

VERMONT COMMUNITY LOAN FUND

2007 Annual Report to the Community



*Growing Opportunities for Vermonters
Since 1987*



Our Mission

The Vermont Community Loan Fund is a nonprofit, mission-driven financial institution that offers investors an opportunity to direct a portion of their portfolio toward community development and economic justice right here in Vermont. We put that capital to work in the community, developing affordable housing, growing local businesses, and supporting child care providers and other community-based organizations.

equitable access to capital for a stronger Vermont...



The Loan Fund is Vermont's premier Community Investment vehicle. Over the past twenty years, we've helped hundreds of socially responsible investors – individuals and families, corporations, banks, churches, investor circles, foundations and nonprofits – put their money to work in Vermont, for a stronger Vermont. Thanks to their commitment, we've lent more than \$50 million and leveraged hundreds of millions more, creating opportunities for thousands of lower-income Vermont families.

Our many investors make the Loan Fund's work possible. While a portion of the money we're able to lend is made up of "permanent" grants and gifts, the vast majority and fastest-growing portion of our loan capital comes from hundreds of investors who share our vision of a stronger, healthier Vermont. Entrusting us with investments ranging from \$1,000 to more than \$1 million, they've made a statement about their ideals and their faith in the Loan Fund's ability to help turn those hopes into reality. Our work is their good will made real.

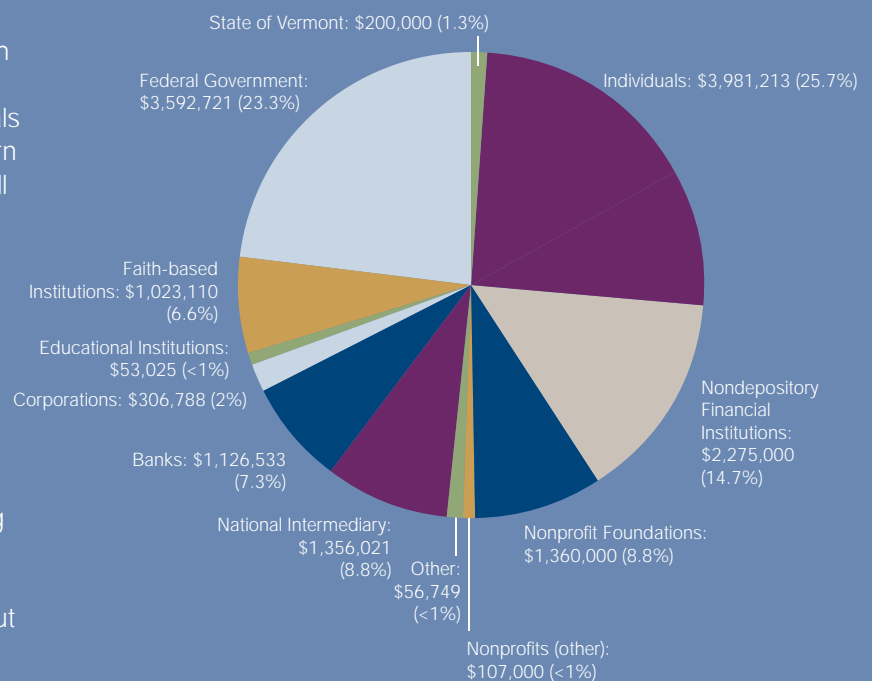
So where does the money we lend really come from? You can find a list of our current investors on page 11, but here's a breakdown of the loan capital currently under our management.

If you're not already an investor, please consider making a commitment to Vermont's future by investing with VCLF today. If we're already helping you meet your Community Investing goals, consider adding to your investment. Your new investment, of any size, will be immediately lent out for community development, paid back over time and re-lent over and over again for the duration of your investment. In that period, you'll create homes, jobs, child care slots, community services and, most importantly, hope for the Vermonters who need it most.

VCLF Invested Capital, by Type

(Current to December 31, 2007)

Total=\$15,438,160



Dear Friends,

We spent 2007 celebrating the successes and achievements of the Loan Fund's first twenty years. Since 1987, we've lent over \$50 million (and leveraged hundreds of millions more in additional project funding) to improve the lives of over 6,000 Vermont families. Our first two decades were capped, appropriately enough, by a very busy and successful 2007: we made 43 loans totaling \$6.1 million (leveraging almost \$30 million more), a 27 percent increase in lending from 2006. Our projects provided shelter for 181 families, jobs supporting 169 families and child care for 459 children. We also launched our Child Care Business Development Center, the first of its kind nationwide, to provide critical technical assistance to strengthen our child care industry. Due in no small part to the 2,000 hours of TA provided to over 30 child care businesses, we saw our child care portfolio grow by 43% last year alone! This annual report celebrates last year's incredible accomplishments, all made possible by the support of our investors, donors and partners and the passion and abilities of our borrowers.

Even as we celebrated our 20th anniversary with an unforgettable party at the West Monitor Barn in Richmond, the Loan Fund's Board and staff began to turn our eyes to the future and the development of a new five-year Strategic Plan.

We still believe that access to capital is a vital ingredient in creating opportunities and improving the quality of life for low-income Vermonters. Our vision remains the same: all Vermonters deserve affordable housing, a livable wage job and access to quality child care.

