

**PURPOSE® | 2021**

Thank you for contributing to the growth of Purpose and our work in 2021. We are endlessly grateful for your support and partnership. Our progress is a direct reflection of your support. On the following pages, we reflect on the accomplishments of this year and look ahead to an ambitious future. We look forward to sharing all that is to come.

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# 2021: Building a flywheel to unlock capital at scale

Camille Canon & Derek Razo, Co-Founders

We founded Purpose with the mission of building a more just economy by rewriting the rules of who benefits and controls assets in the economy. We do this by creating new shared ownership models that move capital into the service of people, planet and community for the long-term.

Since 2018, we've worked with dozens of organizations ranging from mid-sized businesses, community-led initiatives, investment funds, to family offices and businesses preparing to IPO, in designing, implementing, and investing in innovative ownership and governance models. These initiatives share the common goal of designing resilient ownership structures to preserve purpose and ensure the balance of stakeholder interests and power.

The first chapter of this work has focused on making stewardship models possible within a challenging cultural and legal context. We've focused on improving awareness, reducing costs, and increasing access to knowledge and capital by building viable examples in the market. And it's work. In less than 4 years, we've:

- Reduced legal costs from \$1m to \$35k;
- Mobilized \$50m in impact investments
- Supported transitioning \$250m+ value into shared ownership models;
- Built a profitable consultancy; and
- Seeded a growing community and market for alternative models.

In short, by making shared ownership models more accessible and well-known, we played a pivotal role in creating a new market for shared ownership assets in the US. Among founders, investors, real estate developers, philanthropists, and most recently, fund managers- shared ownership and stewardship models are

now known, and are increasingly being seen as the 'next frontier' of ESG, impact and responsible investment.

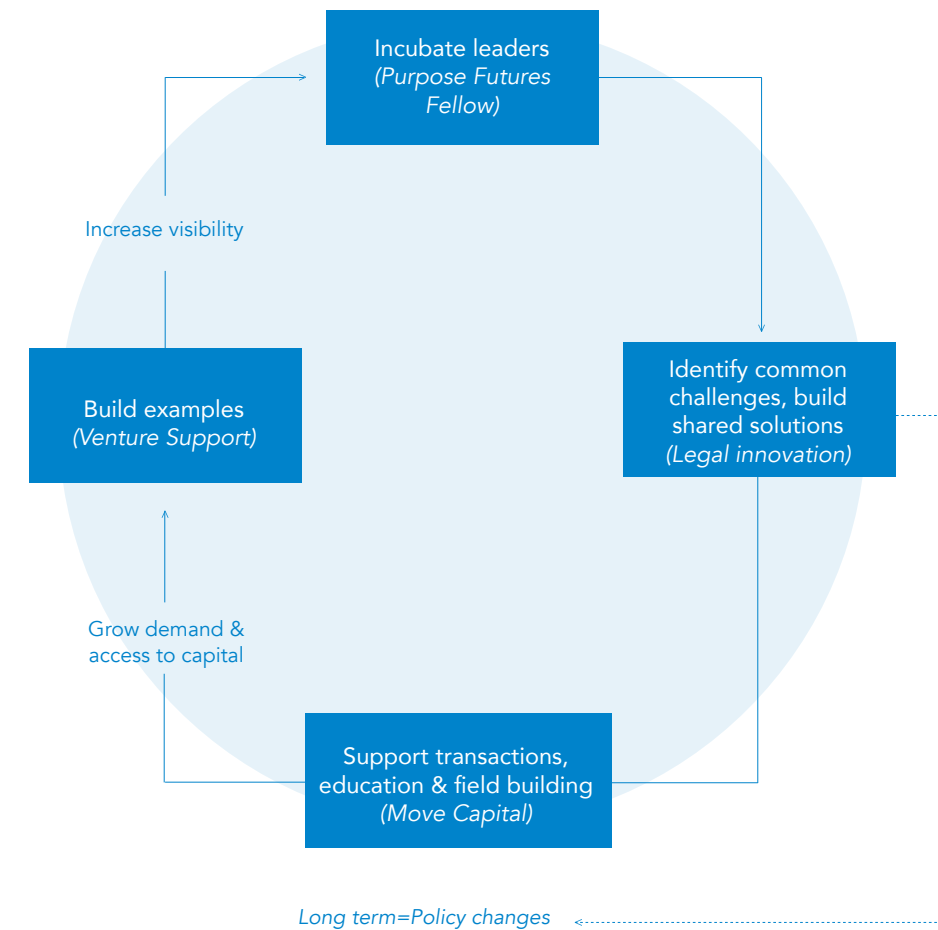
If the first chapter of our work was about making these models possible, the next chapter is about mobilizing capital at scale for new models. Through our platform and offering of strategic programs and services, we're building a flywheel to support more innovative, high impact projects and businesses while enabling more capital to move into non-extractive models.

Our focus will continue to be on viable market examples and building shared solutions, but we're increasing our focus on programming and enabling transactions through the Purpose Futures Fellowship, which we launched in October 2021 with a focus on emerging fund managers who are leveraging innovative co-benefit, co-governances models for business, real estate, and asset ownership. (You can read more about the program on Page 20.)

In 2022, we will continue to build on this momentum, and to build out a platform to support these innovative models and transactions to come to market. There's some amazing things on the horizon. Thank you to all our wonderful partners and supporters for helping bring this work to fruition.

Thank you,

Camille Canon & Derek Razo  
Co-Founders



### Venture support

Direct support for businesses, entrepreneurs, and communities.



### Purpose Futures Fellowship

Incubating leaders and new models of equitable ownership, governance, and finance.

