



Cornerstone
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Creativity & The Arts

An Emerging Impact Investing Theme





Erika Karp
Founder and Chief Executive Officer
Cornerstone Capital Group

When we at Cornerstone Capital Group first discussed the idea of exploring arts and creativity as an impact investing theme, our greatest challenge was narrowing the scope. To our thinking, creativity fuels every successful human enterprise. Creativity, to form something new and valuable based upon a different perspective, is essential for economic development and capital formation. In fact, in the ancient world the concept of creativity was simply seen as “discovery.” In truth, it is. And there is no better time than now to put this capacity to work. If we are to address to world’s pressing challenges ranging from climate change, the extinction of species, and the poisoning of our seas, to advancing gender and racial equity, and access to nutrition, healthcare and education, then we need to deploy all the resources at our disposal to discover and scale solutions. After all, as Sharon Percy Rockefeller has stated, “Art is the conscience of a nation.”

And there are compelling reasons to consider “creativity and the arts” as an investment theme in its own right. Cornerstone’s Head of Research and Corporate Governance, John Wilson, lays out the case for investing in the “creative economy” as one way to counter the negative effects of widening income and wealth inequality, and the opportunity gaps, that have resulted from the “knowledge economy.” Laura Callanan, a Founding Partner of the field-building organization Upstart Co-Lab, cites creative enterprises as “an on-ramp to wealth-building for entrepreneurs including women, people of color and others who benefit from lower barriers to entry to a sector of the economy more interested in merit than advanced degrees and pedigrees.”

As for the historical tendency to view “the arts” as the purview of nonprofit organizations and grant-making, Gary Steuer of Bonfils-Stanton offers a compelling argument for eliminating the “artificial distinctions between enterprises rooted in what are often arbitrary or historical decisions on legal corporate structure,” instead finding the best mix of funding, whether philanthropic, concessionary lending or market-rate equity or debt, to invest in *creative enterprise*. His unique perspective as a leading philanthropic voice whose career has spanned a variety of roles in the for-profit, government and nonprofit worlds has led him to see the “enormous opportunity to drive economic growth and employment through coherent, broad-based strategies to invest in this space.”

This report is intended to provide a window into the rich array of opportunity to make meaningful and profitable investments that empower entire communities both economically and culturally. We thank all of our contributors for their enthusiastic support in bringing these stories together. We would like to offer special thanks to Laura Callanan and Upstart Co-Lab for their tireless efforts to build awareness of creative enterprise as a distinct impact investing theme, and for introducing us to a number of the organizations and individuals who made this report possible.

Our sincere thanks and appreciation,

Erika



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Investing to Sustain Innovation

By John K.S. Wilson

Do we invest enough in creativity? The question may seem absurd in an era dominated by the “knowledge economy,” in which companies create value through ingenuity and expertise, while many of our most important emerging product lines enable the advance and communication of knowledge. But a casual review of the business press reveals that some companies that market themselves as innovators also suffer from toxic workplace cultures and dysfunctional corporate governance. These problems suggest that it is not enough to invest in “knowledge” while neglecting the people who create this knowledge. The contributions to this report offer impact investors a roadmap for investing directly in the individuals and communities that make creative enterprises possible.

Why have so many companies dependent on a motivated and engaged workforce become so toxic for employees? Finance may be part of the problem. The need to deliver financial returns

pressures companies to bring products to the broadest possible market in the shortest amount of time. Achieving scale rapidly allows companies to dominate their market and generate outsized returns to investors, while companies that fail to deliver scale in a short timeframe often get left

The contributions to this report offer impact investors a roadmap for investing directly in the individuals and communities that make creative enterprises possible

behind. The pressure to focus solely on growing revenues, market share and company valuations can distract from critical, but less tangible, imperatives such as developing constructive corporate cultures in which creativity can thrive over time.

This model of growth fuels expanding inequality as a few companies come to dominate the market. The six largest U.S. technology companies make up almost 18% of the S&P 500 by market capitalization. Despite their size, these companies employ few workers relative to the industrial giants of the past—General Motors employed about 10 times as many people in 1979 as Alphabet does in 2018.



While those who work at top companies enjoy generous pay and benefits, incomes for the most families have stagnated as middle-class manufacturing jobs have been replaced by lower-paying service jobs. By 2017, median household income in the United States had grown only 2% since 1999. During this time the typical household had suffered through two substantial downturns in median income (2000 and 2008), both of which exacerbated inequality as top incomes recovered quickly and continued to grow.

Inequality may insulate top corporate executives and professionals from the communities that are impacted by their actions. They may forget that their companies can do harm as well as good, and may come to tolerate inappropriate and unacceptable workplace behaviors. Their product offerings may cater to the elite audience that is familiar to them, neglecting the needs of the broad population that may have very different needs and interests.

Employees may hesitate to bring concerns for fear of seeming disloyal or insufficiently committed to the goals of the company. Customers may feel powerless to challenge companies with near monopolies over services that seem essential to modern life. Many traditionally marginalized social groups, including women, people of color, and rural communities, find that barriers to inclusion in the “knowledge economy” remain as high as ever.

