-</u>	<u>-</u>	<u>20,464</u>
Total investments	26,564	907	-	-	27,471
Loans receivable, less current portion	139,255	71,206	27,176	8,009	245,646
Less allowance for loan losses	<u>(2,082)</u>	<u>(1,235)</u>	<u>(775)</u>	<u>(153)</u>	<u>(4,245)</u>
Loans receivable, less current portion, net of allowance for loan losses	<u>137,173</u>	<u>69,971</u>	<u>26,401</u>	<u>7,856</u>	<u>241,401</u>
Lease receivable, less current portion, net of amortization	1,166	-	-	-	1,166
Right of use assets, net of amortization	1,118	-	-	-	1,118
Capital assets, net of accumulated depreciation	<u>4,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,422</u>
Total assets	<u>\$ 212,727</u>	<u>\$ 77,597</u>	<u>\$ 31,112</u>	<u>\$ 10,569</u>	<u>\$ 332,005</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Commercial paper	\$ 88,000	\$ -	\$ -	\$ -	\$ 88,000
Notes payable	40,500	-	347	154	41,001
Escrow and reserve accounts	775	250	-	-	1,025
Deferred revenue - federal program	23,418	-	-	-	23,418
Accounts payable and accrued expenses	1,186	80	-	-	1,266
Interfund accounts (receivable) payable	(1,662)	1,307	334	21	-
Accrued interest payable	615	-	30	22	667
Lease liabilities	<u>99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>
Total current liabilities	152,931	1,637	711	197	155,476
Notes payable, less current portion	77,000	-	5,664	4,494	87,158
Interfund notes (receivable) payable	(82,068)	65,337	16,065	666	-
Lease liabilities, less current portion	1,092	-	-	-	1,092
Other liability - State of Vermont	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total liabilities	<u>\$ 154,455</u>	<u>\$ 66,974</u>	<u>\$ 22,440</u>	<u>\$ 5,357</u>	<u>\$ 249,226</u>
<b>Deferred inflows of resources</b>					
Leases	<u>\$ 1,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,147</u>
<b>Restricted net position</b>					
For collateral reserves	\$ 16,739	\$ -	\$ -	\$ -	\$ 16,739
For Vermont seed capital fund	5,921	-	-	-	5,921
For SSBCI equity investments	1,095	-	-	-	1,095
For CP repayment accounts	436	-	-	-	436
For investment in Cobank	-	907	-	-	907
Community Advantage cash reserve	-	-	-	45	45
For VEDA Capital Access Program	<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222</u>
Total restricted net position	24,413	907	-	45	25,365
Net investment in capital assets	4,422	-	-	-	4,422
Unrestricted net position	<u>28,290</u>	<u>9,716</u>	<u>8,672</u>	<u>5,167</u>	<u>51,845</u>
Total net position	<u>\$ 57,125</u>	<u>\$ 10,623</u>	<u>\$ 8,672</u>	<u>\$ 5,212</u>	<u>\$ 81,632</u>

The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Statement Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**

<i>Dollar Amounts in Thousands</i>	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp	Vermont 504 Corporation	VEDA Combined Total
Operating revenues					
Cash and investment revenue	\$ 1,164	\$ 49	\$ 105	\$ 80	\$ 1,398
Net increase in fair value investments	177	-	-	-	177
Loans receivable interest	9,166	4,471	1,812	472	15,921
Other revenues	696	73	70	88	927
Total operating revenues	11,203	4,593	1,987	640	18,423
Operating expenses					
Commercial paper and notes payable interest	10,934	76	64	46	11,120
Interfund interest (revenue) expense	(4,720)	3,737	966	17	-
Provision for (recapture of) loan losses	(92)	(12)	147	25	68
Staff salaries, expenses, and benefits	4,689	1,242	-	-	5,931
Professional fees	282	9	1	12	304
Office and administrative expenses	1,161	-	-	-	1,161
Interfund (revenue) expense allocation	(2,116)	1,339	578	199	-
Depreciation on capital assets	235	-	-	-	235
Total operating expenses	10,373	6,391	1,756	299	18,819
Operating income (loss)	830	(1,798)	231	341	(396)
Non-operating revenue (expense)					
Federal grant revenue earned	6,422	3,999	2,457	-	12,878
Non-operating revenue - gain on lease termination	35	-	-	-	35
Non-operating revenue - reclassification of reserves	(203)	-	-	-	(203)
Capital access program rebate expense	(12)	-	-	-	(12)
Interfund non-operating revenue (expense)	1,063	(405)	(196)	88	550
Total non-operating revenue	7,305	3,594	2,261	88	13,248
Net increase in net position	8,135	1,796	2,492	429	12,852
Net position at beginning of year	57,125	10,623	8,672	5,212	81,632
Net position at end of year	\$ 65,260	\$ 12,419	\$ 11,164	\$ 5,641	\$ 94,484

The accompanying notes are an integral part of these financial statements.

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**For the Year Ended June 30, 2023**

<i>Dollar Amounts in Thousands</i>	Vermont Jobs Fund	Vermont Agricultural Credit Corp.	Vermont Small Business Develop. Corp	Vermont 504 Corporation	VEDA Combined Total
Operating revenues					
Cash and investment revenue	\$ 817	\$ 14	\$ 36	\$ 28	\$ 895
Net decrease in fair value investments	(446)	-	-	-	(446)
Loans receivable interest	8,332	4,387	1,507	443	14,669
Other revenues	<u>1,088</u>	<u>49</u>	<u>88</u>	<u>93</u>	<u>1,318</u>
Total operating revenues	<u>9,791</u>	<u>4,450</u>	<u>1,631</u>	<u>564</u>	<u>16,436</u>
Operating expenses					
Commercial paper and notes payable interest	8,808	73	62	47	8,990
Interfund interest (revenue) expense	(4,057)	3,207	772	78	-
Provision for (recapture of) of loan losses	40	(85)	130	7	92
Provision for loan losses on insured loans	14	-	-	-	14
Staff salaries, expenses, and benefits	4,371	1,291	-	-	5,662
Professional fees	422	10	-	-	432
Office and administrative expenses	1,146	-	-	-	1,146
Interfund (revenue) expense allocation	(2,109)	1,344	552	213	-
Depreciation on capital assets	<u>236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236</u>
Total operating expenses	<u>8,871</u>	<u>5,840</u>	<u>1,516</u>	<u>345</u>	<u>16,572</u>
Operating income (loss)	920	(1,390)	115	219	(136)
Non-operating revenue (expense)					
Federal grant revenue earned	6,936	757	2,410	-	10,103
Capital access program rebate expense	(39)	-	-	-	(39)
Interfund non-operating (expense) revenue	<u>(172)</u>	<u>(89)</u>	<u>(52)</u>	<u>48</u>	<u>(265)</u>
Total non-operating revenue	<u>6,725</u>	<u>668</u>	<u>2,358</u>	<u>48</u>	<u>9,799</u>
Net increase (decrease) in net position	7,645	(722)	2,473	267	9,663
Net position at beginning of year	<u>49,480</u>	<u>11,345</u>	<u>6,199</u>	<u>4,945</u>	<u>71,969</u>
Net position at end of year	<u>\$ 57,125</u>	<u>\$ 10,623</u>	<u>\$ 8,672</u>	<u>\$ 5,212</u>	<u>\$ 81,632</u>

The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
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**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

<i>Dollar Amounts in Thousands</i>	<u>Vermont Jobs Fund</u>	<u>Vermont Agricultural Credit Corp.</u>	<u>Vermont Small Business Develop. Corp</u>	<u>Vermont 504 Corporation</u>	<u>VEDA Combined Total</u>
<b>Cash flows from operating activities</b>					
Interest received on loans receivable	\$ 9,058	\$ 4,443	\$ 1,781	\$ 465	\$ 15,747
Other revenues received	607	73	70	88	838
Operating expenses paid other than interest	(5,408)	(1,076)	(779)	(197)	(7,460)
Receipts from VCAP participating banks	23	-	-	-	23
Principal received on loans receivable	20,655	14,635	3,766	1,362	40,418
Principal disbursed on loans receivable	<u>(18,991)</u>	<u>(16,700)</u>	<u>(8,496)</u>	<u>(1,648)</u>	<u>(45,835)</u>
Net cash provided by (used for) operating activities	<u>5,944</u>	<u>1,375</u>	<u>(3,658)</u>	<u>70</u>	<u>3,731</u>
<b>Cash flows from non-capital financing activities</b>					
Commercial paper and notes payable interest paid	(11,305)	(76)	(61)	(46)	(11,488)
Interfund notes payable interest received (paid)	4,720	(3,737)	(966)	(17)	-
Federal grant funds received	19,941	3,999	2,457	-	26,397
Interfund transfer of federal grant funds	(6,456)	-	-	-	(6,456)
Interfund non-operating revenue (expense)	513	(405)	(196)	88	-
Proceeds from issuance of commercial paper	965,500	-	-	-	965,500
Payments on maturing commercial paper	(966,000)	-	-	-	(966,000)
Proceeds (disbursed) received on interfund notes payable	(6,150)	3,800	2,350	-	-
Payments received (paid) on interfund notes payable	4,400	(3,600)	(300)	(500)	-
Proceeds from notes payable	5,000	8,300	995	711	15,006
Payments on notes payable	<u>(5,500)</u>	<u>(8,300)</u>	<u>(355)</u>	<u>(148)</u>	<u>(14,303)</u>
Net cash provided by (used for) non-capital financing activities	<u>4,663</u>	<u>(19)</u>	<u>3,924</u>	<u>88</u>	<u>8,656</u>
<b>Cash flows from investing activities</b>					
Redemption of sale of investments	1,000	25	-	-	1,025
Purchase of investments	(2,374)	-	-	-	(2,374)
Revenue received on cash investments	<u>1,127</u>	<u>49</u>	<u>105</u>	<u>81</u>	<u>1,362</u>
Net cash (used for) provided by investing activities	<u>(247)</u>	<u>74</u>	<u>105</u>	<u>81</u>	<u>13</u>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	<u>(138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138)</u>
Net increase in cash and cash equivalents	10,222	1,430	371	239	12,262
Cash and cash equivalents at beginning of year	<u>19,106</u>	<u>800</u>	<u>2,162</u>	<u>1,816</u>	<u>23,884</u>
Cash and cash equivalents at end of year	<u>\$ 29,328</u>	<u>\$ 2,230</u>	<u>\$ 2,533</u>	<u>\$ 2,055</u>	<u>\$ 36,146</u>

The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
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**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

