



**OFFERING MEMORANDUM FOR KUJICHAGULIA
NOTES,
UMOJA NOTES, AND NIA NOTES
OF
THE UJIMA FUND**

The Ujima Fund is managed by the Ujima Project, a project of the Center for Economic Democracy, a Massachusetts based 501(c)(3) tax-exempt public charitable organization.

December 13, 2018

**THE OFFERING OF KUJICHAGULIA NOTES IS ONLY OPEN TO NON-ACCREDITED
RESIDENTS OF MASSACHUSETTS.**

Introduction to The Ujima Fund

The Boston Ujima Project (the “Project”) is a project of the Center for Economic Democracy (“CED”), a Massachusetts based 501(c)(3) tax-exempt public charitable organization. Under the fiscal sponsorship of the CED, the Project’s Ujima Fund (the “Fund”) has been designed to further the mission of CED and the Project to build collective power by organizing investor savings, businesses and customers in order to grow a democratically controlled economy, build community wealth, and support economic self-reliance in Greater Boston.

The Project, through the Fund, is delighted to offer three classes of limited recourse investor notes to fund its social impact investing focusing on and affecting historically divested communities of color of Boston. With the Fund’s capital, to be raised in part via the notes described in this offering, the Fund will make loans and equity investments in social enterprises, real estate, charitable organizations and community groups, while providing opportunities for accredited, and non-accredited, investors to invest in alignment with community-directed social justice values.

The Fund will use elements from traditional venture capital investing and traditional community development lending. However, the Fund expects to distinguish its governance process by employing a democratic “participatory budgeting” process led by the Project’s voting members and guided by the Fund Investment Committee and its grassroots partners. The investment process is described in further detail in the Investment Process section of this offering.

The Fund is offering the following types of limited recourse notes:

(i) Debt securities to non-accredited investors who are residents of Massachusetts in amounts ranging from \$50 to \$10,000, with a 3-year term and a 3% interest rate per year paid annually (the “Kujichagulia Notes,” meaning self-determination in Swahili);

(ii) Debt securities to accredited and non-accredited investors in amounts ranging from \$1,000 to \$1,000,000, with a 3-year term and a 2% interest rate per year paid at maturity or a 7-year term and a 3% interest rate per year paid at maturity (together, the “Umoja Notes,” meaning unity in Swahili); and

(iii) Debt securities to accredited investors in amounts ranging from \$5,000 to \$250,000, with a 7-year term and offering 1.5% interest rate per year paid annually (the “Nia Notes,” meaning purpose in Swahili together and collectively with the Kujichagulia Notes and the Umoja Notes, the “Notes”).

The Fund currently anticipates offering \$500,000 in principal amount of the Kujichagulia Notes, \$3,250,000 in principal amount of the Umoja Notes and \$750,000 in principal amount of the Nia Notes. These amounts are subject to change by the Fund in its sole discretion.

The Notes will be unsecured and sold to the noteholder with limited recourse. The sole source of repayment of the Notes will be the payments made to the noteholders on account of loans and investments made from the Fund. If there is any loss in the Fund’s portfolio of loans and other investments, the Notes may be deemed paid in full despite the CED receiving

aggregate payments from its underlying investments that are less than the original amount of the Notes.

Separate from this offering, the Project is seeking up to \$500,000 in charitable contributions (the “Imani Gifts,” meaning faith in Swahili) to build the Fund’s loan loss reserve (the “Loan Loss Reserve”). To the extent the charitable contributions are insufficient to fund the Loan Loss Reserve and the operational and organization costs of managing the Fund, the Project reserves the right to reduce any Note class's returns by up to 1% APR on a per annum basis to cover such expenses, at the discretion of the CED Board of Directors. The Project will report to the CED, its fiscal sponsor, regarding the Fund and shall keep separate accounting for costs associated with the Fund.

As an impact investment fund, the Fund takes an integrated capital approach, offering debt, equity and other customized products to best meet the financing needs of Ujima’s pipeline of entrepreneurs. In parallel to the Fund’s lending and investing activities, the Project will provide programming designed to support its portfolio investments by organizing consumers and markets, providing technical and strategic support, and coordinating the social and political capital of Ujima members to support the success of the Fund's investments.

Communities of color have historically suffered from both an outsized extraction of resources and a lack of access to capital due to traditional financial institutions’ history of racial redlining and exclusion. Accordingly, the Fund seeks to make patient, collaborative sources of financing available to Boston’s black, indigenous and other communities of color, while enabling members of these communities to build assets as investors in their own economy.

In summary, the Fund is designed to be an investment vehicle that brings together financial institutions, community organizers, local consumers and major purchasers with social enterprises to create a community controlled ecosystem to address poverty, economic disenfranchisement, and racial inequity. We believe that through “Ujima,” the Swahili word for collective work and responsibility, we can build an economy in Boston that works for everyone.

Thank you for your consideration.

Sincerely,

Nia K. Evans
Director
Boston Ujima Project

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Notices Regarding the Offering

This offering memorandum (the “Offering Memorandum”) regarding the offering of the Notes (the “Offering”) contains forward-looking statements that involve risks and uncertainties. We use words such as “anticipates,” “believes,” “plans,” “expects,” “future,” “intends,” and similar expressions to identify such forward-looking statements. You should not place undue reliance on these forward-looking statements. The Fund’s actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including but not limited to the risks described under the heading “Risk Factors” and elsewhere in this Offering Memorandum.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities regulator has approved, disapproved, or endorsed these securities, nor determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

THE NOTES ARE INTENDED FOR INVESTORS WHOSE PRIMARY MOTIVATION IS CHARITABLE AND WHO WISH TO ALIGN THEIR INVESTMENTS WITH THE PROMOTION OF ECONOMIC JUSTICE AND DEMOCRACY FOR ALL, AND THE ELIMINATION OF THE RACIAL WEALTH DIVIDE IN GREATER BOSTON. ALTHOUGH THE NOTES WILL BEAR INTEREST AND WILL BE REPAYABLE AT MATURITY, THE PROCEEDS OF THE NOTES WILL BE USED FOR CHARITABLE PURPOSES, AND THE RATES OF INTEREST PAYABLE ON THE NOTES MAY BE LESS THAN MARKET RATES FOR COMMERCIAL DEBT AND OTHER INVESTMENTS. INVESTORS WHOSE PRIMARY GOALS ARE MAXIMIZING INTEREST INCOME AND OTHER INVESTMENT RETURNS SHOULD SEEK PROFESSIONAL ADVICE BEFORE CONSIDERING AN INVESTMENT IN THE NOTES.

This Offering is being made on a continuous basis to individuals and institutions pursuant to the terms of an Investment Agreement that must be submitted by each prospective investor. This Offering Memorandum will be updated if there are any material events of which investors should be aware for the purposes of making an investment decision. The Fund has not engaged an underwriter or placement agent in connection with the Offering and will not pay any direct or indirect fees or sales commissions to any person in connection with the Offering. Therefore, substantially all of the proceeds of the Offering will be available to support the Fund’s mission. The Fund reserves the right to accept or reject any application for an investment in the Fund and may request additional conditions to an investment or information from any prospective investor.

This Offering is exempt from registration under the Securities Act of 1993, as amended (the “Securities Act”), pursuant to Section 3(a)(4) thereof, as an offering to charitable investors.

The Fund, in conducting the Offering, is also excluded from the requirement to register, and will not be required to comply with the governance and other regulatory provisions of an investment company, under Section 3(c)(10) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), The Offering and the Fund are exempt from several other provisions of the securities laws pursuant to the federal Philanthropy Protection Act of 1995, 104 P.L. 62 (the “Philanthropy Protection Act”). Investors in the Offering will not be afforded the protections of registration and regulation under these laws.

In reliance on laws exempting the securities registration of certain religious, charitable, and educational organizations, the Notes have not been registered with the securities departments of any states. Additionally, no securities department of any state has evaluated the merits of the securities offered as part of the Offering or recommended or approved the securities or the accuracy of this Offering Memorandum.

The Kujichagulia Notes may be sold only in Massachusetts to non-accredited investors and the Fund will only accept Investment Agreements for these Notes from Massachusetts residents. The Kujichagulia Notes may not be sold in, and Investment Agreements for these notes will not be honored from any other states.

The Notes are not savings or deposit accounts or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation, 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 the Fund’s financial condition. Any prospective investor is entitled to review the Fund’s financial statements, which will be furnished at any time during business hours upon reasonable request. The Notes are obligations of the Fund and are not obligations of, nor guaranteed by, any other person or organization.

Purchasing a Note is not a donation to the Fund and is not tax deductible. Interest paid on a Note is taxable. You should not rely on this Offering Memorandum for investment, legal, accounting or tax advice. You should consult your own professional advisors before investing in any of the Notes.

INVESTING IN THE NOTES IS SUBJECT TO CERTAIN RISKS, AND YOU SHOULD NOT INVEST IN THE NOTES IF YOU CANNOT AFFORD TO LOSE THE ENTIRETY OF THE PRINCIPAL AMOUNT OR IF YOU NEED LIQUIDITY (SEE “RISK FACTORS”).

To invest in the Notes, please review the instructions in the “How to Invest in the Notes” section of this Offering Memorandum (see page 53), then complete and submit the attached Investment & Subordination Agreement for the particular Note/s in which you wish to invest and mail the completed agreement to:

The Ujima Fund
PO Box 180310
Boston, MA 02118

If your investment is accepted, the Fund will mail you a copy of your Investment Agreement and the appropriate Note, both signed on behalf of the Fund. If you do not hear from the Fund within 14 days of sending in your Investment Agreement, please contact the Fund to make sure it was received.

For more information, please contact the Fund at (857) 308-4033 or by email at invest@ujimaboston.com.

No one has been authorized to give you any information or to make any representations in connection with this offering other than those contained in this Offering Memorandum. You should not rely on any information or representation that is inconsistent with this Offering Memorandum.

Summary of the Offering

The Boston Ujima Project

The Boston Ujima Project ("The Project") is a project of the Center for Economic Democracy ("CED"), a Massachusetts 501(c)(3) tax-exempt public charitable organization, incorporated in 2018. The CED and the Project have entered into a Fiscal Sponsorship Agreement, whereby the CED, in the capacity of fiscal sponsor, is offering its legal and tax-exempt status to the Project. Additionally, the CED will provide the Project with administrative and staffing support and, in exchange, will receive a one-time fee of \$15,000 payment to cover related Fund startup expenses. The CED collaborates with grassroots leaders and capital stewards to advance visionary strategies to build alternatives to capitalist economics in the US. As a project of the CED, the Project will work to build a just, regenerative and democratic economy by organizing and investing in Boston's communities of color. The Project will use a community ecosystem approach to further this mission. The three pillars of the Project are:

1. Investment Democracy

The Project and its partner organizations will regularly convene hundreds of residents, local businesses and nonprofits to pool capital, set investment terms, and vote on direct deals to help achieve shared community goals.

2. Capital Stack Equity

The Project has designed the Fund with a multi-tranche structure that seeks to provide the least risk and highest returns to its non-accredited noteholders, while leveraging philanthropic capital to fund its Reserves.

3. Community Collateral

The Project activates its base of community investors to secure procurement contracts with anchor institutions, organize consumer dollars, provide technical assistance resources and drive policy campaigns to grow the market share and resilience of the Project's portfolio of companies.

With a focus on principal preservation and stable returns, the Project encourages Boston residents to invest in themselves, grow local wealth and build community power for social change.

The Fund

The Fund is a democratically governed impact investment fund that seeks to re-center investing around community needs by empowering each local investor with an equal voice in approving the goals and recipients of the Fund's capital. Recipients may include local small businesses, real estate and infrastructure projects in and affecting Boston's working-class neighborhoods of color. The Fund offers fixed rate, limited recourse unsecured notes to noteholders. The Fund takes an integrated capital approach to investing, offering equity, debt and other types of financial support, such as credit enhancements to eligible business owners and developers that advance Ujima's mission. The Fund seeks to deploy the most appropriate capital instrument for the age and stage of each organization in which it invests.

The Notes

The Fund is offering unsecured, limited recourse Notes in the targeted amounts specified below. Under the terms of the Notes, any losses on investments made from the Fund are to be limited recourse, meaning the noteholders may experience a loss on their investment, which cannot be fully recovered. The CED, as the issuer of the Notes and the fiscal sponsor of the Fund, is the only involved legal entity. The sole sources of repayment of the Notes will be the payments made to the noteholders on account of loans and investments made from the Fund, or from the Loan Loss Reserve. If there is any loss in the Fund's portfolio of loans and other investments, the Notes may be deemed paid in full despite the CED receiving aggregate payments that are less than the original amount of the Notes. The

proceeds of the Offering will be used to support and sustain local businesses and enterprises throughout Boston that meet the criteria outlined in the Fund's Investment Policy and Guidelines (the "Investment Policy").

- \$500,000 in Kujichagulia Notes - 3-year term
- \$3,000,000 in Umoja Notes - 3 and 7-year terms
- \$750,000 in Nia Notes - 7-year term

The Fund expects to offer and sell these targeted amounts, but the final amounts of the offerings of Notes are subject to change by the Fund in its sole discretion. Acceptance of offers to purchase any of the Notes is not conditioned upon the receipt of any minimum amount of total funding or any other event.

Kujichagulia (Self Determination) Notes

Kujichagulia means self-determination in Swahili and is one of the seven principles of Kwanzaa. The Kujichagulia Notes have a 3-year term and will receive interest at a rate of 3% per year paid annually. To further support the Fund's work, noteholders will have the option to elect a lower interest rate. The Kujichagulia Notes are open to non-accredited investors residing in Massachusetts, with a minimum investment requirement of \$50 up to a maximum investment cap of \$10,000. Fifty percent (50%) of the principal investment in a Kujichagulia Note will constitute a senior obligation (the "Senior Obligations") and the remaining fifty percent (50%) of the investment (the "Junior Obligations") will be subordinate to the Senior Obligations and will be pari passu with the other Junior Obligations.

Umoja (Unity) Notes

Umoja means unity in Swahili and is one of the seven principles of Kwanzaa. The Umoja Notes have either a 3-year term and will receive interest at a rate of 2% per year or a 7-year term and will receive interest at a rate of 3% per year, in each case paid at maturity. To further support the Fund's work, noteholders will have the option to elect a lower interest rate. The Umoja Notes are open to accredited and non-accredited investors, including grant-making foundations, and others that meet the criteria in the Fund Investment Agreement. The Umoja Notes will have a minimum investment requirement of \$1,000 and a maximum investment cap of \$1,000,000. Ten percent (10%) of the principal investment in a Umoja Note will constitute a Senior Obligation and the remaining ninety percent (90%) of the investment will be a Junior Obligation.

Nia (Purpose) Notes

Nia means purpose in Swahili and is one of the seven principles of Kwanzaa. The Nia Notes have a 7-year term and will receive interest at a rate of 1.5% per year paid annually. To further support the Fund's work, noteholders will have the option to elect a lower interest rate. The Nia Notes are open to accredited investors and institutions, including grant-making foundations. The Nia Notes have a minimum investment requirement of \$5,000 and a maximum investment cap of \$750,000. Fifty percent (50%) of the principal amount of the Nia Notes will constitute a Junior Obligation and the remaining fifty percent (50%) of the obligation will constitute First Loss Philanthropic Obligations (the "First Loss Philanthropic Obligations").