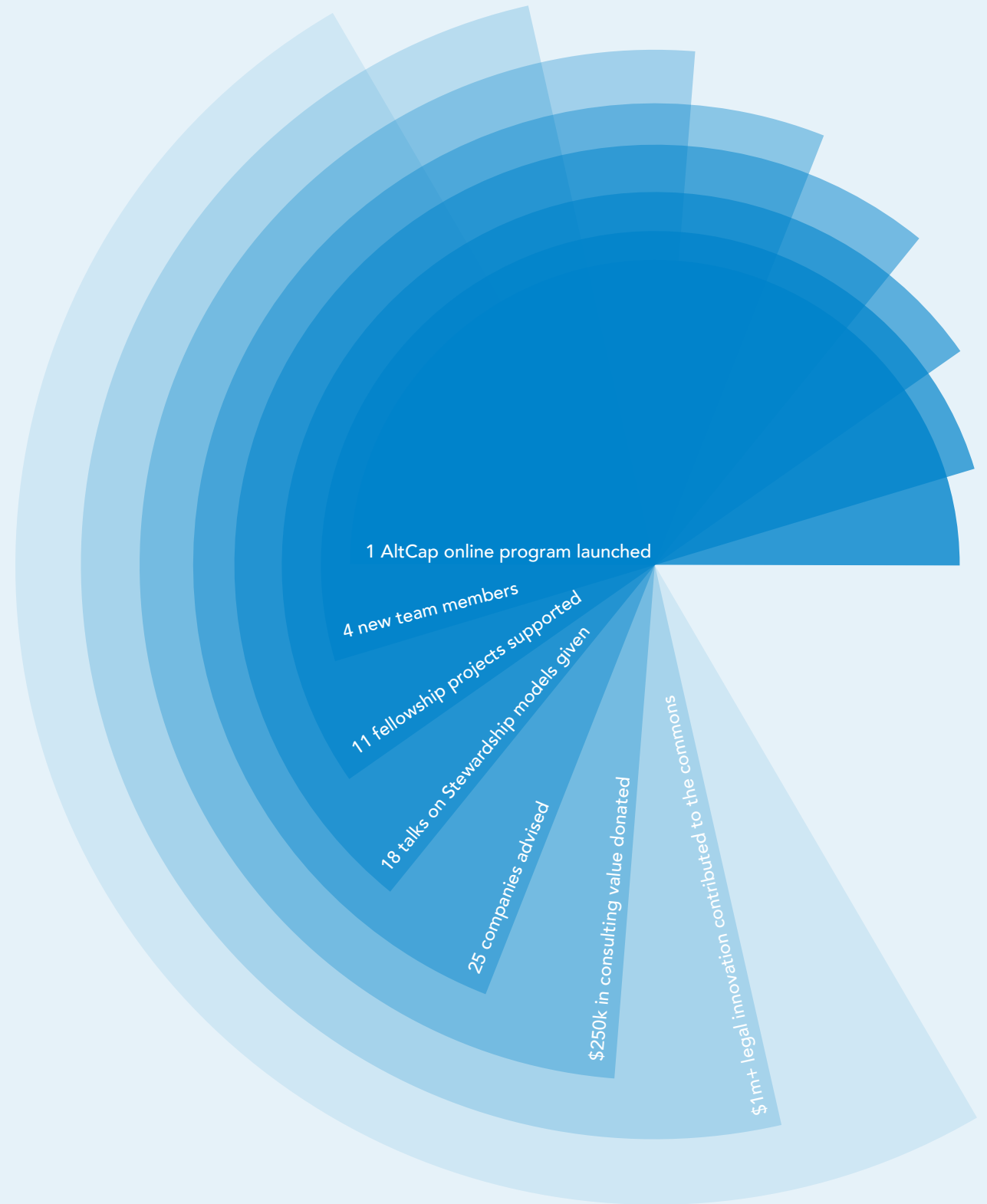


### Legal research & innovation

Removing barriers and improving efficiency to increase accessibility and scale.

We're building a more just economy by rewriting the rules of who benefits and has control in the economy -- through new shared ownership models that move capital into the service of people, planet and community for the long-term.

Key Metrics



*Foundation ownership*  
**Intergenerational**  
**Impact ownership**  
 Investing ● trusts ● Purpose ● Stewardship  
 Venture support  
 A more just economy ●  
 Community ● Shared ownership  
 Employee ●  
 Ownership ● Stewardship ●  
 Trusts ● Ownership ●  
 Stewardship models ●  
 ● Exit to Community

## What's Stewardship?

Stewardship models refers to a set of principles that have been prevalent throughout most mature legal and social systems, from long-established Indigenous land stewardship practices globally to emergent structures for community support and resource sharing. We have found examples of steward-ownership models around the world.

We've bundled these forms under a common header to support accessibility and unify movements, but as you can see, we are not the inventors of the principles. You may hear "stewardship", "stewardship models", "steward-ownership", "foundation ownership", "purpose trusts" and other phrases attempting to describe the same phenomenon. Because the principles of stewardship are in some ways a re-discovery of age-old systems of coordination, the language is still evolving and dynamic.

For Purpose, "Stewardship models" describe a diverse set of legal solutions that transform the ownership, governance, and financing of businesses and organizations by fundamentally rewriting the rules of how money and power operate in our institutions.

### Key Principles



#### Shared ownership

Inclusive ownership models that ensure key stakeholders participate in profits and governance.



#### Intergenerational

Long-term oriented financing structures that protect intergenerational stewardship and independence and ensure assets can't be resold in the future.



#### Defined purpose

Corporate purpose and fiduciary duty are based on the needs of the organization and its stakeholders.

# Stories of Stewardship



New institutional models of shared prosperity and resiliency are needed for a more just and sustainable economy. This vision is being realized by dozens of leaders and initiatives across the country working to change the default of who benefits and has control in the economy. Practical visionaries, this community is building alternatives and demonstrating market viability. We support them on the ground -- by legally designing and executing models and building needed infrastructure, networks, and programs to help the field scale.

## Firebrand Artisan Breads – Building Community Institutions

Matt Kreutz founded Firebrand Artisan Breads in 2008 with the mission of providing quality employment to formerly incarcerated and houseless people to help break the cycle of recidivism. Through our venture support services, we helped Matt implement an Employee & Community Ownership Trust (ECOT) and raise \$2.5m in aligned growth capital.

We supported Candide Group, ICA, and Matt in achieving this goal, by designing a unique equity structure for the \$2.5m investment that provides investors with a risk adjusted return without needing to sell the business for liquidity. The structure ensures that employees and community organizations co-govern and co-benefit from the company's successes.

### [Re-envisioning local business through inclusive ownership](#)

Having worked in the foodservice industry since the age of 14, Matt was familiar with challenges common to this industry: emotionally and physically demanding work with long hours in an industry marked by high turnover, limited career opportunities, and little to no safety net for workers. Shortly after founding Firebrand in 2008, Matt was presented with the opportunity to hire formerly incarcerated and unhoused community members. He seized the chance to do things differently and make Firebrand into the inclusive, encouraging employer, and community institution it is today.

### [Designing an Employee Community Trust](#)

We also supported Matt in designing and implementing the Firebrand Artisan Purpose Trust, which now owns 30 percent of the company. The Trust, which is governed by employees and community members, serves as the long-term steward of the company's mission and independence. It also protects Firebrand's community benefit programs and inclusive governance structure. Over time its ownership stake will grow to 100%.

