To the entire Good Fund Family of Board, Staff, Clients, Funders, Volunteers, and Community Partners:

2016 was, in many ways, dominated by the presidential election and all its attendant controversy and polarization. For Capital Good Fund, however, the year was defined by tremendous growth and social impact—twelve months during which we set new records for loan volume, began lending in two new states, and nearly doubled our income, staff, and loan portfolio. And this success was made possible in no small part by the implementation of our most innovative and ambitious scaling strategy to date: the Direct Public Offering, or DPO.

Launched in late 2015, the DPO is a multi-million-dollar mechanism by which social investors—individuals, endowments, foundations, and corporations—can invest as little as $1,000 and earn as much as 7.5% annual interest. By raising nearly $800,000 from over 60 social investors, we were able to deploy that capital and invest it in personnel, marketing, improving our systems, and all the things we need to do to deliver services more effectively. As a result, in 2016 we financed 395 loans totaling $635,000 while maintaining an incredible all-time repayment rate of over 94%. Not only that, but we made tremendous progress toward the completion of our Randomized Control Trial, or RCT, the goal of which is to evaluate the impact our Financial Coaching program has on the lives of parents and their children. In fact, we published an interim RCT report that showed phenomenal impact, especially in the areas of health—food security, access to primary care—and debt management.

Capital Good Fund turned seven years old in 2016, and in many ways we matured from a scrappy, young nonprofit to an established, respected, and rapidly-growing social venture. This maturity is not only reflected in the budget, portfolio, and social impact numbers, but also in the awarding of a $125,000 grant from the United States Treasury CDFI Fund; the completion of yet another clean audit; the increasing sophistication of our back-end systems and policies and procedures; and the demonstration of our ability to scale. For the first time, we closed over $100,000 in loans in a month, and over ten in a single day. In short, we are so very proud of what we accomplished, and thankful to everyone—from funders to partners to investors to staff to customers—who made it all possible. 2017 will represent a new political reality, and a new opportunity for us to solidify our model for using financial services to change lives. Onward and upward!

Andy Posner
Founder & CEO
Scale and self-sufficiency are the holy grail of the nonprofit world. Scale matters because even though there are tens of thousands of amazing nonprofits all over the country, the extent of the need is far greater than our current capacity to meet it. And self-sufficiency, defined as an ability to cover operating costs entirely with earned income, matters because grants and donations are hard to come by. The more we can wean ourselves off a dependence on philanthropy, the more flexibility we will have to invest in the things we need to do to grow and be more effective.

We know that by making 17,000 loans over the next five years, we can become self-sufficient by 2021. As mentioned earlier, we are funding much of this growth through our ground-breaking Direct Public Offering, and as part of this plan we expanded to two new states in 2016: Delaware and Florida. Why these states? Both suffer from a glut of predatory lending: in Florida, the industry finances over $3 billion in loans per year, and both Florida and Delaware consumers routinely pay interest rates above 270%. What’s more, given our focus on immigrant populations, Florida is a critical market for us to serve. Thanks to our partnership with the National Council of La Raza, which has a dozen affiliates through Florida and Delaware, we have a strong network of on-the-ground partners. Lastly, these states lack alternatives, not only to payday lenders, but also buy-here-pay-here dealers, car title, and other predatory lenders—alternatives that we can offer, and at scale.

But this is just the start. In the coming years we will bring our loans and Financial Coaching to residents of other states, as well as to thousands more in the states in which we already operate. No one does what we do, the way we do it. We recognize that the predatory lenders against which we are competing represent a $141 billion industry nationally, and we feel an obligation to chip away at them until they become more equitable or go out of business. Either way, we stand at the ready to make a dent in poverty—and in predatory lending in America—and we are thankful for the opportunity to share our progress with all those who support our mission.
Imagine your car breaks down and you need a new one to get to work. Or perhaps a medical emergency leaves you with an unwieldy bill. Maybe you need to move to safer housing for you and your family. If you don’t have enough money, you might dip into your savings. If your savings isn’t enough, you’ll get a loan. But what if nobody would give you a loan because you were too “risky” and lacked a sufficient credit score—what would you do then? It’s an injustice to observe, but a nightmare to live. And yet, it’s a real problem tens of millions of economically vulnerable American families face every year.

