Capital for Communities Fund

A program of Working Capital for Community Needs, Inc.
211 S. Paterson St., Suite 260, Madison, WI 53703, 608-257-7230

WCCN
Investing for Social Change

Prospectus & Investment Application June 1, 2023

Capital for Communities Notes

Status: Unsecured Debt

Total Aggregate Offering: $20,000,000 and no more than 20,000 individual notes.[1] (No more than $5,000,000 may be raised from Arizona residents, all of whom must qualify as "qualified purchasers" under Arizona law*)

Minimum Investment: $100

Maximum Interest Rates for Notes:

Terms	1 Years	3 Years	5 years
$100 - $2 million	0% to 2%	0% to 3%	0% to 4%

*The Notes have not been registered under the Securities Act of Arizona, are offered only to qualified purchasers as defined in A.A.C. R14-4-139, and have not been approved by the Securities Exchange Commission or the Arizona Corporation Commission. Notes acquired by an Arizona resident in this offering shall have the status of securities acquired in an exempt transaction under A.R.S. §44-1844 of the Securities Act of Arizona and cannot be resold without registration under the Securities Act of Arizona or an exemption therefrom. More information about WCCN's offers and sales of Notes in Arizona can be found on pages III-IV.

**Sales of Notes in Wisconsin will be limited in a 12 month period to (i) no more than 100 persons that do not qualify as "certified investors" or "institutional investors" (each as defined under Wisconsin law and described in this Prospectus) or "accredited investors" (defined as defined by Rule 501 of Regulation D of the Securities Act of 1933, as amended), plus (ii) unlimited persons that qualify as "certified investors," "institutional investors" or "accredited investors," all of whom are *bona fide* Wisconsin residents. More information about WCCN's offers and sales of Notes in Wisconsin can be found on pages 24 to 25.

***Sales of Notes in Ohio will be limited to accredited investors (as defined by Rule 501 of Regulation D of the Securities Act of 1933, as amended). More information about WCCN's offers and sales of Notes in Ohio can be found on pages IV-V.

****Sales of Notes in California will be limited investors that have either: (1) $70,000 gross income and $70,000 net worth; or (2) a minimum net worth of $250,000, in addition to the restriction that investors cannot invest more than 10% of their net worth. "Net worth" must be determined exclusive of homes, home furnishings and automobiles. Assets included in the computation of net worth must be valued at not more than fair market value. More information about WCCN's offers and sales of Notes in California can be found on page II.

[1] There are no additional expenses charged by WCCN to investors for any applications, accounts, custodial or brokerage services, research, securities filings, sales, management, "load" fees or commissions. The expenses involved in our offer will include audit and legal fees, regulatory filing and printing costs, and solicitation costs. The aggregate of these costs is not expected to exceed $50,000 per annum. These costs will be borne by WCCN, and not by the purchasers of the Notes.

THE CAPITAL FOR COMMUNITIES FUND IS A PROGRAM OF WORKING CAPITAL FOR COMMUNITY NEEDS, INC., AND NOT A SEPARATE ENTITY. Through the Capital for Communities Fund, WCCN promotes economic and community development, access to markets, credit and other financial and non-financial services for underserved sectors, and supports fair trade initiatives, thereby promoting the alleviation of poverty to improve the lives and communities of the end-borrower.

This Prospectus is being furnished to prospective investors to consider an investment in certain debt securities (the "Notes") issued by Working Capital for Community Needs ("WCCN" or "Organization") and may not be used for any other purpose. The Organization is a 501 (c)(3) non-profit organization organized as a nonstock corporation under the laws of the State of Wisconsin. The Organization accumulates net earnings from its operations, which constitute net assets of the Organization, referred to as "equity" in this document.

Investors should read this Prospectus in conjunction with any accompanying pricing and other supplement. Investors are cautioned not to rely on any information not expressly set forth in this Prospectus, or any related supplement. Investors are advised to read this Prospectus and any related supplement carefully prior to making any decision to purchase the Notes.

The Offering of securities described herein is being made in reliance upon certain exemptions from Federal and state securities laws, including the Section 3(a)(4) of the Securities Act of 1933, as amended ("Securities Act of 1933"), and the Investment Company Act of 1940, as amended. The Notes have not been registered under the Securities Act of 1933, approved by the Securities and Exchange Commission, or registered with, or approved by a securities regulator of any state.

The Notes are not being offered for sale to any persons in AL, KS, LA, NV, ND and OK although this list is subject to change. The offer is not otherwise specifically directed to any person in such states by, or on behalf of, WCCN, and no sales of such Notes will be made to any person in such states as a result of the offer.

The Notes are subject to restrictions on transferability and resale under the securities laws of certain states and may not be transferred or resold except as permitted under the applicable state securities laws, pursuant to registration or exemption therefrom. In addition, the Notes are not transferrable under the terms of the Notes without the prior written consent of WCCN, which may be given or withheld in WCCN's sole discretion, and WCCN will never consent to a transfer which, in its opinion, violates restrictions on transfer under a state's securities laws. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

In addition, the Notes are subject to a variety of risks. The information set forth herein under the heading "*Risk Factors*" should be read carefully before investing.

An investment in the Notes is speculative, is subject to a high degree of risk and is illiquid. An investment in the Notes is suitable only for investors who can bear the risk of loss of principal invested. An investment in the Notes does not constitute a complete investment program. Prospective investors should have the financial ability and willingness to accept the risks and lack of liquidity, which are characteristic of an investment in the Notes.

Prospective investors should not construe the contents of this Prospectus as legal, tax, investment or other advice. Each investor should consult his, her or its own advisers as to the legal, tax, and related matters concerning this investment. No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax

consequences from an investment in the Notes. No assurance can be given that existing laws will not be changed or interpreted adversely to the Notes or the Organization.

In making an investment decision with respect to the Notes, investors must rely upon their own examination of the Notes and the terms of the Offering, including the merits and risks involved. The Notes have not been recommended by any federal or state commission or regulatory authority, nor have any of those authorities passed upon or endorsed the merits of this Offering. In addition, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is unlawful.

No person has been authorized in connection with this Offering to give any information or make any representations other than as contained in this Prospectus. Representatives of the Organization will be available to answer questions from recipients of this Prospectus and to supply additional information upon request if reasonably available without undue effort or expense. Any investor may ask questions and receive answers concerning the Notes and the terms and conditions of this Offering or may request additional information to verify the information contained in this Prospectus by contacting the Organization at the address set forth herein.

This Prospectus contains essential information about the Organization and the Notes. Those considering an investment are advised to read this Prospectus carefully prior to making any decision to purchase the Notes. A prospective investor should not subscribe for Notes unless satisfied that he or she, or his or her investment representative, has asked for and received all information which would enable him or her, and the investment representative, to evaluate the merits and risks of the proposed investment.

Each investor purchasing the Notes will be required to execute a Subscription Agreement. Any purchase of a Note should be made only after a complete and thorough review of the provisions of such Subscription Agreement. In the event that any of the terms, conditions or other provisions of such Subscription Agreement is inconsistent with or contrary to the descriptions or terms in this Prospectus, the Subscription Agreement will control.

The terms of promissory notes or other debt securities provided by WCCN to a specific investor may differ, sometimes significantly, from those of investors in the Notes in this Offering in its term, interest rate, maturity, events of default and certain other provisions. Model Notes and, as applicable, subscription documents are attached to this Prospectus.

There is currently no public or other market for the Notes and no market is expected to develop. Accordingly, and as stated above, each prospective investor should proceed only under the assumption that such prospective investor may have to bear the economic risk of any investment in the securities offered hereby for an indefinite period of time.

The Organization reserves the right to accept or reject any subscription to purchase Notes. This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorized or permitted.

This Prospectus was prepared from information provided by WCCN's management. WCCN's agents, including its special counsel, have not independently verified the information contained in this Prospectus or otherwise made available to prospective investors in connection with any further investigation of WCCN, and therefore, they make no representations or warranties as to the accuracy or completeness of such information. Furthermore, because this Prospectus reflects WCCN's current knowledge and information,

nothing contained in this Prospectus is, or should be, relied on as a promise or representation as to WCCN's future performance.

Special counsel for the Organization in connection with the preparation of this Prospectus is Boardman & Clark LLP. Boardman & Clark LLP has not performed any due diligence in connection with this Offering or with respect to the information set forth in this Prospectus. The Organization will engage other professionals from time to time as deemed necessary.

<u>For Residents of California</u>: Pursuant to Title 10, section 260.140.01 of the California Code of Regulations: Investments in the Capital for the Communities Fund are suitable for and will only be sold to California investors that have either: (1) $70,000 gross income and $70,000 net worth; or (2) a minimum net worth of $250,000, in addition to the restriction that investors cannot invest more than 10% of their net worth. "Net worth" must be determined exclusive of homes, home furnishings and automobiles. Assets included in the computation of net worth must be valued at not more than fair market value.

California investors will be required to provide to WCCN representations and warranties regarding their suitability for investing in the Offering at the time of subscribing for a Note, and will be required to indemnify WCCN and its directors, employees, affiliates and other agents and advisors against damages, loss, liability, cost and expense (including attorney's fees) which they incur if the representations and warranties are false and the investor, therefore, does not meet California's suitability standards.

All Notes issued to California investors will contain the following restrictive legend, as required by the Department of Financial Protection and Innovation of the State of California:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFORE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

This restriction is in addition to the restrictions on transfer of the Notes described in this Memorandum.

<u>For Residents of Arizona</u>: The Offering in Arizona is limited to $5,000,000 in any 12-month period, and Notes may only be offered and sold to "qualified purchasers." A "qualified purchaser" under Arizona law includes "accredited investors." "Accredited investor" means any person who comes within any of the following categories, or who WCCN reasonably believes comes within any of the following categories, at the time of the sale of the Notes to that person:

- **A natural person, individually or jointly with his or her spouse, has a net worth in excess of $1,000,000 (explanation: in calculating net worth, the party making the representation may include his or her equity in personal property and real estate, including cash, short-term investments, stock and securities; except that that the value of such party's primary residence must be excluded. The amount of any indebtedness that is secured by a primary residence up to the value of the residence may also be excluded in determining net worth, but any such indebtedness in excess of the value of the residence should be considered a liability and deducted from the party's net worth. Note that if the amount of indebtedness secured by the party's primary residence outstanding at the date of this subscription exceeds the amount outstanding 60 days before such time, other than as a result of the**

acquisition of the primary residence, the amount of such excess will be included as a liability. Inclusion of the party's equity in personal property and real estate should be based on the fair market value of such property less debt secured by such property

- **A natural person who has had individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year (*explanation*: in determining income for this purpose, the party making the representation should add to his or her adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income).**

- **A natural person who holds, in good standing, one of the following professional licenses: the General Securities Representative license (Series 7), the Private Securities Offerings Representative license (Series 82), or the Investment Adviser Representative license (Series 65).**

- **A trust with total assets of more than $5,000,000, not formed for the specific purpose of acquiring the shares offered by the Organization, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment in the common stock.**

- **A trust that is revocable by its grantors and each of whose grantors is an accredited investor.**

- **An entity in which all of the equity owners are accredited investors.**

- **An employee benefit plan within the meaning of Title I of ERISA and either (i) the investment decision is made by a plan fiduciary, which is either a bank, savings and loan association, insurance company, or registered investment adviser; (ii) the employee benefit plan has total assets in excess of $5,000,000; or (iii) the plan is a self-directed plan with investment decisions made solely by persons who are accredited investors.**

- **An organization described in Section 501(c)(3) of the Code, corporations, Massachusetts or similar business trusts, or partnerships, not formed for the specific purpose of acquiring the shares offered, with total assets of more than $5,000,000.**

- **A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.**

- **A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended.**

- **An insurance company as defined in Section 2(13) of the Securities Act.**

- **An investment company registered under the Investment Company Act of 1940 or business development company as defined in Section 2(a)(48) of that Act.**

- **A small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.**

- **A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, and such plan has total assets in excess of $5,000,000.**

- **A family office, as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, that (i) has assets under management in excess of $5 million; (ii) is not formed for the specific purpose of acquiring the Securities and (iii) has a person directing the prospective investment who has such knowledge and experience in financial and business matters so that the family office is capable of evaluating the merits and risks of the prospective investment.**

- **A family client, as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, of a family office meeting the requirements described in the bullet point immediately above and whose prospective investment in the Organization is directed by that family office pursuant to clause (iii) above.**

- **An executive officer or director of the Organization.**

Offers or sales of the Notes in Arizona will be made only by the Organization's employees, officers, and directors who were not retained for the primary purpose of making offers or sales on behalf of the Organization. Offers and sales of Notes will be made only to "qualified purchasers" or to persons the Organization reasonably believes, after inquiry, to be "qualified purchasers," and only to investors which the Organization reasonably believes, after inquiry, are purchasing the Notes for each such investor's own account and not with the view to, or for sale in connection with, a distribution of the Notes.

Arizona investors will be required to provide to WCCN representations and warranties regarding their suitability for investing in the Offering at the time of subscribing for a Note, and will be required to indemnify WCCN and its directors, employees, affiliates and other agents and advisors against damages, loss, liability, cost and expense (including attorney's fees) which they incur if the representations and warranties are false and the investor, therefore, does not meet Arizona's suitability standards.

No general announcement of the proposed Offering is anticipated in Arizona, but if the Organization should make any such general announcement, it will comply with the requirements of A.A.C. R14-4-139 governing general announcements. The Organization will not engage in telephone solicitations in Arizona except in compliance with A.A.C. R14-4-139.

The Notes sold in Arizona will have the status of securities acquired in an exempt transaction under A.R.S. §44-1844 of the Securities Act of Arizona and cannot be resold without registration under the Securities Act or an exemption therefrom.

The Organization will place a conspicuous legend on the Notes issued to Arizona residents which sets forth the restrictions on the transferability and sale of the Notes. No later than 10 business days prior to the publication of a general announcement of the proposed Offering or the initial offer of the Notes in Arizona, whichever occurs first, the Organization will file with the Arizona Corporation Commission a notice briefly describing the business of the Organization and the terms of the transaction, a Consent to Service of Process, a copy of the general announcement, as applicable, and the fee required by A.R.S. §44-1861(g). Upon request of the Commission, the Organization will submit a copy of this Prospectus.

<u>For Residents of North Dakota</u>: An investor in the Capital for Communities Fund is not limited to any particular class of investor. The expenses involved in our offer will include audit and legal fees, regulatory filing and printing costs, and solicitation costs. The aggregate of these costs is not expected to exceed $50,000. These costs will be borne by WCCN, and not by the purchasers of the Notes. Information on risk can be found on pages 3 through 14. The total Offering is limited to $20 million. Investors are encouraged to consider the concept of investment diversification when determining the amount of the Notes that would be appropriate for them in relation to their portfolio and personal needs.

<u>For Residents of Ohio</u>: Offers and sales of Notes in Ohio will only be made to persons the Organization reasonably believes to be accredited investors (as defined under Rule 501 of Federal Regulation D of the Securities Act of 1933 and as outlined above, under "*For Residents of Arizona*"), and who the Organization reasonably believes to be purchasing the Notes solely for investment purposes and not with a view towards sale. If the Organization has made or makes any such general announcement, it has complied or will comply, as applicable, with the requirements of Ohio Rev. Code §1707.03(Y), and any related rules, governing general announcements. The Organization will not engage in telephone solicitations in Ohio except in compliance with Ohio Rev. Code §1707.03(Y), and any related rules.

Ohio investors will be required to provide to WCCN representations and warranties regarding their suitability for investing in the Offering at the time of subscribing for a Note, and will be required to indemnify WCCN and its directors, employees, affiliates and other agents and advisors against damages, loss, liability, cost and expense (including attorney's fees) which they incur if the representations and warranties are false and the investor, therefore, does not meet Ohio's suitability standards.

The Organization has filed or will file, as applicable, with the Securities Division of the Ohio Department of Commerce a notice of the Offering and a $100 filing fee within 15 days after the earlier of the use of a general announcement of the Offering or the first offer of Notes in Ohio. The Organization will also maintain books and records reflecting all material transactions involving the sale of Notes in Ohio, and preserve those books and records for at least five years from the date of the last sale by the Organization in this Offering.

<u>For Residents of Pennsylvania</u>: The expenses involved in our offer will include legal and audit fees, printing costs, and solicitation costs. The aggregate of these costs is not expected to exceed $50,000. These costs will be borne by WCCN, and not the purchasers of the Notes.

Investments in the Capital for the Communities Fund are suitable for and will only be sold to Pennsylvania investors that have either (a) A minimum Annual Gross of $70,000 and a minimum Net Worth of $70,000; or (b) A minimum Net Worth of $250,000. (i) Net Worth must be determined exclusive of homes, home furnishings and automobiles.

Pennsylvania investors will be required to provide to WCCN representations and warranties regarding their suitability for investing in the Offering at the time of subscribing for a Note,

and will be required to indemnify WCCN and its directors, employees, affiliates and other agents and advisors against damages, loss, liability, cost and expense (including attorney's fees) which they incur if the representations and warranties are false and the investor, therefore, does not meet Pennsylvania's suitability standards.

WITHDRAWAL OF ACCEPTANCE for Residents of Pennsylvania

Under Section 207(m)(2) of the Pennsylvania Securities Act of 1972, as amended, you may elect, within two business days of the receipt by Working Capital for Community Needs of your executed Loan Subscription Agreement and payment of your subscription funds, to withdraw your acceptance and receive a full refund of all moneys paid by you. Your withdrawal of acceptance will be without any further liability to any person. To accomplish this withdrawal, you need only send a written notice (including a notice by facsimile or electronic mail) to Working Capital for Community Needs indicating your intention to withdraw to:

Working Capital for Community Needs
c/o Executive Director, William Harris
211 S. Paterson St., Suite 260
Madison, Wisconsin, 53703
Email: info@wccn.org

Annual financial information will be provided to Investors residing the in the Commonwealth of Pennsylvania. This shall include financial statements (balance sheets, statements of income, and cash flows), prepared in conformity with generally accepted accounting principles (GAAP) in comparative form for the last two fiscal years. WCCN makes this information available to all of its investors, including those in Pennsylvania.

For Residents of Wisconsin: Sales of Notes in Wisconsin will be limited in a 12-month period to (i) no more than 100 persons that do not qualify as "certified investors" or "institutional investors" (defined below) or "accredited investors" (as defined under Rule 501 of Federal Regulation D of the Securities Act of 1933 and as outlined above, under "*For Residents of Arizona*").

"Certified investor" means any individual who comes within any of the following categories, or who WCCN reasonably believes comes within any of the following categories, at the time of the sale of the Notes to that person:

- **An individual who has an individual net worth, or joint net worth with the individual's spouse, of at least $500,000. For purposes of calculating net worth, the individual's primary residence will be included as an asset and indebtedness secured by the primary residence shall be included as a liability; or**

- **An individual who had an individual income in excess of $100,000 in each of the two most recent years or joint income with the individual's spouse in excess of $150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.**

"Institutional Investor" means any investor of institutional character (corporation, LLC, partnership, trust) that does not qualify for any other of "accredited investor" categories, but which has total assets in excess of $2,500,000 not organized for the specific purpose of evading the securities laws.

Wisconsin investors will be required to provide to WCCN representations and warranties regarding their suitability for investing in the Offering at the time of subscribing for a Note, and will be required to indemnify WCCN and its directors, employees, affiliates and other agents and advisors against damages, loss, liability, cost and expense (including attorney's fees) which they incur if the representations and warranties are false and the investor, therefore, does not meet Wisconsin's suitability standards.

For Prospective Investors Considering Investing Through an IRA

The Notes are intended to be an acceptable investment for IRAs under Internal Revenue Code section 408(a). Please consult with a tax professional before choosing to invest in a Note through an IRA. The IRA holder is solely responsible for determining whether a Note is an appropriate investment for the IRA, including whether the investment will comply with the exclusive benefit and prohibited transaction rules under Internal Revenue Code section 408 and any other applicable requirements. If an IRA is subject to the Employee Retirement Income Security Act of 1974 (ERISA), additional considerations and limitations may apply (IRAs are generally not subject to ERISA unless they are part of an employer-sponsored plan).

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WCCN is offering this socially responsible investment opportunity to participate in its economic and community development program, the Capital for Communities Fund ("Fund"), by investing in Capital for Communities Notes ("Notes"). The Fund is a program of WCCN, and it is not a mutual fund nor a legal entity separate from WCCN. Assets ascribed to the program are not segregated from other WCCN property by any entity or custodian of the assets and are thus subject to the claims of creditors of WCCN. This Prospectus contains all of the representations made by WCCN concerning its offering of Capital for Communities Notes. Investors are cautioned not to rely on any other information not expressly set forth in this document, the Note, or the Subscription Agreement.

The Notes are issued for the purpose of providing WCCN with funds to lend to community development agencies — microfinance institutions, social enterprises, alternative credit agencies and producer cooperatives in Latin America and nonprofits in the United States of America that serve low-income people in Latin America ("partner agencies," and please see table beginning on page 18 listing of partner agencies under section entitled "*Overview of the Capital for Communities Fund*.") The partner agencies are mission-driven organizations in Latin America and the United States that are promoting poverty alleviation and economic and community development. Investors may purchase a Note at any time. The offering of Notes is limited and continuous, up to a maximum of USD $20 million, although the total offering to Arizona residents will not exceed USD $5 million.

The minimum principal investment size for the Notes is USD $100. The Notes carry a minimum term of three years and maximum of seven years. Investors may designate their term within the range in full-year multiples. Investors may elect to purchase Notes at a range of simple annual interest rates from 0% to 4.5% with annual interest payments and principal amount repayment at maturity, in addition to other terms and conditions more fully described in this document.

The Notes are obligations of WCCN, a private not-for-profit organization, and ARE NOT GUARANTEED, INSURED, OR OTHERWISE SECURED IN ANY WAY.

THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES INCLUDE, BUT ARE NOT LIMITED TO, THE FACT THAT LOANS MADE BY WCCN WILL BE CONCENTRATED IN GEOGRAPHIC REGIONS THAT FACE ECONOMIC AND POLITICAL ISSUES OF AN EXTREME AND WIDESPREAD NATURE; THAT WCCN BORROWERS MAY HAVE LITTLE OR NO ACCESS TO CAPITAL FROM SOURCES OTHER THAN THE FUND AND ITS PARTNER ORGANIZATIONS IN LATIN AMERICA AND THE UNITED STATES AND MAY NOT MEET THE TRADITIONAL BANKING SECTOR CREDIT STANDARDS; THAT SOME OR ALL OF THE BORROWERS MAY, AS A RESULT OF THESE AND OTHER FACTORS, BE UNABLE TO MEET THEIR REPAYMENT OBLIGATIONS ON A TIMELY BASIS OR MEET SUCH OBLIGATIONS AT ALL.

PROSPECTIVE INVESTORS SHOULD BE AWARE THAT PRINCIPAL AND INTEREST PAYMENT ON THE NOTES ARE DEPENDENT IN LARGE PART ON THE FINANCIAL CONDITION OF WCCN, WHICH IN TURN, IS SUBSTANTIALLY DEPENDENT ON THE EXTENT TO WHICH WCCN BORROWERS MEET THEIR OBLIGATIONS UNDER THEIR LOANS.

NO ASSURANCES CAN BE GIVEN REGARDING WCCN'S FUTURE FINANCIAL PERFORMANCE OR SUCCESS OR THE EXPENSES INCURRED IN OPERATING THE FUND. IN THE EVENT OF FINANCIAL DISTRESS (E.G., MULTIPLE EVENTS OF CREDIT DEFAULT AMONG FUND PARTNER AGENCIES), IT IS EXTREMELY UNLIKELY THAT WCCN WILL BE ABLE TO CONVERT ITS LOANS RECEIVABLE TO CASH IN ORDER TO FUND EXPENSES, PREPAYMENT REQUESTS, IF ANY, OR PRINCIPAL OR INTEREST PAYMENTS UNDER THE NOTES.

The offering of this investment is not registered with the Securities and Exchange Commission under the Securities Act of 1933, and relies upon the exemption in Section 3(a)(4) of the Act for Securities issued by entities, which are organized and operated exclusively for religious, educational or charitable purposes and not for pecuniary profit. In certain states, the Notes are being offered and may be sold without registration under applicable state securities laws pursuant to exemptions analogous to Section 3(a)(4) of the Act or on the basis of exemptions for offerings to a limited number of persons in such states, or in some cases through registration of the offering. This offer may be withdrawn, cancelled or modified without notice at any time.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some of the statements made in this memorandum are forward looking statements. Forward looking statements relate to future events or WCCN's future financial performance and may involve known or unknown risks, uncertainties and other factors that may cause WCCN's actual results, performance or achievements to be materially different from future results, performance, or achievements expressed or implied by such forward looking statements. Forward looking statements include statements using the words such as "may," "will," "anticipate," "should," "would," "believe," "contemplate," "expect," "estimate," "continue," "intend," "seeks," "project," "plan," or other similar words and expressions of the future.

These forward-looking statements involve risks and uncertainties, and may not be realized due to a variety of factors, including, but not limited to, the risks described in "*Risk Factors*" below. These risk factors should be carefully considered by potential investors.

WCCN wishes to caution investors not to place undue reliance on any such forward looking statements, which speak only as of the date made. WCCN wishes to advise investors that factors addressed within the Prospectus could affect WCCN's financial performance and could cause WCCN's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

Where any such forward looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, WCCN cautions that, while it believes such assumptions or bases to be reasonable and makes them in good faith, assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material, depending on the circumstances. Where, in any forward-looking statement WCCN or its management express an expectation or belief as to the future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result, or be achieved or accomplished.

All written or oral forward-looking statements that are made by or are attributable to WCCN are expressly qualified in their entirety by this cautionary notice.

WCCN will not undertake – and specifically declines any obligation – to publicly release the result of any revisions, which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

RISK FACTORS

The investment described in this Prospectus is subject to a high degree of risk. This type of investment is suitable only for persons or organizations who understand, or have been advised of, the nature of such risk and who can afford to assume such risk. The following section describes some specific risks and considerations with respect to an investment in our Notes, but it does not describe all of those risks, including risks and considerations relating to a prospective investor’s particular circumstances. The order in which the risk factors are discussed in this section is not indicative of their relative importance. In addition, there are risks discussed in other sections of this Prospectus that prospective investors are urged to consider carefully.

The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. In that case, we may be unable to repay interest or principal on our Notes when due, and you may lose all or part of your investment. Specific risks can be summarized as follows:

A. Absence of Regulatory Oversight and Custody Risk

The Capital for Communities Fund (the "Fund") is not an investment company and is not registered as such with the US Securities and Exchange Commission; consequently, investors do not get the benefit of the investment company regulatory structure, custodian, or other investor protections associated with that structure. In addition, the Fund is a program of WCCN, and not a separate legal entity, and assets ascribed to the program are not segregated from other WCCN property by any entity or custodian of the assets and are thus subject to the claims of creditors of WCCN or any custodian. As a result, the financial distress of either WCCN or any underlying investment may have an adverse impact on the Fund and its investors and on the Organization's ability to repay its investors, in whole or in part, in a timely manner.

B. Country Risks

All foreign investments carry certain risks. Through the Fund, the Organization lends and intends to continue lending in support of poverty alleviation, economic and community development, microfinance, fair trade and other initiatives that will have a positive social impact in Latin America, currently including Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua Panama, and Peru. The Organization is also currently exploring investment opportunities in Argentina, Bolivia, and the US. Economic and/or political problems, sometimes together with extreme inflation or deflation and/or attendant consequences of civil unrest/in-country violence could prevent the recipients of the Organization funding from meeting their financial commitments. The Organization's lending portfolio in Latin America may be further affected by existing governmental, economic and political problems, such as government deadlock, freezing of funds, political instability, changes in laws and regulations, and expropriation or nationalization of property. Any of these problems could cause nonpayment of principal or interest on the Notes. The following specific factors may impair the partner agencies and the borrowers or the borrowers' business projects in repaying loans or repaying them in a timely fashion, in turn posing a risk of non-payment to any investor in the Capital for Communities Fund.