Summary of the Offered Notes

Note Type	Notes Investments Open to	Minimum Note Amount Per Investor	Maximum Note Amount Per Investor	Expected Size of Note Offering	Applicable Form Investment Agreement and Note
Kujichagulia (Self Determination) Notes	Non- Accredited Investors Residing in Massachusetts	\$50	\$10,000	\$500,000	See Appendix A
Umoja (Unity) Notes	Accredited and Non-Accredited Investors (including institutions)	\$1,000	\$250,000 (other than for multiple investments through Donor Advised Funds)	\$3,250,000	See Appendix B
Nia (Purpose) Notes	Accredited Investors (including institutions)	\$5,000	\$250,000 (other than for multiple investments through Donor Advised Funds)	\$750,000	See Appendix C

Prospective investors are directed to the “Risk Factors” disclosure that appears later in this Offering Memorandum.

Risk Factors

Each prospective investor must be aware that an investment in the Notes is speculative and involves a high degree of risk, including the possible loss of the entire investment. Each prospective investor should carefully read and consider the following Risk Factors and all matters specified in the offering documents prior to making an investment decision regarding whether to invest in the Notes. The following information identifies the material risks and uncertainties that the Fund faces, but other risks and uncertainties may also significantly impact the Fund or the Offering and the value of the Notes.

- **Certain Factors Beyond the Fund’s Control May Affect the Fund’s Future Success.** Any future success that the Fund might achieve will depend upon many factors, including factors beyond its control and/or that cannot be predicted at this time. These factors include but are not limited to changes in general economic conditions; changes in viable investment opportunities; the impact on borrowers or equity investment values from competition, market forces, changes in laws, weather; or other factors that have not yet been identified. Any of these factors could have a material adverse effect on the borrowers’ businesses or the value of the Fund’s investments, which could have a material adverse effect on the Notes.
- **The Fund is Dependent on Key Personnel.** Much of the Fund’s success depends on the skills, experiences and performance of the Fund’s management and staff. The Fund’s success will also depend on the ability to recruit, train and retain qualified personnel. The loss of and subsequent failure to adequately replace the services of any key personnel, or a failure to recruit, train, and retain key personnel in the future, may have a material adverse effect upon the administration of the Fund and the value of the Notes.
- **The Fund Management Members Have Not Previously Managed a Fund.** The Project’s Fund management team has not previously managed a fund. The Fund management team will have access to the expertise of the Investment Committee, a team made up of experienced investment professionals who assist in the due diligence stage of the investment process. In addition, the Fund Management team will also have access to the expertise of the Project’s Advisory Board, also made up of impact investing professionals (both the Advisory Board and the Fund’s Investment Committee are described in greater detail below).
- **Competition May Affect the Fund.** As awareness of social impact investing continues to grow in the Northeast, available capital may outpace the number of viable investments. While there is currently limited competition in Boston for this type of fund, there is the possibility that competitors will develop. The Fund may find itself competing with other investors or investment funds, including the Boston Impact Initiative Fund, for investments, which could increase the risk and reduce the return of our investment portfolio, which could adversely impact the ability to pay interest on the Notes or make principal payments at maturity. As awareness of social impact investing continues to grow, these competitive threats will likely expand in the future, making it more difficult for the Fund to attract investment opportunities, which could have a material adverse effect on the Fund’s revenue and financial condition.
- **The Notes Are Unsecured and Offered with limited recourse.** The Notes will be unsecured and sold with limited recourse to the noteholder. Under the terms of the

Notes, any losses on investments made from the Fund are to be limited recourse, meaning the noteholders may experience a loss on their investment, which cannot be recovered against CED, the Project or the Fund. The sole source of repayment of the Notes will be the payments made to the noteholders on account of loans and investments made from the Fund. If there is any loss in the Fund's portfolio of loans and other investments, the Notes may be deemed paid in full despite the CED receiving aggregate payments that are less than the original amount of the Notes.

- **The Fund's Investments Are Subject to the Risk of Nonpayment.** Loans and other investments made from the Fund are subject to non-payment risks, including: (i) the inability of borrowers to make interest and principal payments on loans; (ii) "lender-liability" claims by borrowers and third parties; (iii) environmental liabilities that may arise with respect to collateral securing a loan; and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to loan participations. In analyzing each investment, the Fund compares the relative significance of the risks against the expected benefits of the loan. Successful claims by third parties arising from these and other risks may result in a loss to Note holders.
- **The Fund May Have Insufficient or No Collateral Coverage for the Loans.** Although the Fund may attempt to collateralize certain loans to borrowers, several factors may limit its ability to collect the full amount of such loans, even after exercising its rights to collateral. The realizable value of collateral for a particular loan may be less than the principal amount of that loan, particularly in light of fluctuating asset values. Certain borrowers may owe money to other creditors with rights senior to the same collateral pledged to the Fund, including mechanics', materialmen's, real estate tax and other liens. In addition, not all of the Fund's loans will be collateralized.
- **There Are No Guarantees of Return.** No assurances can be given that an investor in the Notes will realize a substantial return on investment, or any return at all, or that such an investor will not lose a substantial portion or all of their investment. For this reason, each prospective investor should carefully read this memorandum and the relevant appendices attached hereto and should consult with an attorney, accountant and/or business advisor prior to making any investment decision.
- **The Determination of Valid Benefits is Subjective.** There can be no assurance that the intended benefits of the particular projects the Fund will finance will be achieved. In addition, the measurement and valuation of these benefits is subjective. There can be no assurance that the Fund's determination of a successful project will correspond to the opinions of investors. A description of the criteria which the

Project will use to evaluate its investments is described below in the Good Business Standards description.

- **The Fund's Loans May Have Higher Risk Profiles.** The Fund's underwriting criteria will include mission-related factors that extend beyond a traditional lender's focus on credit risk. Accordingly, the Fund may make loans that would be considered higher risk by for-profit commercial lenders. Any or all of these borrowers could default, which could make it impossible for the Fund to meet its obligations under the Notes.
- **The Investment Process Is Complex.** Because of the complexity of the Fund Investment Process and the array of stakeholders involved, the Fund may experience delays in carrying out objectives, which may cause the Fund to miss out on investment opportunities.
- **High Quorum Requirement May Be Difficult to Obtain.** Due to the participatory nature of the Fund Investment Process, the quorum requirement for votes on investment opportunities has been set at 51% of Ujima Project Voting Members. Such a high participation threshold for votes on investment opportunities may be difficult to obtain.
- **The Investments May Be Concentrated.** The Fund has no formal guidelines for diversification. As a result, the Fund's investment portfolio could become significantly concentrated in a small number of borrowers, industries or sectors. Moreover, its geographic focus is limited to Greater Boston. Any such concentration of risk may increase losses suffered by the Fund.
- **The Fund May Be Unable to Sell a Sufficient Number of Notes in This Offering.** The Notes offer a low rate of return compared to other investments of comparable risk. Because of this lower rate of return or other factors, the Fund may be unsuccessful in its ability to sell the Notes and, therefore, may be unable to carry out its objectives, which may exacerbate the other risks mentioned in this Offering Memorandum.
- **The Project Is Dependent on Philanthropic Contributions to Fund the Reserves and to Cover Its Operational and Organization Costs.** The Project is dependent on philanthropic grants to fund its reserves and its operating budget. Additionally, the potential reduction of the Note's APR by up to 1% on a per annum basis to cover expenses, at the discretion of the CED Board of Directors, may be insufficient to cover the Fund's operational expenses. If the Fund is unable to receive philanthropic

grants, it may also materially and adversely affect its ability to pay interest and principal on the Notes.

- **Tax Risks.** No representation or warranty of any kind can be made by the Fund, the officers, directors, affiliates, employees or agents of the Fund, or counsel or any other professional advisors to the Fund, with respect to any tax consequences of any investment in the Fund. EACH PROSPECTIVE INVESTOR SHOULD SEEK THE INVESTOR'S OWN TAX ADVICE CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND.
- **Earnings on the Notes Are Not Tax-Exempt.** All of the interest, if any, earned on the Notes will be taxable as ordinary income to investors other than tax-exempt organizations. Although the Fund is a registered 501(c)(3) tax-exempt public charitable organization under the Code, earnings from an investment in the Fund are not tax-exempt.
- **The Fund Has No Operating History.** The Fund is a new entity that commenced operations in 2018 and lacks any operating history; therefore, any estimates of its performance, administration or investment returns may not meet expectations. While key co-founders and Investment Committee members of the Fund have made similar investments over the past five years, there is no assurance that the Fund will generate significant revenues and/or that its operations will be profitable.
- **The Fund's Ability to Raise Capital is Limited.** Traditional for-profit financial institutions sell stock and retain earnings to build capital. The capital is available to cover overhead and to provide liquidity and reserves against losses. The Fund cannot issue stock, and does not have or expect to have substantial retained earnings.
- **The Loss of the Fund's Tax-Exempt Status Could Threaten Its Continued Viability.** The Fund has received an Internal Revenue Service determination that it is an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). If the Fund's operations or structure deviate materially from the description provided to the Internal Revenue Service, or if there are changes in Section 501(c)(3) of the Code, the Fund may lose its tax-exempt status. Loss of tax-exempt status would impose significant additional expenses on the Fund and might seriously threaten its continued viability.
- **An Economic Downturn or Volatility could have a Material Adverse Impact on The Fund's Business or Financial Condition and the Notes.** The United States

and world economies have experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could have a material adverse effect on the Fund's portfolio companies or the value of the investment in the Fund, reduce the availability of viable investment opportunities for the Fund, reduce interest in impact investing on the part of potential investors, reduce grant funding for operations or reserves from philanthropy, among other things. Any of these factors could have a material adverse effect upon the Fund, its borrowers and the value of the Notes.

- **This is a Speculative Investment.** Each prospective investor in the Notes must be willing and able to tolerate a total loss of his/ her investment, as this is a speculative venture. While the Notes are expected to be interest-bearing as set forth herein, there is no prospect for capital appreciation in ownership of the Notes.
- **Lawsuits Could Adversely Impact the Fund.** The Fund could be a party to legal and regulatory proceedings and investigations, including matters involving governmental agencies, entities with whom the Fund does business or employees or other proceedings and investigations arising in the ordinary course of business. Assessing and predicting the outcome of such matters, should they arise, involves substantial uncertainties, and any lawsuit or investigation against the Fund could delay or interfere with the profitability of the Fund by diverting both time and financial resources to defend against the suit.
- **The Fund is Unable to Predict What Changes to Laws, Regulations and other Requirements Might be made in the Future or how Those Changes Could Affect Business or the Costs of Compliance.** The Fund has attempted to structure its operations to comply with legal, regulatory and other requirements applicable to it directly, its Supported Organizations, its borrowers and contractors, but there can be no assurance that the Fund's operation will not be challenged or impacted by changes to various legal, regulatory or other requirements. Any changes to existing legal, regulatory or other requirements could require the Fund to change or terminate portions of its business, limit the types of investments the Fund is able to make, adversely affect demand for its services or force it to expend significant capital to ensure the Fund remains in compliance with such changes.
- **The Fund May Incur Additional Indebtedness.** The Notes will not limit the ability of the Fund to incur additional indebtedness.

- **Assets of The Fund Could Be Encumbered.** Priority liens on the assets of the Fund given to other creditors could lead to the liquidation of assets in the event of a default, with insufficient assets remaining to operate or to redeem the Notes.
- **The Notes Are Not Insured.** Investments in the Fund are not insured by the FDIC or any other governmental or private entity. The risks of an investment in the Notes may be greater than the risk that is implied by the relatively low interest rates on the Notes.
- **The Notes Are Unrated.** The Notes have not been submitted to any rating agency to obtain an opinion or rating of the risk of timely collection of principal and interest.
- **No Early Redemption and No Secondary Markets.** The Notes cannot be redeemed before their due date, and there is no known secondary market in which to sell or trade them before maturity. Each prospective investor should expect to hold their investment in the Notes until maturity.
- **Subordination Will Be Ineffective to Prevent Payment of Junior Obligations Prior to a Bankruptcy Event.** The subordination provisions only apply to payments after the occurrence of a Bankruptcy Event. Prior to a Bankruptcy Event, the Fund will not be (a) restricted from prepaying any of the Junior Obligations and, to the extent such Junior Obligations become due, will be required to pay such Junior Obligations or (b) required to satisfy the Senior Obligations prior to making payments on the Junior Obligations.
- **No Other Person Takes Responsibility for The Fund or the Funds Raised in Conjunction with this Offering.** None of the employees of the Center for Economic Democracy or any of the directors, officers, affiliates, employee or agents of the Center for Economic Democracy or the Project accepts any legal responsibility for the Fund.
- **The Fund Has Limited Liquidity.** The Fund intends to invest the majority of the proceeds from the sale of the Notes into borrowing enterprises, but investments may also take the form of equity (including limited or general partnership interests). The outgoing loans will typically have maturities ranging from three to seven years. Such loans are not publicly traded, are illiquid and are subject to long-term financing commitments. The equity investments will not necessarily have a fixed maturity, and will also not be publicly traded and are illiquid. The Fund does not expect to be able to easily dispose of such investments and, in some cases, may be prohibited from doing so. Since the investments themselves are illiquid, the sources of repayment of

the Notes are limited to regularly scheduled loan payments from borrowing enterprises, dividends and distributions (if any) from the equity investments and cash reserves. Accordingly, substantial losses or delinquencies in the loan portfolio, accompanied by depletion of the Fund's cash, may impede the Fund's ability to pay principal and interest on the Notes in a timely fashion.

- **Investments in Equity Securities May Be More Volatile.** Investments in equity securities are more volatile and carry more risks than some other forms of investments. The price of equity securities may rise or fall because of economic or political changes or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the Fund's portfolio or the securities market as a whole, such as changes in economic or political conditions. When the value of such securities goes down, the Fund's investment decreases in value.
- **The Fund is Relying on Exemptions from Laws.** The Offering and the Fund will operate under various exemptions from otherwise applicable securities laws provisions that provide certain protections to investors in connection with the offering of securities, the governance and operation of investment funds, the advice of investment advisers and the ownership and trading of securities, as a charitable organization. Investors in the Notes will not enjoy these legal and regulatory protections that otherwise would apply. For example, the Offering will not be registered under the Securities Act and the Fund is not and will not be registered as an investment company under the Investment Company Act. The Fund relies on the exclusion from the definition of an investment company provided in Section 3(c)(10) of the Investment Company Act, which applies to companies 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, among other things, prohibit the Fund from engaging in certain transactions with its affiliates and regulate the relationship between advisors and investment companies) are not applicable.
- **Holders of Notes are Subject to Risk Associated with Bankruptcy or Insolvency of The Fund.** If the Fund seeks relief under bankruptcy or related laws, a bankruptcy court could attempt to consolidate the Fund's assets into the bankruptcy estate, possibly resulting in delayed or reduced payments to Noteholders.