As numerous examples (e.g., Uber, SoFi, Weinstein Co.) demonstrate, the resulting tensions and resentments may undermine the

company’s ability to continue to innovate. This is bad news not only for investors, but also for employees and a public that hopes for a continual flow of new products and services that improve lives.

An alternative is to invest directly in enabling and nurturing creativity itself. Each of the business models described in this report exists to develop the human capital embedded in every community, especially those marginalized groups who struggle to compete in the economy because of a lack of

resources or because the existing knowledge economy does not sufficiently value their unique capabilities. The role of these entities is to empower people to transform local artistic, design and cultural resources into sustainable businesses that serve their communities and create engaging work opportunities that will not be lost to outsourcing or automation.

Scale is achieved not by dominating markets with commoditized products but by replicating successful local models in ways that are tailored to the needs of each individual community. While

financial capital is an important resource for these companies, the interests of the community, not the demands of capital, drive business strategy. Market returns are delivered by unlocking talent untapped by the market and by the creation of sustainable businesses that are deeply embedded in local culture and traditions.

There may be many strategies for accomplishing these goals. The organizations represented in this report are each involved in one or more of four “enabling technologies” that provide access to

Each of the business models described in this report exists to develop the human capital embedded in every community; they empower people to transform local artistic, design and cultural resources into sustainable businesses that serve their communities and create engaging work opportunities that will not be lost to outsourcing or automation



resources that are critical to the success of local, sustainable, and replicable cultural production.

Access to Affordable Spaces: The concentration of U.S. economic activity into a relatively small number of urban centers has created an affordability crisis for many artists and creative professionals who live there. In many cases, the appeal of these cities is in part the presence of art and cultural institutions that moved in and preserved these communities when industrial and retail companies abandoned them. Artspace and Continuum are now in the process of developing affordable living and working spaces that will nurture artistic communities and allow them to continue to serve their surrounding areas, network and collaborate with one another, and serve as a platform that amplifies their work. Over in the U.K., where London's notorious real estate prices have created a similar squeeze on artists, impact investing firm Investing for Good has formed The Creative Land Trust, which intends to build a network of sustainable, permanent spaces that will remain affordable for artists and creative producers in perpetuity.

With projects such as these, government entities often have a role to play, as illustrated by the work of the Newark Community Economic Development Corporation to close funding gaps for private development projects that bring specific benefits to the arts and creative communities; in representing the city of Newark, New Jersey, the NCEDC's goal is to foster economic revitalization while preserving that city's vibrant identity as a cultural melting pot.

The actor Mary Stuart Masterson is taking a slightly different approach with her nonprofit organization Stockade Works and intention to

launch a for-profit production facility, Upriver Studios. These organizations are intended to build a television and film production industry in the Hudson Valley of New York, which not only offers a beautiful backdrop for the creation of content, but also a high quality of life and reasonable cost of living, making it attractive to the thousands of professionals who work in the film and television industry.

Access to ownership and influence: Core to the philosophy of the creative economy is inclusive decision-making and common ownership of resources. CultureBank and Meow Wolf are exploring new models of inclusive ownership that give creative professionals a stake in the organization and ensure that the organizations serve the interests of their stakeholders. Meow Wolf is expanding on the initial success of its business model in the Santa Fe area by constructing and operating arts and

entertainment spaces that are in part owned by the artists who will display and perform their work there. In exchange, the artists donate their time to building and maintaining the space itself, which ensures that the properties will themselves be entertaining works of art.

CultureBank seeks to unlock the "assets of value, opportunity and inspiration" held by communities "traditionally understood as poor." It seeks to create businesses where all stakeholders are considered investors. Founded in collaboration with the Yerba Buena Center for the Arts, CultureBank plans to include local academics and cultural institutions to perform due diligence on possible investment recipients and to invest through collaborative "gifting circles" that unlock community assets such as language skills, natural green spaces, or creative approaches to food security.

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Access to Expertise: Local communities, such as indigenous communities or communities of color, are often rich in history, tradition and capability but may not possess the technical skills to bring their narratives to a wide audience. Creative economy companies can connect this needed expertise with local cultural assets to reach a wider audience.

E-Line Media offers a compelling case study of the possibilities. What began as an idea of Alaska’s Cook Inlet Tribal Council—to use gaming as a way to connect Alaska Native individuals to their culture and to increase self-sufficiency—grew into a highly profitable partnership that is now extending to other creative initiatives. E-Line media made this venture possible by connecting the community to experienced game designers who could make their vision a reality.

Stockade Works, mentioned above, is training local people in the Hudson Valley for well-paying jobs in the film production industry.

More broadly, Think Like a Genius® makes use of some proven, arts-based learning methods and tools for catalyzing and cultivating innovative thinking, while creative entrepreneur Robyn Ziebell uses her unique methodology to help clients from a variety of backgrounds tap their innate creativity to see solutions and opportunities.

