



**WCCN**  
*Investing for Social Change*



PHOTO CREDIT: MICHAEL KIENITZ

2017 ANNUAL REPORT

# LOOKING FORWARD



## 2017 at a Glance

### Portfolio

- \$11.2 million total outstanding portfolio at 2017 year-end.
- \$123.5 million invested in Latin America since 1991.
- 2 new and 33 returning partners in 7 countries.

### Borrowers Served

- 17,684 borrowers & farmers served.
- 44% are from rural areas.
- 65% of microborrowers are women.
- 81% of partners provide social services and business training.
- The average loan size is \$2,152, in line with the regional average, indicating WCCN continues to serve the poor.

### Fair-Trade Agriculture

- 100% of agricultural partners follow fair trade & sustainable practices.
- 500,000 pounds of fair-trade coffee financed.
- All coffee partners provide technical assistance, education and other services to their farmers.

# To Our Supporters:

On behalf of the working poor in Latin America that you support, we would like to thank you for your investments, donations and the time you have given since 1984 to help these individuals and families carve out a better life for themselves. Every year we have the privilege of helping thousands of families start new businesses, make improvements to their homes, pay for their children's educations and access healthcare, all because of the funds you make available.

Between political conflict, gang violence and natural disasters due to climate change, life is often quite difficult for people in Central and South America. Despite those obstacles, with your help, WCCN continues to provide affordable credit and technical assistance to help individuals and families in the region work their way out of extreme poverty.

2017 brought its own set of challenges to WCCN. The Board of Directors made the important decision to fully reserve all of the organization's outstanding troubled loan debt totaling \$920,239. By fully reserving these loans, we took an accounting charge, but we did not "write off" the loan or stop working on recovering the amount due to us. Therefore, we still have the potential for recovery in the future. A significant portion of the troubled loan debt was related to coffee loans we made in Peru. Most of these coffee partners were affected by the La Roya coffee fungus dating back to 2014, and some farmers lost up to 100% of their crops. Unlike corn or beans, coffee plants can take up to four years to produce their first crop, so this plague set our partners and their members back several years.

WCCN has stood by our partners and tried to restructure loans and offer other flexibility whenever possible. We believe this is the right approach for our borrowers and we believe it is consistent with our mission. We have also learned many lessons since 2014, and we have taken measures to rebalance our portfolio to allow us to continue to achieve our long-term mission of serving the rural poor while avoiding concentration in one particular commodity.

Despite these challenges, WCCN is moving forward. In 2018 we have kept our loan fund fully placed to maximize our social and financial mission, and we have found a renewed connection and purpose in Nicaragua with the political conflict that arose there this past year. We have seen demand for affordable credit grow this year, and we are looking at ways of increasing our support to the working poor in the countries where we work. It is clear to us that the working poor of Latin America need institutions like WCCN now more than ever. It is our privilege to continue serving them with your help.

Sincerely,



Tom Schwei  
President, Board of Directors



Will Harris  
Interim Executive Director

# Aldea Global: Smart Coffee

"Every morning, our members are up at dawn laboring in their fields and shops; progress is only possible by combining capital with the passion they have for their work. Thanks to WCCN and its investors we can provide capital to our members. From you the investor, to our borrowers in the field, we are family in solidarity. Thank you for your commitment."

-- Diédericks Gadea  
Business Manager, Aldea Global

As you maneuver around the curves of Highway 3 from Matagalpa to Jinotega, it becomes apparent you have arrived in a thriving agricultural landscape in the heart of Nicaragua. Every so often a truck, filled to the brim with green coffee, passes on its trek down to the lower plains where the beans will sit in the sun to dry for several weeks. Small plots filled with carrots, cabbage and bananas begin to appear on the south-facing slopes, enveloped by bio-diverse forests. It is here that most of the Aldea Global cooperative members live and work, tending to several different crops in order to cultivate a living from season to season.