Background: Appreciating the True Value of Communities' Assets

Boston is home to many indigenous American and non-indigenous communities of color, celebrating diverse national origins (America, Haiti, China, Vietnam, the Dominican Republic, Cape Verde, Jamaica, Brazil, El Salvador, and Colombia)¹, where cultures thrive and mix to make Boston a place that we love to call home. With some willing and forced immigrant communities tracing their histories in Boston to as early as the 1800s², communities of color have contributed significantly to Boston's economic, physical, social, cultural, and political environments for nearly two centuries. However, early political and legal structures--"general housing and lending discrimination through restrictive covenants, redlining and other lending practices...,[exclusion] from post-Depression and World War II (1939 – 1945) public policy, which was largely responsible for the asset development of an American middle class (for example, racially discriminatory local implementation of Federal Housing Administration loans and G.I. Bill benefits...)"³ "the Immigration and Nationality Act of 1952 (also known as the McCarran-Walter Act) den[ying] Afro-Caribbeans the right to take advantage of the quotas set for Great Britain,"⁴ etc.--worked to actively undervalue and undermine the efforts of communities of color to reap the just rewards of their work, sustain themselves and accumulate wealth, creating deep-rooted conditions for poverty.

The rich history of Boston's communities of color includes institution building in the face of racism. Without the financial wealth, communities of color in Boston assisted the general community by providing housing, income, and other support services. For example, black-owned businesses in the nineteenth century provided alternatives to low paying work for some people while grocery stores provided credit and some loans to families, making them "the finance agencies of the community."⁵

Boston is now one of the fastest gentrifying cities in the country, pricing out families and businesses that have contributed to Boston's cultural and economic vibrancy for generations. Small businesses, particularly those led by women and people of color--core to vibrant local economies--struggle to access the capital they need to survive and thrive. Businesses owned by people of color receive smaller loans, are more likely to be denied loans, are more likely to be discouraged to apply, and/or pay higher interest rates than

¹ Federal Reserve Bank of Boston, *The Color of Wealth in Boston*, available at <https://www.bostonfed.org/publications/one-time-pubs/color-of-wealth.aspx>.

² Hayden, Robert C. (2007) "A Historical Overview of Poverty among Blacks in Boston, 1850-1990," *Trotter Review*: Vol. 17: Iss. 1, Article 8. Available at: http://scholarworks.umb.edu/trotter_review/vol17/iss1/8

³ Federal Reserve Bank of Boston, *The Color of Wealth in Boston*, available at <https://www.bostonfed.org/publications/one-time-pubs/color-of-wealth.aspx>.

⁴ *Id.*

⁵ Hayden, Robert C. (2007) "A Historical Overview of Poverty among Blacks in Boston, 1850-1990," *Trotter Review*: Vol. 17: Iss. 1, Article 8. Available at: http://scholarworks.umb.edu/trotter_review/vol17/iss1/8

businesses that are not owned by people of color.⁶ Accordingly, the Fund's mission is to challenge poverty, and cultivate wealth and power in Boston's communities of color, by creating paths for community members to invest in and reward responsible businesses and organizations that provide good livelihoods for workers and owners, and meet real community needs.

The Project's Mission

Through a participatory investment process, the Project will identify and prioritize social enterprises in Greater Boston that are committed to creating a better future for Boston's lower income communities of color. The Fund will especially focus on investing with founders and business owners who lack access to capital due to racism, sexism and other forms of discrimination prevalent in traditional capital markets.

In addition to making investments in these social enterprises, the Project will provide programming designed to support its portfolio investments through the Ujima Business Alliance, a network of locally owned companies supported by the Project as a whole. These programs support their financial viability, while also strengthening the worker, customer, and community benefits of Project's companies.

As a related goal, the Fund also seeks to have a broader impact in the investment community by creating an emergent and replicable model for the democratization of place-based impact investing for social and economic justice in the US.

⁶ Fairlie and Robb, 2010:
<http://people.ucsc.edu/~rfairlie/presentations/Disparities%20in%20Capital%20Access%20Report%202010.pdf>

The Ujima Fund Investment Process

1. Identifying and Selecting Opportunities

Community members and stakeholders gather for **Neighborhood Assemblies, Citywide Assemblies & Business-to-Business Assemblies** to update the Community Standards and determine the Collective Investment Priorities.



2. Screening and Analysis

Businesses that meet the Community Standards are incubated and/or admitted to the **Business Alliance**, where they can apply for capital in response to the Collective Investment Priorities.



3. Due Diligence

The **Investment Committee & Fund Manager** conduct due diligence, help to draft Term Sheets, and support **Voting Members** in deciding whether each applicant is a good fit for the Fund portfolio.



4. Fund Allocation

Voting Members approve or recommend additional revisions to draft Term Sheets. Approved investments are finalized by the **Fund Manager** and sent to **The C.E.D. Board** for final approval.



5. Monitoring and Support

The **Business Alliance Coordinator, Fund Manager & Investment Committee** work collaboratively to anticipate and address investment risks for businesses in the Fund's portfolio, for the benefit of the Fund and the ecosystem as a whole.



The **Business Alliance** supports its members with technical assistance, marketing, advocacy and other creative organizing solutions.

The Fund is an impact investment vehicle committed to promoting the mission of the Center for Economic Democracy (the “CED”) to foster a democratic economy through a participatory investment process. When launched, the Fund, through a participatory planning and investment process, will provide loans, equity investments, guarantees and/or other credit enhancements to qualifying social enterprises and business owners, particularly those who have traditionally lacked access to capital and who are committed to improving lower income communities. The Fund aims to prioritize community engagement at each level of the capital raising and investment process. The community will inform the Fund’s efforts to identify and ultimately decide which companies or businesses will be eligible recipients of capital investments from the Fund. Eligible recipients will then be screened and inspected by the Fund’s Investment Committee (“Investment Committee”) and sent to the CED Board for final approval.

- **Identifying and selecting opportunities**

The Fund’s investment priorities are driven by a community-based multi-stakeholder planning process centered around annual Neighborhood Assemblies, Citywide Assemblies and Business to Business (“B2B”) Assemblies hosted by the Project and its grassroots partner organizations. The Attendees at these assemblies, some of whom will be General Members of Ujima, will recommend businesses that they would like to have be considered for investment. Following these assemblies, the General Members and other stakeholders, including community organizers and business owners, will prioritize the companies and businesses within the community that they want to invest in and cultivate.

In the order of their prioritization, the businesses that have been named at these Assemblies will then be invited to apply to the Business Alliance. In order to be admitted into the Business Alliance, a business will need to meet the social and environmental standards of the community (a more detailed description of the Community Standards can be found below). Once a business has joined the Ujima Business Alliance, it then becomes eligible to receive capital from the Fund.

- **Screening and analysis**

Once eligible businesses are identified, the Fund’s management team will conduct the necessary due diligence to screen them through an initial analysis of the investment before it is presented to the Investment Committee for further consideration. As part of this initial screening and analysis, business owners must meet with the Fund Manager to discuss their business plans and capital needs. Through this conversation, the Fund Manager will conduct due diligence and perform an analysis of the business’ operations and growth strategy. The Fund Manager will gather necessary information including but not limited to: a

description of all products and services offered by the business, a description of customer segments and channels, an organizational chart of management and personnel, financial statements and projections, and an overview of the business' growth plan and uses of funds. This information will then be presented to the Investment Committee to consider the merits and viability of the investment. If the investment is approved, the Investment Committee will then assist with structuring the terms of the investment.

- **Final Allocation**

The Project's voting members will either approve or recommend additional revisions to the draft term sheets. Once there is an agreement on the terms of the investment, the voting members will make the ultimate decision on whether an investment is a good fit for the Fund portfolio. The Project's voting members are limited to members who are current residents or former residents of Boston who have been displaced. The voting members will be provided with diligence information on the business, the agreed upon terms of the investment and a report prepared by the Investment Committee distilling the risk and viability of the investment opportunity and its potential community benefit. A quorum of 51% of the voting members participating will be required for any vote on investment opportunities to be binding. A majority of the voting members participating must vote in favor of the investment for the investment to proceed. Once a vote is taken, the approved investments are finalized by the Fund Manager and sent to the CED Board. CED, as the fiscal sponsor of the Fund, will provide the final and binding approval.

As a project of the CED, the CED provides the ultimate fiduciary and administrative oversight on the operations of the Fund. However, the CED Board delegates the day-to-day governance of the Fund to the Investment Committee.

The Project's Ongoing Support for Business Alliance Members and Fund Recipients

In furtherance of its mission, the Project will provide support and education to the businesses in which it invests and work with portfolio companies to strengthen the impact they can have in their communities. The Project will begin each relationship with an assessment that will help the leaders of the business develop short- and long-term operational and community benefit goals for their business, and will annually measure the performance of the business at achieving its goals throughout the term of the Fund's investment.

In addition to supporting portfolio companies, the Project will also offer ongoing support to members of the Ujima Business Alliance.

While social and environmental impact goals will vary from business to business, the Project will encourage businesses to address the following:

- *Inclusive Ownership*
 - Women, people of color, and women of color in particular are disproportionately excluded from opportunities for business ownership. Enterprises owned by underrepresented entrepreneurs help growth wealth, jobs and resilience in working class communities of color.
- *Employee Ownership*
 - Worker-owned cooperatives and employee-owned firms allow employees typically excluded from business ownership to build financial wealth. Employee-owned firms reward workers for the success of their companies and when managed well, can be both more efficient and equitable in their practices than traditional firms.
- *Inclusive Workforce*
 - Joblessness in low-income communities of color perpetuates poverty, destabilizes social networks and degrades health and wellbeing. Concentrated urban unemployment can be challenged by firms that hire and promote workers from underrepresented communities.
- *Good Jobs Standards*
 - Current minimum wage laws do not ensure that full-time workers can meet their basic needs, and the number of “working poor” - especially amongst women of color - continues to grow in America. Stable jobs with equitable labor policies can help reverse this trend.
- *Worker Power*
 - The lack of employee voice in decision making can create negative workplace environments that are unhealthy for both workers and managers. Structures that empower employees in relevant decisions tend to increase worker satisfaction and overall business efficiency.
- *Community Control*
 - Firms without structures for stakeholder participation are at higher risk for making decisions that alienate customers and harm their communities. Firms that incorporate consumer governance or maintain robust feedback channels tend to be better corporate actors.
- *Customers*
 - Globalization has allowed the geographic isolation of producers from consumers. Business that produce goods or provide services for local consumption are responsive to community needs and help build economic resilience in Boston.

- *Vendors*
 - Businesses can help strengthen the economy by prioritizing local, socially responsible contractors, suppliers, service providers and other vendors. Firms with social and environmental screens can grow community wealth and jobs by increasing the circulating of local dollars.
- *Energy*
 - The consequences of global climate change disproportionately impact low-income residents and communities of color. The private sector can mitigate the effects of climate change by transitioning to renewable energy sources.
- *Waste*
 - The use of toxic, non-recyclable inputs by businesses contribute to negative health outcomes for workers and communities that are burdened by produce lifecycles. Firms can promote environmental health by using better products and diverting waste towards renewable use.
- *Associations*
 - While markets produce private competition, the lack of relationships and coordination within the small businesses sector leads to economic and political isolation. Participation in business networks and community associations help promote local cooperation and business success.
- *Community Benefits*
 - Community organizations and nonprofits help meet the needs of local residents that are not provided for by the government or private sector. Businesses that contribute to the Project and their broader communities help meet essential community needs that also strengthen the local economy.
- *Health & Safety*
 - Workplaces should be safe spaces where employee's health is a priority. Employers should avail health and wellness programs to employees to promote their mental and physical health. By extension, the neighborhoods where businesses operate should not be burdened with negative health outcomes as a result of that business' presence in their community.

Management, Staffing and Administration

Ujima's Leadership and Organizational Structure		
Category	Body	Role
Advisors and Organizational Stewards	CED Board of Directors	Provides ultimate fiduciary and administrative oversight over the Project and Fund
	Ujima Advisory Board	Provides guidance on broad vision and strategy for the Project and Fund
Elected Committees	Investment Committee	Assesses investment opportunities and supports General Members in deciding whether an investment is a good fit for the Fund portfolio
	Community Standards Committee	Facilitates the Community Standards selection process and approves Good Business Alliance applications based on their ability to meet these standards
Stakeholder	Good Business Alliance	Provides access to a variety of business supports for Good Businesses (those who have met the Community Standards), including access to the Ujima Fund, marketing and technical assistance
Members	General Members (Voting Members)	Vote to determine Community Standards, investment priorities, member seats on elected bodies, investment decisions, and sometimes organizational policies or strategies, and organize through Member Teams
	Solidarity Members (Non-Voting Members)	Organize through Member Teams
Member Teams (currently)	Anchor Institution Outreach	Member driven organizing teams, meeting at least once monthly during one of four monthly Member Meetings
	Arts & Culture Organizing	
	Business Support	
	Evaluation	
	Financial Education	
	Fundraising and Investor Outreach	
	Outreach and Media Creation	
	Time Banking	
	Youth Engagement	
Staff	Ujima Staff	Manages day-to-day operations of the Project and the Fund
	CED Staff	Provides administrative and operational support to the Project and the Fund

Directors and Officers for the Center for Economic Democracy (CED)

- **Kalila Barnett (Board President)**

Kalila is a Climate Resilience Program Officer at the Barr Foundation. Kalila has over a decade of experience in community organizing around affordable housing, land development, and environmental justice. She served as the Executive Director at Alternatives for Community and Environment (ACE) for eight years. Before joining ACE in 2009, she worked as a Senior Organizer at Community Labor United. Kalila has a Bachelor's degree from Bates College, where she studied American Studies and Spanish, and a Master of Public Policy from the Urban and Environmental Policy and Planning School at Tufts University. Kalila currently lives in Roslindale and enjoys walking in the Arboretum, listening to podcasts, and cooking for friends.

- **Ariel Brooks (Director of Capacity and Operations)**

Ariel Brooks is an educator and organization builder. As the founding Director of Capacity and Operations for the Center for Economic Democracy (CED), Ariel leads the design and implementation of culture and systems for governance, people management, and programs.

Prior to joining CED, Ariel helped launch two organizations as the founding Program Manager for Strong Women, Strong Girls and the founding Chief Program Officer for The College for Social Innovation. In between, Ariel built experiential education programs for the Phillips Brooks House Association and Marlboro College including the PBHA Public Service Academy and the Marlboro College Beautiful Minds Challenge, Movies from Marlboro and Get On Board Windham County programs. Ariel remains an adjunct faculty member at the Marlboro College School of Graduate and Professional Studies, where she annually leads the “Building a Strong Staff Culture” day for the school's nonprofit management certificate.

Ariel holds a B.A. in Sociology from Harvard University, and a M.Ed. in Instructional Design from UMass Boston. She recently served as the Vice President on the Executive Board of the Ashmont Nursery School, and as the Chair of the Southeastern Vermont Economic Development Strategies (SeVEDS) board.

- **Martin Familia (Director of Finance and Human Resources)**

Martin Familia has been working in finances in different capacities since graduating from the University of Massachusetts, Amherst in 2009. Originally born in the Dominican Republic, Martin came to Boston at the age of two where he has resided ever since. Martin demonstrates a commitment to community with his involvement at different organizations including his former school Codman Academy Charter Public

School where he is an active member of Codman Academy's Board of Trustees. Martin also takes time to hold financial literacy seminars for different groups of high school students, including current students as they prepare for life after high school. After beginning his career in commercial banking, Martin was the Director of Finance & Administration at the College for Social Innovation, a startup where he played a major part in building systems around financial administration, compliance, internal controls, and human resources.