### [Raising mission-aligned growth capital](#)

In 2019, Matt started looking for growth capital partners to expand his bakery and launch a line of packaged goods, but was struggling to find investors who shared his commitment to Firebrand's vision and mission. He found that most venture capitalist and private equity investors were interested in quickly scaling and selling the business to the highest bidder as a conventional exit to their investment. But Matt had no intention of selling Firebrand. Instead, he wanted capital partners who shared his vision for growing the business, including stakeholders in co-governance and co-benefit, and maintaining the company's independence.

#### Key Facts

\$2.5m in non-extractive growth capital raised

Trust ownership protects independence intergenerationally

Inclusive employee & community governance

Employee benefit structure



## Trust Neighborhoods: Building Mixed Income Neighborhoods through new approaches to Affordable Housing

Trust Neighborhoods is blazing the trail for a new Stewardship model, designed to not only protect affordability intergenerationally and support the emergence of mixed-income neighborhoods, but also ensure community members participate in value created through re-development. Purpose supported the team in designing the initial model and process for setting up their Mixed Income Neighborhoods Trust (MINT). The structure has been piloted in two cities and will be leveraged by more than a dozen over the next 3 years.

### [Preserving affordability while revitalizing communities](#)

Across the country, low-income neighborhoods have historically been disinvested from and discriminated against. Re-development and investments can make neighborhoods richer in opportunity and often attract more affluent residents. But challenges posed by gentrification often lead to rising rents and the displacement of legacy residents who are then excluded from economic gains of re-development.

### [Community ownership to create long-term affordable housing](#)

Trust Neighborhoods has created the Mixed-Income Neighborhood Trust (MINT), a model for investing in diverse, inclusive, and thriving communities without displacing low-income groups through rising rents. The MINT model attracts investment while protecting against the displacement of long-term renters and functions as a neighborhood's ownership entity. The Purpose Trust structure allows to remove housing units from the speculative market and protect long-term affordability whilst creating investment opportunities.



### [MINT in practice - Community reinvestment, investor return](#)

Creating trustworthiness for both communities and investors, this innovative model turns community investment into a source of opportunity and inclusion, not displacement. In 2020, the Trust Neighborhoods team began supporting the Lykins Neighborhood Association in Kansas City to incorporate their own MINT. The Trust holds a portfolio of real estate assets that support the neighborhood goals and provides a risk-adjusted return for patient capital providers after a predefined amount of economic upside is set aside for community initiatives. This groundbreaking model presents a balanced and replicable approach to the needs of renters and homeowners with those of investors. The unique promise of the model is to create and/or sustain thriving mixed-income neigh-

borhoods, while still serving as an attractive enough investment opportunity to finance new acquisitions into community-control. The Trust Neighborhoods team is working to launch their next 5 neighborhood MINTs in 2022.

### Key Facts

Model designed to support development mixed income neighborhoods

Community stewardship of housing assets

Pilot projects in Tulsa, OK & Kansas City, KS launched, \$15m+ mobilized

5+ additional neighborhood MINTs in pipeline





## Breaking Ground: Balancing lunar preservation with commerce and innovation through multilateral governance

Nation states and private companies are heading to the Moon. With no legal consensus on the basis for lunar resource utilization and exploitation, the Breaking Ground Trust (incubated by Open Lunar) serves as a new model of resource management that enables technological innovation and scientific exploration for the benefit of all. Applying the concept of Stewardship, Purpose supported Breaking Ground Trust in implementing their model, creating an inspiring and impactful prototype managing lunar resources in a way that is sustainable, lawful, and multilateral.

### [Lunar Resources - a black hole for \(commercial\) resource utilization](#)

Historically our economy has relied on terrestrial resources. Recent developments in space exploration have opened the possibility of expanding our planetary economy to the Moon's. As the first steps towards extraction and utilization of anticipated waters and mineral resources are underway, the precise nature, usefulness, and commercial value of lunar resources remains unknown. With the widely adopted Outer Space Treaty from 1967 prohibiting national appropriation, there is still no consensus on the legal framework for commercial utilization of lunar resources and the legal status of mining space resources remains unclear and controversial.

### [Multilateral Stewardship](#)

Open Lunar exists to support a cooperative, sustainable Earth-Moon system, through policy development and global cooperation. As a non-profit, Open Lunar focuses on developing new approaches to the management and governance of the lunar environment for the benefit of all life.

### [Breaking Ground](#)

The Breaking Ground Lunar Resource Trust is an exercise in multilateral stewardship of resources in a sustainable and yet economically viable way. Its goal is to "to steward and demonstrate formal and effective institutional management of lunar resources between different stakeholders." The trust will purchase lunar assets to be stewarded by representatives of lunar science, resource industry, international diplomacy and civil society and serve as the support of lunar resources now and in the future. In doing so, the structure affirms and acknowledges the breadth and diversity of pursuits on the Moon.

### Key Facts

Multilateral stewardship as a new approach to the management of lunar resources

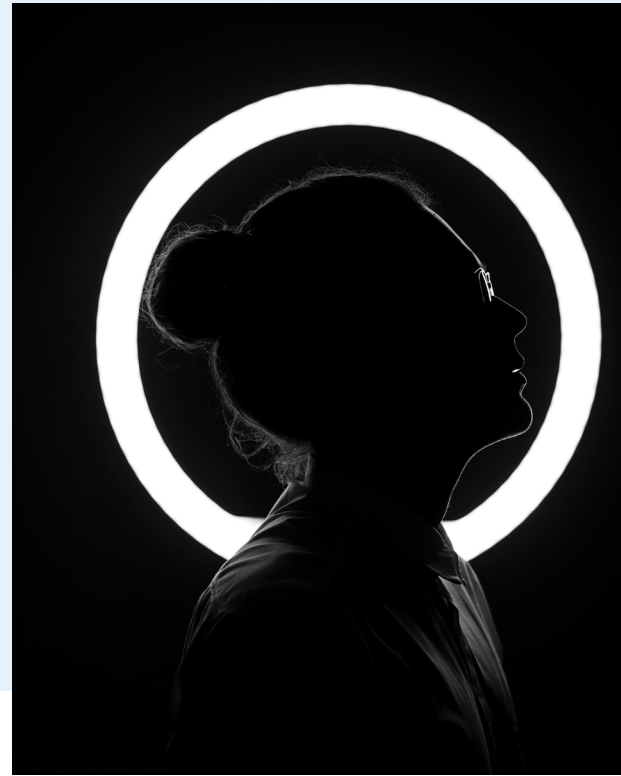
The sole beneficiary of the Breaking Ground Trust is its purpose

Multilateral stewardship structure

Balances commercialization & protection of common resources



# Purpose Futures Fellowship: 2021-2022



Through the Purpose Futures Fellowship, we seek to support leaders' projects that are leveraging innovative ownership, governance, and finance models to drive systems change and create intergenerational impact. With the 2021 cohort, we are excited to support a new generation of fund managers in creating innovative capital vehicles for shared ownership.