1. <u>Delay of information:</u> Geographic distance between the Organization's main office in the U.S. and the offices of its partner agencies may delay transmission of information. Greater geographic distance between the Organization's offices and the offices of partner agencies may reduce frequency of certain forms of communication between the parties thereby creating reduced availability of information and delays. The possibility of such limitations may impede the Organization's ability to respond to changes in local market conditions, or respond in a timely manner.

2. <u>Fluctuations in currency exchange rates and use of hedging instruments:</u> The currencies of certain countries where the Organization invests have historically experienced significant volatility, devaluation and/or exchange controls. The cost of credit to partner agencies and/or end borrowers may vary according to fluctuations in the U.S. dollar and the local currencies of the countries where the Organization works, and may result in decreased payment rates among end borrowers. For example, the Organization makes a loan in U.S. dollars to a partner agency. The agency may convert the money to local currency, and make small loans to end borrowers in local currency. In the event the value of the local currency has decreased relative to the U.S. dollar, the agency will bear a higher obligation than originally anticipated in order to repay the loan(s) since it has to convert the local currency back into U.S. dollars. If the available foreign currency funds converted to U.S. dollars are insufficient to fulfill the agency's obligation, the agency may delay or default on payment, thereby negatively affecting the Organization's ability to repay its investors, in whole or in part, in a timely manner.

   An agency borrowing in U.S. dollars may convert the money to local currency, and make small loans to end borrowers in local currency, but require repayment in the U.S. dollar equivalent of local currency. In this manner, the end borrower may bear the currency risk. If the value of the local currency decreases relative to the U.S. dollar, the end borrower may bear a higher obligation than originally anticipated in order to repay their loan.

   As of December 31, 2022, the Organization had no active loans in a foreign currency and has made ten loans to partner agencies that were denominated in a currency other than U.S. dollars in its entire history. These ten loans were subject to a hedging transaction intended to protect the organization against currency fluctuations (See: "*Partnership with a Hedging Facility*"). The Organization has no future plans to offer additional local currency loans to partner agencies due to the cost and complication in accounting. The risks associated with the ability of the Organization making local currency-denominated loans include the risk of nonpayment due to fluctuations of currency exchange rates, including significant devaluation of local currency. For more information on details of Organization's use of hedging instruments and services to accommodate local currency lending, please refer to the first paragraph of the section on "*Expansion of Activities through a Wholly Owned Subsidiary"* and its sub-section on "Partnership with a Hedging Facility".

3. Political or social instability or diplomatic developments: The integrity of the financial system, including microfinance operations, may be compromised during events of political upheaval. Latin America has a history of armed conflicts and social instability, and military or political action, and the imposition of economic or other sanctions on a country by other countries, could have an adverse effect on the Organization's operations and on its investments held in those countries.

4. Volatility of the economic environments: Latin American countries are subject to changes in both international and national economic policies, conditions and markets, over which neither the Organization nor its borrowers have any control. For example, there is a history of economic policies mandated by international financial institutions, such as the International Monetary Fund (IMF), that have imposed dramatic changes on governance, trade, finance, etc. in Latin American countries that have caused severe economic contraction. Governments in Latin America may take actions that could limit the ability of the Organization or its partner agencies to collect funds from end borrowers, such as foreign currency restrictions and investment controls, adverse changes in regulatory structures, restrictions imposed by lending and other applicable laws. They may also impose confiscatory taxation, taxation of income or other taxes or restrictions imposed with respect to investments in foreign nations. In December 2022, the Mexican governmental agency and bank, "Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero," known more commonly as FND, announced that they would terminate their lending program, which funds microfinance institutions in that country with approximately $2 Billion USD.

   As of December 31, 2022, WCCN had one partner in Mexico with substantial obligations to FND, Itaca Capital, which has a loan of $1.7 million USD with WCCN. As of May 31st, 2023 Itaca Capital had liabilities of around $7 million to FND. In April 2023, Itaca Capital agreed to repay the $7 million it owes FND over four years, on a monthly basis. Itaca Capital is now working to replace this funding source with both national and international sources of funds. The situation with FND led to late payments of interest and principal in January through April 2023, totaling $457,000 as of May 31st, 2023 due to WCCN which remains unpaid.

   The President of Mexico has made recent threats to close FND altogether, the impact of which on our MFI partners in Mexico is unknown. If Itaca Capital and other partners in Mexico have difficulty securing loans from national and international sources, or if the closure of FND creates a financial panic in Mexico, these partners could have difficulty repaying their loans. The aggregate principal amount of outstanding loans from WCCN to its partners is Mexico is $3.2 million USD. A default on some or all of these loans and the closure of FND could have a material adverse impact on WCCN's business, prospects, results of operations and financial condition.

5. Weakness of Latin American banking and non-bank financial institutions sectors' systems: Limitations of banking and non-bank financial institution (NBFI) insurance exposes the Organization to risks for funds in transit, in escrow/savings or in deposit accounts held in Latin American countries in the event of bank or NBFI failure for any reason, including cyber-attacks and other virus, malware or hacker threats to MIS or financial systems of bank and non-bank institutions. The Organization's funds or its repaying borrower partner agency's funds held in deposit, in escrow/savings accounts, or in transit have not yet been materially impacted by a bank failure or cyber-attack, but some funds in transit have been delayed temporarily for several days at a time. Funds held in transit are considered funds in the process of being received from a partner agency or sent to a partner agency by electronic funds transfer or wire transfer. The Organization bears the risk of loss of funds held in transit. WCCN has had funds held either in transfer or receipt due to new anti-money laundering policies from governments and banks in the US and Latin America. This has at times caused delays of several days until the bank that is holding the money is satisfied that WCCN is a legitimate financial institution.

6. History of bank failures and imposed bank shut-downs/takeovers: In countries where the Organization is currently lending and, also where the Organization intends to lend, there exists a history of bank failures. The Organization's capital may be held or invested in these banks, or the microfinance, social enterprise and/or agricultural organization partners' capital may be held in these banks, and be subject to temporary

impoundment, confiscation or partial or total loss. This could adversely affect the Organization's ability to repay its investors, in whole or in part, in a timely manner.

7. Weak and under-developed regulatory environments: Poorly defined government policies regulating community development institutions could be enacted in Latin American countries that present obstacles or disadvantages to partner agencies, which may disrupt operations and result in defaults on loans from the Fund. Lack of regulation or weak regulations may render community development agencies vulnerable to politically motivated attacks. Strict regulations may impede community development agencies' financial sustainability. Dramatic shifts in the regulatory environment for community development agencies may cause significant disruptions from which agencies may be unable to recover.

8. Global economic crises and market volatility: Material changes and volatility in the credit and commodities markets, fair trade markets, inflation, global energy markets, etc., may impair the quality of the economic development model on which the Capital for Communities Fund programmatic lending is based; e.g., these market and price fluctuations may impede borrowers' ability to repay their loans. These economic volatility factors could also have an adverse effect on the WCCN's operations and on its investments held by the borrowers, impeding the ability to repay investors, in whole or in part.

9. Natural disasters: Some countries may be relatively less equipped than more developed countries to deal with and recover from natural disasters such as floods, tsunamis, hurricanes and earthquakes. As recently as 2015-2017, major earthquakes affected Ecuador and major flooding affected Peru and Guatemala. This can and has affected borrowers' ability to repay loans to WCCN.

10. Pandemics: A health pandemic could adversely impact WCCN. Our MFI borrowers serve end borrowers that operate in a broad range of economic activities in Latin America. COVID-19 adversely and significantly impacted many of these industries, and the economies in Latin America, and make it more difficult for our borrowers and their end borrowers to fulfill their financial obligations. The World Health Organization declared COVID-19 to be a global pandemic indicating that almost all public commerce and related business activities had to be, to varying degrees, curtailed throughout the world with the goal of decreasing the rate of new infections. The spread of the outbreak caused and could continue to cause significant disruptions and downturns in the world economy. It has and could continue to disrupt business, financial activity and borrowers in the areas in which WCCN operates and could also potentially create business continuity issues for WCCN, although it has not to date. WCCN's business is dependent upon the willingness and ability of its borrowers (and their borrowers) to engage in borrowing and repay those loans. If the global response to contain a pandemic escalates or is unsuccessful, or if the economies in which we operate continue to deteriorate, WCCN could experience a material adverse effect on its business, financial condition, results of operations and cash flows. Currently and in the future, the emergence of widespread health emergencies or pandemics, such as COVID-19, could lead to quarantines, business shutdowns, increases in unemployment, labor shortages, disruptions to supply chains, and overall economic instability. Events such as these may become more common in the future and could cause significant damage such as disrupt power and communication services, impact the stability of our facilities and result in additional expenses, impair the ability of our borrowers to repay their loans, reduce the value of collateral securing the repayment of our loans and our customers' loans, which could result in the loss of revenue. The COVID-19 pandemic and the occurrence of any such event in the future could have a material adverse effect on our business, operations and financial condition, and on the business, operations and financial condition of our customer banks. Due to the COVID-19 pandemic, WCCN rescheduled $1,479,652 in principal payments during 2020. None remained outstanding at December 31, 2021. COVID-19, including associated variants, has caused disruptions to and delays in operations of many businesses in the countries in which WCCN operates, including shortages and delays in the supply of certain parts, materials and equipment necessary for the production of their products. Any ongoing supply interruption or shortage could materially adversely affect the business and operating results of certain WCCN end borrowers, which could negatively affect demand for our services, the ability of our borrowers to repay their loans, and our results of operations.

11. The military conflict between Russia and Ukraine could create supply chain issues for our end borrowers, and sanctions resulting from the conflict could adversely impact MFI borrowers or the end borrowers. The

military conflict between Russia and Ukraine may increase the likelihood of supply interruptions and hinder our end borrowers' ability to find the materials they need to make their products. Supply disruptions are making it harder for many businesses to find favorable pricing and reliable sources for the materials they need, putting upward pressure on costs and increasing the risk that they may be unable to acquire the materials and services they need to continue to make certain products. In addition, certain end borrowers may face regulatory and political risk and additional compliance costs in connection with sanctions and other trade controls imposed by the United States and other governments in response to Russia's military operations in Ukraine. If the relationship between Russia and the United States significantly worsens, or if Russia, the United States, or other countries impose additional economic sanctions, supply chain restrictions, or other restrictions on doing business, the costs faced by our MFI borrowers and ultimately, the end borrowers, whose product development efforts, business and results of operations could be harmed. This in turn could negatively affect demand for our services, the ability of our borrowers to repay their loans, and our results of operations.

12. Climate Change: Some countries and partner agencies may be relatively less equipped than more developed countries and their companies to deal with the risks related to volatility of weather patterns caused by climate change. The risks and adverse effects of climate change generally include but are not limited to excessive drought, torrential rains, extreme cold-to-hot or hot-to-cold temperature changes and swings, hurricanes, and excessive heat or cold. Climate change continues to affect all of the Latin American countries and partners where the Organization is invested, and especially the agricultural organization partners. Climate change's adverse effects continue to contribute to price and market volatility of commodities such as coffee, production risks of commodities and to the ability of end-borrowers to farm and conduct business derived from their land and its production. These end-borrowers are the original source of commodity production and microfinance repayment from which the Organization's repayment indirectly depends. Consequently, climate change risks can and may adversely affect the Organization's ability to repay its investors, in whole or in part, in a timely manner.

13. Emerging market risks and collapsing trade and aid flows: Certain economic risks are inherent in any investment in an emerging market country such as the countries in which the Organization operates, since emerging markets are more susceptible to destabilization resulting from domestic and international developments than more mature market economies. A significant decline in the economic growth of any of one of these country's major trading partners, especially the United States, the European Union, Brazil, China, Russia or the United Kingdom could adversely affect the country's economic growth. Some of these countries and trading partners also provide substantial aid for development in these Latin American recipient countries. This makes for increased macro-economic linkage and mutual economic dependency between the countries. Compounding this emerging market and mutual macro-economic dependency risk, because international Investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by international Investors, any of these countries could be adversely affected by negative economic and financial developments in other emerging market countries. In the case of any emerging market risk or collapsing trade or aid flow in the country where the Organization invests, this may adversely affect the ability of Organization's borrowers to repay, thereby creating a risk of non-payment by Organization to its investors.

14. Over-indebtedness of target beneficiaries, namely the end-borrowers and their intermediaries: The Capital for Communities Fund programming targets credit and investment to end-borrower beneficiaries that are generally individuals living in poverty, their intermediary service organizations and communities. These target beneficiaries often have little or no credit history, insufficient or no collateral, and/or high levels of debt, both of the formal and informal kind. Over-indebtedness is typical amongst these target beneficiary groups. The Capital for Communities Fund is repaid when the target beneficiaries are able to repay. It is possible that the target beneficiaries are over-indebted to the point that they are unable to repay the Capital for Communities Fund, either in part or in whole, or in the time frame/schedule anticipated. This risk of over-indebtedness is pervasive throughout Latin America and related pro-poor lending portfolios. If a target beneficiary group or party is over-indebted to the point that it cannot repay the Organization and its Capital for Communities Fund, then this may adversely affect the ability of the Organization to repay its investors, in whole or in part.

15. Various destabilizing forces and the resulting poverty: The Organization invests in entities located in some of the poorest countries (by headcount) in Latin America, and the majority of the Organization's portfolio is continuously subject to attendant risk associated with these poverty-stricken countries and their operating contexts. These countries have a history of coups, dictatorship, civil war/civil unrest, high levels of violent crime and natural disasters. Hurricanes, floods, earthquakes, landslides, volcanic eruptions, etc., have taken place in these countries in recent history and severely impaired borrower repayment. Such events and other factors may worsen the degree of poverty in these countries, which increases risk of default on loans and, therefore, repayments to the Organization.

16. Borrower resistance to complying with their obligations: Incidents of borrowers refusing to pay have occurred, and politically motivated borrowers have organized in the past to protest against the terms and/or conditions of their loans, resulting in mass refusal by debtors to repay loans to creditors. In, Nicaragua, for example, microfinance clients participated in an organized movement referred to as the "non-payment movement" during 2008 to 2010, resulting in two defaulted loans for a total of $269,252 for the Organization.

17. Drug trafficking and human trafficking: Inadequate infrastructures and high levels of insecurity are linked to growth in drug trafficking and human trafficking. Drug and human trafficking are still occurring in some parts of Central and South America rendering some zones highly insecure. This can make debt collection by the Organization or its organizational partner borrowers a life-threatening exercise, or, at the very least, a highly dangerous one. This risk can adversely affect the ability of the Organization's partner borrower to make complete and timely repayment to the Organization. If the end-borrowers or their family members of the Organization are subject to human trafficking or ensnared in the drug-trafficking related violence, this can adversely affect the likelihood of repayment to the Organization. In such instances, these risks may also adversely affect the ability of the Organization to repay its investors, in whole or in part.

18. Infrastructure investments from foreign governments into Latin America: In the past, both international institutions and foreign governments have invested large sums of money into infrastructure projects in Latin America. These projects sometimes have negative environmental impacts and can adversely affect poor people in the region, displacing them from their homes or harming their economic welfare. Should infrastructure projects in countries where the Organization invests, with any and all attendant consequences herein described, cause the Organization's borrowers to suffer business or local ecosystem dislocation, loss of income, or shutdown, this may affect the Organization's ability to repay its investors in whole or in part.

19. Credit bureau and credit information coverage lacking, incomplete and untimely: Information on over-indebtedness of organizations and individuals in many countries where the Organization invests is scarce, and there are severe limitations to the country's credit bureau system. For example, according to the World Bank Group Doing Business Survey and Guide 2017, public credit registry coverage of the adult population in Nicaragua is 20.4% and private credit bureau coverage is 55.9%. In short, credit bureau information in most countries where the Organization invests is either absent, not timely, not complete, and the scope of coverage fails to provide a realistic means for assessing over-indebtedness. This may cause the Organization to extend credit when there is an inability to repay due to over-indebtedness. If an over-indebted borrower is unable to repay the Organization, the Organization may not be able to repay its investors.

20. History of defaults to creditors: While the Organization holds no credits or investments with any government in Latin America, the governments of countries where the Organization invests have a history non-payment and defaults to creditors. This creates an unstable macro-economic environment that threatens to reduce new inflows of capital to microfinance partners of the Organization's parent. Inflows of new capital, often sourced from foreign investors, are often the capital and cash source that the Organization's, or its parent NGO owner's partner agencies need to grow their business. Therefore, the default history constrains the lending and financial service operating environment and reduces its prospects for profitability and growth, possibly indirectly adversely affecting repayment to the Organization and, consequently, the ability of the Organization to repay its investors.

21. Tax considerations and government-imposed actions: Such as lending caps already in place and yet to be imposed government taxes on international and capital transactions may increase the operating costs for a

microfinance institution, regardless of regulatory structure. For example, due to the disaster relief funding needed for Ecuador's most recent earthquake that occurred in 2016, the Ecuadorian government announced it would be raising taxes in the near future but gave no indication of the amount of tax increase that is looming for which individuals or businesses. Additionally, in recent years, some Latin America country governments continue to set interest rate lending caps and high reserve requirements for all micro-lenders in the country. These tax considerations, reserve level increases and interest rate lending caps all are examples of how governments of countries where the Organization invests make the lending business increasingly challenging and expensive, often leading to declining profitability of partner agency borrowers of Organization. This declining profitability can have the adverse impact of reducing capacity of the Organization's partner agencies to repay Organization, and in turn, reduce the ability of Organization to repay its investors.

22. Free trade agreement suspensions and intra-country disputes: Free trade talks, trade flows and trade agreements with the U.S and with other countries that are suspended, in dispute or being renegotiated affect the Latin American countries where the Organization invests. These pending disputes and agreement terms can cause economic downturns and reduced economic activity and investment in the sectors, partner agencies, and micro-borrower businesses in which the Organization invests. Any decline in economic activity related to intra-country disputes may affect a partner agency's ability to repay the Organization, thereby adversely affecting the Organization's ability to repay its investors in whole or in part.

23. Collapsing oil prices: Some countries where the Organization invests still depend heavily on natural resources-related revenues for its national budget and macro-economic stability. In those countries, recent collapses and drops in the price of oil and the fossil fuel economy, generally, have caused economic contraction. Although WCCN Capital for Communities Fund borrowers are not oil and gas industry participants, there is a risk that the national economy contraction will adversely affect the ability of WCCN Capital for Communities Fund borrowers to repay, given the contraction of the economy, generally. If borrowers are unable to repay due to economic contraction in their markets or local economies, then WCCN may not be able to repay its investors.

24. Reliance on funds earned abroad and remittances sent from abroad: In many countries where the Organization invests, the economy depends heavily on the money sent home by expatriates living in the U.S., which creates additional dependence on the U.S. economy and its immigration policy. Past announcements by the US Government to end Temporary Protective Status of immigrants from El Salvador, Honduras and possibly other Central American countries could have an adverse effect on remittances sent to those countries and may put stress on government institutions as those individuals return to their home countries. Cyber-attacks on financial systems, immigration crackdowns in the US or by neighboring country governments can adversely affect the micro-borrowers and partner agencies that the Organization seeks to help. If any such risks do not permit or impede funds inflows from abroad, then this can adversely affect the ability of Organization to get repaid. This, in turn, can adversely affect the ability of the Organization to repay its investors in whole or in part.

25. Pervasive violence: Latin American society has some of the highest rates of crime in the hemisphere, and it has some of the world's highest murder rates. Violence, and particularly gang violence, continues to affect negatively those micro-entrepreneurs and micro-enterprises that are the underlying beneficiaries and target end-borrower of the Organization. This is because these low-income persons reside and operate in crime-ridden parts of the country and cannot afford to pay high costs of extortion that are commonly demanded from the prevalent gangs in the capital city and select provinces and districts of countries where the Organization invests. This violence adversely affects the target end-borrower's ability to repay the partners funded by the Organization, and thus, any material drop in repayment by the target end-borrowers to the microfinance and social enterprise partners funded by Organization poses a risk that the Organization will not be able to repay its investors, in whole or in part.

26. Dependence on agriculture: In many of the partner agencies in which the Organization invests, there is a reliance on agricultural exports as a source of repayment and economic income. Exports are concentrated on traditional agricultural products, such as potato, maize, quinoa, corn, tomato, lettuce, celery, avocado, sugar, bananas, honey and coffee. If there is a drop in global commodity prices, this often adversely affects

the ability of the borrower or micro-borrower to repay the Organization. Or, if there is a change of import or export quality standards or failure to meet quality standards for the importing buyer, this adversely affects the ability of the borrower or micro-borrower to repay. These risks adversely affect the Organization's probability of getting repaid, in turn, jeopardizing the Organization's ability to repay its investors in whole or in part.

27. Deforestation: Slash and burn practices of families and poor persons living in daily poverty is still prevalent as a subsistence form of income. The high rates of deforestation exacerbate the adverse effects of climate change upon all persons in the region. Such deforestation adverse effects include: rendering useless otherwise productive land for a period of time; contributing to weather volatility that reduces production levels of agricultural commodities and thus reduces inventory for sale and income of agribusinesses and the same adverse effect for natural resource commodity-based sustainable businesses; exacerbating plant and animal disease and fungus outbreaks and spreading which in turn adversely affects the end-borrower farmer's production and food security of end-borrower families and their communities; and ultimately not being able to repay loans in whole or in part that may have been provided directly or indirectly by the Organization.

28. Social Unrest: Countries where the Organization invests have frequently experienced periods of civil disruption and social unrest throughout their history. The Organization cannot assure that this kind of social unrest will not occur again. This social unrest poses a risk of non-payment by the Organization's borrowers, and their end-borrower beneficiaries. If social unrest causes a borrower to be unable to repay the Organization in whole or in part in a timely manner, this may adversely affect the ability of the Organization to repay its investors in whole or in part.

29. Unfavorable Economic Conditions: Unfavorable general economic conditions, such as a recession or economic slowdown in the United States, Latin America, or in other major markets, could negatively affect demand for our services, the ability of our borrowers to repay their loans, and our results of operations.

30. Migration: Countries where the Organization invests may be experiencing mass migration from those countries to the US and Mexico, or in between countries in Latin America. For instance, the US is receiving migrant caravans from Honduras, Guatemala and El Salvador, while some Nicaraguan migrants are fleeing to Costa Rica and Spain, and Ecuador is the recipient of Venezuelan and Colombian migrants. The Organization's partners may experience losses due to clients leaving a country such as Honduras for the United States, and there may be little legal recourse for the microfinance institution to pursue collection, which could have an adverse effect on the ability of the Organization to repay its investors in whole or in part.

C. Risk Factors Concerning WCCN and Capital for Communities Fund Operations

WCCN's ability to repay investors depends on its ability to obtain repayment from partner agencies to which loans have been issued. WCCN is a nonprofit organization whose primary purpose is to increase the availability of capital to socio-economically disadvantaged and marginalized groups of people to improve their lives and communities. As a nonprofit organization, WCCN is not driven by pure profit or economic motives, and its ability to make payments on the Notes depends in large part on the economic success of WCCN's lending activities. There is a risk that WCCN's loans, while achieving WCCN's charitable purpose, may not be repaid in part or in full to WCCN, making it more difficult for WCCN to repay principal and interest on the Notes.

WCCN's borrowers are located in Latin America, and, as a result, often do not or cannot meet conventional lending standards and operate in unstable environments. In addition, the partner agencies derive their income primarily from loan interest and administrative fees and, in some cases, from grants and contributions from a variety of sources. If the persons to whom partner agencies make loans fail to repay those loans, the partner agencies may be more likely to default on their financial obligations, including any obligations they owe to WCCN. If partner agencies fail to meet their payment obligations, WCCN might not be able to repay investors. This risk is partially mitigated through WCCN's management of assets, which includes loan loss reserves and donated and net assets to serve as a cushion against unexpected losses.

Under WCCN's risk management policies, WCCN is required to maintain a loan loss reserve equal to at least 3% of the aggregate outstanding principal amount of all loans in its portfolio, although as discussed below the actual loan loss reserve currently is 11.8% of the aggregate portfolio, and the Organization is currently reserving for all its performing portfolio at 5%. This loan loss reserve may only serve to cover part, and not all, of loan losses of the Fund program in the event of partner agency borrower defaults. This means there is the possibility of no remaining balance to repay investors, if there are partner agency defaults in an amount that exceed the Fund loan loss reserves. As of December 31, 2022, WCCN's Capital for Communities Fund portfolio was $15,424,970 with a loan loss reserve account holding $1,825,226) (11.8% of the portfolio). WCCN's net assets as of December 31, 2022 was $1,384,439.

1. On a consolidated basis, WCCN attempts to maintain a net assets level of 10% of total assets. On December 31, 2017, due to a large reserve of loans in arrears owed to WCCN, net assets fell to 1.4%. The decision to fully reserve all loans in arrears was taken by the Board of Directors of WCCN because at that time the loans had been non-performing for several years and there was a low probability of any recovery. By December 31, 2022, net assets had risen to 9.4%. This was due to several factors. One, WCCN's management has streamlined its cost structure to return the loan fund to profitability. Second, WCCN raised a large amount of public support (donations) between November 2018 and December 2020 to help bolster its net assets position. WCCN seeks to continue to bolster its net assets position back to 10% through a combination of profit, donations and recovered loans. There is no guarantee that WCCN will be able to recover any portion of its troubled loan portfolio, and if not, it could have a material adverse effect on our business financial conditions and operations.

2. There is a risk that WCCN's loans, while achieving WCCN's social mission, may not be repaid in part or in full to WCCN, posing a risk to Note holders that WCCN will not have sufficient resources to repay principal and interest on the Notes. In some cases, after a partner agency fails to make any payments for 3 whole years, the loan is written-off because no further payments are anticipated from that partner agency borrower. WCCN has the following write-off policy:

    - Loans are written-off the books when it is determined, at management discretion, that the likelihood and/or timing of repayment are highly uncertain and highly unlikely. WCCN management will consider the following when determining a write-off:

        - Occurrence of significant changes in a client's financial position, such that the client can no longer pay the obligation, or that proceeds from collateral, if any, will not be sufficient to pay back the entire debt exposure owed to WCCN and/or other creditors.

        - Lack of payment of either interest or principal for a period of 3 whole years.

3. As of December 31, 2022, the fund has two restructured loans with a total principal balance of $625,507 with a 50% reserve. The total reserve for those two loans is $312,753.

4. As of December 31, 2022, the fund has one additional loan with a 50% reserve due to late payments of interest and principal which were the result of a restructure and accelerated repayment from the partner to a Mexican government bank. The total principal balance with that partner as of December 31, 2022 was $1,716,667, with a reserve of $858,333.

4. Since the start of the fund in 1991, there have been six write-offs of loan receivables in an aggregate amount of $1,213,703.

5. Accounting and management procedures used in Latin America by the Fund's partner agencies may not conform to what would be considered standard acceptable practice by loan funds in the United States. WCCN performs a CAMEL analysis evaluating Capital, Asset Quality, Management, Earnings and Liquidity. This analysis feeds an internal quarterly risk scoring process. WCCN's evaluation of its partner agencies should not be considered an endorsement of their practices.

6. Specific notes held by significant note holders contain terms and conditions which provide them with rights and remedies that may make them more likely to be paid than holders of the Notes purchased in this offering in the event of certain adverse changes to WCCN. The terms and conditions of these notes may permit accelerated repayment in the event of significant material change in WCCN's business/financial affairs, such as change in upper management personnel, deterioration in the financial condition of WCCN, or loss of WCCN's 501(c)(3) tax-exempt status. Two significant current note holders, for example, received the right to accelerate their note upon a default by WCCN on any of its outstanding obligations to any third party, not just upon a default by WCCN of its obligations to that particular note holder. Investors in the Notes have only the acceleration rights specifically described in this document, and the Notes do not contain the acceleration events listed above. Whenever any event of default and acceleration which does not appear in the Notes offered hereby occurs and is not remedied to the satisfaction of these note holders, then, or at any time thereafter, these note holders may accelerate and declare all indebtedness of WCCN to become due and payable immediately. The Notes to substantial investors with preferential rights and remedies totaled $1,671,000 held by seven different unrelated entities, as of December 31, 2022. These notes constituted approximately 13% of the total amount of WCCN's outstanding debt securities as of December 31, 2022, and their current maturity dates range between 2024 and 2029.