- **Elena Letona (Board Member)**

Elena brings more than 20 years of working with grassroots organizations, her experience ranging from organizational development and public policy to fundraising, finances and developing grassroots boards. She is currently the executive director of Neighbor to Neighbor, a grassroots membership organization building power in working class communities of color across Massachusetts (“[N2N](#)”). Before joining N2N, Elena served as Executive Director of Centro Presente, a Boston-based immigrant rights organization. Her leadership transformed Centro Presente from a direct service organization to a stable member-led immigrant rights force. Elena holds a Master’s degree and a Ph.D. in Public Policy from the University of Massachusetts. She is the author and co-author of numerous articles and reports on a variety of topics related to organizational and community capacity building.

- **Penn Loh (Board Clerk)**

Penn Loh is Senior Lecturer and Director of the Master of Public Policy Program and Community Practice at Tufts University’s Department of Urban and Environmental Policy and Planning. He partners with various community base building organizations in the Solidarity Economy Initiative, Right to the City Alliance, and Center for Economic Democracy. From 1996 to 2009, he served in various roles, including Executive Director, at Alternatives for Community & Environment (ACE), a Roxbury-based environmental justice group. He holds an M.S. in environmental science and policy from Energy and Resources Group of the University of California at Berkeley and a B.S. in electrical engineering from MIT. Before joining ACE, he was Research Associate at the Pacific Institute for Studies in Development, Environment, and Security in Oakland, California and a Research Analyst at the Tellus Institute for Resource and Environmental Strategies in Boston. He has published broadly on environmental and social justice issues. He has served on the National Environmental Justice Advisory Council’s Health and Research Subcommittee, the Massachusetts Environmental Justice Advisory Committee, the Massachusetts Energy Efficiency Advisory Council, the Massachusetts Energy Facilities Siting Board, and on the boards of the Environmental Support Center, the Environmental Leadership Program, New World Foundation, and Community Labor United. He is currently a trustee of the Hyams Foundation.

- **Lisa Owens (Board Treasurer)**

Lisa Owens is the Executive Director of the housing justice organization City Life/Vida Urbana, which builds the power and leadership of working class communities, particularly communities of color, to work for social, racial and economic justice and gender equality. Lisa has been actively involved in social movement building for over 25 years and has supported a number of local grassroots social justice organizations as an Executive Director, board member, donor, and volunteer. She holds an MS in Organizational Management and Leadership from Springfield College. A seasoned educator, she occasionally teaches courses at area colleges on structural racism, US social welfare policy, participatory action research, and nonprofit management and leadership.

Lisa serves on the boards of several local and national organizations, including: the Boston based Coalition of Occupied Homes in Foreclosure (which links tenant organizing and anti-foreclosure struggles to a newly created land trust), Alternatives for Community and Environment in Boston, the national radical foundation Resist, the Right to the City National Alliance, and the Right to the City Boston network.

- **Aaron Tanaka (Director)**

Aaron Tanaka is a Boston-based community organizer, economic development practitioner, philanthropic advisor, and impact investor. As the co-founder and director of the Center for Economic Democracy, Aaron stewards funding and capacity building programs to social movement collaboratives that advance alternatives to capitalist economics in the US. CED is best known for its role in incubating the Ujima Project, an emerging national model for the democratization of local finance capital.

Before co-founding CED, Aaron served as the startup manager for the Boston Impact Initiative, LLC, Boston's first place based impact investment initiative, directing loans and equity investment in Boston's working class communities of color. Between 2013-2014, Aaron was the Lead Organizer for Boston's first ever Participatory Budgeting process, which empowered local youth to allocate city funds. Until 2012, Aaron was co-founder and executive director of the Boston Workers Alliance (BWA), a grassroots organization nationally regarded for its precedent setting statewide Ban the Box policy victory in 2010.

Aaron is a former fellow with BALLE, Echoing Green, Green For All, and Tufts Dept. of Urban Planning, and is a former Commissioner for the Commonwealth of Massachusetts under the Patrick Administration. He currently serves on the boards

of the Asian American Resource Workshop, Boston Impact Initiative Fund, Foundation for Civic Leadership, Neighborhood Funders Group and the New Economy Coalition. Aaron is also a co-founder and worker-owner of Olio Culinary Cooperative, an employee owned catering and restaurant group. Aaron holds a BA from Harvard University and an MS in Community Economic Development from Southern New Hampshire University.

Employees of the Project, a fiscally-sponsored project of CED

- **Nia Evans (Director)**

Nia K. Evans is the Director of the Project. Her educational background is in the areas of labor relations, education leadership, and policy. Her advocacy includes a focus on eliminating barriers between analysts and people with lived experiences as well as increasing acknowledgement of the value of diverse types of expertise in policy.

Before joining Ujima as it's first Director, Ms. Evans served as Executive Director of the Boston branch of the NAACP, where her demonstrable leadership helped grow membership and expand programming. She is also a co-creator of Frames Debate Project, a multimedia policy debate project that explores the intersection between drug policy, mental health services and incarceration in the state of Massachusetts.

Ms. Evans has a B.S. in Industrial and Labor Relations from Cornell University and a Master of Arts in Education Leadership, with a course of study in Leadership, Policy, and Politics from Teachers College at Columbia University. She also studied abroad at the University of New South Wales in Sydney, Australia, where she focused on International Labor Relations.

- **Sarah Jacqz (Communications Organizer)**

Sarah serves as the Communications Organizer for the Project. Sarah hold a self-designed B.A. in Critical Geography, with a focus on migration, indigenous rights, and environmental justice from the University of Massachusetts Amherst. Sarah was a member of the leadership team of the student-run UMass Fossil Fuel Divestment campaign, and an Escalation Core leader in the national Divestment Student Network. She currently lives in Dorchester, MA. She also continues to support and connect Divestment and Reinvestment work, and collaborates with Resource Generation, to organize people with access to wealth and class privilege to move resources to social justice movements.

- **Lucas Turner-Owens (Fund Manager)**

Lucas Turner-Owens serves as the Fund Manager for the Ujima Project. As the Fund Manager, he is responsible for loan packaging, underwriting, and managing Ujima's portfolio of investments. In addition, Lucas also provides technical Assistance to entrepreneurs, connects them with business support organizations, and gives financial education to Ujima's investor base.

Prior to joining the Project, Lucas worked as an economic policy analyst for Operation HOPE, a nonprofit focused on consumer financial education. In this role, Lucas acted as an advisor to the CEO on government affairs and public policy with a focus on strategies designed to benefit underserved communities. After this time spent working in the economic policy space, Lucas worked as a loan officer for Cooperation DC, providing technical assistance and expansion loans from a network of impact investors to grow social enterprises and worker-owned co-operatives in Washington D.C. Following this Lucas joined Next Street Financial as a senior analyst in their Boston office. In this role, he applied his background in small business development and public policy to support clients making impact investments and strategic growth decisions.

Lucas was a founding member of Youth Against Mass Incarceration and has been active in local grassroots movements in Boston in partnership with groups such as Alternatives for Community and Environment and Reclaim Roxbury. Lucas holds a BA from Wesleyan University.

Part-Time Staff

- **Omosefe Aiyevbomwan (Fund Intern)**

Omosefe Aiyevbomwan supports the Project as a due diligence fellow and is currently pursuing a Masters of Business Administration degree at Harvard Business School (HBS). Prior to HBS, Omosefe worked as a financial services professional with a specialized focus in debt capital raises for financial sector clients, ranging from depositories and asset managers to specialty finance, fin-tech, and agencies. As a first generation Nigerian-American, Omosefe is interested in education equity, community building, and expanding the narrative of success. Omosefe holds a Bachelors of Science degree from New York University, where she majored in Finance and Marketing with a minor in Social Entrepreneurship. She will be supporting the Project as a due diligence fellow through May 2019.

- **Hendrix Berry (Fund Strategist)**

Hendrix Berry comes to the Ujima team as an early organizer and Steering Committee member of the project. She has a background in investor relations,

financial planning, investment analysis, business development and community organizing. Outside of her work with Ujima, Hendrix is an independent financial advisor with Balanced Rock Investment Advisors, a Fee-Only firm with a focus on values-based investing for accredited and non-accredited investors based in Boston.

After completing her degree in Economics from Earlham College, Hendrix moved to Boston to work at the New Economy Coalition and be close to family in the Pioneer Valley. Since then, she's had the privilege to work for locally and nationally renowned community economic development institutions such as Boston Community Capital, JP Local First, and the Jamaica Plain Neighborhood Development Corporation. Hendrix has presented at multiple conferences and forums on impact investing, cooperatives and regenerative finance, including the Eastern Conference for Workplace Democracy, CommonBound, and the New Economy Summit. At home, Hendrix is a resident co-caretaker of a movement space and urban oasis in Jamaica Plain called the Old Oak Dojo, which is used for retreats and events by nonprofits and grassroots groups in Boston advancing racial justice.

- **Teena-Marie Johnson (Member Organizer)**

Teena-Marie Johnson, proud graduate of Madison Park Technical Vocational High School class of 2009 with a certificate in Automotive Technology. Teena received her bachelor's degree from Suffolk University and is pursuing a Masters degree in Urban Planning at Tufts University. She is passionate about youth organizing and building youth power, as well as indigenous teachings, Restorative Justice practices and African Liberation.

Fund Management Team (Bios included above)

- *Lucas Turner-Owens*
- *Nia Evans*
- *Aaron Tanaka*
- *Martin Familia*
- *Hendrix Berry*
- *Omosefe Aiyevbomwan*

Fund Investment Committee

- **Amine Benali**

Amine is a managing director of strategy at the Local Enterprise Assistance Fund (LEAF), a Chartered Financial Analyst (CFA) and brings with him a vast experience in investment analysis and management. He has developed and implemented LEAF's Technical Assistance program, a Boston-based business development and stabilization program aimed at small businesses in low-income communities. He

joined LEAF after 20 years as a senior research officer and portfolio manager. Amine has devoted himself academically and professionally to development economics. He is also a Lecturer at Northeastern University's School of Business and holds a bachelor's degree in Finance from Northeastern University and a master's degree in Economics from Boston University.

- **Kerry Bowie**

Kerry Bowie is co-founder and managing partner of Msaada Partners, a social impact consulting firm. Kerry works at the nexus of social, economic, and environmental justice and has more than 20 years of experience in private, public, and nonprofit management. He holds bachelors and masters degrees in environmental engineering from the Massachusetts Institute of Technology (MIT) and the University of Michigan, respectively, as well as an MBA from the MIT Sloan School of Management

- **Deborah Frieze**

Deborah Frieze is founder and president of the Boston Impact Initiative Fund, an impact investing fund focused on economic justice, which means investing in opportunity for all people—especially those most oppressed or abandoned by our current economic system—to lead a dignified and productive life. The fund takes an integrated capital approach, combining investing, lending and giving to build a resilient and inclusive local economy. Deborah is co-author (with Margaret Wheatley) of *Walk Out Walk On*, an award-winning book that profiles pioneering leaders who walked out of organizations failing to contribute to the common good—and walked on to build resilient communities. She is also founder of the Old Oak Dojo, an urban learning center in Boston, MA.

- **Maya Gaul**

Maya is a creative entrepreneur who engages with sustainability and creation in the urban space. A worker-owner and sales team leader at CERO Cooperative, she helps guide the cooperatives growth, arranges food waste recycling programs with new clients, and provides customer service. Her interests range from business development and sustainable design to art, holistic living and permaculture. Maya was a 2017 Chapter Network Fellow for the US Federation of Worker Cooperatives and the Democracy at Work Institute. She graduated from Columbia University in The City of New York with a B.A. in English Literature.

- **Miriam Gee**

A Co-founder of Co-Everything, an architecture, development and construction cooperative, Miriam is passionate about architecture and development and its

potential for building community. She is committed to the triple bottom line and excels in project management and community engagement. Prior to co-founding Co-Everything, Miriam was a worker-owner and the lead architect at Placetaylor, an architecture, construction and development cooperative in Roxbury. She also co-founded Build Lightly Studio, where she taught community-driven design/build courses, building sustainable small projects for non-profit clients in the U.S. and abroad. Miriam believes that the power of a collective community voice is essential for developing naturally affordable and sustainable housing for those who need it most.

- **Pat Miguel Tomaino**

Pat Miguel Tomaino is the Director of Socially Responsible Investing at Zevin Asset Management, where he leads ESG research, designs the firm's prolific shareholder activism, and works with individual and institutional clients to help achieve their impact investing goals. For several years, Pat was a Senior Analyst on the responsible investment team of F&C Asset Management (now part of BMO). He also worked in research roles for Senator Elizabeth Warren's 2012 campaign and the SEIU labor union. In addition to his service at the Project, Pat currently sits on the Socially Responsible Investing Committee of the Unitarian Universalist Association and the board of directors of Better Future Project.

Advisory Board

- **Bithiah Carter**

Bithiah Carter has a passion for philanthropy and fueling the 21st Century mindset by shining a light on racial assets and how they can be leveraged to improve education, workforce, and economic resources in our communities. Her experience is rooted in both Wall Street finance and community non-profit and foundation leadership. Bithiah is currently the President of New England Blacks in Philanthropy. She previously served as Executive Director of Grand Circle Foundation, Senior Director in the Community Impact Division of United Way, and Program Director at the Girls' Coalition of Greater Boston. Bithiah also worked for nearly ten years in the financial services industry in New York City and Boston. In addition, she serves as a member of the board of directors of several local and national non-profit organizations.

- **Jed Emerson**

Jed Emerson is a strategic advisor to family offices and wealth management firms executing diverse approaches to investing for financial returns with social and environmental impact. Co-Author of the first book on impact investing, as well as

seven other books on impact investing and social entrepreneurship, he has been active in both fields for nearly thirty years. He has served as founding director and board member of diverse social enterprises and impact investment groups. Emerson is a Senior Research fellow at University of Heidelberg's Center on Social Investing and has held faculty appointments at Harvard, Stanford, and Oxford business schools. He has taught social entrepreneurship at Kellogg Business School and NYU-Abu Dhabi in the U.A.E.

Before becoming an internationally recognized leader in impact investing and social entrepreneurship, Emerson spent the first part of his career in social work, focusing on youth and community development. He was founding director of Larkin Street Services, a San Francisco-based nonprofit serving homeless and runaway youth. While he is proud to have served in that role and helped launch a program that over the years engaged with thousands of homeless youth, he became frustrated with traditional approaches to philanthropy and nonprofit management. In 1989 he left Larkin to become founding director of the Homeless Economic Development Fund which later became the Roberts Enterprise Development Fund or REDF, the second venture philanthropy fund in the United States and the first to fully document and disseminate its lessons through a wide variety of publications.

- **Rodney Foxworth**

A nonprofit leader and social entrepreneur, Rodney Foxworth is Executive Director of BALLE (Business Alliance for Local Living Economies), a network of entrepreneurial leaders working to advance equitable economic opportunities through entrepreneurship and local business ownership in marginalized communities throughout the U.S. and Canada. Previously, he was CEO and Founder of Invested Impact, a consulting firm focused on economic development, philanthropy, and social innovation, and co-founder and Strategy Advisor of Impact Hub Baltimore. He has been a consultant to the Annie E. Casey Foundation, Calvert Impact Capital, and the John S. and James L. Knight Foundation, among others. Rodney is a BALLE Fellow, Next City Vanguard, and Baltimore Business Journal "40 under 40" honoree." Rodney currently serves on the board of Justice Funders and SOCAP.

