

# Annual Report

## Cover Page

Name of issuer:

Wefunder, Inc.

Legal status of issuer:

Form: Other

Other (specify): Public Benefit Corporation

Jurisdiction of Incorporation/Organization: DE

Date of organization: 6/1/2012

Physical address of issuer:

1885 Mission St.  
San Francisco CA 94103

Website of issuer:

<http://wefunder.com>

Name of intermediary through which the offering will be conducted:

Wefunder Portal LLC

CIK number of intermediary:

0001670254

SEC file number of intermediary:

007-00033

CRD number, if applicable of intermediary:

283503

Current number of employees:

45

|                          | Most recent fiscal year-end: | Prior fiscal year-end: |
|--------------------------|------------------------------|------------------------|
| Total Assets:            | \$7,795,976.00               | \$8,000,901.00         |
| Cash & Cash Equivalents: | \$4,241,074.00               | \$7,547,982.00         |
| Accounts Receivable:     | \$17,500.00                  | \$0.00                 |
| Short-term Debt:         | \$96,667.00                  | \$1,972,735.00         |
| Long-term Debt:          | \$2,924,207.00               | \$0.00                 |
| Revenues/Sales:          | \$10,121,157.00              | \$9,804,058.00         |
| Cost of Goods Sold:      | \$774,066.00                 | \$888,738.00           |
| Taxes Paid:              | \$0.00                       | \$0.00                 |
| Net Income:              | (\$5,209,316.00)             | (\$3,334,409.00)       |

Select the jurisdictions in which the issuer intends to offer the securities:

AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY, BS, GU, PR, VI, VJ

## Offering Statement

Respond to each question in each paragraph of this part. Set forth each question and any notes, but not any instructions thereto, in their entirety. If disclosure in response to any question is responsive to one or more other questions, it is not necessary to repeat the disclosure. If a question or series of questions is inapplicable or its response is available elsewhere in the form, either state that it is inapplicable, include a cross reference to the responsive disclosure, or omit the question or series of questions.

Be very careful and precise in answering all questions. Give full and complete answers so that they are not misleading under the circumstances involved. Do not discuss any future performance or other anticipated event unless you have a reasonable basis to believe that it will actually occur within the foreseeable future. If any answer requiring significant information is materially inaccurate, incomplete or misleading, the Company, its management and principal shareholders may be liable to investors based on that information.

### THE COMPANY

1. Name of issuer:

Wefunder, Inc.

3. Has the issuer or any of its predecessors previously failed to comply with the ongoing reporting requirements of Rule 202 of Regulation Crowdfunder?

☐ Yes ☒ No

### DIRECTORS OF THE COMPANY

4. Provide the following information about each director (and any persons occupying a similar status or performing a similar function) of the issuer:

| Director            | Principal Occupation | Holds Employer | Year Joined as Director |
|---------------------|----------------------|----------------|-------------------------|
| Greg Belante        | CTO                  | Wefunder       | 2012                    |
| Nicholas Tommarello | CFO                  | Wefunder       | 2012                    |

For three years of business experience, refer to Appendix D: Director & Officer Work History.

### OFFICERS OF THE COMPANY

5. Provide the following information about each officer (and any persons occupying a similar status or performing a similar function) of the issuer:

| Officer             | Position Held | Year Joined |
|---------------------|---------------|-------------|
| Greg Belante        | Treasurer     | 2012        |
| Greg Belante        | CTO           | 2012        |
| Nicholas Tommarello | CEO           | 2012        |
| Nicholas Tommarello | Secretary     | 2012        |

For three years of business experience, refer to Appendix D: Director & Officer Work History.

INSTRUCTION 10 (IN-2016-01): For purposes of this Section 5, the term officer means a president, vice president, secretary, treasurer or principal financial officer, controller or principal accounting officer, and any person performing similar functions.