Access to Capital: Often, creative enterprises lack access to finance, which flows more readily to technologies that scale. Fortunately, there are companies exploring ways to provide essential

financing to distinctive cultural products that can sustainably serve niche markets and maintain market diversity.

Exponential Creativity Ventures believes “creativity and self-expression are human rights.” It makes market rate investments in “human centered creativity platforms, global networks for developing creative voices, and frontier innovation.”

Often, creative enterprises lack access to finance, which flows more readily to technologies that scale; fortunately, there are companies exploring ways to provide essential financing to distinctive cultural products that can sustainably serve niche markets and maintain market diversity

LISC (Local Initiatives Support Corp) has a long history of serving as an intermediary connecting funding sources with hard-to-reach communities. The LISC NYC branch of this community development organization is launching a fund specifically targeting investments to support creative businesses in the city.

Our present era of inequality of opportunity brings with it previously unimagined new products and services that enrich lives. It also brings abuse, exclusion, and inequality. By investing in creativity and the arts, investors can contribute to sustainable innovation that nurtures talent, empowers communities and brings diversity of thought to the market.

John K.S. Wilson is the Head of Research and Corporate Governance at Cornerstone Capital Group. He leads a multidisciplinary team that publishes investment research integrating Environmental, Social and Governance (ESG) issues into thematic equity research and manager due diligence. He writes and presents widely about the relevance of corporate governance and sustainability to investment performance for academic, foundations, corporate and investor audiences.





Upstart Co-Lab meeting on defining the Inclusive Creative Economy. ©Upstart Co-Lab

A Creativity Lens for Impact Investing: Upstart Co-Lab

By Laura Callanan

The creative economy is large and growing. But until now impact investing has not focused on the creative economy in a significant way.

Defining the Creative Economy

The term creative economy was introduced in an article by Peter Coy in 2000 about the impending transformation of the world's economy from an Industrial Economy to an economy where the most important force is "the growing power of ideas." John Howkins elaborated in his 2001 book, *The Creative Economy: How People Make Money from Ideas*, calling it a new way of thinking and doing that revitalizes manufacturing, services, retailing, and entertainment industries with a focus on individual talent or skill, and art, culture, design, and innovation.

Today, creative economy definitions are typically tied to efforts to measure economic activity in a specific geography. A relevant set of art, culture, design, and innovation industries is determined, and the economic contribution of those industries is assessed within a region. A unique set of industries defines each local creative economy reflecting the culture, traditions and heritage of that place.

Based on research by the Creative Economy Coalition (CEC), a working group of the National Creativity Network; the National Endowment for the Arts and the Bureau of Economic Analysis; Americans for the Arts; the U.K. Department for Culture, Media and Sports; Nesta, a U.K.-based innovation foundation; and the United Nations Educational, Scientific and Cultural Organization (UNESCO), Upstart Co-Lab identified a set of



industries comprising the creative economy using the North American Industry Classification System (NAICS). Available [here](#), these NAICS codes describe businesses engaged in the inputs, production, and distribution of creative products.

Impact Investing and the Creative Economy

The creative economy in the U.S. represents more than 10 million jobs and \$763 billion of economic activity, or 4.2% of U.S. GDP. The creative economy is growing at 9% annually around the globe, and even faster—at 12%—in the developing world.

Despite the growing significance of the creative economy, in 2018, the Global Impact Investing Network’s (GIIN) Annual Impact Investor Survey reported Arts & Culture as 0.3% of the \$228 billion worth of impact assets under management by its 226 global members¹. This conclusion overlooks the likelihood that investments in the creative economy are counted in the survey’s other categories such as Microfinance, Food & Agriculture, Manufacturing, ICT and Other.

A narrow framing of “Arts & Culture” misses the significance of creativity and culture as targets aligned with four of the Sustainable Development Goals. It overlooks the creative economy as a

source of 21st century quality jobs. It fails to recognize the creative economy as an on-ramp to wealth building for entrepreneurs including women, people of color and others who benefit from lower barriers to entry to a sector of the economy more interested in merit than advanced degrees and pedigrees.

The creative economy has been flying under the radar of impact investing. In low-income communities, creativity and culture have been part of comprehensive community development for decades. But only this year is the first dedicated investment opportunity—the LISC NYC Inclusive Creative Economy Fund—available to investors looking to direct their capital to support creative workspaces and quality jobs in the creative economy for low-income workers.

Although Upstart Co-Lab has identified 100 examples of impact funds that have included fashion, food, media and other creative businesses as part of their portfolios, when impact wealth advisors are asked by their clients for opportunities aligned with art, design, culture, heritage and creativity they typically—and erroneously—answer that no such opportunities exist.

Alternative approaches to defining the creative economy focus on creative occupations and a creativity mindset. However, neither lends itself to revealing investable opportunities with the potential for social impact.