<i>Dollar Amounts in Thousands</i>	<u>Vermont Jobs Fund</u>	<u>Vermont Agricultural Credit Corp.</u>	<u>Vermont Small Business Develop. Corp</u>	<u>Vermont 504 Corporation</u>	<u>VEDA Combined Total</u>
Reconciliation of operating income(loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 830	\$ (1,798)	\$ 231	\$ 341	\$ (396)
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities					
Interest revenue on investment activities	(1,164)	(49)	(105)	(80)	(1,398)
Net increase in fair value of investments	(177)	-	-	-	(177)
Interest expense	10,934	76	64	46	11,120
Interest (revenue) expense for interfund activities	(4,720)	3,737	966	17	-
Change in allowance for loan losses	(92)	(12)	147	25	68
Grant administration income	(89)	-	-	-	(89)
Depreciation expense	235	-	-	-	235
Change in assets and liabilities	-	-	-	-	-
Loans receivable	1,646	(1,808)	(4,775)	(294)	(5,231)
Allowance for loan losses	20	(215)	45	4	(146)
Accrued interest receivable	(108)	(70)	(31)	(6)	(215)
Other assets	23	(44)	(5)	(2)	(28)
Escrow and reserve accounts	24	-	-	-	24
Accounts payable and accrued expenses	(45)	9	-	-	(36)
Interfund accounts (receivable) payable	<u>(1,373)</u>	<u>1,549</u>	<u>(195)</u>	<u>19</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 5,944</u>	<u>\$ 1,375</u>	<u>\$ (3,658)</u>	<u>\$ 70</u>	<u>\$ 3,731</u>

The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

<i>Dollar Amounts in Thousands</i>	<u>Vermont Jobs Fund</u>	<u>Vermont Agricultural Credit Corp.</u>	<u>Vermont Small Business Develop. Corp</u>	<u>Vermont 504 Corporation</u>	<u>VEDA Combined Total</u>
<b>Cash flows from operating activities</b>					
Interest received on loans receivable	\$ 8,259	\$ 4,356	\$ 1,504	\$ 491	\$ 14,610
Other revenues received	1,088	49	88	93	1,318
Operating expenses paid other than interest	(517)	(3,332)	(376)	(3,071)	(7,296)
Receipts from VCAP participating banks	58	-	-	-	58
Principal received on loans receivable	24,601	13,096	4,200	5,080	46,977
Principal disbursed on loans receivable	<u>(48,727)</u>	<u>(9,638)</u>	<u>(8,214)</u>	<u>(1,743)</u>	<u>(68,322)</u>
Net cash (used for) provided by operating activities	(15,238)	4,531	(2,798)	850	(12,655)
<b>Cash flows from non-capital financing activities</b>					
Commercial paper and notes payable interest paid	(8,454)	(72)	(63)	(43)	(8,632)
Interfund notes payable interest received (paid)	4,057	(3,207)	(772)	(78)	-
Federal grant funds received	31,417	757	2,410	-	34,584
Interfund non-operating (expense) revenue	93	(89)	(52)	48	-
Proceeds from issuance of commercial paper	617,250	-	-	-	617,250
Payments on maturing commercial paper	(618,250)	-	-	-	(618,250)
Proceeds (disbursed) received on interfund notes payable	(3,200)	2,500	600	100	-
Payments received (paid) on interfund notes payable	11,278	(8,500)	(500)	(2,278)	-
Proceeds from notes payable	55,000	4,500	5	506	60,011
Payments on notes payable	(64,500)	(4,500)	(343)	(153)	(69,496)
Capital access program rebates paid	(27)	-	-	-	(27)
Payments to banks for losses on insured loans, net	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14)</u>
Net cash provided by (used for) non-capital financing activities	<u>24,650</u>	<u>(8,611)</u>	<u>1,285</u>	<u>(1,898)</u>	<u>15,426</u>
<b>Cash flows from investing activities</b>					
Redemption of sale of investments	882	-	-	-	882
Purchase of investments	(1,095)	-	-	-	(1,095)
Revenue received on cash investments	<u>855</u>	<u>14</u>	<u>35</u>	<u>27</u>	<u>931</u>
Net cash provided by investing activities	<u>642</u>	<u>14</u>	<u>35</u>	<u>27</u>	<u>718</u>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	<u>(93)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93)</u>
Net increase (decrease) in cash and cash equivalents	9,961	(4,066)	(1,478)	(1,021)	3,396
Cash and cash equivalents at beginning of year	<u>9,145</u>	<u>4,866</u>	<u>3,640</u>	<u>2,837</u>	<u>20,488</u>
Cash and cash equivalents at end of year	<u>\$ 19,106</u>	<u>\$ 800</u>	<u>\$ 2,162</u>	<u>\$ 1,816</u>	<u>\$ 23,884</u>

The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

<i>Dollar Amounts in Thousands</i>	<u>Vermont Jobs Fund</u>	<u>Vermont Agricultural Credit Corp.</u>	<u>Vermont Small Business Develop. Corp</u>	<u>Vermont 504 Corporation</u>	<u>VEDA Combined Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income	\$ 920	\$ (1,390)	\$ 115	\$ 219	\$ (136)
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:					
Interest revenue on investment activities	(817)	(14)	(36)	(28)	(895)
Net decrease in fair value of investments	446	-	-	-	446
Interest expense	8,808	73	62	47	8,990
Interest (revenue) expense for interfund activities	(4,057)	3,207	772	78	-
Provision of recapture of loan losses	40	(85)	130	7	92
Provision of recapture of loan losses on insured loans	14	-	-	-	14
Depreciation expense	236	-	-	-	236
Change in assets and liabilities					
Loans receivable	(24,393)	3,455	(4,026)	3,340	(21,624)
Allowance for loan losses	266	5	12	(4)	279
Accrued interest receivable	(144)	(25)	(3)	48	(124)
Other assets	31	(21)	-	-	10
Escrow and reserve accounts	57	-	-	-	57
Account payable and accrued expenses	25	(28)	3	-	-
Interfund accounts payable (receivable)	<u>3,330</u>	<u>(646)</u>	<u>173</u>	<u>(2,857)</u>	<u>-</u>
Net cash (used for) provided by operating activities	<u>\$ (15,238)</u>	<u>\$ 4,531</u>	<u>\$ (2,798)</u>	<u>\$ 850</u>	<u>\$ (12,655)</u>

The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Statements of Fiduciary Net Position**  
**As of June 30, 2024 and 2023**

<i>Dollar Amounts in Thousands</i>	2024 Custodial <u>Funds</u>	2023 Custodial <u>Funds</u>
<b>Current assets</b>		
Restricted cash and cash equivalents	\$ 24,864	\$ 25,059
Interest receivable	129	101
Other receivables	34	51
Loans receivables	<u>1,216</u>	<u>1,127</u>
Total current assets	26,243	26,338
Loans receivable, net current portion	<u>18,423</u>	<u>17,120</u>
Total assets	<u>\$ 44,666</u>	<u>\$ 43,458</u>
<b>Liabilities</b>		
Due to VEDA for administration fees	\$ <u>46</u>	\$ <u>59,102</u>
Total liabilities	<u>\$ 46</u>	<u>\$ 59,102</u>
<b>Restricted fiduciary net position</b>		
Drinking Water State Revolving Fund	\$ 37,560	\$ 36,445
Clean Energy Development Fund	977	998
State Infrastructure Bank	4,094	4,023
Brownfields Revolving Loan Fund	<u>1,989</u>	<u>1,932</u>
Total fiduciary net position restricted for other governments	<u>\$ 44,620</u>	<u>\$ 43,398</u>

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The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Statements of Changes in Fiduciary Net Position**  
**As of June 30, 2024 and 2023**

<i>Dollar Amounts in Thousands</i>	2024 Custodial <u>Funds</u>	2023 Custodial <u>Funds</u>
<b>Additions</b>		
Contributions for State of Vermont	\$ 100	\$ 84
Investment earnings	999	308
Interest income on notes receivable	<u>362</u>	<u>345</u>
Total additions	1,461	737
<b>Deductions</b>		
Administrative expense	132	115
Grant funds disbursed	57	427
Funds returned to State of Vermont	<u>50</u>	<u>426</u>
Total deductions	<u>239</u>	<u>968</u>
Net increase (decrease) in fiduciary net position	1,222	(231)
Fiduciary net position at beginning of year	<u>43,398</u>	<u>43,629</u>
Fiduciary net position at end of year	<u><u>\$ 44,620</u></u>	<u><u>\$ 43,398</u></u>

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The accompanying notes are an integral part of these financial statements.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**  
***Dollar Amounts in Thousands***

**(1) Authorizing Legislation and Programs**

**(a) Authorizing Legislation**

The Vermont Economic Development Authority (the “Authority” or “VEDA”) is a body corporate and politic and a public instrumentality of the State of Vermont (the “State”). It was created by the General Assembly in 1974. VEDA’s mission is to promote prosperity in the State by providing financial assistance to eligible businesses. VEDA funds a wide range of enterprises including: manufacturing; agriculture; travel and tourism; technology; renewable energy generation, efficiency and distribution; and other services including not-for-profits. The primary goal of VEDA programs is to provide eligible borrowers with access to capital at favorable interest rates. The Authority is reported as a component unit in the State’s financial statements and is generally exempt from federal income taxes.

The Authority is governed by a 15-member board (the “Board”). The Board is comprised of five State officials: Treasurer of the State; Secretary of the Agency of Commerce and Community Development; Secretary of Agriculture, Food and Markets; Commissioner of Forests, Parks and Recreation; and Commissioner of Public Service. The remaining 10 Board members are citizens of the State appointed by the Governor with the advice and consent of the Senate.

In accordance with the enabling legislation which created the Authority, the State of Vermont reserves the right, at its sole discretion, and at any time, to alter or change the structure, organization, programs or activities of the Authority. This enabling legislation includes the power to terminate the Authority, subject to any limitation on the impairment of contracts of the Authority. This enabling legislation is silent as to whether the State has any responsibility to fund deficits which the Authority may incur other than those deficits specifically described in these notes.

**(b) Programs of the Authority**

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

**Vermont Jobs Fund (“VJF”)**

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

**Loans to Development Corporations**

This program is established under Subchapter 3 of the VEDA statute. Under this program, the Authority provides loans to non-profit local development corporations. Allowable lending purposes include the purchase, construction and renovation of speculative buildings and small business incubator facilities, the purchase of land for industrial parks, and for industrial park planning and development. Subchapter 3 also provides the statutory authority for lending by the VJF to the VACC, VSBDC and the VT504 (“Interfund lending”; see Note 6).