Businesses have identified these unfortunate circumstances as a way to make a profit, and they’ve turned it into a $100 billion a year industry. This predatory financial service industry has more storefronts in America than McDonald’s. Predatory financial services—payday lenders, buy-here-pay-here car dealerships, and rent-to-own stores—locate their businesses in low-income communities. They do this because they know that the economically vulnerable lack access to the mainstream financial system such as banks, credit unions, and credit cards. Without these conventional options, the underbanked are often left with no choice but to turn to loans with annual interest rates in the hundreds of percent.

People deserve better. People deserve the freedom to choose. There is a significant need for equitable alternatives, which is why our nonprofit offers loans for all kinds of purposes: buying a car, paying emergency expenses, and even covering the costs of becoming a US citizen. By providing affordable loans with interest rates that are a fraction of those charged by our competitors, not only do we save our borrowers hundreds—or even thousands—of dollars, but we help them build their credit score and make critical investments in themselves and their families. We’re going against a huge predatory industry, but it’s important work and we’re up to the challenge.
About Coaching

Many clients arrive at our office struggling with food insecurity, overwhelming debt, lack of savings, poor credit, or any number of complicated financial challenges. They often feel unable to tackle their financial issues due to fear, language or cultural barriers, negative experiences with predatory financial services, or simply the vast amount of information available about financial topics. Experience has taught us that there is no one answer, and that these complex situations require a custom-tailored approach. That’s why our Financial + Health Coaching is personalized for each client, and designed to provide the confidence, knowledge, and support to improve any financial situation.

At the start of each Coaching journey, our trained Coaches lay foundations and identify the client’s goals—both short- and long-term—and develop an action plan to achieve them. As each client progresses through the year-long engagement, they will learn strategies to budget, build credit, bank effectively, manage debt, and save for the future. Because 62% of bankruptcies are caused by medical expenses, we emphasize how to navigate the often-intimidating healthcare system, minimizing medical costs for emergencies and routine care. We’ve developed this truly comprehensive curriculum based on years of experience and lots of input from our actual Coaching Graduates.

When a client finishes Coaching, they leave with reliable access to food for their family, increased savings, sustainable plans to reduce debt, an improved credit score, and the support to overcome the financial obstacles in their life. Tough, real-life situations need more than impersonal financial literacy lessons on saving and spending. By diving deeper and listening to our clients, we’ve been able to make personal connections and see real results.
Loans in 2016

More Options, More Accessible
Predatory financial services spring up because the families they target don’t have anywhere else to go. When Good Fund started lending in 2009, we gave many Rhode Islanders the easy, honest, affordable alternative they needed. But we were unable to help people if they couldn’t come into our office due to disability, scheduling, or other reasons—or if our loan products didn’t match their needs. Thanks to Direct Public Offering (DPO) investments, we were able to overhaul our lending process and technology, and in 2016 we closed our first online-only loan. Pedro was able to apply, submit documents, and receive funds—all without stepping foot in our office. Since then, dozens more like Pedro have utilized this new system. In addition to this, we’ve increased our maximum Car Loan offering from $15,000 to $20,000 and introduced a brand-new Car Refinancing Loan—giving people more opportunities to ditch their pricey buy-here-pay-here car financing and go with Good Fund!

Changes like this make things easier and more pleasant for every client, but they’re also essential to serving a huge chunk of the population that otherwise wouldn’t have access to our services.

Three States
In order to fight the endemic problems of poverty and predatory lending in America, we need to reach more states and more families. In 2016, we started offering our loans in two more states: Florida and Delaware. Both states have relatively unregulated lending markets and desperately needed an alternative to the predatory financial services. By serving these two new states, we’re expanding our potential audience by over 300%. We are thrilled to serve these new communities, and take this first step toward scale!

More Clients Than Ever
As we’ve made our products more accessible, traffic has exploded to new levels. In 2016 we broke numerous lending records: most dollars financed in a year ($635,000), most dollars financed in a month (a record broken several times over in 2016, topping $100,000), highest rate of on-time loans (over 99%), most loan clients in a year (395), and more. Every new loan of ours is one taken from the hands of the predatory lending industry, and it’s humbling to see such amazing progress.
Sherlie
Our very first Car Loan client, Sherlie, paid us a visit to say thanks and show off her “I ❤️ my lender” bumper sticker! Thanks to her car, Sherlie is back at work, taking her daughter to school, and enjoying life!

