



Photo provided by St. Louis Community Credit Union.

QUARTERLY IMPACT REPORT Q3 2024



IMPACT SPOTLIGHT

CNOTE BORROWER SPOTLIGHT

HOPE Credit Union: Supporting Affordable Housing and Community Revitalization in North Memphis



HOPE Credit Union, a champion of economic empowerment, is playing a crucial role in revitalizing Klondike, the oldest Black neighborhood in North Memphis. Established in 1899, Klondike was once a center for African American prosperity but has recently faced a 41% poverty rate and a 20% population decline. Recognizing the need for renewal, HOPE partnered with The Works, a Memphis-based community restoration organization, to help transform the area.

A key project in this effort is Northside Square, a mixed-use development designed to revive Klondike's economic and social fabric. Located on the site of an abandoned high school, Northside Square will include 43 affordable housing units, along with educational facilities, commercial spaces, and community health services, serving as a catalyst for renewal in the neighborhood.

HOPE Credit Union has committed \$11.26 million to this project, including \$7 million in New Market Tax Credits and \$4.26 million in loan financing. This significant investment ensures that Klondike residents will have access to affordable housing and essential services, creating new economic opportunities.

Scheduled to open in September 2025, Northside Square represents HOPE's commitment to economic justice and community uplift. By investing in transformative projects like these, HOPE is helping restore prosperity and opportunity to historically underserved communities, making a lasting impact on the lives of North Memphis residents.



GENERATING IMPACT

As a certified B Corporation and a Delaware public benefit corporation, CNote has a purpose of advancing economic and social justice by unlocking access to impact investments. We seek to build a more inclusive economy by driving capital to under-resourced groups via impact-driven financial institutions that are on the front lines of supporting community needs. CNote builds solutions to make sustainable change by incorporating community voice and the values of co-creation into all aspects of our work.

Ensuring Resilient Outcomes Through Financial Sustainability

CNote's impact framework, developed to assess and report on the positive impact made by community financial institutions (CFIs), includes a key category: "financial sustainability." This category addresses the long-term viability and operational health of CFIs. By maintaining financial stability, these institutions can continue providing essential financial products and services to their communities. This category captures data related to financial sustainability, ensuring the institution's ability to fulfill its mission and support community needs in the long run.

CNote's impact-driven bank and credit union partners achieved:¹

13.82%

Capitalization Rate

0.31%

Net Charge Off Rate

92.66%

Insured Deposits Ratio



CLIENTS WITH HEART



Mastercard: A Comprehensive Partner in Expanding Financial Access and Uplifting Small Businesses in the U.S.

CNote is proud to announce that Mastercard is deepening its commitment to CNote's mission with a new 2-year, \$500K grant from the Mastercard Impact Fund, supported by the Mastercard Center for Inclusive Growth. As CNote has scaled efforts to expand financial access for underserved communities, Mastercard has continually contributed to that progress.



CNote's partnership with Mastercard began in 2019 through the Start Path accelerator, and over the years, Mastercard has helped amplify CNote's efforts through key initiatives. In 2020, their investment in Impact Cash[®] fueled capital to flow to low-income and BIPOC-led businesses. In 2022, a grant enabled CNote to create an industry-first impact reporting and capital needs matching system, directing \$314M to mission-driven financial institutions. This new grant will allow CNote to build on that work by integrating green financing and CRA eligibility criteria into the impact framework and bringing greater transparency to community investment returns, ultimately mobilizing more funding for community initiatives.

2-YEAR, \$500K GRANT



FIXED INCOME SOLUTIONS

CNote's fixed income solutions allow both institutional and individual investors to fund targeted impact initiatives while diversifying their portfolios. Investments in CNote's Flagship Fund, Wisdom Fund, and Custom Notes support CDFI loan funds that offer affordable and accessible financial products. These products help entrepreneurs start and grow small businesses, provide families with affordable housing options, and expand access to healthcare, education and other community resources.