## Emerging Fund Managers: Creating a new generation of capital vehicles for shared ownership at scale

In October 2021, we launched our Purpose Futures Fellowship for emerging fund managers. The fellowship will be focused on practically supporting fellows in designing and implementing funds and financing solutions that support shared ownership of business, real estate, and equitable investments. Although these capital vehicles vary in focus, size (~\$10-100m), and region, the fellows' projects share a common goal: **the redistribution of wealth and power through capital**. They are all leveraging new ownership, governance, and finance models to drive systems change and create intergenerational impact, with the goals of bridging the racial wealth gap, preventing displacement and extraction, and fostering ecologically compatible economies.

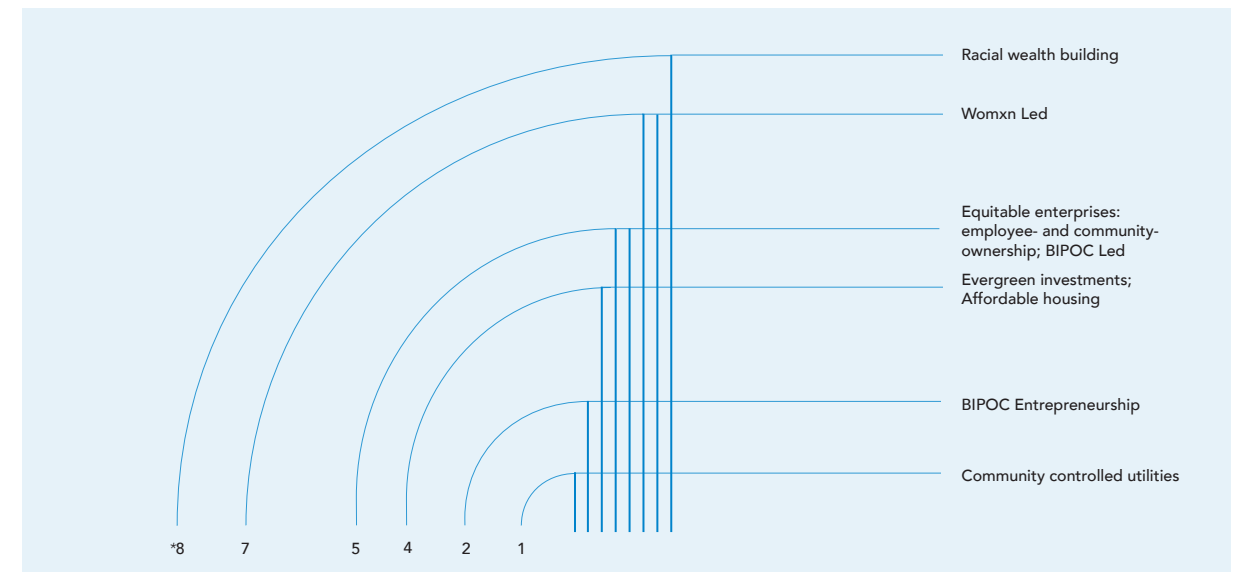
The program was co-designed with fellows and combines our team's unique knowledge of shared ownership models with the deep domain expertise of industry specialists like Social Capital Partners and the Housing Lab. Throughout the fellowship, we intend to help take our fellows from concept to legal implementation and successful fundraising whilst providing opportunities for collaboration and community building.

### [Selecting for diversity](#)

We opened applications for the fellowship Spring 2021 and were immediately met with dozens of exciting, creative, and diverse applicants and fund ideas. Our aim in selecting fellows was to build a diverse yet strategic cohort with the potential to mobilize capital for shared ownership at scale from across the market. In the selection process, we sought to represent the diversity of approaches to stakeholder inclusion, asset type, fund size, region, and financing structures.

### [Co-designed programming](#)

Executing on new models remains challenging, which is why our one-year fellowship focusses on practical support, technical assistance and legal innovation.