Rose
An amazing, kind person, Rose uses our loans to ship clothing to African women in need. Why Good Fund? “Being able to come to you in a time of need and count on you. I know you won’t let me down.”

$635k financed for Loan & Coaching clients.
69% more loans disbursed than in 2015.
395 loans financed—the most we’ve done in a single year.
Coaching in 2016

Online Access and Virtual Coaching in Florida
In 2016, we invested in systems improvements that allowed us to put our complete Coaching platform online. Rhode Islanders who are unable to physically get to our office for Coaching sessions can now meet virtually with a Coach and track their progress through our easy-to-use client portal. Not only does this help Rhode Islanders access our services, but it’s also allowed us to bring virtual Coaching and credit-building to Florida! Through this new technology, Coaches in Rhode Island can conduct sessions over video chat with clients in Florida. Furthermore, our Coaching resources are now online—free of charge and available to anyone, anywhere. These measures allow us to help as many people as possible as we move along our trajectory to expand our other service offerings in future years!

Credit Builder Program
We've realized there are a lot of people who need help with their credit score or a specific financial topic, but are too busy with family, multiple jobs, and life to commit to full Coaching. To address this, we've ramped up our Credit Builder Program, in which we provide a small credit-building loan and practical credit tips to increase a client’s credit score. In three flexible sessions with a Coach, the client focuses in on the financial issues most relevant to them. Through this quick and easy program, busy individuals can turn their credit around and gain access to mainstream financial services.

Randomized Control Trial
In 2013, we started a Randomized Control Trial to quantify the effects of financial stability on a child’s academic performance, and the health and wellness of a family. We partnered with Brown University and the Providence Public School District to track key data points for families—some of whom would receive Coaching (treatment group), and others who would not (control group). We are now more than halfway through the Study, and are seeing positive results showing the treatment group outperforming the control group with reduced food insecurity, increased credit score, and increased monthly income. You can explore these findings and more in our Interim Report, available online at www.GoodFund.us/rct.

Our 1,000th Graduate
For Coaching, 2016 was all about making our services easier and more accessible to a wider range of clients. We’ve been Coaching for six years, and we’re proud to say that this year we served our 1,000th Coaching Client. We’re still encountering new, challenging client situations, but our phenomenal Coaches are up to the task!
Maria
“...discussed during our Coaching sessions every time I am out shopping. My Coach helped me think long-term and make wise choices. I’m making every dollar count!”

School Study
Our recent Interim Report is a deep-dive into our Randomized Control Trial. Find out how families are seeing an average $450 increase in monthly income and more online at www.GoodFund.us/rct.

Financial Services

Graduates saw average FICO credit score increase of 95 points.

86% of Graduates didn’t use predatory financial services in past 6 months.

36% of Graduates saw a decrease in food insecurity, meaning they can better feed their families.
1. Rate Capital Good Fund overall (1-5, 1 being awful and 5 being awesome)

   5

2. Why did you choose Capital Good Fund?

   No one would help me but you did.

3. What was the best part about your experience?

   Doing the complete process online and just having to come in and sign.

   Home, keeping my home & experiencing how to keep up with bills + food.
   Credit Score @ 0
   I am now, 729. Wonderful, God Bless

   Better than a payday loan
   It was all so easy.

   My husband and I have both had loans from here and have loved our experience.
   The whole process is easy. Customer service is great.
1. Rate Capital Good Fund overall (1-5, 1 being awful and 5 being awesome)

5

2. Why did you choose Capital Good Fund?
I chose Capital Good Fund because it was an accessible and organized way to have a loan I can payoff.

Rate Capital Good Fund overall
(1-5, 1 being awful and 5 being awesome)

5 10 5

They were interested in serving lower income/poor credit individuals. Not only providing loans, but trying to provide them coaching to pull them out of financial hardship.

What was the best part about your experience?
How supportive, transparent and non-predatory this organization is.
Direct Public Offering

Money may make the world go around, but how it’s invested determines the kind of world in which we live. Absent a thoughtful investment approach, capital will naturally seek the highest rate of return—one that far too often comes at the expense of people and the planet. Fortunately, social investors are increasingly choosing to direct their money toward projects that reduce pollution, foster economic opportunity, improve educational outcomes, and create affordable housing. Only by aligning value with values can we ensure a bright future for the Earth and its inhabitants.