But while we stand steadfast in our commitment to this vision, the economic turbulence in today's real estate and credit markets creates both challenge and opportunity for VCLF. As we plan for the next five years and beyond, one of the more pressing challenges that faces the Loan Fund is how we respond to the changing and emerging needs of low-income Vermonters negatively affected by these economic crises. We only originate fixed-rate mortgages to nonprofit housing developers and have avoided the "exotic," variable rate approaches to mortgage lending where the vast majority of losses are occurring nationwide. Our portfolio of housing loans is stable and performing, but that doesn't mean that some Vermont families, and disproportionately, low-income families, are not or won't be negatively affected by the credit crisis. It's a grim prospect.

“Our vision remains the same: all Vermonters deserve affordable housing, a livable wage job and access to quality child care.”

So, really, the challenge the Loan Fund faces in the current economy is the same as it ever was: to meet emerging needs with new products and capital strategies. It's a huge opportunity to grow our financial model, Community Investing, to meet these needs and improve the lives of Vermonters and the communities we call home. Together with our investors, donors, allies, borrowers and you, I know we can.



William Belongia, *Executive Director*



Fran Rathke, *President*



William Belongia



Fran Rathke



Strengthening Local Businesses

We believe that Vermont's small businesses contribute so much to our state: our overall economic health, the character of our downtowns and countryside, and, of course, the jobs that support us. However, Vermont's businesspeople face a variety of unique challenges, from the isolation from business development resources because of our rural landscape to the shrinking pool of locally-owned and -focused community banks.

Loans from VCLF's Business Lending Program are available for viable micro- and small businesses and farms that will increase economic opportunities for low-income and/or underemployed Vermonters, create or save jobs that strive to pay a living wage and foster quality in the workplace, or add value to Vermont's agricultural or natural resources economy. Borrowers include women-owned restaurants, organic dairy farms, specialty food producers, emerging technologies, wood products manufacturers and general stores. Our financial products include loans for working capital and lines of credit.

2007 Business Lending Highlights:

- ▶ Loaned \$1.7 million to Vermont's micro- and small businesses.
- ▶ Leveraged almost \$2.1 million in additional project funding.
- ▶ Created or retained jobs for 77 Vermonters.



increasing economic opportunities...

'Local and Natural' Proves Profitable for Vermont Smoke and Cure

Food co-ops are reporting double-digit growth in sales and membership – and Vermont co-op managers will tell you that meat is a major reason why. The commingling of the cooperative movement and the vegetarian movement some 35 years ago got co-ops off the ground, but when they began offering locally raised meats in recent years (as well as supplying more household staples) customers started coming out of the woodwork.

At Vermont Smoke and Cure in South Barre – a primary supplier of Vermont-grown pork products, smoked turkey breast, and, increasingly, beef – they've noticed.

"We grew our sales by 90 percent in 2007," said CEO Chris Bailey, "so yes, we're growing rapidly. We both produce our own line of products and do processing services for Vermont farmers, and that business is growing as well."

In 2007 the company received a \$100,000 working capital loan from VCLF, which Vermont Smoke and Cure has been using to help finance its expanding inventory. Besides co-ops, Vermont Smoke and Cure also sells to specialty stores and supermarkets, under both the Smoke and Cure and Farmers Diner labels. Though the company is well-established (founded in 1960), Bailey sees contemporary trends behind this recent growth pattern.

"The 'natural' and 'locally grown' aspects are a key," he said. "The 'natural' part parallels the growth in organics; the 'local' part has really started to take off, in terms of being an important purchasing consideration. People are understanding that organics doesn't get them everything they want; organics has nothing to do with where something is produced, how its workers are treated, and how well farmers are paid."

Vermont Smoke and Cure meets VCLF's social and economic impact loan criteria. It provides good jobs, and its workforce will increase when the company moves to larger facilities within a year. It supports local agriculture, and it provides custom smoking services to more than 500 Vermont farmers and backyard growers, helping them thrive.

The "Localvore" movement is gaining traction in Vermont, as people appreciate the superior quality and freshness of foods produced close by, as well as the virtues of supporting Vermont's economy and reducing fuel consumption. Together with flexible, affordable financing from the Loan Fund, that bodes well for the future of Vermont Smoke and Cure.



A sampling of the local and natural products from Vermont Smoke and Cure.

Helping Our Communities Thrive

We believe that communities are most healthy when they are enriched by the work of strong community-based organizations and the community facilities they operate. Rural health centers, food banks, shelters, elder care and multi-generational centers, educational and arts organizations: hundreds of thousands of our neighbors, family members and friends rely on community organizations and facilities for their quality of life.

The Loan Fund has a long history of working with community-based organizations to help them finance essential community facilities. We finance nonprofit organizations and facilities, as well as for-profit organizations that predominantly serve lower-income Vermonters. We make loans for real estate acquisition, construction, rehabilitation, bridge financing, lines of credit and equipment purchase.

enriching quality of life...

2007 Community Facilities Lending Highlights:

- ▶ Loaned more than \$450,000 to Vermont's community-based organizations.
- ▶ Leveraged more than \$1.3 million in additional project funding.
- ▶ Financed organizations that serve more than 30,000 Vermonters annually.



