Mission Statement
Housing Vermont is a private, non-profit development company founded in 1988. Our mission is to produce permanently affordable housing for Vermonters through partnerships with communities and the private sector. "To produce permanently affordable housing for Vermonters through partnerships with communities and the private sector" is not only Housing Vermont’s mission, it’s our business plan. Undertaking projects identified and co-developed by community groups ensures that the housing meets local needs. Partnering with area banks helps keep local dollars invested in town. Awarding contracts to Vermont contractors helps maintain our regional economy and jobs for our neighbors.

Sometimes the task is to take an abandoned, historic building and return it to usefulness—not only creating housing but supporting neighborhood revitalization. On occasion the units are built as part of a larger project adding enhanced community facilities like a post office or library. But new construction can also play a central role in community development. The link between affordable housing and economic growth is universally acknowledged. Both local businesses and prospective companies need to be able to attract workers, workers who will only be available if there is a good supply of attractive, quality housing. In many Vermont communities this has meant that Housing Vermont and its partners have needed to build new units.

This year was a year that demonstrated the depth and breadth of Housing Vermont’s commitment to work with communities. We built post offices, libraries, and retail space. We rebuilt village centers and helped initiate new urban centers. But above all, we built many, many places that Vermont’s current and future families can call home.
Housing Vermont’s success is built on the successes of our partners. These local and regional nonprofit development companies work in our towns to make sure that their neighbors have safe, decent, and affordable housing. It is the unique partnership of our local town and village centers that we work to support, and the local people who live there who are our partners. Wherever we work, our efforts are focused on the unique needs of each community and the projects. Project requirements are shaped by the people who live there.

In South Burlington, the Lamoille Housing Development Corporation (LCHDC) and Housing Vermont developed 50 apartments in a historic school building. This was a year of big and small projects, and we proved up to the challenge. WRAP did, however, have the vision and the nerve to support the Ruggles House, a Hill section home that had long provided and, thanks to RHDC’s support, will continue to provide housing to seniors. In Jeffersonville, we built 37 new units of family and elderly housing on adjacent sites in collaboration with the Lime Kiln Housing Partnership. In Middlebury, we rehabilitated three historic buildings and built four new units with Addison County Community Action Group, our local partner. And in Waterbury, we worked with Central Vermont Community Land Trust to renovate a stunning, historic school building. Vermont’s success is built on the support of the housing agencies, confidence of our partners, and skills of our staff. We were able to provide what was needed, and everyone can take pride in the challenges we have met and the results we have achieved.

The lode of local success is truly Vermont. It is the people here at Housing Vermont that make all the difference. They are highly skilled, broadly experienced, and have an almost boundless commitment to our work. It is the staff that give our partners, investors, and others the confidence to join with us in our mission to accomplish our important community work.

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Lime Kiln Apartments
SOUTH BURLINGTON
LOCATION
378-380 Lime Kiln Road
NUMBER OF UNITS
48
GENERAL PARTNERS:
Lake Champlain Housing Ventures, Inc.
H.V. 2001, Inc.
LIMITED PARTNER:
Merchants Bank
FINANCING:
Vermont Housing & Conservation Board, Vermont Housing Finance Agency, City of South Burlington through the Vermont Community Development Program, Merchants Bank, U.S. Department of Housing and Urban Development – HOME & HOPWA Programs, Residential Energy Efficiency Program
ARCHITECT:
Vermont Architect’s Collaborative
GENERAL CONTRACTOR:
Neagley & Chase Construction Company
MANAGEMENT AGENT:
Lake Champlain Housing Ventures, Inc.

O’Dell Apartments
SOUTH BURLINGTON
LOCATION
590 Farrell Street
NUMBER OF UNITS
160
GENERAL PARTNERS:
Lake Champlain Housing Ventures, Inc.
H.V. Marketplace, Inc.
LIMITED PARTNER:
Apollo Housing Capital, LLC
FINANCING:
City of South Burlington through the Vermont Community Development Program, Vermont Housing & Conservation Board, Vermont Housing Finance Agency, U.S. Department of Housing & Urban Development – HOME, HUD Special Purpose and HOPWA Programs, Residential Energy Efficiency Program
ARCHITECT:
Rabideau Architects, Inc.
GENERAL CONTRACTOR:
Wright & Morrissey, Inc.
MANAGEMENT AGENT:
Lake Champlain Housing Ventures, Inc.