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**  
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Industrial Development Bonds (“IDB”)

This program is established under Subchapter 4 of the VEDA statute. This program is designed to aid businesses and not-for-profit enterprises through the Authority’s issuance of tax-exempt bonds. Allowable financing purposes include the acquisition of land, buildings, machinery and equipment for use in an industrial facility or for a not-for-profit enterprise. Since 1988, the Authority has issued \$819,791 of these bonds; \$165,687 and \$163,006 remain outstanding at June 30, 2024 and 2023, respectively. The bonds are not general obligations of the State of Vermont or the Authority and do not constitute indebtedness or a charge against the general credit or taxing power of the State of Vermont or the Authority. In 2024, the Authority did not receive any fees for industrial development bond issuance, compared with a more active issuance environment, and fees totaling \$65 in 2023.

Direct Loans to Businesses

Loans in this group are established primarily under Subchapter 5 of the VEDA statute as well as Subchapter 12. Allowable lending purposes include the purchase of land; the purchase, construction and renovation of buildings; and the purchase and installation of machinery and equipment for use in an eligible facility or project.

Vermont Sustainable Energy Loan Fund

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

VEDA Capital Access Program (“VCAP”)

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

Vermont Agricultural Credit Corporation (“VACC”)

The Authority operates its agricultural loan programs through the VACC. The VACC derives its revenues primarily from interest on lending operations. The purpose of the VACC is to aid family farmers and agricultural facility operators by making available direct loans at favorable rates and terms.

Vermont Small Business Development Corporation (“VSBDC”)

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

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
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Vermont 504 Corporation ("VT504")

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

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

(c) Custodial Funds

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

(d) Discretely Presented Component Units

U.S. generally accepted accounting principles ("U.S. GAAP") require that the financial statements present the Authority and its component units. Component Units are entities that, although legally separate are either financially accountable to, or have relationships such that exclusion would cause the Authority's financial statements to be misleading or incomplete. By statute, the management and the Boards of Directors of the Authority's three corporations (VACC, VSBDC and VT504) also serve as the management and Board of the Authority. As such, the three not-for-profit corporations are included in these financial statements as discretely presented component units. Separate audited financial statements for component units are not available.

**(2) Summary of Significant Accounting Policies**

(a) Basis of Accounting

The Authority follows the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when incurred in accordance with U.S. GAAP.

(b) Cash and Cash Equivalents

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

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Notes to the Financial Statements**  
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(c) Restricted Cash and Cash Equivalents

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

(d) Investments

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

(e) Loans Receivable

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

(f) Allowance for Loan Losses

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

(g) Nonaccrual Loans

Loans where the accrual of interest has been discontinued are designated nonaccrual loans (Note 4). Loans are classified as nonaccrual when they become 90 days past due, unless they are adequately collateralized and in the process of collection. All interest accrued but not paid on nonaccrual loans is charged off against current period income. Interest income on nonaccrual loans is recognized only when collected and accrual of interest is resumed when collection of the total amount in arrears is received or the collectability of all future amounts due is determined to be probable.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
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**(h) Capital Assets**

VEDA's capital assets include real estate ("RE"), Leasehold Improvements ("LHI") and furniture, fixtures & equipment ("FF&E"). RE includes land and two buildings. LHI are capital improvements made to property leased from a third party (Note 8). FF&E includes office furniture and fixtures and office equipment including computer hardware and software where the cost exceeds one thousand dollars. All assets are stated at cost net of accumulated depreciation. The Authority depreciates capital assets (except land and land improvements) using the straight-line method over the estimated useful life of the asset. VEDA uses fifteen to forty years for RE and RE improvements; three to five years for computer related hardware and software; and up to 10 years for furniture and fixtures. LHI are depreciated over the life of the lease (Note 8). The charts below show the changes in capital assets and accumulated depreciation for the years ended June 30, 2024 and 2023:

	Beginning Capital Assets	Add New Capital Assets	Less Current Year Depreciation	Less Assets Retired	Ending Capital Assets
<b><u>2024</u></b>					
Real estate - Montpelier	\$ 6,206	\$ 50	\$ -	\$ -	\$ 6,256
Leasehold Improvements - Burlington	201	-	-	-	201
Accumulated depreciation - RE & LHI	(2,603)	-	(194)	-	(2,797)
Furniture, fixtures and equipment	1,748	89	-	-	1,837
Accumulated depreciation - FF&E	(1,630)	-	(42)	-	(1,672)
Developed land - Montpelier	500	-	-	-	500
Total capital assets, net	<u>\$ 4,422</u>	<u>\$ 139</u>	<u>\$ (236)</u>	<u>\$ -</u>	<u>\$ 4,325</u>
<b><u>2023</u></b>					
Real estate - Montpelier	\$ 6,173	\$ 33	\$ -	\$ -	\$ 6,206
Leasehold Improvements - Burlington	201	-	-	-	201
Accumulated depreciation - RE & LHI	(2,408)	-	(195)	-	(2,603)
Furniture, fixtures and equipment	1,688	60	-	-	1,748
Accumulated depreciation - FF&E	(1,589)	-	(41)	-	(1,630)
Developed land - Montpelier	500	-	-	-	500
Total capital assets, net	<u>\$ 4,565</u>	<u>\$ 93</u>	<u>\$ (236)</u>	<u>\$ -</u>	<u>\$ 4,422</u>

**(i) Restricted Net Position**

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

**(j) Operating Revenues and Expenses**

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

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of Vermont)**  
**Notes to the Financial Statements**  
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(k) Allocation of Expenses

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

(l) Interfund Non-Operating Transfers

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

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) Risks and Uncertainties

As a result of the COVID-19 pandemic, beginning in March 2020, the Authority moved to a remote working environment and has continued operating primarily in this capacity through June 30, 2024. The Authority has seen no adverse effects on operations from this transition and plans to continue in a hybrid environment going forward with employees both remote and in-office. To date, the loan portfolios have performed very well with no significant deterioration in credit quality; however much of this is due to federal support, and uncertainty remains surrounding the eventual emergence from the pandemic and long-term impact on economic conditions.

(o) Adoption of New Accounting Pronouncements

During the year ended June 30, 2023, the Authority adopted new accounting guidance, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The adoption of the statement did not have a material impact of the financial statements of Authority.

During the year ended June 30, 2023, the Authority adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of the statement did not have a material impact of the financial statements of Authority.

During the year ended June 30, 2023, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. The adoption of the statement did not have a material impact of the financial statements of the Authority.

The Authority did not adopt any new accounting guidance during the year ended June 30, 2024.

**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
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**(3) Cash Equivalents and Investments**

Custodial Risk

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

Cash Equivalents

The Authority's cash equivalents include collateralized deposits and money market accounts. Deposits are collateralized with securities held in trust in the name of the bank for the benefit of the Authority. The total money market accounts at June 30, 2024 and 2023 were \$6,569 and \$4,637, respectively. The balances were comprised of direct obligations of the U.S. Government. The money market funds are Level 1 investments. With the exception of \$6,109 and \$4,201 at June 30, 2024 and 2023, respectively, of money market funds held with the main investment portfolio, these funds are held by a single financial institution and collateralized with securities eligible under the Authority's Investment Policy and held in trust in the name of the bank for the benefit of VEDA. There were also cash and cash equivalents held in collateralized deposit accounts for the Custodial Funds totaling \$24,864 and \$25,059 at June 30, 2024 and 2023, respectively.

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

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

	<u>VJF</u>	<u>VACC</u>	<u>VSBCD</u>	<u>VT504</u>	<u>VEDA Total</u>	<u>Custodial Funds</u>
2024:						
Collateralized deposit accounts	\$ 22,759	\$ 2,230	\$ 2,533	\$ 2,055	\$ 29,577	\$ 24,864
Money market accounts	<u>6,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,569</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 29,328</u>	<u>\$ 2,230</u>	<u>\$ 2,533</u>	<u>\$ 2,055</u>	<u>\$ 36,146</u>	<u>\$ 24,864</u>
2023:						
Collateralized deposit accounts	\$ 14,470	\$ 800	\$ 2,162	\$ 1,816	\$ 19,248	\$ 25,059
Money market accounts	<u>4,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,636</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 19,106</u>	<u>\$ 800</u>	<u>\$ 2,162</u>	<u>\$ 1,816</u>	<u>\$ 23,884</u>	<u>\$ 25,059</u>

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Investments

The Authority's investments are described below:

Bond Mutual Funds

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

Exchange-Traded Funds ("ETF")

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

U.S. Treasury Securities

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

CoBank, ACB Stock

As part of its borrowing relationship with CoBank, ACB (Note 6), the VACC is required to own CoBank, ACB stock in amounts relative to the VACC's outstanding debt with CoBank, ACB, adjusted annually. The stock is held by CoBank, ACB in the name of the VACC and is considered a Level 3 investment as it is valued using unobservable inputs. At June 30, 2024 and 2023, the VACC owned \$882 and \$907 of CoBank, ACB stock, respectively.

Vermont Capital Partners, LP

In 2006, VEDA formed Vermont Capital Partners, LP ("VCP") and VEDA Capital Advisors, LLC, a limited liability company to act as General Partner of VCP. VEDA is the sole member of VEDA Capital Advisors, LLC and, acting as the General Partner, invested \$2,000 in VCP. There are four limited partners of VCP who have invested combined capital of \$2,750. The VCP partnership agreement specified that VCP invest 100% of its capital in Brook Ventures II, LP ("BVII"), a Massachusetts based mezzanine debt fund.

Consistent with the authorizing legislation, the primary purpose of VEDA's investment in VCP is "to create job opportunities and support economic development" with profit a secondary consideration. VCP is recorded at net asset value as a practical expedient and is therefore excluded from the fair value hierarchy. Net asset value may not be indicative of net realizable value or reflective of future fair value. The net asset value at both June 30, 2024 and 2023 was \$0. There are no unfunded commitments related to VCP.

The Authority will be reimbursed by VCP as General Partner pays ongoing expenses as needed. As of June 30, 2024 and 2023, the Authority had expended \$535 and \$530, respectively, of reimbursable costs and these costs are recorded in the *Statement of Net Position* under the caption "Other assets."

Vermont Seed Capital Fund, LP

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

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In 2010 through 2020, the Authority received State funds for investment in VSCF totaling \$4,178. In 2022, the Authority received \$1 from the State representing repayment of a loan through the Champlain Bridge Fund. There were no such funds received in 2023 or 2024. The authorizing legislation for the VSCF stated the primary purpose for the investment is “to increase the amount of investment capital provided to firms within the State of Vermont and to support job creation and preservation in the State of Vermont.” The authorizing legislation provides that any proceeds derived from VSCF be used by VEDA solely for reinvestment in the VSCF or another seed capital fund. Consequently, the investment is included under the captions “Restricted investments” and as a portion of “Restricted net position” on the *Statement of Net Position*. VSCF is recorded at net asset value as a practical expedient. Net asset value may not be indicative of net realizable value or reflective of future fair value and is therefore excluded from the fair value hierarchy. The net asset value of the Authority’s investment in VSCF at June 30, 2024 and 2023 was \$6,471 and \$5,922, respectively. The increase in net asset value is due to a net investment gain to the value of one portfolio company during the year. There are no unfunded commitments related to VSCF.

