To Whom It May Concern,

Thank you for taking the time to review the attached 2017 audited financials for Capital Good Fund (Good Fund). 2017 was an exciting and record-breaking year for us. A few highlights:

- Loan volume grew 325% over 2016 (from $635,000 to $2.07 million)
- Total assets tripled, from $1.2M at year-end 2016 to $3.6M at year-end 2017
- We ended with over $2.2M in loans outstanding, 98.5% of which were on-time
- In our first full year lending in Florida, 50.5% of total origination volume went to that state's residents. We also began lending in Massachusetts.
- We continue to add to our staff and improve our systems, policies, and procedures

Our growth is fueled by our commitment to the people we serve, generous grants and donations, innovative mechanisms such as Equity Equivalent Investments (EQ2) described below, and other support from the financial institutions, foundations, and individuals who care about the community.

Because we, and in turn our financials, are in many ways unique, we share this cover letter to provide some context. Of primary importance is an explanation of Equity Equivalent Investments, which total $1 million of the $2.2 million in loans payable on the balance sheet. An EQ2 is a special form of debt that must have six characteristics, including no right of acceleration, being unsecured, indeterminate maturity dates, below-market interest rates, and deep subordination. Meeting all six of those criteria, and according to the Federal Reserve, an EQ2 can then be considered equity-like. We’ve calculated two versions of our Net Asset Ratio: without EQ2 (where we treat such investments as ordinary debt), and with EQ2. Without EQ2, our net asset ratio is 3.2%; with EQ2, the ratio is 30.71%. In other words, an EQ2 is a tool that helps CDFIs like Good Fund strengthen their balance sheet while growing their loan portfolio.

In summary, our 2017 year-end financials reflect a growing, thriving organization, one that is meeting its goals, and continuing to scale operations by investing in the people and systems that enable growth, social impact, and financial performance.

Thank you for taking the time to review our financials. If you have any questions, please do not hesitate to reach out with questions or comments; we pride ourselves on our transparency.

Sincerely,

Andy Posner
Founder & CEO
Capital Good Fund