

## Prospectus

October 23, 2023\*

SOCIAL INVESTMENT NOTES	
<b>Total Aggregate Offering</b>	Up to \$55,000,000 in aggregate principal amount of outstanding Social Investment Notes.
<b>Term / Maturity</b>	<p>Demand Notes are payable on thirty (30) days' advance written request, subject to CFNE's right to limit repayment to any single investor to \$50,000 in any 30-day period.</p> <p>Term Notes have various terms ranging from one (1) year to ten (10) years, as set forth on the Interest Rate Sheet.</p>
<b>Interest Rates</b>	<p>Demand Notes earn interest at a variable rate, which CFNE may adjust on thirty (30) days' notice, as set forth in the Interest Rate Sheet.</p> <p>Interest rates for Term Notes will be fixed at the time of purchase for the term of the Note, as set forth in the Interest Rate Sheet.</p> <p>When submitting a Subscription Agreement to purchase a Note, a purchaser of Demand Notes may elect to receive 0% interest in lieu of the variable rate and a purchaser of Term Notes may elect to receive a rate lower than the interest rate set forth on the Interest Rate Sheet or 0% interest.</p>
<b>Investment Amounts</b>	<p>\$1,000 minimum investment is required for all Notes.</p> <p>Demand Notes may not be purchased in amounts that would result in an investor holding Demand Notes in excess of the maximum principal amount per investor, if any, specified on the Interest Rate Sheet at the time of purchase.</p>
<b>Seniority / Ranking</b>	None; unsecured general obligation debt.

This prospectus contains important information about Cooperative Fund of the Northeast, Inc. ("**CFNE**" or the "**Issuer**") and the Social Investment Notes ("**Notes**") that CFNE is offering. The Notes are unsecured general obligations of CFNE and consist of "**Term Notes**" ranging in terms to maturity from one (1) to ten (10) years and "**Demand Notes**," which are payable upon thirty (30) days' advance request. Prospective investors are advised to read this Prospectus carefully and in its entirety before making a decision to invest in the Notes.

CFNE is a nonprofit corporation organized under the laws of the Commonwealth of Massachusetts and has received a determination letter from the United States Internal Revenue Service recognizing its tax-exempt status as a charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"). CFNE is a community development financial institution ("**CDFI**") whose mission is to work for economic, social, and racial justice by advancing community based, cooperative, and democratically owned or managed enterprises. In furtherance of this mission, CFNE makes loans, provides other alternative financing, and offers technical assistance to cooperative organizations and similar enterprises. Please see the Summary beginning on page 1, "History, Operations, and Mission of CFNE" beginning on page 11, and "Lending Activities," beginning on page 16, for more information.

CFNE is offering the Notes on the terms described more fully under the heading “Description of the Notes,” beginning on page 24, at the interest rates and with the terms to maturity set forth on the interest rate sheet published by CFNE and in effect as of the date of purchase (“**Interest Rate Sheet**”), which is incorporated by reference into this Prospectus. The Notes have fixed interest rates at the time of issuance. The interest rates offered for new Notes and the maturities of Term Notes are set forth in the Interest Rate Sheet provided to each investor at or before the time of investment or reinvestment upon maturity. The current Interest Rate Sheet may be obtained by calling CFNE at (800) 818-7833 or visiting its website, [www.cooperativefund.org](http://www.cooperativefund.org). With the exception of the Interest Rate Sheet, information included on CFNE’s website is not a part of, nor is it incorporated by reference into, this Prospectus.

Except in some states, investors may elect to have maturing Term Notes automatically reinvested in a Term Note of like term (or, if such term to maturity is not offered on the Notes at the time of reinvestment, the Term Note closest in duration to the maturing Note). Accrued but unpaid interest on the maturing Term Note will be paid to the investor or invested into the principal of the newly issued Term Note, in accordance with the investor’s election with respect to accrued interest during the term of the Note. Investors may notify CFNE of their election with respect to reinvestment at maturity either on their completed Subscription Agreement submitted to CFNE or by giving CFNE notice of their election in writing anytime thereafter (up to thirty (30) days prior to the maturity date).

For (i) investors in certain states as set forth under “State-Specific Information,” (ii) investors who do not elect to have the maturing Term Note automatically reinvested in a Term Note of like Term, and (iii) all Term Notes purchased prior to October 23, 2023 where CFNE has not received written instructions from the investor as to reinvestment or repayment of the proceeds of the Term Note at maturity, CFNE will repay the outstanding principal and any accrued but unpaid interest at maturity.

After receipt of this Prospectus, an eligible investor may purchase a Note by completing a Subscription Agreement and remitting payment via check, wire transfer, or ACH to CFNE. The form of Subscription Agreement is attached to this Prospectus as Appendix C, and is available on CFNE’s website at [www.cooperativefund.org](http://www.cooperativefund.org) or upon request to CFNE at (800) 818-7833. The minimum investment required for the purchase of a Note is \$1,000. CFNE may reject a Subscription Agreement in its sole discretion. If CFNE confirms the investor’s eligibility to invest, receives the investment and decides to accept the Subscription Agreement, then CFNE will issue to the investor a written registration confirmation acknowledging receipt of the investment and issuance of the Note. The Notes are issued as uncertificated securities to be held and recorded in CFNE’s book-entry system. After purchase of any Note, the investor will not receive a physical Note but will receive a registration confirmation acknowledging payment for the Note. CFNE will issue a physical Note to any investor upon request at the time of issuance.

CFNE may issue the Notes in certain states in the United States in an amount not to exceed an aggregate principal amount of Notes outstanding of \$55,000,000. CFNE has not set a termination date for this offering of the Notes, and CFNE may suspend the sale of Notes from time to time, with or without a reason. The Notes are not offered for sale in all states. Availability of the Notes in each state is dependent upon the effectiveness of registration of the Notes or availability of an exemption from registration requirements in that state. See “State Specific Information” beginning on page iv for additional information.

The purchase of a Note is not a donation to CFNE and is not tax deductible. Interest paid on the Notes is taxable. See “Tax Aspects” beginning on page 28 for further discussion. Investors should consult their own tax advisor for information specific to their circumstances.

This offering is not underwritten. CFNE will not pay any direct or indirect underwriting, sales, fees, or commissions in connection with its offering of the sale of the Notes. CFNE offers the Notes only directly through CFNE, and not through any third party broker or dealer. See “Plan of Distribution” on page 27 for more information. CFNE estimates that its total expenses associated with this offering will be approximately \$100,000.

CFNE anticipates that purchasers of the Notes will be individuals and entities with discretionary financial resources who wish to make investments that support advancement of community based, cooperative, and democratically owned or managed enterprises.

An investment in the Notes involves various material risks and investors may lose all or a part of their investments. Investors should plan to hold the Notes until maturity, and should not invest in the Notes if they cannot afford to

lose the entire principal amount or if they require liquidity. Prior to any investment, investors should consult with legal and financial advisors and should consider the risk factors disclosed in this Prospectus beginning on page 3.

This Prospectus, together with the Interest Rate Sheet, contains all of CFNE's representations concerning this offering. Investors should not rely on this Prospectus for investment, legal, accounting, or tax advice. Prospective investors should consult their own professional advisors before investing in the Notes.

THESE SECURITIES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE ISSUER. THIS PROSPECTUS HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(A)(4) OF THE FEDERAL SECURITIES ACT OF 1933 (THE "SECURITIES ACT"). A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS PROSPECTUS AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS, AND RISKS INVOLVED.

THE NOTES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC), ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON CFNE'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW CFNE'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST.

THE OFFERING IS MADE ONLY BY THIS PROSPECTUS. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN MADE BY CFNE.

FROM A FINANCIAL POINT OF VIEW, THE NOTES SHOULD NOT BE A PRIMARY INVESTMENT IN RELATION TO THE OVERALL SIZE OF AN INVESTOR'S PORTFOLIO. AN INVESTOR IN THE NOTES SHOULD BE ABLE TO LOSE UP TO THE INVESTOR'S ENTIRE INVESTMENT WITHOUT SUFFERING FINANCIAL HARDSHIP. INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

## **State-Specific Information**

The information in this section applies to offers and sales of the Notes in the following states. These states give investors certain legal rights with regard to investments, require CFNE to disclose certain information to investors, or limit the features of the Notes that CFNE can offer in the state. If you are not purchasing the Notes in one of these states, this information will not apply to you.

### **CALIFORNIA, OREGON, AND WASHINGTON**

Automatic reinvestment at maturity (as discussed in the “Description of the Notes” section beginning on page 24) will not be offered to California, Oregon, or Washington investors. Instead, CFNE will require positive affirmation from investors in those states at or prior to the maturity of the Note in order to reinvest their Note, and in the absence of such positive information, the Note will be redeemed and the principal amount of the Note, together with any interest payable, will be returned to the investor upon maturity of the Note.

### **PENNSYLVANIA**

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OFFERED PURSUANT TO A REGISTRATION STATEMENT FILED IN THE OFFICES OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES IN HARRISBURG, PENNSYLVANIA. ANY SUCH REGISTRATION STATEMENT INCLUDES CERTAIN EXHIBITS ONLY SUMMARIZED OR ALLUDED TO IN THE PROSPECTUS WHICH ARE AVAILABLE FOR INSPECTION AT THE HARRISBURG OFFICE OF THE DEPARTMENT DURING REGULAR BUSINESS HOURS. THE HARRISBURG OFFICE IS LOCATED IN MARKET SQUARE PLAZA, 17 N SECOND STREET, SUITE 1300, HARRISBURG, PENNSYLVANIA, 17101. TELEPHONE NO. 717-787-8059. REGULAR BUSINESS HOURS ARE MONDAY THROUGH FRIDAY, 8:30 AM TO 5:00 PM.

UNDER SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER RECEIPT OF THIS PROSPECTUS, TO WITHDRAW YOUR PURCHASE OF REGISTERED SECURITIES AND RECEIVE A FULL REFUND OF ALL MONIES PAID. ANY SUCH WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING ELECTRONIC MAIL) TO THE ISSUER OR UNDERWRITER INDICATING YOUR INTENTION TO WITHDRAW.

IT IS THE POSITION OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES THAT INDEMNIFICATION IN CONNECTION WITH VIOLATION OF SECURITIES LAWS IS AGAINST PUBLIC POLICY AND VOID.

### **VIRGINIA**

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 13.1-514.1.B OF THE VIRGINIA SECURITIES ACT OR OTHER AVAILABLE EXEMPTION UNDER SECTION 13.1-514 OF THE VIRGINIA SECURITIES ACT.

## Table of Contents

State-Specific Information .....	iv
Offering Summary.....	1
Risk Factors .....	3
Forward-Looking Statements .....	10
History, Mission, and Organization of CFNE .....	11
Use of Proceeds .....	12
Financing and Operational Activities .....	12
Lending Activities .....	16
Investing Activities .....	22
Selected Financial Data .....	23
Description of the Notes .....	24
Plan of Distribution.....	27
Tax Aspects .....	28
Governance and Personnel .....	28
Legal Matters .....	32
Reporting .....	32
Appendix A: Interim Financial Statements	
Appendix B: Audited Financial Statements	
Appendix C: Form of Subscription Agreement	
Appendix D: Borrower List as of June 30, 2023	

## Offering Summary

This section summarizes the legal and financial terms of the Notes that are described in more detail in the section entitled “Description of the Notes” beginning on page 24. Before deciding to purchase a Note, an investor should read the more detailed information appearing elsewhere in this Prospectus and in the Interest Rate Sheet that is current as of the time of investment.

### About CFNE

CFNE is a Massachusetts nonprofit organization whose mission is to work for economic, social, and racial justice by advancing community based, cooperative, and democratically owned or managed enterprises. CFNE serves cooperatives and nonprofits in Massachusetts, Vermont, New Hampshire, Maine, Connecticut, Rhode Island and New York, by providing innovative loan products and technical assistance to support the regional cooperative ecosystem. To fund its activities, CFNE relies on grants and contributions, interest and fees charged on its program loans, and capital raised through the offering of the Notes.

### The Offering

<b>Issuer</b>	Cooperative Fund of the Northeast, Inc.
<b>Securities Offered</b>	Social Investment Notes not to exceed \$55,000,000 in aggregate principal amount outstanding, with maturities as set forth in the Interest Rate Sheet that is current as of the time of investment.
<b>Seniority / Security</b>	None; unsecured general obligation debt.
<b>Interest Rates, Accrual, and Payment</b>	<p>Interest rates offered for the Notes will be as set forth in the Interest Rate Sheet that is current as of the time of investment.</p> <p>Interest rates for Demand Notes vary from time to time and are subject to adjustment on thirty (30) days' notice, as set forth in the Interest Rate Sheet.</p> <p>Interest rates for Term Notes will be fixed at the time of purchase for the term of the Note, as set forth in the Interest Rate Sheet.</p> <p>Investors elect to either receive annual interest payments or have accrued interest reinvested into the Note's principal.</p> <p>When submitting a Subscription Agreement, a purchaser of a Demand Note may elect to receive 0% interest in lieu of the Demand Note interest rate otherwise offered and a purchaser of a Term Note may elect to receive 0% interest or another interest rate lower than the interest rate offered at the time of purchase.</p>
<b>Investment Amounts</b>	<p>\$1,000 minimum investment is required for all Notes.</p> <p>Demand Notes may not be purchased in amounts that would result in an investor holding Demand Notes in excess of the maximum principal amount per investor, if any, specified on the Interest Rate Sheet at the time of purchase.</p>
<b>Use of Proceeds</b>	CFNE will use the proceeds from the sale of Notes to fund its mission-aligned lending activities and other operations. See “Use of Proceeds” beginning on page 12.
<b>How to Invest</b>	Individuals and organizations may invest in the Notes by completing the attached Subscription Agreement and submitting it to CFNE with payment via check, ACH or wire transfer.

<b>Redemption by Noteholder</b>	<p>Demand Notes are payable upon thirty (30) days' advance written request by the investor, in whole or in part, subject to CFNE's right to limit repayment to an investor to \$50,000 in any 30-day period.</p> <p>Investors do not have any right to redeem a Term Note before its maturity date. If CFNE elects to grant a Term Note holder's request for early redemption, CFNE may charge an early redemption fee equal to four (4) months' interest (at the Note's applicable interest rate) on the principal being redeemed, or all interest accrued on the Note if the Note has been issued for less than four months.</p>
<b>Early redemption by CFNE</b>	In its discretion, CFNE may redeem or "call" any Note prior to its maturity date, without premium or penalty, by giving the investor thirty (30) days' written notice and paying the outstanding principal and any accrued unpaid interest through the date of redemption.
<b>Options at Maturity / Reinvestments</b>	Investors may elect to have maturing Term Notes reinvested in a new Note or repaid. Except in some states, or for Term Notes purchased prior to October 23, 2023, if CFNE does not receive timely instructions from the investor to repay the Term Note, the Term Note will be automatically reinvested in a Term Note of like Term.
<b>Risk Factors</b>	Investment in the Notes involves significant risks, which an investor should carefully review and consider prior to making an investment in the Notes. Please see "Risk Factors" beginning at page 3.

### **Summary Financial Data**

The following table sets forth certain summary financial information derived from the more detailed financial information included in this Prospectus. Additional selected financial information can be found under the heading "Selected Financial Data" beginning on page 23. In addition, please see the Issuer's audited financial statements as of and for the years ended December 31, 2022 and 2021, attached to this Prospectus as Appendix B ("**Audited Financial Statements**"), and the Issuer's interim unaudited financial statements as of and for the periods ended March 31, 2023 and June 30, 2023, attached to this Prospectus as Appendix A.

	As of and for the year ended December 31,	
	2022	2021
Total assets	\$ 47,930,923	\$ 43,843,231
Total liabilities	35,160,069	33,174,460
Net assets	12,770,854	10,668,771
Net Assets without Donor Restrictions	12,440,434	10,338,351
Support and Revenue	4,768,332	2,931,121
Expenses	2,666,249	2,738,067
Change in Net Assets without Donor Restrictions	2,102,083	193,054
Change in Net Assets with Donor Restrictions	0	0
Change in Net Assets	\$ 2,102,083	\$ 193,054

## Risk Factors

Investing in the Notes involves significant risks and investors may lose all or part of their investment. Prior to investing in the Notes, and in consultation with their own financial and legal advisors, investors should carefully consider the following risk factors and the other information set forth in this Prospectus.

### **Risks related to the Notes and the offering**

**The Notes are unsecured and uninsured.** The Notes are general obligations of CFNE and are not secured by any collateral. The Notes are not FDIC or SIPC insured or otherwise insured or guaranteed by any governmental agency. The Notes are not certificates of deposit or deposit accounts with any bank, credit union, or other financial institution regulated by federal or state banking authorities. CFNE's ability to repay principal and interest on the Notes when due depends solely on CFNE's financial condition.

**There is no trust indenture or sinking fund for the Notes.** No sinking fund or other specific allocation of assets or cash flow has been made to secure repayment of the Notes. CFNE's ability to repay the Notes will depend solely on its financial position and results of operations. Certain debt obligations must be issued pursuant to a trust indenture under the Trust Indenture Act of 1939. Trust indentures contain procedures and covenants that are intended to protect holders of debt obligations. These procedures include the appointment of a trustee to act for the benefit of all debt holders, to exercise debt holders' remedies collectively and protect their interests. The Notes are issued pursuant to an exemption from the Trust Indenture Act, and there is no trust indenture for the Notes. As a result, the provisions of the Trust Indenture Act intended to protect debt holders do not apply to holders of the Notes, and an investment in the Notes may be riskier than an investment in debt securities issued pursuant to a trust indenture. There is no trustee to monitor CFNE's affairs and act in the interest of Note holders, and there is no agreement that would provide for joint action by all Note holders in the event of a default. If CFNE defaults under any or all of the Notes, each Note holder would need to seek available remedies on an individual basis, which is likely to be expensive and may not be economically practicable.

**The Notes are not rated.** CFNE has not obtained from any rating agency or other third party an opinion or rating on the risks associated with the Notes or the likelihood of timely payment of principal and interest.

**There is no minimum sales requirement for the Notes.** There is no minimum sales requirement for the Notes, and no assurance that CFNE will sell any or all of the Notes offered. A low sales volume will not prompt cancellation or suspension of the offering or cause CFNE to redeem Notes or refund Note purchases from existing investors.

**Substantial requests for redemption of Demand Notes and/or substantial requests to redeem Term Notes upon maturity within a limited period of time could adversely impact CFNE's liquidity, financial position, and/or ability to repay the Notes.** CFNE offers both Demand Notes, which can be tendered for repayment at any time (for Demand Notes sold prior to October 23, 2023, or upon thirty (30) days' notice for Demand Notes sold after such date), and Term Notes with a range of maturities. In the past, CFNE has not restricted the principal amount of Demand Notes that any one investor may purchase, although CFNE retains the right to limit Demand Note repayment to \$50,000 per investor in any 30-day period. CFNE will not permit any investor to purchase Demand Notes that would result in the investor holding Demand Notes with an aggregate principal amount in excess of a maximum amount specified in the Interest Rate Sheet, if any, at the time of purchase. However, CFNE is not obligated to limit the aggregate amount of Demand Notes sold to investors, or to limit the amount of Term Notes that may mature in any given year or period. If maturities of Term Notes are not staggered, or if there is significant demand for repayment of Demand Notes within a limited period of time, CFNE's ability to repay the Notes that come due or are presented for repayment on demand in any given period could be adversely impacted. Substantial cash outlays to repay the Notes could reduce funds available for CFNE's lending activities and ongoing operations. A rising interest rate environment could exacerbate this risk.



**The interest rate for each Term Note is fixed at the time of issuance.** Term Notes carry fixed interest rates for the term to maturity. If commercial interest rates rise, CFNE is not obligated to pay a higher rate of interest on existing Term Notes or to allow early redemption of Term Notes.

