



CNote

2018

ANNUAL IMPACT REPORT



A Few Words From CNote's CEO

2018 was a time of significant growth for CNote. The total number of users on our platform grew substantially and we took on institutional investments from amazing partners like the Sierra Club Foundation.

This influx of capital meant we were able to deploy more assets to our network of non-profit lenders across America. Those CNote investment dollars funded loans that helped individuals pursue their dreams of starting small businesses, helped build affordable housing, and helped to bring economic development to communities that need it most.

Our intention is to continue to deliver competitive financial returns while generating measurable and significant positive social impact. To that end, we've roughly doubled our impact metrics from 2017, across the board. While pleased with the 800 jobs created/maintained in 2017, we are thrilled that we nearly doubled that number to more than 1,400 in 2018. We anticipate even more robust growth in 2019.

Additionally, our growing network of CDFI partners now covers 37 states, allowing CNote to deploy capital with even more intention in 2018. This meant that for every dollar you invested in CNote we were able to deliver significant targeted impact. To illustrate, historically around 4.4% of all small business funding goes to women-owned firms.¹ Meanwhile, 43% of CNote's investment dollars were deployed to women-led businesses, almost 10x the norm. It is radical shifts in capital access like this that will build a more inclusive and robust American economy—which is our overarching mission at CNote.

Finally, on the financial front, our aim is to keep CNote competitive as rates rise. In recognition of that goal, the rate of return on all CNote accounts increased to 2.75% in early 2019. This is in furtherance of our goal to prove that impactful investing can be profitable as well.

Wishing you a prosperous and impactful 2019!



Catherine Berman
CNote CEO

2018 Impact Metrics

2018 Was A Big Year Of Growth For CNote, Particularly For The Expansion Of Our Social Impact.



286

LOANS/BUSINESSES FUNDED



58%

DOLLARS IN LOW- TO MODERATE-INCOME (LMI) COMMUNITIES



1,423

OF JOBS CREATED/MAINTAINED



43%

DOLLARS TO WOMEN-LED BUSINESSES (WLB)



60%

DOLLARS TO MINORITY-LED BUSINESSES (MLB)

We're excited to report on these metrics that we believe capture the essence of CNote's mission of closing the wealth gap in the United States. By creating jobs and deploying capital to typically underserved communities, we believe we can bring transformative economic change to communities that need it most.

Our impact metrics are provided by CNote's CDFI partners who capture data on the local level and report it back to CNote.

We are constantly on the lookout for measurement tools and frameworks that will allow us to fully represent the impact that we know we are having on the ground. Additionally, feedback from CNote investors on the metrics they care most about is shaping our relationships with partners and the data we ask them to collect and report back.