Aldea Global was founded in 1992 by 22 farmer/producers, but has since blossomed into a cooperative with 10,000-plus members. Coffee accounts for a big portion of the incomes of the cooperative members, but Aldea Global has worked hard to help their members diversify their crops, protect forested lands, apply for fair-trade and organic coffee certifications, and to be more financially savvy. In this sense, Aldea Global represents the future of microfinance in rural areas: a hybrid approach to helping poor, rural farmers finance the production of commodity crops like coffee and cacao, and help them with their subsistence plots, savings programs, transportation, education and health care. Not only does Aldea Global help their farmer/producers diversify their own crops, but the cooperative also diversifies its own portfolio by making investments in shops, street vendors, transportation, small manufacturing and other sectors in Jinotega and Matagalpa.

Aldea Global has also captured more of the value chain by building a vegetable-processing facility where the cooperative can purchase goods like carrots and potatoes from cooperative members, clean and package them and get them to market. This helps the cooperative get a better price for their goods, which means more income for the members. The cooperative hopes to build its own coffee-processing facility to do the same with that product. Beyond crop diversification, Aldea Global has learned how to purchase futures contracts for coffee in order to secure good pricing to protect its members. This came into play in 2018 when coffee prices hit a 12-year low. Aldea Global was able to buy its members coffee at a premium price, giving them financial security in a time of conflict in Nicaragua.

WCCN is proud of its relationship with Aldea Global and will encourage its other partners to consider its models of both agricultural and financial diversification in order to provide stability to the working poor they serve.



*A healthy potato crop outside of Jinotega*

# Looking Back...Moving Forward

Since 1984, WCCN's staff, volunteers, donors and investors have worked to improve the lives of the working poor in Latin America. While WCCN has done this through various programs and methods over the years, the organization has organically grown into a loan fund that focuses on giving access to affordable credit, primarily to women and those in rural areas. By pooling their resources, our investors and donors are able to help thousands of individuals and families every year in Central and South America, people that may not otherwise have access to the capital necessary to improve their financial wellbeing, their homes, or their children's futures.

Most of us living in the United States have some kind of retirement fund we have built or are building, and often times that money sits in a 401(k) or some other instrument on the stock market. In those cases, it is difficult to know what our money is being used for. Is our money doing good or is it doing harm? It is challenging to track and determine how your money and hence, your power, is being used in the world. That is the beauty of placing your money in a social-impact fund like WCCN: Your money is doing good. You are transferring your power to the powerless. Your money gives our borrowers the means to build a better life for themselves. Often times we see our borrowers grow their businesses and begin to employ others, helping those who may not be as entrepreneurial create a sustainable life.

Our goal is to continue helping connect you to people who need your assistance in Latin America so that your money can continue to do good. Perhaps you have travelled to Nicaragua or Ecuador on a WCCN trip and met some of the people with whom we work, or maybe you'll never be able to meet them in person, but still feel a strong connection through the photos and stories we share in our newsletters. Whatever the case, we know that the people that access WCCN funds are so very grateful for the opportunity you afford them. We will continue to seek ways to grow our loan fund and try to reach the poorest of the poor, so that more people in Latin America have a chance for a better life.





Please consider making a donation or increasing your investment principal today. In 2019 we are expecting more than \$1 million in demand for affordable credit that we will be unable to meet.

Every dollar donated to WCCN is like seven dollars of investment principal, as it impacts our bottom line immediately, without having to go through the loan cycle. Donations help WCCN provide more flexible terms to its partners in times of crisis and need, one of the many points that has helped WCCN successfully accomplish its mission over the years.