7. WCCN is not obligated to continue offering the Notes or continue to operate the Fund or the non-profit entity. Any change in the status of WCCN and/or the Fund may negatively impact its ability to pay interest and principal on the Notes on a timely basis.

8. WCCN is dependent on a few key employees. In the event they leave the Organization or are unavailable to the Organization, it may be difficult to carry on the Fund program or monitor the underlying partner agencies. This risk is greater in this current time of record unemployment and generalized staffing shortages.

9. Earnings from Fund investments, which exceed estimated Fund operating or other investment needs may be used by WCCN to support its other programs. These programs may take place in WCCN's wholly owned subsidiary, Community Needs, LLC (see "*Expansion of Activities Through Wholly-Owned Subsidiary*" for more information). Earnings used to finance these other programs may result in a decrease in WCCN's total pool of "net assets capital." If such earnings are granted in support of other programs, or lent to an agency in support of other programs and lost, WCCN's ability to repay the Notes offered hereby may be negatively affected. For example, WCCN may project earnings from Fund investments equal to $100,000 on a net basis in a future fiscal year. Of that amount only $50,000 is estimated as necessary for fund operating and other investment needs. Of the $50,000 difference, WCCN may elect to grant $40,000 to other programs or needs such as for food relief and technical assistance in Peru. If these estimates become inaccurate due to an unexpected failure of a partner agency to repay, yet WCCN has already granted funds to other partner needs or programs, WCCN's ability to repay the Notes may be negatively affected.

10. In recent years, WCCN sought to expand its lending framework with the aim of financing other impact investing sectors beyond microfinance and value chain production, such as health, housing, education, water, conservation/land management, specialized equipment, and alternative energy which are inherently riskier. To help address this risk, and to enhance WCCN's ability to expand its operations in other types of impact investments, the WCCN Board of Directors placed these non-traditional activities into its wholly-owned subsidiary, Community Needs, LLC. The subsidiary was designed to help enable WCCN to expand the types of activities in which it engages and enhance its mission, while providing some protection for investors in the Notes from adverse consequences resulting from the expanded operations. Due to losses in agricultural value-chain loans, the Board and Management have been avoiding riskier investments and focusing on its traditional microfinance activities. In the event that WCCN makes a full financial recovery, it may revamp its investments in the aforementioned activities, and as such the organization is maintaining the subsidiary, but not actively using it for riskier investments.

11. WCCN's expansion of lending into new Latin American countries and sectors, through the parent NGO Capital for Communities Fund and through its wholly-owned subsidiary LLC, into other types of impact investments such as health, housing, education, water, conservation/land management, specialized equipment financing and alternative energy, draws on WCCN's resources and may introduce risks related to operating in

unfamiliar markets. Operating costs may be higher than in previous years due to additional travel-related expenses, staffing expenses, information resource expenses, etc.

12. WCCN's lending, and/or that of its wholly owned subsidiary, may be concentrated in certain industry sectors or geographic regions. If problems occur within a certain sector (e.g. natural disasters affecting the agricultural or housing sectors or within a specific country) this could have a negative impact on borrowers that are active within that sector or country. This may result in nonpayment by certain borrowers to WCCN, with resulting losses on the loan portfolio. Any such losses may negatively impact WCCN's financial results and its ability to repay principal and interest on the Notes.

13. WCCN has taken steps to actively improve its due diligence, payment monitoring and collection procedures, as well as to enhance the loan covenants provided by borrowers for the benefit and protection of WCCN. (See *"Protections and Risk Reduction"*). WCCN intends to continue reviewing and improving its lending process and loan documentation. Despite conducting due diligence and monitoring payment**, the risk of defaults is significant when lending to the poor in developing countries. If a WCCN partner agency defaults, there are likely to be few, if any assets on which to foreclose, and the cost of any foreclosure action is likely to exceed the value of the loan**. **If this should occur, any investor in the Capital for Communities Fund may lose all or part of their investment.** The political, economic, social and business environments in which WCCN's partner agencies operate are substantially different and typically less favorable than those in the United States and other developed countries which may impair a partner agency's ability to make, analyze, supervise, record or collect on loans or to function successfully in other businesses in which they operate. WCCN may sometimes have a legal claim against a borrower for repayment in connection with a loan. However, WCCN may choose in its sole discretion not to pursue any remedies against the borrower for any reason. One example of why WCCN may not pursue collection remedies against a defaulting borrower would be if it believes that the cost of exercising such remedies makes such exercise impractical. If WCCN decides to pursue its remedies, collection on a defaulting borrower may be very time consuming and may draw on WCCN’s resources. Note holders have no effective legal right to compel WCCN to pursue collection of loans from defaulting borrowers or to take legal action against any borrower that has defaulted on its payments. Even if WCCN decides to pursue legal or other remedies against a defaulting borrower, such efforts might fail because enforcement of WCCN's loan agreements may be subject to the laws of foreign jurisdictions and WCCN might have difficulty collecting on any favorable judgment. Furthermore, WCCN operates in several Latin American countries and enters into transactions and agreements subject to various laws. There can be no assurance that such transactions and agreements may not be invalidated. Losses due to invalidated contracts may negatively impact WCCN's financial results and therefore may have a negative impact on its ability to repay principal and interest on the Notes. WCCN's decision not to, or its inability to, enforce and collect on any legal claims it may have against its borrowers may affect WCCN's ability to repay principal and interest on the Notes.

14. WCCN believes that it is not subject to regulation as a bank in any of the countries where it operates. Although WCCN currently believes that its business is in compliance in all material respects with applicable local, state, federal and foreign laws, rules and regulations, there can be no assurance that more restrictive laws, rules and regulations will not be adopted in the future which could make compliance much more difficult or expensive, restrict WCCN's ability to originate loans, further limit or restrict the amount of interest and other charges earned under loans WCCN originates, or otherwise adversely affect its operations or prospects.

D. Risks Concerning Partner Agencies’ Operations and End Borrowers

1. In accordance with Fund policies, most recipients of loans from the Fund’s partner agencies, such as the farmer-members of fair-trade producer cooperatives to which the Fund lends, do not have access to financing from conventional financial institutions. Most of these end borrowers would be considered by conventional lenders to be under collateralized, undercapitalized, lacking sufficient operational experience or lacking other traditional credit qualifications.

2. Although some end borrowers are able to offer collateral to secure their loans, or other material guarantees of repayment, (equipment, real estate, etc.), many loans are not fully collateralized. Some loans are made

without material guarantees under the methodology of "solidarity circles," "group loans" and "communal banks." Every member of a "solidarity circle" and "communal bank" signs on or otherwise commits to repay the loan of every other member. One member's default affects every other member, and triggers an obligation to pay by all other members. However, the members of the circle or "communal bank" may still have insufficient assets to cover the debt. Although those methodologies for lending to people without property for collateral has historically shown a positive payback record when properly implemented, past performance is not an indicator of future performance. Ultimately, the absence of collateral may limit the ability of the Fund's partner agencies to collect the full amount due from their borrowers, which could result in losses to the Fund and an inability to repay investors in the Fund.

3. Many of the partner agencies that receive financing from the Fund are engaged in lending to end borrowers who are relatively inexperienced in economic management, or are engaged in naturally risky economic ventures. An example of this is agricultural production, which is subject to unpredictable fluctuations in weather and market conditions. Other examples include the coffee industry, which is subject to the price of coffee fluctuating; and the tourism industry, which is vulnerable to macroeconomic downturns.

4. Many end borrowers are located in regions dependent on agricultural production or the production of commodities, which makes the ability of these borrowers to repay obligations to partner agencies vulnerable to unexpected adverse environmental conditions, increases in costs of agricultural inputs, changes in commodity prices and other events.

5. **WCCN does not independently evaluate each end borrower or review and approve the terms of each loan by a partner agency to an end borrower.** As discussed in detail in "*Protections and Risk Reduction*" and "*Lending Policies and Procedures*", WCCN takes what it believes to be sufficient steps to evaluate and monitor the partner agencies to whom it lends, and it manages its net assets, loan loss reserves, liquidity reserves and lending diversity in a manner intended to protect against loss on its overall loan portfolio and preserve WCCN's ability to pay principal and interest on the Notes. Although WCCN assesses all of its partner agencies before granting any initial credits, there is no guarantee against decisions or actions by the partner agencies which might adversely affect the ability of investors to receive back the full value of their principal invested. For example, management at partner agencies may decide to grant bonuses to its staff and/or Board of Directors that may impair its ability to meet payment obligations to investors such as WCCN. WCCN's partner agencies to which it lends are frequently nonprofit organizations or agricultural producer cooperatives without collateral, whose assets are often a portfolio of microloans made to impoverished individuals, or agricultural production facilities. If a partner agency defaults, there are likely to be few, if any assets to foreclose on. The political, economic, social and business environments in which WCCN and its partner agencies operate are substantially different and typically less favorable than those in the U.S. and other developed countries which may impair a partner agency's ability to make, analyze, supervise, record or collect on loans or to function successfully in other businesses in which they operate. Finally, there are general risks to WCCN and its partner agencies associated with the lack of established or uniform standards within the microfinance and agricultural industries for conducting due diligence on potential partner agencies.

6. Investors should consider the social investment value represented by the purchase of a Note. At the same time, it is also true that the determination of value and community benefit is subjective, and there is no assurance that the intended outcome of particular projects will be achieved. Although WCCN is intended to bring about economic development among the poor persons and communities in Latin America, there is no way to predict the extent to which a particular loan will in fact impact the poor, either in regard to individuals, localities, or sectors of the population. It is possible that WCCN's infusion of capital may create economic inequalities, or has other negative or mixed effects on the regions in which it operates. Investors should be aware that there is no assurance that the purchase of Notes will help create wealth for the poor, to promote health and social development or to advance education and entrepreneurship in developing countries.

7. WCCN staff follows collection procedures on payments from partner agencies that generally apply across all countries in which WCCN lends. Staff provides notices and payment reminders to partner agency personnel who are responsible for transferring funds directly to WCCN bank accounts. Although WCCN has established due diligence and payment monitoring procedures, there can be no guarantee that partner agencies will

repay WCCN promptly. While WCCN intends to pay its investors on schedule, defaults or untimely repayments by partner agencies may result in WCCN having insufficient loss reserves and capital to satisfy payment obligations of all outstanding Notes held by investors. Investors can expect to be paid only from cash and reserves held by WCCN, and not from any other entity.

8. WCCN's outstanding loan portfolio averages 10% to agriculture cooperatives and/or associations devoted to providing smallholder farmers access to reliable markets and fair prices for their products and labor. Since 2013, the La Roya/coffee rust fungus epidemic has decimated coffee plants and significantly reduced premium quality organic and fair-trade coffee production in the countries in which we work. WCCN has reduced its investment in agriculture due to the risks inherent in that business, especially in light of global climate change.

E. Risk Factors Concerning the Notes and the Method of Offering

1. Capital for Communities Notes are illiquid and non-transferable. Potential investors should understand that there currently exists no secondary market for the Notes, and thus they are not transferable nor eligible to be re-sold in existing organized markets in the US or elsewhere. Consequently, the purchase of Notes should be viewed as an investment to be held to maturity. **Prospective investors should have the financial ability to bear the economic risk of an investment in the Notes, adequate means for providing for their current needs and personal or other contingencies and no need for liquidity with respect to their investment in the Notes.** Except upon acceleration in the event of certain Events of Default, Note holders have no right to require WCCN to pay off their Note prior to the maturity date.

2. The Notes are unsecured general obligations of WCCN. They will rank equally with WCCN's aggregate existing unsecured indebtedness of approximately $13 million as of December 31, 2022. The Notes are not deposit's or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the FDIC, the SIPC, any state bank insurance fund or any other federal or state governmental agency, or any other entity. Payment of principal and interest will depend solely upon the financial condition of WCCN at the time of such payments. Further, as discussed below in paragraph E.10, no sinking fund or similar deposit has been or will be established by WCCN to provide for the repayment of the Notes. Therefore, the relative risk level is significantly higher for the Notes than for many other securities with similar rates of return. Because the Notes are unsecured, this means that no collateral will be specifically pledged, assigned or otherwise set aside to secure the obligations on the Notes, and if WCCN defaults on a Note, the holder of that Note will not be able to foreclose on any of WCCN's assets. **There can be no assurance that an investor in the Notes will not lose all or a part of the principal amount and interest on the Notes.**

3. Maturity date, interest rate, and payment schedule for each Note will be separately chosen by each investor in accordance with the options offered by WCCN, as discussed in more detail in this document, and will vary. It is therefore possible that these variations in terms and conditions may result ultimately in certain holders of Notes being fully repaid in accordance with the terms and conditions of their Notes, while other holders of Notes may be at greater risk or suffer losses. In addition, certain significant investors have negotiated other terms for their WCCN notes that provide them with rights not included in the Notes offered hereby. These provisions do not make such significant investors "senior" to investors in the Notes, meaning that they will not get paid out first if WCCN goes into insolvency. However, these investors have additional rights to accelerate payment upon the occurrence of certain events, which the purchasers of Notes through the traditional modality do not. These events of acceleration may include a change in upper management personnel, deterioration in the financial condition of WCCN, or loss of WCCN's 501(c)(3) tax-exempt status. Two significant current note holders, for example, received the right to accelerate their note upon a default by WCCN on any of its outstanding obligations to any third party, not just upon a default by WCCN of its obligations to that particular note holder. These additional acceleration rights mean that in the event that certain adverse events happen to WCCN, the significant investors may be able to accelerate their WCCN notes and be repaid although other investors in the Notes may not.

4. WCCN is not obligated to repurchase, in whole or in part, the principal of any Note prior to its maturity, although it may choose to do so. WCCN may condition any such offer to repurchase on the acceptance of certain other penalties and/or the forfeiture of any previously paid or forthcoming interest payments on the

Note subject to such offer, including any interest accrued and/or paid between the initial purchase date and the date of repurchase. Specifically, WCCN has the right to require as a condition of early redemption requested by a holder (i) within the first year before the first interest payment date on the Note, that the Note holder will receive no interest payments; and (ii) after the first year, the Note holder will forfeit the sum of 50% of all interest accrued plus 50% of all interest previously paid to holder through the date of repurchase. These penalty forfeitures of accrued and previously paid interest may result in a net sum less than 100% of principal being repaid to holder as of the date of repurchase, in either partial or full repurchase transactions. Nevertheless, there is no discounting of any Note value applied by WCCN, only penalties and forfeitures, in the event that WCCN does agree to repurchase all or part of any holder's Note.

Investor requests for early redemption of a Note are in the exclusive discretion of WCCN and made on a case-by-case basis. Situations that may move WCCN to consider granting an early redemption include severe medical conditions, or death of family members. All requests for early redemption require approval from WCCN's Audit and Finance committee who will look at such requests, cumulatively, on a quarterly basis.

EXAMPLES:

1. $10,000 Investment – 5 years – 2.5%/year
   $250 paid at end of year 1
   $250 paid at end of year 2
   Early withdrawal 6 months after receiving interest of year 2 – Amount to pay:
   $10,000 Principal
   Plus: $125 for accrued interest (6 months)
   Less: $62.50 for 50% of accrued interest forfeiture
   $250 for 50% of all interest previously received ($500)
   NET: $9,687.50
   Total Payments: $10,312.50 ($10,000 Principal + $312.50 Interest)

2. $100,000 Investment – 3 years – 3%/ year
   Early withdrawal at 11 months, before the first interest maturity
   Amount to Pay: $100,000, as all interest is forfeited

5. Prospective investors should not rely solely on WCCN or this Prospectus with respect to tax or other economic considerations involved in this investment. Prospective investors are strongly urged to consult their tax advisors on how specific tax consequences of this investment may apply to them. If a prospective investor is considering investing in a Note through a self-directed individual retirement account (IRA), the investor is strongly encouraged to consult with a tax professional before making this decision. The IRA holder is solely responsible for determining whether a Note is an appropriate investment for the IRA, including whether the investment will comply with the exclusive benefit and prohibited transaction rules under Internal Revenue Code section 408 and any other applicable requirements. If an IRA is subject to the Employee Retirement Income Security Act of 1974 (ERISA), additional considerations and limitations may apply (IRAs are generally not subject to ERISA unless they are part of an employer-sponsored plan). WCCN makes no representations are made as to whether the Note is an appropriate investment for any IRA.

6. The interest rate charged by WCCN on loans to its partner agencies will bear no relationship to the interest payable under the Notes, but rather will be determined by WCCN, in its sole discretion, based on WCCN's lending policies and procedures for loans to its partner agencies, WCCN's overall cost of funds and similar factors.

7. The interest rates on the Notes may be set at a relatively low level to allow WCCN to achieve its social objectives. As a result, the risks associated with an investment in the Notes may be greater than implied by an interest rate that is relatively low. This means that the Notes may bear a significantly higher degree of risk than similar securities offered by financial institutions, particularly for-profit institutions that provide an equal rate of return. It also means that investors may be able to obtain a significantly higher interest rate on other such securities that carry an equal degree of risk.

8. **A loan to WCCN is not a donation, but rather an investment. Interest paid to investors by WCCN pursuant to the Note must be declared as income by each Note holder, and, unless the Note holder is a tax-exempt organization, will be subject to income taxes in accordance with federal, state and local laws.** Investors are strongly encouraged to consult a tax professional regarding the U.S. federal income tax consequences of owning the Notes.

9. Debt, such as the obligations represented by the Notes, is often issued pursuant to a trust indenture, such as the type required for many debt offerings by the Trust Indenture Act of 1939. These indentures provide covenants and procedures to protect debt owners and appoint a trustee to act for the benefit of all debt holders and protect their interests. However, the Notes to be purchased in this offering are not currently governed by any indenture and there is no trustee. The Notes are being issued pursuant to an exemption from the Trust Indenture Act, and the provisions of such act designed to protect debt owners are not applicable to the Notes. Other than WCCN's covenant to pay principal and interest, WCCN is making only limited covenants, representations and warranties to Note holders.

10. No sinking fund or other specific allocation of assets or cash flow has been made or will be made to secure repayment of the principal of the Notes or to secure payment of accrued interest, except as may be required under the laws of specific states. As a result, WCCN's ability to repay the principal and interest on the Notes will depend on the success of its operations and the availability of other capital. The Notes may be riskier than notes for which a sinking fund is established.

11. WCCN relies upon certain exemptions from federal securities laws. These securities are being offered under an exemption from federal registration pursuant to Section 3(a)(4) of the Securities Act of 1933, as amended, and Section 3(c)(10) of the Investment Company Act of 1940. Changes in the treatment of WCCN under the federal or related state tax laws, or the failure of WCCN to continue to satisfy the present requirements of the tax laws, may be interpreted as a failure to satisfy the requirements of the securities law's exemptions. There is no assurance that WCCN could meet its compliance burdens under these laws if such circumstances occur. Federal and state securities laws are subject to change and frequently do change. Future changes in federal or state laws, rules or regulations regarding the sale of securities by charitable or other nonprofit organizations may make it costlier and more difficult, if not impossible, for WCCN to offer and sell the Notes. Such an occurrence could negatively impact WCCN's operations, which could affect its ability to pay principal and interest on the Notes.

12. Federal authorities have recognized WCCN as an organization exempt from federal taxation on the basis that it serves exclusively charitable purposes. This determination rests upon a number of conditions that must continue to be met on an ongoing basis. If WCCN fails to comply with any of these conditions, it could lose its tax-exempt status and be subject to federal taxation. Also, it is not obligated to continue its current operations or existence as a nonprofit entity. If WCCN were subject to federal taxation, this could negatively impact its financial viability and cash flow, which could ultimately impair its ability to meet its obligations under the Notes. Further, WCCN's exemption from federal taxation forms part of the basis for the exemptions from securities registration on which WCCN relies, as described in the risk factor above. Accordingly, if it were to lose its tax-exempt status, it might not qualify for the relevant exemptions from registration, which could have adverse consequences. As described in the section "Risk Factors Concerning WCCN and Capital for Communities Fund Operations," above, certain significant investors have rights to accelerate payment upon the occurrence of certain events, such as loss of WCCN's 501(c)(3) tax exempt status, that purchasers of Notes do not. This means that in the event that WCCN becomes subject to federal taxation, the significant investors may be able to accelerate their WCCN notes and get paid although investors in the Notes may not.

13. The descriptions of the Note and subscription documents in this Prospectus are summaries. A copy of the Note and Subscription Agreement are attached as Appendix A. Prospective investors are strongly encouraged to read the actual Note and, as applicable, Subscription Agreement carefully and in their entirety.

14. The sale of Notes is a "best efforts" offering and there is no minimum sales requirement. Because WCCN has already established the appropriate systems and processes to administer this offering along with our existing notes, a low sales volume will not prompt cancellation of the offering or cause WCCN to refund Note purchases to existing investors.

15. WCCN may issue additional Notes or other debt securities in its sole discretion without the consent or approval of the owners of any Notes then outstanding. Those additional Notes or debt securities may be issued on a parity with any of the other Notes or debt securities of WCCN. With respect to this offering, WCCN has limited the amount of Notes that it will issue to a maximum of $20 million. However, there is no limit on the amount of additional Notes or other debt securities that WCCN may issue in the future.

OVERVIEW OF THE CAPITAL FOR COMMUNITIES FUND

The Fund is a program within WCCN for helping to alleviate poverty by channeling funds from North American investors to enterprises owned by low-income Latin Americans. It is not a legal entity separate from WCCN itself, and it is not an investment company regulated under the Investment Company Act of 1940, as amended.

The Fund emphasizes lending to small farmers, women-owned businesses, cooperatives and other enterprises of the organized poor, all of whom have been excluded from their country's conventional financing systems. The aim of the credit is to provide these marginalized sectors an opportunity to increase their income and assets in order to rise out of poverty. Latin American women currently account for more than half of WCCN's partner agencies' borrowers; and historically, end-borrower women represent approximately 66% of the microborrower beneficiaries of the Capital for Communities Fund. WCCN is committed to continuing to help Latin American women achieve agency and economic empowerment through access to financing from the Capital for Communities Fund partnerships and their supportive services and opportunities extended to women.

The Fund targets root causes of poverty and social injustice by providing low-income Latin Americans with access to capital and fair-trade marketing channels that they can use to gain control over their own lives and communities. By building upon community-based institutions, the Fund works to promote and strengthen communities' control over their economic fate.

An investment in the Fund serves many purposes. It responds to the very high demand for credit in Latin America. It offers loans to producer cooperatives, social enterprises, and microfinance institutions serving low-income borrowers who cannot obtain credit from conventional sources. Finally, it enables American investors to become active partners and participants in the process of community-based economic development in Latin America.

Prior to December 2009, WCCN sold its notes under the name of the NICA Fund to raise capital to serve the same purposes described above primarily in Nicaragua. Since 1991, WCCN's microfinance efforts were directed towards alleviating poverty in Nicaragua. However, since 2008 WCCN's Board of Directors decided to expand its efforts into other Latin American countries for the following reasons:

- WCCN's history of success in Nicaragua, and its belief that it can successfully expand its operations in other countries.
- Determination by the Board and management that increased geographic diversity will more effectively spread the risks in its loan portfolio.

WCCN now actively lends in ten Latin American countries: Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, and Peru. WCCN's investment in the MiCredito Holding

Corporation in Panama flows through to MiCredito Nicaragua and MiCredito Costa Rica. The investment in Inversiones Confianza in El Salvador flows to AMC Honduras in Honduras. The Capital for Communities Fund's active loan portfolio as of December 31, 2022 based on audited figures is as follows:

Partner	Type of Organization	Balance Outstanding as of 12/31/2022
Colombia		
MiCreditoYa SAS (MICREDITO YA)	Private Microfinance Institution	136,500
Colombia Portfolio Total		**$136,500**
Ecuador		
Fundación para el Desarrollo Integral Espoir (ESPOIR)	Non-profit Microfinance Institution	983,077
Fundación de Apoyo Comunitario y Social del Ecuador (FACES)	Non-profit Microfinance Institution	1,952,500
Instituto de Investigaciónes Socioeconómicas y Tecnológicas (INSOTEC)	Non-profit Microfinance Institution	955,200
Ecuador Portfolio Total		**$3,890,777**
El Salvador		
Asociación Salvadoreña de Extensionistas Empresiarles (ASEI)	Non-profit Microfinance Association	600,000
Inversiones Confianza (INVERSIONES)	Private Investment Company	500,000
Sociedad Cooperativa PADECOMSM Credito de Responsabilidad Limitada de Capital Variable (PADECOMSM)	Non-profit Microfinance Cooperative	125,000
EL Salvador Portfolio Total		**$1,225,000**
Honduras		
Asociacion Hondurena para el Desarrollo de Servicios Tecnicos y Finacnieros (AHSETFIN)	Non-profit Microfinance Association	320,000
Consorcio de Organizaciones de Desarrollo (FINSOCIAL)	Private Development Organization	175,322
Honduras Portfolio Total		**$495,322**
Guatemala		
Asociación de Desarrollo Integral Cuenca del Lago de Atitlán (ADICLA)	Non-profit Microfinance Association	333,333
Asociación para el Desarrollo Integral de Guatemala (ADIGUA)	Non-profit Microfinance Association	516,667
COOPERATIVA CREDIGUATE R.L. (CREDIGUATE)	Non-profit Microfinance Association	716,667
Fundación Servigua (SERVIGUA)	Non-profit Microfinance Institution	133,333
Guatemala Portfolio Total		**$1,700,000**
Mexico		
Avanza Solido SA de CV SOFOM (AVANZA SOLIDO)	Private Microfinance Institution	1,500,000
ITACA Capital (ITACA)	Private Microfinance Institution	1,716,666
Mexico Portfolio Total		**$3,216,666**

Nicaragua		
Asociación Proyecto ALDEA GLOBAL Jinotega (ALDEA GLOBAL)	Non-profit Microfinance Association	775,000
ProMujer Nicaragua (PRO MUJER NICARAGUA)	Private Microfinance Institution	1,400,000
Corporación para la Promoción y Desarrollo Nicaragua (PRODESA)	Private Microfinance Institution	1,024,408
Nicaragua Portfolio Total		**$3,199,408**
Panama		
MiCredito Holding Corporation (MICREDITO)	Private Finance Company	1,111,111
Panama Portfolio Total		**$1,111,111**
Peru		
Rainforest Trading S.A.C.	Private Agribusiness	450,186
Peru Portfolio Total		**$450,186**
Total Loan Portfolio		**$15,424,970**

A. A Unique Model of International Cooperation

The Fund borrows capital from investors in the United States and lends it to its partner agencies in Latin America. Unlike many economic development projects, the Fund does not rely on a handful of very large contributors for its financial support. Rather, the Fund is supported by around 300 investors with around 500 total investments as of December 31, 2022, of which, about 59% are individuals and 41% institutions. The average size of an investor note is approximately $26,000 as of December 31, 2022. The financial relationship between the Fund and its borrower partner agencies is a relationship in which the Fund strives to meet the needs for capital among these organizations.