Describing creativity through a set of occupations is the path taken by Richard Florida in his popular but controversial book *The Rise of the Creative Class* (2002). In Creative Class occupations, workers are paid to use their minds, in contrast to the Working and Service Classes in which workers are paid to do routine, physical work. Florida’s nine Creative Class occupational sectors are science, computers and math, arts and media, architecture and engineering, business and finance, law, education, management, and healthcare.

Creativity as a mindset, problem-solving process, individual talent, or group dynamic is the focus of Bruce Nussbaum’s book *Creative Intelligence*. He identifies five competencies of creative intelligence: Knowledge Mining, Framing, Playing, Making, and Pivoting. There is likely value for any business in trying to be more creative: a report commissioned by Adobe in 2014 found that self-identifying creative companies “outperform peers and competitors on key business performance indicators, including revenue growth, market share, and talent acquisition.”

¹ https://thegiin.org/assets/2018_GIIN_Annual_Impact_Investor_Survey_webfile.pdf



Introducing a Creativity Lens

The creative economy's lack of visibility within impact investing is why Upstart Co-Lab borrowed from the lessons of gender lens investing to introduce a Creativity Lens. A lens brings things into focus, magnifying what may be hard to see with the naked eye, and allows viewers to spot what's approaching on the horizon. Upstart Co-Lab proposes a Creativity Lens to help see the impact investment potential of creative places and creative businesses, to reveal opportunities that up until now have not been fully recognized but are becoming more significant as the creative economy grows.

- Businesses in the creative economy make markets by informing and educating consumers about products that are organic, sustainable and ethical. These fashion, food and design businesses create demand throughout the supply chain, completing the work made possible by impact investors who support sustainable fisheries and organic farming.
- Media businesses producing video games, film, television, apps and other content harness the power of creativity and culture to educate our youth, help patients manage their chronic disease, teach tolerance and empathy, and catalyze positive action for the planet. These are high-leverage opportunities that can have a big impact on attitudes, individual behavior and even government policy.

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- Real estate developers in places like Denver, Chicago, Nashville and Los Angeles are incorporating creativity and culture into large-scale mixed-use, mixed-income projects, adding value to their assets and to the surrounding communities.

A Creativity Lens gives investors the chance to spot these types of opportunities, and to help shape a creative economy that is inclusive, equitable, and sustainable.

Why Impact Investors Should Invest in the Creative Economy

There are three key reasons for impact investors to embrace a Creativity Lens:

More prospective investment opportunities and portfolio diversification:

As impact investing goes mainstream, there need to be more quality opportunities to absorb the additional capital; including the creative economy puts new high-potential companies in scope. Adding another segment of the economy to the impact investing universe also offers investors a chance to diversify their market exposure. It offers diversification from an impact perspective as

well, bringing cognitive diversity by including creatives as problem-solvers and getting more eyeballs on the issues.

More ways to get social impact: Investors can further their current impact goals by including creative businesses in their portfolio. Businesses in creative industries are delivering impact for the environment, health, and education, among other priorities. Investors aligning with the Sustainable Development Goals will find synergy as well. And the impact that creativity and culture contribute



to low-income communities has already been well documented.

Build a sustainable creative economy now; no need to fix it later: The presence of capital that values inclusion, equity, and sustainability can ensure companies in the creative economy are providing quality jobs, acting positively for the environment, and strengthening their communities. Entrepreneurs leading companies in creative industries want to deliver impact and need impact investors to stand with them. The creative economy is growing. Let's help shape the creative economy now so as grows, it grows the right way.

Looking Ahead

Upstart Co-Lab has identified a current pipeline of 125 investable opportunities in the creative economy that will drive impact. In aggregate, they are seeking more than \$3 billion in impact capital. One-third of the opportunities are funds. Two-thirds are direct company and real estate investments, many of which are seeking a lead investor.

In the U.S., museums, performing arts centers, art and design schools, performing arts conservatories, artist-endowed foundations and other institutions connected to art, design, culture, heritage and creativity—with an aggregate \$50 billion-plus in assets under management—have been sitting on the sidelines of impact investing. The creative economy can be the door to welcome these institutions into a larger conversation about aligning their financial assets with their missions and values.

This report demonstrates that the time is right to make a market connecting viable businesses in the creative economy that seek values-aligned capital with investors who understand the power of creativity to drive economic opportunity, offer quality jobs, strengthen communities, and improve social well-being and our quality of life.

Laura Callanan is Founding Partner of [Upstart Co-Lab](#). Upstart is connecting impact investing to the creative economy. Laura has been senior deputy chair of the National Endowment for the Arts, a consultant with McKinsey & Company's Social Sector Office, and deputy chief investment officer for the Rockefeller Foundation.





Gary Steuer at the Museum of Contemporary Art Denver, where a Bonfills-Stanton Foundation–led PRI was part of a package of capital that resulted in dramatic debt service savings. ©Kelly Shoads.