'Kingdom' Communities Embrace Catamount Film & Arts

An improbable project is taking shape in St. Johnsbury – improbable because the city of 6,500 residents seems an unlikely host for a million-dollar arts and performance center; doubly improbable because Catamount Film & Arts, the recipient of \$200,000 loans from five financial institutions, could provide little in the way of collateral. Though well-established in the former post office since 1985, Catamount never owned that building and had no real property to secure the debt. All it offered was a promise to raise the money to repay the loans.

So why would the Vermont Community Loan Fund, the Passumpsic Savings Bank and three other institutions extend seven figures to Catamount? Because CFAC is a beloved organization bringing the arts to more than 30,000 residents of the Northeast Kingdom every year.

"It's an unorthodox financial arrangement," CFAC Development Director Jerry Aldredge confessed. "We know St. Johnsbury is not going to make its commercial recovery with big-box stores; it will be on the basis of the 'creative economy,' and we would like CFAC to be a magnet that helps attract other businesses and creative enterprises."

There's another important aspect to the project: Catamount is purchasing and rehabilitating one of St. Johnsbury's landmark buildings, the historic Masonic Temple. The Masons donated the building to CFAC (retaining the third floor for their own use in perpetuity). Catamount further contained costs by inviting the building trades class at St. Johnsbury Academy to spearhead renovations that will result in a beautifully appointed facility with two movie theaters, a 125-seat performance space, an art gallery, classrooms, a video library, and more.

With local lending, local giving, and local labor, it's as if St. Johnsbury is giving itself this new cultural centerpiece.

"The Loan Fund had the foresight to understand that this will be a boost for the entire Northeast Kingdom," said Aldredge, "and that the economic health of one part of the state is connected to the economic health of the entire state. They put their money where their beliefs are, which to me is the highest compliment I can pay."



The Masonic Temple in St. Johnsbury, a new home for Catamount Film & Arts.

Growing Access to Quality Child Care

We believe that early childhood education provides an essential foundation for our children's growth and development. We know that Vermont's child care providers, whether home- or center-based, face unique challenges in financing the start-up or improvement of their programs, and we're committed to working with them to increase the availability and quality of child care in Vermont.

Since 2000, the Loan Fund has provided creative financing for child care facility and program improvements. Our loans help providers meet state regulatory and ADA accessibility requirements, increase their staffing or capacity to serve, and purchase necessary equipment and supplies. We also administer the State of Vermont's Building Bright Futures facilities grant program.

Our loans are coupled with vital technical assistance that helps our providers develop comprehensive, sustainable business plans, as well as business models and practices that best serve and protect them, the children and families they serve. Recognizing that this TA could also be invaluable to providers who weren't necessarily looking to borrow capital from the Loan Fund, we created the Child Care Business Development Center in 2007 to serve the statewide provider population.

2007 Child Care Lending Highlights:

- ▶ Loaned \$1.2 million, a 300 percent increase from 2006.
- ▶ Created or retained slots for 459 children and jobs for 92 Vermonters.
- ▶ Granted \$151,000 in Building Bright Futures funding to help providers enhance their facilities.

an essential foundation
for growth...



A Step Up for a Windsor Child Care Center

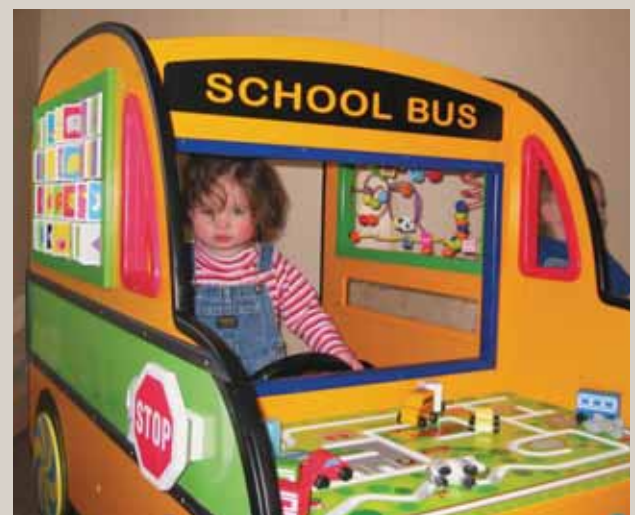
To put it mildly, there is a "market" for reliable, professional infant care in Windsor County. Kim Currier found that out when she moved her child care business, Country Corners Playschool, Inc., from her home in Cavendish to Downers Four Corners, five minutes away. Instantly, her infant enrollment shot up from two to eight, with a waiting list in case an opening should occur.

Of course, that didn't surprise Kim. With a two-year business degree and a banking background, she knew enough to assess the market before applying for a \$185,000 loan from VCLF in 2007. The loan was for purchasing and renovating a house and eight acres ("I'm really big on outdoor learning," said Kim, who spent much of her childhood on a dairy farm.) at a central location for local commuters. Her husband, David, performed the renovations, which were extensive.

Kim had operated her child care since 2004, and her move to a well-appointed facility was a local "event." More than 100 people showed up at her grand opening on March 3, 2008.