Baldwin Block
WELLs RIVER
LOCATION
27-29 Main Street
NUMBER OF UNITS:
7 residential / 2 commercial
GENERAL PARTNERS:
Wells River Action Program, Inc.
H.V. 2001, Inc.
LIMITED PARTNER:
Wells River Savings Bank, Woodsville Guaranty Savings Bank, Preservation Trust of Vermont
FINANCING:
ARCHITECT:
Black River Design Architects
MANAGEMENT AGENT:
Northern Community Management Corporation
Maple Tree Place

WILLISTON

LOCATION:

Maple Tree Place

NUMBER OF UNITS:

50

GENERAL PARTNERS:

BCLT Rental Development, Inc.
H.V. 2001, Inc.

LIMITED PARTNER:

Merchants Bank

FINANCING:


ARCHITECT:

Scott & Partners Architects

GENERAL CONTRACTOR:

Professional Construction Inc.

MANAGEMENT AGENT:

Burlington Community Land Trust

Green Mountain Seminary

WATERBURY CENTER

LOCATION:

38 Hollow Road

NUMBER OF UNITS:

16 residential / 1 commercial

GENERAL PARTNERS:

Central Vermont Community Land Trust
H.V. 2001, Inc.

LIMITED PARTNERS:

Northfield Savings Bank
Community National Bank

FINANCING:


ARCHITECT:

NBF Architects P.C.

GENERAL CONTRACTOR:

Burlington Community Land Trust

Ruggles House

BURLINGTON

LOCATION:

262 South Prospect Street

NUMBER OF UNITS:

15

GENERAL PARTNERS:

CSC Partners, Inc.
H.V. 2001, Inc.

LIMITED PARTNER:

Banknorth Vermont

FINANCING:

Vermont Housing & Conservation Board, Banknorth, Vermont Federal Home Loan Bank through its Affordable Housing Program, Vermont Gas Systems, Burlington Electric Department, City of Burlington through the Burlington Housing Trust Fund and the HOME Program, HUD Special Purpose Funds.

ARCHITECT:

Duncan-Wisniewski Architecture

GENERAL CONTRACTOR:

Neagley & Chase Construction Company

MANAGEMENT AGENT:

Cathedral Square Corporation

Westgate Apartments

WEST BRATTLEBORO

LOCATION:

First Level Drive, Second Level Drive, Third Level Drive and Westgate Drive

NUMBER OF UNITS:

98

GENERAL PARTNERS:

Westgate Housing, Inc.
H.V. Westgate, Inc.

LIMITED PARTNERS:

Chittenden Bank, Merchants Bank, Banknorth Vermont

FINANCING:


ARCHITECT:

Williams and Frehsee, Inc.

GENERAL CONTRACTOR:

Wesfield Construction Company, Inc.

MANAGEMENT AGENT:

Stewart Property Management, Inc.
### Jefferson Family & Community Housing
#### Locations:
- 110, 115 & 120 Main’s Meadow

#### Number of Units:
- 27

#### General Contractor:
- LHP 1994, Inc.
- M.P. Wetterer

#### Limited Partners:
- Union Bank Community National Bank
- Barre Vermont

#### Architects:
- Addison Architects, Inc.
- Cohn Wager, Inc.
- Brower Roofing Co.

#### Management Agent:
- Addison Community Action Group
- Technical Planning & Management, Inc.

#### Financials:
- Program Finance Agency, Town of Cambridge
- Union Bank, Vermont Housing Finance Agency, Town of Cambridge through the Vermont Community Development Program, U.S. Department of Housing & Urban Development - HOME & HOPWA
- Program Finance Agency, Town of Cambridge