All investments as of June 30, 2024 and 2023 are shown in the chart below:

Fair Value Hierarchy	Investment By Type or By Issuer	Weighted Average Term(yrs)	At June 30, 2024		At June 30, 2023	
			Cost Basis	Fair Value ("FV")	Cost Basis	Fair Value ("FV")
Level 1:	Bond Market Index Fund	9.00	\$ 9,583	\$ 8,433	\$ 9,583	\$ 8,494
Level 1:	Corporate Bond Index Fund	3.00	9,645	9,310	9,645	9,116
Level 1:	US Treasury Bonds	0.75	1,004	979	2,006	1,937
Level 3:	CoBank, ACB Stock	n/a	882	882	907	907
Excluded	Vermont Seed Capital Fund, LP	n/a	4,178	6,472	4,178	5,922
Excluded	FreshTracks Green Mountain Fund	n/a	2,000	1,428	1,095	1,095
Excluded	Features Capital SSBCI Fund	n/a	1,042	1,042	-	-
Excluded	Green Mountain Accelerator Fund	n/a	1,000	1,000	-	-
Excluded	Vermont Capital Partners, LP	n/a	2,000	-	2,000	-
Total Investments			<u>\$ 31,334</u>	<u>\$ 29,546</u>	<u>\$ 29,414</u>	<u>\$ 27,471</u>

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Summary of Investment Policy

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

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

**Interest Rate Risk on Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Authority's Investment Policy seeks to minimize interest rate risk through a combination of diversification and duration. Duration is a measure of an investment's exposure to changes in fair value that could result from changes in interest rates (i.e. interest rate risk). Duration uses the present value of cash flows from an investment, weighted for the cash flows as a percentage of an investment's full price. The Authority's Asset Liability Management Committee has selected a diversification mix for its Level 1 marketable securities of approximately 80% in bond mutual funds and US Treasury investments with an average duration of less than five years and up to 20% in an ETF indexed to the Standard and Poor's 500 stock index.

**(4) Loans Receivable**

The outstanding balance of loans receivable by major program group as of June 30, 2024 and 2023, are detailed in the tables below.

In addition to loans receivable shown below, there were \$19,639 and \$18,247 of Custodial Fund loans outstanding at June 30, 2024 and 2023, respectively. These loans are represented on the *Statement of Fiduciary Net Position*.

**Nonaccrual Loans**

The outstanding balance of nonaccrual loans at June 30, 2024 and 2023 was \$15,664 and \$12,577, respectively. The allowance for loan losses specific to nonaccrual loans totaled \$1,643 and \$1,732 at June 30, 2024 and 2023, respectively. Total interest collected on nonaccrual loans in the years ended 2024 and 2023 was \$574 and \$1,899, respectively. Loans receivable by major program group as of June 30, 2024 and 2023 are shown in the chart below:

	VJF	VACC	VSBCDC	VT504	VEDA Total	As a % of Total
2024:						
Loans to development corporations	\$ 14,274	\$ -	\$ -	\$ -	\$ 14,274	5%
Direct loans to businesses	124,853	-	-	-	124,853	47%
Agricultural loans	5,239	78,464	-	-	83,703	31%
Small business loans	879	-	34,428	9,181	44,488	17%
Total loans receivable	<u>\$145,245</u>	<u>\$ 78,464</u>	<u>\$ 34,428</u>	<u>\$ 9,181</u>	<u>\$267,318</u>	<u>100%</u>
2023:						
Loans to development corporations	\$ 20,803	\$ -	\$ -	\$ -	\$ 20,803	8%
Direct loans to businesses	132,396	-	-	-	132,396	48%
Agricultural loans	6,848	76,656	-	-	83,504	30%
Small business loans	987	-	29,653	8,890	39,530	14%
Total loans receivable	<u>\$161,034</u>	<u>\$ 76,656</u>	<u>\$ 29,653</u>	<u>\$ 8,890</u>	<u>\$276,233</u>	<u>100%</u>

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Allowance for Loan Losses

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

Management establishes “Specific Reserves” for loans receivable where a loss is probable and establishes non-specific (i.e. “general”) allowances for unidentified future losses. General reserves are based on a review of historical loss experience on the various loan portfolios combined with management’s judgment of how those historical trends might relate to future loss experience.

The table below details the changes in the allowance for loan losses for 2024 and 2023:

	Beginning 2024 Allowance	Add (deduct) Loan Loss Provisions	Less Loan Write- offs	Add Loan Recoveries	Ending 2024 Allowance
2024:					
VJF	\$ 2,082	\$ (92)	\$ -	\$ 20	\$ 2,010
VACC	1,235	(12)	(215)	-	1,008
VSBCD	775	147	-	45	967
VT504	153	25	-	4	182
VEDA total	<u>\$ 4,245</u>	<u>\$ 68</u>	<u>\$ (215)</u>	<u>\$ 69</u>	<u>\$ 4,167</u>
	Beginning 2023 Allowance	Add (deduct) Loan Loss Provisions	Less Loan Write- offs	Add Loan Recoveries	Ending 2023 Allowance
2023:					
VJF	\$ 1,776	\$ 54	\$ -	\$ 252	\$ 2,082
VACC	1,315	(85)	-	5	1,235
VSBCD	633	130	-	12	775
VT504	149	7	(4)	1	153
VEDA total	<u>\$ 3,873</u>	<u>\$ 106</u>	<u>\$ (4)</u>	<u>\$ 270</u>	<u>\$ 4,245</u>

Loans Receivable Guaranteed by Federal Government

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

	VEDA Fund	At June 30 2023	At June 30 2024	Average Guarantee 2023	Average Guarantee 2024	Guarantee Range
USDA Department of Rural Development	VJF	\$ 5,832	\$ 5,595	77%	77%	67% - 80%
USDA Farm Service Agency, net of sold	VACC	29,775	24,864	91%	91%	80% - 95%
Small Business Administration	VT504	2,727	2,217	86%	86%	75% - 85%
Small Business Administration PPP	VT504	84	51	100%	100%	100%
Total guaranteed loan receivable balances		<u>\$ 38,418</u>	<u>\$ 32,727</u>	89%	89%	66% - 95%

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Loans Sold to Third Party

No loans were sold in 2024 or 2023. At June 30, 2024, and 2023, the VACC was servicing \$358 and \$409, respectively of loans receivable sold.

Interfund Loan Transfers

Loans receivable are periodically transferred from the VACC to the VJF to more effectively use the available collateral for borrowings. In both 2024 and 2023, no loans were transferred at book value from the VACC to the VJF. The total outstanding loans receivable transferred from the VACC to the VJF was \$5,239 and \$6,848 at June 30, 2024 and 2023, respectively.

**(5) Commercial Paper**

Since 1998, the Authority has issued commercial paper to fund a portion of its lending operations. From time to time throughout the year, the Authority issues taxable and tax-exempt commercial paper (“CP”) to fund new loans and to refund outstanding loans. The chart below shows the amounts and terms of commercial paper at June 30, 2024 and 2023:

	Issue Date	Maturity Date	Interest Rate	Amount Issued
Taxable commercial paper	06/17/2024	07/17/2024	5.42 %	\$ 85,000
Tax - exempt commercial paper	06/17/2024	07/17/2024	4.12	<u>2,500</u>
Total commercial paper outstanding				<u>\$ 87,500</u>
	Issue Date	Maturity Date	Interest Rate	Amount Issued
Taxable commercial paper	05/17/2023	08/14/2023	5.20 %	\$ 85,000
Tax - exempt commercial paper	05/17/2023	08/14/2023	3.40	<u>3,000</u>
Total commercial paper outstanding				<u>\$ 88,000</u>

The Authority issued taxable and non-taxable commercial paper in the amounts of \$85,000 and \$2,500 on August 15, 2024. The stated interest rate for the taxable and non-taxable CP is 5.35% and 4.05%, respectively. Both CP notes matured on September 12, 2024. The authority renewed the commercial paper in the same amounts through October 10, 2024 at 5.30% and 3.95% respectively.

Letter of Credit (“LC”)

The Authority utilizes a letter of credit (“LC”) to enhance the credit rating of the commercial paper it issues. The LC provider’s credit rating elevates VEDA’s CP to “A-1” and “P-1” as rated by Standard and Poor’s and Moody’s Investor Services, respectively. VEDA has an agreement with J.P. Morgan Chase Bank, National Association (“JPM”) to provide two LCs for the issuance of taxable and tax-exempt commercial paper. The LCs expire February 25, 2025. The combined letters of credit were paid in full as of June 30, 2023. The LCs are collateralized with \$8,000 in restricted investments (Note 3) and a moral obligation pledge of the State for \$82,500 (Note 12). Included under the caption “Interest on commercial paper and notes payable” on the *Statement of Revenues, Expenses and Changes in Net Position* of the VJF are fees related to the LC of \$780 and \$748 for 2024 and 2023, respectively.

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The changes in commercial paper due to new issued or refunded and matured commercial paper during 2024 and 2023 is shown in the charts below:

	<u>2024 Beginning Balance</u>	<u>Total CP Issued</u>	<u>Total CP Matured</u>	<u>2024 Ending Balance</u>
Taxable commercial paper	\$ 85,000	\$ 935,000	\$ (935,000)	\$ 85,000
Tax - exempt commercial paper	<u>3,000</u>	<u>30,000</u>	<u>(30,500)</u>	<u>2,500</u>
Total commercial paper	<u>\$ 88,000</u>	<u>\$ 965,000</u>	<u>\$ (965,500)</u>	<u>\$ 87,500</u>
	<u>2023 Beginning Balance</u>	<u>Total CP Issued</u>	<u>Total CP Matured</u>	<u>2023 Ending Balance</u>
Taxable commercial paper	\$ 85,000	\$ -	\$ -	\$ 85,000
Tax - exempt commercial paper	<u>4,000</u>	<u>-</u>	<u>(1,000)</u>	<u>3,000</u>
Total commercial paper	<u>\$ 89,000</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ 88,000</u>

**(6) Notes Payable and Interfund Notes Payable**

Notes Payable

The Authority's notes payable are described below:

TD Bank, NA ("TDB")

VEDA has four fixed rate notes with an aggregate outstanding balance of \$89,000 and \$93,000 at June 30, 2024 and 2023, respectively. These notes are collateralized with \$9,300 of restricted investments (Note 4) and a moral obligation pledge of the State totaling \$92,500. VEDA has a \$20,000 revolving line of credit note (the "line") with an outstanding balance of \$13,000 and \$14,500 at June 30, 2024 and 2023. The line is secured by various loans receivable and calls for monthly interest payments at a floating interest rate, with principal due in full at maturity.

