Investors,

It's been a crazy busy intro to Fall at the Lab but for the most part it has been all good.  We just closed our eleventh investment.  Please take the time to read this.   It includes information about our investments, how you can help and an offer from one of our investors to sell his units in the fund.

**New Investment**

       a Durham-based company that has developed software for calculating, managing  and validating voluntary carbon credits.  It is also an exchange for such credits.   We have been following this company for over a year but it did not get super interesting until it garnered an exclusive relationship with Duke University to use its new carbon credits standard.   Duke is now a sales partner for the company and has signed on several other Universities that have taken a carbon neutral pledge.    Urban Offsets helps companies, universities and cities achieve and maintain carbon neutrality while investing back in their local communities.

**Opportunity to Increase your ownership in the Fund**

One of our investors needs to liquidate some assets and has asked me to forward this statement from his attorney to all existing fund investors.

*James V. Taggart holds an interest in Cofounders Capital Fund I which he wishes to sell. His capital account balance as of 6/30/16 was $53,684.63, based on his capital contributions to date of $60,000, and any purchaser of his interest would have to (i) pay the agreed purchase price to Mr. Taggart, (ii) contribute $40,000 to the Fund in satisfaction of his outstanding capital call, (iii) assume the obligation to make his future capital calls, when due, in the aggregate amount of $100,000, and (iv) cover the Fund’s legal costs associated with the transaction.  If you have an interest in purchasing this interest, please contact Mr. Taggart’s lawyer for additional information: John A. Northen, Northen Blue LLP, PO Box 2208, Chapel Hill, NC 27515 Ph: 919-968-4441, email: jan@nbfirm.com*

**Events**

Our next Lunch and Learn with be on November 1st at 12:00 at the Cary Lab.   David Fouts, B2B CFO will be presenting the topic "Accounting Metric To Run Your Company"  <http://www.b2bcfo.com/>

**Portfolio Update**

I've decided to show the previous report's status color followed by the current status so that you can see if there was a change from the previous status.  As a reminder...

*Green- doing well at or ahead of plan,*

*Yellow - somewhat behind plan or other trouble*

*Red -  well behind plan and in danger*

*Black - dead, write off.*

**FilterEasy > Green Green**

This company will be one of our winners.   They have really hit their stride in terms of new customers each month and their cost to acquire these customers.   We missed our numbers some in the summer but are finishing the year very strong.   We should finish the year around $7M in recurring revenue up from just $2M when we invested less than a year ago.

**Canopy >  Green Green**

Canopy continues to grow rapidly but this has also caused a real cash shortage.   I received word today that co-investor Lowes will mostly likely step up to fund the company through the next round.

**Factivate > Red Red**

I'm doing a lot of meetings with Factivate trying to figure out why we can't seem to sign on customers.   Cash runs out the end of this year so I'm trying to engineer a soft landing.   Several opportunities did not work out but we have another promising meeting next week that might do the trick.   This is the only company in our portfolio that I would say has not  improved since my last update.

**EmployUs >  Yellow Yellow**

Yellow does not tell the full story here.   To save cash the company moved into our Cary free lab last month and I have started going on almost every local sales call with the CEO.  I am certain that we have the right model now and we just signed Cree, our first customer on this model.   I feel good about the pivot and the sales pipeline and believe this should go "green" again soon.

**RewardStock >  Yellow Yellow**

The NY Times article drove nearly a thousand sign ups so the company is generating some cash.   I am doing business development calls with the CEO and we are getting some interest but the company does not yet have a clear path to profitability.

**Testive > Yellow Yellow**

The $500K bridge round and right sizing the company have stabilized the company on a cash flow even trajectory of slow growth.   We continue our CEO search.   I believe that the fundamentals are good and with new leadership this company will be able to raise another round of funding to fuel fast growth once again.

**Savii Care > Green Green**

I am very pleased with Savii's progress.   We have systematically fixed the major problems we were facing last report.    A new sales manager is working out very well.  For the first time the company has landed a major home health franchise and it is starting to win accounts with over one thousand patients.