#### Project:

<table>
<thead>
<tr>
<th>Project</th>
<th>Number of Units</th>
<th>Total Cost</th>
<th>Average Cost Per Unit</th>
<th>Total Expenditures</th>
<th>Average Expenditure per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABBOTT</td>
<td>17</td>
<td>5,130,000</td>
<td>298,800</td>
<td>1,593,299</td>
<td>91,914</td>
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### HOUSING VERMONT DEVELOPMENTS 1988-2001
#### Annual Production and Sources of Funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Developments</th>
<th>Total Units</th>
<th>Total Expenditures</th>
<th>Average Expenditure per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>162</td>
<td>7,506,599</td>
<td>5,613,274</td>
<td>349,323</td>
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<tr>
<td>1989</td>
<td>164</td>
<td>8,700,916</td>
<td>7,012,593</td>
<td>424,307</td>
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<tr>
<td>1990</td>
<td>73</td>
<td>2,568,599</td>
<td>1,915,274</td>
<td>261,576</td>
</tr>
<tr>
<td>1991</td>
<td>69</td>
<td>2,568,599</td>
<td>1,915,274</td>
<td>261,576</td>
</tr>
<tr>
<td>1992</td>
<td>65</td>
<td>2,568,599</td>
<td>1,915,274</td>
<td>261,576</td>
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<tr>
<td>1993</td>
<td>61</td>
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<td>1,915,274</td>
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<td>1,915,274</td>
<td>261,576</td>
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<td>1995</td>
<td>53</td>
<td>2,568,599</td>
<td>1,915,274</td>
<td>261,576</td>
</tr>
<tr>
<td>1996</td>
<td>47</td>
<td>2,568,599</td>
<td>1,915,274</td>
<td>261,576</td>
</tr>
<tr>
<td>1997</td>
<td>44</td>
<td>2,568,599</td>
<td>1,915,274</td>
<td>261,576</td>
</tr>
<tr>
<td>1998</td>
<td>41</td>
<td>2,568,599</td>
<td>1,915,274</td>
<td>261,576</td>
</tr>
</tbody>
</table>

### Project Completion Dates
- All projects completed within the specified time frame.
The acquisition of the South Burlington CO-OP apartments was completed in 2009. The subsequent sale of the apartments was completed in 2010.

In 2009, the Southern Vermont College (SVC) community housing project was completed. The project provided affordable housing for students attending Southern Vermont College. The project was funded through the Low Income Housing Tax Credit (LIHTC) program.

In 2010, the Woodstock Commons community housing project was completed. The project provided affordable housing for low-income families in Woodstock. The project was funded through the Low Income Housing Tax Credit (LIHTC) program.
**LIMITED PARTNERS/INVESTORS**

- CDC-Asbany Corp.
- Arrow Financial Corporation
- The Bank of Bennington
- Banknorth Vermont (formerly First Vermont Bank, Franklin Lamoille Bank and Howard Bank)
- Ben & Jerry's Homemade, Inc.
- Chittenden Bank
- Community National Bank
- Factory Point National Bank
- Federal National Mortgage Association
- Fleet National Bank
- Frank & Greta Hekk
- Holstein Friesian Association of America
- Key Bank
- Lyndonville Savings Bank & Trust
- Merchants Bank
- Michiel Associates, Ltd.
- National Bank of Middlebury
- National Life Insurance Company of Vermont
- Northfield Savings Bank
- Passumpsic Savings Bank
- The Richman Group, Inc.
- Union Bank
- Wells Fargo Savings Bank
- Woodsville Guaranty Savings Bank

**GENERAL PARTNERS**

- Abbott Group, Inc.
- Applegate Housing, Inc.
- Brattleboro Area Community Land Trust
- Bristol Family Housing, Inc., a subsidiary of Addison County Community Action Group
- Bugbee Street Properties, Inc., a subsidiary of Twin Paw Housing Trust
- Burlington Community Land Trust and its subsidiary, BCCT Rental Development Inc.
- Burlington Housing Authority
- Capital City Housing Foundation, Inc., a subsidiary of Montpelier Housing Authority
- Central Vermont Housing Opportunities, a subsidiary of Central Vermont Community Land Trust
- CSC Partners, Inc., a subsidiary of Cathedral Square Corporation
- Joseph M. Cloutier
- Gilman Housing Trust, Inc.
- Hardwick Nonprofit Housing Corporation
- Heineberg Senior Housing Corporation
- Highgate Housing, Inc.
- Holy Cross Senior Housing Corporation
- Housing Foundation, Inc., a subsidiary of Vermont State Housing Authority
- Interfaith Housing Corporation
- Lake Champlain Housing Ventures, Inc.
- LHP 1994, Inc., a subsidiary of Lamoille Housing Partnership
- McAuley Square, Inc.
- Northgate Housing, Inc.
- Peacham Community Housing, Inc.
- Randolph Neighborhood Housing Services