CNOTE BORROWER SPOTLIGHT

HAC Provides Inclusive and Affordable Housing for Pennsylvania

Clearfield County, Pennsylvania, faces unique housing challenges, particularly among its senior population. With nearly 25% of the county's 79,000 residents over the age of 62, and 45% of grandparents raising grandchildren, the demand for appropriate, affordable housing is significant. Yet, the county's seniors, many of whom live on modest incomes, encounter daunting obstacles. Waiting lists for senior housing stretch up to three years, and public housing lists are often closed, leaving older adults and their families with few viable options.

Recognizing this pressing need, the Mature Resources Area Agency on Aging (MRAAA) saw an opportunity to introduce an innovative housing solution: the MAGIC (Multi-Ability, Multi-Generational, Inclusive Community) paradigm. This framework promotes inclusive design and smart home technology, catering to seniors, intergenerational families, and people with varying abilities.

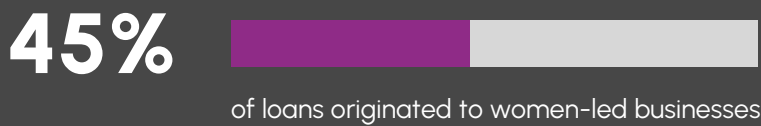
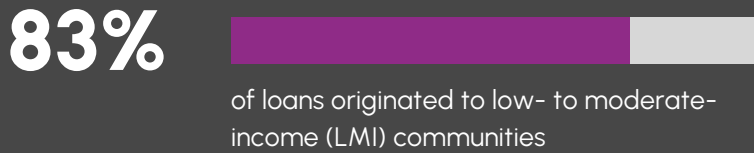
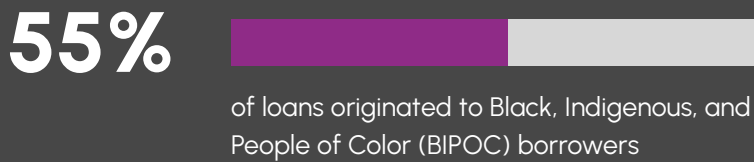
In December 2022, with a \$1.7 million construction loan from the Housing Assistance Council (HAC), MRAAA's subsidiary, the Mature Resources Foundation (MRF), began developing Phase I of the Village of Hope. This project will eventually include 50 affordable units, all rented to households earning less than 80% of the Area Median Income (AMI). The first phase saw the successful completion of 13 units, which are now fully occupied.

HAC's support continued in June 2024 with an additional \$1 million loan to fund the construction of five more units, currently underway. The Village of Hope, one of the first rural projects to apply the MAGIC paradigm, addresses the unique needs of Clearfield County's seniors and families, bringing innovative, affordable housing to a community in need.

Learn more about HAC and their work supporting affordable housing in rural communities [here](#).



CDFI loan funds used fixed income capital from CNote investors to support the following lending activity in Q2 2024:



Loans originated since 2017 have resulted in:



CDFIs Combat the Loss of Affordable Housing In Metropolitan Areas

Metropolitan areas across the U.S. are losing affordable housing faster than it can be built, with much of this loss attributed to the redevelopment of Naturally Occurring Affordable Housing (NOAH). NOAH refers to residential rental properties that remain affordable without federal subsidies, offering lower rents compared to the regional housing market. These properties, while crucial for low- and moderate-income households, also present a prime investment opportunity for developers, making them highly vulnerable to conversion into higher-rent units.

Nationwide, low-income families face a 7.3 million-unit shortage of affordable rental homes, with nearly a quarter of major metropolitan areas falling short by over 100,000 units, according to the National Low Income Housing Coalition. In Minnesota, Greater Minnesota Housing Fund (GMHF), a CDFI Loan Fund included in CNote's Flagship Fund portfolio, is actively combating the loss of NOAH properties.

GMHF invested in research, including their study titled *"The Space Between: Realities and Possibilities in Preserving Unsubsidized Affordable Rental Housing,"* to better understand the opportunities and challenges in preserving these affordable units. Their research identified several key points:

Market Pressures: Rising rents and market speculation are the primary forces putting NOAH properties at risk.

Best Practices: Preserving affordable housing requires early intervention, strategic acquisitions, and tailored policies that respond to specific local market dynamics.

Impact of Preservation: Maintaining NOAH properties not only prevents displacement but also stabilizes communities by ensuring access to affordable housing near jobs, schools, and services.