From “The Arts” to “Creative Enterprise”: Perspective from the Philanthropic Sector

By Gary P. Steuer

I have been thinking about and working in and around the role of capital in arts and creative enterprise for over 40 years. I have watched the rise of the terms *creative economy*, *impact investing* and *creative placemaking*. We may finally now be reaching a critical place where we can do away with the artificial distinctions between enterprises rooted in what often are arbitrary or historical decisions on legal corporate structure—nonprofit, for-profit, independent artist—and consider **creative enterprise** as a sector that encompasses all these structures. And we can then look at sources of capital — equity, debt, philanthropy—based on their appropriateness for the project or organization.

The arts sector is filled with many for-profit activities. Broadway and dinner theatre; most

community dance schools; many music venues (and related music businesses such as producers, recording studios, music publishing, promotion); art dealers, galleries, framers and art handlers; lighting and sound supply companies; literary publishers and agencies—just to name a few.

It has long concerned me that in both the government and philanthropic arenas we have treated “the arts” as consisting purely of nonprofit arts organizations. The truth is that the arts is a fluid ecosystem that includes individual artists and for-profit creative enterprises. By focusing on only one segment of the sector, funders and policy-makers miss significant opportunities to build a holistic, thriving creative community and industry, at both local and national levels.



The U.S. Bureau of Economic Analysis in 2017 reported that the arts and “cultural production” contributed \$764 billion to the U.S. economy, representing 4.2% of GDP (based on 2015 data), more than such other industries as construction, transportation/warehousing, travel/tourism, and agriculture. The analysis includes both nonprofit arts enterprises as well as such for-profit industry areas as advertising; interior design; landscape design; “arts support services” like lighting and sound rental, framing and art handling, etc.; publishing; motion pictures and broadcasting; and musical instrument manufacturing, just to name a few. In some states and localities the percentages can be much higher. Clearly there is enormous opportunity to drive economic growth and employment through coherent, broad-based strategies to invest in this space.

An Evolution in Thinking

Perhaps my perspective on this issue is shaped by having moved fluidly during my 40-year career in the arts between the for-profit side and nonprofit side, government and private philanthropy, actively producing and presenting art, and working more behind the scenes on advocacy and policy.

My jobs included serving as an aide to a US Congressman, managing a cabaret/musical theatre program at a nonprofit theater (that was actually structured as a largely earned income supported enterprise), directing programs for an arts service organization, producing commercial theater, serving as managing director of an Off Broadway theatre, running a facilities grant program for a state arts agency, leading a nonprofit theatre on Broadway, and then for over ten years serving as CEO of the Arts & Business Council in New York, up

to and through its eventual merger with Americans for the Arts.

In 2008 my growing belief that we needed to change the paradigm of “arts = only 501c3 arts organizations” led me to take a position as the first Chief Cultural Officer for the City of Philadelphia, directing a newly created Office of Arts, Culture and the Creative Economy. While exact statistics are hard to come by, I believe that made me the first major city “arts agency” head to report directly to the Mayor and be part of the Mayor’s cabinet, AND the first to head an agency with an explicit creative economy focus. We commissioned a Creative Vitality Index study over a three-year period, which was the first time Philadelphia had looked at its “creative sector” including both for-profit and nonprofit businesses.

The study methodology was not perfect, but it helped advance the conversation. We also used case studies that helped “tell the story” of creative entrepreneurs—including a maker space, an individual artist who worked in both nonprofit and commercial settings, a commercial manufacturing and cultural hub operating out of a former textile factory, and an innovative partnership between a commercial music club and a public radio station.

At one point we were able to access a significant allocation of the City’s Community Development Block Grant funding (CDBG) to support the creative economy in lower-income neighborhoods, and we created a program to invest in creative workspace facilities projects. This was open to both for-profit and nonprofit projects. That seemingly small detail made it groundbreaking. We did away with the artificial distinction and looked at our underlying objective:

Our underlying objective was securing affordable space for artists and creative enterprises. Why should it matter that this was being executed by a business or entrepreneur marrying our capital with other sources, versus a nonprofit perhaps using entirely philanthropic capital?



securing affordable space for artists and creative enterprises. Why should it matter that this was being executed by a business or entrepreneur marrying our capital with other sources, such as bank loans and tax credits, versus a nonprofit perhaps using entirely philanthropic capital?

The Challenge for Foundations

And now here I am in Denver, serving as President of the Bonfils-Stanton Foundation, which has a philanthropic focus on the arts in our local community. How do I bring this more expansive definition of creative enterprise to the work we do? As a private foundation we cannot make grants to for-profit creative enterprises, but we can explore utilizing impact investing with our corpus as a vehicle for helping to foster a robust creative sector. And this is what has led me to explore the role of impact investing in the arts and creative enterprise. My interest is on behalf of my own foundation, but is also based on my conviction that there are investment opportunities in this area and many other investors like us eager to deploy capital in pursuit of both reasonable financial returns and an arts and creative economy mission return.

While we have engaged in Program Related Investments within the arts—significantly below-market loans that from an accounting standpoint count as grants even though they are returned (one anticipates) with modest interest—we have yet to implement an impact investing program. Why, given our keen interest? Here are the questions we need answered:

- As a foundation with a mission focus on the arts, how do we do impact investing just in creative enterprise? There are targeted vehicles for other sectors like affordable housing or the environment, but not yet for the arts.
- Like most funders (and even many individual impact investors), we have a specific local focus—how do we do creative enterprise impact investing that is targeted to a locality or region?