**Early redemption of Term Notes by the investor may not be permitted. If permitted, an early redemption penalty may apply. CFNE may redeem any Note upon thirty (30) days' written notice.** CFNE is not obligated to permit Term Note holders to redeem their Term Notes prior to maturity. CFNE may allow early redemption in its discretion, but holders of Term Notes should expect to hold their Note until maturity. In the event that CFNE elects to allow an investor to redeem a Term Note prior to maturity, CFNE reserves the right to charge an early redemption fee equal to four months' interest (at the Note's applicable interest rate) on the principal being redeemed, or all interest accrued on the Note if the Note has been issued for less than four months. CFNE, in its discretion, may redeem any Note upon thirty (30) days' prior written notice to the Note holder, without premium or penalty.

**The Notes are subject to limitations on transferability and there is no public resale market for the Notes.** There is no public market for the Notes, nor is a public market expected to develop. State and federal securities laws may limit the ability of a Note holder to transfer Notes to another person. In addition, Notes may be transferred only with CFNE's prior consent, which CFNE may grant or withhold in its sole discretion. Although Demand Notes may be presented for repayment at any time, CFNE retains the right to limit redemption of Demand Notes by any single investor to \$50,000 in any 30-day period. As a result, holders of both Demand Notes and Term Notes may be required to retain their Notes, even under economically undesirable circumstances. Investors should purchase the Notes only if they have independent means to provide for their current and future needs and contingencies.

**The Notes are subject to concentration risk.** CFNE has established relationships with registered investment advisors and private wealth management firms that regularly advise their clients with respect to impact or values-based investing opportunities. Typically, these firms have investment discretion over many of their client accounts. As of June 30, 2023, clients of three such firms held Notes representing approximately 27.1%, 7.8% and 5.0% of CFNE's total outstanding Notes of \$28,522,813. A material change with respect to these firms, their investment philosophies and advice, and the amount invested by their clients in the Notes, including by redemption of their clients' Notes on demand or at maturity, could have a material adverse impact on CFNE's financial position and liquidity and, potentially, on CFNE's ability to pay the Notes upon demand or as payments come due.

**Notes held in individual retirement accounts ("IRAs") or other tax-deferred accounts may not be sufficiently liquid to meet required annual withdrawal requirements.** Depending on an investor's individual circumstances, the investor may be required to take annual withdrawals, often referred to as required minimum distributions (RMDs) from an IRA or other tax-deferred account. Investments in the Notes may not be subject to early redemption (or, in the case of Demand Notes, redemption in amounts in excess of \$50,000 per investor in any 30-day period) to meet RMD requirements. Failure to take a required minimum distribution by the applicable deadline may subject an investor to penalties.

#### **Risks related to CFNE's lending activities**

**CFNE's loans are geographically concentrated.** Under its current lending criteria, CFNE makes loans only to borrowers located in Massachusetts, Vermont, New Hampshire, Maine, Connecticut, Rhode Island, or New York. If there is a financial downturn affecting one or more of these states, a substantial portion of CFNE's borrowers may have difficulty repaying their loans when due or at all. This could negatively impact CFNE's financial position and ability to repay the Notes.

**CFNE's lending criteria may be more lenient than commercial lenders and enforcement may not be as stringent, which may result in higher risk profiles.** CFNE's lending program is an essential component of its mission, and its underwriting criteria include mission-related factors that extend beyond a traditional lender's focus on credit risk. Some of CFNE's borrowers may be unable to obtain financing from conventional commercial lenders, and CFNE may make loans to borrowers on terms less stringent than those imposed by commercial lenders. As a result, CFNE may make loans that would be considered high-

risk by for-profit commercial lenders. CFNE may make exceptions to its lending policies when a particular borrower's circumstances warrant such deviation and may, per its lending policies, accommodate partial, deferred, or late payments, or restructure or refinance outstanding loans in situations where a typical commercial lender may not. As discussed under the heading "Lending Activities," beginning on page 16, CFNE's Term Loans generally have a nominal term not to exceed ten years, but may be structured with amortization periods that would result in "balloon" payments at maturity. It is CFNE's practice to refinance these Term Loans at maturity, rather than to demand repayment of the loan's outstanding balance, which in many cases may comprise a large proportion of the original principal amount of the loan. Lines of Credit that CFNE extends may provide for terms of up to 5 years, but are regularly renewed for additional periods thereafter, and may include an "interest-only" payment period until the credit commitment is exhausted (or in some cases, beyond such time), and CFNE may recalculate the amortization schedule for payments under a Line of Credit after each advance that CFNE makes to the borrower. As a result, in many cases, the maturity schedules for CFNE's loans (including the scheduled principal repayment table set forth in Note 6 to the Audited Financial Statements) do not reflect the schedule upon which CFNE expects to receive repayment of all amounts due under such loans. Due to all of these factors, the risk of loss on CFNE's loans may be higher than that of a typical commercial loan portfolio. CFNE relies on principal and interest payments from its borrowers as a source of liquidity to fund its obligations under the Notes. Failure of CFNE's borrowers to repay their loans in accordance with the loan terms may adversely impact CFNE's liquidity, financial position, and ability to repay the Notes.

**Various general economic conditions, including supply chain challenges, may impact CFNE's ability to collect amounts due from its borrowers.** A significant majority of CFNE's loans (94% of loans as of June 30, 2023) are to cooperatively owned organizations. As of June 30, 2023, loans to worker-owned co-ops, food co-ops, and housing co-ops represented 37%, 30%, and 19%, respectively, of CFNE's outstanding loans receivable. During a period of economic slowdown or recession, CFNE's borrowers may experience increased difficulty in making payments on their loans on a timely basis, or at all. A decrease in consumer spending during a recession is likely to have a particularly adverse impact on those borrowers that rely on retail operations. Other economic conditions, such as labor shortages and supply chain challenges, may also adversely impact CFNE's borrowers' ability to repay their loans. Global supply chains have been subject to enhanced volatility since 2020 and CFNE's borrowers, particularly those engaged in retail operations and housing development, may have difficulty timely obtaining the materials they require to operate their businesses, which may adversely impact their results of operations and ability to repay their loans on a timely basis or at all. Failure of CFNE's borrowers to repay their loans in accordance with the loan terms may adversely impact CFNE's liquidity, financial position, and ability to repay the Notes.

**The value of collateral securing CFNE's loans may not be adequate to cover the full amount owed to CFNE by a loan recipient, and certain collateral may be difficult to liquidate.** As discussed in further detail under the heading "Lending Activities," beginning on page 16, CFNE generally secures its loans with a first-position or second-position lien on the borrower's assets that CFNE believes generally have a value greater than or equal to the amount of the loan. CFNE allows borrowers to use various assets as collateral, including mortgages or deeds of trust in favor of CFNE on real property; pledges of bank deposits, certificates of deposit, or Notes; liens on tangible property including equipment, furniture, fixtures, and vehicles; security interests in inventory, accounts receivable and payment intangibles; and/or third party guarantees. CFNE may make an exception to its collateral requirements for borrowers who demonstrate strong cash flows to cover debt payments, a history of profitability, or in consideration of other factors at CFNE's discretion. In the event of a default by a borrower, there can be no assurance that CFNE would successfully recover an amount of collateral equal to the amount of the defaulted loan. This risk is heightened for loans to food co-ops and other borrowers secured by collateral that consists, in whole or in part, of inventory that may be perishable or otherwise challenging to expediently liquidate. This risk is also heightened in the event that property values (particularly in the Northeastern United States, where CFNE's borrowers are located) decline, as the value of real property securing certain of CFNE's loans may fall below the loan value. Real property values may decline due to general and local economic conditions, increases in operating expenses, changing in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighborhoods or demographics, increases in market interest rates, or other factors, any of which could increase the risk that the value CFNE recovers for collateral falls below the

balance owed by a borrower. CFNE's failure to liquidate collateral sufficient to cover its loan losses could adversely impact its liquidity and ability to repay the Notes.

**CFNE's allowance for loan losses may not be adequate.** CFNE maintains an allowance for loan losses as described under the heading "Lending Activities" and subheading "Allowance for Loan Losses." CFNE determines the amount of the allowance for loan losses based on historical experience and management's analysis of each individual loan. If CFNE's loan losses are greater than anticipated, the allowance for loan losses may be inadequate, which could adversely impact CFNE's liquidity, operations, and financial condition, including its ability to repay the Notes. See "Lending Activities," beginning on page 16, and Note 6 to the Audited Financial Statements for more information concerning CFNE's allowance for loan losses.

**Competition for loan opportunities may limit CFNE's ability to make loans.** CFNE relies on interest income, principal repayments, and funding fees from its loans to fund its operations and meet its obligations under the Notes. CFNE makes loans in markets that are competitive for attractive loan opportunities, and there can be no assurance that CFNE will be able to identify or successfully pursue loan opportunities in these markets. Competition for suitable loans from other lenders may reduce the availability of loan opportunities for CFNE, which in turn could affect CFNE's financial position and ability to repay the Notes.

**CFNE may participate in loans originated by other lenders, which exposes CFNE to operational risk of the other lender in addition to credit risk of the borrower.** From time to time, CFNE may enter into loan participation agreements with other lenders. Under these loan participation agreements, CFNE may purchase a share of a loan originated by another lender. These loan participation agreements would typically result in CFNE having a contractual relationship with the originating lender, in addition to or possibly in lieu of a contractual relationship with the borrower. As a result, CFNE is exposed to operational risk of the originating lender as well as the borrower's credit risk. CFNE's right to receive payments of principal, interest, and fees may be limited to those paid by the originating lender. In the event of operational error, insolvency, or bankruptcy on the part of the originating lender, payment of principal, interest, and/or fees may be delayed or may not occur at all. In addition, CFNE may not be able to control the exercise of certain remedies upon a default by the underlying borrower. CFNE also sells participation interest in loans that it originates from time to time, as described under the heading "Lending Activities" and subheading "Loan Participations" and in Note 7 to the Audited Financial Statements. If a borrower defaults on a loan that CFNE originated and for which CFNE sold participation interests, loan participants pay their pro rata percentages of CFNE's unreimbursed expenses in connection with collecting the loan and foreclosing on and liquidating the underlying collateral, if necessary. There can be no guarantee that this reimbursement will occur on a timely basis, or at all, in the event of operational error, insolvency, or bankruptcy of a participating lender.

### **Risks related to CFNE's operations and management**

**A substantial portion of CFNE's revenue consists of grants and contributions, which are uncertain sources of revenue in the future.** A portion of CFNE's annual operating budget consists of funds received as grants or contributions from state and federal grant programs, institutional sources and individual donors. Grants and contributions totaled \$2,941,650 in the year ended December 31, 2022 (including \$1,676,783 in net assets with donor restrictions that were released from restriction) and \$1,232,544 in 2021, accounting for 61.7% and 42.1% of CFNE's revenues in the years ended December 31, 2022 and 2021, respectively. In particular, CFNE derives significant financial support from the CDFI Fund of the United States Department of Treasury and the Massachusetts Growth Capital Corporation. Grants and contributions are inherently uncertain. Periods of economic hardship, increased competition for grants and contributions from public and private sources, or changes in federal or state policy or appropriations with respect to federal or state grant programs could adversely impact CFNE's revenue from grants and/or contributions. If grant revenue were to significantly decline, the risk of nonpayment of principal or interest on the Notes would increase. See "Financing and Operational Activities – Grants and Contributions" and Note 5 to the Audited Financial Statements for more information.

**CFNE may incur indebtedness that is senior in right of payment to the Notes, including senior secured indebtedness.** The Notes are unsecured debt obligations of CFNE. CFNE may pledge any or all

of its assets as collateral for debt obligations that CFNE issues, secures, or guarantees (“senior secured indebtedness”). Any senior secured indebtedness ranks senior to CFNE’s obligations under the Notes, to the extent of any assets pledged to secure the senior secured indebtedness. Note holders do not have rights to limit the amount of senior secured indebtedness or the amount or nature of assets pledged to secure such indebtedness. As of December 31, 2022, CFNE did not have any senior secured indebtedness.

**CFNE may incur other indebtedness that could adversely impact its ability to repay the Notes.** The total amount of \$55,000,000 in aggregate principal amount of Notes outstanding offered pursuant to this Prospectus is not a limit on the amount of Notes that CFNE may sell in this or other offerings that CFNE may conduct from time to time. CFNE anticipates that it will continue to sell Notes as part of a continuous offering process. In addition to the Notes, CFNE may issue additional debt securities or incur other debt obligations, which may be equal to or senior to the Notes in right of payment. The Notes do not limit the total indebtedness that CFNE may incur in the future. Future debt obligations may impair CFNE’s ability to repay amounts due under the Notes.

**CFNE has limited liquidity.** CFNE intends to use proceeds from the sale of Notes primarily to fund loans to cooperative organizations and other mission-aligned borrowers. CFNE’s loans are not a source of liquidity for CFNE. CFNE’s loans typically mature in three (3) to ten (10) years, but often have a balloon payment due at maturity that CFNE expects to refinance (although it is not obligated to do so). CFNE’s loans are illiquid and generally provide for longer-term financing. CFNE does not expect to be able to readily dispose of its loans, and in some cases it may be prohibited from doing so. Because CFNE’s loans are illiquid, cash available for repayment of the Notes derives primarily from regularly scheduled loan payments from CFNE’s borrowers, lines of credit, and cash and cash equivalents. Substantial losses or delinquencies in CFNE’s loan portfolio, or redemptions of Notes in excess of CFNE’s liquid assets, could adversely impact CFNE’s liquidity and ability to repay the Notes when due or at all.

**CFNE’s ability to raise capital is limited.** As a nonprofit organization, CFNE’s ability to raise capital is limited. Traditional for-profit organizations may sell stock or other forms of equity and/or retain earnings to build capital, which may be used to provide liquidity, cover expenses, and/or serve as a reserve against losses. As a non-profit organization, CFNE cannot issue equity and CFNE does not have or expect to have substantial retained earnings. In the event that capital reserves need to be increased, CFNE will need to raise funds primarily through grants and contributions.

**Holders of the Notes do not have rights to control management or operations of CFNE.** CFNE’s Board of Trustees and officers are solely responsible for decisions with respect to the management of CFNE. Note holders have no right to participate in management of CFNE or to vote on any matters that may affect CFNE, including without limitation election of the Board of Trustees.

**CFNE may change or make exceptions to its policies and procedures.** This Prospectus describes several policies, procedures, and practices of CFNE in effect as of the date of this Prospectus, including without limitation CFNE’s policies and procedures with respect to lending and investments. These descriptions are not necessarily indicative of the policies and procedures that CFNE followed in the past or which it may adopt in the future. CFNE may change these policies and procedures at any time, and may choose to implement one or more different policies with respect to its lending, investment, or other activities. In addition, CFNE may make exceptions to one or more policies or procedures at any time. Changes to CFNE’s policies, procedures, or practices may have an adverse impact on CFNE’s ability to repay the Notes.

**CFNE is dependent on certain key personnel and on its ability to attract and retain talent.** CFNE’s operations depend on the efforts of its management personnel. If any of CFNE’s management personnel becomes unable or unwilling to continue their activities for CFNE, or if CFNE is unable to attract and retain other skilled management team members, there may be an adverse impact on CFNE’s operations, financial position, and ability to repay the Notes.

**CFNE relies on technology and technology-related services.** CFNE stores and processes significant records electronically, including records of its loans receivable, Notes payable, investment and loan

applications, and other business records. CFNE also relies upon third party vendors for providing hardware, software, services for processing, storing, securing and delivering information, and website services. CFNE's electronic records include confidential noteholder information and proprietary information regarding its operations. Electronic data processing, storage, and delivery has inherent risks, including the potential for hardware failure, virus or malware infection, input or programming errors, inability to access data when needed, permanent loss of data, and/or unauthorized access to data or theft of data. Global cybersecurity threats and incidents are rapidly evolving and can range from uncoordinated individual attempts to gain unauthorized access to information technology (IT) systems to sophisticated and targeted measures known as advanced persistent threats, directed at CFNE and/or its third-party service providers. While CFNE and its vendors take measures to prevent, detect, address and mitigate these risks, it is possible that these measures will not be completely effective and that there may be other risks that have not been identified because they are different or unknown or that may emerge in the future. If CFNE were to experience large-scale data inaccuracy, inability to access data for an extended time period, permanent loss of data, data breach, failure of its vendors to perform as contracted, or other significant issues regarding data, it could adversely affect all aspects of CFNE's operations. The potential consequences of a material cybersecurity incident include disruption of all aspects of CFNE's operations, damage to hardware or software systems, reputational damage, litigation with third parties and increased cybersecurity protection and remediation costs, including payment of ransom demands, which in turn could have a material adverse effect on CFNE, its results of operations and its ability to repay the Notes as and when due.

**CFNE is not obligated to proceed with planned operations.** CFNE is not obligated to continue offering the Notes, to continue current operations, or to maintain its existence as a nonprofit organization. Any change in CFNE's operations or status could have a negative impact on CFNE's ability to repay the Notes when due. As of the date of this Prospectus, CFNE has no current plans to discontinue offering the Notes to make material changes to its operations, or to discontinue its status as a nonprofit organization.

**Elevated levels of inflation may adversely affect CFNE's financial position or operations.** The United States has recently experienced elevated levels of inflation. Continued levels of inflation could have complex effects on CFNE's results of operations and financial condition, some of which could be materially adverse. For example, inflation-driven increases in non-interest expenses could negatively impact CFNE's results of operations. Continued elevated levels of inflation could also cause increased volatility and uncertainty in the borrowers that CFNE serves, many of whom are particularly susceptible to fluctuations in prices of consumer goods and levels of household spending. This, in turn, could adversely affect loan demand and the ability of CFNE's borrowers to repay indebtedness. The duration and severity of the current inflationary period cannot be estimated with precision.

**CFNE is subject to interest rate spread risk, and changes in interest rates may adversely affect CFNE's ability to repay the Notes.** CFNE makes loans at a higher rate of interest than it pays on the Notes and other borrowed funds at the time the loan is made, and the terms of loaned and borrowed funds are not identical. The interest rate spread between the rate of interest CFNE pays on borrowed funds and the rate of interest CFNE collects on its loans are intended to cover a substantial portion of CFNE's costs of operations, including losses on its loans. Under certain circumstances, market and credit conditions may cause this spread to decline, which may cause CFNE's expenses to exceed its income. If this occurs, there could be material adverse effects on CFNE's operations and ability to repay the Notes when due. Volatility in interest rates generally, as has occurred in the United States in recent years, heightens this risk.

**CFNE may be involved in litigation, and adverse outcomes may materially affect its financial position or operations.** CFNE may be involved in litigation from time to time in the ordinary course of its business. Litigation can be time-consuming and costly, and CFNE may become involved in litigation that could have a material adverse effect on its ability to repay the Notes.

**CFNE's cash deposits and investments subject the organization to concentration of credit risk.** As of December 31, 2022, a significant portion of the funds deposited in CFNE's checking, savings, and money market accounts (81%) consisted of a portfolio of certificates of deposits (CDs), U.S. Treasuries, and fixed-income securities managed by a single broker-dealer. A temporary or permanent inability of one or more of the financial institutions with whom CFNE has deposited funds to repay consumer deposits, especially if

deposits were to exceed federally insured levels, could adversely impact CFNE's liquidity, its ability to make loans, its ability to repay Notes as they come due, and/or CFNE's overall financial position.

### **Risks related to legal, regulatory, and tax matters**

**CFNE believes that the Notes are exempt from registration under federal securities laws and under certain state securities laws, but if that is not determined to be the case, CFNE may need to make rescission offers or suffer other penalties that could adversely impact its ability to repay the Notes.** CFNE is offering the Notes in reliance upon the exemptions from registrations provided in Section 3(a)(4) of the Securities Act of 1933, as amended (the "**Securities Act**"), Section 3(c)(10) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the exemptions from registration of the Notes provided under the laws of certain states in which the Notes are offered. However, CFNE's reliance on these exemptions is not a representation or a guarantee that the exemptions are available. Although CFNE believes that it is currently taking the necessary steps to comply with the securities laws of the states in which it offers and sells the Notes, there is no guarantee that CFNE will do so in every state, and CFNE makes no representation that all of its past or future sales of Notes or other securities have complied or will comply with all applicable securities laws. If the offering or a prior sale of securities by CFNE is deemed not to qualify for exemption from registration in one or all of these jurisdictions, the sale of the Notes or prior sales of securities in that jurisdiction would be deemed to have been made in violation of the applicable laws requiring registration. As a remedy for such a violation, penalties and fines may be assessed against CFNE, and holders of the Notes or securities sold by CFNE in the past may have the right to rescind their purchase and to have their purchase price returned, together with interest at statutorily prescribed rates. If Note or other security holders request the return of their investment, funds may not be available for that purpose and CFNE may not be able to repay all Note holders in that jurisdiction. Any refunds made would also reduce funds available for CFNE's operations. A significant number of requests for rescission could deplete CFNE's liquid assets such that CFNE would lack sufficient funds to respond to rescission requests to successfully proceed with its planned operations.