- **Darlene Lombos**

Darlene is the Executive Director of Community Labor United (CLU), a long-term partnership between some of the strongest base building community organizations and unions in Greater Boston. Since 2005, CLU has successfully moved strategic campaigns that protect and promote the interests of working class families and communities of color in Greater Boston and throughout the Commonwealth. Through a program of coalition building, research and policy development, public education

and grassroots mobilization, CLU moves forward policies that promote quality jobs, affordable housing and sustainable local economies. CLU also convenes the Green Justice Coalition (GJC), a group of frontline climate justice organizations positioned to influence decisions on energy policies through state and municipal interventions that draw on the strengths of grassroots organizing, civic engagement and communications strategies.

Darlene has been organizing around various community issues since 1996, including police accountability and home daycare justice at Direct Action for Rights and Equality in Providence, RI as well as transportation equity, gentrification and displacement, and education reform at Sisters in Action for Power in Portland, OR. She brings nearly twenty years' experience in community and youth organizing, leadership development and coalition-building to this work. A few years ago, she was elected as the first woman of color Vice President of the Greater Boston Labor Council.

- **Brian Nagendra**

Brian Rajan Nagendra is the Assistant Director of the Catalyst Impact Funds at Living Cities and a member of the Capital Innovation team. Brian supports portfolio management and due diligence work for Living Cities impact investments. Previously, Brian led deal development, underwriting, structuring, portfolio management and fundraising for City First Enterprises Impact Investing Fund, a \$10 million fund that financed 350 affordable housing units and leveraged an additional \$50mm in private and public capital. At The Community Builders, an affordable housing developer and manager focused on comprehensive community revitalization, Brian supported the launch of a new financial education, job training, and afterschool resident services platform. At the Brookings Metropolitan Policy Center Urban Markets Initiative, Brian coordinated a pilot funding program for new information tools to address urban policy problems and tested alternative metrics to identify new economic development opportunities.

Brian has a BA in Public Policy & Urban Studies from Brown University and an MBA from Georgetown University McDonough School of Business with a focus on real estate, finance and community development. Brian is the Treasurer for Wacif, a CDFI based in Washington, DC supporting inclusive entrepreneurship, community wealth building, and equitable economic opportunity.

- **Jessica Norwood**

Named to Essence Magazine's "50 Entrepreneurs to Watch" list, Jessica Norwood is a RSF Social Finance Fellow in Integrated Capital and an immediate past fellow of

Nathan Cummings Foundation where she founded the Runway Project. The Runway Project is a suite of strategies that increase investment capital, particularly early capital known as a “Friends and Family” round, into African-American companies.

A former board member of the famed Highlander Research and Education Center, the same place that trained Dr. King, Jessica is trained in nonviolence organizing and anti-racism and is a skilled popular education facilitator. Jessica brings this unique lens to the conversation of shifting the culture around race and wealth. Jessica is also a former BALLE fellow for local economies, a lifelong Fellow of the Sanford School of Public Policy at Duke University and Southern University College of Business for Emerging Leaders, as well as the Political Power and Social Change Fellow of the Hip Hop Archive at the Hutchins Center of Harvard University. Her innovative work in investing has been profiled in NPR, Next City, Essence Magazine, Conscious Company, Fast Company and others.

- **Dr. Jocelyn V. Sargent**

Dr. Jocelyn V. Sargent has served as the executive director of the Hyams Foundation in Boston, Massachusetts since August 2016. As a philanthropist, social justice advocate, and change agent, Dr. Sargent’s training as a social scientist and her impressive experience in philanthropy has provided strategic leadership to the Hyams Foundation’s mission of moving forward an effective racial agenda in the Boston and beyond. A co-founder of the innovative Center for Social Inclusion in New York, Dr. Sargent has devoted her career to social and racial equity, leadership development, and advocacy. She brings over twenty years of experience in public policy, program design, project and grants management, place-based grant-making, community capacity building, and research and evaluation in the non-profit and philanthropic sectors. Some of her most notable work has been with several influential national and regional foundations, such as the Open Society Foundation in New York, W.K. Kellogg Foundation in Michigan, the Hogg Foundation in Texas, as well as numerous national and regional non-profit organizations. Dr. Sargent also serves on the boards of the Associated Grantmakers of Massachusetts and the National Committee for Responsive Philanthropy. She holds a Ph.D. in Political Science from the University of Michigan at Ann Arbor and a B.A. in Government from the University of Texas at Austin. A native Texan, Jocelyn currently resides in Newton, Massachusetts.

- **Morgan Simon**

Morgan Simon has close to two decades of experience making finance a tool for social justice. In that time, she has influenced over \$150B and is a regularly sought

out expert on impact investing. Her book, *Real Impact: The New Economics of Social Change* has been featured everywhere from Harvard Business School to the United Nations. She is a regular voice in media and active investor as Founding Partner of Candide Group, a Registered Investment Advisor.

- **Mark Watson**

Mark Watson serves as Managing Director of the Boston Impact Initiative Fund, which offers blended capital to address the racial wealth gap in Eastern Massachusetts. He is also the founder of Keel Asset Management LLC, a financial advisory firm that provides socially responsible financial planning and investment advisory services to nonprofits, public and corporation pension plans. Mark is an investment committee member of the Fair Food Fund; chair of the Triskeles Foundation's Asset Management Committee; board president of Sustainable Cape, Inc.; and a former board member of the Social Venture Network.

Financing Operations and Use of Proceeds

Investments made by the Fund from the proceeds of this Offering will have flexible terms depending on the business and may be in the form of loans (which may be senior debt, mezzanine debt, subordinated debt, convertible debt, first lien debt, second lien debt or unsecured debt), credit enhancements or equity securities. Loans are generally expected to have interest rates of 5% to 7% per annum. Investments in equity securities will not have an interest rate, but will target an annualized return of 10% to 20%. Terms for loans will normally range from 3 to 7 years, and may be amortizing or not. Investments in equity securities will not have a stated maturity. Returns on equity securities will only occur through dividends or distributions and upon sale or redemption of such equity securities.

The Project will pay a one-time fee of \$15,000 to CED to cover the costs of financial and HR transition and set up of pre-existing funds, accounting and the team. The CED will not retain a percentage of money invested in the Fund or philanthropic contributions dedicated to the Loan Loss Reserves in the Fund.

The project will pay an ongoing consulting fee to the Boston Impact Initiative Fund on an as-needed basis for certain administrative and special services as mutually agreed.

Related Party Transactions

In recognition of the variety of circumstances that may give rise to a conflict of interest involving persons in positions of authority within the Fund and its affiliates, the Fund has adopted a conflict of interest policy that applies to the Fund's directors, Investment Committee and Advisory Board Members and officers. In the event a financial interest

arises that may constitute a conflict of interest, the individual that has the financial interest will disclose all relevant circumstances. They will recuse themselves and not participate in either the deliberation or the decision on whether a conflict of interest exists. If a conflict of interest exists, the board shall exercise due diligence to determine whether the Fund can obtain a more advantageous transaction or arrangement with an alternative person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not resulting in a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Fund's best interest, for its own benefit, and whether it is fair and reasonable. In addition, the Fund shall not knowingly pursue an arrangement or transaction that would constitute an excess benefit transaction within the meaning of Section 4958 of the Code.

Description of the Notes

Unless otherwise specified or the context otherwise requires, the following description applies to all types of Notes offered by this Offering Memorandum. This is not a complete description, and investors should refer to the forms of Notes set forth in the Appendices to this Offering Memorandum for more detail. Notes will be issued in substantially the same form as set forth in the Appendices, except for changes required by applicable securities laws.

No Voting or Conversion Rights

An investment in the Fund is a loan and is not an equity investment. It is not convertible into any other type of security. Only General Members of Ujima are given voting rights on investment decisions described in the Fund's Investment Process.

Limited Recourse

The Notes will be unsecured and sold with limited recourse to the noteholder. Under the terms of the Notes, any losses on investments made from the Fund, means the noteholders may experience a loss on their investment, which cannot be recovered against CED, the Project or the Fund. The sole source of repayment of the Notes will be the payments made to the noteholders on account of loans and investments made from the Fund. If there is any loss in the Fund's portfolio of loans and other investments, the Notes may be deemed paid in full despite the CED receiving aggregate payments that are less than the original amount of the Notes.

No Revocation

Once an investment agreement has been submitted to the Fund with payment and the investment has been accepted, it may not be revoked without the consent of the Fund.

Restrictions on Transferability

The Notes are non-transferable, because no market exists for them, and any transfer must be in compliance with applicable securities laws. Therefore, no attempted transfer will be valid unless approved by the Fund.

Early Redemption

While investors in the Notes have no right to early redemption of their investment, the Fund may make exceptions in extraordinary situations with respect to the Kujichagulia Notes and the Umoja Notes. An investor in either of those Notes who wishes to request early redemption may submit a written request to the Fund with a brief explanation of the circumstances supporting the request. The Fund will, in its sole discretion, determine whether to grant the request, in whole or in part, taking into consideration the circumstances described by the investor, the financial condition and anticipated needs of the Fund, potential losses in its investments, and whether early redemption would be fair to other investors in the Kujichagulia Notes and the Umoja Notes.

Amendments to the Notes

The Fund may amend or supplement the terms of the Notes without the consent of any holder of Notes to make any change that would provide additional rights or benefits to the holders of any or all classes of Notes or surrender any right or power conferred upon the Fund.

Acceleration

If a Bankruptcy Event has occurred, the unpaid principal balance of the Notes, together with accrued and unpaid interest thereon, shall immediately become due and payable without present, demand, protest or notice, notwithstanding any other expressed maturities thereof. As used herein, "Bankruptcy Event" means any of the following: (i) the Fund shall become unable, admit in writing its inability or fail generally to pay its Senior Obligations as they become due, (ii) the Fund shall make a general assignment for the benefit of its creditors, (iii) the filing by the Fund of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Fund of any such petition and the failure by the Fund to have obtained a dismissal of such petition within 30 days of such filing.

Subordination -- Priority of Payments

Upon the occurrence of a Bankruptcy Event, the Fund will apply the cash and the net cash proceeds received by it in connection with the liquidation of its assets and property in the following order (the “Payment Waterfall”):

- (a) first, to the payment of the Senior Obligations on a pro rata basis;
- (b) second, to the payment of the Junior Obligations on a pro rata basis;
- (c) third, to the payment of the First Loss Philanthropic Obligations, paid to the First Loss Philanthropic Creditors;
- (d) fourth, to the Fund.

The Payment Waterfall will be set forth in the Subordination Agreement, attached hereto as Appendix C, and which each holder of Notes will become a party to. If a distribution is made to holders of the Notes that, due to the subordination provisions, should not have been made to them, such holders of the Notes are required to hold it in trust for the other holders and pay it over to the Fund for distribution in accordance with the Payment Waterfall. By reason of the subordination provisions, upon a Bankruptcy Event, holders of the Kujichagulia Notes may recover more, ratably, than the holders of the Umoja Notes and Nia Notes and holders of the Umoja Notes may recover more, ratably, than the holders of the Nia Notes.

Loss Reserve Policy

Note Type	“Senior” Percentage	“Junior” Percentage	First Loss Philanthropic	First Loss Reserve
<i>Kujichagulia Notes</i>	50%	50%	-	-
<i>Umoja Notes</i>	10%	90%	-	-
<i>Nia Notes</i>	-	50%	50%	-
<i>Donations (Imani Gifts)</i>	-	-	-	100%

The Fund will seek to maintain loss reserves in an amount equal to 15% of its invested assets. Reserves are capitalized solely by non-repayable grants and donations, if the amount of those donations equals or exceeds 15% of the Fund’s invested assets. If not,

the difference between the total non-repayable grants and donations and 15% of invested assets is capitalized by Nia Notes.

Loss Reserves are spent to cover up to 15% of losses of invested assets incurred by the Fund. Fund net losses that exceed the Loss Reserve amount will be applied to Ujima Noteholders in accordance with the Subordination Agreement.

The reserves may be comprised of cash, cash equivalents, and assets that are determined by the Ujima Investment Committee to satisfy the following criteria:

- *Targeted Return:* 0.5-3% APR
- *Risk Level:* Low to moderate risk investments.
- *Restrictions:* Environmental, social, governance standards for company operations, socially screened, Northeastern domiciled entities preferred.
- *Rebalancing and Performance:* The reserve investments will be reviewed and rebalanced monthly, including with respect to investment performance, net reserve balances, liquidity and duration, with the Ujima Investment Committee.

Description of Kujichagulia Notes

Term

Each Kujichagulia Note has a maturity of three years from the date of the investment. Upon maturity, all principal and outstanding interest from a Kujuchagulia Note will be paid to the Investor.

Returns

Kujichagulia Notes with a three-year term will pay simple interest at the rate of 3% per year. Interest shall accumulate and be paid annually on each anniversary date of the issuance of the Kujichagulia Note. Upon maturity, all principal and outstanding interest from a Kujichagulia Note will be paid to the investor. Investors are given an opportunity to reduce the interest rate payable on the Kujichagulia Note, from 3%, to 2%, 1% or 0%, which will have the effect of further supporting the work of the Fund.

Description of Umoja Notes

Term

Each Umoja Note has a maturity of either three years or seven years from the date of the investment. Upon maturity, all principal and outstanding interest from a Umoja Note will be paid to the investor.

Returns

Umoja Notes with a three-year term will pay simple interest at the rate of 2% per year. Umoja Notes with a seven-year term will pay simple interest at the rate of 3% per year. Interest shall accumulate annually on each anniversary date of the issuance of the Umoja Note and will be paid in full upon maturity. Investors are given an opportunity to reduce the interest rate payable on the Umoja Note, from 2% or 3%, as applicable, to 0%, 1% or 2%, which will have the effect of further supporting the work of the Fund.

Description of the Nia Notes

Term

Each Nia Note has a maturity of seven years from the date of the investment. Upon maturity, all principal and outstanding interest from a Nia Note will be paid to the investor.

Returns

Nia Notes with a seven-year term will pay simple interest at the rate of 1.5% per year. Interest shall accumulate and be paid annually on each anniversary date of the issuance of the Nia Note. Upon maturity, all principal and outstanding interest from a Nia Note will be paid to the investor. Investors are given an opportunity to reduce the interest rate payable on the Nia Note, from 1.5%, to 1%, 0.5% or 0%, which will have the effect of further supporting the work of the Fund.

Plan of Distribution

The Notes will be offered and sold on a continuous best efforts basis, with an initial aggregate target amount of \$4,500,000 of Notes; however, this amount may be adjusted by the Fund in its sole discretion.

The Fund and the Fund employees, consultants and volunteers will conduct the offering on behalf of the Fund. They will not receive any special commissions for work performed related to the Offering, but may receive regular wages as described above. The Fund will not employ any outside underwriters, recipients of finders' fees, selling groups, broker-dealers, or any other agents in connection with the offering. The Fund will not offer

any underwriting or selling discounts or commissions or finders' fees of any kind in connection with the Offering.

The Offering will be marketed using the Fund's existing marketing channels, including existing networks, websites, email lists, social media accounts and printed materials. This investment opportunity will be advertised at public events where the Fund services and activities are being presented. Press releases to local newspapers and radio stations will be sent. Public presentations to educate potential investors about the offering will be made. All communications will direct potential investors to this Offering Memorandum.

