

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2025 AND 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Working Capital for Community Needs, Inc.  
Madison, Wisconsin

### **Report on the Audit of the Consolidated Financial Statements**

#### ***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, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Working Capital for Community Needs, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Working Capital for Community Needs, Inc. 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.

#### ***Other Matters***

The 2023 consolidated statements of activities, cash flows and functional expenses of Working Capital for Community Needs, Inc. were audited by other auditors whose report dated April 24, 2024 expressed an unmodified opinion on those statements.

#### ***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 accounting principles generally accepted in the United States of America, 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 Working Capital for Community Needs, Inc.'s ability to continue as a going concern within one year after the date the consolidated 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 Working Capital for Community Needs, Inc.'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 Working Capital for Community Needs, Inc.'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 December 31, 2025 and 2024 consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis and 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 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
April 22, 2026

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,274,892	\$ 1,462,863
Accounts Receivable	3,303	900
Accrued Interest Receivable	142,890	145,523
Notes Receivable, Current Portion	7,635,894	6,365,522
Prepaid Expenses	11,226	9,515
Total Current Assets	9,068,205	7,984,323
<b>OTHER ASSETS</b>		
Notes Receivable, Less Current Portion (Net of Allowance for Credit Losses of \$945,762 and \$1,138,655 as of December 31, 2025 and 2024, Respectively)	5,495,394	6,171,450
Investments	95,341	93,353
Operating Lease Right-of-Use Assets	56,434	9,923
Property and Equipment, Net	296,418	234,417
Total Other Assets	5,943,587	6,509,143
Total Assets	\$ 15,011,792	\$ 14,493,466
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Notes Payable, Current Portion	\$ 3,896,995	\$ 4,333,661
Accounts Payable	1,834	4,269
Operating Lease Liability, Current Portion	20,982	9,771
Accrued Interest Payable	158,032	150,603
Total Current Liabilities	4,077,843	4,498,304
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Less Current Portion	8,910,956	8,437,083
Operating Lease Liability, Less Current Portion	34,118	-
Total Long-Term Liabilities	8,945,074	8,437,083
Total Liabilities	13,022,917	12,935,387
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	1,838,875	1,408,079
Designated	140,000	140,000
Total Without Donor Restrictions	1,978,875	1,548,079
With Donor Restrictions	10,000	10,000
Total Net Assets	1,988,875	1,558,079
Total Liabilities and Net Assets	\$ 15,011,792	\$ 14,493,466

See accompanying Notes to Consolidated Financial Statements.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

	2025	2024	2023
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>			
Support and Revenue:			
Portfolio Income	\$ 1,139,424	\$ 1,179,117	\$ 1,230,006
Contributions	689,319	384,706	554,686
Loan Fees	71,805	84,350	54,333
Other Interest Income	43,560	50,534	33,526
Investment Gain (Loss)	1,988	(6,647)	1,707
Miscellaneous Income	1,085	2,308	1,105
Total Support and Revenue	1,947,181	1,694,368	1,875,363
Expenses and Losses:			
Program Services:			
Microfinance	1,077,423	1,142,108	1,770,452
Educational and Other	30,439	40,692	24,951
Supporting Activities:			
Management and General	304,753	271,700	292,790
Fundraising	103,770	51,392	50,880
Total Expenses	1,516,385	1,505,892	2,139,073
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	430,796	188,476	(263,710)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>			
<b>CONTRIBUTIONS</b>	-	-	-
<b>CHANGE IN NET ASSETS</b>	430,796	188,476	(263,710)
Net Assets - Beginning of Year	1,558,079	1,369,603	1,384,439
Cumulative Effect of Change in Accounting Principle (Note 1 - Notes Receivable)	-	-	248,874
<b>NET ASSETS - END OF YEAR</b>	\$ 1,988,875	\$ 1,558,079	\$ 1,369,603

See accompanying Notes to Consolidated Financial Statements.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