**Changes in state or federal securities laws, policies, and practices relating to debt securities offered and sold by non-profit charitable organizations could adversely impact CFNE's ability to sell or repay the Notes.** CFNE does not intend to register the Notes with the SEC or with state securities regulators in certain states, in reliance on current federal and state exemptions relating to certain securities offered and sold by nonprofit charitable organizations. 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 debt securities by nonprofit organizations may make it more costly and difficult for CFNE to offer and sell the Notes. If such a change decreases the amount of Notes that CFNE is able to sell, it could adversely impact CFNE's operations and ability to repay the Notes.

**CFNE is subject to limited regulatory oversight.** CFNE is not registered with the SEC as an investment company under the Investment Company Act, and therefore is not required to adhere to certain operational restrictions and requirements that the Investment Company Act prescribes. CFNE relies on its exclusion from the definition of an investment company provided in Section 3(c)(10) of the Investment company Act, which applies to organizations that are organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes, the net earnings of which do not inure to the benefit of any private shareholder or individual. Accordingly, the provisions of the Investment Company Act (which would, among other things, regulate the relationship between advisors and investment companies) are not applicable to CFNE. In addition, because CFNE believes the Notes are exempt from registration requirements under the Securities Act, this Prospectus will not be filed with or reviewed by the Securities and Exchange Commission.

**Changes in CFNE's operations, nonprofit status, or tax-exempt status could negatively impact CFNE's financial position or ability to repay the Notes.** Federal and Massachusetts authorities have determined that CFNE is exempt from federal and state taxation on the basis of its charitable purpose. This determination rests upon a number of conditions and assumptions that must continue to be met on an ongoing basis. If CFNE fails to comply with these conditions and assumptions, it could lose its nonprofit, tax-exempt status and could become subject to state and/or federal taxation. If CFNE becomes subject to

state or federal taxation, it could negatively impact CFNE's financial position and cash flow and its ability to sell the Notes in reliance on certain exemptions from registration requirements that apply to the sale of debt securities by a nonprofit charitable organization. Any of these events could negatively impact CFNE's ability to meet its obligations under the Notes.

**Loss of CFNE's certification as a CDFI could adversely impact CFNE's operations, financial position, or ability to repay the Notes.** CFNE is certified as a Community Development Financial Institution (CDFI) by the United States Department of Treasury's CDFI Fund. As a certified CDFI, CFNE is eligible to apply for awards, including both loan and grant funding, through programs offered by the CDFI Fund. CFNE's status as a certified CDFI also may be an important factor for other lenders, investors, or donors when deciding whether to invest in the Notes, purchase new Notes upon maturity of existing Notes, or lend or donate funds to CFNE. CFNE expects to maintain its certification as a CDFI. However, failure to maintain compliance with CDFI certification requirements (which include, among others, requirements relating to CFNE's mission, financing activities, and development services in conjunction with those financing activities) or a decision by CFNE to no longer maintain CDFI certification could require CFNE to repay certain grants or loans and could cause other significant and adverse impacts to CFNE's operations, financial position, and ability to repay the Notes.

**Changes in laws or regulations applicable to CFNE's operations could adversely impact CFNE's operations, financial position, or ability to repay the Notes.** If more restrictive laws, rules, or regulations regarding CFNE's lending activities are adopted in the future, compliance could become more difficult or more expensive, and may adversely impact CFNE's ability to originate loans, limit or restrict origination charges, interest rates, or fees that CFNE collects, or otherwise negatively impact CFNE's lending activities or prospects. This could compromise CFNE's ability to repay the Notes and could lead to termination of the offering or the termination, winding-up or liquidation of CFNE itself.

**CFNE's remedies as a lender are subject to limitations and borrower protections imposed under bankruptcy and other laws.** Upon default by a borrower, CFNE's remedies as a creditor will be subject to various laws, regulations, and legal principles that are intended to provide protection to borrowers. Enforcement of CFNE's legal and contractual remedies, including those specified in its loan agreements and collateral documents, may require judicial action, which is often subject to discretion and delay. Under existing laws, including bankruptcy laws, the remedies specified by CFNE's loan agreements and collateral documents may not be readily available or may be limited. A court may refuse to order the specific performance of covenants contained in loan or collateral documents. In addition, the laws of various states may make it impractical or impossible to enforce specific covenants in CFNE's loan agreements or collateral documents.

**The principal amount of a Note is not tax deductible and interest paid on the Notes is generally taxable to Noteholders.** Although CFNE is a charitable organization, the purchase of a Note is not a charitable donation and the principal amount of a Note is not tax-deductible. Investors will not receive any tax deductions from CFNE's operations and, in general, all interest paid to Noteholders will be taxable to the Noteholder. CFNE makes no representations as to the tax consequences of purchasing and holding the Notes, and all potential investors are encouraged to consult a tax professional regarding the tax treatment of income earned on the Notes.

## **Forward-Looking Statements**

This Prospectus contains forward-looking statements that involve inherent risks and uncertainties. Words such as "anticipates," "believes," "expects," "intends," "estimates," "projects," "future," "plans," and similar expressions are used to identify forward-looking statements, which speak only as of the date the statement was made. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements for many reasons, including, but not limited to, the risks described under the heading "Risk Factors" and elsewhere in this Prospectus. Investors should not place undue reliance on these forward-looking statements. No independent examiner has reviewed or passed upon the reasonableness of any forward-looking projections.

## **History, Mission, and Organization of CFNE**

### **History of CFNE**

CFNE was organized as a nonprofit corporation in 1975 under the laws of the Commonwealth of Massachusetts. CFNE provides financial, technical, and educational services to cooperative organizations and nonprofits in New England and New York. CFNE is a community development financial institution (CDFI), is tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), and is subject to regulation as a public charity by the Commonwealth of Massachusetts. CFNE was previously known as the Cooperative Fund of New England, Inc., and changed its name to the Cooperative Fund of the Northeast, Inc. in early 2022 to reflect the fact that its service area includes New York.

CFNE's original organizers included individuals who were active in the cooperative movement within the northeastern United States, as well as social investors associated with the Haymarket People's Funds. These individuals came together to form CFNE to assist in meeting capital access needs of cooperatives at a time when many co-ops could not access conventional small business financing, which remains a challenge for cooperative organizations today.

### **CFNE's Mission and Operations**

CFNE's mission is to work for economic, social, and racial justice by advancing community-based, cooperative, and democratically owned or managed enterprises. This includes a variety of worker-owned co-ops, housing co-ops, food co-ops, other co-ops, and a small number of nonprofits.

CFNE began in 1975 with \$11,000 in original capital. As of June 30, 2023, CFNE has disbursed over \$100 million in hundreds of loans since its inception, with co-ops as the substantial majority of CFNE's borrowers. Please see “Lending Activities,” beginning on page 16 of this Prospectus, and Notes 4 through 7 to the Audited Financial Statements for discussion and additional details concerning CFNE's lending activity. A list of CFNE's borrowers as of June 30, 2023 is attached to this Prospectus as Appendix D.

CFNE serves cooperatives and nonprofits in Massachusetts, Vermont, New Hampshire, Maine, Connecticut, Rhode Island and New York. Applicants for CFNE loans and other assistance must meet CFNE's eligibility standards. CFNE offers term loans, lines of credit, and participates in other loan programs from time to time in furtherance of its charitable mission as a community development financial institution. CFNE also makes a limited amount of equity-like investments that are subordinated to other debt obligations and have more indeterminate repayment obligations, but which do not have governance rights or voting control. CFNE's lending activities are described in more detail under “Lending Activities” beginning on page 16, below.

In furtherance of its mission, CFNE also delivers technical assistance and coaching services to its borrowers and applicants, marshaling resources and making connections to help develop the co-op ecosystem and diversify the regional economy.

To fund its activities, CFNE relies on grants and contributions, interest and fees charged on its program loans, and capital raised through the offering of the Notes. Please see discussions under the headings “Financing and Operational Activities,” “Investing Activities,” and “Description of the Notes – Use of Proceeds” for more information.

### **Organizational Structure**

CFNE is governed by a Board of Trustees, which currently consists of 12 members. The Board of Trustees has the authority to appoint CFNE's Executive Director, who oversees CFNE's staff and day-to-day operations. Please see “Governance and Personnel,” beginning on page 28, for more information.



CFNE wholly controls one non-profit affiliated organization, Cooperative Capital Fund of New England, Inc. (“CCF”). CCF was organized as a Massachusetts nonprofit corporation in 2007, and historically provided long term equity-like financing to certain of CFNE’s borrowers. The members of the Executive Committee of CFNE’s Board of Trustees serve as the Board and officers of CCF in an ex-officio capacity. CCF ceased active operations as of December 31, 2017. As of December 31, 2022, CCF was not engaged in active operations, and did not have any assets or liabilities.

## Use of Proceeds

The offering of Notes is intended to raise funds for the general fulfillment of CFNE’s charitable purposes, including to make loans to cooperatives in the Northeast. The proceeds received from the sale of Notes are added to CFNE’s general funds and not allocated to any specific loan or loans, and may be invested pending deployment of the funds or for maintenance of liquidity reserves. CFNE may also use proceeds to pay outstanding Notes and other indebtedness and cover its overall operating expenses.

## Financing and Operational Activities

### Grants and Contributions

A portion of CFNE’s annual revenue consists of funds received as grants or contributions from state and federal grant programs, institutional sources and individual donors. Grants and contributions totaled \$2,941,650 in the year ended December 31, 2022 (including \$1,676,783 in net assets with donor restrictions that were released from restriction) and \$1,232,544 in 2021, accounting for 61.7% and 42.1% of CFNE’s revenues in the years ended December 31, 2022 and 2021, respectively. In particular, CFNE derives significant financial support from the CDFI Fund of the United States Department of Treasury (the “**CDFI Fund**”) and the Massachusetts Growth Capital Corporation (the “**MGCC**”). Significant grants include the following:

- On September 19, 2023, CFNE received from the CDFI Fund through its Equitable Recovery Program (ERP) a grant in the amount of \$1,652,559.
- In 2022, the MGCC awarded CFNE a CDFI matching grant program award in the total amount of \$700,000. As of December 31, 2022, \$217,900 of this award was utilized per the grant conditions. The remaining \$482,100 not yet utilized was recognized as deferred revenue for the year ended December 31, 2022.
- In 2021, the CDFI Fund awarded CFNE a rapid response program award in the total amount of \$1,826,265. As of December 31, 2021, \$225,000 had been loaned to CDFI qualified borrowers, thus meeting the conditions of the award. As of December 31, 2021, the remaining \$1,601,265 of the program award was recognized as deferred revenue. As of December 31, 2022, this remaining balance had been loaned to CDFI qualified borrowers, meeting the conditions of the award, such that \$1,601,205 was recognized as revenue during the year ended December 31, 2022.
- Also in 2021, the MGCC awarded CFNE a CDFI and CDC matching grant program award in the total amount of \$1,250,000. As of December 31, 2021, \$622,500 of this award had been utilized per grant conditions, and the remaining \$627,500 of the award was recognized as deferred revenue. As of December 31, 2022, the balance of the award had been utilized per grant conditions, resulting in \$627,500 being recognized as revenue during the year ended December 31, 2022.
- In 2015, the CDFI Fund awarded CFNE a financial assistance award in the total amount of \$1,703,806. This award allotted \$703,806 in the form of a financial assistance grant for financing capital, loan loss reserves, or operations, and \$1,000,000 for the Healthy Food Financing Initiative Financial Assistance (HFFI-FA) initiative. CFNE has fully expended the financial assistance grant. The HFFI-FA award was bifurcated as a grant of \$37,500, which was expended in 2015, and a loan of \$962,500. The HFFI-FA loan remains outstanding and is included in the amount reported as “social investment loans” in the statements of financial position set forth in CFNE’s Audited Financial Statements.

Please see Note 5 to the Audited Financial Statements for more information.

CFNE also benefits from personal services provided by volunteers, who have donated time and services toward CFNE's program operations and in its fundraising efforts. The value of these volunteer services is not reflected in CFNE's financial statements because they do not meet the criteria for recognition of contributed services in financial statements under GAAP. See Note 2 to the Audited Financial Statements for additional discussion.

Grants and contributions are inherently uncertain. Periods of economic hardship, increased competition for grants and contributions from public and private sources, or changes in federal or state policy or appropriations with respect to federal or state grant programs could adversely impact CFNE's revenue from grants and/or contributions. If grant revenue were to significantly decline, the risk of nonpayment of principal or interest on the Notes would increase. Please see the risk factor entitled "A substantial portion of CFNE's revenue consists of grants and contributions, which are uncertain sources of revenue in the future," on page 6.

### **Social Investment Loans Payable**

Social investment loans, as described in CFNE's Audited Financial Statements, include outstanding Notes as well as borrowings from the U.S. Small Business Administration, U.S. Department of Treasury CDFI Fund, foundations, institutional lenders and religious institutions. Outstanding social investment loans (including the Notes) as of December 31, 2022 carried interest at rates ranging from 0.0% to 3.0% and represent unsecured general obligations of CFNE.

The following summarizes Note activity for the years ended December 31, 2022 and 2021:

	2022	2021
Notes outstanding – beginning of year	\$ 25,410,586	\$ 19,676,667
Proceeds from new Notes	4,819,990	6,313,572
Interest compounded and added to principal	146,688	137,822
Principal repayments and redemptions	(2,396,348)	(703,597)
Notes outstanding – end of year	\$ 27,480,916	\$ 25,410,586

The amounts reflected in the table above refer only to the Notes during the relevant period. The Notes are generally referred to as the "Social Investment Loans" in CFNE's Audited Financial Statements. However, Social Investment Loans Payable, as reported in the Audited Financial Statements, includes both the Notes payable and other borrowings, including from the U.S. Small Business Administration, U.S. Department of Treasury CDFI Fund, foundations, institutional lenders and religious institutions. See Note 8 to the Audited Financial Statements.

As of June 30, 2023, approximately 65% of outstanding Notes were Demand Notes. See the risk factor entitled "Substantial requests for redemption of Demand Notes and/or substantial requests to redeem Term Notes upon maturity within a limited period of time could adversely impact CFNE's liquidity, financial position, or ability to repay the Notes" beginning on page 3, above, for more information on the risks entailed in relying on demand obligations to finance operations.

In addition to the Notes, CFNE has borrowings ranging in size from \$25,000 to \$1,250,000 with a total outstanding principal balance of \$5,552,709 and \$5,119,182 as of December 31, 2022 and 2021, respectively, from the U.S. Small Business Administration, U.S. Department of Treasury CDFI Fund, foundations, institutional lenders and religious institutions.

Estimated principal payments on CFNE's Notes and other borrowings as of December 31, 2022 are as follows:

<u>Years ending December 31:</u>	
2023	\$ 3,313,111
2024	3,460,067

2025	2,378,832
2026	940,248
2027	5,904,644
Thereafter	17,036,723
	<u>\$ 33,033,625</u>

Please see Note 8 to CFNE's Audited Financial Statements.

### **Other Indebtedness**

CFNE maintains unsecured lines of credit with two financial institutions, which are used from time to time for cash flow needs:

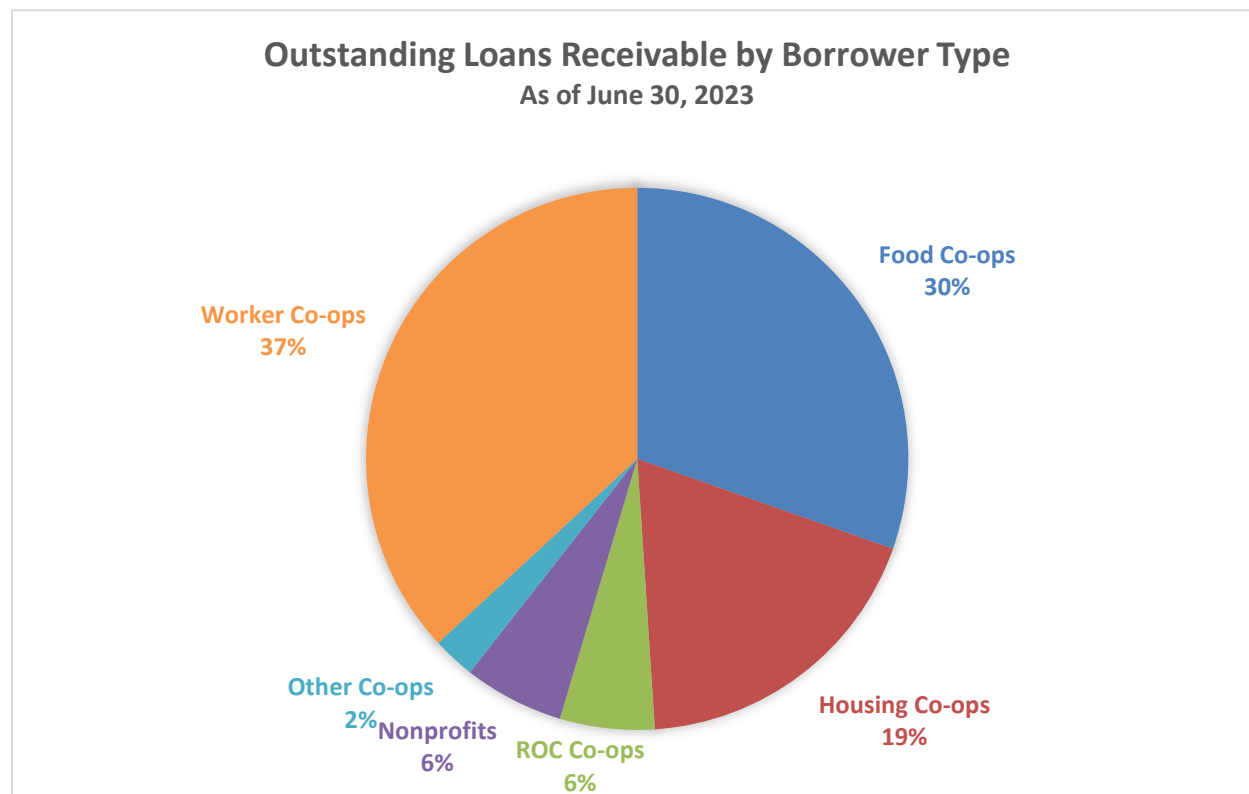
Institution	Line of Credit Amount	Maturity Date	Outstanding borrowing as of December 31,	
			2022	2021
TD Bank	\$ 500,000	July 31, 2023	\$ 500,000	\$ 0
National Cooperative Bank	\$ 750,000	November 1, 2023	\$ 750,000	\$ 0

Please see Note 13 to CFNE's Audited Financial Statements. As of December 31, 2022 and 2021, the interest rates for the TD Bank line of credit and the National Cooperative Bank line of credit were the Wall Street Journal's prime rate minus 0.75% and the 30-day average secured overnight financing rate plus 225 basis points, respectively.

In February 2023, CFNE entered into an agreement with National Cooperative Bank to expand its line of credit to \$2,500,000. The line of credit remains unsecured and the interest rate as of June 30, 2023 was approximately 7.03%. As of June 30, 2023, there were no outstanding borrowings under the National Cooperative Bank line of credit and no outstanding borrowings under the TD Bank line of credit. The TD Bank line of credit terminated at maturity on July 31, 2023.

## Outstanding Loans Receivable

CFNE's loans receivable are primarily to cooperatives, with a small portion of CFNE's loan portfolio representing loans to nonprofit organizations that are not cooperatives. A list of current borrowers as of June 30, 2023 is attached to this Prospectus as Appendix E. As of June 30, 2023, borrowers by type were as follows:



For further discussion of CFNE's loan policies, lending criteria, and outstanding loans, please see "Lending Activities" beginning on page 16, below, as well as Notes 6 and 7 to the Audited Financial Statements.