To address these challenges, GMHF established the NOAH Impact Fund in 2017, which mobilizes capital to acquire and preserve NOAH properties, ensuring they remain affordable for vulnerable communities. Since its inception, the NOAH Impact Fund Pool I has raised \$23.5 million and preserved 701 units of market-rate, unsubsidized housing.

To learn more about GMHF and NOAH Impact Fund [click here](#). To further explore the GMHF report, [access it here](#).

Wisdom Fund Updates

The Wisdom Fund (WF) is a fixed income vehicle that provides access to low-cost, flexible capital for women of color (WOC) entrepreneurs. It was co-created with CDFIs to bring new thinking, experimentation, and sustainable solutions to drive wealth creation. In addition to capital that directly supports entrepreneurship, CDFI loan funds in the Wisdom Fund portfolio participate in the Wisdom Fund Collaborative, which provides peer learning opportunities and occasional grant support.

Purpose-Driven Capital: Jodi Morris' Journey to Empowering Women through the Wisdom Fund

Jodi Morris, an investor in CNote's Wisdom Fund, spent over two decades in traditional finance, rising through the ranks at firms like JP Morgan and Matthews Asia. However, as her career progressed, Morris realized that her work didn't fully align with her personal values. This turning point led her to create Let's Venture, where she curates immersive, small-group travel experiences designed to inspire purposeful thinking. She also works with high-achieving individuals, helping them invest their time, talent, and resources for greater impact. Alongside her coaching work, Morris has optimized her personal investments to ensure that every dollar she manages drives social change, particularly in the areas of women's empowerment and financial independence.

How does the Wisdom Fund fit?

Morris' investment philosophy extends globally, with a focus on empowering women and underserved communities. From supporting microentrepreneurs in Africa to advancing gender inclusion in U.S. public equities, she has crafted a portfolio that reflects her commitment to social equity. However, she saw her cash reserves as an underutilized resource and sought a way to put them to work in alignment with her values. Always seeking creative solutions, Morris looked for an alternative to traditional banking options that left her cash idle.

CNote's Wisdom Fund provided the perfect solution, enabling Morris to invest her cash in women-led businesses, particularly those led by women of color in the U.S. This move allowed her to fully integrate her values across her entire financial strategy—public equities, private investments, and now, cash.



"I've seen the biases of institutions and systems, and we all have to do what we can to challenge those biases and ensure that capital gets into the hands of the people those systems overlook," Morris explains.

Morris' story is a testament to how impact investors, with creativity and intentionality, can find innovative solutions that ensure their capital is a force for good. By investing in the Wisdom Fund, she ensures that every aspect of her financial strategy works toward driving systemic change.

IMPACT CASH®

Impact Cash is a cash management tool designed to help clients achieve their impact objectives through secure, FDIC/NCUA-insured deposits. It offers a strategic alignment with yield and liquidity goals for clients while advancing positive societal change. The platform facilitates deposit placement across a network of impact-driven banks and credit unions that champion impact in areas like climate change mitigation, women's economic empowerment, small business development, and affordable housing via their supportive lending and innovative programs.

Impact Cash Program institutions used deposits to support their overall lending activity. Since January 2023, institutions reported:

\$2B

in lending to BIPOC borrowers

\$2.7B

in lending to LMI communities

71%



of assets deployed in community as loans

59%



of branches in under-resourced areas

CNote's Impact Cash institutions contribute to expanded affordable housing access and development in communities across the US. **Since January 2023, CNote's Impact Cash Institutions reported:**

\$1.1B

in affordable housing financing

\$16.9M

in downpayment assistance

80%



CNote's Impact Cash Institutions offer affordable housing financing and/or downpayment assistance



CNOTE BORROWER SPOTLIGHT

St. Louis Community Credit Union: Supporting Affordable Housing Through Local Rental Owners



Cheryl W. and her husband David have been revitalizing their St. Louis community since the early 2000s, purchasing and rehabbing abandoned homes in the city's north side. Cheryl, who grew up in St. Louis, witnessed the neighborhood's decline after many longtime residents left. "

The City doesn't have to continue to deteriorate. That's what brought me back. I fought hard to get back to the City, because that's where my heart lies," she says.