B. The Urgent Need for Credit Among Producer Cooperatives and Low-income Individuals in Latin America

Despite significant economic and social progress during the last twenty years, Latin America's society remains deeply divided by class, social status and race. The Latin American region is one of the most unequal regions in the world. A great majority of its indigenous and afro-descendent population lives in poverty or extreme poverty. Latin America continues to face economic problems of extreme proportion with unemployment or underemployment affecting more than half of the region's economically active population.[2]

According to the World Bank Group Global Findex Survey, around 50% of the population in Latin America has access to an account at a financial institution, but only 11% has access to formal credit[3]. Historically, private banks in Latin America have not been interested in providing financial services to producer cooperatives and low-income borrowers. State-owned banks have also come and gone without making a lasting impact. For this reason, private nonprofit efforts such as the Capital for Communities Fund are critical in order to provide credit and economic opportunities to low-income Latin Americans and their community-based and member-led organizations.

Without access to credit, most Latin American agricultural producers and small businesses cannot survive, much less expand production. Small farmers and cooperatives throughout Latin America have been producing at the subsistence level due to lack of access to credit for seeds and other inputs at the beginning of each growing season. In many cases, farmers have been forced to sell their land and migrate to urban areas in search of

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[2] Source: World Bank Group Policy Research Paper 8072, *Perceptions of Distributive Justice in Latin America*, May 2017.

[3] Source: http://datatopics.worldbank.org/financialinclusion/region/latin-america-and-caribbean

employment. Loans to farmers, cooperatives and small businesses have a multiplying effect. Loan recipients buy local goods and services and employ local people.

Small agricultural producers rely on membership in cooperatives to access marketing channels for the sale of their harvests. Most of the producer cooperatives supported by the Capital for Communities Fund are certified with Fair Trade labels indicating that the farmers and workers receive a minimum price for their product and work in decent conditions. Access to working capital from the Capital for Communities Fund helps fair trade producer cooperatives to provide members with reliable markets and fair prices that are critical for success as a small farmer. These producer cooperatives are helping small-scale farmers to generate income for their families and promote economic development in rural areas.

In an effort to address the need for credit, WCCN provides short-term trade credit and pre-harvest loans to fair trade producing organizations with terms of up to one-two years. The loans are generally oriented around a harvest or production cycle. These loans are used by our partner agencies to cover costs of purchasing raw product from their farmer suppliers. Our loans are generally tied to a specific purchase contract between our partner agency and an international buyer. This structure is designed to help mitigate supply chain risks.

Even a small investment in the Capital for Communities Fund has the potential to make a tremendous impact in the lives of the poor in Latin America. A loan can help generate employment and allow low-income Latin Americans to feed their families and contribute to the development of their communities.

C. Working Capital for Community Needs, Inc. (WCCN)— Sponsor of the Capital for Communities Fund

The Fund is a project of WCCN, and is not a separate legal entity. WCCN is a registered 501(c)(3) U.S. tax-exempt organization established in 1984 to promote the historic sister-state relationship between Wisconsin and Nicaragua. Over the years since its founding, WCCN has served as a model of citizen diplomacy by facilitating people-to-people links between U.S. communities and their Nicaraguan counterparts, as well as offering humanitarian aid during times of war and natural disaster.

In 1991, WCCN began channeling money from North American investors to microcredit alternative credit institutions and producer cooperatives in Nicaragua. This endeavor became formalized as the NICA Fund in 1998. In 2008, WCCN expanded its outreach to other Latin American countries, and later changed the name of the program from the NICA Fund to the Capital for Communities Fund. As of December 31, 2022, the Capital for Communities Fund had a portfolio of approximately $15.4 million in outstanding loans to its partner agencies.

D. The Mission, Goals and Values of the Capital for Communities Fund

The mission of the Fund is to create opportunities for access to microfinance, services and markets to improve the lives and communities of the end-borrower in Latin America. The Fund finances socio-economic development projects for Latin Americans who otherwise have little or no access to credit, lack access to essential services, and lack access to opportunities for socio-economic improvement as a condition of poverty and/or their remote location. The Fund gives preference to partner agencies serving smallholder farmers, businesses owned and operated by women, and other enterprises initiated by, or primarily benefiting, disadvantaged persons, especially women and low-income persons in under-developed communities and rural areas.

The Fund's goals are to:

- Provide disadvantaged persons in Latin America with an opportunity to increase their income and assets to rise out of poverty; and
- Provide socially responsible investors in the Americas with an opportunity to support the values that the Fund espouses.

The Fund values include:

- Civic participation and locally controlled development;
- No religious, cultural or political discrimination;
- Equitable labor practices;
- Fair economic relationships between wealthy nations and developing nations; and
- Gender equality.

The value of gender equality and women's agency and socio-economic empowerment, in particular, is reflected in our preference for lending to agencies with a strong concentration of women borrowers in their portfolios, with high numbers of women on staff, with women in positions of leadership and authority, and with voice and/or vote afforded to women members in member-driven organizations (such as in the agricultural cooperative partner agencies).

E. Microfinance Environment in Latin America

The following discussion contains information derived from the *The Global Microscope on the MicroFinance Business Environment 2020* published by the Economist Intelligence Unit (EIU). The *Microscope* covers a 12-month period through September 2019. Since 2007, the *Microscope* has been evaluating the regulatory and business environments for microfinance in different countries, looking specifically at the (i) the regulatory framework and practices in the subject countries (such as legal recognition of microfinance institutions and regulatory oversight); and (ii) the supporting institutional framework within those countries (such as credit bureaus, financial reporting standards and mechanisms for resolving disputes). It also takes into account to what extent political upheaval has affected microfinance and general country conditions.

The *Microscope* was created in 2007 by the EIU in partnership with:

- Multilateral Investment Fund (MIF, a member of the Inter-American Development Bank Group);
- IFC (International Finance Corporation); and
- CAF (Latin American Development Bank).

The current *Microscope* assesses the regulatory environment for financial inclusion and microfinance context by collecting data on 12 indicators of 55 countries, and also provides country-specific details about factors relevant to microfinance lending and changes in the microfinance environment in that country since the previous year.

As stated elsewhere, WCCN currently conducts its microfinance investment activities in Latin America. WCCN has outstanding loans and active lending activity in Mexico, Colombia, Nicaragua, El Salvador, Ecuador, Guatemala, Peru and Honduras. Of these eight Latin American countries where the Organization invests, Peru is ranked #2 in the overall financial inclusion rankings in the 20120 *Microscope*. Latin America, generally, ranked well as a region out of all 55 countries in other regions overall. WCCN was not involved in creating the *Microscope* index.

Specifically, the countries in which WCCN currently lends received the following rankings (lower number is better) by the *Microscope* out of the 55 countries evaluated:

Country	Overall microfinance business environment rankings out of 55
Colombia	1
Ecuador	29
El Salvador	17
Guatemala	48
Honduras	26
Nicaragua	41
Mexico	4
Peru	2

F. Fund Governance; Officers and Key Employees

WCCN is governed by a Board of Directors that meets monthly. Fund policy changes and loan decisions are discussed and approved by the Board of Directors. Quorum is needed on the Board of Directors to make policy changes, approve loans and all other significant material transactions of business. Quorum is defined as a simple majority of the Board. No Directors receive remuneration and no staff member received sales-related commissions for any of their work related to WCCN.

William Harris, ***Executive Director***. William Harris has 15 years of experience and education in economic development and international relations. William joined WCCN staff in November 2016, and previously served as its Director of Operations and Interim Executive Director. William is a Wisconsin native, but has lived and travelled throughout Latin America. William studied Spanish and Latin American History at the University of Arizona and then later received his MBA from the same. William was a recipient of the Rotary World Peace Fellowship which he used to pursue a Master's Degree in International Relations at the Universidad del Salvador in Buenos Aires, focusing his thesis on the topic of microfinance in Latin America. William came to WCCN from the World Council of Credit Unions, and previously served on the WCCN Board of Directors for three years. He has a deep interest in Latin American culture, poverty issues, and economic development. William speaks near native Spanish and Portuguese.

John Hecht – Chief Financial Officer**.** John brings significant expertise in a vast array of banking services and is a licensed CPA. He has a proven record of organizational growth and has held executive leadership & board level positions in banking and numerous community and professional organizations. John has a passion for recruiting and building high performing teams and helping community institutions thrive. From a start-up CEO to running a large commercial banking team for a publicly-traded supercommunity bank, John has an extensive background in every aspect of bank operations, including treasury management and remote capture for deposits. John's unique background also included 14 years as corporate CFO and M&A point person where he was actively involved in the analysis, negotiation, due diligence and integration of over a dozen community banks and other financial firms. In this role, he also chaired the Asset/Liability Committee (ALCO), developed profitability systems, raised capital and managed investment portfolios, analyzed BOLI and executive compensation plans, expanded wholesale and contingency funding sources and worked directly with investment bankers, regulators and counsel during branch expansion, divestitures, mergers and charter consolidations. John provides his services to WCCN on a part-time basis as a contractor.

Joshua Miguel Jongewaard- Director of Lending. Miguel joined Community Needs LLC & WCCN on November 1, 2015. Miguel has 24 years of experience in investment and asset management across North America, Europe, Latin America, and Asia. He has previously held positions with financiers MicroVest, Symbiotics, and Cargill International, giving him significant experience in negotiating transactions, performing international due diligence reviews, evaluating country risk, assessing financial condition of both financial and non-financial institutions, structuring/underwriting debt, equity, and quasi-equity investments. His asset management experience includes: loan portfolios (consumer, residential, commercial), micro-finance, SME finance (factoring/leasing), agricultural value chains, affordable housing, technology, private funds, and derivatives (hedges, swaps, CDS). Miguel is a US and Colombian citizen, fluent in both English and Spanish. Miguel provides his services to WCCN on a full-time basis as a contractor.

Members and Terms of WCCN's Board of Directors (as of May 1, 2023):

Grecia de la O Abarca (May 2021 – April 2025) Grecia is an international development specialist from Mexico who has worked and volunteered in various international organizations, nonprofits, and educational programs in the U.S. and the Latin American region. Currently, she is a Senior Associate for Global Security, Latin America, Europe and Asia at Chemonics International. Previously she was the Lead Analyst for Mexico and Central America at Southern Pulse and a consultant for the Inter-American Development Bank. Early in her career, Grecia spoke at the United Nations' headquarters and shared a message about youth inclusion in high-level decision-making positions. As a Mexican woman, a passionate economist, and a Sustainable Development Goals advocate, she has shared her experiences and expertise with young people in Mexico, Central America, and the Caribbean. Recently she was awarded with the 2019 Youth Leadership Award for the Promotion of international policy and political culture in Mexico, given by the State Government of Guerrero, as well as she has been a speaker and facilitator in numerous training programs for the 2030 Agenda. Grecia holds a Bachelor's degree in Economics and a Master's degree in International Policy and Development.

David Diggs (April 2023 – April 2025) David Diggs is a Leader of Product Strategy and Operations for Search Platforms at Google. David provides trusted, independent insight, and drives strategic alignment to enable Search Platforms to deliver at full potential. David's work is a natural extension of the 9 years he spent as a divisional leader and management consulting working at American Management Systems, Cambridge Technology Partners, and various start-ups; 7 years working in Financial Services at Bank of America Merrill Lynch, the World Economic Forum, and E*Trade; and, 5 years in Non-Profit / Volunteer work leading Stanford Alumni in Chicago as President and Board Chairman. For the last 12+ years, David has been focused on Organizational Performance...improving processes, increasing accountability, and finding ways to direct teams to partner on shared outcomes. David addresses the "people" issues, the "numbers" issues, and the "strategic execution" issues with practical experience coupled with degrees in each discipline: B.A. in Organizational Behavior, Sociology (Stanford University), M.S. Financial Analysis & Investment Management (Saint Mary's College), and a MBA in Strategy (University of Chicago, Booth School of Business).

Juan Gomez (December 2021 – April 2024) Juan Gómez is Vice President of Lending and Investments at Madison Development Corporation, a nonprofit organization that provides affordable workforce housing and attainable business loans to the residents and businesses of Dane County. He assumed that role earlier this year after two years as capital finance officer for the State of Wisconsin and five years as technology investment manager for the Wisconsin Economic Development Corporation. He has extensive experience in economic development, public finance, and real estate. Juan holds a bachelor's degree in economics and MBA, both from UW-Whitewater. He is fluent in Spanish and can also speak Russian. Juan is an avid runner and enjoys travel.

Daniel Guerra Jr. (April 2023 – April 2025) Daniel G. Guerra Jr. is the founder of ArgusX, a software enabled stock trading company, Altus a training and compliance company for healthcare professionals and SDMCentral, which develops tools for patients and doctors to make better care decisions together. Guerra's immigrant father's challenging health care journey fuels his passion for innovations for patients and the dedicated workers in clinics, hospitals, and other facilities. As a young entrepreneur, Dan chose to give back to his community as chairperson of the board of directors Madison's Community Development Authority from 2011 to 2019. This agency champions redevelopment efforts for the city and oversees the Section 8 federal housing program and the city's public housing program that serves 1,800 people. Dan has participated in national Hispanic efforts including a program at Stanford University Latino Entrepreneurship Program and a member of the national Latino Business Action Network. He currently serves on the board of directors for the Latino Professional Association of Greater Madison, Inc. Prior to starting AltusLearn, Dan worked in the web technologies and software development industry.

Layla Kaiksow (May 2021 – April 2025) (President) Layla is the President of the WCCN Board of Directors. She was raised in Madison, WI and spent 12 years living overseas in Palestine working in various fields of international development. She has extensive experience working in fair trade and is a World Fair Trade Organization certified Fair Trade Auditor. Layla currently serves as the Executive Director of a small non-profit, Americans for a Vibrant Palestinian Economy, whose mission is to promote the ongoing development of a vibrant and sustainable economy in Palestine by building bridges and supporting the indigenous business community. Layla is fluent in spoken Arabic and loves to read and spend time with her children. She is passionate about racial and social justice and believes firmly in walking the walk, not just talking the talk. Layla now lives in Houston, Texas with her husband, Mohammed, and her two children, Nishan and Zayna.

Anna Kaminski (December 2021 – April 2024) Anna is passionate about economic justice and believes that access to capital is one of the most important aspects to disrupting generational and intergenerational poverty. At age 16 she went to Nicaragua on a Spanish Instruction and Cultural Immersion trip and fell in love with Latin America. She went on to earn a degree in International Affairs, with a focus on Latin America, from Northeastern University in Boston. Anna has over a decade of experience working in nonprofits and in 2018 was recruited to work for CUNA Mutual Group's Horizon 3 Innovation Center as a Customer Experiences and Product Innovation Manager where she designed financial products to help people achieve economic security. She is currently the VP of Financial Wellness for Percapita. Anna lives in Madison, Wisconsin where, in addition to her work, she fills her time volunteering for New Leaders Council and spending time with her family.

Javier Monterroso (December 2021 – April 2024) Javier is a sustainable finance and international development specialist. Currently the Senior Director of Impact Investments at CapShift, he is responsible for sourcing, qualifying, and conducting due diligence on impact investing opportunities. Javier previously served as Senior Project Officer at The Trust for the Americas – Organization of American States in Washington, D.C., where he led development programs and supported implementations in Argentina, Peru, Jamaica, Mexico, Colombia, Dominican Republic, Honduras, Brazil, and Chile. Additional experience includes The Migrant Peacebuilding Project, OAS DECO - Department of Electoral Cooperation and Observation, the Embassy of Guatemala in France, NDI – National Democratic Institute, and the Congress of Guatemala. A United World Colleges Alumnus from Guatemala, Javier holds a BA in Government and a minor in Economics from Colby College, a Certificate in International Development and Social Change from the Middlebury Institute of International Studies, and an MPA from Columbia University.

Martin Nielsen (April 2023 – April 2025) Martin Kokholm Nielsen is from Denmark, grew up in Tanzania and Botswana and has worked two years in Eswatini (previous known as Swaziland). Just out of Business School Martin and his family joined "Green Families of Denmark" who's mission was selfsustained living, with focus on energy and waste consumption. Martin's interest, in supporting Oikocredit US, comes from his many years living in Africa and experiencing how microfinancing can support family business. Martin is an experienced Chief Financial Officer, has worked many years in Denmark, USA and Chile. Salt Lake City, Utah is Martin's home and where he works as Vice President, regional CFO for FLSmidth, a global Danish Mining and Cement Equipment group. Previous to joining FLSmidth, Martin held difference finance and CFO roles in larger Danish companies, one being Denmark's largest green energy group. He comes with 12 years auditing experience, from Deloitte, PwC and RSM. Martin holds a Master Degree in Auditing and Accounting, from Copenhagen Business School, Denmark.

Frank Staniszewski (April 2018 – April 2024) (Treasurer) is a retired executive. Frank was former President of Madison Development Corporation of Madison, Wisconsin from 1985 through 2017. As President, Frank directed all business lending, business assistance, real estate development and housing management programs, provided service to over 400 small businesses with financing and/or financial management assistance, and oversaw a portfolio of over $6 million of direct loans, and management of 260 units of housing for lower income residents. In 2006, Frank started the MDC Venture Debt Fund to make debt and near equity available to Dane County's growing technology business sector. That Fund has since loaned over $15 million and includes the participation of a dozen local commercial banks and other partners. Developed and managed over 250 affordable rental apartments for lower income tenants. Frank also serves on the City of Madison Economic Development Committee, and Board of Directors of Independent Living Inc., a Dane County provider of housing and services for the elderly. He formerly served on the Boards of a local employment & training organization and a technology business incubator. From 1978 until 1985, Frank worked at the U.S. Department of Housing and Urban Development as representative to the State of Wisconsin, cities, counties, and businesses receiving grant assistance through the Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) programs. During this time, he advised the State of Wisconsin on establishing the Wisconsin Development Fund program for small cities. Frank received his B.A. from The Ohio State University and received his M.A. and post graduate study in Public Administration at the University of Texas.

Ligia Vado (April 2023 – April 2025) Ligia (Ligi) Vado has over 20 years of experience leveraging economics and finance policy research. She joined the Credit Union National Association (CUNA) in 2022 – the largest and most influential national trade association advocating for America's credit unions. There are over 5,000 credit unions nationwide, with a total of more than 130 million memberships and over $2 trillion in assets. Ligi serves as a Senior Economist in CUNA's Policy Analysis department. In that role, she conducts economic research and supports CUNA's public relations and advocacy efforts. Her work centers on data analysis and effective data visualization and she also contributes to the department's forecasting function. Her views and analyses appear in trade publications such as Credit Union Magazine. Vado has extensive experience developing data science solutions, machine learning models, as well as quantitative analysis. Before joining CUNA, she was an Adjunct Professor of Business Analytics at Thomas More University. She knows credit unions – having served as an Insights and Analytical Services analyst for CUNA Mutual Group. Prior to that she was a Disaster Risk Financing & Insurance Specialist at the World Bank where she focused on policy research and supporting risk financing and international housing finance initiatives. Ms. Vado earned a Ph.D. in Economics from North Carolina State University. She also has a master's degree in Economics from N.C. State and an M.Sc. in Agricultural & Applied Economics from Texas Tech University. Her bachelor's degree - in Economics & Finance - was earned from Thomas More University – Managua, Nicaragua. She holds dual American and Italian citizenships.

Jordan van Rijn (May 2019 – April 2025) Jordan is a Teaching Professor at the University of Wisconsin-Madison's department of Agricultural and Applied Economics. He has 11 years of experience in international development, microfinance and economic research in Latin America, Africa, Southeast Asia and the United States. Prior to joining CUNA, Jordan worked as a Senior Loan Officer for ACCION New Mexico, a non-profit microcredit organization. Before that, he worked as a Project Associate for ideas42, where he utilized insights from behavioral economics to improve microcredit services in Colombia. Jordan holds a PhD in Agricultural and Applied Economics from the University of Wisconsin-Madison and is a Fellow at UW-Madison's Center for Financial Security. He also holds a master's degree in International Development and Economics from UC-San Diego and a bachelor's degree in International Studies from the Middlebury Institute of International Studies at Monterey.

Megan Vander Wyst (May 2019 – April 2025) (Vice-President) Megan Vander Wyst works at Second Harvest Foodbank of Southern Wisconsin managing the FoodShare Outreach team. In this role Megan spends time in the community assisting clients as well as building partnerships with community organizations to better serve clients and tackle food insecurity in our local communities. Prior to working at Second Harvest Foodbank, Megan worked at a wholesale artisan fair trade company where she supported operations at the Wisconsin based warehouse, communicated frequently with South American staff and artisan groups, and assisted with the planning of educational tours in South America. Megan speaks Spanish and has spent time studying, living and volunteering in Central and South America.

Leilani Yats (May 2021 – April 2025) (Secretary) Leilani is the Founder of Naturally Smart Travel, a tour coordination company partnering impact investors and social entrepreneurs in the developing world through immersive travel. Earlier in her career she gained experience in the Los Angeles startup industry, growing small domestic teams into international success. Leilani has a Bachelor's degree in Business Administration and Master's degree in Business Management.

Related Party Transactions: As of December 31, 2022, the Organization has notes payable to board members and employees totaling $14,067. The interest rates on the notes range from 1% to 3% and the notes mature on various dates between March 2024 and December 2028. The Organization also received donations from board members and employees totaling $1,700 in 2022.

Recent Events: On April 10, 2023, WCCN signed an MOU with Oikocredit US to receive its residual assets of approximately $300,000, as Oikocredit US made the decision to wind down its operations. The $300,000 will be accounted for as a non-designated contribution to the net assets of WCCN.

Executive Compensation: The Executive Director of WCCN is the highest paid staff member of WCCN with an annual compensation of $139,000 for the year 2023 which is 2.1 times higher than the lowest paid WCCN employee, $65,000. Directors are volunteers and serve in exchange for no compensation.

External Audits: WCCN undergoes annual external audits of its accounting systems to assure that the financial position, change in net assets, and cash flows are presented fairly in conformity with U.S. generally accepted accounting principles. Annual external audits are conducted by Baker Tilly US, LLP, 777 E. Wisconsin Ave., 32nd Floor, Milwaukee, Wisconsin, 53202. Copies of audited financial statements are attached to this Prospectus.

G. Outstanding Promissory Notes

The Fund currently has two broad categories of promissory notes outstanding:

Traditional Notes. The first is category are promissory notes of the type sold in this Offering, with terms substantially similar to those described below under "*Description of the Offering*" (although there may be some modest variation in interest rate or other terms for Notes issued in different years). As of December 31, 2022 WCCN had outstanding traditional notes of $13,021,136.

Specifically Negotiated Notes. The second category of promissory notes are those that a small number of significant investors have specifically negotiated with WCCN. Those WCCN promissory notes do contain terms that provide those investors with rights not included in the Notes offered hereby. None of such notes contain provisions that make the significant investors "senior" to investors in the Notes, meaning that they will not get paid out first if WCCN goes into insolvency. However, these investors have additional rights to accelerate payment upon the occurrence of certain events, which the purchasers of Notes in the offering do not. These events of acceleration may include a change in upper management personnel, deterioration in the financial condition of WCCN, or loss of WCCN's 501(c)(3) tax-exempt status. Two significant current note holders, for example, received the right to accelerate their note upon a default by WCCN on any of its outstanding obligations to any third party, not just upon a default by WCCN of its obligations to that particular note holder. These additional acceleration rights mean that in the event that certain adverse events happen to WCCN, the significant investors may be able to accelerate their WCCN notes and be repaid although other investors in the Notes may not. As of December 31, 2022 WCCN has outstanding notes with significant investors that contain atypical terms in an aggregate principal amount of $1,671,000.

Factors considered in negotiating other schedules for amortization of principal payments are the size ($100,000 or more) and duration (more than seven years) of the Note or the willingness of the investor to subordinate their note investment and risk first-loss over other investors (other than WCCN). As of the date of this Prospectus, WCCN has issued no subordinated debt. However, WCCN will discuss with interested sophisticated investors who qualify as "accredited investors" under Rule 501, Regulation D of the Securities Act of 1933 the possibility of issuing subordinated debt, and may offer enhanced amortization, maturity terms and interest rates in exchange for the loss absorption provided by subordinated debt. This will be negotiated on a case-by-case basis, and will be approved in advance by the WCCN board of directors.

Interest Rate Distribution of Outstanding Promissory Notes. Under "*Description of the Offering – Priorities*" you will find a chart breaking down the various interest rates of outstanding Notes and Indenture Notes, and the amount of outstanding principal to which each interest rate applies.

DESCRIPTION OF THE OFFERING

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Offerings of WCCN Notes are made on a continuous basis. Individuals or groups seeking to make an investment must read the Prospectus and understand fully the offering.

Through the Fund, WCCN acts as a financial intermediary, receiving investments from socially responsible investors and offering loans to Latin American partner agencies on terms that seek to enable repayment to investors by the scheduled repayment date. The Fund management hires local lawyers and other third-party service providers as needed (for example, notaries and/or property appraisers) in each country to verify the validity of legal status, legal representatives, and authority to enter into underlying credit transactions as part of preparing and concluding the necessary legal documents for these investment transactions with partner agencies. The majority of the loans are issued in U.S. dollars, however, as of December 31, 2022, WCCN has made eight loans in local currency in its history, which were hedged through "Microfinance Currency Solutions (MFX)", a facility that specializes in hedging for the microfinance industry worldwide. See "*Partnership with a Hedging Facility*."

In addition to providing an easy process by which North Americans can invest in development in Latin America, this arrangement offers advantages to Latin American community development partner agencies, many of which lack the time and resources needed to solicit investors in the United States or to deal with language barriers, currency exchange, or international legal issues. By serving as an intermediary, WCCN enables Latin American community development agencies to obtain funds while continuing to focus their energies on serving the needs of their community members.

A. Source of Funds

The Fund investors include primarily US individuals, small groups, religious institutions, and nonprofit organizations. The Fund separately seeks to recruit investments from diverse sources in order to avoid excessive dependence upon a single source of funds.

In addition to invested funds, the Fund seeks donated funds to serve as net assets capital for the Fund and to cover financial and operating costs and other activities that support the mission of WCCN.

B. Payables, Investments and Obligations

Fund investors by profile distribution (as of December 31, 2022, based on audited numbers) are:

Investor Type	Amount	Percentage Share
Individuals	$7,769,508	60%
Groups/Churches/Religious Organizations/Foundations	$5,251,629	40%
Total	$13,021,136	100%

C. Conditions of Investment

Investments in the Notes are sponsored by WCCN, a not-for-profit, US 501(c)(3) tax-exempt organization organized as a non-stock corporation under Wisconsin law. WCCN in turn lends to Latin American organizations that serve low-income members of their communities with microfinance, market intermediary and agricultural services, and other essential social services positively affecting health, education, business and personal welfare.

Currency: All money transactions between investors and WCCN are in U.S. dollars.

Security: An investment with WCCN is not guaranteed nor insured. When WCCN lends funds to Latin American partner agencies, they usually are not directly secured by real estate or other property. Typically, when WCCN does have secured loans, they are secured with receivables on loan portfolios among credit institutions, and sales contracts from fair trade buyers among producer cooperatives. Some loans made by our Latin American partner agencies are made without material guarantees under the methodology of "solidarity circles" and "communal banks." Every member of a "solidarity circle" or "communal bank" signs on or otherwise commits to repay the loan of every other member. One member's default affects every other member, and triggers an obligation to pay by all other members. However, the members of the circle may still have insufficient assets even in the aggregate to cover the debt.

The financial stability of the Fund depends on sound management by WCCN staff, partner agencies, the health of end borrowers' businesses, the health of fair-trade buyers' businesses, Latin American economic conditions, and, less frequently, the quantity and quality of collateral which end borrowers offer in exchange for their loans. To date, WCCN has never defaulted on any loan or other obligation, and WCCN's lending programs have met all their obligations to Note holders on schedule for repayment of interest and principal. WCCN anticipates continuing to meet its obligations. Of course, past repayment performance cannot be counted on as a guarantee for future repayment. Please read carefully the section titled "Risk Factors" before deciding to invest.