CFNE's loans receivable and equity-like investments are described as "program loans" in the Audited Financial Statements. As of December 31, 2022, outstanding loans receivable carried interest at rates between 3.0% and 7.0%. Interest rates charged by CFNE to borrowers are below or at market levels as of the date of the loan. Program loan activity\* for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Loans receivable – beginning of year	\$ 26,377,469	\$ 25,071,932
Loan funds advanced to borrowers	11,339,764	8,088,428
Interest capitalized**	72,631	28,226
	37,789,864	33,188,586
Loan principal repayments	(5,647,518)	(6,811,117)
Loans receivable – end of year	\$ 32,142,346	\$ 26,377,469

\* This table includes participation loans, as described in Note 7 to the Audited Financial Statements and under the heading "Lending Activities – Participation Loans," below. The balance of participation interests in CFNE loans owned by other lenders was \$1,527,989 and \$1,735,709 as of December 31, 2022 and 2021, respectively. These amounts are included in the table above.

\*\* Interest capitalized is the amount of unpaid interest that is added to the outstanding principal balance of the loan.

Scheduled principal repayments of loans receivable as of December 31, 2022 are as follows:\*

<u>Years ending December 31:</u>	
2023	\$ 2,729,115
2024	3,820,328
2025	2,744,003
2026	3,383,015
2027	6,340,423
Thereafter	13,125,462
	<u>\$ 32,142,346</u>

\* As discussed further under the heading “Lending Activities,” below, when originating a Term Loan to a borrower, CFNE and the borrower negotiate an amortization period that allows loan repayment amounts that are manageable for the borrower given its anticipated cash flow and financial needs. Although CFNE’s loans provide for a term not to exceed ten (10) years, scheduled repayments by borrowers often yield an amortization schedule that will take longer than the term of the loan to repay, resulting in a balloon payment at the end of the loan term. It is CFNE’s practice to refinance these loans upon maturity, rather than to call the balloon balance due. The scheduled principal repayments reflected in the table above represent the payments required under the terms of each loan, including the balloon payment that would be due upon the end of the loan term. CFNE anticipates refinancing most or all loans at this time, rather than receiving the balloon payment when due in accordance with the loan terms.

CFNE had no secured indebtedness as of June 30, 2023. However, the Finance Authority of Maine (FAME) retains a right to place a lien on CFNE’s interest in loans made using funds granted by FAME, as described under “Lending Activities – State Small Business Credit Initiative,” below. Please see Note 6 to CFNE’s Audited Financial Statements and the discussion under the heading “Lending Activities” beginning on page 16, below, for more information.

## **Lending Activities**

### **Loan Eligibility Standards and Priorities**

To be eligible for a loan, a prospective borrower must be an incorporated entity located in Massachusetts, Vermont, New Hampshire, Maine, Connecticut, Rhode Island or New York. CFNE policies require at least 70% of its total outstanding loans to be to borrowers determined by CFNE to be a “cooperative” by exhibiting all of the following characteristics:

- Its purpose is supportive of the common good;
- Its membership is open to persons who will use its services and accept its responsibilities;
- Its membership policies are not applied to discriminate in any arbitrary or prohibited manner;
- Its activities are broadly participatory by its members;
- Its governance is democratic or based on consensus;
- Its monetary return on invested capital is strictly limited; and
- Its earnings are either equitably used within the organization or distributed on the basis of patronage.

As a policy, CFNE may make up to 30% of its total outstanding loans to other 501(c)(3) charitable nonprofit organizations that do not meet the definition of “cooperative.” See “Financing and Operational Activities—Outstanding Loans Receivable,” beginning on page 15, above, for more information regarding CFNE’s outstanding loans by type of borrower.

Consistent with its goal to serve those facing significant barriers to accessing financial resources, CFNE gives priority, both in its review of loan applications and in provision of technical assistance, to cooperatives determined by CFNE to meet any of the following criteria:

- The cooperative serves an economically disadvantaged community and this community is reflected in its membership and patronage;
- More than half of cooperative members are low-income persons; or
- The cooperative is located in a census tract with a majority population of low-income persons.

CFNE has additional minimum eligibility standards and disqualifications based on the borrower's underlying purpose, activities and track record as an organization (or as a prior borrower of CFNE loan funds).

### **Standard Loan Products**

As of the date of this Prospectus, CFNE offers both **Term Loans** and **Lines of Credit**. Although the header above refers to these loans as CFNE's "standard" loan products, each loan that CFNE makes is subject to tailoring and negotiation to fit the needs of the specific borrower.

**Interest Rates.** Interest rates are fixed at closing for the duration of the loan. The interest rates offered to each borrower are determined during the underwriting process and are approved by the applicable approving body, but are generally based on a "standard" interest rate determined by the Board.

**Terms, Amortization Schedules and Refinancing.** There is significant variability in the terms and amortization periods of CFNE's outstanding loans, and CFNE makes exceptions to its standard loan policies upon consultation with and approval with the Loan Committee or Loan Committee Chair. When originating a loan to a borrower, CFNE and the borrower negotiate an amortization period that allows loan repayment amounts that are manageable for the borrower given its anticipated cash flow and financial needs. Term Loans generally provide for a nominal term not to exceed ten years, and may include "interest-only" payment periods of up to 36 months, may be structured with longer amortization periods that result in "balloon" payments at maturity, may vary in their repayment structure throughout the annual cycle based on the seasonality of the borrower's business. It is CFNE's practice to refinance Term Loans upon maturity, rather than to demand repayment of the loan's outstanding balance, which in many cases may be a "balloon" that comprises a large proportion of the principal amount of the loan. In considering this refinancing, it is CFNE's practice to conduct a full underwriting review of the loan in accordance with the lending policies applicable to new loans. Lines of Credit generally provide for terms of up to five (5) years but are regularly renewed for additional periods thereafter. These Lines of Credit may include an "interest-only" period until the credit commitment is exhausted (or in some cases, beyond such time), and CFNE may recalculate the amortization schedule after each advance made under the loan. Please see Note 6 to CFNE's Audited Financial Statements and the discussion under the heading "Financing and Operational Activities—Outstanding Loans Receivable," beginning on page 15, above, for more information.

**Fees and Costs.** Borrowers generally must pay a funding fee equal to one percent (1%) of the principal amount of the loan being funded. CFNE also charges an application fee, which may be waived in CFNE's discretion, and reserves the right to assess a late fee equal to three percent (3%) monthly on past due amounts. Borrowers are generally responsible for the costs of legal, recording, filing, appraisal and other fees associated with the loan processing and collateral perfection (which costs generally may be financed by the loan).

### **Certain Other Loan Programs**

CFNE continually seeks out opportunities to better serve its borrowers and their communities in furtherance of its charitable mission as a community development financial institution. In doing so, CFNE may offer additional loan products and equity-like investments of its own. CFNE also participates from time to time in certain federally and state-funded capital access programs, including the State Small Business Credit Initiative and the SBA Intermediary Lending Pilot (ILP) program.

Co-Op Launch Loans. In addition to the Term Loans and Lines of Credit, CFNE also offers a highly flexible loan called a “Launch Loan” to provide pre-development capital for startup and early stage cooperatives in historically marginalized communities. Launch Loans may be used by borrowers to finance soft costs such as feasibility analyses, market studies, skill development, labor expenses, and legal costs, as well as tangible property and equipment. Launch Loans generally have the features of Lines of Credit described above, but CFNE may replace monthly payments with milestone progress reporting during an initial grace period, offer partial loan forgiveness based on certain conditions, or offer lower interest rates than might otherwise be offered for a typical CFNE loan. Launch Loan volume in any given year may not exceed five percent (5%) of CFNE's total budget for loan advances.

State Small Business Credit Initiative. CFNE is a participant in the State Small Business Credit Initiative (SSBCI), reauthorized and expanded by the American Rescue Plan Act in 2021. Through SSBCI, states implement the program by funding small business through venture capital programs, loan participation programs, loan guarantee programs, collateral support programs, and capital access programs tailored to local market conditions. CFNE participates in the direct lending program of Maine's implementation of the SSBCI through Grow Maine administered by the Finance Authority of Maine (FAME). CFNE uses FAME grant funds to make loans to Maine small businesses, which are senior term facilities secured by a lien on all of the borrower's business assets. As of June 30, 2023, the outstanding balance of FAME grant funds held by CFNE totaled \$39,750. FAME retains the right to place a lien on CFNE's interest in the loans made using grant funds and the separate account(s) holding undeployed SSBCI loan funds and proceeds from repayment thereof.

SBA Intermediary Lending Pilot Program. CFNE is an authorized lender of the U.S. Small Business Administration (SBA) Intermediary Lending Pilot (ILP) program loans, which are loans of up to \$200,000 to startup, newly established, or growing small businesses. CFNE's loan from SBA, which had an outstanding balance of \$486,823 as of June 30, 2023, must be used to make ILP loans. The loan is unsecured and has a 20-year term and an interest rate of 1%, with the first payment deferred for two years. CFNE's ILP loans totaled \$486,607 as of June 30, 2023. CFNE's lending activities in connection with ILP loans are governed by federal regulations and program requirements.

“Equity-Like” Investments. From time to time, CFNE may also make equity-like investments, which are general unsecured debt obligations subordinate to the borrower's other creditors, with a below-market interest rate and indeterminate maturity. These investments do not include governance rights or voting control like traditional equity investments. Repayment obligations, meanwhile, are often conditioned on or triggered after a grace period and/or the borrower's achievement of certain milestones. Equity-like investments totaled \$200,000 as of December 31, 2022, and are included among “Program loans” on CFNE's financial statements.

### **Loan Participations**

From time to time, CFNE seeks additional participants in the loans it makes by selling participation interests to other lenders while retaining control. Under a loan participation arrangement, CFNE generally maintains all records, collects all payments, remits monthly the appropriate pro rata share of both interest and principal collected on these loans, and is the sole secured party with respect to any collateral (but must pay the participant's pro rata share of any proceeds upon liquidation of such collateral). The loan participant pays its pro rata percentage of CFNE's unreimbursed expenses in connection with collecting the loan and foreclosing on and liquidating the collateral, if necessary, but has no recourse against CFNE for failure of the underlying borrower to pay amounts due under the loan. The outstanding balance of participation interests in CFNE loans was \$1,527,989 and \$1,735,709 as of December 31, 2022 and 2021, respectively. See the Statement of Financial Position and Note 7 to the Audited Financial Statements for more information.

### **Lending Policies**

CFNE is a community development financial institution whose charitable mission is to provide loans, alternative financial services and related technical assistance to cooperative organizations. In furtherance

of that charitable purpose, CFNE commonly works with potential and existing borrowers to reach a mutually satisfactory financing solution. CFNE does not operate like a typical commercial lender and frequently acts in a more generous, understanding and flexible manner in its lending practices, including by making exceptions to its loan policies when circumstances warrant. This fundamental nature of CFNE entails certain risks to purchasers of the Notes; for more information, see “Risk Factors,” beginning on page 3, above.

General Guidelines. CFNE uses the following guidelines in evaluating and deciding upon loan requests include the following:

- The need for and importance of the services provided by the co-op;
- The viability of the organization;
- The commitment and support of its members;
- The skill and effectiveness of its management;
- The adequacy of its capitalization program;
- Its current and prospective financial condition;
- The adequacy of available collateral; and
- The ability of the co-op to repay the loan.

Collateral Qualifications. CFNE generally takes a first-position or second-position lien on the borrower’s assets that have a value greater than or equal to the amount of the loan (resulting in a loan to value or “LTV” ratio of 100% or less). Collateral values are based on the available evidence of value, which may include but not is limited to third party professional appraisals, and may be discounted, based on likely liquidation values, in the underwriting process. CFNE’s practice is to allow borrowers to use various assets as collateral, including mortgages or deeds of trust in favor of CFNE on real property; pledges of bank deposits, certificates of deposit, or Notes; liens on tangible property including equipment, furniture, fixtures and vehicles; security interests in inventory, accounts receivable and payment intangibles; and/or guaranty by a third party. CFNE may make exceptions for borrowers with strong cash flows to cover debt payments, a history of profitability, or in consideration of other factors at CFNE’s discretion. See “Financing and Operational Activities—Outstanding Loans Receivable,” beginning on page 15, above, for more information on CFNE’s outstanding loans and their underlying security.

Underwriting Requirements. CFNE generally requires applicant borrowers to submit a completed loan application, business plan, financial statements for the three most recent years (if applicable), a one-year projection of cash flows, and a market study (if available). After confirming that the application is complete, that the requested loan is consistent with CFNE’s current eligibility requirements and loan policies, and that there is sufficient funding to make the loan, CFNE’s practice is for a loan officer to conduct a site visit to meet with management, tour facilities and inspect potential collateral, and review the applicant’s business plan.

As noted under “Collateral Qualifications,” above, the amount of the loan generally must not exceed the value of the assets securing the loan’s repayment (i.e., the LTV ratio must be 100% or less). The LTV ratio may exceed 100% as an exception to CFNE’s lending policy with approval from the applicable approving body as discussed under “Approval Authority and Procedure,” below. Borrowers must also demonstrate an ability to repay the loan.

As a matter of policy, CFNE requires borrowers to obtain and maintain adequate insurance coverage for liability, hazard, contents and property, workers’ compensation, flood (if located in a flood plain), and business interruption insurance and if relevant key person insurance. CFNE is named as mortgagee or loss payee on the hazard policy, to the extent of its interest. The amount of hazard insurance must be equal to the replacement value of the collateral.

Approval Authority and Procedure. If the results of the underwriting and due diligence are acceptable to CFNE, the loan officer and Deputy Executive Director prepare a Credit Memo, which summarizes the requested loan, the project, the borrower’s governance documents, description of the collateral, and analysis of the finances, impact and risks of the project, and ultimately recommends the loan for approval.



Depending on the size of the loan, the Credit Memo and supporting documents are reviewed by the applicable approving body, as follows:

Loan Description	Approval Required
Loans up to \$250,000 (other than those that fall into another category below)	Executive Director and Deputy Executive Director responsible for lending
Loans up to \$250,000 that are not in compliance with CFNE lending policies	Executive Director, Deputy Executive Director, and Loan Committee
Loans up to \$250,000 that are loan products which CFNE has offered for 3 years or less	
Loans greater than \$250,000	
Loan modifications involving an extension of term up to one year or lowering of payments, where loan has not been previously modified	Executive Director
Loan advances on previously approved Lines of Credit, where the borrower is performing under the terms of the loan	Executive Director and Deputy Executive Director
Loan modifications other than first-time modifications involving the changes described above	Executive Director and Loan Committee Chair
Refinancing and/or extension of maturing loans where (1) the loan is currently amortizing and the refinancing continues (or shortens) the existing amortization schedule; (2) the proposed interest rate is consistent with CFNE's rates offered at that time; (3) the borrower has performed in accordance with the terms of the loan, (4) there is no known or suspected impairment of collateral, and (5) there is no known or suspected adverse change to the borrower's manner of business, assets, capital structure, or cooperative (or non-profit) status.	
Restructuring of a loan involving significant changes in the terms or commitment of additional loan funds, or a refinancing/extension that does not meet all conditions above.	Applicable approving body based on size and type of loan under the categories above.

The Loan Committee is comprised of the Executive Director, the Deputy Executive Director responsible for lending, and no fewer than four other members. At least 60% of the Loan Committee and the Loan Committee Chair must be members of the Board of Trustees. The Loan Committee Chair is appointed by the Board of Trustees.

Loan Closing. After CFNE has approved a loan, CFNE personnel discuss with and issue to the borrower a commitment letter, summarizing the approved terms and conditions and stating that the loan remains conditional until all conditions are met at or prior to the closing. Loan documentation is prepared in accordance with the lending industry standards as the terms and conditions of the commitment letter and underlying property may require. At the closing, which takes place remotely, the appropriate security documents are filed with the applicable agencies, depending on the collateral, and the loan funds are disbursed by ACH or wire transfer. If not all of the conditions to closing are met, the Executive Director has discretion to postpone the closing date up to six (6) months, after which the loan must be resubmitted to the applicable approving body after satisfaction of the conditions.

**Loan Monitoring.** Monitoring of CFNE's borrowers is critical to both protecting CFNE's financial interests and assisting the borrower to successfully grow its organization and manage its assets. CFNE maintains a file on each loan, monitors the borrower's performance and follows up to communicate with the borrower regarding any deficiencies identified in the borrower's periodic disclosures (whether in the receipt of required financial statements and reports or in the underlying substance of what those disclosures show), follows up with borrowers as necessary. CFNE reviews loans periodically and updates the loan's risk rating as appropriate. See also "Allowance for Loan Losses" below for more information regarding the risk rating review. At each meeting of the Board of Trustees, the Executive Director presents to the Board a summary of outstanding loans, commitments, allowance for loan losses, payment status and delinquency matters, and changes to risk ratings, as well as a summary of CFNE's capitalization. See "Loan Delinquencies" below for more information regarding CFNE policies in the case of past due payments.

**Refinancing.** As described above, CFNE's practice is to refinance loans at maturity, rather than demand repayment of the outstanding principal amount, which is typically a substantial proportion of the principal amount.

### **Material Loans Made to a Single Borrower**

CFNE has a policy that no single borrower or project comprise more than five percent (5%) of the sum of CFNE's liabilities for borrowed money and its net assets restricted or designated for lending. As of June 30, 2023, no single borrower or project exceeded 4.94% of CFNE's outstanding loan portfolio. As a policy, CFNE generally does not lend more than \$2,000,000 to a single borrower and, as of June 30, 2023, had no such borrowers. CFNE may seek other lenders as participants to reduce CFNE's exposure to such large loans.

### **Allowance for Loan Losses**

CFNE determines the allowance for loan losses based on historical experience and management's analysis of each individual loan. Three times per year, CFNE reviews each loan and assigns it a risk rating, on which the allowance for loan losses attributable to that loan is based. Loans with an allowance for loan losses of at least 10% are reviewed monthly. The following table summarizes CFNE's risk rating system and corresponding allowance for loan losses.

Risk Rating Level	Description	Allowance for Loan Losses
1 – Performing	Pays as agreed; financial statements and other disclosures are received on time; company is profitable	1% of outstanding loan amount
2 – Substandard	Payments may be fifteen (15) days late; disclosures provided late; company is losing money or has less than 5% reserves annually; management is weak.	2% of outstanding loan amount
3 – Watch	Lack of current information; payments are thirty (30) days late or more; company incurs losses of 5% of revenue or more; management is having problems.	3% of outstanding loan amount
4 – Intervention Needed	Lack of current information; prior information shows losses and management issues; collateral value is less than principal balance; there are losses of more than 5% annually with no plan for recovery; rapid deterioration of management effectiveness.	4% to 50% of outstanding loan amount

5 – Doubtful	There is little to no hope of repayment or recovery at this point.	50% to 100% of outstanding loan amount, based on collateral value
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Loan losses are charged against the allowance when management believes a loan is uncollectible. Subsequent recoveries, if any, are credited to the allowance. CFNE sustained no loan charge-offs during the years ending December 31, 2022, 2021, and 2020. The following is a summary of the allowance for loan losses for the two most recently ended fiscal years:

	2022	2021
Beginning balance	\$ 1,915,000	\$ 1,680,000
Current year's provision	315,116	235,000
Ending balance	<u>\$ 2,230,116</u>	<u>\$ 1,915,000</u>

See Note 6 to the Audited Financial Statements for more information.

### **Loan Delinquencies**

Beginning ten (10) days after a borrower misses a repayment obligation, CFNE begins taking responsive measures by communicating with the borrower about the reason for nonpayment and a commitment for future payment, and by deciding whether to impose a late fee. When thirty (30) days since the due date have passed, CFNE mails a written notice of the delinquent payment and begins reviewing the loan file in preparation for further exercise of CFNE's rights and remedies.