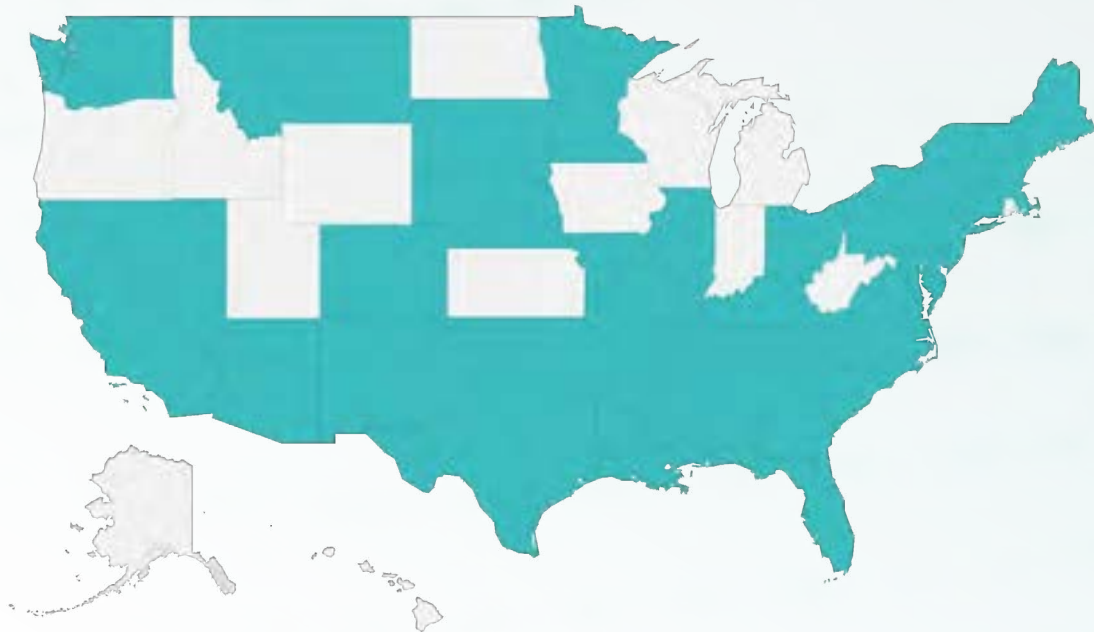


Geographic Impact



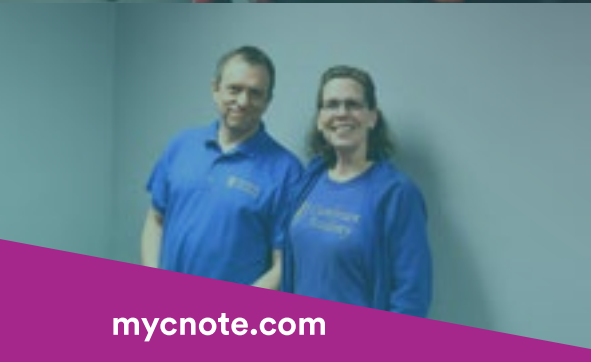
CNote now covers a majority of the United States, with CDFI partners in over 35 states.

CNote Impact Coverage



Our goal is to have multiple CDFI partners in every state by the end of 2020.

With place-based investing continuing to grow in popularity and a growing need for capital in financially underserved and rural communities, we're working to increase the geographic reach of CNote and deploy capital in more communities across America.



CNote & The Sustainable Development Goals



Part of reporting our impact more meaningfully is reassessing the way we are looking at the [United Nations Sustainable Development Goals \(SDGs\)](#). The industry has accepted the 17 SDGs as a ‘common language’ or ‘shared framework’ that succinctly communicates the world’s greatest challenges.

We have aligned CNote’s investment goals with the [SDGs](#) because we feel that we are in a unique position to contribute towards their achievement. Additionally, we believe that this is a good first step in cultivating more standardization across the impact investing field. We are aligned with the following [SDGs](#):



Goal Number	Goal	Relevant Goal Targets	Importance	CNote’s Impact
<p>1 NO POVERTY</p>	End poverty in all its forms everywhere	<p>1.2; Reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>1.4; By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p>	“Economic growth must be inclusive to provide sustainable jobs and promote equality.”	CNote increases investment into low and moderate income communities across America, providing the means to generate wealth and reduce poverty.



Goal Number	Goal	Relevant Goal Targets	Importance	CNote’s Impact
<p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	<p>5.1; End all forms of discrimination against all women and girls everywhere</p> <p>5.5; Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life</p>	“Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.”	More than 40% of CNote capital is invested in female-owned businesses. That’s almost 10x the national average.

Goal Number	Goal	Relevant Goal Targets	Importance	CNote's Impact
8 DECENT WORK AND ECONOMIC GROWTH 	Promote inclusive and sustainable economic growth, employment and decent work for all	8.3; Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services 8.10; Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, finance and financial services for all	“There needs to be increased access to financial services to manage incomes, accumulate assets and make productive investments.”	CNote invests in local community development to create jobs, spur entrepreneurship and build a more sustainable local economy.

Goal Number	Goal	Relevant Goal Targets	Importance	CNote's Impact
10 REDUCED INEQUALITIES 	Reduce inequality within and among countries	10.1; By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average 10.2; By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	“There is growing consensus that economic growth is not sufficient to reduce poverty if it is not inclusive and if it does not involve the three dimensions of sustainable development – economic, social and environmental.”	CNote works with its partners to increase capital access for financially underserved communities, giving them opportunities to build wealth and reduce inequality between diverse communities in the United States.

Goal Number	Goal	Relevant Goal Targets	Importance	CNote's Impact
11 SUSTAINABLE CITIES AND COMMUNITIES 	Make cities inclusive, safe, resilient and sustainable	11.2; Ensure access for all to adequate, safe and affordable housing and basic services 11.4; Strengthen efforts to protect the world's cultural and natural heritage 11.7; Provide universal access to safe, inclusive and accessible, green and public spaces , in particular for women and children, older persons and persons with disabilities	Many challenges exist in maintaining cities in a way that continues to create jobs and prosperity without straining land and resources.	CNote investments support community development including affordable housing, community centers, and other essential services.