The center's enrollment also includes five toddlers (ages two to three years old), 10 preschoolers, and five school-age children. The "World of Discovery," as the center is called, is a full-day, full-year facility, with four staff trained, at a minimum, in early childhood education. For her summer program Kim hires a teacher from the local school district. Better staffed and situated, Kim is pursuing Stars accreditation, which is awarded to child care centers that demonstrate their commitment to families and communities. Such accreditation would qualify World of Discovery to provide preschool services for the district, and to receive a 15 percent increase in remuneration for children whose families receive a child care subsidy.

Unfortunately, Kim's market isn't unique: the state's Department for Children and Families estimates that quality, regulated child care services like World of Discovery only have the capacity to serve 50 percent to 60 percent of the children who qualify for care. VCLF's Child Care Loan Program seeks to rectify that imbalance, and in Downers Four Corners, Kim Currier is showing how it can be done.



At play at World of Discovery in Downers Four Corners.

Making Housing Affordable

We believe that a safe, affordable home is the cornerstone of any family's ability to become economically stable, achieve self-sufficiency and build wealth. As Vermont's housing stock continues to age and production of new affordable homes continues to decline year after year, this mounting epidemic threatens Vermonters' ability to support their families and build for the future.

The Loan Fund provides financing for projects to construct affordable housing to serve lower-income Vermonters and other vulnerable populations. Ranging in size from one unit to 100, our projects include single- and multi-family housing and mobile home parks. We make loans for land acquisition and predevelopment to help developers preserve and prepare sites for future construction. We also offer loans to individuals for the purchase of their mobile home in nonprofit-owned parks, and to private landlords for rehabilitation and safety improvements to their affordable rental properties.

safe, affordable homes...

2007 Affordable Housing Highlights:

- ▶ Loaned almost \$2.7 million for safe, affordable homes, an increase of more than 25 percent from 2006.
- ▶ Leveraged almost \$19 million in additional project funding, an increase of 85 percent from 2006.
- ▶ Built or rehabilitated 181 affordable homes for families, seniors and other individuals.



A Predevelopment Loan Gets GHT Housing Plan Started in Newport

Gilman Housing Trust (GHT) and the Vermont Community Loan Fund have a longstanding relationship. A nonprofit created in 1985 to develop and manage affordable housing in a region of extreme need, GHT has frequently turned to VCLF for funding assistance. However, the \$150,000 GHT received in 2007 for its Main Street Senior Apartments project in Newport added a new dimension to the relationship.

"This is the first Predevelopment loan they have provided for us," said Gilman Development Director Olivia Beleau. "It's a great product. It has paid for architectural services, surveying, engineering, permitting... the things you need to do to arrive at a contract price with the seller. We've spent every penny of it, and now we're close to signing contracts. We hope to enter construction around the end of April."

GHT has done critical work in the Northeast Kingdom, where a collision of economic problems has elevated the need for affordable housing. Family farms in this rural region are dwindling; when the farm goes under, the farmhouse may be the family's only financial asset, but the value of those homes has eroded. Newport therefore is attracting displaced seniors with minimal personal resources. On top of that, the housing market is tight (GHT has a waiting list of some three dozen applicants for its two existing senior projects in Newport.), and an estimated 85 percent of the city's existing housing stock is substandard.

Main Street Senior Apartments will add 12 units of safe and comfortable senior housing by renovating two contiguous downtown buildings, maintaining commercial space on the first floor but building two stories of apartments above. With elevator access, doorways that accommodate wheelchairs, handrails and periodic seating in the hallways, and kitchens that can be adapted if residents become further disabled, tenants will be able to age in place. HUD rent subsidies will enable GHT to serve a very needy clientele – people below 60 percent area median income.

Gilman Housing Trust has been working on this project for five years, during which the local need for affordable elderly housing has only increased. With that trend likely to continue, GHT and VCLF can expect to continue working together for years to come.



Architect's rendering of the new Main Street Senior Apartments.

Due to growing activity in each of our lending programs, the Loan Fund enjoyed another strong year in 2007. In all, we closed 43 loans totaling almost \$6.1 million dollars, creating opportunities for Vermonters in every corner of the state. Here's a brief recap of the projects and people we invested in last year.



growing opportunities for Vermonters...



Small Business Lending

Circle Saw Farm, Braintree

Covering 800 acres in Braintree and Randolph, Circle Saw Farm has been in the Simpson family since 1950. The farm used VCLF loan funds to purchase and install a bedding recovery unit. The units will help the farm manage its manure, eliminate the purchase of bedding, and provide additional income through the sale of excess bedding and soil amendments.

Cool Front, Ferrisburg

Cool Front is an innovative designer of premium recreational snow sleds. A loan from VCLF provided working capital, enabling the company to purchase inventory and free up cash for operations during the winter months between when purchase orders are placed and payments from retailers are received. www.hammerheadsled.com

Draker Solar Design, Burlington

Creator of solar electric system monitoring products, Draker Solar used a second loan from VCLF as a bridge for working capital so that the company can continue to grow while it accumulates greater equity. www.drakersolar.com

Gas-Watt Energy, Milton

An additional loan from VCLF will facilitate the completion of a landfill gas (methane)-fueled merchant electric station at the Chittenden Solid Waste District's (CSWD) Williston Landfill. The annual emissions reduction benefits for a landfill gas energy project of this size is equivalent to removing the emissions of 757 vehicles, or planting 1,079 acres of forest.