St. Louis faces a critical demand for affordable housing, with 35,000 rental units needed for families earning 30%-80% of the area median income (AMI). Many families pay over 30% of their income on rent and utilities, leaving them financially strained.

Cheryl and her husband are not alone. Rental owner Chad H. and his business partner have also been focused on providing quality, affordable housing in the city. Since 2020, they've built a portfolio of multi-family buildings. "We want to provide clean, safe, and renovated homes where renters can feel secure because they're paying for it," Chad explains.

Both Cheryl and Chad faced financing challenges for their rental portfolios until St. Louis Community Credit Union stepped in. LaTonya Jackson, AVP of Business Services, introduced Cheryl to the credit union's commercial loan product. "LaTonya told me about the loan, and I told her she had her first customer," Cheryl recalls. Chad also appreciates the support, saying,

"Without St. Louis Community Credit Union, we would have been stuck five properties ago."

Through flexible financing, the credit union helps rental owners like Cheryl and Chad expand their businesses and provide much-needed affordable housing, addressing St. Louis's housing inequity.



CNOTE PARTNER SPOTLIGHT

CNote is Proud to be Partnered with Del-One Federal Credit Union



Del-One Federal Credit Union exists to empower their members and communities through financial wellness. Community growth has always been a strong focus at Del-One FCU. The Del-One Foundation was formed to raise funds throughout the year to assist local charitable organizations. A Community Service Day is also held annually, where all teammates donate their time and skills to several organizations in need of assistance. In addition, Del-One has a strong focus on minority groups and continues to provide support and financial education to various organizations including the Delaware Black Chamber of Commerce, La Esperanza, the Latin American Community Center, and the Delaware Hispanic Chamber of Commerce, among others. Del-One was also approved as Delaware's first Juntos Avanzamos designated credit union. This honor was received for Del-One's commitment to serve and empower the members of Delaware's Hispanic community by providing safe, affordable, and relevant financial services, regardless of immigration status.



With over \$702 million in assets and more than 84,000 members, Del-One has been an Impact Cash partner since September 2023. Their responsive product offerings span from payday alternative loans to green financing, but Del-One also has a standout focus on homeownership accessibility. Their programs include:

First-Time Home Buyer Mortgages: This product is designed to break down the barriers to homeownership like private mortgage insurance and offers only a 5% down payment.

100% Mortgage Financing: For qualified buyers, this product provides full financing, removing the need for a down payment, making homeownership an achievable goal for many who otherwise might not have been able to save a large lump sum.

Home Equity Loans: This allows homeowners to leverage the equity in their homes for necessary improvements or financial flexibility, offering a path to increase home value and financial security without requiring upfront cash.

Del-One's efforts in these areas make a significant impact on improving access to homeownership for Delaware residents.



Click here to view the [CNote Impact Glossary](#)
For more information email info@mycnote.com

© 2024 CNote Group, Inc. All rights reserved.

Disclaimer. CNote Group, Inc. ("CNote") is not a bank, a credit union, or any other type of financial institution. CNote is not a registered investment advisor with the Securities and Exchange Commission (SEC) or a broker-dealer authorized by the Financial Industry Regulatory Authority (FINRA). CNote is not a legal, financial, accounting or tax advisor. [Please click here for the full disclaimer.](#)

¹ CNote tracks and monitors institutional and financial metrics (for internal purposes only) as reported on a quarterly basis in Impact Cash participating bank and credit union call report data, published by the FDIC and NCUA respectively.

Institutional Age Average: the average age (in years) of each institution as of 2022.

Capitalization: This calculation measures an institution's core capital against its total assets to reflect the bank or credit union's ability to safeguard against potential losses and protect depositor's interests.

Net Charge Off Rate: This metric assesses the proportion of outstanding loans that a bank or credit union deems uncollectible compared to its total loan portfolio, providing insights into the quality of its lending practices and its resilience to loan defaults.

Insured Deposits Ratio: This indicator measures the portion of an institution's deposits covered under FDIC or NCUA insurance, reflecting the institution's financial stability and reliability in safeguarding depositor funds.