Certain Material U.S. Federal Income Tax Considerations

The following is a summary of certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below) and Non-U.S. Holders (as defined below) acquiring the Notes pursuant to this offering. This summary assumes that the Notes are held as capital assets within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and that the holders purchase the Notes for cash upon their initial issuance at their original issue price. It is not a complete analysis of all the potential tax considerations relating to the purchase, ownership and disposition of the Notes.

This summary is based on the provisions of the Code, permanent and temporary Treasury Regulations promulgated under the Code, and currently effective administrative rulings and judicial decisions. Any of these authorities may be changed, possibly with retroactive effect, resulting in U.S. federal income tax consequences different from those discussed below. We have not sought any ruling from the Internal Revenue Service ("IRS") or any opinion of counsel with respect to the tax consequences described below, and there can be no assurance that the IRS will not take a position that is inconsistent with the tax consequences described below or that any such position taken by the IRS would not be sustained.

This summary does not address tax considerations arising under federal non-income tax laws (such as gift and estate tax laws), under the laws of any foreign, state or local jurisdiction, or under any applicable tax treaty. In addition, this summary does not address all tax considerations that may be applicable to a holder in light of that holder's particular circumstances or that may be applicable to holders that are subject to special tax rules, including, without limitation:

- non-United States persons or entities, except to the extent specifically set forth below;
- regulated investment companies, real estate investment trusts, and real estate mortgage investment conduits;

- U.S. Holders (as defined below) that are individuals subject to the special rules applicable to U.S. citizens or residents living abroad;
- banks, insurance companies, or other financial institutions;
- tax-exempt organizations and retirement plans, individual retirement accounts and tax-deferred accounts;
- brokers and dealers in securities, currencies or commodities;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- holders whose “functional currency” is not the U.S. dollar;
- persons subject to taxation as U.S. expatriates;
- persons that will hold the Notes as a position in a hedging transaction, wash sale, constructive sale, straddle, conversion transaction or other risk-reduction transaction or synthetic security;
- U.S. Holders that will hold the Notes through a non-U.S. broker or other non-U.S. institution or entity;
- governments or agencies or instrumentalities thereof; and
- S corporations, partnerships or other pass-through entities, including entities and arrangements classified as partnerships for U.S. federal income tax purposes and beneficial owners of, or investors in, such entities.
- Persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Partnerships considering an investment in Notes (and partners in such partnerships) should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes by such partnerships.

This summary of certain U.S. federal income tax considerations is for general information only and is not tax advice. Prospective investors in the Notes are urged to consult their tax advisors with respect to the application of the U.S. federal income tax laws (including the 3.8% Medicare contribution tax on unearned income) to their particular situations as well as any tax consequences arising under the U.S. federal estate, gift, alternative minimum tax,

or other non-income tax laws, under the laws of any state, local, or foreign taxing jurisdiction, or under any applicable tax treaty.

It is our expectation and this discussion assumes that the Notes will be treated as debt for U.S. federal income tax purposes. If the characterization of the Notes for tax purposes is not respected by the IRS, the Center for Economic Democracy's ability to repay the holders of the Notes may be materially affected, tax reporting required in respect of the Notes may need to be amended, the tax consequences to Holders of the Notes may be materially different from those described herein, and Holders might need to amend their tax returns.

Consequences to U.S. Holders

The following is a summary of certain material U.S. federal income tax consequences to a U.S. Holder of the purchase, ownership and disposition of the Notes. "U.S. Holder" means a beneficial owner of a Note that acquires the Note in this offering and is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) that is created or organized in or under the laws of the United States or any State thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and that has one or more United States persons with authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

Payments of interest

We expect and this discussion assumes that the issue price of certain of the Notes will equal the stated redemption price at maturity of the Notes and that certain of the Notes may be issued with an amount of original issue discount ("OID") that is less than a *de minimis* threshold amount specified by the Code. Under those circumstances, stated interest on the Notes will be taxable as ordinary income when received or accrued by U.S. Holders in accordance with their method of accounting for U.S. federal income tax purposes. Certain of the Notes (in particular, the Nia Notes), however, are expected to have a stated redemption price at maturity that exceeds their issue price by an amount equal to or greater than the *de minimis* threshold amount specified by the Code. Under those circumstances, a U.S. Holder will be required to include such excess in income as original issue discount, which will accrue and be taxable as ordinary income in accordance with the constant yield method specified by the Code before the receipt of cash payments attributable to such excess.

A Holder may elect to include in gross income all interest that accrues on a Note using a constant yield method. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. In applying the constant yield method to a Note with respect to which this election has been made, the issue price of the Note will equal the electing Holder's adjusted basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing Holder, and no payments on the Note will be treated as payments of qualified stated interest. This election, if made, may not be revoked without the consent of the IRS. Holders are encouraged to consult with their own tax advisors as to the effect of making this election in light of their individual circumstances.

Treatment of an investment in a Note

Investors will not receive a charitable tax deduction for investing in a Note.

If an individual investor makes or maintains aggregate investments of \$250,000 or more in The Ujima Fund the Notes may fall within the provisions of Section 7872 of the Code, which in some circumstances may require The Ujima Fund to report imputed interest on Notes that is more than the actual interest earned. It is possible that the excess imputed portion may be treated as a deductible charitable contribution. Investors should consult their own tax advisor regarding the tax implications of an investment in the Notes.

Sale or other taxable disposition of the Notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between (x) the amount realized in cash and the fair market value of any property other than cash received by the U.S. Holder on such disposition (except to the extent such cash or property is attributable to accrued stated interest, which will be treated as ordinary interest income to the extent not previously included in income by such U.S. Holder), and (y) the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to the U.S. Holder, increased by any OID and gain previously included by the Holder in income with respect to the Note and decreased by the amount of any principal payments on the Note received by the U.S. Holder.

Gain or loss recognized on the taxable disposition of a Note generally will be capital gain or loss, except for gain representing accrued interest not previously included in income. Any such capital gain or loss will be long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of such disposition. Long-term capital gains recognized by a non-corporate U.S. Holders, including individuals, generally will be subject to tax at reduced rates. The deductibility of capital losses is subject to limitations.

Information reporting and backup withholding

In general, information reporting requirements will apply to a U.S. Holder with respect to certain payments of principal and interest on, and the proceeds of certain sales, exchanges, repurchases, redemptions or retirements of, Notes. Certain U.S. Holders are

exempt from information reporting and backup withholding, including corporations and certain tax-exempt organizations. A U.S. Holder will be subject to backup withholding if such holder is not otherwise exempt and:

- the holder fails to furnish the holder's taxpayer identification number, which for an individual is ordinarily his or her social security number;
- the holder furnishes an incorrect taxpayer identification number;
- the applicable withholding agent is notified by the IRS that the holder previously failed to properly report payments of interest or dividends; or
- the holder fails to certify under penalties of perjury that the holder has furnished a correct taxpayer identification number and that the IRS has not notified the holder that the holder is subject to backup withholding.

The backup withholding rate is currently 24%. Backup withholding is not an additional tax. Any amounts withheld from a U.S. Holder under the backup withholding rules may be refunded to the U.S. Holder or credited against the U.S. Holder's federal income tax liability, if any, if the required information is furnished to the IRS in a timely manner. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Consequences to Non-U.S. Holders

The following is a summary of certain U.S. federal income tax consequences to a Non-U.S. Holder of the purchase, ownership and disposition of the Notes. "Non-U.S. Holder" means a beneficial owner of a Note (other than an entity that is treated as a partnership or other pass-through entity for U.S. federal income tax purposes) that acquires the Note in this offering and is not a U.S. Holder.

Payments of interest

Subject to the discussions below concerning backup withholding and withholding under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), a Non-U.S. Holder that is not engaged in a trade or business in the United States to which interest on a Note is attributable generally will not be subject to U.S. federal income tax on a net income basis in respect of interest on a Note and will also be exempt from gross basis U.S. federal withholding tax on interest on a Note under the "portfolio interest exception", provided that:

- the Non-U.S. Holder does not actually or constructively own (i) 10% or more of the total combined voting power of all classes of our voting stock;
- the Non-U.S. Holder is not a controlled foreign corporation as determined under Section 864(d) of the Code that is related to us through actual or constructive stock ownership;

- the Non-U.S. Holder is not a bank whose receipt of interest on a Note is in respect of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- either (i) the Non-U.S. Holder provides its name and address and certifies, under penalties of perjury, that it is not a United States person (which certification may be made on an IRS Form W-8BEN or Form W-8BEN-E, as applicable), or (ii) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its business holds the Note on behalf of the Non-U.S. Holder and certifies, under penalties of perjury, that it has received an IRS Form W-8BEN or Form W-8BEN-E, as applicable, for the Non-U.S. Holder and otherwise complies with applicable requirements. If the Notes are held by or through certain foreign intermediaries or certain foreign partnerships, such foreign intermediaries or partnerships also must satisfy the certification requirements of applicable Treasury Regulations.

If the requirements described above are not satisfied with respect to Notes held by a Non-U.S. Holder, payments of interest on the Notes will be subject to a 30% U.S. federal withholding tax on the gross amount of the payment, unless the Non-U.S. Holder provides us or our paying agent with a properly executed (i) IRS Form W-8BEN or W-8BEN-E, as applicable, claiming an exemption from or reduction in withholding tax under an applicable tax treaty or (ii) IRS Form W-8ECI stating that interest paid on the Notes is not subject to withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States.

If the Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Note is effectively connected with the conduct of that trade or business, the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis in the same manner as if it were a U.S. Holder, except as otherwise provided by an applicable income tax treaty. In addition, if the Non-U.S. Holder is a foreign corporation, any interest on the Notes received by the Non-U.S. Holder that is treated as effectively connected with the conduct of a trade or business in the United States may be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

Sale or other taxable disposition of the Notes

Subject to the discussions below concerning backup withholding and FATCA withholding, any gain recognized by a Non-U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Note generally will not be subject to U.S. federal income or withholding tax unless:

- that gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (except as otherwise provided by an applicable income tax treaty); or

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met.

The amount of gain recognized by a Non-U.S. Holder will be determined without regard to any amount received by the Non-U.S. Holder that is attributable to accrued stated interest, which will be treated in the manner described under “Payments of interest” above.

Gain described in the first bullet point above that is recognized by a Non-U.S. Holder generally will be subject to U.S. federal income tax in the same manner as if it were recognized by a U.S. Holder, and, in addition, in the case of a corporate Non-U.S. Holder, an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) may apply.

Gain described in the second bullet point above that is recognized by a Non-U.S. Holder will (unless an applicable income tax treaty otherwise provides) be subject to a flat 30% U.S. federal income tax, which may be offset by certain U.S. source capital losses.

Information reporting and backup withholding

A Non-U.S. Holder generally will not be subject to backup withholding (as described above under “Consequences to U.S. Holders — Information reporting and backup withholding”) with respect to payments of interest on the Notes if the Non-U.S. Holder provides the requisite certification on IRS Form W-8BEN or Form W-8BEN-E, as applicable, or otherwise establishes an exemption from backup withholding and we do not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person. We will generally be required to report payments of interest to the IRS and to the recipient Non-U.S. Holder, whether or not such interest is exempt from U.S. withholding tax. Copies of these information returns may also be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the payee resides.

Payments to a Non-U.S. Holder of the gross proceeds from the sale, exchange, redemption, repurchase, retirement, or other disposition of a Note effected by or through a U.S. office of a broker generally will be subject to backup withholding and information reporting unless the Non-U.S. Holder certifies as to its non-U.S. status on IRS Form W-8BEN or Form W-8BEN-E, as applicable, or otherwise establishes an exemption from backup withholding. Generally, information reporting and backup withholding will not apply to a payment to a Non-U.S. Holder of proceeds of the sale, exchange, redemption, repurchase, retirement, or other disposition of a Note where the disposition is effected outside the United States through a non-U.S. office of a non-U.S. broker and payment is not received by the Non-U.S. Holder in the United States.

However, information reporting, but not backup withholding, generally will apply to a payment to a Non-U.S. Holder of proceeds of the sale, exchange, redemption, repurchase, retirement, or other disposition of a Note where the disposition is effected outside the United States by or through an office of a broker that is:

- a United States person;

- a foreign person that derives 50% or more of its gross income for certain specified periods from the conduct of a trade or business in the United States;
- a controlled foreign corporation for U.S. federal income tax purposes; or
- a foreign partnership (i) more than 50% of the capital or profits interest of which is owned by United States persons or (ii) that is engaged in a U.S. trade or business,

unless that broker has documentary evidence in its files of the Non-U.S. Holder's non-U.S. status and certain other conditions are met or unless the Non-U.S. Holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld from a Non-U.S. Holder under the backup withholding rules may be refunded to the Non-U.S. Holder or credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, if the required information is furnished to the IRS in a timely manner.

Additional withholding tax on payments made to foreign accounts

Withholding taxes may be imposed under FATCA on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on payments of interest on (including any accrued original issue discount), or gross proceeds from the sale or other disposition of, a Note paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of interest on a Note (including any accrued original issue discount), and will apply to payments of gross proceeds from the sale or other disposition of a Note on or after January 1, 2019.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in the Notes.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY, IS NOT TAX ADVICE AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSIDERATIONS TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSIDERATIONS UNDER UNITED STATES FEDERAL INCOME, STATE, LOCAL, NON-UNITED STATES AND OTHER TAX LAWS (AND ANY PROPOSED CHANGES IN APPLICABLE LAW).

Regulatory Matters

Various provisions of the Philanthropy Protection Act provide exemptions and exceptions from many of the provisions of the federal and state securities laws. The Offering is exempt from registration under the Securities Act pursuant to Section 3(a)(4) thereof. The Fund is excluded from the requirement to register as an investment company under the Investment Company Act pursuant to Section 3(c)(10) thereof. The Notes will be exempt from registration under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to Section 3(a)(12)(A)(v) thereof and persons participating in the Offering on behalf of the Fund are exempt from the requirement to register as broker-dealer representatives under Section 3(e) thereof. In administering the Fund, neither the CED nor the Project will be considered an investment adviser for purposes of registration under the Investment Advisers Act of 1940, as amended, pursuant to Section 203(b)(4) thereof.

The Notes will be issued under an exemption from the requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). As a result, the Fund will not be required to, and will not, engage a trustee to administer the Notes or provide protections to Noteholders mandated under the Trust Indenture Act. As a result, the Fund will deal directly with Noteholders and may enter into separate arrangements with them if the Noteholders agree to do so. The Noteholders will have no mechanism for acting collectively with respect to the Fund.

Under the terms of the Philanthropy Protection Act, the Offering is preempted from many state securities laws requiring the registration of securities, unless the state has passed a law opting out of that preemption. The states of Arkansas, Connecticut, Florida, Mississippi, Nebraska, Pennsylvania, Tennessee and Virginia have opted-out of this federal preemption. As a result, offers and sales of Notes in those states must be made in compliance with the registration requirements of those states' laws.