# FINANCIAL SUMMARY

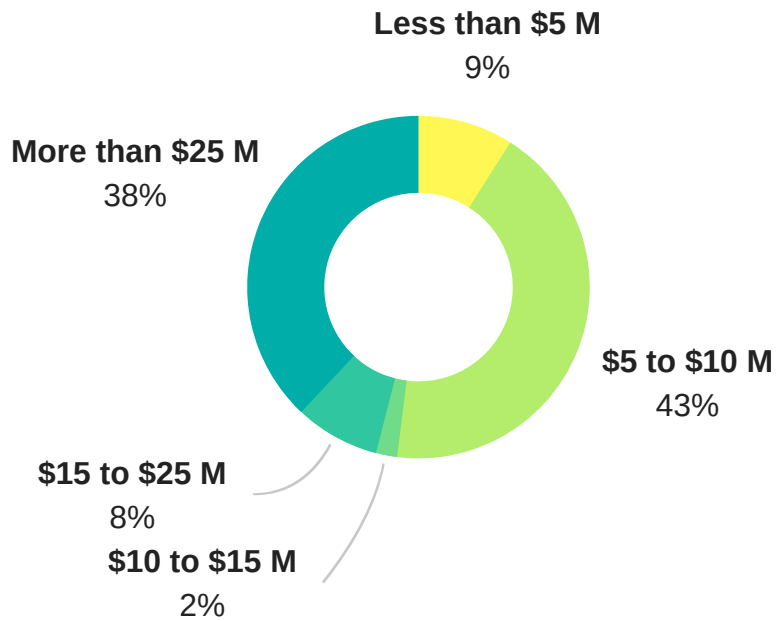
## STATEMENT OF FINANCIAL POSITION

ASSETS	2017	2016
Cash and Other Current Assets	1,941,284	1,573,640
Current Notes Receivable, Loan Fund	5,045,816	6,559,030
Other Current Receivable	-	26,045
Prepaid Expenses	15,991	28,828
Property and Equipment	2,439	15,562
Accrued Interest Receivable	148,528	216,486
Long-Term Notes Receivable, Loan Fund	4,693,490	3,775,757
<b>TOTAL ASSETS</b>	<b>\$11,847,548</b>	<b>\$12,643,216</b>
<b>LIABILITIES</b>		
Accrued Interest and Accounts Payable	176,042	179,804
Current Notes Payable, Loan Fund	2,482,080	2,393,038
Long-Term Notes Payable, Loan Fund	9,025,077	8,854,230
<b>TOTAL LIABILITIES</b>	<b>\$11,683,199</b>	<b>\$11,467,372</b>
<b>NET ASSETS</b>		
Unrestricted	159,496	1,142,844
Reinvested for Growth Plan	-	-
Temporarily Restricted	4,853	33,000
<b>TOTAL NET ASSETS</b>	<b>164,349</b>	<b>1,175,844</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$11,847,548</b>	<b>\$12,643,216</b>
<b>REVENUE</b>		
Grants and Contributions	119,224	290,848
Program Fees and Tour Revenue	70,423	68,191
Interest Income, Loan Fund	979,782	1,017,998
Other Income	11,813	20
<b>TOTAL REVENUE</b>	<b>\$1,181,242</b>	<b>\$1,377,057</b>
<b>EXPENSES</b>		
Program	1,881,328	1,174,908
Fundraising	49,063	86,654
Administration	261,921	259,287
Loss on Disposal of Software	5,278	81,711
<b>TOTAL EXPENSES</b>	<b>\$2,197,590</b>	<b>\$1,602,560</b>
CHANGE IN UNRESTRICTED NET ASSETS	(983,348)	(225,503)
CHANGE IN RESTRICTED NET ASSETS	(28,147)	33,000
CHANGE IN NET ASSETS	(\$1,011,495)	(\$192,503)