	Program Services		Supporting Services		Total
	Microfinance	Educational and Other	Management and General	Fundraising	
<u>December 31, 2025</u>					
Personnel and Consulting	\$ 366,764	\$ 30,321	\$ 217,253	\$ 66,922	\$ 681,260
Interest on Investor Loans	365,968	-	-	-	365,968
Legal	39,663	-	935	-	40,598
Grants and Allocations	10,000	-	-	-	10,000
Office Expenses	16,811	103	4,928	1,682	23,524
Accounting	-	-	44,511	-	44,511
Occupancy	15,195	-	7,381	2,014	24,590
Travel and Training	80,178	-	905	2,693	83,776
Provision for Credit Losses	162,576	-	-	-	162,576
Other	20,268	15	28,840	30,459	79,582
Total Expenses	<u>\$ 1,077,423</u>	<u>\$ 30,439</u>	<u>\$ 304,753</u>	<u>\$ 103,770</u>	<u>\$ 1,516,385</u>
<u>December 31, 2024</u>					
Personnel and Consulting	\$ 345,307	\$ 33,876	\$ 191,941	\$ 40,532	\$ 611,656
Interest on Investor Loans	369,966	-	-	-	369,966
Legal	29,001	-	140	-	29,141
Grants and Allocations	400	4,000	-	-	4,400
Office Expenses	9,255	2,771	4,877	1,103	18,006
Accounting	-	-	37,127	-	37,127
Occupancy	10,365	-	12,340	1,974	24,679
Travel and Training	54,754	-	1,122	4,244	60,120
Provision for Credit Losses	301,573	-	-	-	301,573
Other	21,487	45	24,153	3,539	49,224
Total Expenses	<u>\$ 1,142,108</u>	<u>\$ 40,692</u>	<u>\$ 271,700</u>	<u>\$ 51,392</u>	<u>\$ 1,505,892</u>
<u>December 31, 2023</u>					
Personnel and Consulting	\$ 318,924	\$ 24,735	\$ 200,123	\$ 39,460	\$ 583,242
Interest on Investor Loans	368,470	-	-	-	368,470
Legal	41,610	-	770	-	42,380
Office Expenses	12,936	-	7,655	2,427	23,018
Accounting	-	-	47,020	-	47,020
Occupancy	10,366	-	12,340	1,974	24,680
Travel and Training	22,003	-	170	2,649	24,822
Provision for Loan Losses	977,396	-	-	-	977,396
Other	18,747	216	24,712	4,370	48,045
Total Expenses	<u>\$ 1,770,452</u>	<u>\$ 24,951</u>	<u>\$ 292,790</u>	<u>\$ 50,880</u>	<u>\$ 2,139,073</u>

See accompanying Notes to Consolidated Financial Statements.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ 430,796	\$ 188,476	\$ (263,710)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:			
Depreciation	860	-	-
Realized and Unrealized (Gain) Loss on Investments	(1,988)	6,647	-
Provision for Credit Losses	(162,576)	301,573	977,396
Lease Costs	(1,182)	(232)	(233)
Forgiveness of Notes Payable	(288,750)	(63,394)	(42,000)
Changes in Assets and Liabilities:			
Accounts Receivable	(2,403)	(900)	-
Accrued Interest Receivable	2,633	40,237	35,353
Prepaid Expenses	(1,711)	6,456	(2,327)
Accounts Payable	(2,435)	(2,557)	(3,381)
Accrued Interest Payable	7,429	1,898	73,563
Net Cash Provided (Used) by Operating Activities	(19,327)	478,204	774,661
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Issuance of Notes Receivable	(7,605,761)	(8,435,000)	(5,233,333)
Collection of Notes Receivable	7,174,021	7,843,778	5,857,232
Purchases of Investments	-	(100,000)	-
Purchases of Property and Equipment	(62,861)	(77,805)	(156,612)
Purchase of Certificate of Deposit	-	-	(1,000,000)
Redemption of Certificate of Deposit	-	1,000,000	-
Net Cash Provided (Used) by Financing Activities	(494,601)	230,973	(532,713)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds From Notes Payable	1,246,767	285,487	603,468
Payment of Notes Payable	(920,810)	(884,882)	(362,576)
Net Cash Provided (Used) by Financing Activities	325,957	(599,395)	240,892
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(187,971)	109,782	482,840
Cash and Cash Equivalents - Beginning of Year	1,462,863	1,353,081	870,241
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,274,892	\$ 1,462,863	\$ 1,353,081

See accompanying Notes to Consolidated Financial Statements.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

	2025	2024	2023
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>			
Cash Paid for Interest on Notes Payable	\$ 358,445	\$ 368,070	\$ 360,890
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITY</b>			
Accrued Interest Payable Converted to Notes Payable	\$ 66,052	\$ 61,781	\$ 65,983
Matured Notes Payable Reinvested	\$ 4,270,238	\$ 3,191,934	\$ 1,532,706
Adoption of ASU No. 2016-13 Included in Provision for Credit Losses	\$ -	\$ -	\$ 248,874

*See accompanying Notes to Consolidated Financial Statements.*

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

**NOTE 1 PRINCIPAL ACTIVITY AND 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, 2025 and 2024 restricted for Information Technology (IT) upgrades.