The past few years have seen an explosion of interest in social entrepreneurship, which seeks to balance the generation of revenue with positive social impact. Yet even as a multitude of new ventures have sprung up and taken root, the number of nonprofits realizing significant growth remains small. This is partly because solving entrenched social issues is difficult and time-consuming. But it is primarily due to the tiny pool of philanthropic funding available to support that growth, and lack of awareness of a powerful tool that nonprofits can leverage to raise capital—the Direct Public Offering, or DPO, which enables organizations like Capital Good Fund to issue long-term, patient, and flexible debt, and to deploy this debt for social and environmental good.

We have successfully raised over $800,000 through the DPO, and are still going strong. So much of the growth and impact we achieved in 2016 stemmed from the investments these funds have enabled us to make in our organization and our mission. Not only does this represent an innovative means by which Capital Good Fund can grow, but we hope that thousands of other nonprofits will replicate it to fulfill their collective missions as well. For more information, visit the website of our sister nonprofit, Social Capital Fund, which is issuing the debt: www.SocialCapitalFund.org

Learn More and Invest at:

www.SocialCapitalFund.org

DPO event at Brown. In attendance: President of Brown University, RI General Treasurer, & more!
Record-Breaking Growth

It goes without saying, but when you combine a proven track record and effective business model with the resources—personnel, systems, and marketing—needed to grow, you’ll grow! This is exactly what we demonstrated in 2016. Consider this: in 2016 we financed 94 more loans totalling $260,000 more than we did in 2015, and we did so while improving repayment rates. We began lending in two new states, Delaware and Florida; added amazing new staff members to our lending, coaching, servicing, accounting, marketing, development, and systems teams; scaled the car loan product we launched in 2015; made the online loan application process dramatically easier and more intuitive; and reached more families than ever through our Financial + Health Coaching.

So much of what we did in 2016 sets the stage for even more amazing things to come: with the increased capacity to serve families in need, we plan on financing a record 1,200 loans totaling $3 million in 2017, and that’s just the start. Our plans for the next five years are ambitious, achievable, and will make a significant dent in predatory lending.
### Client Demographics

#### Clients by Gender
- **67%** Female
- **33%** Male

#### Clients by Ethnicity
- **30%** White/Caucasian
- **21%** Hispanic/Latino
- **29%** Multiracial/Other
- **20%** Black/African

#### Clients by Income
- $5,000 or Less: **1%**
- $5,001 to $15,000: **13%**
- $15,001 to $25,000: **29%**
- $25,001 to $35,000: **22%**
- $35,001 to $45,000: **14%**
- $45,001 or More: **21%**

#### Clients by Age
- 24 or Under: **16%**
- 25 to 34: **36%**
- 35 to 44: **24%**
- 45 to 54: **14%**
- 55 to 64: **7%**
- 65 or Older: **3%**
**Income/Expenses**

Total Income: $1,268,967

- Donations: 45%
- Grant Income: 37%
- Fee for Service: 10%
- Interest Income: 7%
- Miscellaneous: 1%

Total Expenses: $989,218

- Personnel: 67%
- Office: 8%
- Loan Servicing: 7%
- Software & Technology: 4%
- Professional Services: 3%
- Cost of Services Provided: 3%
- Interest: 2%
- Insurance: 2%
- Miscellaneous: 1%
- Travel & Meeting: 1%
- Loan Losses: 1%
- Professional Development: 1%
- Marketing & Advertising: <1%
Who We Are

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Mollie West, Secretary
Dr. Ana Silva
Betsy Harris
Gary Furtado
Jeniffer Reid
Jenn Steinfield
Jim Bussiere
Lee Hower
Petra Jenkins
Sabrina Terry

Staff
Andy Posner, CEO
Libby Kimzey, COO
Chadria Major-Thomas, Director of Loan Origination
Charles Frumerie, Director of Comm.
Hillary Feeney, Director of Coaching
Laura Rijo, Director of Loan Servicing
Muna Idriss, Director of Systems
Elijah Peterson, Senior Development Officer
Joyce Braboy, Accounting Manager
Allison Barinas, Client Services Officer
Andreas Nahas, Credit Officer
Angela Tosca, Information Systems Officer
Anim Yeboah, Web Development Officer
Diane Costa, Human Resources Officer
Heiry Bulux, Loan Officer
Jeniffer Hay, Accounting Officer
Natasha Liriano, Financial Coaching Officer