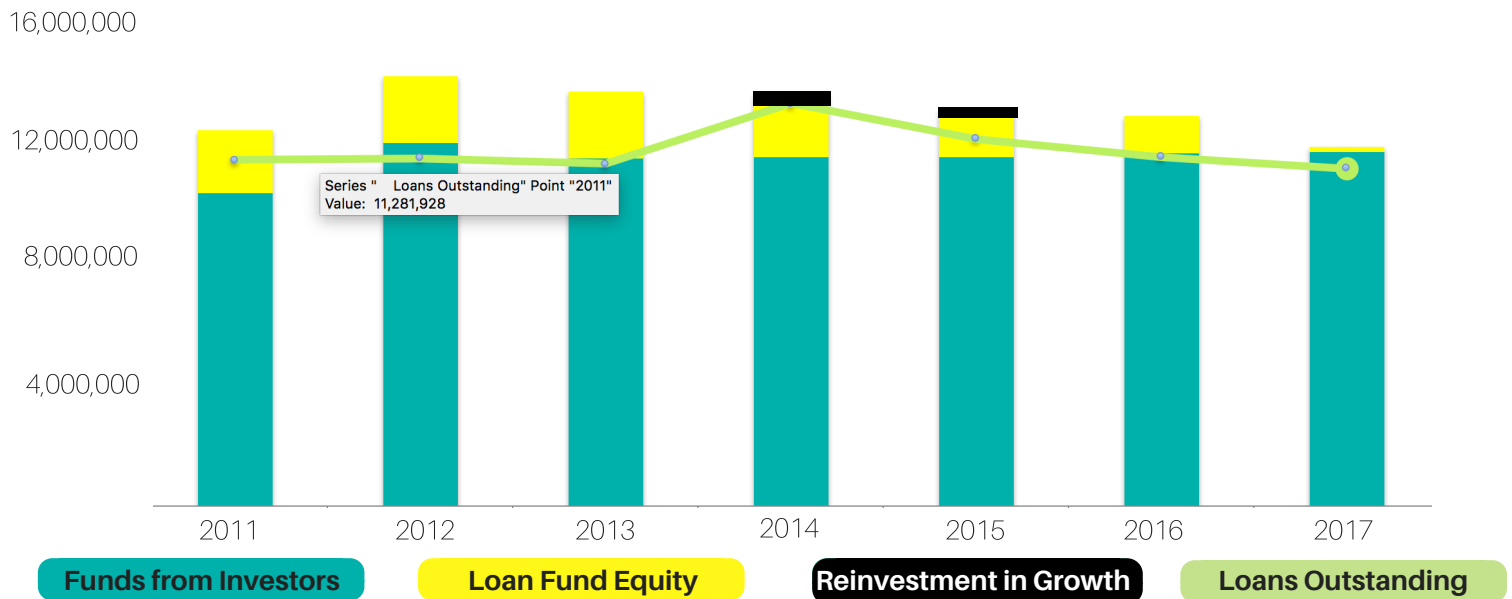
These numbers are based on audited financial summaries.

Full audited financial reports are available on request, or online at [www.wccn.org/financial-statements](http://www.wccn.org/financial-statements)

## Portfolio Allocation by Partner Asset Size

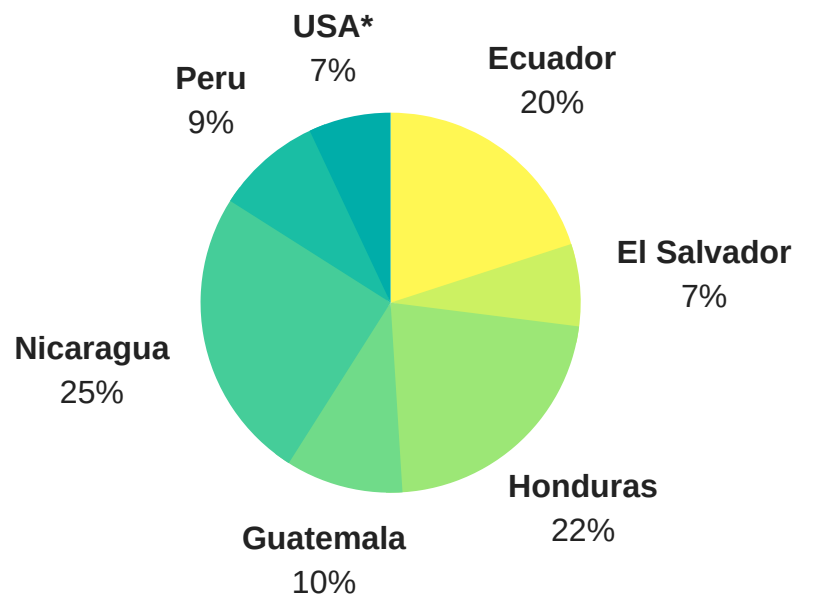


## \$11 Million Deployed to Alleviate Poverty in Latin America



\* Investment in ProMujer International which works in Argentina, Bolivia, Mexico, Nicaragua and Peru