Method of Sale: Notes are sold in this offering through direct sale by WCCN to investors. Methods of solicitation include print advertising, internet promotion where permissible, direct sales by WCCN employees and word of mouth. No underwriting or selling agreements exist for the Notes sold directly by WCCN. No commission, discount, finder's fee or other form of remuneration or compensation will be paid to any person or organization in connection with the offer and sale of the sold directly by WCCN. In the State of Arkansas, no public advertising or solicitations will be employed.

Priorities: All Notes are unsecured. Notes issued pursuant to this Prospectus will all rank equally with each other. Of the total $20 million notes available for investment, the Capital for Communities Fund aggregate unsecured indebtedness as of December 31, 2022 was approximately $13 million. The remaining balance of notes available for investment from the total offering as of December 31, 2021 was $7 million. The following chart provides the aggregate principal amount of Notes outstanding as of the dates indicated, organized by interest rate on the Notes (which include both Traditional Notes and outstanding Indenture Notes)[4]:

Interest Rate	12/31/22	12/31/21
0%	$900,757	$977,273
0.5%	$223,876	$89,328
1%	$527,787	$660,723
1.5%	$364,586	$204,527
2%	$1,147,661	$1,496,459
2.5%	$1,978,390	$1,754,720
2.75%	$400,000	$400,000
3%	$2,049,977	$1,726,592
3.25%	$512,062	$79,062
3.5%	$1,566,982	$1,050,316
3.75%	$50,063	$50,063
4%	$3,068,028	$4,014,476
4.25%	$231,567	$329,056
Total	**$13,020,536**	**$12,832,595**

Optional Prepayment: WCCN has the right at any time, and from time to time, to prepay any WCCN Note in whole or in part without premium or penalty, upon ten days prior notice to the holder, at a redemption price equal to 100% of the principal amount to be redeemed plus any interest accrued and unpaid on such principal amount prior to the redemption date. Under no circumstances will WCCN be obligated to redeem any Note prior to maturity.

Tax Considerations and Reporting: Although WCCN is a tax-exempt nonprofit organization, the principal that is invested in the Notes is <u>not</u> tax-deductible since it is not a donation. Principal repaid to you is a return of your capital investment, and is therefore not considered income. Interest paid by WCCN is fully taxable, and for individuals should be claimed on IRS Form 1040, Schedule B. In January of each year, WCCN will mail to each investor a Form 1099-INT indicating the interest earned on his or her investment in the prior year. In general, cash-basis taxpayers are required to report interest on their tax return only after the interest has been paid. For example, an investor who purchases a Note in December 2023 will receive the first payment of interest in December 2024, and will report this interest on his or her 2023 tax return. Consult your tax advisor regarding the effect on your taxes, if any, of accepting a below-market rate of return on your investment.

Taxpayer Identification: WCCN reserves the right to reject any new account or any purchase order for failure to supply a certified Social Security or Taxpayer Identification Number ("TIN"). Investors who are subject to backup withholding are not able to purchase the Notes. If WCCN lacks the current Social Security or

[4] This chart has not been audited, but the total amount in the chart for December 31, 2022 matches with the total outstanding investor loan balances from the audited financial statements. Please refer to the Statements of Financial Positions and the accompanying Notes to the Financial Statements in the audited financials attached to this Prospectus for more information.

TIN and is unable to verify that the prospective investor is not subject to backup withholding by the IRS, federal law requires WCCN to withhold 28% of interest and the investor may be subject to a fine.

Interest Rates: The interest rates offered on WCCN Notes may change at WCCN's discretion. However, the interest rate will remain fixed throughout the term of a Note once purchased. Should commercial rates rise, WCCN is not legally obligated to redeem the principal or make a partial withdrawal of a Note prior to its maturity.

Investments Through Self-Directed Individual Retirement Accounts: A self-directed IRA may invest in a Note. To do so, the IRA must be held by a custodian that permits such investments. A self-directed IRA is an individual retirement account created to allow the IRA holder the option of selecting, either directly or through an investment advisor or other permissible representative, investments for the IRA. The following retirement accounts have the option to be self-directed: a traditional IRA, Roth IRA, Rollover IRA, Educational IRA, and SEP IRA. The Notes are intended to be an acceptable investment for IRAs under Internal Revenue Code section 408(a). Please consult with a tax professional before choosing to invest in a Note through an IRA. The IRA holder is solely responsible for determining whether a Note is an appropriate investment for the IRA, including whether the investment will comply with the exclusive benefit and prohibited transaction rules under Internal Revenue Code section 408 and any other applicable requirements. If an IRA is subject to the Employee Retirement Income Security Act of 1974 (ERISA), additional considerations and limitations may apply (IRAs are generally not subject to ERISA unless they are part of an employer-sponsored plan).

How to Invest: The prospective investor completes and submits the application found in the Prospectus to the main office of WCCN. WCCN will review the application to make sure the investor satisfies any applicable investor suitability requirements under state law. Upon acceptance of the investor, WCCN will provide two copies of a completed Subscription Agreement to the prospective investor, both signed by the Executive Director and a witness. Prospective investors are required to sign both copies of the Subscription Agreement and return one copy to the main office of WCCN. The start date of the investment, if accepted by WCCN, is the day funds are cleared and received from the investor. Upon receipt of the investor's funds and acceptance of the application by WCCN, WCCN will issue a Note to the investor. Investors are encouraged read this Prospectus in its entirety and keep a copy for their records.

Maximum Interest Rates for Notes:*

Terms	1 Year	3 Years	5 years
$100 - $2 million	0% to 2%	0% to 3%	0% to 4%

**There are no additional expenses charged by WCCN to investors for participating in this Fund. This means no additional expenses for any applications, accounts, custodial or brokerage services, research, securities filings, sales, management, "load" fees or commissions are charged by WCCN to investors. The expenses involved in our offer will include audit, legal fees, regulatory filing and printing costs, and solicitation costs. The aggregate of these costs is not expected to exceed $50,000 per annum. These costs will be borne by WCCN, and not by the purchasers of the Notes.*

Interest Rate: 0% to 4% annual fixed simple interest. Note investors may designate their desired interest rate within the parameters defined by the chart above. No-interest or lower-interest rates enable the Fund to be more flexible in assisting borrowers and carry out its community development objectives. Certain significant investors may negotiate other interest rates for a WCCN note. Factors considered in negotiating other interest rates are the size ($100,000 or more) and duration (more than seven years) of the Note or the willingness of the investor to subordinate their investment and risk first-loss over other investors. As of the date of this Prospectus, WCCN has not issued any subordinate debt.

Interest Accrual and Optional Reinvestment: The Notes will begin to accrue interest from the date funds are received from the investor in connection with an accepted subscription. Interest accrues based on a 360-day year of twelve 30-day months. Investors in Notes may authorize the investment of any annual interest payment of at least $100 in a new Note on the interest payment date. If the interest due is less than $100, WCCN will pay the interest to the note holder via check or ACH.

Payments: A holder of a Note is paid interest annually by WCCN on the anniversary of the Note, and principal is repaid at maturity, unless a Note has been renewed upon maturity (as discussed below), all by check or ACH from WCCN. Certain significant investors may negotiate other interest repayment and re-investment schedules for a Note. Factors considered in negotiating other schedules for amortization of principal payments are the size ($100,000 or more) or duration (more than seven years) of the Note or the willingness of the investor to subordinate their note investment and risk first-loss over other investors (other than WCCN). WCCN currently has no subordinated debt investors at this time. Any of these aforementioned factors may result in such investments receiving principal payments at dates earlier then the final maturity of the Note. Other investors will receive their principal repayments upon maturity of their investments.

Investment Size: $100 minimum; $2 million maximum.

Term: Minimum of three years; maximum of five years. Investors may designate their desired term in full-year multiples.

Legal Documents: The specific terms of an investment in a Note are outlined in the Subscription Agreement and related Promissory Note, copies of which are attached as Appendices A and B, respectively. A potential investor should indicate the desired terms on the Fund Investment Application attached as the last page of this Prospectus, and WCCN will send two copies of a Subscription Agreement for the investor's signature. After receipt of funds, WCCN will send a Promissory Note, indicating the repayment date.

Settlement Method: Transactions of the Notes are settled with WCCN acting as paying agent and registrar.

Increasing an Investment: Holders of Notes may add to an existing Note in amounts of $100 or more at any time during the life of the Note and add accrued annual interest on the anniversary of the Note at the existing term and interest rate, with interest accrual beginning on the date that WCCN receives and clears the added funds, and with interest and principal payment dates set to coincide with the payment dates of the initial investment. For principal addition amounts of $100 or greater, WCCN will cancel the original Note, return a canceled note copy to the investor, and replace the original with a revised/re-issued Note representing the amount of the principal addition plus the original principal investment balance and any accrued or recapitalized interest amount. The reinvestment of annual earned interest alone will be authorized in the original Subscription Agreement and Note thus WCCN will not issue a new Note, if it is only interest being added to the original Note. Any such increases would be subject to applicable securities laws.

Options at Maturity/Rollover: Holders of Notes will be sent a written notice no later than 30 days prior to maturity, informing them that their Notes will be maturing, and that they have the option of either redeeming the Notes or re-investing their funds into other WCCN Notes. The notice will include a then-current WCCN Prospectus, and a way of notifying WCCN if the holder has changed his or her state of residence. If a holder does not instruct WCCN to redeem his or her Note upon maturity, the holder will be deemed to have elected to re-invest the proceeds into a new issue of Notes in accordance with terms indicated in the notice given to the holder by WCCN. These terms may include an interest rate, tenor and other terms that differ from the terms of the holder's original Note, although if available, the new Note will have a comparable interest rate to the maturing Note. If the interest rate on the maturing investment is higher than the maximum interest rate offered on the date of maturity for the amount of the investment, the new investment will receive the maximum interest rate offered on the date of maturity for the amount invested. Any re-investment of investor funds will be administered without first transferring funds back to the holder.

A holder who is deemed to have elected to re-invest proceeds from a maturing Note into another WCCN Note may request redemption of the new Note issued to the holder up to and including the 90th day after maturity date of the original Note. There is no penalty to redeem the Note if the redemption request occurs within this 90-day redemption period. If the holder does not request redemption of the new Note within this redemption period, the holder will not be able to redeem the new Note without WCCN's consent prior to the maturity of such Note except in accordance with its terms.

Early Withdrawal by Investor: WCCN is not obligated to repurchase, in whole or in part, the principal of any Note prior to its maturity, although it may choose to do so. WCCN may condition any such offer to repurchase on the acceptance of certain other penalties and/or the forfeiture of any previously paid or forthcoming interest payments on the Note subject to such offer, including any interest accrued and/or paid between the initial purchase date and the date of repurchase. Specifically, WCCN has the right to require as a condition of early redemption requested by a holder (i) within the first year before the first interest payment date on the Note, that the Note holder will receive no interest payments; and (ii) after the first year, the Note holder will forfeit the sum of 50% of all interest accrued plus 50% of all interest previously paid to holder through the date of repurchase. These penalty forfeitures of accrued and previously paid interest may result in a net sum less than 100% of principal being repaid to holder as of the date of repurchase, in either partial or full repurchase transactions. Nevertheless, there is no discounting of any Note value applied by WCCN, only penalties and forfeitures, in the event that WCCN does agree to repurchase all or part of any holder's Note.

Investor requests for early redemption of a Note are in the exclusive discretion of WCCN and made on a case-by-case basis. Situations that may move WCCN to consider granting an early redemption include severe medical conditions, or death of family members. All requests for early redemption require approval from WCCN's Audit and Finance committee who will look at such requests, cumulatively, on a quarterly basis.

EXAMPLES:

1. $10,000 Investment – 5 years – 2.5%/year
   $250 paid at end of year 1
   $250 paid at end of year 2

Early withdrawal 6 months after receiving interest of year 2 – Amount to pay:
$10,000 Principal
Plus: $125 for accrued interest (6 months)
Less: $62.50 for 50% of accrued interest forfeiture
$250 for 50% of all interest previously received ($500)
NET: $9,687.50
Total Payments: $10,312.50 ($10,000 Principal + $312.50 Interest)

2. $100,000 Investment – 3 years – 3%/ year

Early withdrawal at 11 months, before the first interest maturity
Amount to Pay: $100,000, as all interest is forfeited

Donation of Interest and Principal to WCCN: Investors in Notes may donate all or a portion of their principal or interest payments to WCCN**.**

Designation of WCCN as Beneficiary: Investors in Notes may designate WCCN as the beneficiary of the principal amount of the Note and all accrued but unpaid interest on the Note upon death. They may also designate WCCN as the beneficiary of the aggregate principal amount of all outstanding debt obligations, including accrued but unpaid interest owed to them by WCCN at the time of death. Transfer-on-death accounts (or payable-on-death accounts) are otherwise not offered for Notes. Please contact WCCN if you are interested in designating WCCN as the beneficiary of the aggregate amount of all of WCCN's outstanding debt obligations to you.

WCCN may also assist you if you wish to select a beneficiary other than WCCN for your specific Note.

Events of Default: WCCN will be in default under the terms of the Note and Subscription Agreement if any of the following occur:

(a) WCCN fails to repay the principal and interest on the Note on or before the fourteenth day after the date the payment is due;

(b) Any of WCCN's representations or warranties under the Subscription Agreement is false or fraudulent in any material respect; or

(c) WCCN fails to observe or perform in a timely manner any of the covenants or duties contained in the Subscription Agreement or Note.

(d) (A) WCCN commences any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or WCCN makes a general assignment for the benefit of its creditors; or (B) there has be commenced against WCCN any case, proceeding or other action of a nature referred to in clause (A) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed or undischarged for a period of 60 days.

Upon the occurrence of an event of default, the Note holder will have certain remedies under the Subscription Agreement. Specifically:

- At the option of the Note holder all unpaid principal and interest due under the Note will mature and become immediately due and payable after 45 days written notice of default has been provided to WCCN, unless the event of default is cured within this thirty-day period.

- The unpaid principal and interest due under the Note will automatically mature and become immediately payable in the event WCCN becomes the subject of bankruptcy or other insolvency proceedings.

D. Use of Proceeds

Invested funds are pooled with net assets to comprise the total pool of capital available for lending to community development agencies Latin America. The Fund is a program of WCCN, and it is not a mutual fund nor a legal entity separate from WCCN. Assets ascribed to the program are not segregated from other WCCN property by any entity or custodian of the assets and are thus subject to the claims of creditors of WCCN.

Liquidity/cash flow management is attained by careful monitoring and scheduling of loans to partner agencies. To maintain adequate liquidity, the Fund will:

- Plan an appropriate match between the timed maturity dates of investors' Notes and partner agencies' loans.

- Maintain a diversity of maturity dates for Notes (i.e., avoid a concentration of Notes coming due at any one time).

- Maintain liquid reserves equal to:

    - Average of 90 days operating expenses.
    - Interest due to investors in next 120 days.
    - Estimated hedging obligations due in next 60 days.
    - Net principal amount due to investors over next 60 days. The principal amount is equal to amount due from 100% of confirmed investor redemptions and 50% of amount due from unconfirmed investor redemptions.
    - WCCN may consider any available portion of an unsecured line of credit as part of its liquid assets to cover any of the above obligations in the short term.
    - The use of a secured or unsecured line of credit will not be considered an obligation for liquidity policy purposes unless it is outstanding after 45 days.

Capital for Communities Fund, Future Maturities for Notes Receivable (before loan loss reserves) as of December 31, 2021 for years ending December 31 are as follows:

	2023	2024	2025	2026	2027+	Total
Schedule of Repayment of Principal to WCCN from Loans to Latin American Community Development Organizations	$6,376,014	$5,248,362	$2,901,570	$812,281	$86,740	$15,424,970

Capital for Communities Fund, Future Maturities for Notes Payable to investors as of December 31, 2021, for years ending December 31 are as follows:

	2023	2024	2025	2026	2027+	Total
Schedule of Repayment of Principal to Investors	$1,887,239	$3,019,830	$3,546,049	$1,605,157	$3,110,383	$13,021,736

Working Capital for Community Needs Selected Assets and Liabilities from December 31, 2010-2022

	2022	2021	2020
Cash	$870,241	$969,390	$1,403,800
Total Loans Receivable (before loan loss reserve)	$15,424,970	$14,437,112	$11,972,636
Restructured Loans, Rescheduled Loans and Loans in Arrears (included in Total Loans Receivable)	$2,342,174	$1,019,184	$2,092,476
Notes Payable	$13,168,658	$12,982,595	$11,437,393

E. Use of Interest Earnings

Loans to partner agencies are issued at an annual interest rate expected to be sufficient to pay interest to investors and to cover the Fund's operating expenses, including staff costs of loan monitoring, U.S. inflation expense, and the cost of setting aside loan loss reserves, which are allocated each quarter (see the section below titled "*Net Assets, Loan Loss Reserves and Liquidity Reserves*"). The Fund expects to cover these costs through interest earnings. Earned interest in excess of the amount needed to cover financial and operating costs is used to grow Fund net assets and support other WCCN programs.

F. Reporting on Fund Activity

WCCN provides all investors with periodic information on Fund activities through its newsletter Grassroots Connections, which features descriptions of partner agencies and their clients. WCCN also prepares unaudited quarterly financial statements, including an Income and Expense Statement, Balance Sheet, and Portfolio Summary Report, which are available to all investors upon request. WCCN also provides all investors with an audited WCCN Annual Report and audited financial statements on its website.

PROTECTIONS AND RISK REDUCTION

Lending to economically disadvantaged persons in developing countries carries a significant risk of defaults. This Section and "*Lending Policies and Procedures*" below discuss the steps WCCN has taken to try to reduce the risk of loss on specific loans and in the Fund's overall lending portfolio. These Sections should be read in conjunction with the information provided in "*Risk Factors*."

A. Net Assets, Loan Loss Reserves, Diversification and Liquidity Reserves

In addition to funds from investors, the Fund is capitalized with earned income, as well as funds donated from foundations and individuals. Earned income and donated funds serve as net assets capital that can be applied to pay back investors' Notes. On a consolidated basis, WCCN attempts to maintain a net assets level of 10% of total assets. Net assets levels as of December 31, 2021, 2020, and 2019 were approximately 9.4%, 8.2%, and 6.8%respectively.

In addition to net assets, WCCN maintains a loan loss reserve to account for potential default by partner agencies. The Board of Directors reviews the loan loss reserve level quarterly. On May 23, 2017, the Board of Directors approved the below loan loss reserve policy to reflect its more recent practices of:

(i) Taking a more accelerated loan loss reserve allocation approach for non-performing loans;

(ii) Taking collateral security if available when restructuring a non-performing loan and allowing for up to 70% of the value of that collateral to be considered in the estimated recovery when considering loan loss reserve provision for this non-performing loan;

(iii) Stating explicitly a minimum required 3% and target goal of 5% of total assets in the loan loss reserve account at all times;

(iv) Requiring that each restructured loan in good standing maintain a minimum 10% (of outstanding balance) loan loss reserve provision. If there are payments falling into arrears anew, additional reserve amounts equivalent to 5%, 50%, or up to 100% of the outstanding balance are to be allocated atop the 10% minimum amount for the restructured loan, in accordance with the new policy mandates for reserves per loan risk categorization and aging receivables number of days in arrears.

The below policy of loan loss reserve adopted by the WCCN Board of Directors on May 23, 2017 was made retroactively effective to January 1, 2017. Under this policy, WCCN Board of Directors has discretion for more loan loss reserve provisioning for any loan, as warranted. On January 29, 2020, the WCCN Board of Directors approved increasing the Current Reserved from 1% to 3%, retroactive to December 31, 2019. The Board further bolstered reserves by increasing the reserve on all current loans from 3% to 4% as of December 31, 2020. As of December 31, 2021 the WCCN Board of Directors voted to reserve all current loans at 5%, and may chose in the future to reserve the current portion at a higher amount. The policy calls for a percentage of each outstanding loan balance to be provisioned for in the loan loss reserve account based on its risk category classification, type of loan repayment schedule, and days in arrears (30, 90, 180, 270) per below table:

Classification	**Reserve Level**	**Full Balance Due at Maturity Loans**	**Amortization Scheduled Payment Loans**	**Restructured Loans ***
Current	5%	N/A	N/A	N/A
Special Mention	10%	30	30	30
Substandard	50%	90	90	90
Doubtful	100%	180	270	180

*Restructured Loans start at a base reserve level of 10%, not 5%, and additional reserve amounts are added to the base reserve level according to above table.

On a consolidated basis, WCCN uses a concentration policy to limit investment exposure to any single partner in the portfolio. Our policy is based on a conservative system of dual limits for our capital lending, linked not only to the size of WCCN as the lending institution, but also to the size of our borrowing partners. In addition to the concentration policy, WCCN strives to maintain a total of net assets and loan loss reserves that exceeds the largest single holding in the Fund portfolio. WCCN applies concentration limits to the allocation of the Fund portfolio such that the maximum amount lent to any one partner for working capital purposes should be the **lesser** of the following center- and right-column amounts:

Partner Gross Loan Portfolio	WCCN Total Asset Limit	Partner Equity
$50M or above	12%	30%
$15M - $50M	10%	25%
$$15M or below	8%	20%

The above concentration limit was adopted by the Board of Directors of WCCN on January 26, 2022. It applies to all microfinance and other partners accepting working capital, housing or productive equipment loans that are in the Capital for Community Fund Program portfolio.

For value chain partners receiving trade receivables (pre-harvest) financing in the Capital for Community Fund Program portfolio, the concentration limits setting the maximum amount lent to any one value chain partner for working capital purposes **should not exceed WCCN total asset limit and the lower of the two 10% concentration calculations:**

- 10% of WCCN's total assets (which would be $1,475,972 as of December 31, 2022);
- 10% of the partner's average export sales for the previous 3 calendar years; or
- 10% of the partner's projected export sales for the current year's harvest.

The above stated value chain partner pre-harvest loan financing limits reflect no material change from the current policy and practice of WCCN with respect to value chain partners.

In addition to our concentration policy, WCCN has a liquidity policy. The liquidity policy requires WCCN to maintain liquid assets equal to:

- Average of 90 days operating expenses.
- Interest due to investors in next 120 days.
- Estimated hedging obligations due in next 60 days.
- Net principal amount due to investors over next 60 days. This principal amount is equal to amount due from 100% of confirmed investor redemptions and 50% of amount due from unconfirmed investor redemptions.
- WCCN may consider any available portion of an unsecured line of credit as part of its liquid assets to cover any of the above obligations in the short term.
- The use of a secured or unsecured line of credit will not be considered an obligation for liquidity policy purposes unless it is outstanding after 45+ days.

Current levels of cash, net assets and loan loss reserves appear in "*Financial Statements*" and the financial report appendices to this document.

B. Review and Monitoring of Partner Agencies

WCCN monitors political and economic risks in the countries where it lends, which can affect the Fund partner agencies and the activities of end borrowers of WCCN funds. WCCN staff based in North America and Latin America visit the countries and partners in the Organization's portfolio at least once every two years. WCCN uses consultants to conduct due diligence reviews and partner agency visits in Latin America. WCCN sends staff management representatives to Latin America at least once every two years to observe and assess different partner agencies' operations.

Partner agencies must demonstrate a constant level of commitment and performance in running a lending program or business that benefits and involves the end-borrower and continuously monitor, document, and report their successes and failures in doing this. WCCN monitors the relationships with its Fund partners by requiring the following:

Financial reports on a quarterly basis, and social impact data reports on at least an annual basis. Reporting is essential as the key tool for the Fund and the partner agency to maintain and build the connection between investors and end clients. Completeness of these reports will be determined by the formats and definitions agreed upon in the due diligence process. Timeliness means within 30-60 calendar days after the end of each calendar quarter (i.e., May 1, August 1, November 1 and February 1). These reports should document the status, progress, achievements, and difficulties of the lending work of the partner agency. These quarterly reports specifically include the following:

- Balance sheet;
- Income statement;
- Portfolio quality reports (for partners with a lending portfolio), including aging receivables report with clear status of delinquency, loan loss provisions, and write-offs;
- For annual reports, audited financial statements, if available, provide additional information which the partner agency feels is important to understand the current state of the lending program and any significant threats or opportunities that have begun to emerge

In addition to the above, producing organizations, upon request, should submit periodic reports outlining the progress made in harvesting their product. These periodic reports specifically include the following:

- Sales breakdown outlining each buyer, volume purchased, and purchased price. This is to be provided alongside the projections made by the producer organization at the beginning of the harvest season.
- Status of the contracts financed by WCCN, including progress made in harvesting the product and shipment status.
- Additional information that the partner agency feels is important to understand the current state of the harvest, any significant threats that have begun to emerge, as well as any changes to the terms of the purchase contracts financed by WCCN.

These reports are evaluated by WCCN staff and the Board of Directors whose members have microfinance, international development, investment, accounting, fair trade and legal expertise. Partner agencies are responsible for maintaining more detailed data about all aspects of their operations in order to better manage the Organization and detect problems early when they can be most easily solved. Partner agencies, which are self-critical and committed to improvement, will naturally collect and maintain more detailed data.

The Fund recognizes that flexibility in applying these standards is necessary in light of the diversity of lending methodologies, programs and target client populations, which exist in Latin America. However, the Fund will engage in prompt, clear communications with partner agencies that fail to meet their commitments:

1. Failure to provide quarterly reports: If reports are not received by their agreed-upon due dates or if the reports are incomplete, WCCN will send a prompt "friendly reminder." If no statement has been received within 30 days of the deadline, a WCCN employee or consultant will personally contact the offices of the partner agency. The Fund may also require the agency to undergo a follow-up due diligence review and/or make early repayment of its outstanding loan balance.

2. Failure to meet payment obligations: In case of failure to pay in full or on time, a Fund representative will inquire directly about the reasons for nonpayment. Also, WCCN will send correspondence to that organization, stating WCCN's concerns. If the partner agency is making a "good faith" effort but lacks the ability to repay, the Fund may negotiate a restructured payment schedule or other settlement arrangement such as partial payment. Otherwise, the Fund may initiate legal collection. WCCN's Executive Director and its legal counsel in the country where the loan has been made will determine the appropriate procedures, and then report to the Board of Directors for their approval. Normal payment monitoring and collection procedures are the following:

   - WCCN sends e-mail reminders of payments to partner agencies a week before the payment is due.

   - The WCCN's Accountant and Executive Director closely monitor WCCN's bank accounts to make sure that payments are deposited on the due day. Once the payment is made by the partner agency, WCCN sends notification e-mails letting partners know that the payment was received.

- If a payment is not made on the due date the WCCN immediately contacts the partner agency to learn what is the reason for the delay. If there is a justifiable reason for the delay, the Loan Fund Portfolio Manager and the Executive Director may waive the arrears penalty. If there is no justifiable reason for the delay, the WCCN will ask the partner agency to make the payment immediately and will charge the arrears penalty. WCCN will also send a written communication stating concern and/or have its legal counsel contact the borrower informing of the demand to repay.

3. There is a risk that WCCN's loans, while achieving WCCN's charitable purpose, may not be repaid in part or in full to WCCN, posing a risk to Note holders that WCCN will not have sufficient resources to repay principal and interest on the Notes. Even though WCCN does allocate loan loss reserves for each partner agency loan balance in its portfolio, loan loss reserves may be insufficient to cover losses incurred from non-paying partner agency loans.

4. In some cases, after a partner agency fails to make any payments for 3 whole years, the loan is written-off because no further payments are anticipated from that partner agency borrower. WCCN has the following write-off policy:

   Loans are written-off the books when it is determined, at management discretion, that the likelihood and/or timing of repayment are highly uncertain and highly unlikely. WCCN management will consider the following when determining a write-off:

   - Occurrence of significant changes in a client's financial position, such that the client can no longer pay the obligation, or that proceeds from collateral, if any, will not be sufficient to pay back the entire debt exposure owed to WCCN and/or other creditors.
   - Lack of payment of either interest or principal for a period of 3 whole years.