### PRINCIPAL SECURITY HOLDERS

6. Provide the name and ownership level of each person, as of the most recent practicable date, who is the beneficial owner of 10 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power:

| Name of Holder      | No. and Class of Securities Now Held   | % of Voting Power Based on Issuance |
|---------------------|--|-------------------------------------|
| Nicholas Tommarello | 121000000.0 Class A Common Stock, Class B Common Stock, \$0.00 and Stock Options |                                     |

INSTRUCTION 11 (IN-2016-01): The above information must be provided as of a date that is no more than 120 days prior to the date of filing of this offering statement.

Beneficial owner of voting power: include all securities in which the person directly or indirectly has or shares the voting power, which includes the power to vote or influence the voting of such securities. If the person has the right to acquire voting power or such securities within 60 days, including through the exercise of any option, warrant or right, the acquisition of a security or other instrument, or if securities are held by a member of the family, friend, representative or partnership, or otherwise in a manner that would allow a person to direct or control the voting of the securities (or there is such a situation as would, for example, cause a person to be considered having "beneficially owned" them), then such person or partnership is considered to be a person to be "Beneficially and Control Beneficially Owned." For additional guidance regarding proper treatment, consult the following options and securities and all securities owned.

### BUSINESS AND ANTICIPATED BUSINESS PLAN

7. Describe in detail the business of the issuer and the anticipated business plan of the issuer:

For a description of our business and our business plan, please refer to the attached Appendix A, Business Description & Plan.

INSTRUCTION 12 (IN-2016-01): Wefunder will provide your company's Wefunder profile as an appendix (Appendix A) to the Form C-19 PDF form. The information will include all of the information "read more" links in our company profile. All information will be submitted.

This section of the offering statement provides to your Wefunder profile will be provided to the SEC in response to this question. It is noted, your company will be potentially liable for misstatements and omissions in your profile under the Securities Act.

of 1933, which requires you to provide material information about your business and our capital business plan. Please review your Webform profile carefully to ensure it provides all material information, is truthful and not misleading, and does not omit any information that could cause the information included to be false or misleading.

#### RISK FACTORS

The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.

These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

#### 8. Discuss the material factors that make an investment in the issuer speculative or risky:

Our business is subject to a complex and rapidly evolving regulatory framework. New regulations could be enacted, or our regulators' interpretation of existing regulations could change, in ways that are unfavorable to us. Our regulators could also take an unfavorable view of our current and/or future activities.

The development of our platform and technology is still in its early stages, and significant additional time and resources will be required for research and development. As a result, we may experience technical issues with our website, delays in collecting and disbursing funds, cybersecurity breaches, or other technical problems, any of which could negatively affect our business.

We operate in a competitive industry, and there is no guarantee that we will continue to be a market leader. We could fall behind our competitors in a variety of ways, including our technical capabilities, the products and features we offer, and our customer acquisition channels, any of which could have a negative effect on our business. The broader market for equity crowdfunding could also grow more slowly than anticipated or not at all, which would harm our ability to continue growing our funding volume and revenue.

Our financial goals and projections are based on assumptions that may not prove to be accurate. Further, in order to meet our goals and projections, we will need to substantially increase the fundraising volume supported by our platform. We may face difficulties in expanding our team, upgrading our technical systems, and improving our processes in order to meet the demands of scale.

Despite our best efforts, one or more current or future offerings hosted on our platform could prove to be fraudulent, which could harm our reputation and have a negative effect on our ability to attract future offerings to our platform. Further, the companies on our platform could fail to provide returns to our investors that meet their expectations, which could harm our ability to attract future investors to our platform.

In order to effectively scale our business and execute our business plan, we may require significant additional funding. There is no guarantee that we will be able to obtain such funding on favorable terms, or at all. Further, if we raise additional funding by selling shares of our capital stock, this would result in dilution of the ownership percentage of existing investors. We may also increase the size of our stock option pool in order to attract and retain employees, which would result in additional dilution to existing investors.

Nicholas Tommarello, our co-founder and Chief Executive Officer, holds a majority of our Class B Common Stock, which is entitled to one hundred votes per share. Nicholas Tommarello currently holds approximately 90% of the voting power of the Company, and has broad ability to control the management and operations of the Company, subject to the rights of our other stockholders as described in our governing documents and our Preferred Stock financing documents.