When a borrower is ninety (90) days or more past due in a repayment obligation, CFNE places the loan on non-accrual status, adjusts the risk rating of the borrower's loan(s) and adjusts the allowance for loan losses accordingly. The Loan Committee determines, with management's report and recommendation, whether additional actions will be taken, including issuing a notice of default, notifying guarantors, inspecting the borrower's operations or books and records, referring the borrower for additional technical assistance, restructuring the loan, and/or sending a collection letter from counsel.

When one-hundred twenty (120) days have passed, CFNE considers its strategy for collection of unpaid amounts, liquidation of collateral, and/or potential foreclosure of the loan. Foreclosure is generally viewed as a last resort, and may take place only with the approval of the Loan Committee Chair.

As of and for the period ending December 31, 2022, CFNE had no foreclosures nor held any deeds in lieu of foreclosure, nor any loans modified in troubled debt restructurings. As of June 30, 2023, CFNE had two (2) loans totaling approximately \$718,670 in outstanding principal amount for which CFNE has agreed to defer payments for a period of six (6) months or less (while continuing to accrue interest).

## **Investing Activities**

### **Investment Policy**

CFNE invests cash in individual certificates of deposit, treasury instruments, and government agency notes. Any securities with maturities greater than ninety (90) days are recorded as investments. CFNE's policy is to hold investments to maturity.

The objectives of the CFNE Investment Policy are to: (i) preserve capital for CFNE's lending activities; (ii) maintain liquidity; (iii) obtain an adequate rate of return; and (iv) fulfill CFNE's mission.

CFNE has policies to (i) maintain liquid assets that are available overnight in an amount greater than or equal to three (3) months of expenses; and (ii) invest an amount less than or equal to fifteen percent (15%) of CFNE's total net assets in uninsured, non-Treasury accounts.

Generally, undeployed funds to be used in CFNE lending activities are invested in short-term and/or liquid investments including federally-insured, interest-earning deposit account(s), money market funds, securities issued or guaranteed by the U.S. government, board-approved CDFIs, and reverse repurchase agreements composed of US Treasury or Agency Securities. CFNE seeks the highest rate of return feasible while preserving sufficient liquidity to meet expected funding requirements over the next twelve months. CFNE has a policy that funds invested in banks/credit unions over the federally insured limit are deposited at an institution with at least four stars in its most recent “star rating” from Bauer Financial.

### **Cash Deposits and Investments**

As of December 31, 2022 and 2021, CFNE held \$3,964,041 and \$5,271,501, respectively, in cash held in checking, savings, and money market accounts from which immediate withdrawals could be made.

A significant portion of CFNE's investments are held in certificates of deposit, which CFNE carries at par value as it is CFNE's policy to hold CDs to maturity. Maturity dates for certificates of deposit held as of December 31, 2022 and 2021 range from January 2022 to March 2027. The aggregate balances of these certificates of deposit were as follows:

Certificates of Deposit held as of:	Historical Cost	Fair Value
December 31, 2022	\$ 15,503,694	\$ 14,534,440
December 31, 2021	\$ 15,760,456	\$ 15,701,965

As of June 30, 2023, the historical cost of CFNE's CDs was \$7,008,966 and the fair value was \$6,671,452. Please see Note 4 to CFNE's Audited Financial Statements for more information concerning these investments.

CFNE's cash deposits and investments, primarily consisting of certificates of deposit (CDs), may subject CFNE to concentration of credit risk. As of December 31, 2022, a significant portion (81%) of the funds deposited in CFNE's checking, savings, and money market accounts consisted of a portfolio of CDs, U.S. Treasuries, and fixed-income securities managed by a single broker-dealer. Similarly, a significant portion of the funds invested in certificates of deposit as of December 31, 2022 (over 99% when measured at historical cost or fair value) were federally-insured CDs brokered by one financial institution, although these CDs were issued by separate financial institutions. As of December 31, 2022, all CDs held by CFNE were federally insured. However, if deposits or CDs were to exceed federally insured levels, a temporary or permanent inability of one or more financial institutions holding CFNE's cash deposits or CDs to repay customer deposits could adversely impact CFNE's liquidity, its ability to make loans, its ability to repay Notes as they come due, and/or CFNE's overall financial position. As of the date of this Prospectus, CFNE has not experienced any losses in its deposit accounts or certificates of deposit, and CFNE's management does not believe that CFNE is exposed to significant risk of such losses. See the risk factor entitled “CFNE's cash deposits and investments subject the organization to concentration of credit risk”, beginning at page 8, above.

### **Selected Financial Data**

The table below sets forth select financial information as of and for the five most recently completed fiscal years. This information is based on CFNE's historical financial statements and should be read in conjunction with the unaudited interim financial statements attached to this Prospectus as Appendix A and the Audited Financial Statements attached as Appendix B.

	As of and for the year ended December 31,				
	2022	2021	2020	2019	2018
Cash and Cash Equivalents	\$ 3,964,041	5,271,501	7,301,327	1,202,114	1,648,766
Program Loans Receivable*	\$ 30,614,357	24,641,760	24,043,478	25,090,963	21,715,247
Program Loans Receivable, Net**	\$ 28,384,241	22,726,760	22,363,478	23,499,205	20,954,274
Unsecured Loans Receivable <sup>±</sup>	\$ 700,000	500,000	500,000	500,000	500,000
% Unsecured Loans Receivable <sup>±</sup>	2.0%	2.0%	2.0%	2.0%	2.0%

	As of and for the year ended December 31,				
	2022	2021	2020	2019	2018
90-day Delinquency Rate <sup>±</sup>	0%	0%	0%	0%	0%
Total Assets	\$ 47,930,923	43,843,231	35,734,233	31,650,581	30,287,485
Notes Payable***	\$ 27,480,916	25,410,586	19,676,667	16,440,783	14,873,467
Notes Redeemed***	\$ (2,462,821)	(769,371)	(714,269)	(638,005)	(1,218,465)
Other Borrowings***	\$ 5,552,709	5,119,182	5,171,078	4,872,510	5,176,303
Net Assets	\$ 12,770,854	10,668,771	10,475,717	10,091,826	9,908,168
Change in Net Assets	\$ 2,102,083	193,054	383,891	183,658	1,494,743

\* Program Loans Receivable reflects the outstanding balance of program loans, less the outstanding balance of loan participations.

\*\* Program Loans Receivable, Net reflects the Program Loans Receivable, less CFNE's allowance for loan losses.

± Unaudited data that is not derived from the Audited Financial Statements.

\*\*\* The Notes are generally referred to as the "Social Investment Loans" in CFNE's Audited Financial Statements. However, Social Investment Loans Payable, as reported in the Audited Financial Statements, includes both the Notes payable and other borrowings, including from the U.S. Small Business Administration, U.S. Department of Treasury CDFI Fund, foundations, institutional lenders and religious institutions. See "Financing and Operational Activities" beginning on page 12 and Note 8 to the Audited Financial Statements. The amount reflected as "Social Investment Loans Redeemed" refers only to redemptions of Notes during the relevant period.

## Description of the Notes

### **General Information**

The Notes are debt obligations of CFNE. Investment in the Notes enables CFNE to engage in its mission-driven lending and investment activities as described in this Prospectus. CFNE pays interest on the Notes as described below. Demand Notes are payable on demand, while Term Notes have a fixed maturity date, subject to automatic reinvestment where permitted and the investor has elected.

The description of the Notes set forth below and elsewhere in this Prospectus describes the terms of Notes issued from and after the date of this Prospectus. Social Investment Notes issued prior to the date of this Prospectus may have slightly different terms from those offered pursuant to this Prospectus. However, since these older Social Investment Notes are very similar to the Notes, this Prospectus discloses both the Social Investment Notes issued prior to the date of this Prospectus and the Notes when discussing the balance of outstanding Notes as of particular dates (including, without limitation, under the heading Financing and Operational Activities, above). The terms of each Social Investment Note issued prior to the date of this Prospectus are as set forth in the relevant Note.

### **Who Can Invest?**

CFNE markets the Notes to individuals and entities located in states where the Notes are registered or exempt from registration requirements.

### **Minimum Investment Amount**

The minimum investment amount for the Notes is \$1,000.

### **How to Invest**

After receipt and review of this Prospectus and the current Interest Rate Sheet, which can be obtained by calling CFNE at (800) 818-7833 or visiting CFNE's website at [www.cooperativefund.org](http://www.cooperativefund.org), individuals and organizations located in states where the Notes are offered may invest in the Notes by completing and signing a Subscription Agreement and submitting it to CFNE with a check payable to "Cooperative Fund of the Northeast, Inc.," wire transfer, or ACH payment. The Notes are sold at face value (initial principal amount) without discount. The current Subscription Agreement as of the date of this Prospectus is attached to this Prospectus as Appendix C, and CFNE will maintain a current version of the Subscription Agreement

on its website at [www.cooperativefund.org](http://www.cooperativefund.org). Investors may also contact CFNE at (800) 818-7833 to request the Subscription Agreement.

CFNE may reject a Subscription Agreement in its sole discretion. If CFNE confirms the investor's eligibility to invest, receives the investment and decides to accept the Subscription Agreement, then CFNE will issue to the investor a written registration confirmation acknowledging receipt of the investment and issuance of the Note. The Notes are issued as uncertificated securities to be held and recorded in CFNE's book-entry system. After purchase of any Note, the investor will not receive a physical Note but will receive a registration confirmation acknowledging payment for the Note. CFNE will issue a physical Note to any investor upon request at the time of issuance. Any investor whose Note is certificated must surrender the physical Note at maturity.

### **Interest Accrual and Payment**

Interest on all Notes accrues daily (based on a 360-day year), beginning on the Note's issuance date set forth on the executed Note, if the Note is certificated, or as set forth on the confirmation of issuance sent to the investor, if the Note is uncertificated. Interest will not accrue on any Note during the period between CFNE's receipt of funds and the issuance date of the Note.

Investors elect to either (i) receive annual interest payments on the anniversary of the issuance date, or (ii) have accrued interest reinvested into the Note's principal, in which case the interest will be compounded on the anniversary of the issuance date.

### **Demand Notes**

Payable on Demand. Demand Notes are payable upon thirty (30) days' advance written request by the investor, in whole or in part, subject to the repayment limitations set forth below. Demand Notes purchased before October 23, 2023 are payable upon demand.

Variable Interest Rate. The initial interest rate applicable to new Demand Notes is set forth on the Interest Rate Sheet that is current at the time of investment and is subject to adjustment by CFNE from time to time upon thirty (30) days' notice. When submitting a Subscription Agreement, an investor may elect to receive 0% interest in lieu of the variable interest rate offered for Demand Notes.

Demand Note Limits. Demand Notes may not be purchased in amounts that would result in an investor holding Demand Notes in excess of the maximum principal amount per investor, if any, specified on the Interest Rate Sheet at the time of purchase. By way of example, if the maximum Demand Note amount specified on the applicable Interest Rate Sheet is \$100,000, then (i) an investor who does not hold any Demand Notes may purchase a Demand Note with a principal amount up to \$100,000 and (ii) an investor who already holds Demand Notes with an aggregate principal amount of \$60,000 may purchase an additional Demand Note with a principal amount up to \$40,000.

Repayment Limitations. In its discretion, CFNE may limit repayment to any Demand Note holder to \$50,000 in principal repayments in any thirty (30) day period.

### **Term Notes**

Terms to Maturity. CFNE may offer the Term Notes for various terms of one (1) year or longer in duration. The maturity terms offered by CFNE from time to time, and the applicable rates of interest with respect to each, are as set forth in the Interest Rate Sheet that is current as of the time of investment. The current Interest Rate Sheet can be obtained by calling CFNE at (800) 818-7833 or visiting CFNE's website at [www.cooperativefund.org](http://www.cooperativefund.org).

Fixed Interest Rates. Interest rates are fixed for the term of each Term Note, as set forth on the Interest Rate Sheet that is current as of the time of investment. When submitting a Subscription Agreement, an

investor may elect to receive 0% interest or another interest rate that is less than the rate offered for Term Notes at the time to purchase.

**No Additions to Principal.** Investors may not add principal to a Term Note purchased on or after October 23, 2023.

**Options at Maturity.** Except in some states, investors may elect to have maturing Term Notes automatically reinvested in a Term Note of like term (or, if such term to maturity is not offered on the Notes at the time of reinvestment, the Term Note closest in duration to the maturing Note), or in any other Term Note as the investor directs. Accrued but unpaid interest on the maturing Term Note will be paid to the investor or invested into the principal of the newly issued Term Note, in accordance with the investor's election with respect to accrued interest during the term of the Note. You may notify CFNE of your election with respect to your maturing Term Note either on your completed Subscription Agreement or by giving written notice of your election anytime thereafter (up to thirty (30) days prior to the maturity date).

For (i) investors in certain states as set forth under "State-Specific Information" who do not give timely written instructions to the contrary, (ii) investors who do not elect to have the maturing Term Note automatically reinvested in a Term Note of like Term, and (iii) all Term Notes purchased prior to October 23, 2023 where CFNE has not received written instructions from the investor as to reinvestment or repayment of the proceeds of the Term Note at maturity, CFNE will repay the outstanding principal and any accrued but unpaid interest at maturity.

**No Right to Early Redemption.** Investors do not have any right to redeem a Term Note before its maturity date. In the event that CFNE elects to allow an investor to redeem a Term Note prior to maturity, CFNE reserves the right to charge an early redemption fee equal to four months' interest (at the Note's applicable interest rate) on the principal being redeemed, or all interest accrued on the Note if the Note has been issued for less than four (4) months. CFNE, in its discretion, may redeem any Note upon thirty (30) days' notice to the investor (see "CFNE Rights," below).

### **Non-Transferrable; No Secondary Market**

The Notes may not be transferred, unless CFNE gives its prior consent, which CFNE may grant or withhold in its sole discretion, and only if such transfer complies with applicable securities laws and the transferee is an eligible investor. The Notes may not be pledged or otherwise used as collateral to secure any obligations. There is not a secondary trading market for the Notes and CFNE does not expect such a market to develop. Accordingly, investors should expect to hold their Notes until maturity. CFNE does not offer transfer on death (TOD) or payable on death (POD) designations for the Notes.

### **CFNE Rights**

CFNE reserves the right to accept or reject each Subscription Agreement in its sole and absolute discretion, with or without explanation. CFNE will not accept a Subscription Agreement or payment for Notes from an investor that is not located in a state in which the Notes are registered or exempt from registration.

CFNE reserves the right to suspend the offering of Notes from time to time.

In its discretion, CFNE may redeem or "call" any Note prior to its maturity date, without premium or penalty, by giving the investor thirty (30) days' written notice and paying the outstanding principal and any accrued unpaid interest through the date of redemption.

### **Events of Default**

For Notes purchased on or after October 23, 2023, except in certain states under specific circumstances, nonpayment of principal or interest on a Note when due will constitute a default by CFNE, but only as to that Note. Further, in the event of a default in the payment of interest only, a Note holder has no right to

accelerate payment of the principal amount of the Note. Note holders will have to assert individual legal remedies to seek payment of the Notes in the event of a default.

### **Additional Securities**

CFNE reserves the right to issue other securities that may have different terms and conditions concurrently with or following its offering of the Notes. Other securities offered by CFNE may have rights that are senior to the Notes, different information rights with respect to CFNE's activities and/or financial performance, and/or bear interest at a higher rate than the Notes.

### **Unsecured Obligations; Seniority**

The Notes are unsecured obligations of CFNE. CFNE may incur secured indebtedness senior to the Notes in its discretion. As of June 30, 2023, CFNE did not have any secured indebtedness senior to the Notes, although the Finance Authority of Maine (FAME) retains the right to place a lien on CFNE's interest in loans made using FAME grant funds, as described under "Lending Activities – Certain Other Loan Programs – State Small Business Credit Initiative" above. If CFNE incurs additional debt obligations that are secured by collateral, then that secured debt would be senior in priority to the Notes with respect to the collateral securing it.

## **Plan of Distribution**

CFNE is offering the Notes in an amount not to exceed \$55,000,000 aggregate principal amount outstanding pursuant to this Prospectus. CFNE expects to conduct the offering of the Notes on a continuous basis, with no determined end date for the offering. No minimum amount of Notes must be sold in order for CFNE to accept offers to purchase the Notes.

This Prospectus is available online at [www.cooperativefund.org](http://www.cooperativefund.org), and CFNE will post the current Interest Rate Sheet online to the same website. With the exception of the Interest Rate Sheet, information included on CFNE's website is not a part of, nor is it incorporated by reference into, this Prospectus.

CFNE may advertise the Notes for sale, and currently expects to advertise the Notes on its website, in social media posts, by mailings to current and former investors, by hard copy or electronic mailings to CFNE donors and supporters or other CFNE stakeholders, and to those persons attending conferences or trade shows relating to CDFIs, impact investing or other socially responsible investing, or cooperatively owned associations.

CFNE anticipates that distribution efforts will be undertaken entirely by its officers or employees, none of whom receive a commission or any compensation associated with sale of the Notes other than reasonable compensation for performing their regular duties to the organization. Compensation to an employee will not be based on the volume or principal amount of Notes sold by that employee. CFNE does not engage or compensate any underwriters, selling agents, or brokers in connection with the sale of the Notes.

The Notes are not available for sale in all states. CFNE has either registered the Notes for sale or is relying on exemption from registration requirements in those jurisdictions in which it offers the Notes for sale. Certain of CFNE's employees are authorized to disseminate information about CFNE and the Notes and are registered or relying on an exemption from broker-dealer and agent registration requirements in those jurisdictions in which CFNE offers the Notes for sale.

An individual or entity may invest in the Notes by completing and signing a Subscription Agreement and submitting it to CFNE, together with payment equal to the face value of the Note in the form of check, wire transfer, or ACH transfer. The current form of Subscription Agreement as of the date of this Prospectus is attached to this Prospectus as Appendix C, and CFNE makes the Subscription Agreement available on its website at [www.cooperativefund.org](http://www.cooperativefund.org). CFNE reserves the right to suspend the offering of Notes from time to time and to accept or reject each Subscription Agreement in its sole and absolute discretion, and will not



accept a Subscription Agreement or payment for Notes from an investor that is not located in a state in which the Notes are registered or exempt from registration.

## **Tax Aspects**

By purchasing a Note, an investor may be subject to certain income tax provisions of the Code. Some of the significant federal income tax consequences of purchasing a Certificate include the following.

Although CFNE is a Code Section 501(c)(3) organization, investors in the Notes will not be entitled to a charitable deduction for this investment. Any interest on the Notes will be taxed as ordinary income in the year it is reinvested or is paid to the Noteholder. A Noteholder will not be taxed on the return of any principal amount of the Note or on the payment of interest that was previously taxed.

In addition, if a Noteholder (or a Noteholder and spouse together) have invested or loaned more than \$250,000 in the aggregate with or to CFNE, the Noteholder may be deemed to receive additional taxable interest under Code Section 7872 if the interest paid or accrued is below the applicable federal rate. In that situation, the Internal Revenue Service may impute income up to the applicable federal rate. If a prospective investor believes this applies, for further clarification, the investor should consult with their tax advisor.

CFNE will provide to each Noteholder a Federal Income Tax Form 1099-INT or the comparable form after the end of each calendar year indicating the interest earned on their Notes during the previous year.

Backup withholding of U.S. federal income tax, currently at a rate of twenty-four percent (24%), may apply to certain payments made to a Noteholder if:

- The Noteholder fails to provide an accurate taxpayer identification number;
- CFNE is notified by the IRS that backup withholding is required; or
- in certain circumstances, the investor fails to comply with applicable certification requirements.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against the Noteholder's U.S. federal income tax liability and may entitle the Noteholder to a refund, provided that certain required information is timely furnished to the IRS. Prospective investors should consult their own legal counsel or tax preparer regarding the backup withholding tax rules and all tax circumstances that may apply to them, having regard to their particular circumstances.

If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the Code, the United States Treasury regulations promulgated under the Code, and administrative interpretations and court decisions existing as of the date of this Prospectus. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment in the Notes after the date of this Prospectus.