**HOUSING UNITS BY COUNTY**

<table>
<thead>
<tr>
<th>County</th>
<th>Total</th>
<th>New 2000</th>
<th>Cumulative Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addison</td>
<td>443</td>
<td>443</td>
<td>443</td>
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<tr>
<td>Chittenden</td>
<td>2,630</td>
<td>2,630</td>
<td>3,073</td>
</tr>
<tr>
<td>Caledonia</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Lamoille</td>
<td>169</td>
<td>169</td>
<td>169</td>
</tr>
<tr>
<td>Orleans</td>
<td>205</td>
<td>205</td>
<td>205</td>
</tr>
<tr>
<td>Grand Isle</td>
<td>1,013</td>
<td>1,013</td>
<td>1,013</td>
</tr>
<tr>
<td>Washington</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Orange</td>
<td>86</td>
<td>86</td>
<td>86</td>
</tr>
<tr>
<td>Addison</td>
<td>3,073</td>
<td>3,073</td>
<td>3,073</td>
</tr>
<tr>
<td>Brattleboro</td>
<td>1,013</td>
<td>1,013</td>
<td>1,013</td>
</tr>
<tr>
<td>Windham</td>
<td>253</td>
<td>253</td>
<td>253</td>
</tr>
<tr>
<td>Windham</td>
<td>1,013</td>
<td>1,013</td>
<td>1,013</td>
</tr>
<tr>
<td>Stowe</td>
<td>44</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Waterbury</td>
<td>77</td>
<td>77</td>
<td>77</td>
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<tr>
<td>Woodstock</td>
<td>319</td>
<td>319</td>
<td>319</td>
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<tr>
<td>Woodstock</td>
<td>2,874</td>
<td>2,874</td>
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<tr>
<td>Pomfret</td>
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<td>20</td>
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<td>Rutland</td>
<td>343</td>
<td>343</td>
<td>343</td>
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<tr>
<td>Rutland</td>
<td>1,696</td>
<td>1,696</td>
<td>1,696</td>
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<tr>
<td>Washington</td>
<td>21</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Woodstock</td>
<td>1,448</td>
<td>1,448</td>
<td>1,448</td>
</tr>
<tr>
<td>Woodstock</td>
<td>7,825</td>
<td>7,825</td>
<td>7,825</td>
</tr>
</tbody>
</table>

**SOURCES OF FUNDS**

- **BANK**: 2.5%
- **RD**: 2.5%
- **CDBG**: 5.0%
- **VHCB**: 14.4%
- **HUD**: 11.0%
- **VHFA**: 21.9%
- **EQUITY**: 34.8%

**PORTFOLIO TAX BENEFITS**

- **PROJECTED**: 832,373
- **ACTUAL**: 2,027,337

**HOUSING UNITS**

- **In 2000**: 2,874
- **In 2001**: 2,912
- **Total**: 5,786

**HOUSING UNITS**

- **In 2000**: 2,874
- **In 2001**: 2,912
- **Total**: 5,786

**PROJECTED**

- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001

**ACTUAL**

- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001

**TOTAL**

- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
We have audited the accompanying consolidated statements of financial position of Housing Vermont and Subsidiaries (a nonprofit organization) as of December 31, 2001 and 2000, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Housing Vermont’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of U.S. Underiner, Inc., a wholly-owned subsidiary, which statements reflect total assets of $890,903 and $305,356 as of December 31, 2001 and 2000, respectively, and total revenue of $813,497 and $661,853, respectively, for the years then ended. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for H.V. Linden Terrace, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, the organization has recorded certain investments at cost, as discussed in the preceding paragraph, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present prior years’ results in their entirety. The effects on the consolidated financial statements of the preceding practice are not reasonably determinable.

In our opinion, except for the effects of recording certain investments at cost, as discussed in the preceding paragraph, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housing Vermont and Subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended. These consolidated financial statements are the responsibility of Housing Vermont’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of U.S. Underiner, Inc., a wholly-owned subsidiary, which statements reflect total assets of $890,903 and $305,356 as of December 31, 2001 and 2000, respectively, and total revenue of $813,497 and $661,853, respectively, for the years then ended. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for H.V. Linden Terrace, Inc., is based solely on the report of the other auditors.

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CASH FLOWS FROM OPERATING ACTIVITIES 2001 2000

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in due to affiliate</td>
<td>(5,020)</td>
<td>0</td>
</tr>
<tr>
<td>Payments on lines of credit</td>
<td>(4,533,250)</td>
<td>(1,914)</td>
</tr>
<tr>
<td>Net proceeds from issuance of lines of credit</td>
<td>5,608,250</td>
<td>125,000</td>
</tr>
<tr>
<td>Proceeds from issuance of long-term debt</td>
<td>0</td>
<td>5,784,561</td>
</tr>
<tr>
<td>Payments on long-term debt</td>
<td>(18,208)</td>
<td>(1,850,635)</td>
</tr>
<tr>
<td>Cash paid in transfer of projects</td>
<td>(43,735)</td>
<td>0</td>
</tr>
<tr>
<td>Increase in investment in subsidiaries</td>
<td>(48,281)</td>
<td>(47,674)</td>
</tr>
<tr>
<td>(Increase) decrease in investment in predevelopment project costs</td>
<td>676,521</td>
<td>(628,946)</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(5,030)</td>
<td>(2,890,921)</td>
</tr>
<tr>
<td>(Increase) decrease in cash - restricted</td>
<td>30,277</td>
<td>(123,775)</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>(947,414)</td>
<td>(4,710,333)</td>
</tr>
</tbody>
</table>

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2001 and 2000

SCHEDULE OF NONCASH INVESTING AND FINANCIAL ACTIVITIES

See accompanying notes.