Local Agricultural Community Exchange (LACE), Barre

With financing from VCLF, Ariel Zevon has opened a fresh market, café, and community center. The start-up business now brings fresh produce and Vermont products to downtown Barre while creating jobs and supporting area food producers. www.lacevt.org

Mad River Rocket, Warren

Mad River Rocket designs and sells knee sleds. The innovative design was created in response to the need for a durable sled that could be used by children and adults to explore backcountry snow areas. VCLF made a working capital loan to Mad River Rocket in 2004, and again in 2007, strengthening the growing business.

www.madriverrocket.com

Outdoor Gear Exchange, Burlington

A leading retailer of outdoor equipment and longtime VCLF borrower, Outdoor Gear Exchange used a new loan to restructure existing debt and for working capital necessitated by the company's continued growth and its commitment to quality employment practices. www.gearx.com

Vermont Milk Company, Hardwick

A loan from VCLF was used to bridge permanent financing and enable the Vermont Milk Company to purchase a processing facility, supporting dairy farmers by offering a stable milk price. www.vermontmilkco.com



Vermont Morning, Waitsfield

Consolidating two existing loans used for machinery and working capital has helped this growing, woman-owned company produce and market its all-natural whole-grain, multi-grain hot cereal, which is sold in natural food and specialty food stores, independent groceries and co-ops, restaurants, and business and hospital cafeterias across the country. www.vtmorning.com

Vermont Organic Fiber, Middlebury

An importer and marketer of organic wool, Vermont Organic Fiber used a working capital loan from VCLF to purchase sufficient product to keep up with growing demand. Since its founding in 2000, the company has become the leading wholesale supplier of products made with certified organic wool. www.vtorganicfiber.com

Vermont Smoke and Cure, South Barre

Vermont Smoke and Cure makes and sells maple brined hams, bacons and sausages. Additionally, the company processes meats for more than 500 Vermont farmers annually. A line of credit from VCLF will be used to support the growth of this company. www.vtSmokeandCure.com

Waits River General Store, West Topsham

The Waits River General Store has been owned and operated by the MacDonald family since 1990. They used a loan from VCLF to restructure debt, strengthening a business that is vitally important to the small rural community. <http://vaics.org/vaics-waitsriver.html>

Workhorse Creative, Underhill

A thriving design, advertising and marketing company, Workhorse Creative used a loan from VCLF to renew an existing line of credit, continuing the growth of its business operations. www.workhorse.info



bringing fresh produce and Vermont products
to our downtowns...

boosting existing downtowns and emerging neighborhoods...



Child Care Lending

Copp's Building Blocks Child Care, Danville

Heather Copp has operated her registered home daycare since 2001. She used a loan from VCLF to replace a failed septic system, allowing her to continue providing care out of her home. Loan funds were also used to improve the child care space.

Creative Spirit Child Care, West Fairlee

Creative Spirit Child Care provides care to 17 children ranging from six weeks to 12 years of age. Owner and director Sheila Bedi used a loan from VCLF to refinance existing debt, improving the business' financial position.

Emerald City Child Care Center, Barre

Wendy Stacey and Allison Morse, who were operating their own separate home-based programs, joined together to create Emerald City Child Care. An additional loan from VCLF was used to cover start-up expenses and continue to serve up to 50 children ages six weeks to 12 years in their newly renovated facility.

Hearts & Minds Childcare & Preschool, Rutland

Hearts & Minds Childcare & Preschool is a licensed center owned and operated by Rebecca Whetmore. It serves up to 36 children aged six weeks to 12 years. VCLF loan funds were used to refinance both bank debt and an existing VCLF loan, and to install a sprinkler system.

Little Dippers Doodle Children's Center, Lyndon

With partial funding from VCLF, Betsy Bailey Guyer has expanded her existing child care into a new 8,200-square-foot facility offering first- and second-shift care for up to 165 children aged six weeks to 12 years.

Montessori School of Central Vermont, Berlin

The Montessori School of Central Vermont operates in two locations, Berlin and Plainfield, in order to meet the rapid growth of the school. It used a loan from VCLF to make facility improvements to the Plainfield property, to purchase new equipment for the Berlin school, and for working capital.

Mud City Kids, Morrisville

Currently a VCLF borrower, Mud City Kids is a licensed center serving 50 children and is owned and operated by Tracy and Ernie Patnoe. The Patnoes used a second loan from VCLF to restructure several different sources of debt into one loan, simplifying the business' finances.

Saxton's River Montessori School, Saxton's River

Established in 1991, Saxton's River Montessori School sought to expand its facility to increase its services to full-day care. A loan from VCLF will be used to build a two-story addition that will include a multi-purpose room and a second-story office and storage area.

See Them Grow Child Care, Fairfax

Christel Michaud has been operating her home-based child care since 2004. She is using a second loan from VCLF to refinance existing debt, and for operating capital that will enable her to meet tax and insurance obligations, strengthening her business' financial position.