In addition, this summary does not address every aspect of tax law that may be significant to an investor's particular circumstances. For instance, it does not address special rules that may apply if an investor is a financial institution or tax-exempt organization, or if an investor is not a citizen or resident of the United States. It also does not address Notes purchased through an IRA, SEP, 403(b) plan, or other retirement or benefit plan. Nor does it address any aspect of foreign, state or local tax law that may apply to a particular investor. Therefore, each prospective investor should consult with their own tax advisor to determine the federal, state, local, or foreign income or other tax consequences of an investment in the Notes.

## **Governance and Personnel**

CFNE is governed and managed by trustees and staff experienced in co-op finance and development. Most of CFNE's trustees and key personnel have backgrounds in cooperatives, community development, and/or

nonprofit management and governance. As of the date of this Prospectus, most members of the Board of Trustees and all of CFNE's key personnel live within CFNE's service area.

### **Board of Trustees**

CFNE's Board of Trustees is responsible for oversight of the day-to-day management of CFNE, as well as overall policy and direction of the organization. The Board of Trustees must consist of no fewer than five (5) trustees per CFNE's Bylaws, and currently consists of twelve (12) trustees. The existing Board of Trustees elects trustees to serve on the Board for staggered three-year terms, and any vacancies are to be filled by the remaining members of the Board of Trustees. A member of the Board of Trustees may serve no longer than nine (9) consecutive years (unless the Board unanimously determines that the needs of the organization outweigh the value of the term limit), but may be re-elected to serve on the Board of Trustees after an absence of at least one year. CFNE's Bylaws require trustees to be residents of the various states and regions where CFNE is active, to the extent possible. Current trustees and their terms of office (expiring at the annual meeting of CFNE in the year indicated below) are as follows:

Name and Location	Occupation/Title	Education	Term Expires
<b>Bonnie Hudspeth</b> Board President Putney, VT	Freelance leadership systems development consultant Formerly leader of Co-operative Development for Neighboring Food Co-Operative Association (NCFA)	B.A., Environmental Studies, University of Vermont M.S., Environmental Duties, Antioch University New England	2025
<b>Kimberly Lyle</b> Board Vice President Boston, MA	Chief Executive Officer, Dorchester Bay Economic Development Corporation	B.A., Philosophy, Rutgers University M.P.P., Tufts University	2029
<b>Matt Feinstein</b> Board Clerk Grafton, MA	Co-Op Clinic Program Manager, U.S. Federation of Worker Cooperatives Co-Director, Global Village Farms Co-Founder, Stone Soup Community Center	B.A., International Development, Community and Environment, Clark University	2023
<b>Andrew Danforth</b> Board Treasurer Attleboro, MA	Co-Managing Director, Circinius Group	B.S.B.A., Accounting, University of Rhode Island	2024
<b>Clark Arrington</b> Wyncote, PA	General Counsel, Obran Cooperative	B.A., Sociology, Pennsylvania State University J.D., University of Notre Dame Law School	2026
<b>Alfred 'Duke' Bouchard</b> Albany, NY	Chief Financial Officer, River Valley Food Cooperative	B.S., Finance, Siena College	2025
<b>Amethyst Carey</b> Philadelphia, PA	Co-Op Developer and Seed Commons Program Lead, Philadelphia Area Cooperative Alliance (PACA)	B.A., Oberlin College	2029
<b>Susan Ellis</b> Spruce Head, ME	Retired Former consultant providing accounting and management services to small businesses Former President and Owner, Coastal Documentation	B.A., English and Technical Theater, St. Lawrence University	2023

Name and Location	Occupation/Title	Education	Term Expires
<b>Jonah Fertig-Burd</b> Durham, ME	Community Partner, Elmina B. Sewall Foundation Worker-Owner and General Manager, Celebration Tree Farm and Wellness Center	B.A., Art & Cultural Studies, New York University	2027
<b>Jon Reske</b> West Springfield, MA	Retired Former Vice President of Marketing, UMass Five College Federal Credit Union	B.S.B.A., Business, American International College M.B.A., Wake Forest University	2024
<b>Daniel Ross</b> Holyoke, MA	CEO, Principal, and Founder, DAISA Enterprises, LLC	B.A., Politics, Oberlin College M.B.A., MIT Sloan School of Management	2024
<b>Marilyn Scholl</b> Putney, VT	Retired Former Manager, Columinate Co-Op (fka CDS Consulting Co-Op) Former consultant to food co-ops, specializing in corporate governance	B.A., General Studies, University of Wisconsin - Milwaukee M.S., Continuing Adult and Vocational Education, University of Wisconsin - Madison	2023

Committees of the Board of Trustees include an Executive Committee, a Governance Committee, a Loan Committee, a Development Committee, and a Racial Equity Committee. Committee members and chairpersons are appointed annually by the Board of Trustees. Each committee's purpose and governance is addressed in a committee charter approved by the Board of Trustees.

### **Key Personnel**

CFNE's mailing address is P.O. Box 970, Watertown, Massachusetts 04271 and its telephone number is (800) 818-7833. CFNE does not have a physical office location, as all of its personnel work remotely. Key personnel include the following individuals:

**Micha Josephy, Executive Director**, Boston, Massachusetts. As Executive Director, Micha leads CFNE's executive team and oversees the day-to-day operations execution of the mission and vision of the organization. Micha was appointed to serve as Executive Director in 2019 after nine years as CFNE's Program Manager. In that role, he oversaw investor and funder relations as well as compliance reporting, marketing, and new program development, including its healthy food access project. Micha first joined the co-op movement as an Oberlin Student Cooperative Association member and later coordinated the development of Boston Community Cooperatives' first housing co-op. He began his career in community development finance as a portfolio assistant with the Community Economic Development Assistance Corporation. Just before joining CFNE in 2010, Micha managed the U.S. embassy's commissary in Lusaka, Zambia. He has a background in nonprofit financial management and community organizing, and holds a B.A. in environmental studies from Oberlin College and an M.S. in community economic development from Southern New Hampshire University.

**Dorian Gregory, Deputy Executive Director**, Northampton, Massachusetts. As Deputy Executive Director, Dorian partners with the Executive Director to achieve CFNE's mission and vision, supports finance and administration, and directs CFNE's lending activities. Dorian joined CFNE in 2014 as a loan and outreach officer. A CPA with almost 20 years in public accounting, including as a senior manager with PricewaterhouseCoopers, LLP, she provided finance, audit, governance, and business advisory services to a variety of companies in a diverse group of industries that

included higher education and health services, manufacturing, transportation, and technology. Her lifelong dedication to social and economic justice has driven her work on environmental and renewable energy campaigns, community organizing with a low-income and poor peoples' rights organization, and as a battered women's shelter hotline volunteer and board member. Dorian obtained a B.A. in Mathematics and Philosophy from George Mason University, her M.A. in Philosophy from SUNY at Stony Brook, and completed concentrated accounting studies at the UMass-Amherst Isenberg School of Management.

**Steve Borla, Director of Finance and Administration**, East Hartford, Connecticut. Steve joined CFNE in April 2023. As Director of Finance and Administration, he is responsible for providing finance and administrative leadership to support CFNE's growth. Steve has a background in nonprofit management and organizing for racial and economic justice. Prior to joining CFNE, he served 14 years at the Hartford Community Loan Fund in various capacities, including 9 years as Chief Operations Officer. He earned a B.A. in Philosophy from Fairfield University and has participated in the Opportunity Finance Network's leadership program.

**Liska Wilson, Communications Director**, Albany, New York. Liska joined CFNE in November 2022. In her role as Communications Director, she manages CFNE's communications strategy, marketing, and branding. She is a seasoned communications professional with expertise in entrepreneurship, brand development, and community building. Liska founded She's a Boss, a non-profit that supports the career and business development of Black and Brown women. She has worked as a consultant on Diversity, Equity, and Inclusion Communications; as a co-owner of Busy Day, offering business services; and as a free-lance marketing consultant and brand coach. with a degree in Marketing and Management. She earned a B.S. in Marketing and Management from Siena College.

**Carolyn Edsell-Vetter, Program Manager**, Medford, Massachusetts. As Program Manager since March 2019, Carolyn's role is to oversee and continuously strengthen CFNE's training and technical assistance program, deepen community partnerships, and support new immigrant applicants and borrowers. She previously led the conversion of A Yard & A Half Landscaping (AYAH) to a worker co-op, and currently serves on the Board of the Co-Op Development Institute, which has deepened her understanding of the co-op development process. At AYAH, Carolyn used her bilingual Spanish-English skills to design and implement bilingual trainings for prospective worker-owners about cooperative principles, finance, and governance. She holds a Masters of Divinity from Harvard University and a B.A. in Religious Studies from Cornell University.

**Josie Shagwert, Administrative Manager**, Providence, Rhode Island. Josie joined CFNE as Administrative Manager in February 2020. In this role, she supports CFNE's investor administration and management, fundraising, human resources, and operations. For over 20 years, Josie has specialized in strengthening the operational and financial capacity of organizations with a social, economic, or racial justice mission. Her previous roles include Director of Development for an environmental justice organization in Worcester, MA, and Executive Director for a worker and immigrant justice organization in Central Falls, RI. In 2019, she returned to the U.S. after five years in the Middle East serving as Director of Development for a Syrian-led peacebuilding, human rights, and women's empowerment organization. Josie holds a B.A. in Geography and an M.A. in International Development, Community, and Environment, both from Clark University.

## **Remuneration**

CFNE's Board of Trustees generally serve on a volunteer basis, except that it is CFNE's practice to pay a stipend of \$5,000 per year to the Loan Committee Chair and to the President of the Board of Trustees. In addition, CFNE may reimburse Board of Trustees members for reasonable actual expenses incurred in attending meetings. In the fiscal year ended December 31, 2022, CFNE paid the following amounts to its senior leadership team members, consisting of the Executive Director and four individuals who report to the Executive Director (including one employee who started working for CFNE in November 2022):

<b>Salaries</b>	<b>Health and Other Insurance</b>	<b>Contributions to Retirement Plan</b>
\$458,798.96	\$681.96	\$12,715.21

### **Conflicts of Interest**

CFNE's Bylaws and its Code of Conduct provide that each member of the Board of Trustees has an affirmative obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board of Trustees or any committee. Any member having such an interest may not participate in a decision regarding the matter unless the individual requests a waiver and the Board or the relevant committee permits such participation, which may be limited or conditional based on the circumstances.

### **Related Party Transactions**

Certain CFNE personnel and certain members of the Board of Trustees hold outstanding Notes, which were purchased on the same terms available to other CFNE investors. The aggregate outstanding balance of Notes held by CFNE employees and Board of Trustees members was \$88,545 as of December 31, 2022.

In May 2023, CFNE extended a loan in the principal amount of \$69,200 to Celebration Tree Farm and Wellness Center, a cooperatively-organized LLC of which Jonah Fertig-Burd, a member of CFNE's Board of Trustees, is a co-owner. The loan is secured by a first-position lien on all assets of the Borrower, and two co-owners, including Jonah Fertig-Burd, provided personal guarantees. The loan was approved in accordance with CFNE's Loan Policy and the conflict of interest policies in its Code of Conduct, and is on terms no less favorable to CFNE than those offered by CFNE to borrowers unaffiliated with the organization. Jonah Fertig-Burd disclosed his interest in the borrower in the loan application and did not participate in approval of the loan on behalf of CFNE.

In June 2017, CFNE extended a loan in the principal amount of \$1,250,000 to River Valley Market LLC, a food cooperative for which CFNE Board of Trustees member Alfred "Duke" Bouchard now serves as Chief Financial Officer. Mr. Bouchard was not employed by River Valley Market LLC at the time the loan was considered, and in any event did not participate in discussion or approval of the loan on behalf of CFNE. The loan was approved in accordance with CFNE's Loan Policy. As of June 30, 2023, the principal balance owed on this loan was \$330,637.

## **Legal Matters**

As of the date of this Prospectus, CFNE is not party to any adverse order, judgment, or decree of any court, governmental authority, or administrative body, nor is CFNE a defendant in any present, pending, or (to its knowledge) threatened material legal proceedings. None of CFNE's officers or directors has, during the last ten years, been convicted in any criminal proceeding, is the subject of any pending criminal proceeding, or was the subject of any order, judgment, or decree of any court enjoining them from any activities associated with the offer or sale of securities.

## **Reporting**

CFNE's audited financial statements as of and for the years ended December 31, 2022 and 2021, and the related notes thereto, attached as Appendix B to this Prospectus, have been audited by CohnReznick LLP. It is CFNE's practice to make its current audited financial statements to investors within 180 days after year end, or, if earlier, promptly after its current audited financial statements become available.

## **APPENDIX A**

### Interim Financial Statements

Cooperative Fund of the Northeast, Inc.  
Statements of Financial Position  
March 31, 2023 and June 30, 2023

**UNAUDITED**

Assets

	<u>March 31, 2023</u>	<u>June 30, 2023</u>
Cash and cash equivalents	5,891,799	4,838,126
Investments	8,607,917	7,060,776
Interest receivable	-	-
	<u>14,499,716</u>	<u>11,898,902</u>
Program loans	36,239,358	40,469,158
Less: Participation loans	(2,010,133)	(2,401,201)
Less: Loss reserves	(2,230,116)	(2,615,249)
Total program loans, net	<u>31,999,109</u>	<u>35,452,708</u>
Other investments	<u>78,947</u>	<u>78,947</u>
Total assets	<u>46,577,772</u>	<u>47,430,557</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	8,071	9,119
Lines of credit	-	-
Accrued interest payable	392,217	440,128
Social investment loans	32,881,964	33,869,252
Deferred revenue	-	14,750
Total liabilities	<u>33,282,251</u>	<u>34,333,248</u>
Total net assets	<u>13,295,520</u>	<u>13,097,309</u>

Cooperative Fund of the Northeast, Inc.  
Statements of Activities  
June 30, 2023 and March 31, 2023  
**UNAUDITED**

	Jan 1, 2023-Mar 31, 2023	Jan 1, 2023-Jun 30, 2023
<u>Support and revenue</u>		
Contributions and grants, including net assets released from restriction	709,093	995,433
Interest on program loans	441,839	940,521
Investment income, net	57,457	119,712
Loan fees and other revenue	46,870	81,484
Total revenue	<u>1,255,258</u>	<u>2,137,150</u>
<u>Expenses</u>		
Salary and wages	297,285	619,975
Interest	163,489	321,301
Technical assistance	131,864	228,122
Additions to loan loss reserve	-	385,133
Payroll tax	23,254	52,142
Marketing	9,000	15,000
Employee training	18,878	57,490
Professional fees	19,208	34,667
Administrative	14,154	33,423
Employee benefits	6,392	27,678
Legal and accounting	17,362	22,910
Printing and postage	2,226	2,306
Dues and memberships	2,460	6,909
Insurance	-	3,307
Office supplies	20	332
Total expenses	<u>705,592</u>	<u>1,810,695</u>
Changes in net assets	549,666	326,455



## **APPENDIX B**

Audited Financial Statements

**Cooperative Fund of the Northeast, Inc.**

**Financial Statements  
and Independent Auditor's Report**

**December 31, 2022 and 2021**

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# Cooperative Fund of the Northeast, Inc.

## Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information	
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditures of Federal Awards	21
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	24
Schedule of Findings and Questioned Costs	27

## Independent Auditor's Report

To Management  
Cooperative Fund of the Northeast, Inc.  
Watertown, Massachusetts

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Cooperative Fund of the Northeast, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cooperative Fund of the Northeast, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cooperative Fund of the Northeast, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Cooperative Fund of the Northeast, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooperative Fund of the Northeast, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023, on our consideration of Cooperative Fund of the Northeast, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cooperative Fund of the Northeast, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cooperative Fund of the Northeast, Inc.'s internal control over financial reporting and compliance.

### *Report on Summarized Comparative Information*

We have previously audited Cooperative Fund of the Northeast, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Charlotte, North Carolina  
May 19, 2023

**Cooperative Fund of the Northeast, Inc.**

**Statements of Financial Position  
December 31, 2022 and 2021**

Assets

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,964,041	\$ 5,271,501
Investments	15,503,694	15,760,456
Interest receivable	<u>-</u>	<u>5,567</u>
	<u>19,467,735</u>	<u>21,037,524</u>
Program loans	32,142,346	26,377,469
Less: Participation loans	(1,527,989)	(1,735,709)
Less: Loss reserves	<u>(2,230,116)</u>	<u>(1,915,000)</u>
Total program loans, net	<u>28,384,241</u>	<u>22,726,760</u>
Other investments	<u>78,947</u>	<u>78,947</u>
Total assets	<u>\$ 47,930,923</u>	<u>\$ 43,843,231</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 9,865	\$ 11,183
Lines of credit	1,250,000	-
Accrued interest payable	342,346	336,214
Social investment loans	33,033,625	30,529,768
Deferred revenue	<u>524,233</u>	<u>2,297,295</u>
Total liabilities	<u>35,160,069</u>	<u>33,174,460</u>
Commitment and contingencies	-	-
Net assets		
Net assets without donor restrictions	12,440,434	10,338,351
Net assets with donor restrictions	<u>330,420</u>	<u>330,420</u>
Total net assets	<u>12,770,854</u>	<u>10,668,771</u>
Total liabilities and net assets	<u>\$ 47,930,923</u>	<u>\$ 43,843,231</u>

See Notes to Financial Statements.

**Cooperative Fund of the Northeast, Inc.**

**Statements of Activities and Changes in Net Assets  
Year Ended December 31, 2022 (With Summarized  
Financial Information for the Year Ended December 31, 2021)**

	2022			2021 Total
	Net assets without donor restrictions	Net assets with donor restrictions	Total	
Support and revenue				
Contributions and grants	\$ 1,264,867	\$ 1,676,783	\$ 2,941,650	\$ 1,232,544
Interest on program loans	1,525,949	-	1,525,949	1,386,130
Other revenue	-	-	-	128,325
Investment income, net	167,456	-	167,456	122,725
Loan fees and other revenue	133,277	-	133,277	61,397
Net assets released from restriction	1,676,783	(1,676,783)	-	-
Total revenue	4,768,332	-	4,768,332	2,931,121
Expenses				
Program services	2,168,954	-	2,168,954	2,375,293
Management and general	437,176	-	437,176	329,784
Fundraising	60,119	-	60,119	32,990
Total expenses	2,666,249	-	2,666,249	2,738,067
Changes in net assets	2,102,083	-	2,102,083	193,054
Net assets				
Net assets at beginning of year	10,338,351	330,420	10,668,771	10,475,717
Net assets at end of year	\$ 12,440,434	\$ 330,420	\$ 12,770,854	\$ 10,668,771

See Notes to Financial Statements.



**Cooperative Fund of the Northeast, Inc.**

**Statements of Functional Expenses  
Year Ended December 31, 2022 (With Summarized  
Financial Information for the Year Ended December 31, 2021)**

	2022				
	Program services	Management and general	Fundraising	Combined total	2021 Total
Salary and wages	\$ 701,121	\$ 299,007	\$ 30,932	\$ 1,031,060	\$ 836,147
Interest	591,858	-	-	591,858	706,420
Technical assistance	328,260	-	-	328,260	667,361
Additions to loan loss reserve	315,116	-	-	315,116	235,000
Payroll tax	54,541	23,260	2,406	80,207	58,824
Marketing	49,824	16,608	-	66,432	67,634
Employee training	49,315	16,439	-	65,754	28,704
Professional fees	4,016	30,983	22,377	57,376	6,500
Administrative	39,324	13,108	-	52,432	42,072
Employee benefits	15,498	6,610	684	22,792	16,249
Legal and accounting	-	19,761	-	19,761	46,478
Printing and postage	8,680	-	3,720	12,400	9,747
Dues and memberships	5,230	5,230	-	10,460	9,048
Insurance	5,004	5,004	-	10,008	7,621
Office supplies	1,167	1,166	-	2,333	262
	<u>\$ 2,168,954</u>	<u>\$ 437,176</u>	<u>\$ 60,119</u>	<u>\$ 2,666,249</u>	<u>\$ 2,738,067</u>
Total expenses	<u>\$ 2,168,954</u>	<u>\$ 437,176</u>	<u>\$ 60,119</u>	<u>\$ 2,666,249</u>	<u>\$ 2,738,067</u>

See Notes to Financial Statements.