**Fokus Labs > Green Green**

The company is on track selling about a hundred units per week and climbing.   Version two of the product is in hardware and software design stage.  We were also able to dramatically reduce our cost per unit.   We should know soon about our SBIR grant which would be a game changer for the company.

**ParkMyCloud >**  **Green**

The team continues to land good size accounts and advance our technology.   My only regret is that the company is in DC which has required me to drive there twice already in a month.   Our other investments are all in NC and I hope that the more senior nature of this team will mean that they will need less of our time in general.

**Tesser >** **Green**

We finally got the Tesser deal completely closed and we are working with the team to put core contracts, channel partnerships and a new pricing model in place.  This month will be our first board meeting.  No major sales yet but the pipeline looks good and each sale can be very large.

**Urban Offsets > Green**

We are just getting started with Urban Offsets so nothing much to tell yet.   We will have a kickoff meeting next week.

**How you can help**

Our companies need warm sales introduction more than anything else right now.   Can you help with intros to any of the following?

Companies that are big users of AWS virtual servers

Private duty/home care agencies

Larger property managers

HR or recruiting managers for big corporations

Benefits managers at 1000-plus-employee companies

Sustainability "Green" managers at corporations and universities

**In the Press this Month**

TBJ - Gardner on Cofounders Fund

<http://www.bizjournals.com/triangle/blog/techflash/2016/09/following-latest-asset-cofounders-capitals-gardner.html?ana=e_du_prem&s=article_du&ed=2016-09-02&u=1oIsFCLMuiDn1kKgrjbboA001f2436&t=1476287908&j=75662962>

New York Times on RewardStock

<http://www.nytimes.com/2016/10/01/your-money/how-to-pick-the-best-credit-card-based-on-rewards.html?_r=0>

Forbes On FilterEasy

<http://www.forbes.com/sites/matthunckler/2016/08/22/filtereasy-automates-easily-forgotten-maintenance-task-for-homeowners-and-renters/#2fa531ee309a>

CBS New on Testive

<https://vimeo.com/181997204>

WRAL on RewardStock

[The trick to traveling for almost no cash](https://www.google.com/url?rct=j&sa=t&url=http://www.wral.com/the-trick-to-traveling-for-almost-no-cash/16078482/&ct=ga&cd=CAEYACoUMTQ1OTgwNTc4NDQxNTU4NTY1NzEyGmY1OGI1NTZmMmIxZThlNjc6Y29tOmVuOlVT&usg=AFQjCNFd1u-4k9tqtEjg1HwC0FJIN-pLCA)

Cloud Computing News on ParkMyCloud

<http://www.cloudcomputing-news.net/news/2016/sep/29/why-its-okay-msps-help-customers-stop-wasting-money-cloud-resources/>

TBJ on FilterEasy

<http://www.bizjournals.com/triangle/news/2016/09/08/buoyed-by-cashfiltereasy-to-expand-in-downtown.html>

WRAL on RewardStock

<http://wraltechwire.com/ced-tech-venture-profile-no-40-rewardstock-helping-you-maximize-your-reward-points/15994047/>

CRN on ParkMyCloud

<https://www.google.com/url?rct=j&sa=t&url=http://www.crn.com/news/cloud/300081984/with-seed-funding-parkmycloud-plans-to-help-more-cloud-customers-spend-less.htm&ct=ga&cd=CAEYACoUMTY0OTY3OTk2MjIxMjM0NTIwMTMyGmYxMzI5YWZlZWM5M2FkYjY6Y29tOmVuOlVT&usg=AFQjCNGQR5SBgkl4_irMK-7YiviYduBGzg>

CIO Review on ParkMyCloud

<http://magazine.cioreview.com/magazines/August2016/Cloud/#page=36>

WRAL Techwire on EmployUs

<http://wraltechwire.com/ced-tech-venture-profile-employus-connecting-employers-and-job-seekers/15956183/>

**Closing**

I feel really good about our portfolio and the progress our companies have made this period.   Even the slow starters seem to be finding their way.   I am encouraged to think that we only need a few good wins out of the lot to show a nice return and less than half of our fund is deployed at this point.    Feel free to stop by or call me if you have questions.  You can view all of our portfolio companies and these updates at anytime on our website.