World of Discovery, Perkinsville

After operating a home-based child care since 2004, Kim Currier used a loan from VCLF to purchase a building and make improvements, enabling her to expand into a licensed center. The new center serves up to 29 children, and created 16 much-needed infant and toddler slots.

Housing & Community Facilities Lending**Catamount Film & Arts Company, St. Johnsbury**

With partial financing from VCLF, the Catamount Film & Arts Company is rehabilitating the recently donated Masonic Temple, enabling the long-established organization to expand its facilities as well as the arts programs offered to residents of the Northeast Kingdom.

Central Vermont Community Land Trust, Barre

The Central Vermont Community Land Trust used VCLF loan funds to purchase a single-family home that will be leased to Washington County Mental Health for use as client transitional housing.

Champlain Housing Trust – Pearl Street, Essex Junction

The Champlain Housing Trust used a loan from VCLF to purchase a single-family condominium from the homeowner, who was facing foreclosure due to unanticipated financial hardship. CHT's purchase of the property will allow the homeowner to avoid foreclosure, protect her credit, and preserve equity.

Champlain Housing Trust – Ciara Drive, Grand Isle

With loan funds from VCLF, the Champlain Housing Trust purchased two of six single-family homes in a small subdivision, which upon completion will be re-sold to qualified buyers as perpetually affordable housing.

Champlain Housing Trust – Cameron's Run, Milton

The Champlain Housing Trust used a loan from VCLF to provide construction funds for eight single-family homes which are part of a larger 35-home development. Upon completion, the eight homes will be sold to families earning between \$47,000 and \$70,000, increasing the stock of affordable housing in the area.

Covered Bridge Therapeutic Communities, St. Johnsbury

Covered Bridge Therapeutic Communities provides residential support to people with substance-abuse issues who have been recently incarcerated. The organization used a loan from VCLF to purchase a home that will provide housing for two resident-managers and six residential clients.

Friends of Algiers Village, Guilford

A group of citizens concerned about the future development of their community, the Friends of Algiers Village used VCLF loan funds in 2005 to purchase vacant properties in the center of the village. The group recently refinanced the existing loan, consolidating debt on the property.

Gilman Housing Trust – Maple Ridge Mobile Home Park, Lyndonville

Gilman Housing Trust used a loan from VCLF to purchase a 41-unit mobile home park, ensuring perpetually affordable lot rents in the economically distressed Northeast Kingdom.

Gilman Housing Trust – Main Street Senior Apartments, Newport

Gilman Housing Trust used loan funds from VCLF to cover predevelopment costs associated with the conversion of an existing property into 12 units of affordable senior housing.

The Hartland Group Community Developers and Consultants, Burlington

The Hartland Group is a Vermont-based company created to develop residential and commercial real estate projects in existing downtowns and emerging neighborhoods. A working capital line of credit from VCLF will be used to support the predevelopment and ongoing expenses for current and future mixed-income housing projects.

Downtown Crossing Housing Limited Partnership, Bennington

Downtown Crossing Housing Limited Partnership is a proposed scattered-site, infill development, which will add supply and improve the quality of affordable rental units in the Town of Bennington. VCLF loan funds will be used for the renovation of eight units and creation of four units of affordable rental housing.

Rockingham Area Community Land Trust, Springfield

A nearly 20-year-old organization, RACLT creates and preserves affordable housing for the low-to-moderate income population of southern Windsor and northern Windham counties. RACLT used a short-term bridge loan from VCLF for organizational operating costs.

TJB Properties, LLC, St. Johnsbury

With VCLF financing, Tristan and Jessica Barrett are building three rental units onto their existing owner-occupied property. The project will not only provide rental income for the Barretts, but will also provide much-needed affordable apartments to the area.

Westgate Housing Limited Partnership, Brattleboro

Home to 255 residents, the Westgate Apartments were built in the 1970s and in 2003 were substantially re-developed, creating some of the highest-quality resident-controlled housing in Vermont. VCLF refinanced debt incurred during the re-development.

Mobile Home Loan Subsidies

Using a Mobile Home Loan Subsidy, one individual purchased an affordable home in the following nonprofit-owned park:

Brookside Mobile Home Park, Starksboro

Supporting the Loan Fund

Because of the generosity and commitment to social and economic justice of folks like you, VCLF is able to provide opportunities for Vermonters to strengthen their communities in real, measurable ways. Quality jobs, thriving local businesses, essential community services, safe and affordable homes, excellent child care, *opportunity*: these are the products of our work together. Here is how you can support the Loan Fund:

Invest!

The majority of the capital we lend comes from Community Investments from folks like you: individuals and families, businesses, banks, foundations and nonprofits, religious institutions and investment circles, who all share our vision for a better Vermont. No amount is too small; we have single investments from \$1,000 to well over \$1,000,000! You can select an interest rate and term that matches your financial and social investing goals, and can even earn a credit toward your Vermont state income tax. Best of all, you'll know your investment has real power: creating opportunities for the lower-income Vermonters who need them most.

Contribute!