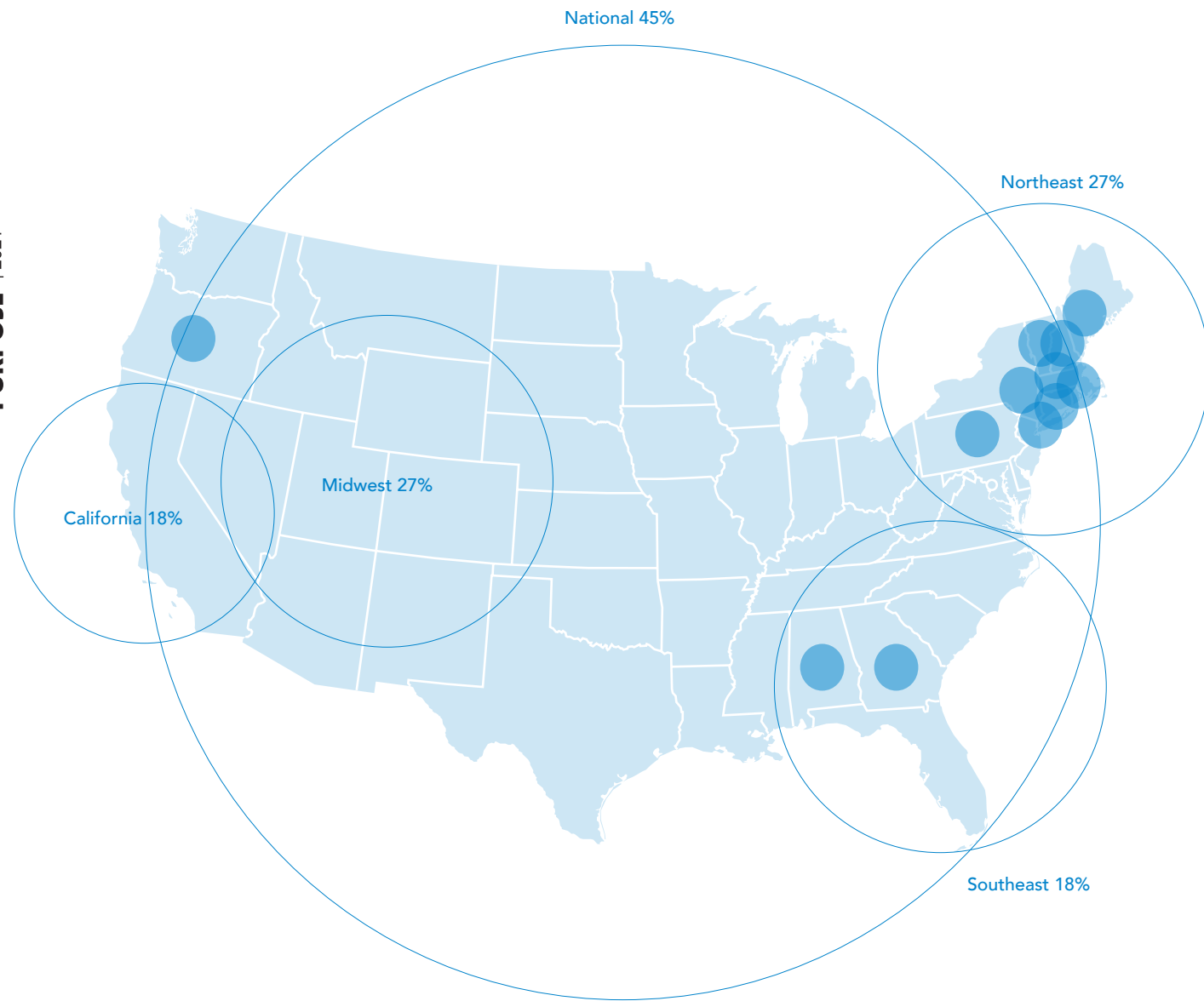


\*Number of fellowships



**Meet our fellows**

For the fellowship launch, we are happy to have gathered 11 incredible emerging fund projects with a total of 25 talented individual fellows working on designing and launching capital vehicles for shared ownership. Beyond the program, we believe these projects will help both move investment capital into shared ownership models and create viable examples for investors across the market, helping to move the field at large.



**COMMON TRUST**



**Fellow** Zoe Schlag

**Fund overview** Common Trust is an impact-aligned financing vehicle for employee-ownership trust conversions.

**Asset type** Small-to-mid sized employee-owned businesses

**Target fund size** \$

**Fellowship goals** Design employee-ownership-compatible growth financing terms, close deals and build funnel deal flow.

**Regional focus** National

**COOPERATIVE FUND OF NEW ENGLAND, Inc.**



**Fellow** Dorian Gregory, Micha Josephy

**Fund overview** CFNE is a non-profit loan fund providing loan capital to cooperatively-owned enterprises in low-wealth communities.

**Asset type** Small-sized cooperative businesses

**Target fund size** \$\$

**Fellowship goals** Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, and New York

**CONCERNED CAPITAL / BLUE COLLAR BUSINESS PRESERVATION FUND**



**Fellow** Tomás Durán, Grant Amann

**Fund overview** Concerned Capital seeks to create a platform for transitioning manufacturers and commercial service businesses into employee ownership.

**Asset type** Mid-to-Large Sized Businesses

**Target fund size** \$\$

**Regional focus** California

**FOLKS CAPITAL – NEIGHBORHOOD EQUITY**



**Fellow** Evan Absher, David Rowe, Bryan Wilson

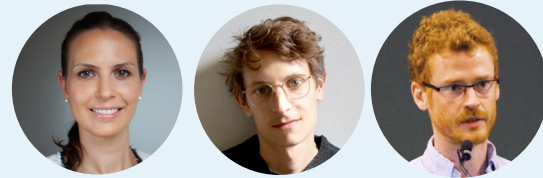
**Fund overview** The Neighborhood Equity model allows community members to build an ownership interest through homeownership, entrepreneurship, and community development.

**Asset type** Housing and Small Businesses

**Target fund size** \$

**Regional focus** Midwest

### GOOD ENERGY



Diane Artal-Burger, Matthew Claudel, Remi Tachet des Combes

Good Energy enables communities to finance, build, own, and manage neighborhood-scale solar microgrids.

Local/Neighborhood Energy

\$\$

Oregon (initial); USA/National (target)

### MAKER PRESERVATION FUND



Brian Murray, Paul Parkhill

The fund seeks to preserve existing urban creative workspace through evergreen financing of properties, thus providing an alternative to speculative developments.

Commercial real estate

\$\$\$

Develop capital strategy and structure supporting the evergreen holding of property assets, refine liquidity mechanisms and investment terms.

National

### MATRIARCH REVOLUTIONARY FUND



Jaime Gloshey, Vanessa Roanhorse

The MRF is the first impact investment fund in the US focused specifically on Native womxn-owned businesses through a rematriation lens.

Early-growth and established businesses

\$

National

### SHAWMAN HOLDINGS



Aaron Thomas

A long-term hold multifamily real estate strategy that replicates the wealth-building power of home equity in rental markets.

Real Estate

\$

Develop fund and vehicle structure, establish governance and protocol and secure access to equity capital for the pilot vehicle and investment fund.

Midwest and South

### GROUNDCOVER (POWERED BY THE GUILD)



Nikishka Iyengar, Avery Ebron, Zach Murray

Groundcover's mission is to seed and develop community-owned and community controlled real estate that allow marginalized communities to collectively steward assets in their neighborhood.

Mixed-use, Housing, and Commercial Real Estate

\$\$

Georgia

### MASSACHUSETTS ANTI-DISPLACEMENT FUND



Henry Noël Jr., Jessica Andors, Mike Leyba

The fund seeks to maintain affordability for commercial and residential renters, while creating opportunities for community ownership and engagement.

Residential and commercial real estate

\$\$

Massachusetts

### MISSION DRIVEN FINANCE cREIT



David Lynn, Laura Kohn

The Community Real Estate Investment Trust will invest in residential and commercial child care properties via a locally-managed, evergreen fund to help providers build wealth, business stability and community.

Commercial and residential real estate

\$\$\$

National

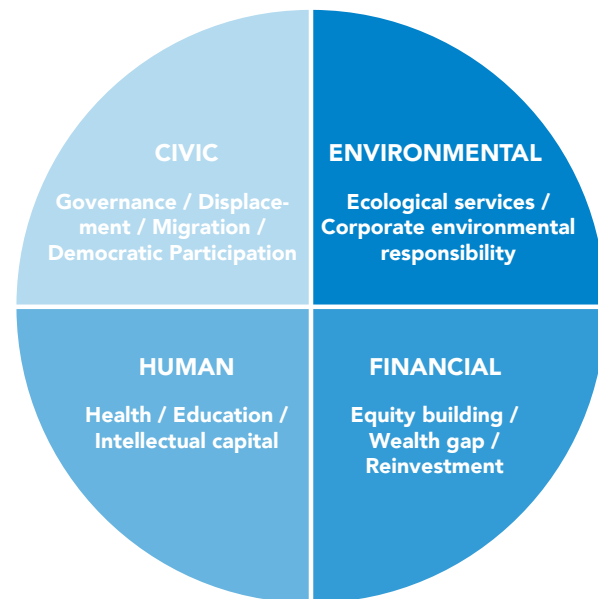


## Projected Outcomes & Key Metrics

**\$250m**  
in investment capital raised in 18 months

**\$1bn+**  
asset value into shared ownership models in 24 months

**\$50m**  
in investment capital raised in 18 months wealth generated for BIPOC renters & employees over 10 years (\*in pilot investments/projects - does not include replication of models or additional raises)



### CIVIC

- # community or employee participants in governance
- # of housing units moved off the speculative market
- Migration behaviours in neighbourhoods with shared ownership models
- Voting metrics in neighbourhoods/organisation with inclusive governance.

