

2019

# CNote Annual Impact Report





## Letter from CNote's CEO

Before I discuss 2019, I must acknowledge that as we wrap up this report in 2020 we find ourselves in unprecedented times. We're dealing with the human and economic fallout of a global pandemic while embracing inspiring energy and transformation around racial justice and how we can build a more fair and just society in America. Our mission of building a more inclusive economy and supporting those often overlooked by traditional finance is more important than ever. I find myself humbled by the challenge but excited to align all our energy behind this mission.

Looking back on 2019, we would like to take a moment to reflect on the positive impact that we, with the help of members like you, have had in communities across the United States as we continue on our journey to build a more equal world.

In our third year of generating sustainable impact, CNote has helped to create or maintain over 3,000 jobs across America. In March of 2019, we launched the Wisdom Fund, a first-of-its-kind investment vehicle specifically aimed to provide funding to underserved women-of-color entrepreneurs. As we expand our arsenal of impact-driven financial solutions, we build our ability to redirect capital back into low-income rural and urban areas that too often are overlooked by traditional financial service providers.

In addition to more like-minded and impact-driven investors like you, we have also welcomed two new Community Development Financial Institution (CDFI) partners: Natural Capital Investment Fund (NCIF) and Renaissance Community Loan Fund (RCLF). The onboarding of these partners furthers our ability to direct capital towards the thematic and place-based objectives of our investors.

Together, we continue to work towards the 2030 Sustainable Development Goals (SDG) set forth by the United Nations to realize a better future for all people and our planet. By building a more inclusive economy where everyone has equal access to capital and the opportunity that brings, we continue on our mission together towards a better world.

I am proud of what our CNote community has accomplished, but there is still work to be done. We thank you for your continued support and encourage you to reach out to us anytime with any questions or suggestions. We very much enjoy connecting with you and hearing what drives your passion for investing with impact.

With Gratitude,

A handwritten signature in black ink that reads "Catherine Berman". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Catherine Berman  
CNote CEO

# CNote's 2019 Annual Impact Metrics

58%

investments funded businesses owned by people of color

38%

investments funded businesses owned by women

56%

investments were deployed in LMI communities

1,111

Jobs Created / Maintained

\*Note there is overlap where a borrower fits more than one category



# CNote Updates

In 2019, we became a Certified B Corp. In the same year, B Lab selected CNote as a 2019 Best For The World honoree in the Customers category. This award is given only to B Corporations around the world with verified B Impact Assessment scores in the top 10% of all B Corps for providing value to their customers. The CNote members that choose to invest with us made this possible, and for that we are grateful.

CNote also launched two new products in 2019 – the Wisdom Fund and Promise Account.

CNote’s newest cash solution, the Promise Account, helps institutions and individuals with large cash allocations earn a competitive return with impact while offering full insurance coverage on the balance invested up to \$10,000,000.\*



CNote’s Wisdom Fund provides an opportunity to invest in the future of women. This solution drives greater investment and provision of loan capital for female entrepreneurs. Specifically, targeting low-income and women of color in the United States.



Finally, CNote formed a partnership with MasterCard®, being selected as a StartPath Portfolio Company and CNote’s CEO, Catherine Berman, was featured in a nationwide Mastercard campaign centered on investing in women. CNote continued to drive greater attention to CDFIs and community investment by securing news coverage in Kiplinger, US News, Private Debt Investor, Benzinga, and Yahoo Finance.

# Our Impact Focus and Philosophy

CNote was founded in 2016 on two core principles: that everyone deserves a shot at financial freedom and that each of us can play a part in building a more equal world. Through technology, CNote provides a new and sustainable capital source for CDFIs and credit unions who increase capital access and economic activity in communities they serve. CNote's technology enables us to package community investments into financial solutions for clients that are deeply impactful, drive positive social change, and generate competitive financial returns.

Access to capital and financial tools are a critical pathway to economic independence and prosperity. Our thesis rests on the fact that mainstream financial systems have generally encouraged or allowed the status quo of economic inequality to remain. Our philosophy is that increased access to economic resources provides a pathway to empowerment and greater community resilience, today and beyond.