INFORMATION

Transfer of projects to partnerships:
- Income taxes $250 $250
- Long term debt (4,425,754) 0
- Security deposits (39,997) 0
- Construction in progress 2,076,765 0
- Working capital other than cash ($646,516) 0
- Cash transferred to partnerships ($43,735) 0
- Cash and cash equivalents, end of year $245,989 $199,181
- Cash and cash equivalents, beginning of year 199,181 232,881

FINANCING ACTIVITIES

Net increase in cash and cash equivalents $46,843 $33,705

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the useful lives of the assets. Depreciation and amortization of improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. The organization generally capitalizes property and equipment costs exceeding $500 and with an estimated useful life in excess of one year.

INVESTMENT IN PREDEVELOPMENT PROJECT COSTS

Investment in predevelopment project costs consists of non-cash contributions of funds by the Organization for the benefit of projects for which the corresponding partnership entity has not yet been formed. The Organization recognizes an investment in the partnership entity and its share of any income or losses as they occur. The Organization’s share of funds contributed will amount to a return to Housing Vermont once the partnerships are formed.

FEDERAL INCOME TAXES

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and has been recognized by the Internal Revenue Service as an organization exempt from Federal income taxes on unrelated income pursuant to Section 501(c) of the Code. The Company is not a private foundation.

H.V. Linden Terrace, Inc. the Organization’s wholly-owned subsidiary, is not exempt from Federal income tax on its income and uses the same method of accounting for income taxes.
NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the discount of contingent assets and liabilities is recognized in income in the period that includes the enactment date.

NOTE 2. RELATED PARTY TRANSACTIONS

the collectibility of these amounts will change in the near term.

The Organization advanced funds to affiliated limited partnerships in preparing development and financial plans for the construction of housing units owned by these partnerships. The Organization incurred reimbursable housing development costs incident to these advances and paid $923,279 during the years ended December 31, 2001 and 2000, respectively. The allowances for doubtful accounts were $52,572 and $-0- for 2001 and 2000, respectively.

NOTE 3. CASH - RESERVED

The cash reserved and related obligation totaled $161,455 at December 31, 2001 and 2000. An allowance of $28,170 and $13,737 for 2001 and 2000, respectively, has been recorded to reflect amounts management estimates to be uncollectible.

The following cash deposits have been reserved:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for replacement</td>
<td>$26,802</td>
<td>$153,084</td>
</tr>
<tr>
<td>Development escrow reserve</td>
<td>$157,593</td>
<td>$162,613</td>
</tr>
<tr>
<td>Sinking fund escrow reserve</td>
<td>63,810</td>
<td>61,558</td>
</tr>
<tr>
<td>Tenant security deposit reserve</td>
<td>-0-</td>
<td>500,000</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>174,321</td>
<td>169,291</td>
</tr>
<tr>
<td>Note payable - Cathedral Square</td>
<td>123,420</td>
<td>348,420</td>
</tr>
<tr>
<td>Land</td>
<td>136,800</td>
<td>1,284,869</td>
</tr>
<tr>
<td>Building and improvements</td>
<td>797,893</td>
<td>4,446,758</td>
</tr>
<tr>
<td>Note payable - Connecticut Housing</td>
<td>-0-</td>
<td>479,465</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>567,393</td>
<td>164,644</td>
</tr>
</tbody>
</table>

These temporary differences are expected to be realized or settled.

The effect on deferred tax assets and liabilities of a change in the rate of income tax is recognized in income in the period that includes the enactment date.

Use of Estimates in Financial Statement Preparation

Management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from these estimates.

The collectibility of amounts reserved will change in the near term.

The following cash deposits have been reserved:

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</tr>
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<td>Long-term debt</td>
<td>567,393</td>
<td>164,644</td>
</tr>
</tbody>
</table>

NOTE 5. LINES OF CREDIT

The cash reserved and related obligation totaled $161,455 at December 31, 2001 and 2000. An allowance of $28,170 and $13,737 for 2001 and 2000, respectively, has been recorded to reflect amounts management estimates to be uncollectible.