### ENVIRONMENTAL

- Corporate sustainability (emissions, infrastructure, supply chain, etc.)
- Quantity of local energy produced
- # of community micro-grids

### HUMAN

- # of replications or iterations of fellowship models
- Increase in quantity and quality of childhood care (specifically connected to *Mission Driven Finance's* fellowship)
- Annual surveys of community members to measure their perceived attitudes, quality of life, health, etc.

### FINANCIAL

- Total asset value moved into shared ownership
- Wealth built for BIPOC families
- Reinvestment by businesses in community, R&D
- #jobs preserved and created

## Interviewing our fellows

### Interview with Zoe Schlag, Common Trust



Our fund is unique in three key ways:

1. We finance transitions to EOTs, an emerging model for employee ownership in the US that integrates core aspects of steward ownership for long-term governance toward a higher purpose.
2. Our transaction structure and financing terms are uniquely designed to ensure that employees benefit alongside investors and do not shoulder inequitable levels of risk.
3. Through the use of EOTs, the companies we work with are able to incorporate other key stakeholders into their exit strategy and ongoing stewardship in addition to employees, such as the local community, a particular cause, among others.

Tell us a little about your fund concept.

Common Trust is how small business owners exit to employees through employee ownership trusts. Through our streamlined process, we provide small businesses with impact-aligned capital to finance the transaction and equip the future generation of leadership to steward the company's growth for the long haul. Together, we are working to secure the future of great American businesses in every region and sector.

How is it different from conventional investment approaches?

As the first fund dedicated to financing transitions to employee ownership trusts in the US, Common Trust enables businesses to bridge the worlds of steward ownership with employee ownership, leveraging the longstanding history and performance benefits of both approaches.

What's the #1 change you seek to create through your fund?

Over the last several decades, we have experienced unprecedented levels of rising wealth inequality. Worker wages have fallen, even while the economy has grown, and in 2020, the bottom 50% of Americans owned just 5% of American wealth. This is in part due to the "asset divide;" namely, the way to build inter-generational wealth is through ownership, not just wages.

Meanwhile, our small business economy continues to experience rising levels of corporate concentration, the consequences of which reverberate across our communities and society at large. According to the American Economic Liberties Project, "counties where small, locally-owned businesses account for a larger share of the economy have higher income and

job growth and lower poverty rates” and “local businesses return a far higher share of their revenue to the local economy than national chains do. As corporate concentration rises, these benefits will diminish.”

While these trends are concerning, we also sit at the precipice of a tremendous opportunity. With the approaching “silver tsunami” of boomers approaching retirement age, three in five small businesses are projected to seek a sale in the next decade, representing the largest change in ownership of our small business economy since our nation’s founding.

Our company has a philosophical north star and a technical one: our philosophical north star is to create an economy worthy of passing on to the next generation; our technical one is to keep community economics on the cap table.

We view the approaching wave of retiring boomer-owned small businesses not just as a tremendous market opportunity, but as an archimedes lever to re-tool our small business economy toward one that is stewarded to benefit our workers, communities and society at large, now and for generations to come.

#### What’s your motivation behind participating in the fellowship?

As a former operator-turned-investor and now back on the operating side of the table, I have a deep belief in the power of peer learning. With the Purpose Futures Fellowship, we have the opportunity to learn alongside some of the most innovative fund managers developing new shared ownership capital vehicles, while learning from the nation’s leading experts on designing and implementing steward ownership models in the US.

### Interview with Matthew Claudel, Good Energy



#### Tell us a little about your business concept.

Good Energy builds solar microgrids in mixed use real estate developments – new or retrofitted – that provide equitable access to renewable energy and long-term resilience to residents and their community. We do this using three tools: 1) a microgrid system design service, 2) a software platform for managing the microgrid, and 3) a fund to unlock capital for the purchase of the solar infrastructure.

#### How is it different from solutions offered by your competitors?

Large solar power systems typically fall into two categories: 1) large solar farms financed by tax equity financing structures or real estate fund investors, or, 2) community solar programs that crowdfund project finance. Both focus on generating green power and selling it to the main grid, meaning that neither provides direct resilience benefits to residents. Crucially, we attach finance to governance. We support key stakeholders, such as resident representatives, business owners, HOAs, municipal governments and/or investors, as they set up governance models like perpetual purpose trusts to manage the microgrid. Through that legal structure, beneficiaries govern the infrastructure as trustees, and steward its social purpose.

#### How is the financial investment structure different from conventional investment approaches?

Our goal is to offer a mix of financing structures to fit investors’ and beneficiaries’ goals: 1) tax equity financing that provides tax incentives to investors and ROI, payable in cash or carbon credits/renewable energy certificates, 2) green bonds, and/or 3) debt financing, as necessary.

#### What’s the #1 change you seek to create through your business?

We hope to accelerate the renewable energy transition across the United States, with an emphasis on social and spatial equity: we are working to enable resilient communities that benefit from their local energy systems.

#### What’s your motivation behind participating in the fellowship?

We envision a future of distributed, equitably accessible, and sustainable energy infrastructures. Achieving that goal will only be possible through alternative ownership and alternative finance structures. Through its Fellowship program, the Purpose Foundation brings valuable expertise and an extensive network of mission-aligned stakeholders – resources that will be crucial to our success.

### Interview with Aaron Thomas, Shawman Holdings



#### Tell us a little about your fund concept.

Shawman is building a multifamily real estate strategy that replicates the wealth-building power of home equity in the rental market. Low-income residents accumulate “Community Equity” (funded with ~10% of each month’s rent) simply by paying their rent every month, which appreciates and accumulates in an illiquid manner until it “vests” (after 5 or 7 years) and the resident can draw down all of their accumulated capital for whatever purposes they choose.