WCCN's loan agreement with partner agencies stipulates that WCCN has the right to recall its funds in the event that a partner agency's standard of performance or non-performance is tantamount to breach of contract. WCCN also maintains financial and managerial covenants in order to maintain controls. The following are descriptions of standard covenants in WCCN's loan agreements with partner agencies, subject to individual loan contract variations:

Financial and Managerial:

1. Use of funds: Partner agencies commit to use the funds loaned by the Capital for Communities Fund exclusively for purposes stated in their loan contract. For microfinance institutions, the permitted use of funds is that WCCN funds will be used for purposes of their microfinance program, and with the ultimate goal of poverty alleviation. For coffee cooperatives, the permitted use of funds is for purposes to pre-finance the coffee harvest in preparation for the acquisition and exportation on coffee or to finance specialized equipment.

2. Interest rates: Partner agencies commit to charge interest rates within the acceptable parameters of each country's microfinance industry.

3. Minimal equity level: Partners commit to maintain a level of equity at or above 15% of total assets.

4. Portfolio at risk: Partners commit to keep a maximum of 10% portfolio-at-risk over thirty days ("PAR30").

Call back features:

1. Lack of compliance with covenants: If a partner does not comply with one or several covenants in terms of use of funds, interest rates, minimal equity level and portfolio at risk, WCCN has the right to end the contract and demand immediate repayment of the loan.

2. Lack of payment of interest or principal at the due date: If a partner does not pay the total amount of interest or principal due on the agreed upon day, WCCN will consider the contract to have been breached

and has the right to ask the partner agency for the immediate repayment of the full balance outstanding on the loan.

3. Lack of compliance with procedures: If a partner fails to comply with any requirements set forth in the contract, WCCN will consider that the contract to be breached and has the right to ask the partner agency for the immediate repayment of the full loan. WCCN may also impose stepped up reporting requirements such as:

    a. Monthly or quarterly reporting on financial and portfolio information, to be sent to WCCN within thirty days after the end of each month or quarter.

    b. Unlimited access to the IT system of the partner agency, to check or expand the financial and portfolio information previously requested, if needed.

4. Misleading reporting: If a partner is providing misleading information or bad faith reporting, and omitting or hiding problems regarding the management of the information, WCCN has the right to end the contract and ask the partner agency for the immediate repayment of the loan. WCCN also has the legal right to sue, and in some cases, foreclose upon the borrower to collect on its debts.

5. Dissolution or liquidation: If there are verifiable signs of dissolution or liquidation of a partner agency, WCCN has the right to end the contract and ask for the immediate repayment of the loan.

LENDING POLICIES AND PROCEDURES

A. Eligibility Criteria to Receive Loans

No affiliations resulting in unmitigated conflict of interest, undue benefit or compensation existing between any WCCN Board members or staff members and Fund partner agencies. No staff or Board members of the Organization administer any of the community development partner agencies in the portfolio of the Fund.

To be eligible for loans from the Fund, Latin American partner agencies must meet several criteria established by WCCN:

- Partner agencies' lending and other organizational activities must correspond to the social objectives of the Fund, as spelled out in its mission statement (found at www.wccn.org).

- Partner agencies must have an organizational history demonstrating capability of operating a business and/or managing a lending program involving a predominantly end-borrower /low-income borrower or stakeholder base.

- Partner agencies' lending programs must have a business plan, with budgets and projections for sustainable future growth.

- In normal circumstances, the Fund prefers that its investment not exceed 20-30% of a partner agency's equity. (See concentration policy details on page 36). Allowing an investment to exceed the 20-30% equity limit is made on a case-by-case basis, and only if the investment is otherwise determined to be consistent with prudent loan underwriting. Factors considered in exceeding this concentration policy include one or several of these factors, but, are not limited to this list: a track record of positive financial performance, good repayment history with WCCN, imminent payment forthcoming that would lower the outstanding balance to below the 20-30% threshold, solid credit history with WCCN, and demonstrated capacity for larger amounts of funding.

- In normal circumstances, the Fund prefers that its investment in Nicaragua not exceed 40% of WCCN's total assets, and to not exceed 30% of WCCN's total assets in the other countries in which the Organization works. Exceptions to this threshold shall be made on a case-by-case basis, and only if the investment is otherwise determined to be consistent with prudent portfolio management.

B. Due Diligence

WCCN's Board of Directors sets policies, reviews loan applications from community development agencies, and deals with other loan fund management issues. In addition, WCCN's staff and external workforce conduct "due diligence" of all potential and current partner agencies prior to granting initial loans. The purpose of these due diligence analyses is to verify that the agencies meet WCCN's social impact criteria and WCCN's standards for credit appraisal, accounting and management of community development loan portfolios.

Each organization seeking a loan for the first time from the Fund is required to submit an application that must include a description of the organization, a description of the loan requested, and its most recent annual audit. All applicants are asked to provide three years of historical financial information, financial projections for the term of the investment, and organizational, management and program information.

WCCN staff and consultants review these documents. The WCCN staff and consultants are responsible for visiting the offices of the community development agency, examining its financial performance and management systems, and preparing a written due diligence analysis of the loan being sought. In addition, due diligence includes a review of the agency's lending criteria and track record, capital structure of the organization, status of the loan portfolio and loan loss reserves and liquidity, operations and management track record, and compatibility with Fund goals.

Following completion of the due diligence analysis, the community development agency's loan application is reviewed by the Board of Directors, or by a duly authorized committee of the board, which votes to either approve or reject the loan.

At any time during the term of the investment, the Board of Directors may, at its discretion, require partner agencies to undergo further due diligence review by WCCN staff and/or consultants.

C. Type of Loans Issued

The Fund's assets are loaned as direct investments in Latin American organizations (called "partner agencies") that are engaged in community development financial lending, social enterprise, or producer cooperatives with missions that include economic development, women's empowerment, affordable housing, and business development in urban and rural communities. These investments are offered for varying terms at affordable rates.

LINES OF CREDIT/SHORT-TERM CREDIT NOTES/GOVERNMENT LOANS

On June 4, 2018, WCCN obtained an unsecured line of credit for short-term cash flow needs, in the amount of $500,000 from Settlers Bank, of Madison, Wisconsin, at PRIME + 3% APR interest. As of May 31, 2023 WCCN had no outstanding balance on this line of credit.

In June, 2020 the WCCN obtained an SBA Economic Injury Disaster Loan (EIDL) in the amount of $150,000. The terms of that loan are 30 years at 2.75% interest. In 2020, WCCN also received a Paycheck Protection Program loan in the amount of $52,700. The full amount of principal was forgiven in 2020, which resulted in an addition to WCCN's net profit.

In February 2021, WCCN received an additional PPP loan in the amount of $59,505, which was forgiven in 2021, which resulted in an addition to WCCN's net profit.

WCCN is interested in receiving recoverable grants from Donor Advised Funds as a way of growing its mission. Recoverable grants are grants that are received by a non-profit with the expectation that they be paid back, typically with a small interest fee such as 1% after the purpose of the grant has been fulfilled. Recoverable grants are unsecured and subordinated to WCCN's notes. As of May 31, 2023 WCCN had received one recoverable grant in the amount of $25,000 at 0% interest.

ORIGINATION/REFERRAL FEE PROGRAM

With respect to loans WCCN makes to partner agencies, WCCN reserves the right to offer origination/referral fees to third parties in exchange for referring a borrower partner agency to WCCN that results in a closed and disbursed loan. These third-party referral sources (also called "loan originators") are generally independent consultants/advisors and alliance partners of WCCN that are knowledgeable about and/or work with the target borrowers and beneficiaries as part of their ordinary course of business. Typically, these third-party referral sources may be technical assistance providers operating in the country or region.

Specifically, if a loan originator refers a potential loan to WCCN in one of the countries in which WCCN is active, and WCCN, after completing due diligence, disburses the loan, the loan originator will receive a fixed percentage of the origination fee collected by WCCN from the borrower. The loan originator will not receive any portion of the principal or interest owed or paid by the borrower on the loan. Generally, WCCN receives an origination fee in the amount of up to 1% of the principal balance of the loan, and will pay up to 50% of the origination fee to the loan originator, although the specific terms with respect to a particular loan or loan originator may vary.

WCCN will endeavor to ensure that all payments of loan origination fees will be undertaken in accordance with local law. As with any aspect of WCCN's lending process in other countries, failure to comply with local lending laws could have a material adverse impact on WCCN's business and financial condition.

The purpose of the origination/referral fee program is to allow WCCN to reduce costs, share risk, and enhance loan supervision with the loan originator in connection with a particular loan to a partner agency. WCCN believes that it is more effective to make the fee contingent on the closing and disbursing of the loan, instead of a mere finder's fee. This structure provides the loan originator with an incentive to refer borrowers and deals to WCCN which are likely to meet WCCN's lending criteria, and also to actively assist WCCN in closing the loan for approval and disbursement purposes. The services provided by the loan originator will help advance loan approval and disbursement with the borrower company, and thereby reduce WCCN's costs and risks and increase prospects for business/deal generation with WCCN. It may also help minimize costs with follow-on loan supervision.

DONATIONS

In addition to the Notes WCCN solicits, WCCN also accepts donations as gifts, which greatly enhance its ability to serve low-income borrowers. Donations made to WCCN are fully tax-deductible as allowed by law and can be designated for the following uses:

- Net assets capital enables the Fund to expand and helps maintain a possible cushion to absorb part of loan losses.

- General donations to WCCN's program and basic operations help sustain the wider but complementary work of WCCN as an organization.

REVIEW AND MODIFICATIONS OF WCCN'S LENDING POLICIES AND PROCEDURES

WCCN has successfully provided funds to its partner microfinance agencies since 1991, and the program has evolved and improved consistently as WCCN's activities have grown. WCCN is committed to making sure its lending program is structured and managed in accordance with applicable law and best practices. To that end, the WCCN Board of Directors and management conduct from time to time an internal review and modification of the WCCN lending program. The areas subject to review and modification are:

- Terms of WCCN's loan agreements with its partner agencies.
- Selection of partner agencies and credit appraisal standards for the same.
- Assessment that WCCN funds are being used for the intended purposes and measurement of impact.
- Review of methods by which partner agencies select end borrowers.
- Consequences if partner agencies encounter liquidity and/or repayment problems.

- Review of interest rates charged to end borrowers by partner agencies.

WCCN aims to continuously strengthen its risk management standards and social impact measurement and data collection practices has to ensure that partner agencies are using WCCN funds for intended purposes and desired positive impact. In addition, WCCN closely monitors and restricts, if necessary, the interest rates charged by its partner agencies on loans to end borrowers.

Despite WCCN's success to date, the Board and management believe that WCCN's lending program should periodically be evaluated. This is particularly true as WCCN continues to expand its activities into new sectors or countries. This expansion is discussed in detail in the following section. When the Board and management determine that an improvement or modification to programming should be made applicable to WCCN's practices going forward, they intend to promptly modify the practices accordingly. The Board believes that as a result of this process, WCCN will be better able to select and monitor its partner agencies for impact and investment creditworthiness. Ultimately, the needs of end borrowers will be better served. This process is consistent with WCCN's mission and its status as a 501(c)(3) organization.

OFFERING TO ACCOMMODATE MORE LOW-COST HOUSING AND PRODUCTIVE EQUIPMENT FINANCING

WCCN seeks to continue expanding its financing of low-cost housing and productive equipment access through its network of partners throughout Latin America. Because most of these housing and equipment loans are expected to be not be less than 4-6 years, WCCN seeks to raise capital from investors that is also more closely matching the commitment tenors of the housing and equipment loans to partner agencies. This is the reason that as of 2015, WCCN expanded its existing Capital for Community Fund offering to include an option for seven-year term commitments from investors.

In recent years, WCCN has been financing a limited amount of low-cost housing development and home improvements through its support to its longstanding microfinance partners that are experienced in this specialized lending area. WCCN also has some experience financing productive equipment access, primarily through its financing of agricultural value chain partners involved in fair trade and organic market trade. Initial positive experience in these areas has led WCCN to expand its housing and equipment specialized lending, in order to help the end-borrower, acquire some kind of valuable asset that they can use to reduce their vulnerability to economic shock and increase their income potential.

By expanding our Capital for Communities Fund offering seven-year investment commitments, WCCN anticipates it will be able to expand its financing of low-cost housing construction or basic home improvements such as a solid roof or solid floor, an extra room, running water/toilet installation, renewable energy access or electricity connection.

EXPANSION OF ACTIVITIES THROUGH WHOLLY-OWNED SUBSIDIARY

The funds invested in the Notes are pooled with what WCCN calls "net assets capital" to comprise the total pool of capital available for lending to partner agencies. As discussed above in the section titled "Protections and Risk Reduction - Net assets, Loan Loss Reserves, Diversification, and Liquidity Reserves," in addition to funds from investors from the sale of Notes, WCCN is capitalized with earned income, as well as funds donated from foundations and individuals. A percentage of the earned income and donated funds serve as net assets capital that can be applied to pay back investors’ Notes. In recent years WCCN utilized some of its earned income and donated funds to finance grants, investments in activities other than microcredit lending and disbursed loans in local currency through hedging agreements with MFX, a currency hedging facility created by some of the major players in the microfinance industry. Although those activities are not directly funded through investor funds, if WCCN suffers adverse economic consequences as a result of activities other than microcredit and agricultural value chain lending, this could materially impact the ability of WCCN to meet its obligations on the Notes.

To address this risk, and to enhance WCCN's ability to expand its operations in other types of investments, the WCCN Board of Directors move these non-traditional activities into a wholly-owned subsidiary. The subsidiary was established with the intent of allowing WCCN to expand the types of activities in which it engages, while still providing some protection for investors in the Notes from adverse consequences resulting from the expanded operations. Ultimately, once the non-traditional activities have proven successful at the subsidiary level, WCCN and the subsidiary may decide to move them into WCCN.

On September 30, 2009, management of WCCN filed articles of organization with the Wisconsin Department of Financial Institutions to establish Community Needs, LLC. Community Needs is a wholly owned subsidiary of WCCN.

WCCN may capitalize its subsidiary with earned income in the form of cash and/or loans receivable from time to time, as WCCN management deems appropriate. The economic success of the subsidiary improves the financial condition of its parent, WCCN. Losses resulting from activities in the subsidiary may reduce WCCN's total pool of "net assets capital" that could otherwise be available to repay investors in the Capital for Communities Fund.

The subsidiary helps provide support for economic development through avenues outside of WCCN's traditional focus on microfinance. Possible futures activities of the LLC may include net assets investments, and the LLC is considering a possible net assets investment in another microfinance fund.

The subsidiary is a for-profit limited liability company, organized under Wisconsin law. It does not have 501(c)(3) status. The WCCN Board currently does not believe that the proposed activities of its non-501(c)(3) subsidiary will jeopardize WCCN's 501(c)(3) status. If WCCN were to lose its 501(c)(3) status for any reason, this would have a material adverse effect on WCCN's financial condition, business operations and prospects.

WCCN and Community Needs, LLC have entered into an agreement limiting the amount of activity that can take place in the subsidiary. The agreement is intended to help ensure that the majority of the assets of WCCN and Community Needs, LLC on a consolidated basis remain at WCCN, and therefore more directly accessible to holders for recovery in the event of nonpayment on the Notes.

Under the agreement, WCCN agrees that it will not beneficially own, directly or indirectly, 10% or more of the outstanding voting net assets securities of another entity other than the Community Needs, LLC, except for net assets securities acquired for debts previously contracted (e.g., in settlement of a loan when a borrower has defaulted). It also agrees that it will not transfer additional WCCN assets to the subsidiary if at the time of the proposed transfer a) the aggregate assets of the Community Needs, LLC exceed 25% of the aggregate assets of WCCN and the Community Needs, LLC on a consolidated basis; or b) the aggregate assets of Community Needs, LLC will exceed 25% of the aggregate assets of WCCN and the Community Needs, LLC on a consolidated basis once the transfer is completed. However, nothing in the agreement prevents WCCN from contributing cash or other assets to its subsidiary in exchange for a distribution from the subsidiary of cash or other assets.

Either party may terminate the agreement with 10 days written notice to the other party.

Investors in the Capital for Communities Notes of WCCN offered by this Prospectus should be aware that an issuance of any debt by the subsidiary will constitute a liability of the subsidiary, not of WCCN itself. If the subsidiary defaults on such debt obligations, the holders of that debt will be required to seek recovery from the assets of the subsidiary. Although it is always possible that creditors of a subsidiary may seek to "pierce the corporate veil" and attempt to recover from parent assets, WCCN and the subsidiary have consistently endeavored to conduct corporate operations in a manner that is intended to help prevent any such access to parent assets. Should the subsidiary or WCCN go into bankruptcy or otherwise be voluntarily or involuntarily liquidated, the holders of the subsidiary's debts will have priority over WCCN (and therefore over its creditors, such as holders of Capital for Communities Notes purchased in this Offering) in the distribution of any assets of the subsidiary because WCCN holds the net assets of the subsidiary. This could mean that no assets of the subsidiary may be available to distribute to holders of WCCN debt in the event that WCCN becomes insolvent or goes into bankruptcy because subsidiary assets would first be applied to satisfy subsidiary debt (which will include the subsidiary's obligations on the C4C3 Notes).

Partnership with a Hedging Facility

Until 2011, WCCN disbursed all of its loans in U.S. dollars. The problem with lending in U.S. dollars is that the cost of currency fluctuations may be passed on to the low-income end borrowers that the Fund aims to serve. Low-income end borrowers would be the ultimate beneficiaries of loans made in local currency. Other factors have recently emerged that cause a social fund such as the Capital for Communities Fund to consider lending in local currency:

- The global financial crisis exposed the vulnerability of microfinance institutions to currency risk. As a result, these institutions are more aware of this risk, and in some countries, are starting to select credit providers based on the possibility of obtaining loans in local currency.

- WCCN's expansion has demonstrated that in some countries the microfinance industry is very conservative about taking loans in U.S. dollars. As a result, the lack of being able to offer loans in local currency could become a barrier to any expansion of WCCN activities.

- Foundations and leader organizations in the microfinance industry created MFX, a for-profit fund with the specific purpose of facilitating loans in local currency for the microfinance industry. MFX officially launched operations on July 7, 2009, and began providing hedging services in October 2009.

For several years, WCCN management has a partnership with MFX, to enable it to make loans in local currency without simply transferring currency risk to WCCN or, as applicable, the subsidiary. A partnership with MFX enables WCCN and/or the subsidiary to hedge against fluctuations in the value of loans made in local currency. Since 2011, the Organization's Board of Directors approved the disbursement of a total of $3.635 million loans made in local currency using the currency hedging services of MFX. As of December 31, 2022, WCCN had no local currency loans, and no obligations to the hedging facility.

In the future, loans may be made in a local currency by either WCCN or its subsidiary to partner agencies, as long as the loans meet our lending criteria, and management will make a determination in connection with each such loan regarding the appropriateness of hedging the loan against currency fluctuations.

Legal Proceedings

There exists no present, pending, or threatened litigation against the Fund or WCCN or any of its Directors, Officers, or employees acting in their capacity representing WCCN.

Financial Statements

In addition to funds from investors, the Fund is capitalized with earned income, as well as funds donated from foundations and individuals. Donated funds serve as net assets capital that can be applied to pay back investors' Notes. On a consolidated basis, WCCN strives to maintain a net assets level of 10% of its total assets.

In addition to net assets, WCCN maintains a loan loss reserve to account for potential default by partner agencies. The Board of Directors reviews the loan loss reserve level quarterly. The amount of income expensed as provision for loan losses is based on the characteristics of each investment in the Fund portfolio. According to the risk-categorization of each individual loan, an amount equal to 3%, 5%, 10%, 50% or 100% of the outstanding balance is expensed to loan loss reserves. WCCN's Board of Directors may expense additional amounts as circumstances warrant. At a minimum, WCCN also maintains liquid assets equal to the total of net principal payment obligations due to investors within 60 days (100% of confirmed investor redemption principal balances and 50% of unconfirmed investor redemption principal balances), net interest payment obligations due to investors within 120 days, hedging obligations due within 60 days, and the 90-day average of other operating expenses.

Current levels of cash, net assets and loan loss reserves appear in the financial report appendices to this document.

Audited financial statements for Working Capital for Community Needs, Inc. as of December 31, 2022, 2021 and 2020 are attached to this Prospectus. WCCN provides, summary portfolio reports and income and expense statements in at least one WCCN publication per year, which is mailed to all investors. WCCN makes its audited financial statements available publicly to all visitors on our website each year within 120 days of fiscal year end, which is December 31st. Investors may also receive a mailed copy of the audited financial statements, upon request. Audited financial statements are presented in Appendix D of this document.

Appendix A: Note Subscription Agreement

Capital for Communities Fund
a project of
Working Capital for Community Needs, Inc. (WCCN)
211 S. Paterson Street, Suite 260, Madison, WI 53703(608) 257-7230
INFO@WCCN.ORG

NOTE SUBSCRIPTION AGREEMENT

THIS AGREEMENT, effective as of ____________ between ____________ ("Lender"), whose address is ____________ and WORKING CAPITAL FOR COMMUNITY NEEDS, INC. ("Organization" or "WCCN"), a Wisconsin not-for-profit corporation, having its principal address at 211 S. Paterson Street, Suite 260, Madison, Wisconsin 53703.

WITNESSETH:

WHEREAS, Borrower is a not-for-profit corporation organized under the Wisconsin Non-Stock Corporation Law, (Chapter 181 of Wisconsin Statutes), to initiate and administer programs for charitable, educational and scientific purposes, including the following: to partner with locally based organizations worldwide to build sustainable economic alternatives for the end-borrower. Organization is sponsoring the Capital for Communities Fund (hereinafter, "the Fund") as part of its mission to support economic and community development in Latin America;

WHEREAS, to carry out its corporate purposes, Organization would like to lend funds to organizations organized under the laws of various countries in Latin America (hereinafter, "Community Development Agencies") whose mission is to assist the poor to help themselves in organizing their communities and improving their economic standing. Community Development Agencies accomplish this through technical assistance and by providing affordable financing to organizations, cooperatives, collectives and other businesses;

WHEREAS, to obtain funds necessary to carry out its corporate purposes, Organization is accepting grants and loans from individuals and organizations; and

WHEREAS, Lender shares these purposes and desires to support Borrower and Community Development Agencies in furtherance of these purposes; and

WHEREAS, Lender is willing to lend to Organization the principal amount of _____________ **Dollars ($_____________)** to enable Organization the ability to lend to Community Development Agencies, and Organization desires to borrow this amount for this purpose.

NOW, THEREFORE, in consideration of the foregoing and the mutual and dependent covenants set forth below, the parties to this Agreement agree as follows:

1. **Agreement to Make Loan**. Subject to the terms and conditions of this Agreement, Lender hereby lends to Organization, and Organization hereby accepts from Lender, the principal amount of _____________ **Dollars ($_____________), to form part of the lending capital of the Capital for Communities Fund** (such loan, together with any additional advances pursuant to Section 5 of this Agreement are referred to collectively as the "Investor Loan").

2. **Interest.** Interest shall accrue on the outstanding principal balance of the Investor Loan at the rate of ____________ **percent (____________%),** starting from the date of Organization's receipt of the principal amount of the Investor Loan (the "Funding Date"). Accrued interest shall be paid in consecutive annual installments. The beginning date of these interest installments shall be one year from the Funding Date. Unless the box is checked below, accrued interest shall be paid in consecutive annual installments, and the beginning date of these interest installments shall be one year from the Funding Date.

   □ If checked here, and subject to the last sentence of this provision, the Lender has elected to have all accrued interest compounded annually on the anniversary of the Funding Date. The increased principal earns interest at the interest rate provided above, with the final interest payment made with repayment of the outstanding principal balance of the Investor Loan. The accrued interest must be equal to or greater than $100 on the anniversary of the Funding Date, the Organization's minimum investment offering; if less than $100, the interest shall not be compounded.

3. **Repayment.** Organization agrees to repay to Lender the entire principal amount of the Investor Loan, together with any accrued and unpaid interest, on or by the date which is ____________ **(____________)** months after the date of the Funding Date. The exact date of final payment appears in the Note (defined below).

4. **Promissory Note.** On the Funding Date, Organization shall execute and deliver to Lender a promissory note in the form attached to this Agreement (the "Note"), evidencing Organization's obligation to repay the Investor Loan together with interest thereon at the Interest Rate.

5. **Additions to Principal Resulting in New Note.** Lender may, at any time with Organization's consent, increase the principal amount of the Investor Loan; provided, however, that such increases must be in the amount of $100 or more. If the principal of the original Investor Loan is subsequently increased, (a) Organization shall execute and deliver a new note evidencing the increased amount of the Investor Loan ("New Note"), (b) interest at the Interest Rate shall accrue on any such additional principal starting from the date on which the additional amount is deposited, and (c) the entire principal amount shall be repaid on the date described in Section 3 above, or on any other date that shall be agreed upon in writing by Lender and Organization. Upon increase of the principal amount of the Investor Loan by delivery of a New Note evidencing such increased amount and the return to Lender of original note to be replaced, the parties agree that this Agreement shall thereby automatically be amended such that the total amount of the Investor Loan, as evidenced by the New Note, shall constitute the "Investor Loan" for purposes of this Agreement, and the original Note, the New Note and any additional New Notes shall in the aggregate constitute the "Note" for purposes of this Agreement. By executing and delivering a New Note, Organization thereby certifies that all representations and warranties made by Organization in this Agreement are true and correct as of the date of the New Note.

6. **Optional Prepayments.** Organization shall have the right at any time and from time to time to prepay the Note in whole or in part without premium or penalty, upon ten (10) days' prior written notice to Lender. Each such prepayment shall be applied first to accrued interest and then to principal.

7. **Payments.** All payments of principal and interest due under this Agreement and under the Note shall be made by check in United States dollars payable to the order of Lender at its address referred to above, or in immediately available funds by transfer to Lender's account at such bank as Lender shall have previously designated in writing to Organization, or at the option of Lender, in such manner and at such place in the United States as Lender shall have designated to Borrower in writing.

8. Representations and Warranties of Borrower. Borrower hereby represents and warrants to Lender to the best of Borrower's knowledge and belief, as of the date of this Agreement, as follows:

a. Organization is a not-for-profit corporation duly organized and validly existing under the laws of the State of Wisconsin and has received a letter from the Internal Revenue Service determining Organization to be exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");

b. Organization holds all licenses, authorizations, consents and registrations required by applicable law, and that it has the power and authority to own its assets and to carry on its business and operations as now being conducted, and that the amount of the Investor Loan is within the Organization's available borrowing power; and

c. Organization has taken all action necessary to authorize the execution and delivery of this Agreement and the Note; this Agreement is, and the Note, when signed, shall be, the valid and binding obligation of Organization; neither the execution and delivery of this Agreement by Organization nor the consummation by Organization of the transactions contemplated by this Agreement shall constitute a violation or breach of (i) Organization's Articles of Incorporation, (ii) Organization's by-laws, (iii) any provision of any contract or other instrument to which Organization is a party or by which it is bound; or (iv) any order, writ, injunction, decree, statute, rule or regulation; and no consent, order, authorization or other approval of any governmental body or agency is required in order for Organization to execute, deliver and perform this Agreement or the Note.

d. There is no suit, action, or proceeding pending before any court or arbitrator or any governmental body, agency or official affecting the Organization, nor does the Organization know of the threat of any such suit, action or proceeding that might materially and adversely affect the Organization's financial position, the results of its operations, or its ability to perform any of its obligations under this Agreement or Note, or that may affect in any way the validity and effectiveness of this Agreement or Note.

e. For purposes hereof, (i) the Prospectus dated June 1, 2023 ("Prospectus") is true, accurate and complete and that there are no material omissions that could render the disclosure misleading; and (ii) Organization has disclosed to Lender in writing any and all facts that may materially and adversely affect Organization's financial position or its ability to perform its obligations under this Agreement and the Note.