The Organization has incurred reimbursable housing development costs incident to these advances and paid $923,279 during the years ended December 31, 2001 and 2000, respectively. The allowances for doubtful accounts were $52,572 and $-0- for 2001 and 2000, respectively.
NOTE 6. LONG-TERM DEBT (CONTINUED)

2001 2000

Note payable - Vermont Housing Finance Agency (VHFA), in the amount of $1,250,000, interest at 5.5%, due December 2001, secured by real estate $ 774,468

Note payable - Cathedral Square Corporation, in the amount of $348,035, interest at 7.0%, due September 2030, secured by real estate $ 107,548

Note payable - Cathedral Square Corporation, interest at 0.0%, due September 2030, secured by real estate $ 156,512

Note payable - Vermont Housing Finance Agency (VHFA), in the amount of $510,320, interest at 0.0%, due September 2030, secured by real estate $ 343,280

Note payable - Sisters of Mercy of the Dioceses of Burlington, Vermont, Inc. interest at 8.0%, due on demand one year after satisfaction of occupancy requirements, secured by real estate $ 149,096

Note payable - Cathedral Square Corporation, interest at 2.75%, due September 2011, secured by real estate $ 50,000

665,302 5,109,264

Less current installments 19,701 854,230

$ 645,601 $ 4,255,034

Maturities of long-term debt for the next five years and thereafter are as follows:

Year ending December 31, 2002 $ 19,701
2003 21,316
2004 23,064
2005 24,955
2006 27,002
Thereafter 549,264

$ 665,302

NOTE 7. LEASES

The Organization leases office and parking space under ten-year operating leases with an affiliated limited partnership expiring February 2009 and December 2009.

Future minimum payments under the operating leases in the aggregate are as follows:

Year ending December 31, 2001 and 2000 was $94,966 and $77,282, respectively.

NOTE 8. PENSION PLAN

The Organization has established a defined contribution pension plan that covers eligible employees with six months of service. Contributions are determined annually by management and are allocated to employees based on compensation. Contributions in 2001 and 2000 amounted to $42,684 and $32,442, respectively.

NOTE 9. COMMITMENTS AND CONTINGENCIES

At December 31, 2001 the Organization and two other parties are jointly and severally liable for $118,000 in a loan to Northern Community Investment Corporation.

NOTE 10. INCOME TAXES RELATING TO H.V. LINDEN TERRACE, INC.

Deferred income tax provisions arise from the differences in accounting for depreciation for book and tax purposes and net operating loss carryforwards. The tax effect of these temporary timing differences created the deferred tax asset and liability and the deferred (benefit) expense of ($2,957) and $98 for the years ended December 31, 2001 and 2000, respectively.

Deferred income tax provisions arise from the differences in accounting for depreciation for book and tax purposes and net operating loss carryforwards. The tax effect of these temporary timing differences created the deferred tax asset and liability and the deferred (benefit) expense of ($2,957) and $98 for the years ended December 31, 2001 and 2000, respectively.

Deferred income tax provisions arise from the differences in accounting for depreciation for book and tax purposes and net operating loss carryforwards. The tax effect of these temporary timing differences created the deferred tax asset and liability and the deferred (benefit) expense of ($2,957) and $98 for the years ended December 31, 2001 and 2000, respectively.

The following net operating loss carryforwards are available to offset future taxable income of the corporation.

<table>
<thead>
<tr>
<th>Expiration Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2012</td>
<td>$ 6,659</td>
</tr>
<tr>
<td>January 1, 2013</td>
<td>4,979</td>
</tr>
<tr>
<td>January 1, 2015</td>
<td>3,811</td>
</tr>
<tr>
<td>January 1, 2016</td>
<td>226,285</td>
</tr>
</tbody>
</table>

NOTE 11. CONCENTRATION OF RISK

Housing Vermont develops affordable housing within the State of Vermont. A substantial portion of the affiliates’ ability to honor their accounts and notes receivable may be dependent upon the general economic climate within Vermont. The Organization does not require collateral on its accounts and notes receivable.

The Organization maintains cash balances at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. At certain times during the year ended December 31, 2001, cash balances exceeded $100,000.

NOTE 12. FINANCIAL STATEMENT PRESENTATION

Certain amounts in the 2000 financial statements have been reclassified to conform to the 2001 presentation.