The Authority has a loan from the State in the amount of \$10,000 with an original maturity of ten years. The loan is not collateralized and calls for quarterly interest payments and principal at maturity. The loan carries a fixed rate of 2.43% through maturity on January 31, 2025.

The Authority obtained a \$5,000 loan from the State in 2024 with a 10-year maturity. The loan is not collateralized and calls for quarterly interest payments for two years followed by principal and interest payments based on a 20-year amortization, with balloon due at maturity. The loan carries a fixed rate of 1.50% through maturity.

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CoBank, ACB (“CoBank”)

The VACC has an available revolving line of credit (“LOC”) agreement with Cobank in the amount of \$15,000, with \$0 outstanding at June 30, 2024 and 2023. The line has been in place since 1999 and is a primary source liquidity for the Authority and its programs. The total availability was reduced at VACC’s request from \$40,000 to \$15,000 in 2023 due to a lack of usage, coupled with the increased cost of maintaining the excess availability. The LOC includes annual line reviews and a 60-day termination notice. The line is set to mature on December 1, 2024. The terms of the note call for monthly interest payments at a floating interest rate. Included in VACC interest expense in 2024 and 2023 are fees related to the LOC in the amount of \$29 and \$60, respectively.

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

The VSBDC and the VT504 have notes payable to the USDA Intermediary Relending Program through the USDA Department of Rural Development. All IRP notes are at a fixed rate for a period of thirty years and have annual payments of interest the first three years and 27 years of annual principal and interest payments. The IRP notes are collateralized with the assets of the respective VSBDC and VT504 IRP Funds.

The schedule below details the changes in notes payable in 2024 and 2023:

	2024			2024	
	Beginning	Add New	Less Debt	Ending	Current
	Balance	Debt	Paid	Balance	Portion
VJF	\$ 117,500	\$ 5,000	\$ 5,500	\$ 117,000	\$ 17,000
VACC	-	8,300	8,300	-	-
VSBDC	6,011	995	355	6,651	318
VT504	4,648	710	148	5,210	156
Totals for 2024	<u>\$ 128,159</u>	<u>\$ 15,005</u>	<u>\$ 14,303</u>	<u>\$ 128,861</u>	<u>\$ 17,474</u>
	2023			2023	
	Beginning	Add New	Less Debt	Ending	Current
	Balance	Debt	Paid	Balance	Portion
VJF	\$ 127,000	\$ 55,000	\$ 64,500	\$ 117,500	\$ 40,500
VACC	-	4,500	4,500	-	-
VSBDC	6,349	5	343	6,011	347
VT504	4,295	506	153	4,648	154
Totals for 2023	<u>\$ 137,644</u>	<u>\$ 60,011</u>	<u>\$ 69,496</u>	<u>\$ 128,159</u>	<u>\$ 41,001</u>

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Details of notes payable as of June 30, 2024 and 2023 are shown in the chart below:

	Note Amount	Issue Date	Maturity Date	Current Rate	Balance 2023	Balance 2024
TD Bank, N.A. (fixed-rate)	\$ 30,000	02/24/23	02/24/26	5.15 %	\$ 30,000	\$ 30,000
TD Bank, N.A. (fixed-rate)	25,000	02/24/17	02/24/27	3.06 %	16,000	12,000
TD Bank, N.A. (variable-rate)	10,000	02/24/23	02/24/26	5.15 %	10,000	10,000
TD Bank, N.A. (fixed-rate)	15,000	02/24/23	02/24/28	5.32 %	15,000	15,000
TD Bank, N.A. (fixed-rate)	22,000	01/10/19	01/10/24	3.38 %	22,000	-
TD Bank, N.A. (fixed-rate)	22,000	01/10/24	01/10/27	5.05 %	-	22,000
TD Bank, N.A. (line of credit)	20,000	03/10/17	04/30/24	1.75 %	14,500	13,000
State of Vermont	10,000	02/01/15	01/31/25	2.43 %	10,000	10,000
State of Vermont	<u>5,000</u>	12/20/23	12/01/33	1.50 %	-	<u>5,000</u>
Total notes payable - VJF	159,000				117,500	117,000
USDA Rural Development IRP-1	1,000	10/04/94	10/03/24	1.00 %	80	39
USDA Rural Development IRP-2	1,000	03/16/95	03/15/25	1.00 %	67	25
USDA Rural Development IRP-3	200	03/09/06	03/08/36	1.00 %	12	-
USDA Rural Development IRP-4	750	11/19/10	11/18/40	1.00 %	522	495
USDA Rural Development IRP-5	750	03/09/06	03/09/36	1.00 %	386	358
USDA Rural Development IRP-6	750	06/27/08	06/27/38	1.00 %	441	414
USDA Rural Development IRP-7	750	10/27/09	10/27/39	1.00 %	495	468
USDA Rural Development IRP-8	1,000	01/10/14	01/10/44	1.00 %	804	770
USDA Rural Development IRP-9	1,000	07/13/16	07/13/46	1.00 %	902	868
USDA Rural Development IRP-10	1,000	12/19/17	12/18/47	1.00 %	935	902
USDA Rural Development IRP-11	250	12/11/18	12/10/48	1.00 %	242	234
USDA Rural Development IRP-12	1,000	05/21/19	05/20/49	1.00 %	968	935
USDA Rural Development IRP-13	250	12/20/19	12/20/49	1.00 %	152	143
USDA Rural Development IRP-14	<u>1,000</u>	05/05/22	12/02/49	1.00 %	<u>5</u>	<u>1,000</u>
Total notes payable - VSBDC	10,700				6,011	6,651
USDA Rural Development IRP-1	750	10/27/09	10/27/39	1.00 %	495	468
USDA Rural Development IRP-2	750	11/19/10	11/18/40	1.00 %	522	495
USDA Rural Development IRP-3	1,000	02/10/14	02/10/44	1.00 %	800	766
USDA Rural Development IRP-4	1,000	04/21/14	04/21/47	1.00 %	902	868
USDA Rural Development IRP-5	1,000	12/11/18	12/10/48	1.00 %	968	935
USDA Rural Development IRP-6	1,000	12/02/19	12/02/49	1.00 %	961	968
USDA Rural Development IRP-7	<u>1,000</u>	04/26/24	04/26/54	1.00 %	<u>5</u>	<u>710</u>
Total notes payable- VT504	<u>6,500</u>				<u>4,653</u>	<u>5,210</u>
Total notes payable	<u>\$ 176,200</u>				<u>\$ 128,164</u>	<u>\$ 128,861</u>

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

Fiscal Year	Notes Payable Principal				Notes Payable Interest			
	VJF	VACC	VSBDC	VT504	VJF	VACC	VSBDC	VT504
2025	\$ 17,000	\$ -	\$ 318	\$ 156	\$ 4,315	\$ -	\$ 67	\$ 52
2026	54,041	-	261	212	3,624	-	63	50
2027	26,167	-	296	214	1,394	-	61	48
2028	15,169	-	299	216	602	-	58	46
2029	172	-	302	218	68	-	55	44
2030 - 2034	4,451	-	1,552	1,124	272	-	228	187
2035 - 2039	-	-	1,501	1,181	-	-	150	130
2040 - 2044	-	-	1,153	1,015	-	-	82	72
2045 - 2049	-	-	770	666	-	-	31	29
2050 - 2054	-	-	199	208	-	-	5	4
Total	<u>\$ 117,000</u>	<u>\$ -</u>	<u>\$ 6,651</u>	<u>\$ 5,210</u>	<u>\$ 10,275</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 662</u>

**Interfund Notes Payable**

The VACC, VSBDC and VT504 have notes payable to the VJF to fund a portion of their lending operations. The interfund borrower-lender relationship allows the Authority to provide liquidity and facilitates cash management for all its programs. In 2023, the interfund notes payable were renewed for three years and call for monthly interest payments at a floating rate of interest. The interfund notes payable outstanding at June 30, 2024 and 2023 are shown in the table below:

	Note Amount	Issue Date	Maturity Date	Current Rate	Balance 2023	Balance 2024
VACC	\$ 80,000	09/30/16	09/30/25	5.00 %	\$ 65,337	\$ 65,537
VSBDC Loan Fund	25,000	09/30/16	09/30/25	5.00 %	16,065	18,115
VT504 CDC Fund	5,000	09/30/16	09/30/25	5.00 %	666	166
Total Interfund Notes Payable	<u>\$ 110,000</u>				<u>\$ 82,068</u>	<u>\$ 83,818</u>

Detail of the changes in the interfund notes payable or (receivable) outstanding at June 30, 2024 and 2023 are shown in the chart below:

	2023 Beginning Balance	Add New or Payable or (Receivable)	Payments Received or (Paid)	2023 Ending Balance	Add New or Payable or (Receivable)	Payments Received or (Paid)	2024 Ending Balance
VJF	\$ (90,146)	\$ (3,200)	\$ 11,278	\$ (82,068)	\$ (6,150)	\$ 4,400	\$ (83,818)
VACC	71,337	2,500	(8,500)	65,337	3,800	(3,600)	65,537
VSBDC	15,965	600	(500)	16,065	2,350	(300)	18,115
VT504	2,844	100	(2,278)	666	-	(500)	166
VEDA Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**(7) Small Business Administration Debentures**

The VT504 approves the issuance of SBA guaranteed debentures and uses the proceeds to make loans to eligible businesses. The debentures and the loans they fund are not included in the Statement of Net Position of VT504 and accordingly, are not included in these financial statements. The VT504 acts as an originator and servicing agent for the SBA and has no obligation to repay the debentures. The VT504 was servicing \$8,035 and \$8,760 of loans at June 30, 2024 and 2023, respectively. The VT504 received \$71 and \$78 in fees related to the SBA 504 Loan Program in 2024 and 2023, respectively.

**(8) Leases**

The Authority has owned the site of its primary headquarters building located in Montpelier, Vermont since 2007. The real property includes land, adequate parking, and two buildings. The “main” building consists of four floors with aggregate office space of approximately 20,000 square feet; the second building has approximately 2,400 square feet of leasable office space. The Authority occupies the third and fourth floors of the main building as its primary offices and leases the remaining space.