- Again, like most foundations, virtually all our investment portfolio is deployed in funds or other investment vehicles that spread risk across a wide array of investments in companies within their investment category (emerging markets, mid-cap, etc.). We do not have the scale to do the due diligence of investing in individual companies. Can funds be created with a creative enterprise sector focus, one that will allow investors to make a single investment which is then aggregated with capital from other investors to support a diversified array of investment opportunities?
- And if such dedicated funds are not available, but are in fact part of a larger impact investing fund that includes creative enterprise, or if a creative enterprise fund is created but is only national in scope, how do we persuade boards and investment committees that a partial mission return is better than none?

It is my hope that research and education efforts like this publication can lead to greater understanding and awareness, the creation of new creative enterprise investment vehicles that meet what I believe IS a significant enough market demand, and ultimately the deployment of capital into creative enterprises that will help fuel creativity, innovation and vibrancy in our communities while also generating market returns that can satisfy boards and investment committees. Interest in impact investing in general is growing, and evidence of its efficacy now exists. What we need is the cultivation of comparable interest, tools, and evidence in the creative enterprise space. We, and many others, are poised to act.

Gary P. Steuer is President/CEO of Bonfils-Stanton Foundation. He oversees \$3 million in annual grantmaking to arts and culture in the Denver area, and empowers its signature programs and initiatives to ensure they are advancing innovation, excellence, community, equity and quality of life. He previously served as Chief Cultural Officer for the City of Philadelphia and VP for Private Sector Affairs at Americans for the Arts. He is a board member of Grantmakers in the Arts and Colorado Association of Funders.





ECV portfolio company Roots Studio digitizes the work and stories of traditional artists in the developing world, then licenses and produces prints, apparel, and stationery. ©Roots Studio, Inc.

Creating a Seat at the Table: Exponential Creativity Ventures

By Adam Huttler

Media consumption is passive. At least, that's been the dominant paradigm for the last century or more. Under this unidirectional model, a small number of people control both production and distribution, deciding in the process whose stories are told and whose are silenced.

In recent years, however, the internet has lowered—and sometimes demolished—barriers of access, unleashing an explosion of meaningful creation, an increase in both the quantity and quality of work by amateur creatives, and an increasingly blurred line between consumer and creator.

Silicon Valley has largely failed to adapt to this emerging paradigm shift, choosing instead to continue pursuing maximum-growth-at-any-cost via the relentless commoditization of content. At

the same time, existing models of impact investing in the arts have tended to follow a quasi-philanthropic model, emphasizing arts and community development, studio and performance spaces, and nonprofit arts organizations.

There's nothing inherently wrong with either of those approaches, but at Exponential Creativity Ventures, we have a different philosophy that offers an alternative model for investors.

We're in the midst of an historic moment for value creation in human-centered creativity platforms, thanks to the democratization of technological infrastructure and the disintermediation between artists and audiences (think YouTube, Etsy, Kickstarter, and many others). Fractured Atlas, our nonprofit parent organization, was an important



player in the first wave of this trend: the DIY and indie arts movements. Its software platforms have come to provide 1.5 million artists across North America with essential back-office business infrastructure, freeing their time and energy for creative work. By leveling the industry playing field, Fractured Atlas has given independent artists and underrepresented voices opportunities to be heard.

In the continuing democratization of arts and media tech, Fractured Atlas saw both a danger and also an opportunity. The danger was in allowing those technologies' development to be driven and guided exclusively by profit-maximizing investors whose interest in appealing to the broadest possible audiences tends to lead to the commoditization of content. Allowing that to happen threatens one of our most cherished values: that creativity and self-expression are human rights. Allowing that to happen also marginalizes minority voices, fosters dangerous echo chambers, and leads to a global homogenization of culture, expression, and representation.

The flipside of this threat, however, was an opportunity. Fractured Atlas realized that it could pull up an alternative seat at the table, one committed to supporting an ecosystem of human-centered, creativity-enabling tech; to helping the entrepreneurs and innovators who are driving the paradigm shift toward creation; and to nudging the continued progress of these technologies in an inclusive, humanistic direction. We sensed we could provide that seat while also capturing some

of the extraordinary economic value being created.

So, with an initial \$2 million commitment from Fractured Atlas at the start of this year, we officially launched Exponential Creativity Ventures, a \$20 million evergreen fund investing in human-centered creativity platforms, global networks for developing creative voices, and the underlying frontier tech innovation that makes it all possible.

Before re-entering the creative tech space as venture capitalists, we first had to ask: Would there be sufficient deal flow to achieve both the social and financial returns we were targeting? Very quickly, we determined the answer was a resounding yes. By leveraging Fractured Atlas's existing network, we found ourselves with an extraordinary pipeline of opportunities straight out of the gate. Within our first month, we met with

hundreds of great companies in their earliest stages. The founders who came to us included accomplished artists and casual creatives alike, and we were also pleasantly surprised by the diversity of this community.