Our business plan and financial forecasts depend in part on geographic expansion of our business into Europe. Although we believe it is likely, there is no guarantee that crowdfunding regulations will be enacted that are similarly favorable to businesses and investors as those in the United States. Further, we may not be able to effectively adapt our products and services or our sales and marketing channels to the European market, which would harm our ability to compete and expand our business in Europe.

Our future success depends on the efforts and capabilities of a small management team, including our co-founders and other key personnel. The loss of services of the members of the management team may have an adverse effect on the company. There can be no assurance that we will be successful in attracting and retaining other personnel we require to successfully grow our business.

Each investor in our offering under Regulation Crowdfunding will appoint the lead investor we have identified ("Lead Investor") as the investor's true and lawful proxy and attorney-in-fact to vote the investor's securities related to the Company and sign related documents on the investor's behalf (as described further in section 31 below). Although the Lead Investor's goal is to maximize the value of the Company and therefore the Lead investor's interests should be aligned with the interests of investors, there can be no guarantee that these interests will always remain aligned or that the Lead Investor will always make decisions that maximize the value of a particular investor's interests.

On May 4, 2022, without admitting or denying the findings, Webfundr Portal, LLC ("Webfundr") accepted an AWC issued by FINRA. FINRA identified compliance issues and violations of FINRA rules until 2021 relating to Webfundr's crowdfunding offering. To help correct these issues from recurring, Webfundr changed its policies and process related to roles and responsibilities, marketing, disclosure, training, and payment and closing systems. In the case in which FINRA identifies additional violations, Webfundr may be subject to additional penalties.

Our future success depends on the efforts of a small management team. The loss of services of the members of the management team may have an adverse effect on the company. There can be no assurance that we will be successful in attracting and retaining other personnel we require to successfully grow our business.

**INSTRUCTION TO DISCLOSURE 8:** Each potential statement can include only those factors that are unique to the issuer. Disclosure should be relevant to the issuer's business and the offering and should not repeat the factors addressed in the 19 items set forth above. No specific number of risk factors is required to be disclosed.

## Ownership and Capital Structure

#### DESCRIPTION OF ISSUER'S SECURITIES

17. What other securities or classes of securities of the issuer are outstanding? Describe the material terms of any other outstanding securities or classes of securities of the issuer.

| Class of Security             | Securities (or Amount) Authorized                            | Securities (or Amount) Outstanding | Voting Rights            |
|-------------------------------|--|------------------------------------|--------------------------|
| Class B Common Stock          | 16,900,000   | 16,900,000                         | Yes <input type="text"/> |
| Series A-2 Preferred Stock    | 4,184,566  | 696,253                            | Yes <input type="text"/> |
| Class A Common Stock          | 115,101,566  | 31,103,126                         | Yes <input type="text"/> |
| Series A Preferred Stock      | 9,705,297  | 4,026,290                          | Yes <input type="text"/> |
| Series Seed-3 Preferred Stock | 9,622,932  | 6,725,284                          | Yes <input type="text"/> |
| Series Seed-2 Preferred Stock | 5,656,000  | 2,952,804                          | Yes <input type="text"/> |
| Series Seed Preferred Stock   | 12,053,680   | 12,053,680                         | Yes <input type="text"/> |
| Class of Security             | Securities Reserved for Issuance upon Exercise or Conversion |                                    |                          |
| Warrants:                     | 0  |                                    |                          |
| Options:                      | 34,445,121   |                                    |                          |

24. Describe the material terms of any indebtedness of the issuer:

None.

**INSTRUCTION TO DISCLOSURE 24:** name the creditor, amount owed, interest rate, maturity date, and any other material terms.