*Lessor*

VEDA has an operating lease to a single not-for-profit tenant for the first two floors in the main building. The lease currently expires in 2028 with option to extend for two additional five-year terms. The lease calls for fixed monthly payments and requires the lessee to pay a pro-rata share of certain occupancy related expenses including property taxes, maintenance, and utilities. As of June 30, 2023, the second building has several single-office tenants under short-term lease agreements of one year or less. The discount rate for leases as of June 30, 2024 and 2023 was 3%. Rental income from both buildings totaled \$277 and \$252 in 2024 and 2023, respectively, and includes the pro rata share of operating expenses paid by the lessee noted below. The projected lease payments from VEDA tenants based on current maturities are shown in the table below.

Lease Revenue 56-58 East State Street			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Revenue</u>
2025	\$ 104	\$ 33	\$ 137
2026	107	30	137
2027	111	27	138
2028	114	23	137
2029	138	20	158
2030 to 2034	<u>591</u>	<u>35</u>	<u>626</u>
Total	<u>\$ 1,165</u>	<u>\$ 168</u>	<u>\$ 1,333</u>

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**Lessee**

The Authority has long-term office leases in Burlington and Middlebury, Vermont, and an annually renewable lease for a satellite office located in St. Johnsbury, Vermont. The Authority paid total occupancy expenses, including related common area expenses for the years ended June 30, 2024 and 2023, of \$162 and \$163, respectively.

Future lease obligations are seen in the table below.

	Contractual Lease Obligations		
	Principal Payments	Interest Payments	Total
2025	\$ 83	\$ 25	\$ 108
2026	86	22	108
2027	89	19	108
2028	95	17	112
2029	100	14	114
2030 to 2034	<u>403</u>	<u>24</u>	<u>427</u>
Total	<u>\$ 856</u>	<u>\$ 121</u>	<u>\$ 977</u>

GASB Statement No. 87 requires the reporting of lease assets and liabilities based on the net present value of the leases at each year end, with income and expenses based on the implied interest income/expense and corresponding amortization of the lease asset/liability.

Change in liabilities during the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Commercial paper	\$ 88,000	\$ -	\$ (500)	\$ 87,500	\$ 87,500
Notes payable	128,159	702	-	128,861	17,474
Escrow and reserve accounts	1,025	227	-	1,252	1,252
Deferred revenue federal program	23,418	-	(7,160)	16,258	16,258
Accounts payable and accrued expenses	1,266	-	(29)	1,237	1,237
Accrued interest payable	667	-	(374)	293	293
Lease liabilities	1,191	-	(335)	856	83
Other liability - State of Vermont	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>-</u>
Long-term liabilities	<u>\$ 249,226</u>	<u>\$ 929</u>	<u>\$ (8,398)</u>	<u>\$ 241,757</u>	<u>\$ 124,097</u>

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Change in liabilities during the year ended June 30, 2023 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Commerical paper	\$ 89,000	\$ -	\$ (1,000)	\$ 88,000	\$ 88,000
Notes payable	137,644	-	(9,485)	128,159	41,001
Escrow and reserve accounts	968	57	-	1,025	1,025
Deferred revenue federal program	-	23,418	-	23,418	23,418
Accounts payable and accrued expenses	1,269	-	(3)	1,266	1,266
Accrued interest payable	311	356	-	667	667
Lease liabilities	1,296	-	(105)	1,191	99
Other liability - State of Vermont	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>-</u>
Long-term liabilities	<u>\$ 235,988</u>	<u>\$ 23,831</u>	<u>\$ (10,593)</u>	<u>\$ 249,226</u>	<u>\$ 155,476</u>

**(9) Retirement Plan**

The Authority has a non-contributory defined contribution retirement plan for all employees who have completed one year of service. Contributions are based on ten percent of each participant's compensation. Contributions are made to individual Simplified Employer Plan ("SEP") accounts in the employee's name and held by a financial institution of the employee's choosing. Contributions to the SEP accounts are immediately 100% vested and the Authority does not offer any additional postemployment benefits to its employees. The Authority's retirement plan contributions as a percent of total payroll for employees enrolled in the plan is shown for the last three years in the table below:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contributions to Simplified Employer Plan ("SEP")	\$ 383	\$ 373	\$ 418
SEP Contributions as a % of covered payroll	10%	10%	10%

**(10) Contingent Liabilities**

The Authority receives financial assistance from the Federal government in the form of loan guarantees, grants and interest subsidies. Entitlement to Federal financial assistance is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations. All Federal financial assistance programs are subject to either the Uniform Guidance or to financial and compliance audits by the grantor agencies. Any guaranteed amounts paid and received that are disallowed because of these audits would become a liability of the Authority. At June 30, 2024 and 2023, management was not aware of any such disallowance.

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

**(11) Loan Commitments Outstanding**

At June 30, 2024, the Authority had commitments for new loans and undisbursed amounts on existing loans. The amounts are expected to be disbursed in 2025 and are detailed in the table below:

	<u>VJF</u>	<u>VACC</u>	<u>VSBDC</u>	<u>VT504</u>	<u>VEDA Total</u>
Loan receivable commitments	\$ 7,273	\$ 4,232	\$ 2,760	\$ -	\$ 14,265
Undisbursed loans receivable	<u>14,052</u>	<u>1,709</u>	<u>872</u>	<u>38</u>	<u>16,671</u>
Total Outstanding Commitments	<u>\$ 21,325</u>	<u>\$ 5,941</u>	<u>\$ 3,632</u>	<u>\$ 38</u>	<u>\$ 30,936</u>

**(12) Relationships with the State of Vermont**

**State Small Business Credit Initiative**

VEDA continues to act as the implementing entity for the state of Vermont's participation in the State Small Business Credit Initiative ("SSBCI"), legislated as part of the 2021 American Rescue Plan Act ("ARPA") which will provide up to \$58 million of federal funding allocated in three tranches over the coming 10 years. 50% of program dollars will be used for lending purposes, with the remaining 50% allocated between four venture capital firms for investment in Vermont businesses. The capital provided for the lending program will remain with VEDA in perpetuity to support ongoing lending programs, while the equity program capital will continue to be dedicated to investment in small businesses, with management contracted to qualified firms.

VEDA has reached the 80% level of tranche 1 utilization necessary to request the final tranche, which was approved and disbursed in July 2024.

**State Local Fiscal Recovery Funds**

During 2023, VEDA was appropriated \$19,000 of State Local Fiscal Recover Funds ("SLFRF") under ARPA that was passed through the State. The grant funds were provided to make loans to businesses that meet the eligibility criteria of the program. As June 30, 2024, VEDA has expended the full \$19,000 of funds in the form of loans and other allowable administrative costs. The grant revenues were recorded within non-operating revenue in the *Statement of Revenue, Expenses and Changes in Net Position*.

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Moral Obligation Pledge

State statute provides a moral obligation (“MO”) pledge to support various debt issues of the Authority (Note 5 and 6). An MO pledge is not the same as a full faith and credit pledge of the State. Rather, the moral obligation requires VEDA to maintain reserve funds at specified reserve fund requirements and for VEDA to report any deficiencies that arise to the State. The State is then required to request an appropriation from the legislative body to make up any shortfall. Since there is no legal requirement for the State to make the appropriation, timely payment depends on the State’s willingness to support VEDA’s debt. At the end of 2024 and 2023, there was \$181,000 of MO authorized in State statute. Of the amount authorized, \$155,000 was pledged and outstanding at June 30, 2024 and 2023, respectively.

Advances

In 2014, the Authority received an advance of \$5,500 from the State to fund a portion of a project to build a State office building in St. Albans, Vermont. The terms of the agreement with the State stipulates that the borrower’s principal repayments be held by VEDA until the funds are requested by the State. VEDA’s obligation to repay the advanced funds is limited to repayments received from the Authority’s borrower. The aggregate amount of principal payments collected at June 30, 2024 and 2023 was \$2,073 and \$1,855, respectively and is recorded on the *Statement of Net Position* under the caption “Cash and cash equivalents – Restricted.”

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

Reserves

VEDA has received funds from the State to support loan loss reserves for programs carrying higher than average risk of loss. In 2015, the VJF received \$500 to support the Entrepreneurial Lending Program (ELP); in 2020, the VJF received \$540 to support the Broadband Lending Program (BBLP), and VACC received \$250 to support FOLP. To date, losses of \$297 have been offset with ELP reserves, while no losses have been incurred under the BBLP or FOLP programs, and no further appropriations received. At the conclusion of the programs, any unused funds will be due to the State; as such, the funds are carried on the VFJ and VACC *Statement of Net Position* as restricted cash with a corresponding contingent liability.

Custodial Funds

VEDA services loan programs for various Agencies of the State. The Authority provides underwriting, servicing, fiduciary and accounting services for these programs. VEDA holds cash for all programs and loans receivable for the programs in the Authority’s name. These assets are recorded on the *Statement of Fiduciary Net Position* and *Statement of Changes in Fiduciary Net Position*. The Custodial Fund programs are described in more detail below:

Drinking Water State Revolving Fund (“DWF”)

VEDA assists the Agency of Natural Resources (“ANR”) in the operation of the DWF which makes loans to private entities for drinking water improvement projects. The Authority issues loans receivable and is assisted by the ANR in approving the loans. The VJF earned \$88 and \$72 in fees in 2024 and 2023, respectively.

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Clean Energy Development Fund (“CEDF”)

The Authority provides services to CEDF, which is operated by the State Department of Public Service (“DPS”). The CEDF makes grants and loans to businesses for developing and marketing renewable and clean sources of energy. The VJF earned \$12 in fees for services in both 2024 and 2023.

State Infrastructure Bank (“SIB”)

The SIB makes municipal and private sector loans for transportation infrastructure-related projects at the direction of its Board and in conjunction with the State Agency of Transportation. The VJF earned \$20 and \$22 in fees for services in 2024 and 2023, respectively.

Brownfield Revitalization Fund (“BRF”)

The Authority provides services to the State Agency of Commerce and Community Development (“ACCD”) in the operation of the BRF. The BRF makes loans to businesses or individuals for cleaning up environmentally “dirty” sites (a “Brownfield”). The VJF earned \$10 in fees for services in both 2024 and 2023.

