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**OFFERING MEMORANDUM**  
**July 1, 2025**

Community Investment Notes	
Offering Amount	\$40,000,000
Minimum Investment	\$50,000
Investment Term Lengths	Rate of Return
1 year	1.0%
3 years	2.0%
5 years	2.5%
7 years	3.0%
10 years	3.5%
Investor Profile	Accredited individual and institutional investors

\* Investors at any term may choose to invest at 0.00% return

This Offering Memorandum describes the unsecured Community Investment Promissory Notes (“CINs” or, “Promissory Notes” or, “Notes”) offered to individual and institutional investors by Appalachian Community Capital Corporation (“ACC” or, “the Fund”). ACC is a private, non-stock corporation chartered in the Commonwealth of Virginia, that has been determined as tax-exempt under Section 501(c)(4) of the Internal Revenue Code. The U.S. Department of the Treasury has certified ACC as a Community Development Financial Institution (“CDFI”). ACC is issuing Notes to raise funds that are loaned to its members who are also CDFIs or other mission-aligned lenders so that they can, in turn, provide affordable loans, business advisory services, and other types of support to small businesses, including minority and women-owned business owners, in underserved places in Appalachia and similar rural communities nationally that are impacted by shifting economies and market-driven closures of coal and power plants and local manufacturing facilities.

The Notes being offered are general, unsecured obligations of ACC and do not contain any restrictive covenants limiting the Fund’s ability to make payments on other indebtedness, incur additional indebtedness, make loans to or investments in its member organizations or

otherwise limit the Fund's financial condition or use of the loan proceeds. The Notes are neither guaranteed nor insured. The Fund's Offering is ongoing, and may be withdrawn, cancelled or modified without notice at any time. ACC may issue Notes to all qualified investors for offering amounts determined at its sole discretion to best fit the needs and goals of the Fund. Notes are issued to and held directly by investors as evidence that the named Investor has made a loan of a specific amount to the Fund. Interest on the loan shall be due and payable annually to investors on the date specified on the Note. The Notes are pooled and administered as a single aggregated fund.

This offering is exempt from registration under Section 3(a)(4) of the Securities Act of 1933, as amended, as an offering to charitable investors. Specifically, this offering is exempt under Rule 506(c) of Regulation D. 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. The Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

An investment in the Notes involves certain risks. There is no market for the Community Investment Notes, and it is highly unlikely that a market will develop. Investors should realize these investments will be very illiquid. This summary does not contain all the information investors should consider before investing in the Notes. Potential investors should read this entire Offering Memorandum carefully before deciding to invest. This Offering Memorandum contains all of the representations by the Fund concerning the Offering. Investors are cautioned not to rely on any information not expressly set forth in this Memorandum. No person has been authorized to give any information or to make any representation in connection with this Offering other than those contained in this Memorandum, and if given or made, such information or representations must not be relied upon as having been made by the Fund.

This Memorandum is intended to provide prospective investors with information necessary for an informed investment decision. However, nothing herein is intended as legal, accounting, tax or investment advice, and it should not be taken as such. A prospective investor should consult his or her own legal counsel and/or financial advisor with respect to his or her investment in the Notes. An investor must rely on his or her own examinations of the Fund, the Notes and the terms of this Offering, including the merits and risks involved. An investor should be willing and have the financial capacity to purchase a high-risk investment that cannot easily be liquidated..

## **FORWARD-LOOKING STATEMENTS**

Throughout this Offering Memorandum, ACC may make statements about possible future events or occurrences. These forward-looking statements are identifiable by, among other things, the use of words or phrases such as “may”, “will”, “expect”, “anticipate”, “could”, “should”, “potential”, “estimate”, “project”, “plan”, “believe”, “intend”, the negative of these

terms, or other words and discussions of strategy, intentions, beliefs, projections, or expectations. These forward-looking statements may address, among other things, the ability to repay the Promissory Notes, the use of proceeds from the sale of the Promissory Notes, and the ACC's underwriting standards and procedures. Although ACC believes the expectations reflected in its forward-looking statements are reasonable, considering information currently available, ACC cannot assure any investor that these expectations will be met. These forward-looking statements are dependent on assumptions, estimates, and data that may be imprecise and involve known and unknown risks which include but are not limited to the Risk Factors hereunder. These risks, along with other uncertainties, could cause ACC's actual results to be materially different from any future results expressed or implied in ACC's forward-looking statements. Accordingly, prospective Investors should not consider ACC's forward-looking statements as predictions of future events or circumstances. All written and oral forward-looking statements attributable to ACC, including statements before and after the date of this Offering Circular, are deemed to be supplements to this Offering Memorandum and are incorporated herein and are expressly qualified to these cautionary statements. ACC undertakes no obligation to update or revise any forward-looking statements to reflect developments or information obtained after the date of this Offering Memorandum. Prospective investors should carefully consider these risks, along with the information set forth elsewhere in this Offering Memorandum, before making an investment decision.