25. What other exempt offerings has the issuer conducted within the past three years?

| Offering Date | Exemption                           | Security Type   | Amount Sold | Use of Proceeds    |
|---------------|-------------------------------------|-----------------|-------------|--------------------|
| 12/20/20      | Exemption Regulation U, Rule 106(c) | Preferred stock | \$2,344,737 | General operations |
| 3/2021        | Other                               | Preferred stock | \$8,573,341 | General operations |
| 6/2021        | Regulation A                        | Preferred stock | \$1,444,444 | General operations |

26. Was or is the issuer or any entities controlled by or under common control with the issuer a party to any transaction since the beginning of the issuer's last fiscal year, or any currently proposed transaction, where the amount involved exceeds five percent of the aggregate amount of capital raised by the issuer in reliance on Section 402(d) of the Securities Act, during the preceding 12-month period, including the amount the issuer owes to raise in the current offering, in which any of the following persons had or is to have a direct or indirect material interest:

1. any director or officer of the issuer;
2. any person who is, as of the most recent practicable date, the beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of "voting power";
3. if the issuer was incorporated or organized within the past three years, any promoter of the issuer;
4. or any immediate family member of any of the foregoing persons.

☒ Yes

☐ No

For each transaction, specify the person, relationship to issuer, nature of interest, in transaction, and amount of interest.

During 2021, the Company issued \$100,000 in a note receivable to a founder of the company in exchange for exercising stock options for 1,125,363 shares of Class A common stock. The note accrues interest at 1.51% per annum and the outstanding principal and interest is due upon maturity in January 2025. During 2020, the Company issued \$100,000 in a note receivable to a founder of the Company in exchange for exercising stock options for 1,125,363 shares of Class A common stock. The note accrues interest at 1.51% per annum and the outstanding principal and interest is due upon maturity in October 2024. The Company also has \$200,000 in note receivables outstanding to the founders of the Company in exchange for exercising stock options for 2,386,363 shares of Class A common stock. The notes accrue interest at 1.51% per annum and the outstanding principal and interest is due upon maturity in October 2025. The Company has a note receivable outstanding to a founder of the Company for a total principal amount of \$20,900 in exchange for exercising stock options for 139,400 shares of Class A common stock. The note accrues interest at 1.75% per annum and the outstanding principal and interest is due upon maturity in January 2024.

**INSTRUCTIONS TO QUESTIONS 26:** The term transaction includes, but is not limited to, any financial transaction, arrangement or relationship involving any individual or promoter of securities, or any series of similar transactions, arrangements or relationships.

Materiality, excepting for purposes of paragraph (2) shall be determined as of a date that is no more than 120 days prior to the date of filing of this offering document and using the same calculation described in Question 6 of the Questions and Answers form.

The term "member of the family" includes any child, grandchild, grandchild, spouse, dependent, spouse or minor dependent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the person, and includes adoptive relationships. The term "direct or indirect" means a relationship existing in a relationship period, regardless of the degree of control.

Compute the amount of a related party interest in any transaction without regard to the amount of the profit or loss realized in the transaction. Where it is not practicable to state the approximate amount of the interest, disclose the approximate amount involved in the transaction.

## FINANCIAL CONDITION OF THE ISSUER

27. Does the issuer have an operating history?

☒ Yes

☐ No

28. Describe the financial condition of the issuer, including the extent, materiality, liquidity, capital resources and historical results of operations.

### Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this offering. Some of the information contained in this discussion and analysis, including information regarding the strategy and plans for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

### Overview

Angel investing for everyone

I started WeFunder because I wanted to invest in my friends - to help them dream bigger, be the best versions of themselves, and reach their ambition. Across America, so much raw talent is being wasted. The purpose of my life is to fix that, to help tens of thousands more founders "take their shot".

"Kickstarter for investing" was legalized on May 16th, 2010; now, anyone can invest \$100 in a startup. Since then, we have become the largest funding portal by investment volume and investor returns. We started this journey in 2012, when we helped pass the JOBS Act that made this all possible, and were invited by Congress to watch it spread into law.