**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 as of December 31, 2025 and 2024, 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.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes Receivable**

Notes receivable consist of amounts due from microfinance organizations and producer cooperatives/associations in Latin America.

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* and related amendments (Accounting Standards Codification (ASC) 326). ASC 326, which required 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 credit loss experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

On January 1, 2023, the Organization adopted the guidance using a modified retrospective approach with a cumulative adjustment to net assets of \$248,874.

The Organization recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) as further described in Note 2. Assets are written off when the Organization determines that such financial assets are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve as the statement of financial position date. The Organization pools its loans based on similar risk characteristics in estimating the expected credit losses. In situations where a loan does not share the same risk characteristics with other loans, the Organization measures those loans individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change. The allowance for credit losses as of December 31, 2025 and 2024 was \$945,762 and \$1,138,655, respectively.

**Accrued Interest Receivable**

Interest is accrued on a monthly basis and is stated at the invoice amount.

With the adoption of ASC 326, the Organization elected to present the accrued interest receivable balance separate in its consolidated statements of financial position from the amortized cost of the loan. The Organization determined no allowance for credit losses for accrued interest receivables was considered necessary as of December 31, 2025 and 2024, respectively. The accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due. Interest received on nonaccrual loans is recorded as interest income when received.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are reported at fair value. Fair value is defined as the price that would be received to see an asset in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

The Organization records investment purchase at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment income (loss) is reported in the consolidated statement of activities and consist of interest and dividend income, realized and unrealized gain and losses, less investment expenses.

The Organization invests in a limited partnership and is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and such changes could materially affect amounts reports in the consolidated statements of financial position.

**Property and Equipment, Net**

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life.

**Impairment**

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

**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.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. The Organization has determined that the impact of deferring loan fees over the estimated life of the related loan to be not material to the financial statements.

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, 2025 and 2024.

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.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status (Continued)**

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 consolidated 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.

**NOTE 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 1.00% to 14% 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 credit losses is as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Allowance for Credit Losses		
Balance, Beginning of Year	\$ 1,138,655	\$ 837,082
Charge Offs	(355,469)	-
Provision for Loan Losses	162,576	301,573
Balance, End of Year	<u>\$ 945,762</u>	<u>\$ 1,138,655</u>

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

	<u>2025</u>	<u>2024</u>
Loans		
Balance, End of Year	\$ 14,077,050	\$ 13,675,627
Allowance for Credit Losses	(945,762)	(1,138,655)
Notes Receivable, Net	<u>\$ 13,131,288</u>	<u>\$ 12,536,972</u>

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 NOTES RECEIVABLE (CONTINUED)**

The allowance for credit losses as a percentage of loans outstanding as of December 31, 2025 and 2024 was 6.7% and 8.3%, respectively, of the Organization's total loan portfolio.

Components of notes receivable as of December 31, is as follows

	<u>2025</u>	<u>2024</u>
Notes Receivable	\$ 14,077,050	\$ 13,675,627
Allowance for Loan Losses	<u>(945,762)</u>	<u>(1,138,655)</u>
Notes Receivable, Net	13,131,288	12,536,972
Less: Current Portion	<u>(7,635,894)</u>	<u>(6,365,522)</u>
Notes Receivable, Net, Less Current Portion	<u>\$ 5,495,394</u>	<u>\$ 6,171,450</u>

The Organization pools its loans based on the internal credit risk grading process. Internal credit risk grading process includes a process that evaluates, among other things, the borrower's ability to repay and the economic environment and industry in which the borrower operates.