Reyna Aguilar, Loan Servicing Officer
Rocio Esparza, Financial Coaching Officer
Sarah Laird, Development Officer
Simon Lichter, Market Research Officer
Vannessa Ramirez, Loan Officer

Saying Goodbye in 2016
José Fonseca, Director of Lending
Rachel Wall, Director of Coaching
Jeniffer Reid, Accounting Officer
Joel Clausell, Collections Officer
Patricia Rivera, Enrollment Coordinator

Financial Coaching Fellows
Aimee Colome
Alex Hernandez
Alexandra Garcia
Ally Dufficy
Arianna Mazariegos
Chantal Duran
David Engel
Dayton Williams
John Harnett
Julia Levy

Julia Lopez
Keiner Oliveira
Natalie Fox
Nicolas Ketchum
Parker Dubuque
Roxana Mercado
Sammer Bequir
Sarah Pariser
Spencer Gaye
Stephanie Ortega

Interns
Aimee Colome
Chantal Duran
Georgina Da Cruz
Marta Gravier
Omar Pena
Sophie-Louise Forest

Financial Coaching Volunteers
Huong (Hana) Nguyen
Monica Leandre
Murray Blitzer
Featured Partners

United Way of Rhode Island

UWRI is one of the largest funders of charitable organizations in Rhode Island, and a long-time supporter of Capital Good Fund. This year, UWRI renewed their commitment to our programs by awarding us a three-year grant to support our efforts to enroll 300 low-income families in Financial + Health Coaching. We also continue to receive a high volume of loan referrals from United Way 2-1-1, their hotline resource for low-income individuals.

Santander Bank

Since 2009, Santander has partnered with Capital Good Fund to help low-income families access affordable credit and Financial Coaching. In 2016, Santander stepped up to help Good Fund increase our reach outside the greater Providence area. As a result, Coaching clients now have the option to attend sessions 100% remotely.

Apple Pickers Foundation

A new funder of ours this year, the Apple Pickers Foundation is an independent foundation based in Westerly, RI. After hearing about the challenges we were facing with regards to managing the demand for our loans, the Foundation decided to make a catalytic investment in our online loan application. Thanks to their generous gift, clients now have the ability to sign loan closing documents from anywhere with an internet connection.

TriMix Foundation

The TriMix Foundation emerged as a standout supporter of Financial + Health Coaching this year, particularly with regard to our Coaching Fellowship. The Fellowship gives local college students the opportunity to serve those in need while learning about personal finance, social services, and behavioral psychology. The TriMix Foundation’s support allowed us to recruit talented candidates into the program and continue to provide high-quality service to our clients.

Kazanjian Foundation

This year, the Kazanjian Foundation elected to renew its support of Financial + Health Coaching while also investing in our pilot Credit Builder program in Florida. With their help, we look forward to finishing the service delivery of our landmark Randomized Control Trial in the Providence Public School District by summer 2017. We are tremendously grateful to the Foundation for its belief in our mission, and we look forward to bringing our transformative services to low-income families throughout the state of Florida.
Our Supporters

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Apple Pickers Foundation
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Blue State Coffee
Catholic Campaign for Human Development
Community Development Financial Institutions Fund
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Discover Bank
Gulf Coast Community Foundation
June Rockwell Levy Foundation
Kazanjian Economics Foundation
Pawtucket Credit Union
Rhode Island Foundation
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TD Bank
The Washington Trust Company
TriMix Foundation
Webster Bank

Donors: $500 & Up
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Minda Schechter
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Patricia Davis
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Igor & Helen Heinrich
Jane McIntyre
Jenelle Bray
John & Nancy Vaughan O’Neal
Jonathan Robins
**Our Supporters**

**Donors: $100 to $499 (Continued)**

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<td>William Hare</td>
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<td>Pamela Perez</td>
<td>Yakov Aleksandrovich &amp; Natalia Koutina</td>
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**Donors: Up to $99**

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Thank you all for your continued support over the years. We would not be able to do this without each and every one of our donors, investors, advocates, volunteers, staff, and partners. We’ve come together to advance our shared mission, and through our collective efforts, thousands of American families are receiving the financial services they need and deserve. 2016 was an amazing year for our mission, and 2017 will be even greater. Let’s get to it!

**Thanks Again**