Our goal is to fund 20,000 more startups by 2029, while outperforming the S&P 500. Entrepreneurship has been dying over the 30 years, falling from 10.6% to 3.6% among those under 30. We must fix that: everyone deserves a shot at the American dream. If we succeed, we will increase the GDP of the United States.

### Milestones

WeFunder, Inc. was incorporated in the State of Delaware in June 2012.

Since then, we have:

- Increased revenue each year since 2018
- \$10M in revenue booked in 2022
- Launched in Europe in spring of 2021
- Market leader, 40% market share in Regulation CF over 2022
- Startups that raised recently \$5M+ on WeFunder: Mercury Bank, Replit, Levels, Syllis, April, Salslick

### Historical Results of Operations

- **Revenue & Gross Margin:** For the period ended December 31, 2022, the Company had revenue of \$10,211,031 compared to the year ended December 31, 2021, when the Company had revenues of \$10,064,096. Our gross margin was 97.79% in fiscal year 2022, compared to 90.89% in 2021.

- **Assets:** As of December 31, 2022, the Company had total assets of \$7,793,976, including \$4,241,014 in cash. As of December 31, 2021, the Company had \$5,000,250 in total assets, including \$7,347,082 in cash.

- **Net Loss:** The Company has had net losses of \$5,259,316 and net losses of \$3,534,409 for the fiscal years ended December 31, 2022 and December 31, 2021, respectively.

- **Liabilities:** The Company's liabilities totaled \$3,877,863 for the fiscal year ended December 31, 2022 and \$3,597,735 for the fiscal year ended December 31, 2021.

### Liquidity & Capital Resources

To date, the company has been financed with \$6,554,855 in equity.

We will likely require additional financing in excess of the proceeds from the Offering in order to perform operations over the lifetime of the Company. We plan to raise capital in 18 months. Except as otherwise described in this annual report, we do not have additional sources of capital other than the proceeds from the offering. Because of the complexities and uncertainties in establishing a new business strategy, it is not possible to adequately project whether the proceeds of this offering will be sufficient to enable us to implement our strategy. This complexity and uncertainty will be increased if less than the maximum amount of securities offered in this offering is sold. The Company intends to raise additional capital in the future from investors. Although capital may be available for early-stage companies, there is no guarantee that the Company will receive any investments from investors.

### Runway & Short/Mid Term Expenses

WeFunder, Inc. cash in hand is \$4,241,014.19 as of December 2022. Over the last three months, revenues have averaged \$745,746.21/month, cost of goods sold has averaged \$19,047.72/month, and operational expenses have averaged \$1,140,059.40/month, for an average burn rate of \$413,310.31 per month. Our intent is to be profitable in 1 month.

Since the date, the financials cover, WeFunder Inc. ("WeFunder") has formed WeFunder EU, B.V. ("WeFunder EU") and WeFunder SP, LLC ("WeFunder SP").

WeFunder EU has obtained licenses to operate as a funding portal in the European Union. WeFunder has brought on several full-time hires to advance European operations.

WeFunder SP is in the process of obtaining a broker-dealer license. WeFunder expects that this will allow for additional offerings to be made, and more services to be provided.



## Signatures

*Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1013.*

The following documents will be filed with the SEC:

[Cover Page XML](#)

[Offering Statement \(this page\)](#)

[Appendix A: Business Description & Plan](#)

[Appendix B: Investor Contracts](#)

[SPV Subscription Agreement](#)

[Wefunder CF Subscription Agreement August 2022](#)

[Appendix C: Financial Statements](#)

[Financials 1](#)

[Financials 2](#)

[Appendix D: Director & Officer Work History](#)

[Greg Belote](#)

[Greg Belote](#)

[Nicholas Tommarello](#)

[Appendix E: Supporting Documents](#)

*Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing an Annual Report and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.*

Wefunder, Inc.

By

*Nick Tommarello*

Founder & CEO

*Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Annual Report and Transfer Agent Agreement has been signed by the following persons in the capacities and on the dates indicated.*

*Greg H'Belote*

Founder & CTO

4/21/2023

*Nick Tommarello*

Founder & CEO

4/20/2023