Notes receivable are stated at the amount of unpaid principal. The Organization reserves a percentage of all performing loans in an allowance account based on a 10-year historical lookback of write-offs. As of December 31, 2025 and 2024, the 10-year historical write-off rate was 4.62% and 4.06%, respectively. This rate is applied equally to all performing partners. Second, the Organization may apply additional allowances, on a loan by loan basis, based on a financial evaluation of the loan recipient's current financial condition. For this evaluation, the Organization uses its internal scorecard rating, which may increase the allowance on an individual partner/loan by 0% to 4% based on their financial performance. Lastly, the Organization uses the external Fitch Ratings forecast system, which is publicly available, and provides both sovereign debt ratings on individual countries as well as financial outlooks on countries. The Organization uses those ratings to apply an additional 0% to 5.5% allowance to each loan. In this manner, the Organization has a standard historical indicator on each loan, a current performance indicator, and a future forecast indicator for the country where each lending partner resides. The allowance account is then adjusted based on the individual performance of each loan.

During the year ended December 31, 2024, the Organization had one partner in Honduras with a notes receivable balance of approximately \$65,000 which the Organization fully reserved for the loan balance due to a history of delinquent payments. This balance remained fully reserved for as of December 31, 2025.

During the year ended December 31, 2024, the Organization had one partner in Ecuador with a notes receivable balance of approximately \$463,000 in which the Organization has entered into a settlement agreement for repayment of the outstanding loan balance. The settlement agreement calls for the Organization to receive approximately 45% of the outstanding loan balance by October 2025, and as such the Organization has established a reserve of 55% as of December 31, 2024. During the year ended December 31, 2025, the Organization wrote off the remaining balance on this balance for which further legal proceedings were deemed unproductive.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

**NOTE 2 NOTES RECEIVABLE (CONTINUED)**

As of December 31, 2025, there were past due loans greater than 90 days of approximately \$65,000 related to the above-mentioned partner in Honduras. As of December 31, 2024, there were past due loans greater than 90 days of approximately \$528,000 related to the Honduras and Ecuador partners noted above. All remaining loans are considered current.

As of December 31, 2025 and 2024, the Organization had unfunded loan commitments of \$-0-.

**Interest Income**

Interest income is recognized when earned on these loans. Any loans that become greater than 90 days past due enter into a nonaccrual status. As of December 31, 2025 and 2024, there were approximately \$65,000 and \$528,000, respectively, of loans on nonaccrual status. The Organization no longer accrues interest income associated with these loans. Once the loan is brought 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, 2025, 2024, and 2023.

Portfolio income for the years ended December 31, 2025, 2024, and 2023 consisted of the following:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$ 1,189,017	\$ 1,176,685	\$ 1,230,150
Other Portfolio Income (Loss)	(31,240)	9,849	85
Gain (Loss) on Currency Translations	(18,353)	(7,417)	(229)
Portfolio Income	<u>\$ 1,139,424</u>	<u>\$ 1,179,117</u>	<u>\$ 1,230,006</u>

**NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES**

The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

**NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Investments include an interest held in a limited partnership. This investment is valued as the net asset value (NAV) determined by the general partner or manager of the underlying fund without adjustment. The fair value established by the investment manager represents the amount the fund would expect to receive if it were to liquidate its investments subject to liquidity or redemption restrictions. These investments are reported at net asset value as a practical expedient and not classified within the fair value hierarchy.

As of December 31 2025 and 2024, the Organization has no unfunded commitments to above investments.

**NOTE 4 PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following at December 31:

	2025	2024
Equipment and Furniture	\$ 10,512	\$ 10,814
Work in Progress	293,409	234,417
Less: Accumulated Depreciation	(7,503)	(10,814)
Property and Equipment, Net	\$ 296,418	\$ 234,417

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

**NOTE 5 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, 2025 and 2024, there were approximately 500 notes executed with recurring and new lenders. Interest rates on the notes range from 0% to 5% with maturities due over the next month to six 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 consisted of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Notes Payable, Various Lenders	\$ 12,671,124	\$ 12,630,044
Notes Payable, SBA	136,827	140,700
Total	<u>12,807,951</u>	<u>12,770,744</u>
Less: Current Portion	<u>(3,896,995)</u>	<u>(4,333,661)</u>
Notes Payable Less Current Portion	<u>\$ 8,910,956</u>	<u>\$ 8,437,083</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 3,896,995
2027	2,730,527
2028	2,418,370
2029	1,365,568
2030	2,276,578
Thereafter	119,913
Total	<u>\$ 12,807,951</u>

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, 2025, 2024, and 2023, amounts forgiven totaled \$288,750, \$64,394, and \$42,000, 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, 2025, the Organization represents that it is in compliance with all filing requirements and covenants.