How to Invest in the Notes

1. Review this Offering Memorandum, including all relevant appendices.
2. Complete and sign the Investment Agreement for the particular Note(s) in which you wish to invest (if the investor is an entity, the Investment Agreement must be signed by an individual authorized to bind the investor.)
3. Write a check, payable to the Fund, for the amount you wish to invest in the applicable Notes. Send the Investment Agreement and your check to the Fund **[PO BOX 180310 Boston MA 02118]**
4. If your investment is accepted, The Fund will mail you a copy of your Investment Agreement and the appropriate Note(s), both signed on behalf of the Fund. Please note that your investment has not been accepted until your Investment Agreement is counter- signed by the Fund representative and the Fund representative signs the Investment Note. The Fund reserves the right to reject any prospective investment, in whole or in part, for any reason.
5. If you do not hear from the Fund within 14 days of sending in your Investment Agreement, please contact the Fund at (857) 308-4033 to make sure it was received.

If your investment is not accepted, your check will be returned to you. If your investment is accepted, but only in part, your check will be deposited but the portion that is not accepted will be refunded to you by a check from the Fund.

APPENDICES

Appendix A-I:
Form of Kujichagulia Note Investment Agreement

The Center for Economic Democracy
on behalf of The Ujima Fund

I. About You

Your investment in The Ujima Fund (“the Fund”) will be used to make investments in local businesses and organizations throughout Boston and Greater Boston.

To invest in a Kujichagulia Note, please complete this Agreement and the Joinder to the Subordination Agreement and return them with a check for the amount of your investment to:

The Ujima Fund,
PO Box 180310
Boston, MA 02118

If the Investor is an organization _____ (Name of Organization), identify an individual who is authorized to transact business on its behalf relating to this investment: _____.

If the Investor is an individual, you may identify another person authorized to act on the Investor’s behalf: _____.

If you wish to make your investment electronically, please contact the Fund at (857) 308-4033 for instructions.

Upon Acceptance by the Fund, this form will constitute an agreement between you and the Fund, you will be issued a Kujichagulia Note as described in the Offering Memorandum for the Fund and you will become a party to the Subordination Agreement.

If more than one Investor is named above, how should title be held?
(check the applicable box - default is “Joint tenants with right of survivorship.”)

- Joint tenants with right of survivorship
- Tenants in common

II. Amount and Term of Investment

Investment Amount: \$

- I would like to invest in a Kujichagulia Note with a 3-year term. The Fund will pay simple interest on the Note at a rate of 3% per year payable annually and, for any interest outstanding, payable upon maturity of the Note.

Optional: To further support the Fund's work, we invite you to participate in our reduced rate investment program through the following option:

- I would like to reduce the interest rate on my investment from the applicable rate to 2%
- I would like to reduce the interest rate on my investment from the applicable rate to 1%
- I would like to reduce the interest rate on my investment from the applicable rate to 0%.

IV. Certification and Signature

Before you sign this Agreement, you must have read and understood the Offering Memorandum for the Notes of the Fund. There are significant risks that you must understand before you invest. These risks are discussed in the Offering Memorandum under the heading "Risk Factors."

Representatives of the Fund will be glad to answer any questions you have or to provide information that you need in order to make an informed investment decision. Please call (857) 308-4033 or email invest@ujimaboston.com

By signing below, you, as the Investor, certify as follows:

- Investor has read and understood the Offering Memorandum for the Fund;
- The investor has reviewed their personal financial goals, needs and ability to take risk, and has determined that an investment in The Ujima Fund in the amount that the investor has chosen does not conflict with their financial goals, needs or ability to take risks;
- The number shown on this form is Investor's correct taxpayer identification number;
- There is no guarantee that investors will receive financial returns in any particular amount in any given year. The investor will have no remedy if any assets of the pool

are insufficient to provide investors with complete repayment of principal and interest.

- Investor is not subject to backup withholding because: (a) Investor is exempt from backup withholding, or (b) Investor has not been notified by the Internal Revenue Service (IRS) that Investor is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified Investor that Investor is no longer subject to backup withholding;
- Investor is a U.S. person (including a U.S. resident alien);
- Investor is a Massachusetts resident; and
- Investor represents, warrants and agrees that the subscribed Note is being acquired by the undersigned solely for the undersigned's own account, for investment purposes only, and not with a view to the distribution or sale. Investor has no agreement or other arrangement with any person to sell, transfer or pledge any part of the subscribed Note.

Signature: _____

Print Name (include capacity if signing for an organization):

Name of Organization: _____

Tax ID/Social Security # For Use by the Fund: _____

Accepted By: _____

Accepted Date: _____

JOINDER TO SUBORDINATION AGREEMENT

The undersigned, as of the date written below, by its signature, becomes a party to that certain Subordination Agreement dated as of [____], 201[_] (as amended, supplemented or otherwise modified from time to time, the "Subordination Agreement"; capitalized terms used but not defined herein shall have the meanings ascribed to them in the Subordination Agreement), by and among the Center for Economic Democracy (the "Borrower"), the Lenders from time to time party thereto, with the same force and effect as if originally named therein as a Lender party thereto, and the undersigned hereby agrees to all the terms and provisions of such Subordination Agreement applicable to it as a Lender party thereto.

Signature: _____

Print Name (include capacity if signing for an organization):

Name of Organization: _____

DATE: _____

Appendix A-2:
Form of Kujichagulia Note
 (Sample – to be completed by the Fund)

The Center for Economic Democracy
on behalf of The Ujima Fund

Principal Amount	\$
Date	
Borrower	The Fund
Lender Street City, State and Zip	

Promise to Pay: Subject to the terms set forth below, the Project, a project of the Center for Economic Democracy, a Massachusetts nonprofit corporation (the “Borrower”), promises to pay to _____ (the “Lender”) in lawful money of the United States of America, the principal amount of _____ and 00/100 Dollars (\$_____.00), together with simple interest at the fixed rate of three percent (3%) per annum on the unpaid principal balance from the date of this Note until paid in full. Interest will be calculated on the basis of actual days elapsed and a 365/366-day year. Borrower will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing.

Payments: Borrower will pay accrued interest annually. Each payment will be due by January 31st of each year until the unpaid principal balance of this Note is paid in full. The unpaid principal balance of this Note, together with any accrued and unpaid interest thereon, will be due and payable on the third anniversary of this Note; provided, however, if a Bankruptcy Event (as defined below) has occurred, the unpaid principal balance of this

Note, together with accrued and unpaid interest thereon, shall immediately become due and payable without present, demand, protest or notice. "Bankruptcy Event" means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

Borrower may prepay any portion of the principal amount of this Note at any time, without penalty or premium, together with accrued and unpaid interest on the principal amount being prepaid.

Limited Recourse: This Note will be unsecured and sold with limited recourse to the noteholder. Under the terms of the Note, any losses on investments made from the Fund are to be limited recourse, meaning the noteholders may experience a loss on their investment, which cannot be recovered against the Borrower, the Ujima Project or The Ujima Fund (the "Fund"). The sole source of repayment of this Note will be the payments made to the noteholders on account of loans and investments made from the Fund. If there is any loss in the Fund's portfolio of loans and other investments, the Notes may be deemed paid in full despite the Borrower receiving aggregate payments that are less than the original amount of the Notes.

Amendments: This Note is one of a series of Notes being issued by the Borrower that are designated as "Kujichagulia Notes". The Borrower may amend or supplement the terms of this Note without the Lender's consent to make any change that would provide additional rights or benefits to the Lender or surrender any right or power conferred upon the Borrower, provided, in either case, that substantially similar amendments or supplements are made to the terms of the other Kujichagulia Notes outstanding at such time.

Governing Law: This Note has been drawn in and will be governed by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

Commercial Loan: This is a commercial loan, and the proceeds of this loan will not be used for personal, family or household purposes, but instead will be used solely for business purposes. This transaction is not a consumer transaction subject to Massachusetts General Laws, Federal Reserve Board Regulations, or any other "consumer protection" statutes, regulations, or restrictions, without exception.

Incorporation of All Discussions: This Note supersedes all discussions and negotiations between the Borrower and the Lender concerning repayment of the indebtedness evidenced hereby.

Illegality: If any provision of this Note is held by a court of competent jurisdiction to be illegal or unenforceable, such provision will be deemed limited or excised from this Note to the least degree necessary to give effect to the intentions of the parties as expressed in this Note.

Successor Interests: The terms of this Note shall be binding upon the Borrower and upon the Borrower's heirs, personal representatives, successors and assigns and will inure to the benefit of Lender and its successors and assigns; provided, however, that the Lender may not transfer any of its interests, rights or obligations in this Note without the prior written consent of the Borrower, which consent may be withheld in its sole discretion.

**The Center for Economic Democracy
on behalf of the Ujima Fund**

By: _____

Name:

Title:

Dated as of _____

Appendix B-1:
Form of Umoja Note Investment Agreement

The Center for Economic Democracy
on behalf of The Ujima Fund

I. About You

Your investment in The Ujima Fund (the “Fund”) will be used to make loans to local businesses and organizations throughout Boston and Greater Boston.

To invest in the Umoja Note, please complete this Agreement and return it with a check for the amount of your investment to:

The Ujima Fund
Po BOX 180310
Boston, MA 02118

If the Investor is an organization_____ (Name of Organization), identify an individual who is authorized to transact business on its behalf relating to this investment: _____.

If the Investor is an individual, you may identify another person authorized to act on the Investor’s behalf: _____.

If you wish to make your investment electronically, please contact the Fund at (857) 308-4033 for instructions.

Upon Acceptance by the Fund, this form will constitute an agreement between you and the Fund, and you will be issued a Umoja Investment Note as described in the Offering Memorandum for the Fund.

If more than one Investor is named above, how should title be held? (check the applicable box - default is “Joint tenants with right of survivorship.”)

- Joint tenants with right of survivorship
- Tenants in common

II. Investor Status

Investments in the Umoja Notes are open to accredited investors and other qualified investors.

By signing this Agreement, you certify that you are (check the applicable box):

- An individual with net worth of at least \$1,000,000 (excluding primary residence).
- An individual with income over \$200,000 in the past 2 years, and expectation of the same this year
- A married couple with joint income over \$300,000 in the past 2 years, and expectation of the same this year.
- An entity in which all equity owners are accredited. A 501(c)(3) organization with assets over \$5,000,000.
- Other (please explain):

III. Amount and Term of Investment

Investment Amount: \$

- I would like to invest in a Umoja Note with a 3-year term. The Fund will pay simple interest on the Note at a rate of 2% per year payable upon maturity of the Note.
- I would like to invest in a Umoja Note with a 7-year term. The Fund will pay simple interest on the Note at a rate of 3% per year payable upon maturity of the Note.

Optional: To further support the Fund's work, we invite you to participate in our reduced rate investment program through the following option:

- I would like to reduce the interest rate on my investment from the applicable rate to 2%
- I would like to reduce the interest rate on my investment from the applicable rate to 1%
- I would like to reduce the interest rate on my investment from the applicable rate to 0%.

IV. Certification and Signature

Before you sign this Agreement, you must have read and understood the Offering Memorandum for the Fund. There are significant risks that you must understand before you invest. These risks are discussed in the Offering Memorandum under the heading "Risk Factors."

Representatives of the Fund will be glad to answer any questions you have or to provide information that you need in order to make an informed investment decision. Please call (857) 308-4033 or email invest@ujimaboston.com

By signing below, you, as the Investor, certify as follows:

- Investor has read and understood the Offering Memorandum for the Fund;
- The number shown on this form is Investor's correct taxpayer identification number;
- Investor is not subject to backup withholding because: (a) Investor is exempt from backup withholding, or (b) Investor has not been notified by the Internal Revenue Service (IRS) that Investor is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified Investor that Investor is no longer subject to backup withholding; and,
- Investor is a U.S. person (including a U.S. resident alien);
- Investor is either accredited or a non-accredited investor residing in Massachusetts; and
- Investor represents, warrants and agrees that the subscribed Note is being acquired by the undersigned solely for the undersigned's own account, for investment purposes only, and not with a view to the distribution or sale. Investor has no agreement or other arrangement with any person to sell, transfer or pledge any part of the subscribed Note.

Signature: _____

Print Name (include capacity if signing for an organization):

Name of Organization: _____

Tax ID/Social Security # For Use by the Fund: _____

Accepted By: _____

Accepted Date: _____

JOINDER TO SUBORDINATION AGREEMENT

The undersigned, as of the date written below, by its signature, becomes a party to that certain Subordination Agreement dated as of [___], 201[] (as amended, supplemented or otherwise modified from time to time, the "Subordination Agreement"; capitalized terms used but not defined herein shall have the meanings ascribed to them in the Subordination Agreement), by and among Center for Economic Democracy (the "Borrower"), the Lenders from time to time party thereto, with the same force and effect as if originally named therein as a Lender party thereto, and the undersigned hereby agrees to all the terms and provisions of such Subordination Agreement applicable to it as a Lender party thereto.

Signature:

Print Name (include capacity if signing for an organization):

Name of Organization: _____

Date

Appendix B-2: Form of Umoja Note
(Sample – to be completed by the Fund)

**The Center for Economic Democracy
on behalf of The Ujima Fund**

Principal Amount	\$
Date	
Borrower	
Lender Street City, State and Zip	

Promise to Pay: Subject to the terms set forth below, the Project, a project of the Center for Economic Democracy, a Massachusetts nonprofit corporation (the “Borrower”), promises to pay to _____ (the “Lender”) in lawful money of the United States of America, the principal amount of _____ and 00/100 Dollars (\$_____.00), together with simple interest at the fixed rate of percent (%) per annum on the unpaid principal balance from the date of this Note until paid in full. Interest will be calculated on the basis of actual days elapsed and a 365/366-day year. Borrower will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing.

Payments: Interest will accrue annually on each anniversary of the issuance of this Note and will be paid upon maturity of the Note.

The unpaid principal balance of this Note, together with any accrued interest thereon, will be due and payable on the _____ anniversary of this Note; provided, however, if a Bankruptcy Event (as defined below) has occurred, the unpaid principal balance of this Note, together with accrued and unpaid interest thereon, shall immediately become due and payable without present, demand, protest or notice.

“Bankruptcy Event” means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by

the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

Borrower may prepay any portion of the principal amount of this Note at any time without penalty or premium, together with accrued and unpaid interest on the principal amount being prepaid.

Limited Recourse: This Note will be unsecured and sold with limited recourse to the noteholder. Under the terms of the Note, any losses on investments made from the Fund are to be limited recourse, meaning the noteholders may experience a loss on their investment, which cannot be recovered against the Borrower, the Boston Ujima Project or The Ujima Fund (the "Fund"). The sole source of repayment of this Note will be the payments made to the noteholders on account of loans and investments made from the Fund. If there is any loss in the Fund's portfolio of loans and other investments, the Notes may be deemed paid in full despite the Borrower receiving aggregate payments that are less than the original amount of the Notes.

Amendments: This Note is one of a series of Notes being issued by the Borrower that are designated as "Umoja Notes". The Borrower may amend or supplement the terms of this Note without the Lender's consent to make any change that would provide additional rights or benefits to the Lender or surrender any right or power conferred upon the Borrower, provided, in either case, that substantially similar amendments or supplements are made to the terms of the other Umoja Notes with a ____ year term outstanding at such time.

Governing Law: This Note has been drawn in and will be governed by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

Commercial Loan: This is a commercial loan, and the proceeds of this loan will not be used for personal, family or household purposes, but instead will be used solely for business purposes. This transaction is not a consumer transaction subject to Massachusetts General Laws, Federal Reserve Board Regulations, or any other "consumer protection" statutes, regulations, or restrictions, without exception.

Incorporation of All Discussions: This Note supersedes all discussions and negotiations between the Borrower and the Lender concerning repayment of the indebtedness evidenced hereby.