Generating positive social change is in CNote's DNA and drives the strategic decisions we make as a firm. We're extremely proud to have crossed the milestone of helping to create over 3,000 jobs in America and look forward to even more impressive milestones in the years to come, thanks to investors like you.

In order to better communicate, report, and target impact, this year we've gone beyond the UN Sustainable Development Goals and have created CNote's 26 Impact Themes. This new list allows us to better target social outcomes, while empowering investors with greater control of their funds.

As we look forward we aim to increase the data reporting and transparency of impact for our partners while leveraging industry best practices in impact data gathering and tracking. On the following page, you'll see CNote's new impact themes that any investor can target in 2020 and onward through the CNote platform.



Yuliya Tarasava, CNote Co-Founder and COO

Yuliya pictured second from left at a New York State CDFI conference



# CNote's New Impact Themes

One thing that we've always been excited about at CNote is our ability to offer custom solutions based upon desired demographic targeting or geographic preferences. This enables us to align with the missions and values of our investors in a deeply personal manner.

CNote's technology lowers the operational burden of investing across multiple geographies or themes, all while providing competitive financial returns.

In the pages that follow you'll see some highlights from our impact in 2019.

- |  |  |   |   |
|--|--|---|---|
|    | <b>Financial Inclusion</b>                   |    | <b>Resilient Communities</b>                                    |
|    | <b>Racial Equality</b>                       |    | <b>Financial Education</b>                                      |
|    | <b>Poverty Alleviation</b>                   |    | <b>Workforce Development &amp; Retraining</b>                   |
|   | <b>Ending Homelessness</b>                   |   | <b>Community Revitalization</b>                                 |
|  | <b>Economic Development and Mobility</b>     |  | <b>Sustainable Agriculture</b>                                  |
|  | <b>Gender Equality</b>                       |  | <b>Climate Change</b>   |
|  | <b>Affordable Housing</b>                    |  | <b>Closing The Gap Between Rural and Urban</b>                  |
|  | <b>Access to Education</b>                   |  | <b>Social and Economic Justice</b>                              |
|  | <b>Mental Health</b>                         |  | <b>Clean Water and Sanitation</b>                               |
|  | <b>Disability Inclusion</b>                  |  | <b>Affordable and Clean Energy</b>                              |
|  | <b>Job Creation</b>                          |  | <b>Responsible Consumption and Production</b>                   |
|  | <b>Refugee Crisis and Immigration Issues</b> |  | <b>Access to Healthcare</b>                                     |
|  | <b>Natural Disaster Recovery</b>             |  | <b>Improving the Lives of Underprivileged Children/Families</b> |

# Jamine Moton, Track Star turned Bespoke Security Provider

Jamine Moton has been protecting people for as long as she can remember. In high school, she used her imposing size and athletic prowess to stick up for students who couldn't defend themselves.

After attending Clemson on track and basketball scholarships, Jamine spent time with the Clayton County police department as a sergeant. Jamine Moton decided she wanted to combine her skillset as a track star with her passion for protecting people to start her own business, Skylar Security.

A major tenant of Skylar Security's business model is Moton's yes-first approach. Regardless of a client's budget, she's been intentional about offering highly customizable solutions. "We can almost fit any budget," Moton said. "Everyone deserves to be safe."

Moton approached Access to Capital for Entrepreneurs (ACE), an Atlanta-based CDFI, for help reaching this goal. ACE provided Skylar Security a loan to help start the year strong. "It was only \$35,000, but it made the difference for us," Moton said.

ACE was able to provide something more valuable to Moton than just capital alone: a business coach. "As an athlete, I've always had a coach," Moton said. "I'm great when I have a coach. I am unstoppable. But until this point with Skylar, I never had a coach." Moton told her ACE loan officer she could use someone who could help her scale. "I told her I didn't want scaling to stop me from serving my clients, and she said: 'what if I told you I could give you a coach?' I started crying," Moton said. In 2019, Moton was preparing to scale her company beyond \$1 million in revenue.