The biggest challenge we've faced has been in explaining our model to investors. Exponential Creativity Ventures has an unapologetic mission orientation that prompts skepticism from "pure money" investors. At the same time, our focus on technology startups and market-rate returns means we don't fit the traditional "impact investor" mold either. This straddling of silos led



Musician Bosko Kante invented the ElectroSpit, the world's first mobile talkbox. Exponential Creativity Ventures led a pre-seed round to develop the prototype and launch a Kickstarter campaign. ©ElectroSpit, Inc.



to some frustrating initial conversations with potential backers.

We eventually hit our stride, however, when we launched an “Ambassador Round,” targeting small investments from arts and creative industry thought leaders and influencers. From March to July 2018, we raised \$300,000 (exceeding our \$250,000 target) from an extraordinary mix of people—a Broadway producer, the CEO of a leading digital arts marketing firm, the founder of Creative Capital, a Google executive, a slow food movement entrepreneur, and a music industry data scientist, to name a few. None of these individuals are traditional LPs, but they deeply understand the markets, use cases, and constituents we’re serving. They also have some context for understanding Fractured Atlas’s track record and our credibility as investors.

As an evergreen fund, we can invest and raise in parallel, and to date we have made initial investments of a combined \$1,085,000 in 11 companies. More often than not, we’ve been the first institutional investors on their cap tables, positioning us to help them raise much larger

amounts in later rounds. These portfolio companies are working on projects ranging from augmented reality and artificial intelligence to new musical instruments and a global market for culturally iconic indigenous art. [A complete list of these exceptional companies can be found on our website.](#)

Exponential Creativity Ventures has an unapologetic mission orientation that prompts skepticism from “pure money” investors. At the same time, our focus on technology startups and market-rate returns means we don’t fit the traditional “impact investor” mold either.

Among our bedrock values is the belief that a healthy foundation for creativity must be maximally inclusive. To that end, we are proud to report that 70% of our investments to date have gone to founders of color and 60% have gone to women founders.

Each of these creative technologies represents the kind of impact that Exponential Creativity Ventures aims to make: lowered barriers of access, the continued democratization of creativity and tech, and financial

competitiveness, both for communities of artists and creatives and for underrepresented and underestimated founders, entrepreneurs, and communities writ large.

Adam Huttler is Founder and CEO of Exponential Creativity Ventures. Prior to launching ECV, he founded and led Fractured Atlas, a nonprofit software platform that provides back office services for artists and arts organizations.





A creative business housed at a building owned and operated by Greenpoint Manufacturing and Design Center in Crown Heights, Brooklyn. ©Tim Soter courtesy of LISC NYC.

The Creativity Lens in Practice: LISC's NYC Inclusive Creative Economy Fund

By Sam Marks

LISC's newly launched NYC Inclusive Creative Economy Fund marks both a bold, new direction for our organization and a natural extension of our long track record of bringing technical and financing resources to low- and moderate-income communities.

Over our four decades as a Community Development Financial Institution (CDFI), LISC has been an impact investing pioneer, raising and blending capital and then deploying that capital with a social purpose, making loans to borrowers in low- and moderate-income communities where typical financial institutions don't reach. While LISC's financing activities may be best known for affordable housing, our diverse loan portfolio has historically included a significant commitment to arts, culture, and creativity. As part of our partner

Upstart Co-Lab's 2017 report study, "Creative Places and Businesses: Catalyzing Growth in Communities," LISC reviewed its lending activity since 1980 and found that we have financed 98 projects related to arts, culture, and creativity representing \$139 million in direct lending volume and over \$900 million in total development costs.

Thus, to some degree the NYC Inclusive Creative Economy Fund builds on LISC's established tradition of financing the creative economy. Yet our new initiative signals a deepening of LISC's commitment to arts and culture and a more intentional strategic approach. Working with Upstart Co-Lab, LISC has been applying a "creativity lens" to our core impact investing activities, which is having dynamic implications for our overall strategy, expanding our market niche



as a provider of capital for arts and creativity and broadening our investor relationships. As Upstart Co-Lab founder Laura Callanan is fond of saying, “A lens is a view finder; it helps you to see, and it brings things into focus. Creative places and businesses have always been part of comprehensive community development. But it’s been flying under the radar.”

Solving for today’s challenges

LISC NYC was born in 1980 to solve for the problem of disinvestment in “redlined” neighborhoods like the South Bronx, helping reverse the city’s decline by investing in abandoned housing stock and bringing residents back to these communities. Today, by contrast, New York City is booming. The city’s population is growing, and private investment is flowing, even to neighborhoods that historically have been underinvested. The problem we are solving for today, then, is the danger of displacement for low- and moderate-income New Yorkers who are squeezed by the combination of high real estate costs and flat wage growth due to structural changes in the economy.