9. Organization's Covenants. Organization hereby covenants with Lender as follows:

a. As long as the Note or any portion of the Note remains unpaid, Organization shall furnish to Lender as soon as available after the end of each fiscal year of Organization, but no more than 120 days, the financial summary from the audited financial statements of Organization;

b. Organization shall maintain its valid existence and its good standing as a Wisconsin not-for-profit corporation, and shall notify Lender within three (3) days of the termination of its valid existence or good standing as a Wisconsin not-for-profit corporation;

c. Organization shall maintain its tax-exempt status under Section 50l (c)(3) of the Code, and shall notify Lender within three (3) days of the termination of its tax-exempt status;

d. Organization shall make all payments required by this Agreement and the Note and carry out the terms of this Agreement and the Note; and

e. Organization shall use its best efforts to comply with all material state and federal statutory and regulatory provisions applicable to Wisconsin not-for-profit corporations, including those requiring the filing of returns, reports and other information, and shall maintain in full force and effect all licenses, approvals and permits necessary for the execution of the Investor Loan and the carrying out of Organization's business and operations, as well as comply with and observe all the conditions and restrictions contained in or imposed by any such licenses, approvals or permits.

f. Upon written notice from Lender, Organization shall permit Lender or a person designated by Lender to visit and inspect Organization's offices during regular business hours; examine the applicable business records, accounting books, and tax returns; and request from Organization's officials and receive promptly information about Organization's activities, operations, and financial position.

10. **Use of Investor Loan Proceeds.** Lender and Organization hereby acknowledge and agree that the proceeds of the Investor Loan shall be used only for the following purposes:

a. Organization shall utilize the principal amount of the Investor Loan for the purposes of the Capital for Communities Fund ("Loan Purpose"). The Lender shall be informed of the activities of the Fund and its borrowing projects by WCCN. Organization shall use its best efforts to utilize the entire principal amount of the Investor Loan for the Loan Purpose.

b. Subject to Section 10.a., to the extent that the proceeds of the Investor Loan, or any portion of the Investor Loan, are not immediately used for the Loan Purpose, Organization may deposit the proceeds from this Investor Loan, or any portion of such proceeds, into an interest-bearing account or accounts; Lender expressly acknowledges that Organization may commingle the proceeds from this Investor Loan with other monies of the Organization, including, without limitation, proceeds of other Investor Loans, grants, donations and other revenues;

c. Interest or other income, if any, earned by Organization with respect to the original principal amount of the Investor Loan (whether such interest or income represents interest received by Organization upon repayment of loans to Community Development Agencies or interest or other income earned on the Investor Loan proceeds while in the interest-bearing account(s) described in subparagraph (b) above) may be used by Organization, in its sole discretion, for any of its corporate purposes, including, without limitation, the following:

(i) to pay interest due on the Investor Loan or principal or interest due on other borrowings made by Organization;

(ii) to pay the administrative and operating expenses of Organization and/or the Fund;

(iii) to contribute to the pool of loan capital of the Fund; and

(iv) to contribute to the loan loss reserve established by the Fund.

11. **Representations, Warranties, Acknowledgments and Agreements of Lender.** Lender hereby acknowledges, represents and warrants to Organization as follows:

a. Lender acknowledges that Lender has received and read the Organization's Prospectus, as defined in Section 8(e). Lender acknowledges that no representations have been made to Lender by Organization or any of Organization's directors, officers or employees that are inconsistent with the information contained in the Prospectus; Lender acknowledges that Lender has received satisfactory responses from Organization to any and all inquiries that Lender may have made concerning Organization, this Agreement, the Note and Prospectus; Lender further acknowledges that Lender has been afforded an opportunity by Organization to examine any of Organization's documents which are material to this Agreement and which Lender sought to examine after reasonable notice

b. Lender acknowledges that Organization has disclosed to Lender that the interest rate charged by Organization on loans to Community Development Agencies shall bear no relationship to the interest payable under the Investor Loan, but rather shall be determined by Organization, in its sole discretion, based upon Organization's lending policies and procedures for loans to Community Development Agencies, Organization's overall cost of funds and similar factors.

c. Lender acknowledges that Organization has disclosed to Lender that the Community Development Agencies which receive financing through the Fund have pledged to repay both the principal and interest owed to Organization, and Organization schedules repayments in order to enable timely and full repayment to its Lenders; and that in the event that any Community Development agency is unable to pay its indebtedness to Organization to a current status within the time frame set forth in the Organization's policies for loan write-offs, then Organization shall declare that loan in default and shall give clear notice in its financial statements that this asset has been written-off as uncollectible; and that the Fund shall also, as a matter of course, reduce correspondingly loan loss reserve provision amounts for those loans which have been declared write-offs; and that Organization does not administer the Community Development Agencies to which it offers credit;

d. Lender has not requested, nor has Organization agreed to make, a grant of any security interest, mortgage, pledge or the like covering any property (real and personal, tangible and intangible) or assets of Organization as security for repayment of the Investor Loan;

e. Lender shall acquire the Note for Lender's own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization of the Note, in whole or in part, and no other person shall have a direct or indirect beneficial interest in such Note;

f. Lender has the financial ability to bear the economic risk of Lender's investment, has adequate means for providing for Lender's current needs and personal or other contingencies and has no need for liquidity with respect to Lender's investment in the Note;

g. Lender is not relying on Organization or the Prospectus with respect to tax or other economic considerations involved in this investment, other than Lender's evaluation of Organization's ability to perform its obligations under this Agreement and the Note;

h. Lender shall not sell or otherwise transfer the Note;

i. Lender is a *bona fide* resident of the State of _________________, and

   (i) If Lender is a resident of the State of Arizona or of the State of Ohio, Lender qualifies as of the date of this Agreement as an "accredited investor" within the meaning of SEC Rule 501 of Regulation D under the Securities Act of 1933, which means Lender meets one of the definitions of an “accredited investor” as described in the Prospectus under the heading “*For Residents of Arizona*” on pages III-VI, and the Investor Questionnaire which the Lender previously completed and delivered to the Organization, and is willing, upon request, to furnish the Organization with sufficient information to demonstrate such qualification.

(ii) If Lender is a resident of the State of California, Lender has as of the date of this Agreement either (1) $70,000 gross income and $70,000 net worth; or (2) a minimum net worth of $250,000, and is not investing more than 10% of his, her or its net worth in securities of the Organization, including the Note [“Net worth” must be determined exclusive of homes, home furnishings and automobiles. Assets included in the computation of net worth must be valued at not more than fair market value].

(iii) If Lender is a resident of the State of Pennsylvania,

a. Lender has either (i) a net worth of at least $250,000 or (ii) an annual gross income of $70,000 and a minimum net worth of $70,000, and is willing, upon request, to furnish the Organization with sufficient information to demonstrate such qualification.

b. Lender acknowledges and agrees that he, she or it has received and understands the following notice from the Organization to Pennsylvania Residents pursuant Section 207(m)(2). “If you have accepted an offer to purchase these securities and have received a written notice explaining your right to withdraw your acceptance pursuant to section 207(m)(2) of the Pennsylvania Securities Act of 1972, you may elect, within two business days from the date of receipt by the Organization of your binding contract of purchase or, in the case of a transaction in which there is no binding contract of purchase, within two business days after you make the initial payment for the securities being offered, to withdraw you acceptance and receive a full refund of all moneys paid by you. Your withdrawal of acceptance will be without any further liability to any person. To accomplish this withdrawal, you need only send a written notice (including a notice by facsimile or electronic mail) to the Organization (or placement agent if one is listed on the front page of the offering memorandum) indicating your intention to withdraw.”

(iv) If Lender is a resident of the State of Wisconsin (check all that apply),

a. Lender qualifies as of the date of this Agreement as an "accredited investor" within the meaning of SEC Rule 501 of Regulation D under the Securities Act of 1933, which means Lender meets one of the definitions of an “accredited investor” as described in the Prospectus under the heading “*For Residents of Arizona*” on pages III-VI, and is willing, upon request, to furnish the Organization with sufficient information to demonstrate such qualification.

b. Lender qualifies as of the date of this Agreement as a “certified investor" under Wisconsin law, which means Lender meets one of the definitions of an “certified investor” as described in the Prospectus under the heading “*For Residents of Wisconsin*” on pages VI-VII, and is willing, upon request, to furnish the Organization with sufficient information to demonstrate such qualification.

c. Lender qualifies as of the date of this Agreement as an “institutional investor" under Wisconsin law, which means Lender meets one of the definitions of an “institutional investor" as described in the Prospectus under the heading "*For Residents of Wisconsin*" on page VI, and is willing, upon request, to furnish the Organization with sufficient information to demonstrate such qualification.

d. Lender does not qualify as an "accredited investor", a "certified investor" or an "institutional investor" under 11(a), (b), or (c) above.

12. **Due Authorization**. If Lender is a corporation, partnership, trust, estate or other entity, it is empowered, authorized and qualified to acquire and hold the Note, and the person signing this Note Subscription Agreement on behalf of such entity has been duly authorized by such entity to do so.

13. **Default.** There shall be an "Event of Default," and Lender shall have the remedies set forth in Section 13 of this Agreement, upon the occurrence of any one or more of the following:

a. Organization fails to repay the principal and interest on the Note on or before the fourteenth (14th) day after the date such payment is due.

b. Any representation or warranty made by Organization under this Agreement is false or fraudulent in any material respect.

c. Organization fails to timely observe or perform any of the covenants or duties contained in this Agreement or the Note.

d. (A) the Organization commences any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Organization makes a general assignment for the benefit of its creditors; or (B) there has be commenced against the Organization any case, proceeding or other action of a nature referred to in clause (A) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed or undischarged for a period of sixty (60) days.

14. **Lender's Remedies.** If an Event of Default shall occur, Lender may exercise all or any of the following remedies:

a. After forty-five (45) days written notice to Organization, unless the relevant Event(s) of Default are cured within forty-five (45) days after Lender gives written notice to Organization and Organization actually receives or refuses to accept receipt specifying such Event(s) of Default (provided, however, that if such default is susceptible of cure but cannot reasonably be cured within such forty-five (45) day period and provided further that Organization shall have commenced to cure such default within such forty-five (45) day period and thereafter diligently and expeditiously proceeds to cure the same, such forty-five (45) day period shall be extended for an additional fifteen (15) days); then the unpaid principal and any interest under the Note shall, at the option of Lender, mature and become immediately due and payable, whether or not then payable in accordance with the terms of the Note, without presentment, demand or protest, all of which are hereby expressly waived. No delay in accelerating the maturity of any obligation as provided in the preceding sentence or in taking any other action with respect to any Event of Default shall affect the rights of Lender later to take such action with respect to such Event of

Default, and no waiver as to a prior occasion shall affect rights as to any other Event of Default, and Lender's receipt of any payment on the Note after the occurrence of an Event of Default shall not constitute a waiver of the default or the Lender's rights and remedies upon such default; or

b. If an Event of Default of the type specified in Section 12.d. hereof occurs, then the entire unpaid principal and any interest under the Note will automatically, and without any declaration or other action on the part of the Lender, become immediately due and payable in full.

c. Lender Rights: Upon default, Lender may, at its election, hire an attorney or other third party to help collect the unpaid amounts under the Note. Without affecting the liability of Organization, Lender may, without notice, accept partial payments and, from time to time, renew or extend the time for payment.

15. **Indemnification.** If Lender is a resident of any of the States identified in Section 11.i (1), (2) or (3) of this Agreement, Lender shall indemnify and hold harmless Organization, and any of the officers, employees, directors, control persons, principals, advisors or any other representative of Organization who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to Organization concerning the undersigned or otherwise made herein in connection with the undersigned's investment in Organization (including attorney's fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit, or proceeding. The indemnification contained in this paragraph shall survive the execution of this Agreement by Organization, the termination of this Agreement, and the consummation of the investment in the Note. It is the position of the Pennsylvania Department of Banking and Securities that indemnification in connection with a violation of the securities laws is against public policy and void.

16. **Miscellaneous.**

a. Notices. All notices, requests, claims, demands, consents, waivers and other communications (each a "Notice") under the Agreement shall be in writing and shall be given or made by delivery in person, by facsimile, by courier service, or by certified mail (postage prepaid, return receipt requested) to the respective party at the party's address set forth in this Agreement or at such other address as such party may hereafter notify the other party in accordance with this section. Each such Notice will be effective as follows (each a "Receipt"): (a) as of the day transmitted by facsimile if receipt has been electronically confirmed; (b) as of the date emailed if receipt has been electronically confirmed or so long as a duplicate copy is contemporaneously provided by another Notice methodology set forth in this section; (c) as of the date actually delivered if sent by a recognized commercial express delivery service that uses delivery tracking technology; (d) four (4) business days after the date actually deposited with the U.S. mail if sent postage-paid First Class; and (e) as of the date actually delivered if delivered by personal courier to the address of the recipient during normal business hours.

b. Entire Agreement. Subject to Section 5, this Agreement and the Note contain the entire agreement of the parties to this Agreement with respect to the transaction contemplated by this Agreement, and no change, modification or waiver of any provision of this Agreement or the Note shall be valid unless in writing, and signed by the party to be bound.

c. No Waiver. No delay or failure on the part of Lender in exercising any rights under this Agreement or the Note, as applicable, and no partial or single exercise of such rights, shall constitute a waiver of such rights or of any other rights under this Agreement or the Note.

d. Other Parties. Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity other than the parties to this Agreement any right, remedy or claim under or in respect of this Agreement or any provision of this Agreement.

e. Applicable Law. This Agreement and the Note shall be governed by and construed in accordance with the laws of the State of Wisconsin except to the extent such laws are preempted by federal law. In the Commonwealth of Pennsylvania, Pennsylvania law governs the offer and sale of securities in the Commonwealth

f. Venue. Organization consents that venue for any legal proceeding relating to this Agreement and/or collection of the Note shall be, at Lender's option, the county in which Lender has its principal office in this state, the county in which Organization resides or the county in which this Agreement was executed, and Organization submits to the jurisdiction of any such court.

g. Survival of Representations, Warranties, and Agreements. All representations, warranties and agreements in this Agreement shall survive until the expiration of the term of this Agreement, except to the extent that a representation, warranty or agreement expressly provides otherwise.

h. Severability. If any provision of this Agreement or the Note shall for any reason be held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement or the Note, but this Agreement and the Note, as applicable, shall be construed as if such illegal, invalid or unenforceable provision had never been contained in this Agreement or the Note, as applicable.

[signatures on next page]

IN WITNESS THEREOF, the parties to this agreement have duly executed this Agreement as of the date first above written.

LENDER:

____
Organization if Lender is not a natural person

____
Print Authorized Signatory's Name

____
Title of Authorized Signatory

____
Authorized Signature

____
Date

ORGANIZATION:

WORKING CAPITAL FOR COMMUNITY NEEDS, INC.
A Wisconsin not-for-profit corporation

____
Print Authorized Signatory's Name

____
Title of Authorized Signatory

____
Authorized Signature

____
Date

____
Witnessed By (Signature)

SIGNATURE BY CERTAIN ACCOUNT OWNERS
(for IRA investors)

I,________________________, am the owner of the Individual Retirement Account referenced above for which the above-named Lender is the custodian. I have read this Agreement and approve it. I hereby and consent to the Subscription for Notes pursuant to this Agreement and I further hereby make each and all of the representations, warranties, acknowledgements, covenants and agreements in this Agreement made by or attributable to "Lender" as if expressly made by myself, individually.

____
Signature of Owner

____
Type or Print Owner's Name

____
Date

Addendum

Would you be willing to assist WCCN by giving permission to publicly mention and/or publish your (or your organization's) name as an Investor? Such permission shall not extend to mention of the *amount* of this Investor Loan.

☐ **YES**, I give such permission to publicly mention and/or publish my name as an investor in the Fund with the understanding that such permission does not extend to mention the amount of this Investor Loan.

☐ **NO**, I prefer my investment to remain anonymous.

Appendix B: Promissory Note

Capital for Communities Fund

a project of

Working Capital for Community Needs, Inc. (WCCN)

211 S. Paterson Street, Suite 260, Madison, WI 53703(608) 257-7230info@wccn.org

PROMISSORY NOTE

(PERIODIC INTEREST PAYMENT)

FOR VALUE RECEIVED, the undersigned, WORKING CAPITAL FOR COMMUNITY NEEDS, INC. ("Organization"), a Wisconsin not-for-profit corporation at 211 S. Paterson St., Suite 260, Madison Wisconsin 53703, hereby promises to pay to the order of ____________ ("Lender"), at ____________ or such other address as the holder of this Note may designate in writing, the principal amount of ____________ Dollars ($____________), together with simple interest at the rate of ____________ percent (____________%) per annum on the unpaid balance, on or by the date which is ____________ (____________) months after the Note Date (as defined below), as set forth in a certain Note Subscription Agreement (the "Agreement") dated ____________ between Organization and Lender. Capitalized terms not otherwise defined herein shall have the meanings ascribed them in the Agreement.

The date of this Note shall be _____________, which is the Funding Date provided in the Agreement ("Note Date"). Interest shall accrue from Note Date, and shall be paid annually on _________ (on interest earned through the previous day), beginning on the first anniversary of the Note Date, with the final interest payment made with repayment of the outstanding principal of this Note. If the Lender has elected to have all accrued interest compounded annually on the anniversary of the purchase Funding Date, then the increased principal earns interest at the interest rate provided above, with the final interest payment made with repayment of the outstanding principal balance of the Investor Loan. Interest shall be computed on the basis of a 360-day year, as applicable, for the actual number of days elapsed.

This Note is the Note referred to in, and is entitled to the benefits of and otherwise subject to, the Agreement, pursuant to the terms of which Lender has agreed to lend to Organization the principal amount set forth in the preceding paragraph. Upon failure of Organization to repay the principal of and interest on the Note on or before the date such payment is due, and the continuation of such failure for thirty (30) days after written notice to Organization, Lender may declare the entire unpaid principal balance and all accrued interest immediately due and payable by providing the Organization with written notice in accordance with Section 13 of the Agreement.

The Community Development Agencies which receive financing through the Capital for Communities Fund have pledged to repay both the principal and interest owned to Organization, and Organization schedules repayments in order to help enable timely and full repayment to its Lenders. In the event that any Community Development agency is unable to pay its indebtedness to Organization to a current status within one year of any missed payment to Organization under its agreed upon schedule, then Organization shall declare that loan in default and shall give clear notice in its financial statements that this asset has become uncollectible. Organization does not administer the Community Development Agencies to which it offers credit.

Reference is made to the Agreement for additional terms of the loan evidenced by this Note, including provisions relating to additional Event(s) of Default and the remedies of the holder of the Note.

In the case of any conflict between the provisions of this Note and the provisions of the Agreement, the provisions of the Agreement shall govern and control the rights and obligations of the parties hereto.

This Note may be prepaid, in whole or in part, at any time or from time to time, without premium or penalty. All prepayments shall be applied first to accrued interest, then to the principal of this Note. All payments or prepayments of principal and interest due pursuant to the Agreement and this Note shall be made by check or ACH payment in United States dollars to Lender at Lender's address set forth above, or at such other address as Lender shall have designated to Organization in writing.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

Organization hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest of this Note, and agrees to perform and comply with each of the covenants, conditions, provisions and agreements of Organization contained in the Agreement. No alteration, amendment or waiver of any provision of this Note or the Agreement, made by agreement of the holder of this Note and any other person or party, shall constitute a waiver of any other term of this Note, or otherwise release or discharge the liability of Organization under this Note.

THIS NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. IT MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED IN THE AGREEMENT, AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

IF THIS NOTE HAS BEEN ISSUED TO A CALIFORNIA RESIDENT: "IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFORE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

WORKING CAPITAL FOR COMMUNITY NEEDS, INC.
A Wisconsin not-for-profit corporation

____
Print Authorized Signatory's Name

____
Title of Authorized Signatory

____
Authorized Signature

____
Date

____
Witnessed By (Signature)

Appendix C: Application

Working Capital for Community Needs, Inc. (WCCN)
608-257-7230
info@wccn.org
www.wccn.org

Capital for Communities Fund

Investment Application

I have received the Capital for Communities Fund Prospectus, and would like to invest $__________ in the Capital for Communities Fund ($100 minimum). I would like to apply the following terms to my investment, based on the following tables:

Investment Options	1 Year	3 Years	5 Years
$100 - $2 million	0% to 2%	0% to 3%	0% to 4%
I choose a term of:	1 Year ☐	3 Years ☐	5 Years ☐

I choose an interest rate of:		
☐ 0%	☐ 0.5%	☐ 1%
☐ 1.5%	☐ 2%	☐ 2.5%
☐ 3%	☐ 3.5%	☐ 4%

Please note the size of your investment and chosen term affects the maximum interest rate available.

☐ I want to make a donation to Working Capital for Community Needs, Inc. Enclosed is my tax-deductible gift of $ __________ ($50 suggested). Donations and Investments can be made with the same payment.

I learned about the Capital for Communities Fund through ____________________.

Individual or Institutional Investor: ☐ Mr. ☐ Ms. ☐ Mrs. ☐ Dr. ☐ Other ______

First M.I. Last

Social Security or Tax ID Number
(Used to report tax liability)

Date of Birth ___ / ___ / ___

Organization Name (if applicable)

Address City State ZIP

Home Phone Business Phone E-mail Address

Joint Investor or Institutional Investor: ☐ Mr. ☐ Ms. ☐ Mrs. ☐ Dr. ☐ Other ______

First ______ M.I. ______ Last ______

Social Security or Tax ID Number
(Used to report tax liability)

Date of Birth ___ / ___ / ___

Trust Name (if applicable)

Individual, Officer, or Trustee

Payment: My preferred method of *receiving* payments of interest and principal is: ☐ Check ☐ ACH

If ACH, please fill out the following:

Bank Account Number

Routing Number

☐ Please add my interest automatically to my investment as principal during my investment term. I understand I will not receive interest payments during my investment term.

☐ Please donate my interest automatically during my investment term. I understand I will not receive interest payments during my investment term (but will receive a tax deduction).

To the best of my knowledge everything contained within this application is true and accurate. I have read the most recent Prospectus and understand the risks inherent in this investment.

Signature

Date

Please print this form. If you have any questions while filling out this form, please contact us 608-257-7230.

Please make checks payable to **WCCN** or schedule an ACH payment using the following info:
Routing: 075911988
Account: 6757187544

To initiate purchase of a Note, complete and return the investment application found on the reverse with your payment to:

Working Capital for Community Needs, Inc. (WCCN)
211 S. Paterson St., Suite 260
Madison, WI 53703

For information on the Capital for Communities Fund, purchasing a Note, or service for existing accounts:

Working Capital for Community Needs, Inc. (WCCN)
608-257-7230
info@wccn.org
www.wccn.org

WCCN
Investing for Social Change

Appendix D: Audited Financial Statements

Working Capital for Community Needs, Inc.

Consolidated Financial Statements and
Supplementary Information

As of December 31, 2022 and 2021 and
for the Years Ended December 31, 2022, 2021 and 2020

Independent Auditors' Report

To the Board of Directors of
Working Capital for Community Needs, Inc.

Opinion

We have audited the consolidated financial statements of Working Capital for Community Needs, Inc. (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, cash flows, and functional expenses for each of the three years in the period ended December 31, 2022, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Milwaukee, Wisconsin
June 5, 2023

Working Capital for Community Needs, Inc.

Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 870,241	$ 969,390
Accrued interest receivable	221,113	265,183
Notes receivable, net, current portion	5,849,260	4,909,951
Prepaid expenses	13,644	10,546
Total current assets	6,954,258	6,155,070
Other Assets		
Notes receivable, net, less current portion	7,750,484	8,176,666
Operating lease right-of-use asset	54,982	75,467
Total other assets	7,805,466	8,252,133
Total assets	$ 14,759,724	$ 14,407,203
Liabilities and Net Assets		
Current Liabilities		
Notes payable, current portion	$ 1,887,239	$ 3,837,295
Accounts payable	10,207	2,673
Cross-currency interest rate swap liability	-	8,829
Operating lease liability, current portion	24,912	20,317
Accrued interest payable	141,125	154,440
Total current liabilities	2,063,483	4,023,554
Long-Term Liabilities		
Notes payable less current portion	11,281,419	9,145,300
Operating lease liability less current portion	30,383	55,100
Total liabilities	13,375,285	13,223,954
Net Assets		
Without donor restrictions:		
Undesignated	1,234,439	1,183,249
Designated	140,000	-
Total net assets without donor restrictions	1,374,439	1,183,249
With donor restrictions	10,000	-
Total net assets	1,384,439	1,183,249
Total liabilities and net assets	$ 14,759,724	$ 14,407,203

See notes to consolidated financial statements

Working Capital for Community Needs, Inc.

Consolidated Statements of Activities
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Net Assets Without Donor Restrictions			
Support and Revenue			
Portfolio income	$ 1,382,753	$ 1,225,325	$ 982,864
Contributions	319,205	195,643	199,769
Loan fees	63,163	75,071	58,265
Other	5,199	911	420
Total support and revenue	1,770,320	1,496,950	1,241,318
Expenses and Losses			
Program services:			
Microfinance	1,232,154	827,592	848,888
Educational and other	1,905	5,807	49,485
Supporting activities:			
Management and general	282,856	295,307	255,877
Fundraising	62,215	36,546	23,130
Total expenses	1,579,130	1,165,252	1,177,380
Change in net assets without donor restrictions	191,190	331,698	63,938
Net Assets With Donor Restrictions			
Contributions	10,000	-	-
Change in net assets	201,190	331,698	63,938
Net Assets, Beginning	1,183,249	851,551	787,613
Net Assets, Ending	$ 1,384,439	$ 1,183,249	$ 851,551

See notes to consolidated financial statements

Working Capital for Community Needs, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Cash Flows From Operating Activities			
Change in net assets	$ 201,190	$ 331,698	$ 63,938
Adjustments to reconcile change in net assets to net cash flows from operating activities:			
Unrealized and realized (gain) loss on cross-currency interest rate swap	(8,829)	(13,692)	14,531
Unrealized (gain) loss on forward hedge	-	(22,479)	22,479
Provision for loan losses	882,828	591,211	385,931
Lease costs	363	(322)	(64)
Forgiveness of notes payable	(100,490)	(3,091)	(21,125)
Changes in assets and liabilities:			
Pledges receivable	-	540	8,960
Accrued interest receivable	44,070	(31,585)	(9,436)
Notes receivable	(1,395,955)	(2,847,480)	(830,254)
Prepaid expenses	(3,098)	915	10,456
Accounts payable	7,534	(1,298)	(13,244)
Accrued interest payable	80,056	89,507	57,022
Net cash flows from operating activities	(292,331)	(1,906,076)	(310,806)
Cash Flows From Financing Activities			
Proceeds from notes payable	841,814	1,937,085	1,462,313
Payment of notes payable	(648,632)	(465,419)	(644,435)
Net cash flows from financing activities	193,182	1,471,666	817,878
Net change in cash and cash equivalents	(99,149)	(434,410)	507,072
Cash and Cash Equivalents, Beginning	969,390	1,403,800	896,728
Cash and Cash Equivalents, Ending	$ 870,241	$ 969,390	$ 1,403,800
Supplemental Cash Flow Disclosures			
Cash paid for interest on notes payable	$ 383,014	$ 335,254	$ 337,249
Noncash Operating and Financing Activities			
Right-of-use asset financed with operating lease	$ -	$ 65,839	$ -
Accrued interest payable converted to notes payable	$ 93,371	$ 76,627	$ 59,483
Matured notes payable reinvested	$ 2,297,929	$ 3,566,552	$ 3,236,290

See notes to consolidated financial statements

Working Capital for Community Needs, Inc.