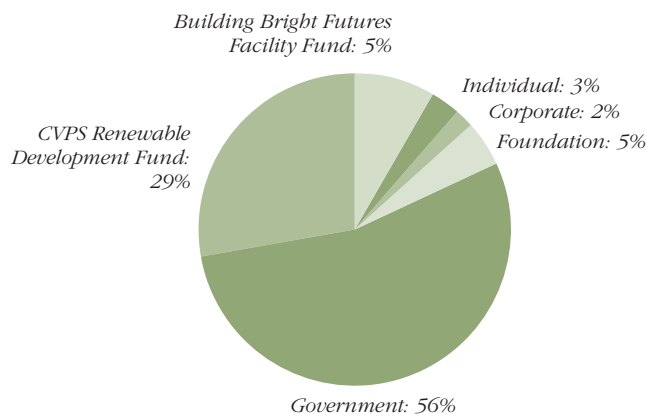
The Loan Fund is a registered 501(c)(3) nonprofit charitable organization. We rely on contributions and grants to support our operations: the technical assistance, site visits, and individualized counseling that ensure our borrowers' success. You can also make gifts to be used as loan capital in perpetuity. We accept gifts of cash or securities, real estate, bequests and other life-income gifts, and all contributions are tax deductible to the fullest extent permitted by law.

For more information on investing or contributing, please contact:

Jake Ide, Director of Development
(802) 223-4423 or jake@vclf.org

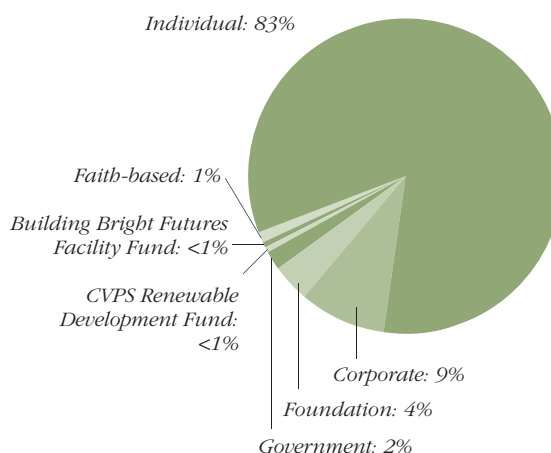
2007 Fundraising Composition by Dollar Amount

Total = \$1,858,721



2007 Fundraising Composition by Source

Total = 248 Contributions & Grants



Statement of Financial Position

On December 31, 2007

ASSETS

Cash and Investments	\$ 5,351,526
Loans Receivable	\$ 16,908,169
Reserve for Loan Losses	\$ (988,318)
Plant and Equipment (Net of Accumulated Depreciation)	\$ 15,180
Other Assets	\$ 618,552
TOTAL ASSETS	\$ 21,905,109

LIABILITIES AND NET ASSETS

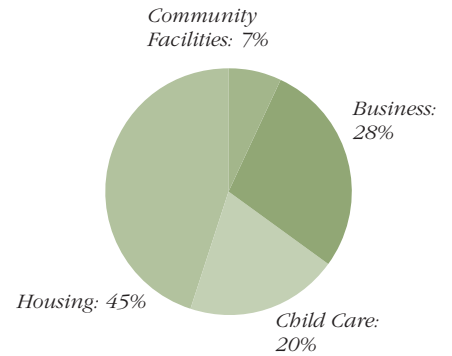
Accrued and Other Payables	\$ 197,480
Deferred Revenue	\$ 160,772
Loans Payable	\$ 15,462,446
TOTAL LIABILITIES	\$ 15,820,698

Net Assets:	
Unrestricted	\$ 3,563,886
Temporarily Restricted	\$ 1,785,123
Permanently Restricted	\$ 735,402
TOTAL NET ASSETS	\$ 6,084,411
TOTAL LIABILITIES AND NET ASSETS	\$ 21,905,109

VCLF's complete audited financial statements through December 31, 2007, are available upon request. Audit prepared by Sullivan, Powers and Company, P.C.