**Cooperative Fund of the Northeast, Inc.**

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

	<u>2022</u>	<u>2021</u>
Operating activities		
Changes in net assets	\$ 2,102,083	\$ 193,054
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Additions to loan loss reserve	315,116	235,000
Non-cash interest reinvested	146,688	137,822
Non-cash interest compounded	(72,631)	(28,226)
Forgiveness of debt	-	(126,939)
Net changes in assets and liabilities that provided (used) cash		
Interest receivable	5,567	(5,567)
Prepaid expenses	-	56,281
Accrued expenses	(1,318)	6,137
Deferred revenue	(1,773,062)	2,297,295
Accrued interest payable	6,132	57,428
Net cash provided by operating activities	<u>728,575</u>	<u>2,822,285</u>
Investing activities		
Purchase of investments	(2,722,238)	(11,642,415)
Proceeds from investments	2,979,000	1,781,159
Loans made	(11,339,764)	(8,088,428)
Loan payments received	5,647,518	6,811,117
Equity investment redeemed	-	35,000
Net cash used in investing activities	<u>(5,435,484)</u>	<u>(11,103,567)</u>
Financing activities		
Payments to participation loans	(257,720)	(92,745)
Proceeds from participation loans	50,000	800,000
Proceeds from investor loans	4,819,990	6,313,572
Payments to investor loans	(2,462,821)	(769,371)
Proceeds from lines of credit	1,250,000	-
Net cash provided by financing activities	<u>3,399,449</u>	<u>6,251,456</u>
Net decrease in cash and cash equivalents	(1,307,460)	(2,029,826)
Cash and cash equivalents at beginning of year	<u>5,271,501</u>	<u>7,301,327</u>
Cash and cash equivalents at end of year	<u>\$ 3,964,041</u>	<u>\$ 5,271,501</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 585,726</u>	<u>\$ 494,179</u>

See Notes to Financial Statements.

## **Cooperative Fund of the Northeast, Inc.**

### **Notes to Financial Statements December 31, 2022 and 2021**

#### **Note 1 - Nature of activities**

Cooperative Fund of the Northeast, Inc. ("CFNE" or the "Organization") is a nonprofit organization organized for the purpose of supporting cooperative development in New York and the New England states. CFNE provides alternative financial resources and related technical assistance to cooperative organizations at favorable rates and terms. Its policies operate generally to afford eligibility on the basis of community service, priorities and subsidies on the basis of need, and lending decisions on the basis of merit.

During early 2022, CFNE changed their name to Cooperative Fund of the Northeast, Inc. from the Cooperative Fund of New England, Inc.

#### **Note 2 - Significant accounting policies**

##### **Basis of accounting**

CFNE financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP for non-governmental entities.

##### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

##### **Cash and cash equivalents**

CFNE considers all highly-liquid investments with maturities when purchased of three months or less to be cash equivalents including money market funds. CFNE maintains balances with their banks that, at various times during the year, exceed the federally-insured limits.

##### **Basis of presentation and net assets**

GAAP requires CFNE to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Furthermore, program service expenses must be segregated from management and general expenses. Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are available for use in general operations and are not subject to donor- or certain grantor-imposed restrictions. From time to time, the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. Net assets with donor restrictions are those net assets for which use is restricted by grantor-imposed, time and/or purpose restrictions.

##### **Income tax status**

CFNE is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state statutes. CFNE did not have any unrelated business income for the years ended December 31, 2022 and 2021. All nonprofit corporations are required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. For the years ended December 31, 2022 and 2021, CFNE did not identify any uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

## **Cooperative Fund of the Northeast, Inc.**

### **Notes to Financial Statements December 31, 2022 and 2021**

Income tax returns filed by CFNE are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

#### **Contributions**

Contributions without donor restrictions are recognized when cash or ownership of donated assets is unconditionally promised to CFNE. Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are met and the right of return is extinguished. CFNE's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2022 and 2021, \$524,233 and \$2,297,295, respectively, of conditional contributions received in advance have been recognized as deferred revenue in the accompanying financial statements. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and CFNE has an irrevocable right to the bequest.

#### **Contributions of nonfinancial assets**

There were no contributions of nonfinancial assets in 2022 and 2021 which met the criteria for recognition. Where contributed materials, property, and contributed services meet the criteria, they are recorded as contributions of nonfinancial revenues and charged to the appropriate expense or asset category. CFNE benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in CFNE's program operations and in its fundraising efforts. However, such contributed services do not meet the criteria for recognition in financial statements. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

#### **Functional allocation of expenses**

The costs of providing the various programs, fundraising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The cost of providing CFNE's programs and other activities is summarized on a functional basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using objective bases such as time spent and salaries. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of CFNE. Management and general activities include those that provide governance (Board of Trustees), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management,

## **Cooperative Fund of the Northeast, Inc.**

### **Notes to Financial Statements December 31, 2022 and 2021**

and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others. Fundraising costs, including advertising, are expensed as incurred, even though they may result in contributions received in future years.

#### **Prior year information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2021 from which the summarized information was derived.

#### **Investments**

CFNE invests cash in individual certificates of deposit, treasury instruments and government agency notes. Securities with maturities greater than 90 days are recorded as investments. Debt instruments are recorded at fair value and realized and unrealized gains and losses are recorded as unrestricted operating income or loss. CFNE's policy is to hold the investments to maturity.

#### **Fair value**

The carrying amounts of CFNE's cash and cash equivalents, receivables, payables, and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of CFNE's long-term notes receivable and notes payable is assessed by management based on analysis of underlying investments and historical trends.

#### **Reclassifications**

Reclassifications have been made to the prior year balances to conform to the current year presentation.

#### **New accounting pronouncements**

During the year ended December 31, 2022, CFNE adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of the Organization and will not change existing recognition and measurement requirements. CFNE has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 is applicable to loans, debt securities, trade receivables, net investments in leases, off balance-sheet credit exposures, reinsurance

## Cooperative Fund of the Northeast, Inc.

### Notes to Financial Statements December 31, 2022 and 2021

receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash. In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required. The ASU along with certain related ASUs clarifying the scope of ASU 2016-13 and providing transition relief will be effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on the financial statements.

#### Note 3 - Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 3,964,041	\$ 5,271,501
Investments	<u>15,503,694</u>	<u>15,760,456</u>
Total financial assets available within one year	19,467,735	21,031,957
Less:		
Designated net assets - collateral pool	2,000,000	1,329,738
Net assets with donor restrictions	<u>330,420</u>	<u>330,420</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 17,137,315</u>	<u>\$ 19,371,799</u>

CFNE maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due, including for lending to cooperatively-owned enterprises in support of its mission. In addition, CFNE invests cash in excess of monthly requirements in short-term investments and money-market funds.

To help manage unanticipated liquidity needs CFNE has two committed lines of credit together totaling \$1,250,000 of which they have drawn down the full amount as of December 31, 2022.

# Cooperative Fund of the Northeast, Inc.

## Notes to Financial Statements December 31, 2022 and 2021

### Note 4 - Cash and deposits

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts subject to immediate withdrawals. The balances of CFNE's cash accounts were as follows at December 31:

	2022	2021
Bank of America, checking	\$ -	\$ 251,867
TD Bank; 0.10%	145,042	146,476
Self Help Credit Union, money market; 0.49%	81,990	81,422
NCB, FSB Bank; 0.50%	143,113	639,997
Self Help National, money market; 0.49%	236,158	234,522
M&T Bank (People's United Bank), checking	92,386	212,535
Bank of America CD	-	45,204
Wells Fargo	14,063	24,386
Amalgamated, checking	3,222,849	1,163,106
Financial Northeastern, money market funds	28,440	2,471,986
Total	<u>\$ 3,964,041</u>	<u>\$ 5,271,501</u>

### Investments

A significant portion of the Organization's investments are held in certificates of deposit which are carried at par value as they are held to maturity. Maturity dates range from January 2022 to March 2027. The balances of the investments were as follows at December 31, 2022:

	Historical Cost	Fair Value
Financial Northeastern, CD; varying rates	\$ 15,451,895	\$ 14,482,641
M&T Bank (People's United Bank), CD; 0.30%	51,799	51,799
	<u>\$ 15,503,694</u>	<u>\$ 14,534,440</u>

The balances of the investments were as follows at December 31, 2021:

	Historical Cost	Fair Value
Financial Northeastern, CD; varying rates	\$ 15,708,735	\$ 15,650,244
M&T Bank (People's United Bank), CD; 0.30%	51,721	51,721
	<u>\$ 15,760,456</u>	<u>\$ 15,701,965</u>

### Collateral pool

In a prior year, CFNE designated a portion of operating cash as a collateral pool for borrowers who did not have the necessary collateral needed to secure a loan. As of December 31, 2022 and 2021, \$2,000,000 and \$1,329,738, respectively, has been designated and \$1,364,500 and \$1,176,523, respectively, of the designated cash has been apportioned to borrowers. See Note 10 for more information of designated net assets.

## Cooperative Fund of the Northeast, Inc.

### Notes to Financial Statements December 31, 2022 and 2021

#### Note 5 - Significant grants

In 2015, the Community Development Financial Institutions ("CDFI") Fund awarded CFNE a financial assistance award in the total amount of \$1,703,806. The award allotted \$703,806 in the form of a financial assistance grant for financing capital, loan loss reserves, capital reserves or operations and \$1,000,000 for the Healthy Food Financing Initiative Financial Assistance ("HFFI-FA") initiative. The financial assistance grant was expended in a prior year. The HFFI-FA award was bifurcated as a grant of \$37,500, which was expended in 2015, and a loan of \$962,500. The HFFI-FA loan was expended and remains outstanding and included in social investment loans on the statements of financial position as of December 31, 2022 and 2021.

In 2021, the Community Development Financial Institutions ("CDFI") Fund awarded CFNE a rapid response program award in the total amount of \$1,826,265. As of December 31, 2021, \$225,000 was loaned to CDFI qualified borrowers during 2021 thus meeting the conditions of the award. As of December 31, 2021 the remaining \$1,601,265 was recognized as deferred revenue. As of December 31, 2022, the balance of the award was loaned to CDFI qualified borrowers during 2022 meeting the condition of the award and revenue of \$1,601,265 was recognized as revenue during the year ended December 31, 2022. No amounts were deferred as of December 31, 2022.

In 2021, the Massachusetts Growth Capital Corporation ("MGCC") awarded CFNE a CDFI and CDC matching grant program award in the total amount of \$1,250,000. As of December 31, 2021, \$622,500 was utilized as per the grant conditions. As of December 31, 2021 the remaining \$627,500 was recognized as deferred revenue. As of December 31, 2022, the balance of the award was utilized per the grant conditions during 2022 and revenue of \$627,500 was recognized as revenue during the year ended December 31, 2022.

In 2022, the Massachusetts Growth Capital Corporation ("MGCC") awarded CFNE a CDFI matching grant program award in the total amount of \$700,000. As of December 31, 2022, \$217,900 was utilized as per the grant conditions. The remaining \$482,100 that has not been utilized is recognized as deferred revenue.

#### Note 6 - Program loans and loan loss reserve

Program loans outstanding carry interest which varies from 3.0 percent to 7.0 percent. The interest rates charged to borrowers are below or at market levels at the date of the loan. Repayment terms of 10 years or less are arranged to accommodate the needs of the borrowing organization. All borrowers are required to pledge adequate collateral as security for their loans.

The following is a summary of program loan activity for years ended December 31:

	2022	2021
Loans receivable - beginning of year	\$ 26,377,469	\$ 25,071,932
Loan funds advanced to borrowers	11,339,764	8,088,428
Interest capitalized	72,631	28,226
	37,789,864	33,188,586
Loan principal repayments	(5,647,518)	(6,811,117)
Loans receivable - end of year	\$ 32,142,346	\$ 26,377,469



**Cooperative Fund of the Northeast, Inc.**

**Notes to Financial Statements  
December 31, 2022 and 2021**

Scheduled principal repayments of program loans are as follows as of December 31, 2022:

<u>Years ending December 31:</u>	
2023	\$ 2,729,115
2024	3,820,328
2025	2,744,003
2026	3,383,015
2027	6,340,423
Thereafter	<u>13,125,462</u>
	<u><u>\$ 32,142,346</u></u>

CFNE determines the allowance for loan loss provision based on prior years of experience and management's analysis of each individual loan. Three times a year CFNE reviews each loan and assigns a reserve amount to each loan based on a risk ranking. The following table summarizes the risk ratings of CFNE's loan portfolio:

<u>Level</u>	<u>Loan Loss Reserve</u>
1 - Performing	1%
2 - Substandard	2%
3 - Watch	3%
4 - Interventions	4% - 50%
5 - Doubtful	50% - 100% based on collateral value

The following is a summary of the changes affecting the reserve for loan losses for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,915,000	\$ 1,680,000
Current year's provision	<u>315,116</u>	<u>235,000</u>
Ending balance	<u><u>\$ 2,230,116</u></u>	<u><u>\$ 1,915,000</u></u>

The table below presents CFNE's loans according to their risk rating categories as of December 31, 2022 and 2021:

	<u>1 - Performing</u>	<u>2 - Substandard</u>	<u>3 - Watch</u>	<u>4 - Interventions</u>	<u>5 - Doubtful</u>	<u>Total</u>
December 31, 2022	\$ 14,584,817	\$ 5,527,094	\$ 3,275,628	\$ 8,577,462	\$ 177,345	\$ 32,142,346
December 31, 2021	\$ 11,710,785	\$ 5,096,301	\$ 2,491,623	\$ 6,271,405	\$ 807,355	\$ 26,377,469

# Cooperative Fund of the Northeast, Inc.

## Notes to Financial Statements December 31, 2022 and 2021

### Note 7 - Participation loans

Participation loans represent loans in which an investor or other lender specifies that their loan proceeds will go to CFNE and will be directly relented by CFNE to a specific organization, rather than directly loaning to the Organization themselves. For the years ended December 31, 2022 and 2021, the balance of participation loans was \$1,527,989 and \$1,735,709, respectively. At December 31, 2022 and 2021, respectively, all participation loans received by CFNE were in use and lent to various borrowers and included in the program loans total.

### Note 8 - Social investment loans

Social investment loan balances represent loans outstanding from various individuals, cooperatives, trusts, religious groups, and banks. These loans carry interest at 0 percent to 3 percent as chosen by the social investors.

Social investment loans are unsecured obligations of CFNE. Their use is generally unrestricted. Most social investment loans are payable upon notification or within varying short periods after notifications, although some are on fixed repayment schedules. Loans without stated maturities are not expected to require repayment within the next five years.

Estimated future redemptions of social investment loans are as follows as of December 31, 2022:

<u>Years ending December 31:</u>	
2022	\$ 3,313,111
2023	3,460,067
2024	2,378,832
2025	940,248
2026	5,904,644
Thereafter	<u>17,036,723</u>
	<u><u>\$ 33,033,625</u></u>

The following is a summary of the activity in the social investment loans account for years ended December 31:

	<u>2022</u>	<u>2021</u>
Loans outstanding - beginning of year	\$ 30,529,768	\$ 24,847,745
Proceeds from new loans	4,819,990	6,313,572
Interest reinvested	<u>146,688</u>	<u>137,822</u>
	35,496,446	31,299,139
Principal repayments to investors	<u>(2,462,821)</u>	<u>(769,371)</u>
Loans outstanding - end of year	<u><u>\$ 33,033,625</u></u>	<u><u>\$ 30,529,768</u></u>

**Cooperative Fund of the Northeast, Inc.**

**Notes to Financial Statements  
December 31, 2022 and 2021**

**Note 9 - Notes payable**

**Payroll Protection Program Loan**

On May 6, 2020, the Organization entered into an unsecured promissory note with a commercial bank for an aggregate principal amount of approximately \$126,939 pursuant to the Paycheck Protection Program (the "PPP Loan"), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). The outstanding borrowings under the PPP Loan bear interest at a rate of 1% per year and have a maturity of May 6, 2022. Under the CARES Act, PPP Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. The full amount of the loan of \$126,939 and \$1,386 of interest was forgiven during the year ended December 31, 2021 and included in other revenue on the statements of activities and changes in net assets.

**Note 10 - Net assets**

CFNE's net assets with donor restrictions are restricted for the following purposes or periods, as follows:

	<u>2022</u>	<u>2021</u>
With donor restrictions in perpetuity		
Initial equity contributions	\$ 330,420	\$ 330,420
	<u>\$ 330,420</u>	<u>\$ 330,420</u>

CFNE's net assets without donor restrictions include amounts internally designated for the following purposes are as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions		
Designated net assets - collateral pool	\$ 2,000,000	\$ 1,329,738
Undesignated	10,440,434	9,008,613
	<u>\$ 12,440,434</u>	<u>\$ 10,338,351</u>
Total net assets without donor restrictions		

**Note 11 - Retirement plan**

In 2014, CFNE established a Savings Incentive Match Plan for Employees (SIMPLE IRA) which replaced a Simplified Employee Pension Plan (SEP). Employees may contribute as allowed by the IRS into the plan. CFNE matches 3 percent of salary. The retirement contribution by CFNE for the years ended December 31, 2022 and 2021 was \$17,059 and \$15,212, respectively, which is shown as a component of employee benefits expense in the accompanying statements.

**Cooperative Fund of the Northeast, Inc.**

**Notes to Financial Statements  
December 31, 2022 and 2021**

**Note 12 - Other investments**

Other investments include long-term investments at lower of cost or market that management is not holding for resale. Investments are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Other Food Cooperative Equity Memberships	<u>\$ 78,947</u>	<u>\$ 78,947</u>

**Note 13 - Line of credit**

CFNE maintains lines of credit with TD Bank for \$500,000 and National Cooperative Bank for \$750,000, which are used from time to time for cash flow needs. The TD Bank and National Cooperative Bank lines of credit have an interest rate of WSJ Prime rate minus .75% and the 30-day Average Secured Overnight Financing Rate + 225 basis points, respectively, and maturity dates of July 31, 2023, and November 1, 2023, respectively. Each line of credit is unsecured. As of December 31, 2022 and 2021, \$500,000 and \$0, respectively, remains outstanding for the TD Bank line of credit and \$750,000 and \$0, respectively, remains outstanding for the National Cooperative Bank line of credit.

**Note 14 - Subsequent events**

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through May 19, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## **Supplementary Information**

**Cooperative Fund of the Northeast, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022**

<u>Federal Grantor/ (Pass-through Grantor)/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Treasury Community Development Financial Institutions Rapid Response Program (CDFI RRP)	21.024		<u>\$ 1,601,265</u>
Total expenditures of federal awards			<u><u>\$ 1,601,265</u></u>

See notes to Schedule of Expenditures of Federal Awards

**Cooperative Fund of the Northeast, Inc.**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022**

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Cooperative Fund of the Northeast, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Cooperative Fund of the Northeast, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cooperative Fund of the Northeast, Inc.

**Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect cost rate**

Cooperative Fund of the Northeast, Inc. has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

To Management  
Cooperative Fund of the Northeast, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cooperative Fund of the Northeast, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cooperative Fund of the Northeast, Inc.'s internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cooperative Fund of the Northeast, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cooperative Fund of the Northeast, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cooperative Fund of the Northeast, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Charlotte, North Carolina  
May 19, 2023

Independent Auditor's Report on Compliance for the Major Federal Program and Report on  
Internal Control over Compliance Required by the Uniform Guidance

To Management  
Cooperative Fund of the Northeast, Inc.

Report on Compliance for the Major Federal Program

*Opinion on the Major Federal Program*

We have audited Cooperative Fund of the Northeast, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Cooperative Fund of the Northeast, Inc.'s major federal program for the year ended December 31, 2022. Cooperative Fund of the Northeast, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cooperative Fund of the Northeast, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

*Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cooperative Fund of the Northeast, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cooperative Fund of the Northeast, Inc.'s compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cooperative Fund of the Northeast, Inc.'s federal program.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Cooperative Fund of the Northeast, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cooperative Fund of the Northeast, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Cooperative Fund of the Northeast, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cooperative Fund of the Northeast, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cooperative Fund of the Northeast, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### *Report on Internal Control over Compliance*

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CohnReznick LLP".