#### How is it different from conventional investment approaches?

Conventional investment approaches, particularly ones focused on low-income communities, do not focus on the ability of residents/renters to accumulate wealth, and when they do, these strategies ask for low-income renters to pay more out of pocket than they can often afford. Conversely, Community Equity builds wealth for residents simply through their paying of the (explicitly affordable) rent.

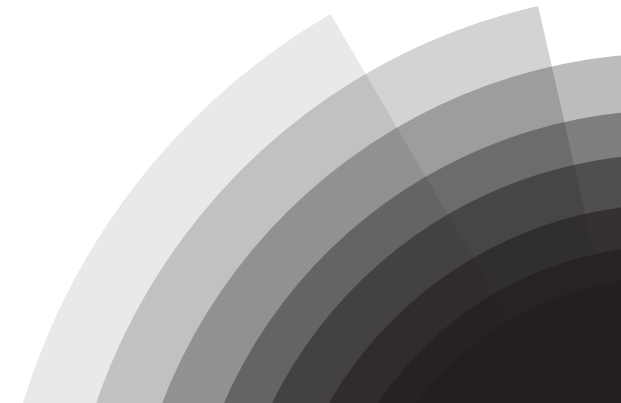
#### What’s the #1 change you seek to create through your fund?

I hope to use the private capital markets to build life changing wealth for thousands of low-income families, allowing them to access

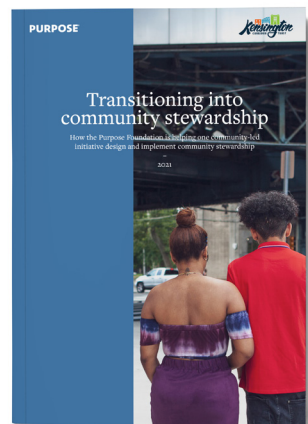
the full potential of American prosperity from which they have been heretofore precluded.

What's your motivation behind participating in the fellowship?

Purpose has significant expertise on alternative methods of capital allocation that I would never be able to build on my own, or through traditional accountants or lawyers. Additionally, the cohort of those on this fellowship process with me are building fascinating, exciting projects from which I can learn a ton. Plus, Camille, Derek and Abdiel have already proven to be wonderful thought partners and moral support for this wayward entrepreneur.







# 2021 Publications

Our publications this year focused on three distinct areas of our work: equitable enterprise, impact investing, and community wealth building. All 3 reports stem from deep collaborations with partner organizations or our fellowship.

## Exiting to Employees through Employee Ownership Trusts: A Primer

With a 'silver tsunami' of successions on the horizon for small business owners in the US, interest is rising in employee ownership trusts (EOTs) as an exciting alternative option to an exit to a private buyer, a strategic or a PE firm. Drawing upon the concept of steward ownership and employee ownership alike, EOTs offer an attractive solution to the many owners who are seeking a succession strategy that will protect the core values with which they've operated their business. On an economic scale, EOTs can represent an antidote to ever-shortening time horizons as a consequence of short-term investor pressure and rising concentration of economic power.



However, EOTs as an exit strategy is still not always perceived as a legitimate option due to a lack of awareness both in business owners and business advisors and mis-perceptions about employee ownerships in regard to financial implications and complexity of this option. This guide was created by Common Trust and Purpose Foundation US for legacy-minded business owners in search of succession solutions that protect their company's performance, purpose, and people, while also enabling them to get a fair value out.

After an introduction to different forms of employee ownership and an overview of different legal structures, the guide elaborates on the structure and steps in designing, operating and financing an EOT ownership transition, all the while drawing on case studies and practical experience.



## Impact Investing: Beyond Market vs Concessionary Returns



In 2020, we launched our first ever Purpose Futures Fellowship with the goal of supporting work being done on the climate crisis, racial inequality, community wealth-building, and investment as they relate to questions of equitable ownership, governance, and finance. The first cohort led to valuable insights, exchange, and collaborations amongst fellows, our team and our partners, and created opportunities for fellows to advance their projects. One of the many highlights of the fellowship was working with Yui Ueno, Senior Director of Investment of ICA, a CDFI based in Oakland.

Yui's fellowship focused on exploring the concept of concessionary returns — a below-market return that sacrifices financial gain in order to increase social impact. His goal with the project was to investigate how the

impact investing spaces values financial versus social or environmental returns and to probe at the existing definitions of concessionary, market rate, and risk-adjusted. In his research, Yui spoke to more than a dozen fund managers and investors from across the industry to establish some clarity around the language, objectives, and direction of the industry as a whole. Congruently he developed a high-level ecosystem map of impact-focused funds and compared them to traditional capital markets. He has concluded his finding in his report on 'Impact Investing: Beyond Market vs Concessionary Returns', highlighting the necessity to move past a market-rate vs. concessionary returns debate towards a new paradigm in Impact Investment.

## Transitioning into community stewardship: How the Purpose Foundation is helping one community-led initiative design and implement community stewardship



Transitioning into community stewardship: How the Purpose Foundation is helping one community-led initiative design and implement community stewardship

In 2019, the Kensington Corridor Trust (KCT) board approached Purpose to support in developing an ownership structure for the trust. With the goal to foster equitable economic revitalization of the commercial corridor and surrounding neighborhood in Kensington, Philadelphia, the KCT seeks to place power back into the hands of residents and small business owners and build a new model of economic development for communities that have been historically disinvested from. Purpose has supported the KCT board in designing and implementing an innovative Neighborhood

Trust model to galvanize neighborhood power and support self-determination by transitioning real estate assets (off the speculative market) directly into the commons through long-term community stewardship.

The report illustrates key outcomes from a community engagement process with community organizations, residents, KCT board members, and other stakeholders organized by Purpose at the end of 2019. This process provided insights on how to best achieve the KCT's mission and helped identify the community's core concerns. Through the combination of community dialogue and Purpose's expertise, the KCT established their own definition of community and community ownership and was able to define governance terms and values

to be integrated into a Neighborhood Trust model that ensures that the community's voice is truly in charge and its role legally protected. Despite still being in development, the KCT already illustrates enormous impact on the field of community ownership and wealth building. The Neighborhood model demonstrates direct benefits to the Kensington neighborhood and sets an example for other organizations and neighborhoods across the country.

## Interview with Adriana Abizadeh, Kensington Corridor Trust



Purpose has been working closely with the KCT Executive Director Adriana Abizadeh, who shares her thoughts and insights about the KCT project and how moving real estate assets off the speculative market into community ownership presents a new tool for economic development and self-determined and autonomous communities across the country.