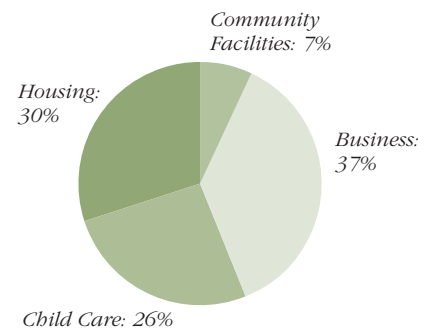
2007 Lending Totals by Dollar Amount

Total = \$6,078,867



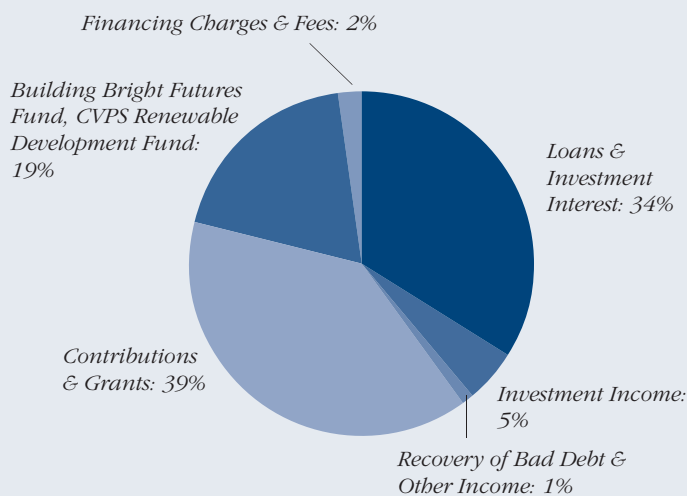
2007 Lending Totals by Number of Loans

Total = 43 Loans



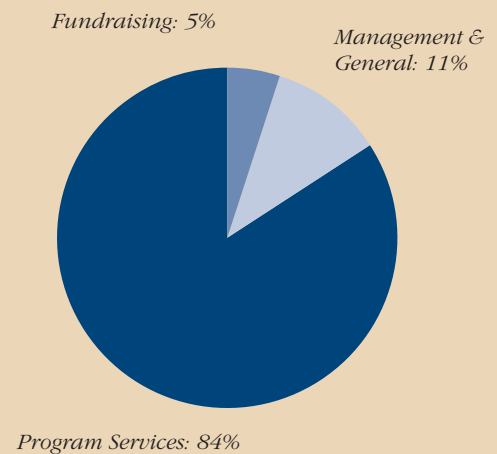
REVENUES AND SUPPORT

Total = \$3,197,531



EXPENSES

Total = \$2,097,636



The following community members have been investors in or made contributions to VCLF during 2007. We are grateful to those who have contributed so generously to VCLF's mission. If we inadvertently left out your name from this list, please contact us. Thank you!

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Citizens Bank
Community National Bank
David G. White & Associates
Farrow Investment Services
Fidelity Investments Charitable Gift Fund
Green Mountain Coffee Roasters
Hanover Society of Friends
High Mowing Seeds Company
Indian Tree Foundation
JMH Wealth Management
Key Foundation
National Life of Vermont
Northfield Savings Bank
O'Brien Brothers Agency
O.P. & W.E. Edwards Foundation
Permanent Fund for the Well-being of Vermont
Children
Pete's Greens
Renaissance Development Company
Richard E. & Deborah L. Tarrant Foundation
Stettenheim Foundation
Trustco Bank
Union Bank
Vermont Community Foundation
VCF – Concept 2 Fund
VCF – Walter Cerf Fund
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Vermont Fire Extinguisher
Vermont Housing & Conservation Board
Vermont State Employees Credit Union
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Yellow Wood Associates

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Robert & Margaret Woolmington
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Elinor Wright

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Anne Slade Frey Trust
Barbara K. Waters Revocable Trust
Barred Rock Fund
Ben & Jerry's Foundation/U-Fund
Ben & Jerry's Homemade, Inc.
Ben Harris Revocable Trust

Benedictine Foundation of the State of VT
Bethany United Church of Christ, Randolph
Burlington Airport Board of Commissioners
Calvert Foundation
Cathedral Church of St. Paul, Burlington
Charles Schwab & Co.
Charlie Burchard Memorial Trust
Chittenden Bank – Socially Responsible Banking Fund
Christ Church, Bethel
Christ Church Presbyterian, Burlington
Church of the Good Shepherd, Barre
Clifford Trust
Community Agricultural Center
Concept II, Inc.
CPH Trust
Deborah Clifford Trust
Episcopal Church, Domestic and Foreign
 Missionary Society
Episcopal Diocese of CT
Episcopal Diocese of VT
Fannie Mae
Faulkner Trust
First Congregational Church, Manchester
First Unitarian Universalist Society Revocable Trust
First Universalist Church, Barre
Funding Exchange Endowment
Funding Exchange Pooled Fund
Gadfly Trust
Gaila S. Gulak Trust
John Merck Fund
Karuna Trust
Keybank National Association
Lyman P. Wood Crummey Trust
Mad River Valley Interfaith Council
Mercy Investment Program
Montpelier Housing Authority
Nancy Falk Revocable Trust
Ninevah Trust
North Universalist Chapel Society
O.P. & W.E. Edwards Foundation
Opportunity Finance Network
Our Lady of the Snows Roman Catholic Church,
 Woodstock
Parnassus Fund
Passumpsic Savings Bank
Pizzagalli Construction Company
Preservation Trust of VT
R & R Foundation
Robert Rex Seeber Testamentary Trust
Roman Catholic Diocese of Burlington
Rosalie Harris Revocable Trust
Rutland Dismas House
St. Barnabas' Episcopal Church of Norwich
St. James Episcopal Church of Arlington
St. Mark's Episcopal Church of Springfield
St. Michael's College
St. Michael's College Edmundite Community
St. Paul's Episcopal Mission of Canaan
St. Peter's Church of Bennington
Second Congregational Church of Bennington
Seton Enablement Fund
Sisters of Mercy of the Americas Northeast
Community, Inc.
Sisters of St. Francis of Philadelphia
Sisters of St. Joseph Investment Collaborative
Society of St. Edmund
Tides Foundation
Trinity Episcopal Church of Rutland
United Church of Christ, VT Conference
United Church of Stafford
Unitarian Church of Montpelier
Unitarian Universalist Chapel Society
Unitarian Universalist Society, NH/VT District
USDA Rural Development
VT Community Foundation
VT Ecumenical Council and Bible Study
VT Energy Investment Corporation
VT Office of the State Treasurer
VT State Housing Authority
Vitesse Press

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