## Impact Themes:

**SDGs GOAL 5:**  
Gender Equality



**SDGs GOAL 8:**  
Decent Work and Economic Growth



**SDGs GOAL 10:**  
Reduced Inequality



**CNote Impact Themes:**  
Racial Equity, Job Creation



# Linda Newman, Dog Sled Musher and Off-the-Grid Entrepreneur

Entrepreneur Linda Newman didn't technically answer the call of the wild when she opened up Points Unknown, an off-the-grid homestead and sled dog-based adventure company, but she did follow her passion.

After 23 years as a real estate appraiser, Newman sold everything and moved to a piece of land in Cook County, MN that was five miles off the grid.

It is here that Linda founded Points Unknown in 2007 as a way to educate people about dog sledding. Today, she has 30 dogs. Along with their step-by-step dog sledding experiences, Points Unknown offers women's four-day wilderness adventures, immersive off-the-grid homestead stays, and writing-and-reflection weekends.

"Points Unknown isn't just about exploring places on a map," she said. "It's also about exploring points unknown within yourself. That's the whole educational piece, and the dogs are excellent teachers. I want people to come here to learn more about themselves and the dogs and the lifestyle, but it's always about trying to push people outside of their box. That's the basis of the company."

"I decided I wanted to do more of what I wanted to do versus what I thought I should do," she said. "I've always been entrepreneurial, and I've never had an issue with risk. I think that's just part of the entrepreneurial spirit. I had the idea that I needed to stop what I was doing, and I need to follow the passion. I visualized it, and took steps to do it." A CDFI-partner loan helped her expand her homestead and offer more activities for her guests.



## Impact Themes:

**SDGs GOAL 5:**  
Gender Equality



**SDGs GOAL 8:**  
Decent Work and Economic Growth



**SDGs GOAL 13:**  
Climate Action



## CNote Impact Themes:

Job Creation, Responsible Consumption and Production





# Jeremy Priest, Creating Meaningful Opportunity with Style

Denver-based Knotty Ties doesn't just create custom, hand-made ties in America, they are also working to provide meaningful employment opportunities to refugees who have settled in their community.

From its chic and accessible e-commerce site, customers can select and order ties from the comfort of their own homes. They can design just the right tie, bowtie, or scarf for any occasion: from themed wedding attire to workplace swag, to a thoughtful gift for a loved one.

Knotty Ties produces every tie in their facilities in Denver, Colorado. This allows them to produce small batches of customized ties in a relatively short amount of time, something their competitors, many of whom manufacture overseas, cannot deliver on - all by hand.

But it's the mission of Knotty Tie Co. that truly makes it stand out. It has less to do with customized ties, and more to do with the people who make them. The employees who sew the final product by hand are all refugees who fled various conflict countries to start a new life in the US.

While volunteering with a resettlement agency, Jeremy was training two refugees in janitorial skills when they told him they had 20 years' experience in sewing and a lifetime of experience in farming. In "a crisis of his conscience," he realized he was training them in the wrong skills, leading him to co-found Knotty Ties.

Jeremy and his co-founder Mark Johnson, qualified to receive a loan from Colorado Enterprise Fund, a CDFI in CNote's network. With the money, Jeremy and Mark were able to meet payroll and purchase more equipment. "CEF was really an angel at the time in which nobody else was willing to consider us on paper..."



## Impact Themes:

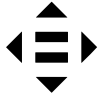
**SDGs GOAL 1:**  
No Poverty



**SDGs GOAL 8:**  
Decent Work and Economic Growth



**SDGs GOAL 10:**  
Reduced Inequality



**SDGs GOAL 12:**  
Responsible Consumption and Production



## CNote Impact Themes:

Racial Equity, Refugee Crisis and Immigration Issues, Mental Health, Job Creation, Financial Inclusion, Responsible Consumption and Production



# Thank you for reading.

We are extremely proud of the impact CNote investors had in 2019. It was a year of tremendous growth for CNote's team. Our mission remains unchanged, to build a more equal and inclusive economy for all through financial innovation. We're excited that CNote's platform continue to be a conduit of new investment into communities across America. The small sample of impact stories we've shared serves as a clear reminder of just how transformative smart community investment can be.

If you have any questions or would like to inquire about partnering with CNote, please email [info@mycnote.com](mailto:info@mycnote.com)

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