THE RETURN OF THE FUNDS OF ANY PROSPECTIVE INVESTOR IS DEPENDENT UPON THE FINANCIAL CONDITION OF THE FUND. GIVEN THE NATURE OF CIN INVESTMENTS, THE USE TO WHICH THE PROCEEDS OF THE NOTES WILL BE PUT BY THE ENTITY RECEIVING THE PROCEEDS OF THE NOTES, THE LOW INTEREST RATES BEING OFFERED AND OTHER FACTORS, THE NOTES ARE HIGH-RISK INVESTMENTS. FROM A FINANCIAL POINT OF VIEW, THE NOTES SHOULD NOT BE A PRIMARY INVESTMENT IN RELATION TO THE OVERALL SIZE OF AN INVESTOR'S PORTFOLIO. AN INVESTOR IN THE NOTES SHOULD BE ABLE TO LOSE UP TO THE INVESTOR'S ENTIRE INVESTMENT WITHOUT SUFFERING FINANCIAL HARDSHIP. INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

AN INVESTMENT IN THE NOTES INVOLVES VARIOUS MATERIAL RISKS AND INVESTORS MAY LOSE ALL OR PART OF THEIR INVESTMENT. PRIOR TO ANY INVESTMENT, AND IN CONSULTATION WITH THEIR FINANCIAL AND LEGAL ADVISORS, INVESTORS SHOULD CAREFULLY CONSIDER, AMONG OTHER MATTERS, THE RISK FACTORS DISCLOSED BELOW. THERE CAN BE NO ASSURANCE THAT THE LIST OF THE RISKS FACING AN INVESTMENT IN A NOTE IS COMPREHENSIVE. ADDITIONAL RISKS NOT PRESENTLY KNOWN TO LOAN FUND OR THAT ARE

CURRENTLY DEEMED IMMATERIAL COULD ALSO MATERIALLY AND ADVERSELY AFFECT LOAN FUND'S FINANCIAL CONDITION, RESULTS OF OPERATIONS, BUSINESS AND PROSPECTS.

Neither the Securities and Exchange Commission, any state securities commission nor any other regulatory body has approved, disapproved, or recommended the securities described in this Offering, nor has any of the aforementioned determined whether this offering is accurate or complete. Any representation to the contrary is a criminal offense.

The Notes are not and will not be insured or guaranteed by the Federal Deposit Insurance Company (FDIC), the Securities Investment Protection Corporation (SIPC), or any other agency.

**FOR RESIDENTS OF COLORADO ONLY:**

THESE SECURITIES HAVE NOT BEEN REGISTERED IN THE STATE OF COLORADO. THE SECURITIES WILL BE SOLD PURSUANT TO AN EXEMPTION UNDER 51-3.14 OF CHAPTER THREE OF THE CODE OF COLORADO REGULATIONS. NEITHER THE COLORADO DIVISION OF SECURITIES NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATIONS TO THE CONTRARY IS UNLAWFUL.

**FOR RESIDENTS OF THE DISTRICT OF COLUMBIA ONLY:**

THESE SECURITIES ARE OFFERED FOR SALE IN THE DISTRICT OF COLUMBIA PURSUANT TO REGISTRATION WITH THE DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE AND SECURITIES REGULATION, BUT REGISTRATION IS PERMISSIVE ONLY AND DOES NOT CONSTITUTE A FINDING THAT THIS PROSPECTUS IS TRUE, COMPLETE, AND NOT MISLEADING, NOR HAS THE DEPARTMENT OF INSURANCE AND SECURITIES REGULATION PASSED IN ANY WAY UPON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THESE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**FOR RESIDENTS OF FLORIDA ONLY:**

THESE SECURITIES HAVE NOT BEEN REGISTERED IN THE STATE OF FLORIDA. THE SECURITIES WILL BE SOLD PURSUANT TO THE ELEEMOSYNARY EXEMPTION IN FLORIDA STATUTES SECTION 517.015(9).

**FOR RESIDENTS OF LOUISIANA ONLY:**

THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES COMMISSIONER OF THE STATE OF LOUISIANA UNDER SECTION 51-705(B) OF THE LOUISIANA REVISED STATUTES. THE SECURITIES COMMISSIONER, BY ACCEPTING REGISTRATION, DOES NOT IN ANY WAY ENDORSE OR RECOMMEND THE PURCHASE OF THESE SECURITIES.

**FOR RESIDENTS OF MARYLAND ONLY:**

THESE SECURITIES ARE EXEMPT FROM REGISTRATION IN THE STATE OF MARYLAND PURSUANT TO AN ELEEMOSYNARY EXEMPTION ORIGINALLY GRANTED MAY 20, 1997 UNDER SECTION 11-601(9) OF THE MARYLAND SECURITIES ACT AND CHAPTER .04, REGULATION .01 OF THE BLUE SKY REGULATIONS, THE STATE IN WHICH THE ISSUER IS LOCATED.

**FOR RESIDENTS OF MICHIGAN ONLY:**

THESE SECURITIES ARE OFFERED PURSUANT TO EXEMPTION MCL 451.2201(G) OF THE MICHIGAN UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE OFFICE OF FINANCIAL AND

INSURANCE SERVICES, SECURITIES SECTION, MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH, OR WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. NEITHER THE OFFICE OF FINANCIAL AND INSURANCE SERVICES NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**FOR RESIDENTS OF OREGON ONLY:**

IN ORDER TO REMAIN IN COMPLIANCE WITH POLICIES ESTABLISHED BY THE OREGON DIVISION OF FINANCE AND CORPORATE SECURITIES, AUTOMATIC ROLLOVER AT MATURITY (AS DISCUSSED ON PAGE 12) WILL NOT BE OFFERED TO OREGON INVESTORS. LOAN FUND WILL REQUIRE POSITIVE AFFIRMATION FROM OREGON INVESTORS AT OR PRIOR TO THE MATURITY OF THEIR INVESTMENT IN ORDER TO ROLLOVER THEIR NOTE,

AND IN THE ABSENCE OF SUCH POSITIVE AFFIRMATION THE NOTE WILL BE CLOSED

AND THE PRINCIPAL OF THE NOTE, TOGETHER WITH ANY INTEREST PAYABLE, WILL BE RETURNED TO THE INVESTOR. LOAN FUND WILL REGISTER TO SELL \$5,000,000 OF NOTES IN OREGON THIS YEAR.