Charlotte, North Carolina  
May 19, 2023

Cooperative Fund of the Northeast, Inc.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2022

A. Summary of Auditor's Results

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Noncompliance material to financial statements noted?

       Yes   X   No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

       Yes   X   No

**Identification of Major Federal Programs:**

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Grant Cluster</u>
21.024	Community Development Financial Institutions Rapid Response Program (CDFI RRP)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee

       Yes   X   No

B. Financial Statement Findings

None reported.

C. Federal Award Findings and Questioned Costs

None reported.



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## **APPENDIX C**

Form of Subscription Agreement

## SOCIAL INVESTMENT NOTES

### SUBSCRIPTION AGREEMENT

The information contained in this Subscription Agreement ("**Agreement**") is provided to Cooperative Fund of the Northeast, Inc., a Massachusetts nonprofit corporation ("**CFNE**") in connection with the undersigned Applicant's interest in making an investment in CFNE's Social Investment Notes ("**Notes**").

**Name of Investor:** \_\_\_\_\_

**Investment Amount (min. \$1,000):** \$\_\_\_\_\_

*Please see the Interest Rate Sheet for limitations on the amount of Demand Note purchases that may be in effect.*

☐ Payment by check payable to the order of  
"Cooperative Fund of the Northeast, Inc." and sent to:  
P.O. Box 970  
Watertown, MA 02471

☐ Payment by ACH or wire transfer (CFNE will send instructions upon receipt and acceptance of Agreement)

**Type of Note Purchased:** *See the Interest Rate Sheet for current interest rates.*

☐ Demand Note  
☐ Term Note

**Maturity Date:** \_\_\_\_\_  
*Term Notes only; must be a valid date based on type of Note.*

**(Optional) Additional Donation Amount:** \$\_\_\_\_\_  
*\*Donation may be tax deductible. Consult your tax advisor.*

**Interest Election (select one):**

- ☐ Pay interest annually  
☐ Reinvest interest into principal annually  
☐ I elect to receive 0% interest on my Note in lieu of the interest rate offered on the Interest Rate Sheet  
☐ *For Term Notes only:* I elect to receive interest at the following rate, which is lower than the rate offered for Term Notes of my chosen maturity term as set forth on the Interest Rate Sheet: \_\_\_\_\_%

**Maturity Election (select one):**  
*Term Notes Only*

- ☐ Automatically reinvest\*\* principal and accrued unpaid interest into new Term Note of equal term at then-current interest rates  
☐ Redeem and pay principal and accrued unpaid interest

*\*\*Investors in certain states may be required by state law to reconfirm their intent to reinvest after receiving notice prior to maturity.*

#### 1. TYPE OF OWNERSHIP: (choose one)

☐ Individual      ☐ Joint Tenants      ☐ Tenants in Common      ☐ Trust      ☐ Partnership  
☐ For-profit corporation      ☐ Nonprofit corporation      ☐ Limited liability company      ☐ Other

**Note:** For revocable trusts, the grantor or maker of the trust should complete this Agreement as an individual.

#### 2. OWNER INFORMATION: If more than one Investor is listed above, complete the following for the first Investor listed above and complete Section 2a for the second Investor listed above.

**Address in Principal State of Residence:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**SSN or Taxpayer ID:** \_\_\_\_\_

**Preferred Mailing Address (if different):**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Email:** \_\_\_\_\_

**Date of Birth:** \_\_\_\_\_



**2a. Co-Owner Information:** *(if applicable) Please attach a separate sheet for additional co-owners.*

**Address in Principal State of Residence:**

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**Preferred Mailing Address (if different):**

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**Telephone:**

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**Email:**

---

**SSN or Taxpayer ID:**

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**Date of Birth:**

---

**Relationship to Owner:**

---

**2b. Information for Trusts and Other Entities:** *(if applicable)*

- ☐ Please attach a completed Form W-9 and an investment resolution.
- ☐ If the Applicant is a trust, please attach a copy of the trust document or certificate of trust showing the name and date of the trust and the taxpayer identification number.

**3. PLACE OF PAYMENT:** *Please indicate where CFNE should send payments of principal and, if applicable, interest.*

☐ Use Address in Principal State of Residence (above) ☐ Other address:

☐ Use Preferred Mailing Address (above)

☐ Electronic payment as follows:

Bank Name: 

---

Routing No.: 

---

Account No.: 

---

Account Type: 

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**4. AUTHORIZATION TO SHARE INFORMATION WITH THIRD-PARTY ADVISORY FIRM (OPTIONAL):**

☐ By checking this box, the Applicant authorizes the following investment advisor, wealth manager, broker-dealer, attorney, or accountant to receive and transmit information to and from CFNE on the Applicant's behalf:

**Firm Name:**

---

**Address:**

---

**Telephone:**

---

**Email:**

---

**CRD/IARD #:**

---

**Delivery Instructions:** Please indicate where CFNE should direct communications regarding your investment.

Original: ☐ Investor ☐ Advisor

Electronic: ☐ Investor ☐ Advisor ☐ Both

**5. BENEFICIARY DESIGNATION (OPTIONAL):**

Upon my death, I designate that my ownership interest in the Note shall be transferred to the following:

☐ CFNE ☐ The following organization:

**Name:** 

---

**Address:** 

---

**City/State/ZIP:** 

---

☐ Please send me a form to designate an individual beneficiary.

**5a. Spousal Consent to beneficiary designation:** *(for investors located in CA, NV, NM, TX, and WA only) If you are married, reside in a community property or marital property state (listed above) and designate someone other than your spouse as your sole primary beneficiary, your spouse must sign below.*

I am the spouse of the Applicant named above. I give to the Applicant any interest I have in the Note. Therefore, I agree to my spouse's naming of a primary beneficiary other than myself. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. I also acknowledge that I shall have no claim whatsoever against CFNE for any payment to my spouse's named beneficiary(ies).

**Signature:**\_\_\_\_\_

**Date:**\_\_\_\_\_

**Spouse of:**\_\_\_\_\_

## TERMS OF INVESTMENT

**1. Representations and Warranties.** The Applicant represents, warrants and agrees as follows:

(a) The Applicant, if an individual, is a resident of the state identified in this Agreement and is located in the state identified in this Agreement at the time of investment.

(b) The Applicant has received and reviewed a copy of the Prospectus, including any documents that are incorporated into and made part of the Prospectus, which summarizes the terms, risks and other information regarding the Notes. The Notes have the terms as set forth in the Prospectus. The Applicant has been provided the opportunity to (i) ask questions and receive satisfactory answers concerning the terms and conditions of the offering and (ii) obtain additional information in order to evaluate the merits and risks of an investment in the Notes. No statement or other information that is contrary to the information contained in the Prospectus has been given or made by or on behalf of CFNE to the Applicant.

(c) The Notes are not registered under the Securities Act of 1933, as amended. The Notes also may not be registered under state securities laws and may be offered and sold in reliance upon exemptions from registration. No federal, state, local or foreign agency has passed upon the Notes or made any finding or determination as to the fairness of this investment. The Notes will be acquired by the Applicant solely for the account of the Applicant, for investment purposes only and not with a view to the distribution thereof. The Applicant recognizes that the Notes will be subject to certain restrictions on transferability as described in the Prospectus. The Applicant is able to bear the risk of loss of its investment in the Notes.

(d) If the Applicant is a trust, corporation, or other entity, the undersigned is duly authorized to purchase the Note and execute this Agreement on behalf of such entity. The Applicant authorizes CFNE to act upon the instructions and directions of any authorized signer in all matters, including renewals, reinvestments, redemptions, and transfer requests.

**2. Acceptance.** CFNE may, in its sole discretion, determine whether to accept this Agreement. Acceptance will be given to the Applicant by CFNE's delivery of a confirmation of issuance of the Note to the Applicant. If so accepted, this Agreement (i) will be binding upon the Applicant's heirs, successors, legal representatives and assigns, (ii) may not be canceled, terminated or revoked by the Applicant, except as provided under applicable law, and (iii) will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of the laws of any jurisdiction other than the Commonwealth of Massachusetts). If this Agreement is not accepted by CFNE, this Agreement will be null and void and of no further force and effect, and no party shall have any rights against any other party hereunder.

**3. Successors.** Except as otherwise provided herein, this Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, trustees and legal representatives. If the Applicant is more than one person, the obligation of the Applicant shall be joint and several and the acknowledgements, representations, warranties, covenants, and agreements herein contained shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, trustees and legal representatives.

**4. Survival.** The acknowledgements, representations, warranties, covenants, and agreements herein contained shall survive the acceptance of this Agreement and the issuance of the Note to the Applicant.

**5. No Waiver.** No provision of this Agreement shall be deemed to have been waived, unless such waiver is contained in a written notice given to the party claiming such waiver has occurred, and no such waiver shall be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor the waiver was given.

Under penalty of perjury, the Applicant further certifies that: (1) the taxpayer identification number (TIN) indicated on this Agreement is correct, (2) Applicant is not subject to backup withholding, and (3) each Applicant is a U.S. citizen or a U.S. resident alien. If the correct TIN is not supplied, CFNE is required to withhold 24% of interest and/or redemption funds.

**Pennsylvania Applicants:** The Applicant has the right to withdraw from this Agreement and receive a full refund of all funds paid by the Applicant, provided the Applicant exercises the right within two business days according to the procedure set forth in the Offering Circular.

The Applicant hereby executes this Agreement as of the date specified below.

**FOR INDIVIDUAL INVESTORS:**

\_\_\_\_\_  
(Print Name) \_\_\_\_\_  
Date: \_\_\_\_\_ (Signature)

*(If jointly held, also complete below for joint tenant, joint noteholder, or tenant in common)*

\_\_\_\_\_  
(Print Name) \_\_\_\_\_  
Date: \_\_\_\_\_ (Signature)

**FOR CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, TRUSTS OR OTHER ENTITIES:**

\_\_\_\_\_  
(Print Name of Entity)  
\_\_\_\_\_  
(Print Name of Authorized Representative) \_\_\_\_\_  
\_\_\_\_\_  
(Title of Authorized Representative) \_\_\_\_\_  
Date: \_\_\_\_\_ (Signature)

## **APPENDIX D**

Borrower List as of June 30, 2023



## CFNE Borrowers as of June 30, 2023

Borrower Name	Type of Business	State (Primary Address)
A Yard and a Half Landscaping Cooperative, Inc.	Worker Co-ops	Massachusetts
Abundance Cooperative Market	Food co-ops	New York
Adventure Pups Cooperative Inc.	Worker Co-ops	Massachusetts
ANDCO	Housing Co-ops	Vermont
AORTA, Inc.	Worker Co-ops	Vermont
Artisan Beverage Cooperative, Inc.	Worker Co-ops	Massachusetts
Assabet Village Coop	Food co-ops	Massachusetts
Associates for Training and Development	Nonprofits	Vermont
Aurora Pocket Neighborhood	Housing Co-ops	New York
Austin Design Cooperative, Inc	Worker Co-ops	Vermont
Beacon Light Alternative Services (New Beginnings)	Nonprofits	Connecticut
Belfast Cooperative Store	Food co-ops	Maine
Bell Street Builders	Worker Co-ops	Maine
Berkshire Co-op Market	Food co-ops	Massachusetts
Blue Hill Co-op	Food co-ops	Maine
Boston Building Materials Co-op	Other Co-ops	Massachusetts
Boston Cleaning Collective	Worker Co-ops	Massachusetts
Brattleboro Food Co-op	Food co-ops	Vermont
Breezy Acres Cooperative, Inc.	ROC Co-ops	Vermont
Buffalo Street Cooperative	Other Co-ops	New York
Building Performance Cooperative, Inc.	Worker Co-ops	Connecticut
Capital Bookkeeping Cooperative	Worker Co-ops	New York
Catamount Solar, LLC	Worker Co-ops	Vermont
Celebration Tree Farm & Wellness Center, LLC	Worker Co-ops	Maine
CERO Cooperative, Inc.	Worker Co-ops	Massachusetts
Charter Oaks	ROC Co-ops	Maine
Chatham Real Food Market	Food co-ops	New York
Coco Housing, LLC	Housing Co-ops	Maine
Colchester Commons Management Corporation	Housing Co-ops	Connecticut
Cold Pond	Land Trusts	New Hampshire
Collective Copies	Worker Co-ops	Massachusetts
Common Fire	Housing Co-ops	New York
Community Purchasing Alliance of MA	Other Co-ops	Massachusetts
Concord Food Coop	Food co-ops	New Hampshire
Conway Street LLC	Housing Co-ops	Massachusetts
Cultivating Community	Nonprofits	Maine

<b>Borrower Name</b>	<b>Type of Business</b>	<b>State (Primary Address)</b>
CUPS Cooperative	Worker Co-ops	Rhode Island
Dean's Beans Organic Coffee Co.	Worker Co-ops	Massachusetts
Democracy Brewing	Worker Co-ops	Massachusetts
Diggers Cooperative	Worker Co-ops	Maine
Dorchester Community Food Co-op	Food co-ops	Massachusetts
Downtown Sounds Worker Cooperative, Inc.	Worker Co-ops	Massachusetts
Earth Designs	Worker Co-ops	New York
Energia, LLC	Worker Co-ops	Massachusetts
Equal Exchange	Worker Co-ops	Massachusetts
Evergreen Community Association, Inc.	ROC Co-ops	Massachusetts
Ewing Controls	Worker Co-ops	Massachusetts
Fare Share Co-op	Food co-ops	Maine
Farming Artists	Housing Co-ops	Maine
Fedco Inc.	Other Co-ops	Maine
Femmes Unies, LLC	Worker Co-ops	Maine
Fiddleheads Food Cooperative	Food co-ops	Connecticut
Firehouse Housing Cooperative	Housing Co-ops	Massachusetts
Forest Glen Cooperative Housing Corporation	Housing Co-ops	Massachusetts
Fork Food Lab	Nonprofits	Maine
Four Buds Floral Collective	Worker Co-ops	Rhode Island
Franklin Square Homeowners' Association	Housing Co-ops	Vermont
Fuerza Laboral	Nonprofits	Rhode Island
Gardiner Food Co-op	Food co-ops	Maine
Good Tern Co-op, Inc.	Food co-ops	Maine
Green Mountain Spinnery	Worker Co-ops	Vermont
GreenStar Cooperative Market	Food co-ops	New York
Grove Street Cooperative	Housing Co-ops	Rhode Island
Hamden Hampshire Housing Partnership	Nonprofits	Massachusetts
Happy Little Paradise Daycare	Worker Co-ops	Maine
Heartleaf Books	Worker Co-ops	Rhode Island
Hillcrest Mobile Home Tenants Association	ROC Co-ops	Massachusetts
Hillcrest Resident Owned Community, Inc.	ROC Co-ops	Vermont
Hunger Mountain Food Co-op	Food co-ops	Vermont
Intervale Community Farm Cooperative	Other Co-ops	Vermont
Island Employee Cooperative	Worker Co-ops	Maine
Isuken Farm to Table Cooperative	Worker Co-ops	Maine
Jamal's Daycare Co-op	Other Co-ops	Maine
Kalche Wine Cooperative	Worker Co-ops	Vermont
Kindred CRAFT	Worker Co-ops	Vermont
Kingstown Green, Inc.	Worker Co-ops	Connecticut
Land In Common, Inc.	Land Trusts	Maine
Liberty Graphics Employee Cooperative, Inc.	Worker Co-ops	Maine
Maine Camp Outfitters	Worker Co-ops	Maine

<b>Borrower Name</b>	<b>Type of Business</b>	<b>State (Primary Address)</b>
Maine Flower Collective, Inc.	Other Co-ops	Maine
Mainer News Cooperative	Worker Co-ops	Maine
Marsh River Cooperative	Food co-ops	Maine
Medomak Mobile Home Park Cooperative	ROC Co-ops	Maine
Midcoast Fishermen's co-op	Other Co-ops	Maine
Midnight Oil Collective, Inc.	Worker Co-ops	Connecticut
Milton Mobile Home Cooperative	ROC Co-ops	Vermont
More Trees Arborist Collective	Worker Co-ops	New York
Morrisville Food Co-op	Food co-ops	Vermont
NASCO Brown Assoc. Co-op Housing	Housing Co-ops	Rhode Island
New Frameworks Natural Design/Build, LLC	Worker Co-ops	Vermont
North Country Food Co-op	Food co-ops	New York
Northeast Biodiesel Company, LLC	Other Co-ops	Massachusetts
November Collective Cooperative Corp.	Housing Co-ops	Massachusetts
O'Donal's Nursery Employee Cooperative, Inc.	Worker Co-ops	Maine
Olio Culinary Cooperative Corporation	Worker Co-ops	Massachusetts
Onion River Cooperative	Food co-ops	Vermont
Park View Cooperative	Housing Co-ops	Massachusetts
Pioneer Valley Growers Association, Inc.	Other Co-ops	Massachusetts
Pioneer Valley Photovoltaics	Worker Co-ops	Massachusetts
Plainfield Food	Food co-ops	Vermont
Portland Food Co-op	Food co-ops	Maine
Putney Food Coop	Food co-ops	Vermont
Railroad Avenue Supply Co., Inc	Worker Co-ops	New York
Raise Op- Faire Bande	Housing Co-ops	Maine
Real Pickles Cooperative, Inc.	Worker Co-ops	Massachusetts
Red Hill Co-op	Housing Co-ops	Massachusetts
Red Sun Press	Worker Co-ops	Massachusetts
Regenerative Design Group, LLC	Worker Co-ops	Massachusetts
Richard Lewis Media Group, Inc.	Worker Co-ops	Massachusetts
River Valley Food Co-op	Food co-ops	Massachusetts
ROC Co-Op	Housing Co-ops	Massachusetts
Rock City Employee Cooperative	Worker Co-ops	Maine
Royal Crest Residents Association, Inc.	Housing Co-ops	Massachusetts
Rutland Area Food Coop	Food co-ops	Vermont
Samara Collective	Worker Co-ops	Massachusetts
Sankofa Cooperatives, LLC	Worker Co-ops	Connecticut
Soundmirror, Inc.	Worker Co-ops	Massachusetts
Southwick Social Ventures, LTD	Worker Co-ops	Massachusetts
Spark Makerspace	Nonprofits	Connecticut
Spirit of 76	Housing Co-ops	Massachusetts
Spoke Folks Cooperative, Inc.	Worker Co-ops	Maine
Springfield Co-op	Food co-ops	Vermont



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Starship Housing Co-op	Housing Co-ops	Massachusetts
Stone Soup/The Village	Nonprofits	Massachusetts
Syracuse Cooperative Market	Food co-ops	New York
The Boston TechCollective	Worker Co-ops	Massachusetts
The Drivers Cooperative	Worker Co-ops	New York
The New School	Worker Co-ops	Vermont
Ticonderoga Natural Foods Co-op	Food co-ops	New York
TimberHomes, LLC	Worker Co-ops	Vermont
Tool Box for Education and Social Action	Worker Co-ops	Vermont
Tootie's Tempeh, Inc.	Worker Co-ops	Maine
Tortilleria Semilla Co-op	Worker Co-ops	Connecticut
Turnpike Mfg. Housing Co-op	ROC Co-ops	Massachusetts
Unitarian Universalist Community Cooperatives	Housing Co-ops	Massachusetts
Urban Greens Community Co-op	Food co-ops	Rhode Island
Ward Lumber Worker Cooperative, Inc.	Worker Co-ops	New York
Warrenstreet Architects	Worker Co-ops	New Hampshire
Wellspring Harvest Corp/ Greenhouse	Worker Co-ops	Massachusetts
Wellspring Upholstery Corporation	Worker Co-ops	Massachusetts
Westbury Homeowner's Association, Inc.	ROC Co-ops	Vermont
Windy Hollow Mobile Home Cooperative, Inc.	ROC Co-ops	Vermont
WJW Coop, Inc.	Worker Co-ops	Maine
Wolfeboro Community Food Coop	Food co-ops	New Hampshire
Wolfworks, Inc.	Worker Co-ops	Connecticut
Wood Street Cooperative	Housing Co-ops	Rhode Island
Woodbelly Pizza and Catering	Worker Co-ops	Vermont
Worx Printing LLC	Worker Co-ops	Massachusetts