Clean Water State Revolving Loan Fund Program (“CWSLRF”)

The Authority provides services to the State Department of Environmental Conservation (“DEC”) in the operation of the CWSLRF, which makes loans to private entities for water system improvement projects. The VJF earned fees for services of \$51 and \$40 in 2024 and 2023, respectively. The table below shows the cash and loans receivable at June 30, 2024 and 2023 for the respective State agencies:

	<u>DWF &amp; CWSLRF</u>	<u>CEDF</u>	<u>SIB</u>	<u>BRF</u>	<u>WCEDF</u>	<u>Total</u>
Cash and cash equivalents	\$ 21,362	\$ 71	\$ 2,042	\$ 1,390	\$ -	\$ 24,865
Loans receivable	<u>16,173</u>	<u>902</u>	<u>1,962</u>	<u>602</u>	-	<u>19,639</u>
Total at June 30 2024	<u>\$ 37,535</u>	<u>\$ 973</u>	<u>\$ 4,004</u>	<u>\$ 1,992</u>	<u>\$ -</u>	<u>\$ 44,504</u>
	<u>DWF &amp; CWSLRF</u>	<u>CEDF</u>	<u>SIB</u>	<u>BRF</u>	<u>WCEDF</u>	<u>Total</u>
Cash and cash equivalents	\$ 21,866	\$ 69	\$ 1,840	\$ 1,284	\$ -	\$ 25,059
Loans receivable	<u>14,569</u>	<u>927</u>	<u>2,101</u>	<u>650</u>	-	<u>18,247</u>
Total at June 30, 2023	<u>\$ 36,435</u>	<u>\$ 996</u>	<u>\$ 3,941</u>	<u>\$ 1,934</u>	<u>\$ -</u>	<u>\$ 43,306</u>

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**(13) Restricted Net Position**

The changes in restricted net position, exclusive of fiduciary activity, for the past two years are detailed in the table below: VEDA had restricted net position of \$28,907 and \$25,365 at June 30, 2024 and 2023, respectively.

The purpose of the restricted net position amounts are described below:

	Balance at 6/30/2022	(Decrease) Increase	Balance at 6/30/2023	Increase (Decrease)	Balance at 6/30/2024
For collateral reserve funds	\$ 21,672	\$ (4,497)	\$ 17,175	\$ 615	\$ 17,790
For Vermont seed capital fund	6,183	(262)	5,921	550	6,471
For federal program	-	1,095	1,095	2,375	3,470
For VEDA Capital Access Program	237	(15)	222	25	247
For escrows, reserves and deposits	14	(14)	-	-	-
VJF Total	<u>28,106</u>	<u>(3,693)</u>	<u>24,413</u>	<u>3,565</u>	<u>27,978</u>
For investment in CoBank	906	1	907	(25)	882
VACC total	<u>906</u>	<u>1</u>	<u>907</u>	<u>(25)</u>	<u>882</u>
Community advantage restricted cash	44	1	45	2	47
VT504 total	<u>44</u>	<u>1</u>	<u>45</u>	<u>2</u>	<u>47</u>
Totals	<u>\$ 29,056</u>	<u>\$ (3,691)</u>	<u>\$ 25,365</u>	<u>\$ 3,542</u>	<u>\$ 28,907</u>

**Collateral Reserve Funds**

Under the letter of credit agreement with JPM (Note 5) and certain notes payable to TD Bank, the Authority is required to have a minimum of \$17,770 in fair value of marketable securities held with a trustee as collateral; this amount includes the \$8,000 pledged to JPM and described in Note 5. In addition, the Authority must also place with the trustee the amount of interest due to the holders of the VEDA commercial paper at maturity. These amounts are represented as restricted investments on the *Statement of Net Position*.

**Vermont Seed Capital Fund**

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

**VEDA Capital Access Programs (“VCAP”)**

Included in restricted cash and cash equivalents was \$492 and \$445 in the VJF at June 30, 2024 and 2023, respectively. These amounts are reserve funds held at banks participating in VCAP. The Authority’s portion of each reserve is recorded as restricted net position and the participating banks portion is recorded under the caption “Escrow and reserve accounts” on the *Statement of Net Position*.

**Investment in CoBank**

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

**Community Advantage**

As part of the Small Business Administration, Community Advantage Program, the Authority is required to maintain a specified level of restricted cash. The cash is presented under the caption “Restricted cash” in the VT504 CDC Fund and totaled \$47 and \$45 at June 30, 2024 and 2023, respectively.

**VERMONT SMALL BUSINESS DEVELOPMENT CORPORATION**  
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**Combining Statements of Net Position**  
**As of June 30, 2024 and 2023**

<i>Dollar Amounts in Thousands</i>	As of June 30, 2024			As of June 30, 2023		
	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total	VSBDC IRP Fund	VSBDC Loan Fund	VSBDC Combined Total
Current assets						
Unrestricted cash and cash equivalents	\$ 2,120	\$ 413	\$ 2,533	\$ 1,967	\$ 195	\$ 2,162
Loans receivable	590	1,981	2,571	25	2,452	2,477
Accrued interest receivable	31	72	103	30	42	72
Other assets	<u>1</u>	<u>4</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>2,742</u>	<u>2,470</u>	<u>5,212</u>	<u>2,022</u>	<u>2,689</u>	<u>4,711</u>
Loans receivable, less current portion	9,834	22,024	31,858	8,587	18,589	27,176
Less allowance for loan losses	<u>(234)</u>	<u>(733)</u>	<u>(967)</u>	<u>(212)</u>	<u>(563)</u>	<u>(775)</u>
Loans receivable, less current portion, net of allowance for loan losses	<u>9,600</u>	<u>21,291</u>	<u>30,891</u>	<u>8,375</u>	<u>18,026</u>	<u>26,401</u>
Total assets	<u>\$ 12,342</u>	<u>\$ 23,761</u>	<u>\$ 36,103</u>	<u>\$ 10,397</u>	<u>\$ 20,715</u>	<u>\$ 31,112</u>
Current liabilities						
Notes payable	\$ 318	\$ -	\$ 318	\$ 347	\$ -	\$ 347
Interfund accounts payable	17	122	139	20	314	334
Accrued interest payable	<u>34</u>	<u>-</u>	<u>34</u>	<u>30</u>	<u>-</u>	<u>30</u>
Total current liabilities	369	122	491	397	314	711
Notes payable, less current portion	6,333	-	6,333	5,664	-	5,664
Interfund note payable	<u>-</u>	<u>18,115</u>	<u>18,115</u>	<u>-</u>	<u>16,065</u>	<u>16,065</u>
Total liabilities	<u>\$ 6,702</u>	<u>\$ 18,237</u>	<u>\$ 24,939</u>	<u>\$ 6,061</u>	<u>\$ 16,379</u>	<u>\$ 22,440</u>
Unrestricted net position	<u>\$ 5,640</u>	<u>\$ 5,524</u>	<u>\$ 11,164</u>	<u>\$ 4,336</u>	<u>\$ 4,336</u>	<u>\$ 8,672</u>

Schedule 1

See independent auditor's report.

**VERMONT SMALL BUSINESS DEVELOPMENT CORPORATION**  
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**Combining Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024 and 2023**

<i>Dollar Amounts in Thousands</i>	For the Year Ended June 30, 2024			For the Year Ended June 30, 2023		
	VSDBC IRP Fund	VSDBC Loan Fund	VSDBC Combined Total	VSDBC IRP Fund	VSDBC Loan Fund	VSDBC Combined Total
	Operating revenues					
Cash and investment revenue	\$ 93	\$ 12	\$ 105	\$ 31	\$ 5	\$ 36
Loans receivable interest	588	1,224	1,812	510	997	1,507
Other revenues	<u>25</u>	<u>45</u>	<u>70</u>	<u>34</u>	<u>54</u>	<u>88</u>
Total operating revenues	<u>706</u>	<u>1,281</u>	<u>1,987</u>	<u>575</u>	<u>1,056</u>	<u>1,631</u>
Operating expenses						
Notes payable interest	64	-	64	62	-	62
Interfund interest expense	-	966	966	-	772	772
Provision for loan losses	22	125	147	26	104	130
Professional fees	-	1	1	-	-	-
Interfund expense allocation	<u>191</u>	<u>387</u>	<u>578</u>	<u>178</u>	<u>374</u>	<u>552</u>
Total operating expenses	<u>277</u>	<u>1,479</u>	<u>1,756</u>	<u>266</u>	<u>1,250</u>	<u>1,516</u>
Operating income	429	(198)	231	309	(194)	115
Non-operating revenue (expense)						
Federal grant revenue earned	-	2,457	2,457	-	2,410	2,410
Interfund non-operating revenue (expense)	<u>23</u>	<u>(219)</u>	<u>(196)</u>	<u>30</u>	<u>(82)</u>	<u>(52)</u>
Total non-operating revenue	<u>23</u>	<u>2,238</u>	<u>2,261</u>	<u>30</u>	<u>2,328</u>	<u>2,358</u>
Net increase in net position	452	2,040	2,492	339	2,134	2,473
Net position at beginning of year	<u>5,188</u>	<u>3,484</u>	<u>8,672</u>	<u>4,849</u>	<u>1,350</u>	<u>6,199</u>
Net position at end of year	<u>\$ 5,640</u>	<u>\$ 5,524</u>	<u>\$ 11,164</u>	<u>\$ 5,188</u>	<u>\$ 3,484</u>	<u>\$ 8,672</u>

Schedule 2

See independent auditor's report.