**FOR RESIDENTS OF WASHINGTON ONLY:**

ANY PROSPECTIVE PURCHASER IS ENTITLED TO REVIEW FINANCIAL STATEMENTS OF THE ISSUER WHICH SHALL BE FURNISHED UPON REQUEST. RECEIPT OF NOTICE OF EXEMPTION BY THE WASHINGTON ADMINISTRATOR OF SECURITIES DOES NOT SIGNIFY THAT THE ADMINISTRATOR HAS APPROVED OR RECOMMENDED THESE SECURITIES, NOR THAT THE ADMINISTRATOR HAS PASSED UPON THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE RETURN OF THE FUNDS OF THE PURCHASER IS DEPENDENT UPON THE FINANCIAL CONDITION OF THE ORGANIZATION.

## **RISK FACTORS**

Any investment in a promissory note involves several significant risks and is suitable only for persons who realize that there is a risk of loss of their entire investment. A prospective Investor should consider the risks and uncertainties described below, and all other information contained in this Offering Memorandum before investing. There can be no assurance that the following list of the risks facing an investment in a Note is comprehensive. Additional risks not presently known to the Fund or that are currently deemed immaterial could also materially and adversely affect the Fund's financial condition, results of operations, business and prospects.

### **1. Economic Environment**

ACC's business and ability to repay the Promissory Notes may be adversely affected by the current economic environment. During economic slowdowns or recessions there is a greater likelihood that more of ACC's borrowers, and their customers or counterparties, will be unable to repay their obligations at stated terms and maturities and could require ACC to extend the payment period of investors' loans. Additionally, borrowers could become delinquent on their loans or other obligations to ACC, which could result in a higher level of charge-offs and provision for credit losses, all of which would adversely affect ACC's income and ability to repay the Notes.

### **2. Credit Market**

ACC is and will continue to be dependent upon the availability of credit from financing sources to conduct its business and to satisfy its working capital needs. Conditions in the credit market could increase the cost and reduce the availability of credit from financing sources. This could lead to ACC being unable to obtain additional financing on acceptable terms or at all. If the fund is unable to obtain additional financing or if any of ACC's current credit facilities become unavailable on acceptable terms or at all, ACC may not have access to the funds it requires to pay its debts as they come due to continue to make new loans and investments, which would limit ACC's ability to generate income. Similarly, if necessary financing becomes unavailable on acceptable terms, or at all, to ACC's borrowers and other counterparties, such parties may be unable to repay their loans and satisfy their other obligations to ACC as they come due, which could adversely affect ACC's ability to repay the Notes.

### **3. Unsecured Nature of Promissory Notes**

The Notes are unsecured obligations of ACC and do not contain any restrictive covenants limiting ACC's ability to make payments on other indebtedness, incur additional indebtedness, make loans to or invest in its affiliates or otherwise limit the ACC's financial condition. Principal repayments and interest payments on the Promissory Notes, therefore, will be dependent solely upon the financial condition of ACC, which will depend on its ability to obtain repayment of the loans and investments it makes.

#### 4. Lack of Market

There is no market for the Notes, and it is highly unlikely that a market will develop. Therefore, Investors should realize that these investments will be very illiquid and funds should remain with ACC through the duration of the term length.

#### 5. Rate of Return

Due to the nature of the investment in the Notes, as determined by the mission of ACC, the interest rate is set at a low rate relative to the potential risk of loss. Other issuers may offer notes or other debt securities with a higher rate of return and/or that provide greater security and less risk than the Notes. In addition, the Fund and its affiliates may, from time to time, offer other promissory notes or debt securities with a higher rate of return and/or that provide greater security and less risk than the Notes.

#### 6. Tax Treatment

The purchase of a Promissory Note is not a donation to a charitable organization and is not tax deductible. It is an investment. Interest paid or accrued on the Promissory Notes is income to each holder, and will be subject to tax, unless the holder is eligible for an exemption from federal tax with respect to such interest. Prospective investors are advised to consult their own tax advisors regarding the federal, state, local, and foreign tax consequences of the purchase, ownership, and disposition of the Promissory Notes.

#### 7. Borrowers of the Fund

ACC provides financing to borrowers whose entities support and are aligned with the mission of the fund, rather than for purely economic purposes. In some cases, borrowers may not be able to obtain needed financing from conventional commercial lenders, and ACC may make loans to borrowers on terms less stringent than those imposed by commercial lenders. This may impact the ability of ACC to repay the Notes.

#### 8. Discretion to Make Loans and Investments

An ACC Community Investment Notes investor will have no control over the types of loans and investments made by ACC. Investors will not be able to evaluate all the specific loans and investments made by ACC. ACC has authorized specific lending staff, based on experience and expertise, to approve transactions within specific guidelines set by ACC. An investor will not have input into such loan and investment decisions.

#### 9. Dependence on Efforts of Key Personnel

ACC's operations are dependent upon the efforts of management personnel, who are expected to continue to devote their time to ACC's activities. If any of these key personnel become unable to continue working for the ACC, or if ACC is unable to attract and retain other skilled

management personnel its business could be adversely affected. This may impact the ability of ACC to repay the Notes.

#### 10. Chance of Litigation

ACC may become involved in litigation in the ordinary course of business. Litigation can be time consuming and costly, and there can be no assurance ACC will not become involved in litigation that could have a material adverse effect on its business or ability to repay the Notes.

#### 11. Securities Exemption

The Community Investment Notes Offering is being made in reliance upon exemptions provided by Section 3(a)(4) of the Securities Act and Rule 506(c) of Regulation D. However, if for any reason the offering is deemed not to qualify for exemption from registration under the exemptions referred to above, and the offering is not registered with the applicable federal and state authorities, the sale of the Notes may be deemed to have been made in violation of the applicable laws requiring registration. As a remedy for this violation, investors will have the right to rescind their purchase and to have their purchase price returned. A significant number of requests for rescission could leave ACC without funds sufficient to respond to such requests or to successfully proceed with business activities.