### What challenges are you trying to solve?

There are a variety of challenges that the Kensington Corridor Trust is trying to solve in partnership with others in the ecosystem. I will highlight three. First, extractive capital that brings above-market development into the neighborhood without regard for the folks that live and have businesses there currently. Second, it's directly combatting the direct and intentional disinvestment into a Black and Brown neighborhood that once had a thriving commercial corridor. Third, we are leading a movement that puts aside the status quo in low-income neighborhood development where outsiders control the agenda. The KCT instead ensures that residents and business owners hold the power, autonomy, and authorship to design and co-create the future of their neighborhood.

### Why does ownership matter in a context like Kensington?

Collective ownership matters in Kensington because it can both build collective wealth and advance collective advocacy at a neighborhood level. As I've said many times before, those in our nation that have owned land historically have prospered. Through wealth they were then able to get into rooms of power and decision-making to advocate for things that benefited them and their interests. We want collective ownership to have that same impact for wealth and power building, but at a neighborhood level, for everyone's benefit rather than for the few.

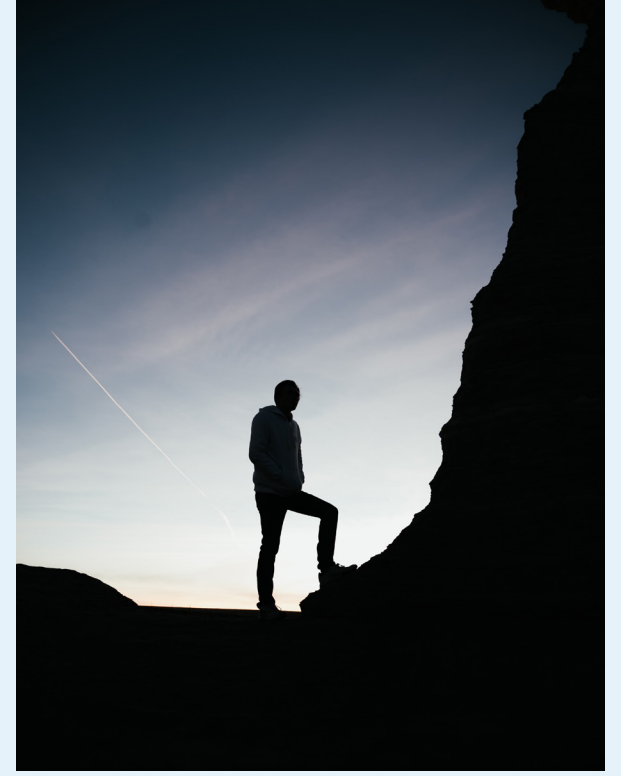
### Imagine the Kensington neighborhood in about 10 years from now - what will have changed?

When I imagine the Kensington neighborhood 10 years from now there will be many changes. For the corridor specifically, there will be a reduction in the number of vacant and blighted buildings/spaces. There will also be an increase in the number of active businesses located on Kensington Avenue that are providing affordable goods and services that the neighborhood wants and needs. Lastly, the residents and business owners will have a powerful collective advocacy effort that supports the neighborhood in demanding resources and advancing neighborhood interests.



## Looking ahead to 2022

We're scaling our impact in 2022 by building a platform focused on strategic programming, moving capital, and building a collaborative network. We will kick off the year with a new dialogue series highlighting stories from the emerging field of shared ownership. We look forward to learning and collaborating with you through the series and at other gatherings over the course of the year.





We are excited to announce the launch of our 2022 PROTOTYPES Dialogue Series on the emerging field of shared ownership. The year-long series will showcase stories from across the country and economy of leaders, organizations, and communities that are prototyping a more just economy with innovative approaches to shared ownership. We will explore the role of ownership in equitable enterprises, real estate, wealth redistribution, social justice, and community development. We humbly invite you to join the conversation and look forward to learning with you.



from a more just economy.

# Prototypes

## Purpose Dialogues Series - Prototypes from a more just economy

### Creating a space for learning and collaboration

The series will include presentations of innovative new models, panel discussions, and opportunities for open dialogue between investors, philanthropists, community organizers, and organizational leaders. Our goal is to create a space where relevant parties can share best practices, hear lived experiences, and find new ways of collaborating. We believe this space will enable deeper engagement, drive innovation, and support our mission of making Stewardship models easier and more accessible. This dialogue is necessary and currently missing from the field, and we are excited to be leading the way as we kickoff the series in February 2022.

### About the series

- 12-month series
- Quarterly virtual gatherings
- Create a space for deeper engagement and collaboration
- Highlighting innovation from the field of equitable ownership
- Explore the role of ownership in creating a more just economy

### Overview of content

- Designing capital vehicles for shared ownership
- Stakeholder governance and shared benefit
- Next generations employee ownership
- Housing & bridging the racial wealth gap
- Scaling capital & impact



## Become a partner

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### Make a financial gift

Become a Sustaining Partner through a three-year commitment supporting our systems change vision to build community wealth and forge a more equitable economy. Sustaining partners will ensure the work of Purpose today can be scaled for long-term success. All gifts will receive recognition in our annual report, media, and dialogue series as well as on our website.

Become a Program Partner through a direct gift to support our team and impact through our programs like our Purpose Futures Fellowship. All gifts will be recognized in our annual report and on relevant program-related collateral and media.

Make an Annual Gift to support the Purpose mission and staff. All gifts will be recognized in our 2022 Annual Report.

For more information on supporting the programs and mission of Purpose, email us at [partnership@purpose.ag](mailto:partnership@purpose.ag). Purpose is committed to transparent and open dialogue between our Board, Staff, and Partners. We welcome deep meaningful conversations and look forward to having you on our team.

### Join the Conversation

Attend our 2022 Dialogue Series launching in February (see more on page 40) or reach out if you want to host a dialogue on steward-ownership, innovative financing, and inclusive governance with your team. We are happy to support you. And please sign up for our newsletter by emailing [us@purpose.ag](mailto:us@purpose.ag).

### Be a Partner

If you are excited about the Purpose mission and want to dive deeper into our work, email [partnership@purpose.ag](mailto:partnership@purpose.ag) to set up a 30-minute conversation and learn more about becoming a part of our Partner team. We are looking to add Partners who have the expertise to be a resource to us and our Fellows by making useful connections to prospective partners.

## Acknowledgements

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Thank you to everyone who has contributed to our work this year. We are so grateful for our partnerships. We would like to extend a special thank you to our philanthropic partners: Schmidt Futures, Spring Point Partners, and One Project. It is thanks to your generous support that we can so ambitiously pursue our mission.

We'd also like to thank all of our partners, advisors, clients, and fellows. We're grateful for our collaborations.

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