**VERMONT SMALL BUSINESS DEVELOPMENT CORPORATION**  
**(A Component Unit of the Vermont Economic Development Authority)**  
**Combining Statements of Cash Flows**  
**For the Year Ended June 30, 2024 and 2023**

<i>Dollar Amounts in Thousands</i>	For the Year Ended June 30, 2024			For the Year Ended June 30, 2023		
	VSDBC IRP Fund	VSDBC Loan Fund	VSDBC Combined Total	VSDBC IRP Fund	VSDBC Loan Fund	VSDBC Combined Total
	Cash flows from operating activities					
Interest received on loans receivable	\$ 579	\$ 1,202	\$ 1,781	\$ 514	\$ 990	\$ 1,504
Other revenues received	25	45	70	34	54	88
Operating expenses paid other than interest	(195)	(584)	(779)	(187)	(189)	(376)
Principal received on loans receivable	1,608	2,158	3,766	1,153	3,047	4,200
Principal disbursed on loans receivable	(2,560)	(5,936)	(8,496)	(2,335)	(5,879)	(8,214)
Net cash used for operating activities	<u>(543)</u>	<u>(3,115)</u>	<u>(3,658)</u>	<u>(821)</u>	<u>(1,977)</u>	<u>(2,798)</u>
Cash flows from noncapital financing activities						
Interest paid on notes payable	(61)	-	(61)	(63)	-	(63)
Interest paid on interfund note payable	-	(966)	(966)	-	(772)	(772)
Interfund non-operating revenue (expense)	23	(219)	(196)	30	(82)	(52)
Proceeds from interfund note payable	-	2,350	2,350	-	600	600
Payments on interfund note payable	-	(300)	(300)	-	(500)	(500)
Federal grants funds received	-	2,457	2,457	-	2,410	2,410
Proceeds from notes payable	995	-	995	5	-	5
Payments on notes payable	(355)	-	(355)	(343)	-	(343)
Net cash provided by (used for) non-capital financing activities	<u>602</u>	<u>3,322</u>	<u>3,924</u>	<u>(371)</u>	<u>1,656</u>	<u>1,285</u>
Cash flows from investing activities:						
Interest received on cash and investments	93	12	105	30	5	35
Net cash provided by investing activities	<u>93</u>	<u>12</u>	<u>105</u>	<u>30</u>	<u>5</u>	<u>35</u>
Net increase (decrease) in cash and cash equivalents	152	219	371	(1,162)	(316)	(1,478)
Cash and cash equivalents at beginning of year	<u>1,966</u>	<u>196</u>	<u>2,162</u>	<u>3,128</u>	<u>512</u>	<u>3,640</u>
Cash and cash equivalents at end of year	<u>\$ 2,118</u>	<u>\$ 415</u>	<u>\$ 2,533</u>	<u>\$ 1,966</u>	<u>\$ 196</u>	<u>\$ 2,162</u>
Reconciliation of operating income to net cash provided by (used for) operating activities						
Operating income (loss)	\$ 429	\$ (198)	\$ 231	\$ 309	\$ (194)	\$ 115
Adjustments to reconcile operating income (loss) to net cash used for operating activities						
Interest on investment activities	(93)	(12)	(105)	(31)	(5)	(36)
Interest on notes payable	64	-	64	62	-	62
Interest paid on interfund notes payable	-	966	966	-	772	772
Provision for loan losses	22	125	147	26	104	130
Changes in assets and liabilities						
Loans receivable	(953)	(3,823)	(4,776)	(1,182)	(2,844)	(4,026)
Allowance for loan losses	-	45	45	-	12	12
Accrued interest receivable	(10)	(20)	(30)	4	(7)	(3)
Other assets	(1)	(4)	(5)	-	-	-
Accounts payable and accrued expenses	-	-	-	-	3	3
Interfund accounts payable	(3)	(192)	(195)	(9)	182	173
Net cash used for operating activities	<u>\$ (545)</u>	<u>\$ (3,113)</u>	<u>\$ (3,658)</u>	<u>\$ (821)</u>	<u>\$ (1,977)</u>	<u>\$ (2,798)</u>

**VERMONT 504 CORPORATION**  
**(A Component Unit of the Vermont Economic Authority)**  
**Combining Statements of Net Position**  
**As of June 30, 2024 and 2023**

<i>Dollar Amounts in Thousands</i>	As of June 30, 2024			As of June 30, 2023		
	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total
	Current assets					
Unrestricted cash and cash equivalents	\$ 1,609	\$ 399	\$ 2,008	\$ 1,639	\$ 132	\$ 1,771
Restricted cash	-	47	47	-	45	45
Loans receivable	425	443	868	365	516	881
Accrued interest receivable	17	5	22	9	7	16
Other assets	-	2	2	-	-	-
Total current assets	<u>2,051</u>	<u>896</u>	<u>2,947</u>	<u>2,013</u>	<u>700</u>	<u>2,713</u>
Loans receivable, less current portion	6,140	2,173	8,313	5,277	2,732	8,009
Less allowance for loan losses	(148)	(34)	(182)	(126)	(27)	(153)
Loans receivable, less current portion, net of allowance for loan losses	<u>5,992</u>	<u>2,139</u>	<u>8,131</u>	<u>5,151</u>	<u>2,705</u>	<u>7,856</u>
Total assets	<u>\$ 8,043</u>	<u>\$ 3,035</u>	<u>\$ 11,078</u>	<u>\$ 7,164</u>	<u>\$ 3,405</u>	<u>\$ 10,569</u>
Current liabilities						
Notes payable	\$ 156	\$ -	\$ 156	\$ 154	\$ -	\$ 154
Interfund accounts payable	20	20	40	12	9	21
Accrued interest payable	21	-	21	22	-	22
Total current liabilities	<u>197</u>	<u>20</u>	<u>217</u>	<u>188</u>	<u>9</u>	<u>197</u>
Notes payable, less current portion	5,054	-	5,054	4,494	-	4,494
Interfund note payable	-	166	166	-	666	666
Total liabilities	<u>\$ 5,251</u>	<u>\$ 186</u>	<u>\$ 5,437</u>	<u>\$ 4,682</u>	<u>\$ 675</u>	<u>\$ 5,357</u>
Net position						
Restricted net position	-	47	47	-	45	45
Unrestricted net position	<u>2,792</u>	<u>2,802</u>	<u>5,594</u>	<u>2,481</u>	<u>2,686</u>	<u>5,167</u>
Total net position	<u>\$ 2,792</u>	<u>\$ 2,849</u>	<u>\$ 5,641</u>	<u>\$ 2,481</u>	<u>\$ 2,731</u>	<u>\$ 5,212</u>

Schedule 4

See independent auditor's report.

**VERMONT 504 CORPORATION**  
**(A Component Unit of the Vermont Economic Authority)**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024 and 2023**

	For the Year Ended June 30, 2024			For the Year Ended June 30, 2023		
	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total
<i>Dollar Amounts in Thousands</i>						
Operating revenues						
Cash and investment revenue	\$ 70	\$ 10	\$ 80	\$ 23	\$ 4	\$ 27
Loans receivable interest	334	138	472	283	160	443
Other revenues	17	71	88	14	79	93
Total operating revenues	<u>421</u>	<u>219</u>	<u>640</u>	<u>320</u>	<u>243</u>	<u>563</u>
Operating expenses						
Notes payable interest	46	-	46	47	-	47
Interfund interest expense	-	17	17	-	78	78
Provision for loan losses	17	8	25	12	(5)	7
Professional fees	1	11	12	-	-	-
Interfund expense allocation	115	84	199	99	113	212
Total operating expenses	<u>179</u>	<u>120</u>	<u>299</u>	<u>158</u>	<u>186</u>	<u>344</u>
Operating income	242	99	341	162	57	219
Interfund non-operating revenue	<u>69</u>	<u>19</u>	<u>88</u>	<u>26</u>	<u>22</u>	<u>48</u>
Net increase in net position	311	118	429	188	79	267
Net position at beginning of year	<u>2,481</u>	<u>2,731</u>	<u>5,212</u>	<u>2,293</u>	<u>2,652</u>	<u>4,945</u>
Net position at end of year	<u>\$ 2,792</u>	<u>\$ 2,849</u>	<u>\$ 5,641</u>	<u>\$ 2,481</u>	<u>\$ 2,731</u>	<u>\$ 5,212</u>

**VERMONT 504 CORPORATION**  
**(A Component Unit of the Vermont Economic Authority)**  
**Combining Statements of Cash Flows**  
**For the Year Ended June 30, 2024 and 2023**

	For the Year Ended June 30, 2024			For the Year Ended June 30, 2023		
	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total	VT504 IRP Fund	VT504 SBA CDC Fund	VT504 Combined Total
<i>Dollar Amounts in Thousands</i>						
<b>Cash flows from operating activities:</b>						
Interest received on loan receivable	\$ 326	\$ 139	\$ 465	\$ 284	\$ 207	\$ 491
Other revenues received	17	71	88	14	79	93
Operating expense paid other than interest	(109)	(88)	(197)	(91)	(2,980)	(3,071)
Principal received on loans receivable	727	635	1,362	543	4,537	5,080
Principal disbursed on loans receivable	(1,645)	(3)	(1,648)	(1,261)	(482)	(1,743)
Net cash (used for) provided by operating activities	<u>(684)</u>	<u>754</u>	<u>70</u>	<u>(511)</u>	<u>1,361</u>	<u>850</u>
<b>Cash flows from noncapital financing activities</b>						
Interest paid on notes payable	(46)	-	(46)	(43)	-	(43)
Interest paid on interfund note payable	-	(17)	(17)	-	(78)	(78)
Interfund non-operating revenue (expense)	69	19	88	26	22	48
Proceeds from interfund note payable	-	-	-	-	100	100
Proceeds on interfund note payable	-	-	-	-	(2,278)	(2,278)
Payments on interfund note payable	-	(500)	(500)	-	-	-
Proceeds from notes payable	711	-	711	506	-	506
Payments on notes payable	(148)	-	(148)	(153)	-	(153)
Net cash provided by (used for) non-capital financing activities	<u>586</u>	<u>(498)</u>	<u>88</u>	<u>336</u>	<u>(2,234)</u>	<u>(1,898)</u>
<b>Cash flows from investing activities</b>						
Interest received on cash and investments	70	11	81	23	4	27
Net cash provided by investing activities	<u>70</u>	<u>11</u>	<u>81</u>	<u>23</u>	<u>4</u>	<u>27</u>
Net (decrease) increase in cash and cash equivalents	(28)	267	239	(152)	(869)	(1,021)
Cash and cash equivalents at beginning of year	1,637	179	1,816	1,789	1,048	2,837
Cash and cash equivalents at end of year	<u>\$ 1,609</u>	<u>\$ 446</u>	<u>\$ 2,055</u>	<u>\$ 1,637</u>	<u>\$ 179</u>	<u>\$ 1,816</u>
<b>Reconciliation of operating income to net cash (used for) provided by operating activities</b>						
Operating income	\$ 242	\$ 99	\$ 341	\$ 163	\$ 56	\$ 219
<b>Adjustments to reconcile operating income to net cash (used for) provided by operating activities</b>						
Interest income on investment activities	(70)	(10)	(80)	(24)	(4)	(28)
Interest expense on notes payable	46	-	46	47	-	47
Interest paid for interfund financing activities	-	17	17	-	78	78
Change in allowance for loan losses	17	8	25	12	(5)	7
Change in assets and liabilities						
Loans receivable	(922)	628	(294)	(718)	4,058	3,340
Allowance for loan losses	4	-	4	4	(8)	(4)
Accrued interest receivable	(7)	1	(6)	1	47	48
Other assets	-	(2)	(2)	-	-	-
Accounts payable and accrued expenses	-	-	-	-	-	-
Interfund accounts payable	8	11	19	5	(2,862)	(2,857)
Net cash (used for) provided by operating activities	<u>\$ (682)</u>	<u>\$ 752</u>	<u>\$ 70</u>	<u>\$ (510)</u>	<u>\$ 1,360</u>	<u>\$ 850</u>

Schedule 6

See independent auditor's report.