#### 12. Federal Preemption

Under the terms of the Philanthropy Protection Act, an offering that meets certain requirements is preempted from state securities laws requiring the registration of securities, unless the state passed a law opting out of the federal preemption. Arkansas, Connecticut, Florida, Mississippi, Nebraska, Pennsylvania, Tennessee and Virginia passed laws opting out of the federal preemption. As a result, offers and sales of the Fund's Notes in those states must meet the registration requirements under the controlling state law or find an exemption from the registration requirements under the controlling state law. Additionally, ACC is chartered in Virginia, which has passed a law opting out of federal preemption. The offering therefore must comply with the registration requirements under Virginia state law or find an exemption from the registration requirements available under Virginia state law.

If for any reason, in either Virginia or in a state in which the Fund has made offers or sales, the offering does not to qualify for exemption from registration, and the offering is not registered, the sale of the Promissory Notes may be deemed to have been made in violation of state securities law. As a remedy for this violation, investors will have the right to rescind their purchase and to have their purchase price returned. A significant number of requests for rescission could leave ACC without funds sufficient to respond to such requests or to successfully proceed with business activities.

### 13. Loans to Member Organizations

ACC plans to loan investments into the Fund to its Member organizations. ACC has over forty-five Member organizations in Appalachia and similar communities impacted by coal and power plant closures. Prospective Members must submit a one-page description of their lending and community development activity, their most recent interim financial statement, audited financial for the past three years, loan portfolio reports, and organizational chart. Membership will be determined by the Board of Directors during regularly scheduled quarterly meeting. The ability of the Fund to repay Community Investment Notes may be adversely impacted by the performance of these Member organizations. Also, portfolio concentration in any one geography and lending to a smaller group of borrowers may result in higher credit risk and thereby impact ACC's ability to repay the Notes when due or at all. The notes are not government insured.

The Notes are not covered by FDIC insurance, or are otherwise backed by any federal, state or local government body. Thus, Noteholders may not call upon any government guarantee to recover losses on their Notes, should the Fund be unable to repay the principal or interest of the Notes.

### 14. No Trust Indenture.

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

### 15. Change in Operations.

Federal and Virginia authorities have determined that ACC is exempt from federal and state taxation on the basis that it serves a charitable purpose. This determination rests upon a number of conditions and assumptions that must continue to be met on an ongoing basis. If ACC fails to comply with any of these conditions or assumptions, ACC could lose its non-profit status and be subjected to federal and/or state taxation. In addition, ACC is not obligated to continue its current operations or existence as a non-profit entity. If ACC became subject to federal or state taxation, this could negatively impact ACC's financial viability and cash flow, which could ultimately impact ACC's ability to meet its obligations under the Notes.

#### 16. Changes in Regulations.

ACC is not subject to regulation as a bank, but some of ACC's operations are subject to regulation by federal, state and local government authorities. Although ACC believes that its business is in compliance in all material respects with applicable local, state and federal laws, rules and regulations, there can be no assurance that more restrictive laws, rules and regulations will not be adopted in the future which could make compliance much more difficult or expensive, restrict ACC's ability to originate loans, further limit or restrict the amount of interest and other charges earned under loans ACC originates, or otherwise adversely impact ACC's operations or prospects.

#### 17. No Tax Representations.

The Fund is making no representations as to the tax consequences of purchasing and holding the Notes. The principal amount of a Note is not tax-deductible. The purchase of Notes should in no way be understood as a charitable donation. Investors will not receive any tax deductions from Fund's operations, and, in general, all interest will be taxable income to Noteholders when received by them in cash. Potential investors are encouraged to consult a tax professional regarding the tax treatment of income earned on the Notes.

#### 18. Prepayment of Notes.

ACC may prepay any of the Notes at any time without penalty or any premium or additional interest, upon ten business days prior notice. Accordingly, if a Note is prepaid, the Noteholder will not receive interest from the Fund for the remaining balance of the term after such prepayment.

## OFFERING SUMMARY

<b>Issuer</b>	Appalachian Community Capital (ACC), a Virginia nonstock corporation and 501(c)(4) non-profit organization.
<b>Securities Offered</b>	ACC Community Investment Notes. Interest rates are fixed at the time of issue, ranging from 0.00% to 3.50%. Terms are fixed for one, three, five, seven or ten years.
<b>Offering Size</b>	Up to \$40,000,000 in aggregate principal amount of Notes issued and outstanding.
<b>Investment Amount</b>	Minimum investment of \$50,000. There is no maximum investment amount or limit on the number of investors.
<b>Risk</b>	Community Investment Notes are general, unsecured obligations of ACC. The Notes are not guaranteed or insured and rank <i>pari passu</i> with all other Notes and other contractual obligations of the Fund.
<b>Who May Invest</b>	Accredited individual and institutional investors. As determined by Rule 506(c) of Regulation D of the Securities Act, all investors must provide financial information allowing ACC to verify the investor's accredited status.
<b>How to Invest</b>	Prospective investors must complete and sign the Subscription Agreement and Investor Questionnaire, and provide proof of accredited status. ACC will review and execute the Subscription Agreement, and issue a Promissory Note to the investor upon receipt of funds. Payment may be made by certified check, cashier's check or electronic transfer.
<b>Use of Proceeds</b>	Proceeds will provide intermediary lending capital, allowing ACC to make loans to community lenders that provide capital to small businesses and community infrastructure projects, primarily in economically distressed and under-resourced communities. Proceeds can also be used to support ACC's lending activity in other ways, such as repayment or refinancing of debt.
<b>Transferability</b>	Community Investment Notes are not transferrable, except under specific circumstances approved in writing by ACC.