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

**NOTE 6 LINE OF CREDIT**

WCCN has an unsecured line of credit in the amount of \$500,000 from Wings Financial Credit Union. It has an interest rate of PRIME + 2.50% APR interest and expires in June 2026. As of December 31, 2025 and 2024, the outstanding balance on the line of credit was \$-0-.

**NOTE 7 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 gift is unconditional. The total of these conditional pledges as of December 31, 2025 and 2024 was \$824,974 and \$1,182,586, respectively. Amounts received in contributions from gifts becoming unconditional and recognized in the consolidated statements of activities for 2025, 2024, and 2023 were \$260,518, \$-0-, and \$-0-, respectively.

**NOTE 8 LEASES**

The Organization entered into a three-year lease agreement for office space in Madison, Wisconsin which requires monthly payments of \$2,076 beginning in June 2025.

The following table provides quantitative information related to operating leases for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Operating Lease Cost	\$ 23,370	\$ 24,680
Other Information:		
Operating Cash Flows From Operating Leases	\$ 23,370	\$ 24,680
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	67,240	-
Weighted-Average Remaining Lease Term - Operating Leases	2.5 Years	.5 Years
Weighted-Average Discount Rate - Operating Leases	10.00%	6.34%

The maturities of the operating lease liabilities as of December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 25,346
2027	26,104
2028	11,010
Total	<u>62,460</u>
Less: Present Value Discount	<u>(7,360)</u>
Operating Lease Liability	55,100
Less: Current Portion	<u>(20,982)</u>
Long-Term Operating Lease Liability	<u><u>\$ 34,118</u></u>

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 9 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 2025, 2024, and 2023 was \$9,718, \$10,779, and \$9,854, respectively.

**NOTE 10 RELATED-PARTY TRANSACTIONS**

The Organization has notes payable to board members totaling \$6,500 and \$5,030 as of December 31, 2025 and 2024, respectively. The interest rates on the notes range from 0% to 3% and the notes mature on various dates through 2028. The Organization also received donations from board members and employees totaling \$3,515, \$3,508, and \$1,015 for the years ended December 31, 2025, 2024, and 2023, respectively.

**NOTE 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 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, are as follows:

	2025	2024
Ecuador	\$ 1,246,333	\$ 1,544,747
El Salvador	825,000	1,850,000
Honduras	1,717,719	1,362,084
Guatemala	4,328,889	3,310,174
Nicaragua	4,495,230	5,066,233
Panama	13,127	108,863
Peru	177,602	268,463
Mexico	1,250,000	-
Costa Rica	23,150	165,063
Notes Receivable	14,077,050	13,675,627
Less: Reserves	(945,762)	(1,138,655)
Notes Receivable, Net	\$ 13,131,288	\$ 12,536,972

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 11 CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

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

The Organization maintains its cash balances at two reputable financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2025 and 2024, the Organization had approximately \$509,000 and \$1,036,000, respectively, in excess of FDIC insurance limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

**NOTE 12 AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS**

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

	<u>2025</u>	<u>2024</u>
Total Assets	\$ 15,011,792	\$ 14,493,466
Less Nonfinancial Assets:		
Prepaid Expenses	(11,226)	(9,515)
Operating Lease Right-of-Use Asset	(56,434)	(9,923)
Property and Equipment, Net	<u>(296,418)</u>	<u>(234,417)</u>
Total Financial Assets	14,647,714	14,239,611
Less Those Unavailable for General Expenditure:		
Notes Receivable Less Current Portion	(5,495,394)	(6,171,450)
Net Assets with Donor Restrictions	(10,000)	(10,000)
Board-Designated Net Assets	<u>(140,000)</u>	<u>(140,000)</u>
Assets Available for General Expenditures	<u>\$ 9,002,320</u>	<u>\$ 7,918,161</u>

As of December 31, 2025, the Organization has \$1,274,892 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 2026, that can be drawn upon to cover short-term liquidity needs, should they arise.