Consolidated Statements of Functional Expenses
Years Ended December 31, 2022, 2021 and 2020

2022	Program Services: Microfinance	Program Services: Educational and Other	Supporting Services: Management and General	Supporting Services: Fundraising	2022 Total
Personnel and consulting	$ 296,599	$ 1,890	$ 203,903	$ 49,339	$ 551,731
Interest on investor loans	369,699	-	-	-	369,699
Legal	21,486	-	4,214	-	25,700
Grants and allocations	4,265	-	-	-	4,265
Office expenses	13,124	-	7,806	1,711	22,641
Accounting	-	-	28,726	-	28,726
Occupancy	16,410	-	12,049	1,481	29,940
Travel and training	19,170	-	1,472	37	20,679
Provision for loan losses	474,732	-	-	-	474,732
Other	16,669	15	24,686	9,647	51,017
Total expenses	$ 1,232,154	$ 1,905	$ 282,856	$ 62,215	$ 1,579,130

2021	Program Services: Microfinance	Program Services: Educational and Other	Supporting Services: Management and General	Supporting Services: Fundraising	2021 Total
Personnel and consulting	$ 257,000	$ -	$ 222,594	$ 16,088	$ 495,682
Interest on investor loans	348,134	-	-	-	348,134
Legal	40,279	-	100	-	40,379
Grants and allocations	10,800	2,500	-	2,000	15,300
Office expenses	8,100	3,307	7,427	1,222	20,056
Accounting	-	-	29,908	-	29,908
Occupancy	11,372	-	9,701	2,089	23,162
Provision for loan losses	138,246	-	-	-	138,246
Other	13,661	-	25,577	15,147	54,385
Total expenses	$ 827,592	$ 5,807	$ 295,307	$ 36,546	$ 1,165,252

2020	Program Services: Microfinance	Program Services: Educational and Other	Supporting Services: Management and General	Supporting Services: Fundraising	2020 Total
Personnel and consulting	$ 255,056	$ -	$ 173,958	$ 10,291	$ 439,305
Interest on investor loans	334,744	-	22	-	334,766
Legal	31,856	-	7,865	-	39,721
Grants and allocations	29,908	46,100	-	-	76,008
Office expenses	8,667	2,320	9,289	2,550	22,826
Accounting	-	-	29,900	-	29,900
Occupancy	12,299	-	8,610	2,226	23,135
Travel and training	8,728	-	7,406	1,501	17,635
Provision for loan losses	154,731	-	-	-	154,731
Other	12,899	1,065	18,827	6,562	39,353
Total expenses	$ 848,888	$ 49,485	$ 255,877	$ 23,130	$ 1,177,380

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Nature of Activities

Founded in 1984, Working Capital for Community Needs, Inc. (WCCN) is a 501(c)(3) nonprofit impact investing fund 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. WCCN empowers low-income Latin American entrepreneurs by sustaining partnerships with microfinance organizations and fair trade coffee organizations in Latin America. To facilitate its activities in the greater Latin America area, WCCN formed a separate limited liability company, Community Needs, LLC, (the LLC). The LLC may further WCCN's purposes by participating in models that differ from WCCN's traditional avenues for promoting economic development.

Located in Madison, Wisconsin, WCCN and the LLC (collectively referred to as the Organization) are supported primarily through interest from its loan fund and donor contributions.

Principles of Consolidation

The consolidated financial statements include the accounts of WCCN and its wholly owned subsidiary, the LLC. All intercompany transactions have been eliminated.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions

Net assets that are not restricted by donors.

Net Assets With Donor Restrictions

Net assets whose use has been limited by donor-imposed time restrictions, purpose restrictions, or have been restricted by donors to be maintained by the Organization in perpetuity. The Organization had net assets with donor restrictions totaling $10,000 as of December 31, 2022 restricted for Information Technology (IT) upgrades. The Organization did not have any net assets with donor restrictions as of December 31, 2021.

Board Designated Net Assets

The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. The Organization's Board of Directors designated $140,000 and $0 as of December 31, 2022 and 2021, respectively, for IT upgrades.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Accrued Interest Receivable

Interest is accrued on a monthly basis and is stated at the invoice amount. The Organization provides an allowance for doubtful accounts for accrued interest receivable equal to the estimated uncollectible amounts. The allowance for doubtful accounts is based on historical collection experience and a review of the current status of accrued interest receivable. No allowance for doubtful accounts is considered necessary for the accrued interest receivable as of December 31, 2022 and 2021.

Notes Receivable

Notes receivable consist of amounts due from microfinance organizations and producer cooperatives/associations in Latin America. The allowance for loan loss reserve is a valuation allowance for probable incurred credit losses. Management regularly evaluates the allowance for loan losses taking into consideration such factors as historical experience, a review of the current status of notes receivable, changes in the nature and volume of the loan portfolio, global health concerns, political climate, review of specific problem loans and current economic and credit conditions that may affect the borrower's ability to pay. The allowance consists of specific and general components. The general component covers loans that are collectively evaluated for potential impairment. The specific component relates to loans that are individually evaluated for impairment due to current events or information being available making it more probable that the Organization will be unable to collect all amounts due according to the contractual terms of the loan agreements. The Organization provides an allowance for loan losses equal to the total estimated uncollectible notes. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that should be charged off. When an account is determined uncollectible, the account is written off against the allowance. It is reasonably possible that the Organization's estimate of the allowance for loan losses will change. The loan loss reserve as of December 31, 2022 and 2021 was $1,825,226 and $1,350,495, respectively.

The Organization considers any loans 90 days or more past due delinquent and puts them in nonaccrual status. Interest received on such loans is accounted for on a cash basis until qualifying for return to accrual. Loans are returned to accrual status when all of the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Accounting for Foreign Currency Denominated Transactions

The books and records of the Organization are maintained in U.S. dollars. Transactions denominated in foreign currencies are translated into U.S. dollars at the consolidated statements of financial position dates rates of exchange. Changes in foreign currency denominated transactions are recorded in the consolidated statements of activities in the period the change occurs. The gain or loss on currency translation is included in Portfolio income in the consolidated statements of activities.

Revenue Recognition

Interest on loans receivable is recognized on a monthly basis based on the loan receivable balance outstanding and the interest rate established in the loan agreements. Loan fees are earned based on a 1% administrative fee for every loan issued, which is recognized on the date of loan issuance.

Contributions are recognized in the period received. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as without donor restrictions. The Organization recognizes as revenue without donor restrictions all donor-restricted contributions made to the Organization whose restrictions are met in the same year.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Expenses directly attributable to a specific functional activity of the Organization are reported as expenses of those functional activities. Certain personnel and consulting expenses, office expenses, occupancy expenses and depreciation are allocated to functional activities based on time and effort.

Income Tax Status

The Organization follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on the tax return should be recorded in the consolidated financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes and accounting during interim periods. The Organization does not believe that it has any uncertain tax positions as of December 31, 2022 and 2021.

WCCN is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and accordingly is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation.

Community Needs, LLC is treated as a disregarded entity for federal tax purposes and its operations are reported on WCCN's federal exempt organization return.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

During June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. FASB has issued subsequent standards to clarify, correct errors in or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022 (2023). The Organization is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its consolidated financial statements.

2. Notes Receivable

The Organization considers its loans in one distinct category. Notes receivable are from various partners in Latin America and the United States. Interest rates vary from 8.25% to 12% payable typically in monthly, quarterly, semi-annual or annual installments including principal and interest. In specific cases, interest rates are reduced. Some notes are collateralized by assets to mitigate further risk for loans considered to be higher risk in nature.

A summary of the activity in the allowance for loan losses by class of loan is as follows for the years ended December 31:

	2022	2021
Allowance		
Balance January 1:	$ 1,350,495	$ 1,142,288
Recoveries	(408,097)	(383,004)
Provision for loan losses	882,828	591,211
Balance December 31	$ 1,825,226	$ 1,350,495
Ending balance individually evaluated for impairment	$ 1,171,086	$ 677,175
Ending balance collectively evaluated for impairment	$ 654,140	$ 673,320

Loan activity is as follows for the years ended December 31:

	2022	2021
Loans		
Balance December 31:	$ 15,424,970	$ 14,437,112
Allowance for loan losses	(1,825,226)	(1,350,495)
Notes receivable, net	$ 13,599,744	$ 13,086,617
Ending balance individually evaluated for impairment	$ 2,342,174	$ 1,019,184
Ending balance collectively evaluated for impairment	$ 13,082,796	$ 13,417,928

Components of notes receivable as of December 31 are as follows:

	2022	2021
Notes receivable	$ 15,424,970	$ 14,437,112
Allowance for loan losses	(1,825,226)	(1,350,495)
Notes receivable, net	13,599,744	13,086,617
Less current portion	(5,849,260)	(4,909,951)
Notes receivable, net less current portion	$ 7,750,484	$ 8,176,666

Notes receivable are stated at the amount of unpaid principal. The Organization assessed a 5% allowance on all loans within the loan portfolio based on the overall allowance factors as of December 31, 2022 and 2021. In addition, the Organization reviews the risk factors and performance of each individual loan and may assess an additional allowance if deemed appropriate.

The Organization's internal risk rating is based on a Capital adequacy, Asset quality, Management, Earnings, and Liquidity (CAMEL) analysis. Under the internal policy, financial statements, budgets and quarterly updates are regularly reviewed and result in the assignment of a partner rating to help monitor the risk associated with the various partners.

Provisioning Criteria

The Organization follows guidance from the Office of the Comptroller of the Currency (OCC) to stratify its receivables in determining the reserve level.

Classification	Days in Arrears	Reserve Level
Current	N/A	5%
Special Mention	30	5%
Substandard	90	50%

When a loan balance is 270 days or more in arrears it is considered doubtful and is separately assessed for collectability.

Below is a breakdown of the notes receivable by provision criteria and the associated allowance calculations as of December 31:

	2022			
Classification	Number of Agencies	Loans Outstanding	Percentage Applied	Allowance Needed
Current	16	$ 13,082,796	5 %	$ 654,140

	2021			
Classification	Number of Agencies	Loans Outstanding	Percentage Applied	Allowance Needed
Current	17	$ 13,417,928	5 %	$ 673,320

In addition to the above allowance calculation, the Organization assessed some borrowers separately from the classifications above due to their unique financial condition.

The assessment is as follows as of December 31:

	2022		
	Loans Outstanding	**Percentage Applied**	**Allowance Needed**
Separately identified borrowers:			
Restructured	$ 625,507	50 %	$ 312,753
Other (FND borrowers)	1,716,667	50 %	858,333
Total	$ 2,342,174		$ 1,171,086

	2021		
	Loans Outstanding	**Percentage Applied**	**Allowance Needed**
Separately identified borrowers:			
Restructured	$ 526,311	100 %	$ 526,311
Loan in restructuring process	233,102	50 %	116,551
Other (foreign currency)	114,771	16 %	18,363
Other	145,000	11 %	15,950
Total	$ 1,019,184		$ 677,175

When a new loan replaces an outstanding balance on an older loan that has either a lower interest rate or longer payment term it is considered to be a restructured loan. Management has deemed an allowance of 100% appropriate for this loan at December 31, 2021. Management has deemed an allowance of 50% appropriate for these types of loans at December 31, 2022.

During the year ended December 31, 2021, a partner in Honduras requested a restructure of payments. The outstanding balance was $233,102 as of December 31, 2021 and the partner was current on all loan payments at the time of the request. As of December 31, 2021, the loan was not yet replaced and the Organization assessed a 50% loan loss reserve appropriate. As of December 31, 2022, the loan is considered restructured and the Organization assessed a 50% loan loss reserve on the remaining balance of the loan.

As of December 31, 2022, the Organization had one partner in Mexico with substantial obligations to Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FND), which has a loan of $1.7 million USD with the Organization. In December 2022, FND announced that they would terminate their lending program, which funds microfinance institutions in Mexico. As a result, FND began to restructure loan agreements with customers to repay loans over four years. In April 2023, the partner was in the process of negotiating a repayment plan with FND over four years to repay the $7 million owed. The partner is also working to replace this funding source with both national and international sources of funds. Due to accelerated payments required from FND, the partner had late payments of interest and principal in January and February 2023. As of May 2023, the partner had not made the March and April 2023 interest and principal payments. The Organization has collateral with the partner in the form of a portfolio pledge of 120%. As of December 31, 2022, the Organization assessed a 50% loan loss reserve on the outstanding balance of the loan.

The Organization had previously agreed to reschedule principal payments with four partners in two different countries. All partners were current with their payments. Due to the difficult economic conditions these four partners found themselves in due to the pandemic, the Organization decided to proactively record an extra reserve on all of the loans to those partners. Three partners had loans in US dollars reflected as other in the chart above. Other consists of loans which had restructured payments as a result of economic conditions. One partner had a loan in a foreign currency reflected as other (foreign currency) in the chart above. The Organization decided to reserve the US dollar loans at 11%, while reserving the foreign currency loan at 16% to cover any currency fluctuation as of December 31, 2021. These loans were fully collected by the Organization during the year ended December 31, 2022.

There were no past due loans as of December 31, 2022 and 2021.

Interest income is recognized when earned on these loans. Any loans that become greater than 90 days past due enter into a nonaccrual status. The Organization no longer accrues interest income associated with these loans. Once the loan is bought into a status such that it is less than 90 days past due, interest is again accrued on these loans. No interest income was recognized on past due loans for the years ended December 31, 2022, 2021 and 2020.

Portfolio income for the years ended December 31, 2022, 2021 and 2020 consisted of the following:

	2022	2021	2020
Interest and dividends	$ 1,371,217	$ 1,190,830	$ 1,014,647
Realized and unrealized gain (loss) on cross-currency interest rate swaps	8,829	13,692	(14,531)
Realized and unrealized gain (loss) on forward hedge	-	22,479	(22,479)
Gain (loss) on currency translations	2,707	(1,676)	5,227
Portfolio income	$ 1,382,753	$ 1,225,325	$ 982,864

3. Notes Payable

The Organization has entered into loan agreements with various lenders in the United States. The proceeds from these notes payable are used to create the pool of funds available to issue notes receivable to partners in Latin America that operate loan programs serving low-income borrowers.

As of December 31, 2022 and 2021, there were approximately 500 notes executed with recurring and new lenders. Interest rates on the notes range from 0% to 4.25% with maturities due over the next month to seven years.

In June 2020, the Organization also entered into a note payable agreement with the Small Business Administration (SBA) as a result of the COVID-19 pandemic. The Economic Injury Disaster Loan (EIDL) bears interest at 2.75% and requires monthly interest and principal payments of $641 beginning in June 2021. Any remaining unpaid balance of principal and interest is payable June 2050.

Notes payable as of December 31, 2022 and 2021 consisted of the following:

	2022	2021
Notes payable, various lenders	$ 13,020,536	$ 12,832,595
Notes payable, SBA	148,122	150,000
Total	13,168,658	12,982,595
Less current portion	(1,887,239)	(3,837,295)
Notes payable less current portion	$ 11,281,419	$ 9,145,300

Principal maturities of the notes payable for the years ending December 31 are as follows:

Years ending December 31:	
2023	$ 1,887,239
2024	3,019,830
2025	3,546,049
2026	1,605,157
2027	1,666,349
Thereafter	1,444,034
Total	$ 13,168,658

Occasionally, a lender will forgive its note payable, which becomes a contribution to the Organization and is removed from notes payable at the date of the donation. For the years ended December 31, 2022, 2021 and 2020, amounts forgiven totaled $100,490, $3,091 and $21,125, respectively, and are included in contributions in the consolidated statements of activities.

Notes payable are subject to various state filing requirements and various covenants. As of December 31, 2022, the Organization represents that it is in compliance with all filing requirements and covenants.

4. Paycheck Protection Program Loan

The Organization participated in and received funds under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 in the amount of $52,700, and a Second Draw PPP (PPP2) loan in the amount of $59,505 in February 2021, under the Economic Aid Act. The PPP and PPP2 are designed to provide a direct financial incentive for small businesses to keep their workers on the payroll. The program will forgive loan balances to the extent employees are kept on the payroll and the loan principal is used for payroll, rent, mortgage interest, or utilities among other expenses during the eight or twenty-four week period following receipt. Any portion of the loan that is not forgiven will carry interest at 1% and is due to be paid back within two or five years. The first payment can be deferred until ten months after the end of the covered period, which is either eight or twenty-four weeks for PPP and between eight and twenty-four weeks for PPP2.

As of December 31, 2020, the Organization has expended all of the PPP funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, therefore, the Organization has recorded contribution revenue of $52,700 within its consolidated statements of activities for the year-ended December 31, 2020. The PPP was forgiven in full by the Small Business Administration (SBA) in November 2020.

As of December 31, 2021, the Organization has expended all of the PPP2 funds received on qualified expenses and believes that it met all of the conditions attached to the PPP2 funds, therefore, the Organization has recorded $59,505 as contribution revenue within its consolidated statements of activities for the year ending December 31, 2021. The PPP2 was forgiven in full by the SBA in June 2021.

The SBA reserves the right to audit the PPP and PPP2 loans, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the agreements, all borrowers are required to maintain their loan documentation for six years after the loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

5. Line of Credit

WCCN has an unsecured line of credit in the amount of $500,000 from Settlers Bank. It has an interest rate of PRIME + 3% APR interest and expires in June 2023. As of December 31, 2022 and 2021 the outstanding balance on the line of credit was $0.

6. Conditional Promises to Give

The Organization is occasionally notified that they are named as a beneficiary in an estate plan by donors. These gifts do not meet the criteria to be recognized as contribution revenue until the the gift is unconditional. The total of these conditional pledges as of December 31, 2022 and 2021 was $1,261,677 and $1,223,177, respectively. Amounts received in contributions from gifts becoming unconditional and recognized in the consolidated statements of activities for 2022, 2021, and 2020 were $5,221, $3,091, and $2,000, respectively.

7. Leases

The Organization entered into a three-year lease agreement for office space in Madison, Wisconsin as of June 1, 2019 which requires monthly payments beginning at $1,900 and provides for an annual increase of 3%. During 2021, the annual increase was waived. In October 2021, the Organization entered into a three-year lease extension, which requires monthly payments of $2,076 beginning in June 2022.

The lease is accounted for as an operating lease under authoritative accounting guidance. The original operating lease right-of-use asset and the operating lease liability of $61,973 were recognized based on the present value of the future lease payments over the lease term at commencement date. The Organization elected to use a rate of PRIME + 3% for a period comparable to the lease term, 8.6%. Upon extension of the lease in 2021, the operating lease right-of-use asset and the operating lease liability of $65,839 were recognized based on the present value of the future lease payments over the lease term at commencement date. The Organization elected to use a rate of PRIME + 3% for a period comparable to the lease term, 6.34%.

Future minimum lease payments are as follows:

Years ending December 31:	
2023	$ 24,680
2024	24,680
2025	10,283
Total	59,643
Less present value discount	(4,348)
Operating lease liability	55,295
Less current portion	(24,912)
Long-term operating lease liability	$ 30,383

Total lease expense in 2022, 2021 and 2020 was $24,680, $23,162, and $23,135, respectively.

8. Retirement Plan

The Organization sponsors a SIMPLE IRA plan in which employees with prior year earnings of $5,000 or more are eligible to participate. The Organization matches contributions to the plan up to 3% of the employee's deferrals. Retirement expense for 2022, 2021, and 2020 was $9,041, $8,552, and $7,512, respectively.

9. Related-Party Transactions

The Organization has notes payable to board members totaling $14,067 and $25,122 as of December 31, 2022 and 2021, respectively. The interest rates on the notes range from 1% to 3% and the notes mature on various dates between March 2022 and December 2028. The Organization also received donations from board members and employees totaling $1,700, $640, and $3,785, for the years ended December 31, 2022, 2021, and 2020, respectively.

10. Derivative Financial Instruments

To manage fluctuations of foreign currency values related to loans denominated in foreign currencies, the Organization entered into five cross-currency interest rate swap agreements, which mature in concert with the outstanding foreign currency notes receivable. The Organization does not enter into derivative financial instrument agreements for trading or speculative purposes.

A cross-currency interest rate swap is a foreign exchange agreement between two parties to exchange principal and fixed rate interest payments in one currency for principal and fixed rate interest payments in another currency. As a result of the currency swap agreements, the Organization has eliminated its currency risk that the principal and interest payments would be less or greater than the U.S. dollar value of the amounts.

The following represents the notional amount hedged, fair value of the cross-currency interest rate swaps outstanding as of December 31, 2022 and 2021 and the amount of exposure recorded in the change in net assets for the years ending December 31, 2022 and 2021, respectively.

	Notional Amount	Liability as of December 31	Year Ended December 31 Gain	Classification of Gain (Loss)
2022 cross-currency interest rate swaps	$ -	$ -	$ 8,829	Portfolio income
2021 cross-currency interest rate swaps	198,334	(8,829)	13,692	Portfolio income

In 2020, the Organization entered into three forward hedge transactions due to rescheduling local currency loan principal payments due in 2020 to future dates. A forward hedge is an agreement between two parties to exchange future principal payments in one currency for set principal payments in another currency. As a result of the future hedge agreements, the Organization eliminated its currency risk that the principal payments to be received in the future would be less or greater than the U.S. dollar value of the amounts. One agreement ended during the year ended December 31, 2020, while the additional two agreements ended during the year ended December 31, 2021.

The following represents the notional amount hedged, fair value of the forward hedge outstanding as of December 31, 2021, and the amount of exposure recorded in the change in net assets for the year ended December 31, 2021.

	Notional Amount	Liability as of December 31	Year Ended December 31 Gain	Classification of Gain (loss)
2021 forward hedges	$ -	$ -	$ 22,479	Portfolio income

11. Concentrations of Credit Risk

The amounts loaned by the Organization to partners in Latin America (borrowing agencies) are in turn lent to small enterprises and individuals in Latin America. The Organization has disbursed such loans in Latin America. Notes executed between the Organization and the borrowing agencies are often not collateralized by assets of any material value, unless the notes are restructured due to a default. In such cases, the Organization seeks collateral from the borrower to mitigate further risk.

The nature of the loans and the fact that the loans have limited to no value of collateral constitutes a significant concentration of credit risk for the Organization. Since this portion of the Organization's assets is concentrated outside of the United States, it is reasonably possible that operations could be interrupted in the near term. Substantially all notes payable and notes receivable, other than those identified in Note 10, are denominated solely in United States dollars, so there is minimal currency risk to the Organization from these financial instruments.

Notes receivable by country as of December 31, 2022 and 2021 are as follows:

	2022	2021
Ecuador	$ 3,890,777	$ 3,430,980
El Salvador	1,225,000	1,200,000
Honduras	495,322	973,212
Guatemala	1,700,000	1,425,000
Nicaragua	3,199,408	5,137,442
Colombia	136,500	227,500
Panama	1,111,111	-
Peru	450,186	876,311
Mexico	3,216,666	1,166,667
Notes receivable	15,424,970	14,437,112
Less loan loss reserves	(1,825,226)	(1,350,495)
Notes receivable, net	$ 13,599,744	$ 13,086,617

The Organization's ability to repay lenders depends on its ability to obtain repayment from partner agencies to which loans have been issued.

12. Fair Value Measurements

Current authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

Fair values of liabilities measured on a recurring basis as of December 31, 2021 is as follows:

	2021			
	Total	Level 1	Level 2	Level 3
Cross-currency interest rate swap liability	$ (8,829)	$ -	$ -	$ (8,829)

There were no liabilities measured on a recurring basis as of December 31, 2022.

The cross-currency interest rate swap valuation is based on unobservable inputs including expected cash flow, maturity date, notional amount, interest rates, and risk of nonperformance through the duration of the agreement and is considered a Level 3 item.

During the years ended December 31, 2022 and 2021, there were gains included in the change in net assets on the cross-currency interest rate swaps of $8,829 and $13,692, respectively.

13. Availability and Liquidity of Financial Assets

Financial assets available as of December 31, 2022 and 2021 for general expenditures consist of the following:

	2022	2021
Total assets	$ 14,759,724	$ 14,407,203
Less nonfinancial assets:		
Prepaid expenses	(13,644)	(10,546)
Operating lease right-of-use asset	(54,982)	(75,467)
Total financial assets	14,691,098	14,321,190
Less those unavailable for general expenditure:		
Notes receivable less current portion	(7,750,484)	(8,176,666)
Assets available for general expenditures	$ 6,940,614	$ 6,144,524

As of December 31, 2022, the Organization has approximately $870,000 in liquid assets to cover operating expenses and other general expenditures, liabilities, and other obligations as they come due. The Organization's practice is to keep current notes receivable as fully deployed as possible. The Organization invests cash in excess of daily requirements in various interest-bearing accounts. In addition, there is an additional $500,000 in a line of credit, which expires in June 2023, that can be drawn upon to cover short-term liquidity needs, should they arise.

14. Subsequent Events

Management has evaluated subsequent events through June 5, 2023, the date which the consolidated financial statements were available to be issued.

Working Capital for Community Needs, Inc.

Consolidating Statement of Financial Position
December 31, 2022

	WCCN	Community Needs, LLC	Eliminations	Consolidated Total
Assets				
Current Assets				
Cash and cash equivalents	$ 867,649	$ 2,592	$ -	$ 870,241
Accrued interest receivable	221,113	-	-	221,113
Notes receivable, net, current portion	5,849,260	-	-	5,849,260
Prepaid expenses	13,644	-	-	13,644
Total current assets	6,951,666	2,592	-	6,954,258
Other Assets				
Notes receivable, net, less current portion	7,750,484	-	-	7,750,484
Operating lease right-of-use asset	54,982	-	-	54,982
Investment in Community Needs, LLC	2,592	-	(2,592)	-
Total other assets	7,808,058	-	(2,592)	7,805,466
Total assets	$ 14,759,724	$ 2,592	$ (2,592)	$ 14,759,724
Liabilities and Net Assets				
Current Liabilities				
Notes payable, current portion	$ 1,887,239	$ -	$ -	$ 1,887,239
Accounts payable	10,207	-	-	10,207
Operating lease liability, current portion	24,912	-	-	24,912
Accrued interest payable	141,125	-	-	141,125
Total current liabilities	2,063,483	-	-	2,063,483
Long-Term Liabilities				
Notes payable less current portion	11,281,419	-	-	11,281,419
Operating lease liability less current portion	30,383	-	-	30,383
Total liabilities	13,375,285	-	-	13,375,285
Net Assets				
Without donor restrictions:				
Undesignated	1,234,439	2,592	(2,592)	1,234,439
Designated	140,000	-	-	140,000
Total net assets without donor restrictions	1,374,439	2,592	(2,592)	1,374,439
With donor restrictions	10,000	-	-	10,000
Total net assets	1,384,439	2,592	(2,592)	1,384,439
Total liabilities and net assets	$ 14,759,724	$ 2,592	$ (2,592)	$ 14,759,724

Working Capital for Community Needs, Inc.

Consolidating Statement of Activities
Year Ended December 31, 2022

	WCCN	Community Needs, LLC	Eliminations	Consolidated Total
Net Assets Without Donor Restrictions				
Support and Revenue				
Portfolio income	$ 1,364,764	$ 17,989	$ -	$ 1,382,753
Contributions	319,205	-	-	319,205
Loan fees	63,163	-	-	63,163
Other	5,199	-	-	5,199
Community Needs, LLC change in net assets	(180,900)	-	180,900	-
Total support and revenue	1,571,431	17,989	180,900	1,770,320
Expenses and Losses				
Personnel and consulting	551,731	-	-	551,731
Interest on investor loans	369,699	-	-	369,699
Legal	25,700	-	-	25,700
Grants and allocations	4,265	-	-	4,265
Office expenses	22,641	-	-	22,641
Accounting	28,726	-	-	28,726
Occupancy	29,940	-	-	29,940
Travel and training	20,679	-	-	20,679
Provision for loan losses	497,112	(22,380)	-	474,732
Other	49,748	1,269	-	51,017
Total expenses	1,600,241	(21,111)	-	1,579,130
Net Assets With Donor Restrictions				
Contributions	10,000	-	-	10,000
Equity Transfer	220,000	(220,000)	-	-
Change in net assets	$ 201,190	$ (180,900)	$ 180,900	$ 201,190