## **ABOUT THE FUND**

### **Mission, History & Commitments**

Appalachian Community Capital Corporation (“ACC”) is certified by the U.S. Treasury as a community development financial institution (“CDFI”) that is focused on attracting new sources of capital for small businesses, including minority and women-owned business owners, in underserved places in Appalachia and similar energy communities nationally. ACC is not a direct lender. Instead, it raises capital for its members who are also CDFIs or other mission-aligned lenders so that they can provide affordable loans, business advisory services, and other types of support to small businesses in the region.

CDFIs share a common goal of expanding economic opportunity and by providing access to financial products and services to local residents and businesses. ACC received its CDFI certification from the U.S. Treasury Department in 2016. ACC is committed to providing reliable and sufficient capital for all its members, leading to a growing economy, increased entrepreneurship, higher quality jobs, and increased local wealth in the Appalachian region and beyond, in rural, economically underserved communities throughout the U.S.

ACC was launched in 2013, and in 2015, closed its first capital raise with \$15.5 million in seed funds from the Appalachian Regional Commission, Bank of America, Calvert Foundation, Deutsche Bank, and Ford Foundation, among others. Since then, ACC has raised over \$50 million for its members who have used the funds to finance 251 small businesses. In addition, \$80 million in grants have been raised to help build the capacity of ACC, its members, and the small businesses they serve. In addition, nearly 3,911 jobs have been created or retained in Appalachia; over 40% of these jobs are occupied by people with low-incomes.

In 2023, ACC expanded its mission to provide capital, leverage private capital, and provide other forms of financial assistance for the rapid deployment of low- and zero- emission products, technologies and services at a national level. In doing so, ACC established a national class of membership to include aligned organizations focused on creating meaningful economic opportunity in energy communities nationally.

Collectively, ACC and its members manage over \$3.5 billion in assets targeted to supporting development in underserved communities, reaching in excess of 20,000 regional businesses and supporting tens of thousands of locally-based jobs.

ACC and its members are committed to 1) providing affordable financial products and high-quality technical assistance to Black, Brown, Indigenous, and woman-owned small businesses in Appalachia, as well as to small businesses in coal-impacted and other distressed rural communities that have been overlooked for too long, and 2) building the capacity of the CDFI ecosystem to support these clients.

In addition to its lending, ACC also provides training, technical assistance, and grants to its members to help strengthen their organizational and lending capacity and ensure their creditworthiness and sustainability. These technical assistance services include:

- Technical assistance to enable existing and prospective members to access ACC capital, including one-on-one coaching for potential new members.
- Peer-to-peer learning events covering such topics as new business development, capitalization, and portfolio management.
- Connecting members with services and tools to support their operations, especially for technical assistance to borrowers.
- Training on programs such as the CDFI Fund's New Markets Tax Credit program, impact assessment, and microlending.

ACC oversees the successful Opportunity Appalachia program, which provides access to technical assistance and supports capital raise activities for community real estate development projects in underinvested areas. ACC actively identifies and engages investors, serving to lift up projects (that otherwise would not reach larger audiences), demonstrate their investment potential, and connect to suitable investment partners. Since 2020, a total of 86 projects, seeking to raise \$700M in financing in Kentucky, North Carolina, Ohio, Tennessee, Virginia, and West Virginia, have received technical assistance with their investment prospectus, the structuring of project financing, market research, and other activities.

In 2024, as part of the EPA's Greenhouse Gas Reduction Fund, ACC launched the Green Bank for Rural America to provide the public and private capital that will enable hard-hit communities to gain the most benefit from the new energy economy. The Appalachian region and rural communities across the country have been the heart of energy production in America, powering the growth of our nation. The Green Bank is working alongside communities to build upon and revitalize this spirit by connecting them with new sources of financing and technical assistance. The Bank has already received an unprecedented \$300 million in funding requests from community lenders.

## **Service Area**

ACC's service area is made up of the Appalachian Region, as defined by the Appalachian Regional Commission. This area includes 423 counties comprising all of West Virginia, and portions of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia.

National members focus on similar communities impacted by coal and power plant closures and underserved rural communities across the United States.

With over 2.4 million small businesses in a population of 26 million, and more than 5 million residents of Black, Hispanic, Native and other diverse backgrounds, the ACC service area is one of the most entrepreneurial and diverse rural regions in North America.

### **USE OF PROCEEDS**

ACC intends to use the proceeds from this Offering as intermediary lending capital, in the form of loans to community lenders that provide capital to small businesses and community infrastructure projects, primarily in the economically distressed and under-resourced communities it serves.

During the pandemic, ACC saw a reduction in loan demand because it faced a new challenge: moving its capital at a time when many ACC members had received significant investments of their own from banks, government and state programs, as well as philanthropic organizations. Toward the end of 2021, however, members again began reaching out to ACC to discuss loan requests and ACC reported increased loan demand in 2022. ACC recently closed \$4 million in new commitments and has another \$4 - \$5 million in its pipeline. ACC expects loan demand from its members to continue to increase in the near term.

- Rising interest rates on other sources of capital are generating demand for ACC's lower cost loans that are more flexible and do not require collateral.
- ACC expects to add 8 -10 new member organizations, which will increase loan demand.
- In a recent survey of one group of Appalachian CDFIs, respondents reported that they would require approximately \$65 million in new capital to meet forecasted loan demand over a 2-year period.
- With recent equity infusions from the CDFI Fund (collectively, ACC members received \$7.6 million in 2022 FA awards) and expected ERP grants later this year, ACC members are well positioned to leverage additional ACC capital to meet increased loan demand.

