Enterprise Capital: A New Way Forward for Effective Philanthropy

Organized by the Federal Reserve Bank of St. Louis

January 13, 2022
Welcome

Agenda for this webinar

- Introduction to Enterprise Capital
- Transforming the Capital Infrastructure
- Perspectives from Philanthropy
- Panel Discussion with Q&A

Andrea Levere
Yale School of Management & Prosperity Now

Lem White
Possibility Labs

Abigail Suarez
Global Philanthropy at JPMorgan Chase & Co.

Rev. Cory Anderson
Winthrop Rockefeller Foundation

Sarah Simms
Federal Reserve Bank of San Francisco
The Connecting Communities® audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.

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**Questions**  
- Email us at: communities@stls.frb.org.  
- Type your question into the chat box of the webinar

**Website**  
- Please visit [https://bsr.stlouisfed.org/connectingCommunities](https://bsr.stlouisfed.org/connectingCommunities)  
- This session will be recorded and available.

**Fed Communities**  
- Additional resources on this topic available at [www.fedcommunities.org](http://www.fedcommunities.org).  
- We encourage you to browse through this site and contact your regional office.
The information, analyses, and conclusion set forth are those of the presenters and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, or members of their staffs.
The mission of the Federal Reserve’s community development function is to promote the economic resilience and mobility of low- to moderate-income and underserved individuals and communities.
Opening Remarks

Sarah Simms
Community Development Finance Manager

Federal Reserve Bank of San Francisco
Enterprise Capital: All Money Is Not Equal

Andrea Levere
Executive Fellow at Yale School of Management & President Emerita, Prosperity Now

Blueprint for Enterprise Capital
A STRATEGY FOR ALIGNING CAPITAL AND CAPACITY TO MAGNIFY NONPROFIT IMPACT

Andrea Levere
2022 Blueprint for Enterprise Capital, Connecting Communities, Federal Reserve System
What is Enterprise Capital?

• Long-term, flexible capital that targets the balance sheet, not the income statement (also known as philanthropic equity)

• Used to build the enduring infrastructure—people, products, systems or innovation—that fuels an organization’s vision and mission

• Can fund the **launch, stabilization or scaling of an organization**—or recovery from the pandemic

• Investment to address the racial wealth gap in the nonprofit sector and serve as an equity funder
Why Enterprise Capital Matters

• Provides capital that can directly pursue the mission with the security of both planning for today and tomorrow—eliminates operating risks of “reverse engineering”

• Matches sources to uses of funds to build financial strength and resilience

• Provides the net assets necessary to leverage debt and a larger capital stack

• Creates an alignment of interest between organizations and funders like seed and venture investors with the delivery of aligned capacity-building services
Integrating Enterprise Capital into Your Portfolio

- **Simplify**: provide more flexible and less restricted capital at the enterprise level for multi-year term

- **Integrate**: Align sources of funds, uses of funds and capacity-building by assessing the organization’s business and financial model to determine the content and delivery method for services

- **Collaborate**: Reduce reporting requirements, create common metrics and covenants, and fund collectively when possible
Transforming the Capital Infrastructure

Lem White
Co-CEO

POSSIBILITY LABS
Activating Power of **Self-Determination**

- Possibility Labs is the **only BIPOC*-led philanthropic platform** at all senior levels.
- Platform offers **options to invest** in BIPOC-led community-governed funds and loan guarantees.
- Ecosystem of **BIPOC advisors and community leaders** to partner on **integrated capital strategies** for **racial justice**.
- Trust-based, multi-year giving **commitments** to transition **power and self-determination** to BIPOC communities.

*Black, Indigenous, and People of Color*
Possibility Labs’ Philanthropic Approach

We are disrupting the field by building a platform that is focused on impact in every aspect, from enabling funders to activate their whole philanthropic portfolios to making the process of receiving funds easier for communities.
How it Works

Traditional Models

Integrated capital: loans, grants (non-profit + for-profit), recoverable grants, loan guarantees, multi-year grants, etc.

Possibility Labs Platform

AND: Community-designed metrics, strategic and tactical exchanges, community-oriented resourcing processes, etc.
What it Looks Like

Traditional Philanthropy:
- 5% of foundation assets distributed as grants
- 95% of foundation assets invested in traditional markets

Traditional DAF:
- 0% payout requirement for Donor Advised Funds (DAF)
- 100% of Donor Advised Fund assets invested in traditional markets

Possibility Labs DAF:
- 10% payout requirement
- 40% deployment incentivized
- 60-90% of remaining assets invested in BIPOC-led community wealth building investments

Connecting Communities®

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Perspectives from Philanthropy

Abigail Suarez
Program Officer
Community Development in Global Philanthropy

JPMorgan Chase & Co.
Perspectives from Philanthropy

Rev. Cory Anderson
Chief Innovation Officer

winthrop rockefeller foundation
The Winthrop Rockefeller Foundation exists to relentlessly pursue economic, educational, social, ethnic, and racial equity for all Arkansans.

Building pathways to opportunity requires broad systemic change. This comprehensive approach may take longer to prove impact, but it has a greater chance to be impactful and sustainable. We look for levers that offer the greatest promise to increase prosperity from one generation to the next.
Panel Discussion

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Questions

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Chat
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Next Steps

• All session materials are available on our website, and in the next few days, we will post a video archive of today’s session.

• If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org.

• Information about future sessions will be posted on our website along with archived materials from past sessions: https://bsr.stlouisfed.org/connectingcommunities.
Related Resources

• In connection with this session, you can find a variety of additional resources on this topic, available at [www.fedcommunities.org](http://www.fedcommunities.org).

• It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the policy and practice of community development, or small business development.