## Portfolio Allocation by Country





# INVESTORS

## ORGANIZATIONS

Adrian Dominican Sisters  
Catholic Health Initiatives  
Congregation of Sisters of St. Agnes  
Congregation of the Holy Cross, Moreau Province  
Dale Heights Presbyterian  
First Presbyterian Three Rivers  
First Presbyterian  
Shenandoah  
First Unitarian Society  
Foundation of Madison  
First United Methodist Church  
Franciscan Sisters of Little Falls  
Grace Presbytery  
Peacemaking  
Grace United Methodist Church  
Holy Cross Youth Group  
Institute for Peace & Justice  
Kairos - Milwaukee United Church of Christ  
Mercy Partnership Fund  
New Covenant Community  
New Haven/León Sister City Project  
Nicaraguan MicroCredit Club  
North Decatur Presbyterian Church  
Parker Family Trust  
Partners for the Common Good  
Platteville Friends of Nicaragua  
Presbyterian Church in Geneva  
ProNica, Inc.  
Red Barn Greenhouse  
Religious Communities Investment Fund  
Sisters of St. Dominic, Racine  
Richland Center - Santa Teresa  
Sister City Project  
Seton Enablement Fund  
Sisters of the Incarnate Word  
School Sisters of Notre Dame  
The Sinsinawa Dominicans  
Sisters of Loretto  
Sisters of St. Francis Philadelphia  
Skees Family Foundation  
Society of the Holy Child Jesus  
St. Augustine's Episcopal Parish Endowment Fund  
Unitarian Universalist Association of Congregations  
United Service Foundation  
Vietnam Veterans Against the War  
War Resisters League  
Westminster Presbyterian Church  
Wisconsin Council Of Churches

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Arlene S. Zaucha

**These individuals and organizations have elected to disclose their names in this report.**

**WCCN has other investors and donors not listed here.**

# DONORS

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## ORGANIZATIONS

AmazonSmile Foundation  
Community Shares of Wisconsin  
Cyclists for Cultural Exchange  
Dale Heights Presbyterian Church  
Franciscan Sisters of Perpetual Adoration  
Futura Franchise, LLC  
GE Foundation  
General Mills  
Gib's  
Milwaukee-Ticuantepa Sister City Partnership  
New Covenant Community  
Orange Tree Imports  
Powering Up Women  
Red Barn Greenhouse  
Skees Family Foundation  
St. Francis Convent  
SVA Wealth Management

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Sandra & Dennis Andersen  
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Rolland & Marlene Grosse  
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Elizabeth & David Waters  
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Victor Weibel  
Jeanne Whitesell  
Rich Yurman

**Thank you to all of the investors, donors and volunteers who make our mission possible. You have helped to lift thousands of people out of poverty over the last 34 years through your support of WCCN. Without you, our mission would be impossible.**



"How far that little candle throws its beams! So  
shines a good deed in a weary world."

- William Shakespeare, *The Merchant of Venice*



*Investing for Social Change*  
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**Working Capital for Community Needs (WCCN)** is a 501 (c)(3) nonprofit impact investor whose mission is to create opportunities for access to microfinance, services and markets to improve the lives and communities of the working poor in Latin America.

Since our founding in 1984, we have continued to implement sustainable economic and social advancement programs through partnerships with microfinance institutions, development organizations and cooperatives in Ecuador, El Salvador, Honduras, Guatemala, Nicaragua and Peru.

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Sue Lloyd - Emeritus  
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Yamila Simonovsky, Loan Fund Operations Officer  
Rick Tvedt, Accountant

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