ACC may also elect to use proceeds from this Offering to repay or refinance debt. Expenses associated with this Offering will be paid from ACC's operating budget.

### **BUSINESS MODEL & LENDING ACTIVITIES**

Between 2023 and 2026, ACC is expanding its business model to reach four key strategic goals:

- Use a combination of grants, tailored loan terms, and equitable lending strategies to incentivize CDFI and other mission-aligned borrowers to invest in targeted small business sectors, geographies, and populations.
- Create a robust knowledge platform to facilitate peer-to-peer knowledge exchange, innovative replication, access to capacity-building tools and resources, and curated events tailored specifically to the needs of member CDFIs, their customers and clients.

- Enable efficient, cost-effective and mission-aligned technology partnerships to enhance member efficiencies, risk management, and outreach to unserved/underserved entrepreneurs and communities across the region.
- Introduce new loan products that larger asset-sized members have identified as needed, but that are unavailable or hard to secure from conventional lenders. These include bridge loans, commitment loans, lines of credit, and New Markets Tax Credit leverage loans.

ACC's approach to reaching these goals is to be bold in seeking new sources of equity and debt capital; to collaborate with organizations that bring a diversity of experience to the table; and to help build the capacity of its members to attract larger investors.

## **Loan Products**

Intermediary Loans. ACC provides unsecured, enterprise level loans to build its members' balance sheet strength, add to their loan capital, and increase total assets under management. Funds may be used for small business and community facilities financing including equipment, business-related real estate and improvements and working capital/ lines of credit. With this product, ACC offers flexible credit standards, standardized loan documentation and lower closing costs. Interest rates are fixed and average 2.9%. Loans have no use restrictions other than capital must be redeployed into loans to small businesses in Appalachia.

Small Business Participation Loans. ACC makes participation loans to small businesses in conjunction with a member CDFI when a business' financing need exceeds the member loan fund's lending cap or risk profile. Without the participation loan, the member CDFI would not be able to meet the business' total financing needs. This product offers favorable terms and credit underwriting and is provided solely at the request of the participating member. Loans are secured and collateralized; collateral will vary by the type of project and the borrower's needs. Interest rates are fixed and average 5-7%.

## **Loan Risk Management/Asset Management**

Outlined in its loan policy manual, ACC has sound loan risk mitigation policies that include general parameters governing lending activity, including borrower concentration limits, prohibited loan uses, loan loss reserve requirements, collateral guidelines, basic underwriting criteria, and loan approval authority. Underwriting policies are reviewed and board approved on an annual basis.

ACC's underwriting process for intermediary loans includes a thorough analysis of the member's management, governance and operational strength, portfolio quality, and financial condition and performance. ACC's risk management standards require that members consistently meet the following ratios and metrics:

- Net Asset Ratio of no less than 20%

- Unrestricted Net Income (averaged over the current and prior three fiscal years, must be greater than or equal to zero)
- Current Ratio greater than 1.2
- Non-Performing Assets (60 days+ and non-accrual) less than 10%
- Low Income Jobs. At least 40% of jobs created or retained as a result of loans made by the member will support jobs for low-income people.

For the participation loan approval process, the member underwrites the small business loan according to its own underwriting guidelines. ACC's underwriter reviews this analysis, and also underwrites the member itself using the underwriting guidelines described above. As noted earlier, ACC will only participate with members with strong portfolios and a long history of borrowing from ACC.

For all credit facilities, ACC management and/or staff recommend a loan and submit a credit memorandum together with a Risk Rating Scoresheet to the Loan Committee. All loans (regardless of size) must be recommended by the CEO and approved by Loan Committee.

At origination, all loans are assigned a risk rating using the following five-point credit risk rating system:

- 4: Good
- 3: Satisfactory
- 2: Watch
- 1: Substandard
- 0: Doubtful

ACC will only originate loans to credits rated "Good" or "Satisfactory." ACC uses standard accepted GAAP practices to establish and manage its loan loss provisions and assigns each loan's allocation at origination based on its risk rating. Given the different risk profile of ACC's participation small business loans, ACC maintains a separate \$300k cash funded loan loss reserve for these loans which provides coverage of 48% as of 12/31/22.

Detailed in its loan policy manual, ACC has well defined asset management and monitoring guidelines. All loans (both intermediary and participation small business loans) and their assigned risk ratings are reviewed every quarter. A rating change can occur anytime if a borrower shows financial deterioration and/or if a loan is restructured or impaired. In addition, each quarter ACC staff presents the Loan Committee Chair and Board of Directors with a report on the status of the loan portfolio, including information on delinquencies, borrowers out of compliance with financial covenants, ACC's exposure to individual borrowers, loan loss reserve levels, and other information which may be relevant to assess the risk of the portfolio.

ACC's loan servicing is outsourced to Locus. As part of that contract, Locus processes loan disbursements, deposits loan payments, alerts Locus of any delinquencies and prepares monthly financials and management reports to Locus management.

## **FINANCIAL PERFORMANCE**

ACC's consolidated financial statements, comprising the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and cash flows, and the related notes to the consolidated financial statements are attached as an appendix.

## **GOVERNANCE & MANAGEMENT**

### **Employees**

At present, ACC has two full-time employees: CEO Donna Gambrell and Chief Lending and Impact Officer Shauna Yeldell. ACC contracts with experienced loan underwriters for underwriting new loan requests as well as conducting loan portfolio reviews. To the extent possible, ACC contracts with loan underwriters trained as Aeris™ analysts. ACC has plans to expand its contracting pool that currently consists of three underwriters, a Senior VP-Finance, a grant writer, and a business development officer.