Beyond high-level alignment, we are now looking towards how we can delve deeper into the achievement of the **SDG** goals, the underlying targets and indicators, and what this might look like in the future. We'll continue to gather more data, work to be at the vanguard of industry trends, and maintain our deep commitment to tangible impact by maintaining our commitment to increasing economic opportunity across America.

CNote Impact Stories

Invest In People, Not Products

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“I don’t think we could’ve done any of (it)...without the funding. We certainly wouldn’t have been able to grow.”

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Shavon Marley
MARLEY TRUCKING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



Shavon Marley, Owner & Founder of Marley Trucking, created a family business while isolated in a hyperbaric oxygen room during Breast Cancer treatment. Following treatment, Shavon entered into an extended period of collaboration and planning with Scott Wolford at Carolina Small Business Development Fund, one of CNote’s partner CDFIs. After completing a bulletproof business plan, Shavon received a loan which was able to fund her dream. Since launching Marley Trucking in April 2018, the company has already expanded and hired more employees, and Shavon continues to use her trademark grit to get through any challenge sent her way.



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“There’s this huge amount of archived, award-winning, awesome short films—great stories... we want to...collect all those and get them in a place for people to enjoy. And at the same time try to sustain the life cycle of a short film so we can give back to that short filmmaker.”

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Wes Fleming
MINIFLIX



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



Wes Fleming, of Miniflix, shows us how a short story can have a BIG impact. Miniflix is the first company to offer curated award-winning short films all in one place, “you could frame it is as the Netflix of short films.” Working with CNote partner CDC Small Business Finance (CDC), Wes was able to get a small business loan that gave Miniflix the capital to launch their app and buy their first 50 titles.

The platform has given wider audiences access to these films. Wes has already received feedback from customers about how these films have touched their lives and creating lasting conversations. “All those lows of; How are we gonna pay for this? How are we gonna get this done in time? How are we gonna ship this in time? All those stressful things were kind of washed clean in that one moment.”

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“I don’t know if I could have done it without them,” Keith said when explaining how CDC Small Business Finance, a CNote-partner, was more like an ally than a just lender.

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Keith Pooler
SACRAMENTO LAUNDRY COMPANY



1 NO POVERTY



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



Julia and Keith Pooler, husband and wife duo and founders of Sacramento Laundry Company (SLC), established their business in the depths of the '09 recession and now run one of the largest commercial laundry services in Northern California. They started out operating a handful of coin laundry facilities in local neighborhoods when a chance phone call one day lead them to become a hotel linen servicer. They were growing rapidly but ran into a major problem during the recession when they couldn’t get the capital they needed to expand. That’s when they connected with CDC Small Business Finance, a CNote partner who helped them secure critical funding. Today, Sacramento Laundry, still a mom-and-pop operation led by the Poolers, actively gives back to the local community and provides a source of income for over 325 employees in the Sacramento area.

CNote Investments & Financial Performance



CNote's deployed assets grew

2.7x



Zero Defaults



Zero late payments



Competitive Returns

In order to strengthen and diversify our portfolio, we expanded beyond small business lending into real estate and affordable housing as well. We experienced significant growth in total assets on the CNote platform. Our existing and new partnerships allowed us to meet that growing investment demand with a robust supply of partner CDFIs. Indeed, we continue to build a robust pipeline to meet scalable investor demand as we aim towards double-digit growth (or greater) for assets on the platform in 2019.

Despite our significant growth, our financial performance was strong with zero late payments or defaults on CNote capital. This is a function of the asset class we work with (CDFIs), which have a strong track record, and CNote's intentionality around mitigating risk through multiple layers of capital protection, a three-part due diligence process for new partners, and ensuring that capital is optimally deployed to maximize return and diversification while minimizing risk.

Yuliya Tarasava

CNote Co-Founder and Chief Operating Officer



Yuliya Tarasava (CNote co-founder, right) with Janie Barrera (CEO, LiftFund)

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Thanks for reading. If you have any questions or feedback, email hello@mycnote.com.

We're looking forward to an even more impactful 2019.

Team CNote