Illegality: If any provision of this Note is held by a court of competent jurisdiction to be illegal or unenforceable, such provision will be deemed limited or excised from this Note to

the least degree necessary to give effect to the intentions of the parties as expressed in this Note.

Successor Interests: The terms of this Note shall be binding upon the Borrower and upon the Borrower's heirs, personal representatives, successors and assigns and will inure to the benefit of Lender and its successors and assigns; provided, however, that the Lender may not transfer any of its interests, rights or obligations in this Note without the prior written consent of the Borrower, which consent may be withheld in its sole discretion.

**The Center for Economic Democracy
on behalf of The Ujima Fund**

By: _____

Name:

Title:

Dated as of: _____

Appendix C-1: Form of Nia Note Investment Agreement

The Center for Economic Democracy on behalf of The Ujima Fund

I. About You

Your investment in The Ujima Fund (the “Fund”) will be used to make loans to local businesses and organizations throughout Boston and Greater Boston.

To invest in the Nia Note, please complete this Agreement and return it with a check for the amount of your investment to:

The Fund
PO BOX 180310
Boston, MA 02118

If the Investor is an organization _____ (Name of Organization), identify an individual who is authorized to transact business on its behalf relating to this investment: _____.

If the Investor is an individual, you may identify another person authorized to act on the Investor’s behalf: _____.

If you wish to make your investment electronically, please contact the Fund at (857) 308-4033 for instructions.

Upon Acceptance by the Fund, this form will constitute an agreement between you and the Fund, and you will be issued a Nia Note as described in the Offering Memorandum for the Fund.

If more than one Investor is named above, how should title be held? (check the applicable box - default is “Joint tenants with right of survivorship.”)

- Joint tenants with right of survivorship
- Tenants in common

II. Investor Status

Investments in the Nia Notes are open to accredited investors and other qualified investors.

By signing this Agreement, you certify that you are (check the applicable box)

- An individual with net worth of at least \$1,000,000 (excluding primary residence).
- An individual with income over \$200,000 in the past 2 years, and expectation of the same this year
- A married couple with joint income over \$300,000 in the past 2 years, and

expectation of the same this year.

- An entity in which all equity owners are accredited.
- A 501(c)(3) organization with assets over \$5,000,000.
- Other (please explain):

III. Amount and Term of Investment

Investment Amount: \$

- I would like to invest in a Nia Note with a 7-year term. The Fund will pay simple interest on the Note at a rate of 1.5% per year payable annually and, for any interest outstanding, payable upon maturity of the Note.

Optional: To further support the Fund's work, we invite you to participate in our reduced rate investment program through the following option:

- I would like to reduce the interest rate on my investment from the applicable rate to 1%
- I would like to reduce the interest rate on my investment from the applicable rate to 0.5%.
- I would like to reduce the interest rate on my investment from the applicable rate to 0%.

IV. Reliance

The Fund is raising or intending to raise capital by issuing Kujichagulia Notes to unaccredited investors and Umoja Notes to investors. In light of the risk to the holders of the Kujichagulia Notes and Umoja Notes, the Fund would not offer that investment without assets being available to secure a portion of the outstanding principal of the Kujichagulia Notes and Umoja Notes. Investor understands that the Fund is relying on this Agreement and would not make the planned investments without this Agreement. Investor represents to the Fund that Investor can afford to lose all of its investment in the Nia Notes.

V. Certification and Signature

Before you sign this Agreement, you must have read and understood the Offering Memorandum for the Fund. There are significant risks that you must understand before you invest. These risks are discussed in the Offering Memorandum under the heading "Risk Factors."

Representatives of the Fund will be glad to answer any questions you have or to provide information that you need in order to make an informed investment decision. Please call (857) 308-4033 or email invest@ujimaboston.com.

By signing below, you, as the Investor, certify as follows:

- Investor has read and understood the Offering Memorandum for the Fund;

- The number shown on this form is Investor's correct taxpayer identification number;
- Investor is not subject to backup withholding because: (a) Investor is exempt from backup withholding, or (b) Investor has not been notified by the Internal Revenue Service (IRS) that Investor is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified Investor that Investor is no longer subject to backup withholding; and
- Investor is a U.S. person (including a U.S. resident alien).
- Investor represents, warrants and agrees that the subscribed Note is being acquired by the
- undersigned solely for the undersigned's own account, for investment purposes only, and not with a view to the distribution or sale. Investor has no agreement or other arrangement with any person to sell, transfer or pledge any part of the subscribed Note.

Signature:

Print Name (include capacity if signing for an organization):

Name of Organization: _____

Tax ID/Social Security #

For Use by the Fund:

Accepted By: _____

Accepted Date: _____

JOINDER TO SUBORDINATION AGREEMENT

**The Center for Economic Democracy
on behalf of The Ujima Fund**

The undersigned, as of the date written below, by its signature, becomes a party to that certain Subordination Agreement dated as of [____], 201[___] (as amended, supplemented or otherwise modified from time to time, the "Subordination Agreement"; capitalized terms used but not defined herein shall have the meanings ascribed to them in the Subordination Agreement), by and among the Center for Economic Democracy (the "Borrower"), the Lenders from time to time party thereto, with the same force and effect as if originally named therein as a Lender party thereto, and the undersigned hereby agrees to all the terms and provisions of such Subordination Agreement applicable to it as a Lender party thereto.

Signature

Print Name (include capacity if signing for an organization)

Name of Organization: _____

Date

Appendix C-2: Form of Nia Note
(Sample – to be completed by the Fund)

**The Center for Economic Democracy
on behalf of The Ujima Fund**

Principal Amount	\$
Date	
Borrower	
Lender Street City, State and Zip	

Promise to Pay: Subject to the terms set forth below, the Project, a project of the Center for Economic Democracy, a Massachusetts nonprofit corporation (the “Borrower”), promises to pay to _____ (the “Lender”) in lawful money of the United States of America, the principal amount of _____ and 00/100 Dollars (\$_____00), together with simple interest at the fixed rate of one percent (1%) per annum on the unpaid principal balance from the date of this Note until paid in full. Interest will be calculated on the basis of actual days elapsed and a 365/366-day year. Borrower will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing.

Payments: Interest will be paid annually on each anniversary of the issuance of this Note. The unpaid principal balance of this Note, together with any accrued and unpaid interest thereon, will be due and payable on the seventh anniversary of this Note; provided, however, if a Bankruptcy Event (as defined below) has occurred, the unpaid principal balance of this Note, together with accrued and unpaid interest thereon, shall immediately become due and payable without present, demand, protest or notice. “Bankruptcy Event” means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any

such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

Borrower may prepay any portion of the principal amount of this Note at any time without penalty or premium, together with accrued and unpaid interest on the principal amount being prepaid.

Limited Recourse: This Note will be unsecured and sold with limited recourse to the noteholder. Under the terms of the Note, any losses on investments made from the Fund are to be limited recourse, meaning the noteholders may experience a loss on their investment, which cannot be recovered against the Borrower, the Boston Ujima Project or The Ujima Fund (the "Fund"). The sole source of repayment of this Note will be the payments made to the noteholders on account of loans and investments made from the Fund. If there is any loss in the Fund's portfolio of loans and other investments, the Notes may be deemed paid in full despite the Borrower receiving aggregate payments that are less than the original amount of the Notes.

Amendments: This Note is one of a series of Notes being issued by the Borrower that are designated as "Nia Notes". The Borrower may amend or supplement the terms of this Note without the Lender's consent to make any change that would provide additional rights or benefits to the Lender or surrender any right or power conferred upon the Borrower, provided, in either case, that substantially similar amendments or supplements are made to the terms of the other Nia Notes outstanding at such time.

Governing Law: This Note has been drawn in and will be governed by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

Commercial Loan: This is a commercial loan, and the proceeds of this loan will not be used for personal, family or household purposes, but instead will be used solely for business purposes. This transaction is not a consumer transaction subject to Massachusetts General Laws, Federal Reserve Board Regulations, or any other "consumer protection" statutes, regulations, or restrictions, without exception.

Incorporation of All Discussions: This Note supersedes all discussions and negotiations between the Borrower and the Lender concerning repayment of the indebtedness evidenced hereby.

Illegality: If any provision of this Note is held by a court of competent jurisdiction to be illegal or unenforceable, such provision will be deemed limited or excised from this Note to the least degree necessary to give effect to the intentions of the parties as expressed in this Note.

Successor Interests: The terms of this Note shall be binding upon the Borrower and upon the Borrower's heirs, personal representatives, successors and assigns and will inure to the benefit of Lender and its successors and assigns; provided, however, that the Lender may not transfer any of its interests, rights or obligations in this Note without the prior written

consent of the Borrower, which consent may be withheld in its sole discretion.

**The Center for Economic Democracy
on behalf of the Ujima Fund**

By: _____

Name:

Title:

Dated as of _____

**Appendix D:
Form of Subordination Agreement**

[See Attached]

**THE CENTER FOR ECONOMIC DEMOCRACY
ON BEHALF OF THE UJIMA FUND**

SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT, dated as of [_____] (this “*Agreement*”) is by and among the Center for Economic Democracy, a Massachusetts nonprofit corporation (the “*Borrower*”) and each Lender (as such term is defined in the Notes described below) from time to time party hereto (the “*Creditors*”).

The parties hereto agree as follows:

SECTION 1. BACKGROUND — DEFINITIONS.

This Agreement is made in the context of the following agreed state of facts:

(a) Borrower intends to issue promissory notes that will be designated as “Kujichagulia Notes”, “Umoja Notes” or “Nia Notes” (collectively, the “*Notes*”).

(b) All obligations of the Borrower in respect of the notes designated as “Kujichagulia Notes”, whether such obligations now exist or arise hereafter, including principal, interest and expenses of collection, and including any obligations on account of any extension, renewal or restructuring of the “Kujichagulia Notes” are hereafter collectively referred to as the “*Kujichagulia Obligations*” and the holders thereof are hereafter collectively referred to as the “*Kujichagulia Creditors*”. Fifty percent (50%) of the principal investment in a Kujichagulia Note will constitute a senior obligation (the “Senior Obligations”) and the remaining fifty percent (50%) of the investment (the “Junior Obligations”) will be subordinate to the Senior Obligations and will be pari passu with the other Junior Obligations.

(c) All obligations of the Borrower in respect of the notes designated as “Umoja Notes”, whether such obligations now exist or arise hereafter, including principal, interest and expenses of collection, and including any obligations on account of any extension, renewal or restructuring of the “Umoja Notes” are hereafter collectively referred to as the “*Umoja Obligations*” and the holders thereof are hereafter collectively referred to as the “*Umoja Creditors*”. Ten percent (10%) of the principal amount Umoja Notes are Senior Obligations and ninety percent (90%) of the principal amount are Junior Obligations.

(d) All obligations of the Borrower in respect of the notes designated as “Nia Notes”, whether such obligations now exist or arise hereafter, including principal, interest and expenses of collection, and including any obligations on account of any extension, renewal or restructuring of the “Nia Notes” are hereafter collectively referred to as the “*Nia Obligations*” and the holders thereof are hereafter collectively referred to as the “*Nia Creditors*”. Fifty percent (50%) of the principal amount Nia Notes are Junior Obligations and fifty percent (50%) of the principal amount are First Loss Philanthropic Obligations.

As used in this Agreement, the term “*Bankruptcy Event*” means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

SECTION 2. SUBORDINATION.

(a) The Junior Obligations are and shall hereafter be subordinate and inferior in right of payment to all of the Senior Obligations as provided herein. Notwithstanding any provision to the contrary contained in the Notes or any other agreement between Borrower and the Creditors, from and after the occurrence of a Bankruptcy Event, the Borrower shall not make or be required to make, nor shall any Creditor receive or retain, any payment on account of the principal of or interest on the Junior Obligations until the Senior Obligations have been paid in full in cash.

(b) Notwithstanding anything to the contrary in Section 2(a) or Section 2(b) above, the Borrower may pay, and the Creditors may receive and retain, payments in respect of the Junior Obligations so long as no Bankruptcy Event exists at the time of such payment or would occur after giving effect thereto.

SECTION 3. IMPROPER PAYMENT.

Any amount paid to any Creditor in violation of any provision of this Agreement shall be received in trust by such Creditor for the benefit of the holders of the Senior Obligations and the holders of other Junior Obligations, as applicable, and shall, with or without demand, be immediately delivered by such Creditor to the Borrower in the same form in which received, with the addition only of such endorsements or assignments as may be necessary to perfect the title of the Borrower to such payment. Such amounts delivered to

the Borrower shall be applied by the Borrower to the Obligations in the order specified in the Payment Waterfall (as defined below). Upon the request of the Borrower, such Creditor will execute such documents and perform all such other acts as may reasonably be required to rescind premature performance of such Obligation and to reestablish, to the maximum extent practical, the status quo prior to such premature performance.

SECTION 4. DISTRIBUTIONS IN LIQUIDATION.

Upon the occurrence of a Bankruptcy Event, the Borrower shall apply its cash and the net cash proceeds received in connection with the liquidation of its assets and property in the following order (the "*Payment Waterfall*"):

- (a) first, to the payment of the Senior Obligations on a pro rata basis;
- (b) second, to the payment of the Junior Obligations on a pro rata basis;
- (c) third, to the payment of the First Loss Philanthropic Obligations, paid to the First Loss Philanthropic Creditors;
- (d) fourth, to the Borrower.

Following the occurrence of a Bankruptcy Event, the Creditors shall not be entitled to any payment or distribution from the assets of the Borrower on account of any Junior Obligation until all Senior Obligations have been satisfied in full in cash. If any Creditor shall receive any money, securities or other property distributed after the occurrence of such Bankruptcy Event from the assets of Borrower on account of Junior Obligations in violation of the Payment Waterfall, such Creditor shall hold such money, securities or other property in trust for the benefit of the holders of the Senior Obligations or other Junior Obligations and shall deliver any such property to the Borrower in the same form as received, adding only such endorsements or assignments as may be necessary to perfect the title of the Borrower to such property, for application to the satisfaction of the Senior Obligations and Junior Obligations in the order of the Payment Waterfall.

SECTION 6. SUBORDINATION ABSOLUTE.

The subordination of the Junior Obligations to the Senior Obligations effected by this Agreement shall, be absolute and Borrower may from time to time, without the consent of or notice to the Creditors and without affecting the subordination of the Junior Obligations to the Senior Obligations: (i) obtain or release a security interest in any property to secure any of the Senior Obligations (or any part thereof); or (ii) extend or renew any of the Senior

Obligations (or any part thereof) for any period beyond their original due dates. The Borrower may, at any time, issue more Kujichagulia (Community) Notes or Umoja (Umoja) Notes, which upon issuance shall be entitled to the seniority and the benefits of the Payment Waterfall as provided herein.

SECTION 7. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon the Borrower and each Creditor (including any assignee or successor in interest to such Creditor's Note).

SECTION 9 SEVERABILITY.

If any provision of this Agreement is determined to be illegal or unenforceable, such provision shall be deemed to be severable from the balance of the provisions of this Agreement and the remaining provisions shall be enforceable in accordance with their terms.

SECTION 10. GOVERNING LAW.

This Agreement is made under and will be governed in all cases by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

This Agreement is dated as of the date and year first above written

By: _____

Name: _____

Name of Organization: _____

Title: _____