Donna Gambrell. As President & CEO of Appalachian Community Capital, Donna J. Gambrell is responsible for attracting and directing investments to Community Development Financial Institutions (or CDFIs) and other mission-driven lenders in Appalachia. These lenders, in turn, use the investments to make loans to small business owners, including to minority- and women-owned businesses, in underserved communities throughout the region. Since it began lending in 2015, ACC has deployed over \$48 million to help finance renewable energy projects, manufacturing sites, elder care facilities, restaurants, ecotourism, and downtown redevelopment, among other projects.

Ms. Gambrell serves on several CDFI boards. She is also the board chair of the African American Alliance of CDFI CEOs, a 501(c)(3) organization comprised of over 100 executives that was formed in 2018 to identify solutions to closing the racial wealth gap in the communities served by the members.

### **Board of Directors**

ACC is governed by a Board of Directors, which currently has seven officers but is allowed to range in size from not less than five persons to no more than nine persons. ACC's CDFI certification requires that the Board consist of directors who are representative of the geographic area and diverse people and communities served by the Fund, as well as institutions, community groups and professions that serve as partners. Directors serve without compensation.

ACC's seasoned and experienced board works closely with ACC management to provide oversight, accountability and strategic direction. The board monitors enterprise risk through the following committees:

- The Executive and Audit Committee: charged with monitoring traditional operating, financial and compliance risk and has overall responsibility for enterprise risk management, including strategic risk, reputational risk and other environmental risk.
- The Loan Committee: charged with credit risk management and loan approval.

## **Board Officers**

Clinton B. Gwin. Clint Gwin is ACC Chair and President of Pathway Lending in Tennessee. He has expertise in “growing” a CDFI. Under his leadership, Pathway loan originations grew from \$3.4 million in 2003 to \$76.8 million in 2016. He developed a high-volume development services program, wherein Pathway staff delivered technical assistance to 1,448 businesses. Mr. Gwin has expert skills in capital development, having raised \$60 Million in loan capital.

Marten Jenkins. Marten Jenkins is the ACC Board Treasurer, and founder of Partner Community Capital (PCAP) and is responsible for developing, implementing and overseeing all business strategies, operational and capital fundraising, and fund operations. Over the past decade, PCAP has expanded its lending and technical assistance services to a nine-state region, spanning central Appalachia and the Southeast, including West Virginia and North Carolina and the Appalachian regions of Maryland, Ohio, Kentucky, Tennessee, Virginia, South Carolina and Georgia. In addition to his PCAP responsibilities, Mr. Jenkins is a leader in Appalachian community development efforts and is active in the CDFI industry.

Neill S. Wright. Neill S. Wright is ACC Board Secretary, and President and CEO of Birmingham based Bronze Valley, an early stage venture- focused CDFI investment platform that supports high growth, innovation and technology companies led by diverse, underrepresented, and underestimated founders. Neill has nearly 30 years of experience as an investor, entrepreneur and operating executive. Most recently, he served as Chairman, President and CEO of First Tuskegee Bank, a CDFI commercial bank. Neill successfully sold the bank to a southeast regional bank.

Prior to First Tuskegee Bank, Neill was a Founding Partner of Harbour Place Capital, a New York based investment banking consultancy that focused on advisory and capital raising for growth companies in various industries including energy, financial services and real estate. Previously, Neill worked as a banker at Citigroup and JPMorgan both in New York.

## **Board Members**

Clyde Cornett. Mr. Cornett served as Chief Financial Officer and Chief Operating Officer from 2008 to 2015, and he now serves as CFO for Locus. Prior to joining Locus, he was a Senior

Manager at a public accounting and consulting firm, working almost exclusively with community banks ranging in assets size from \$100 million to over \$1 billion. His work with community banks included relationship management and supervision of audits of financial statements, SEC reporting, credit reviews, internal audit assistance, and compliance and operational consulting services.

He currently serves on the board of directors for Appalachian Community Capital Corporation and Appalachian Community Capital Development Foundation. Mr. Cornett has participated in the Center for Community Investment's Connect Capital initiative working to help create Invest Appalachia, a social impact fund for Central Appalachia. He also serves as an advisor on the New River Valley Development Corporation's revolving loan fund. In addition, he served on the Virginia Bankers Association's CFO Committee and was named Virginia Business Magazine's Small Nonprofit CFO of the year in 2014, and again in 2023. Mr. Cornett is licensed as a CPA in Virginia.

Grace Fricks. Ms. Fricks founded ACE in 1997 and began the lending service in 1999. She also serves on the Advisory Boards for Enterprise to Empower (En2Em), a Georgia Institute of Technology student-led organization; University of North Georgia's BB&T Center for Ethical Business Leadership; and the Invest Atlanta's New Market Tax Credit Committee. Ms. Fricks is a past member of the board of directors of a national trade association, Association for Enterprise Opportunity (AEO), and is past treasurer of Georgia Microenterprise Network (GMEN). A small business owner for over 15 years, Grace Fricks is also a former board member of the National Association of Women Business Owners, Atlanta chapter. She received her MBA from the University of Memphis.

Ray Christman. Ray Christman's career has included work in urban and economic development in his hometown of Pittsburgh. He served as head of the City's Urban Redevelopment Authority, as Secretary of Commerce for Pennsylvania, and as President of the Pittsburgh Technology Council. Mr. Christman subsequently worked in the banking industry serving first as chair of the Federal Home Loan Bank of Pittsburgh and then as President and CEO of the Federal Home Loan Bank of Atlanta. He later helped establish and lead Hamilton State Bank in Georgia, which grew to become one of the ten largest banks in the state before its sale in 2018. Mr. Christman has a long history of involvement in the conservation field, including serving as Senior Vice President of the Trust for Public Land. In addition to serving on ACC's board, he is also a board member of Southern Bancorp Community Partners, a nationally recognized CDFI in Little Rock, Arkansas.