**NOTE 13 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 22, 2026, 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, 2025**

<b>ASSETS</b>	<u>WCCN</u>	<u>Community Needs, LLC</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,273,781	\$ 1,111	\$ -	\$ 1,274,892
Accounts Receivables	3,303	-	-	3,303
Accrued Interest Receivable	142,890	-	-	142,890
Notes Receivable, Current Portion	7,635,894	-	-	7,635,894
Prepaid Expenses	11,226	-	-	11,226
Total Current Assets	<u>9,067,094</u>	<u>1,111</u>	<u>-</u>	<u>9,068,205</u>
<b>OTHER ASSETS</b>				
Notes Receivable, Less Current Portion (Net of Allowance for Credit Losses of \$945,762)	5,495,394	-	-	5,495,394
Investments	95,341	-	-	95,341
Operating Lease Right-of-Use Assets	56,434	-	-	56,434
Property and Equipment, Net	296,418	-	-	296,418
Investment in Community Needs, LLC	1,111	-	(1,111)	-
Total Other Assets	<u>5,944,698</u>	<u>-</u>	<u>(1,111)</u>	<u>5,943,587</u>
Total Assets	<u>\$ 15,011,792</u>	<u>\$ 1,111</u>	<u>\$ (1,111)</u>	<u>\$ 15,011,792</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Notes Payable, Current Portion	\$ 3,896,995	\$ -	\$ -	\$ 3,896,995
Accounts Payable	1,834	-	-	1,834
Operating Lease Liability, Current Portion	20,982	-	-	20,982
Accrued Interest Payable	158,032	-	-	158,032
Total Current Liabilities	<u>4,077,843</u>	<u>-</u>	<u>-</u>	<u>4,077,843</u>
<b>LONG-TERM LIABILITIES</b>				
Notes Payable, Less Current Portion	8,910,956	-	-	8,910,956
Operating Lease Liability, Less Current Portion	34,118	-	-	34,118
Total Long-Term Liabilities	<u>8,945,074</u>	<u>-</u>	<u>-</u>	<u>8,945,074</u>
Total Liabilities	13,022,917	-	-	13,022,917
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated	1,838,875	1,111	(1,111)	1,838,875
Designated	140,000	-	-	140,000
Total Without Donor Restrictions	<u>1,978,875</u>	<u>1,111</u>	<u>(1,111)</u>	<u>1,978,875</u>
With Donor Restrictions	10,000	-	-	10,000
Total Net Assets	<u>1,988,875</u>	<u>1,111</u>	<u>(1,111)</u>	<u>1,988,875</u>
Total Liabilities and Net Assets	<u>\$ 15,011,792</u>	<u>\$ 1,111</u>	<u>\$ (1,111)</u>	<u>\$ 15,011,792</u>

**WORKING CAPITAL FOR COMMUNITY NEEDS, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2025**

	<u>WCCN</u>	<u>Community Needs, LLC</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Support and Revenue:				
Portfolio Income	\$ 1,139,424	\$ -	\$ -	\$ 1,139,424
Contributions	689,319	-	-	689,319
Loan Fees	71,805	-	-	71,805
Other Interest Income	43,560	-	-	43,560
Investment Gain	1,988	-	-	1,988
Miscellaneous Income	1,085	-	-	1,085
Community Needs, LLC Change in Net Assets	(1,088)	-	1,088	-
Total Support and Revenue	<u>1,946,093</u>	<u>-</u>	<u>1,088</u>	<u>1,947,181</u>
Expenses and Losses:				
Personnel and Consulting	681,260	-	-	681,260
Interest on Investor Loans	365,968	-	-	365,968
Legal	40,598	-	-	40,598
Grants and Allocations	10,000	-	-	10,000
Office Expenses	23,524	-	-	23,524
Accounting	44,511	-	-	44,511
Occupancy	24,590	-	-	24,590
Travel and Training	83,776	-	-	83,776
Provision for Credit Losses	162,576	-	-	162,576
Other	78,494	1,088	-	79,582
Total Expenses	<u>1,515,297</u>	<u>1,088</u>	<u>-</u>	<u>1,516,385</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ 430,796</u>	<u>\$ (1,088)</u>	<u>\$ 1,088</u>	<u>\$ 430,796</u>



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