Matt Raker. Matt Raker is an economic developer focused on place-based and entrepreneurial strategies. He serves as Executive Director at Mountain BizWorks where he helps expand the opportunity of local business ownership across Western North Carolina by increasing access to capital and high-quality peer learning programs. Over the last 5 years, Matt and the BizWorks team have increased their lending capacity more than five-fold, have helped 473 new

companies start, over 750 expand, and have active financing projects in 26 Western North Carolina counties. Prior to Mountain BizWorks, Matt directed entrepreneurial development at a state-sponsored economic development agency where he led projects generating over \$150m in regional investment and 400 jobs. He is the co-founder of three area businesses in Asheville, NC.

## ACC MEMBER ORGANIZATIONS

Access to Capital for Entrepreneurs (GA)  
[www.ace loans.org](http://www.ace loans.org)

Alternatives Federal Credit Union (NY)  
[www.alternatives.org](http://www.alternatives.org)

Appalachian Development Corporation  
(SC)  
[www.adcloans.com](http://www.adcloans.com)

Appalachian Growth Capital (OH)  
[www.appcap.org](http://www.appcap.org)

Bridgeway Capital (PA)  
[www.bridgewaycapital.org](http://www.bridgewaycapital.org)

Bronze Valley (AL)  
[www.bronzevalley.com](http://www.bronzevalley.com)

Carolina Community Impact (NC)  
[www.ccifund.org](http://www.ccifund.org)

Carolina Small Business Development Fund  
(NC)  
[www.carolinasmallbusiness.org](http://www.carolinasmallbusiness.org)

Community Reinvestment Fund, USA (MN)  
[www.crfusa.com](http://www.crfusa.com)

CommunityWorks (SC)  
[www.communityworkscarolina.org](http://www.communityworkscarolina.org)

CommunityWorks (WV)  
[www.communityworkswv.org/](http://www.communityworkswv.org/)

Economic & Community Development  
Institute (OH)  
[www.ecdi.org/](http://www.ecdi.org/)

Finance Fund Capital Corporation (OH)  
[www.financefund.org](http://www.financefund.org)

Foodshed Capital (VA)  
[www.foodcap.org](http://www.foodcap.org)

Hampton Roads Ventures, LLC (VA)  
[www.hamptonroadsventures.com](http://www.hamptonroadsventures.com)

IFF (IL)  
[www.iff.org/](http://www.iff.org/)

Institute Capital (NC)  
[www.theinstitutenc.org](http://www.theinstitutenc.org)

InvestPGH (PA)  
[www.investpgh.org](http://www.investpgh.org)

Kentucky Highlands Investment  
Corporation (KY)  
[www.khic.org](http://www.khic.org)

LiftFund (TX –serving selected Appalachian  
states)  
[www.liftfund.com](http://www.liftfund.com)

Locus (VA)  
[www.locusimpact.org](http://www.locusimpact.org)

Mountain Association (KY)  
[www.mtassociation.org](http://www.mtassociation.org)

Mountain BizWorks (NC)  
[www.mountainbizworks.org](http://www.mountainbizworks.org)

Neighborhood Community Development  
Fund (PA)  
[www.ncd-fund.org](http://www.ncd-fund.org)

North Alabama Revolving Loan Fund (AL)  
[www.neighborhoodconcepts.org](http://www.neighborhoodconcepts.org)

Opportunity Alabama (AL)  
[www.opportunityalabama.com](http://www.opportunityalabama.com)

Park Community Credit Union (KY)  
[www.parkcommunity.com](http://www.parkcommunity.com)

Partner Community Capital (WV)  
[www.partnercap.org](http://www.partnercap.org)

Pathway Lending (TN)  
[www.pathwaylending.org](http://www.pathwaylending.org)

People Incorporated (VA)  
[www.peopleinc.net](http://www.peopleinc.net)

Piedmont Business Capital (NC)  
[www.piedmontbusinesscapital.org](http://www.piedmontbusinesscapital.org)

Renaissance Community Loan Fund (MS)  
[www.rclfms.com](http://www.rclfms.com)

Sabre Finance (AL)  
[www.sabrefinance.org](http://www.sabrefinance.org)

South Carolina Community Loan Fund (SC)  
[www.sccommunityloanfund.org](http://www.sccommunityloanfund.org)

Southeast Rural Community Assistance Project, Inc. (VA)  
[www.sercap.org](http://www.sercap.org)

Southeast Kentucky Economic Development Corporation (KY)  
[www.southeastkentucky.com](http://www.southeastkentucky.com)

TAP/Business Seed Capital (VA)  
[www.tapintohope.org](http://www.tapintohope.org)

The Center for Rural Health Development, Inc. (WV)  
[www.wvruralhealth.org](http://www.wvruralhealth.org)

The Progress Fund (PA)  
[www.progessfund.org](http://www.progessfund.org)

Three Rivers Planning & Development (MS)  
[www.trpdd.com](http://www.trpdd.com)

Woodlands Community Lenders (WV)  
[www.wdgvv.org](http://www.wdgvv.org)

National Members serving energy and underserved rural communities:

Coastal Enterprises, Inc. (CEI)  
<https://www.ceimaine.org/>

Coalfield Development Corporation  
<https://coalfield-development.org>

Grow America (formerly National Development Council)  
<https://growamerica.org>

National Trust for Historic Preservation / MSA  
<https://www.mainstreet.org/>

West Virginia Community Development Hub  
<https://wvhub.org>