Historically, LISC NYC had focused on the affordable housing side of that equation. When Upstart Co-Lab and LISC began talking about teaming up to launch an impact investment opportunity, LISC NYC was in the process of reframing its local strategy to be more responsive to contemporary conditions. In 2016, with significant philanthropic investment from Citi Foundation’s Community Progress Makers Fund, we invested in staff and expertise to develop a strategy to apply our lending expertise to equitable economic development, with a focus on creating and preserving middle-skill jobs for New Yorkers.

With Upstart Co-Lab as a strategic partner, LISC NYC began to view its equitable economic development activities through a creativity lens. We began to build a pipeline of loans to a range of new partners that were building and stewarding spaces for enterprises that provide middle-skill jobs: supporting affordable artist studios, spaces for artisans and light manufacturers, and cultural venues that enable creative endeavors that would otherwise not find space to work or perform in New York City. ArtBuilt NYC, for example, has developed 50,000 square feet at the city-owned Brooklyn Army Terminal in Sunset Park, providing affordable work spaces with long-term leases to artists, artisans, and creative entrepreneurs.

We are also lending to partners like the Brooklyn Navy Yard Development Corporation and the nonprofit developer Greenpoint Manufacturing & Design Center. Both of these nonprofits are providing affordable space to high-value, small-batch manufacturing firms that bridge so-called “knowledge workers” (the “design” side of design-build) with fabricators, machine operators, and craftspeople (on the “build” side). And our initiative includes loans to vibrant arts organizations like La Mama on the Lower East Side, whose mission is to provide performing space for artistic voices that otherwise might not be heard in this city. The lending activities emerging from this pipeline have not only adhered to LISC’s rigorous credit standards but also fit squarely in our mission to catalyze opportunities for low- and moderate-income people.

Applying a creativity lens to LISC NYC’s lending work has also opened an opportunity for us to attract new forms of impact capital. Like most CDFIs, our lending capital has come largely from

The problem we are solving for today is the danger of displacement for low- and moderate-income New Yorkers who are squeezed by the combination of high real estate costs and flat wage growth due to structural changes in the economy



financial institutions motivated by regulatory obligations under the Community Reinvestment Act (CRA) to lend and invest in low-income neighborhoods, leveraging equity-like investments from the US Treasury's CDFI Fund. While LISC has successfully attracted program-related investments (typically from some larger national foundations), LISC has only rarely gained traction with impact investors such as high net worth individuals, family offices and endowed institutions.

We have just begun formally marketing our NYC Inclusive Creative Economy Fund and gaining traction with impact investors who find the impact, risk, and return profile of this opportunity compelling. LISC is issuing notes with an 8-year maturity that pay interest of 2.75% per annum. While proceeds from the notes will be used to fund loans supporting the inclusive creative economy, the notes are a general obligation of LISC, with recourse to the organization's diversified balance sheet. In other words, purchasers of the notes do not take on project risk and can underwrite to LISC, which has been rated AA by Standard & Poor's and has, for 40 years, repaid all of its borrowers on time and in full.

We are hopeful that LISC NYC's initiative will be replicated across LISC's national platform of 31 sites, and further, that the Fund will help make the case for a broader adoption of a creativity lens across impact investment capital. To accomplish this replication, LISC and its fellow impact investment practitioners could do the following: advance more locally driven intentional strategies to cultivate arts, culture, and creativity; and advocate for a more robust policy and subsidy support, to create a better enabling environment for inclusive creative economy real estate, making it a more central part of the public discourse.

Sam Marks is the Executive Director of LISC NYC, which brings the technical and financial resources of the national organization Local Initiatives Support Corporation (LISC) to low- and moderate-income communities in the five boroughs of New York City. Prior to joining LISC NYC, Sam was Vice President at Deutsche Bank's Community Development Finance Group, where he underwrote loans, equity investments, and program-related investments to community development financial institutions and other social enterprises. He also founded the education nonprofit Breakthrough New York and directed housing and community development efforts at the South Bronx nonprofit WHEDCO.

LISC NYC gratefully acknowledges the philanthropic Partners that funded the startup costs of the NYC Inclusive Economy Fund: ArtPlace America, Citi Foundation, Deutsche Bank, New York Community Trust, and Rockefeller Brothers Fund.

Note: Information regarding the NYC Inclusive Economy Fund is provided for informational purposes only, and is being shown to illustrate the growing variety of impact investment opportunities creativity and the arts. It should not be construed as an endorsement or recommendation of the fund by Cornerstone Capital Inc.





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Artists, Cultural Enterprises and the Affordability Crisis

By Mark Falcone

One of the most significant legacies of the housing collapse, which triggered the Great Recession of 2008-11, was the undermining of confidence Americans had in the venerable single-family home. For generations, owning a single-family suburban home was a linchpin of most Americans' retirement and savings strategies. The fracturing of that doctrine coincided with the demographic rise of the millennials into the housing market. These factors combined to shift capital flows to center-city rental housing at a pace city planners could only fantasize about for decades.

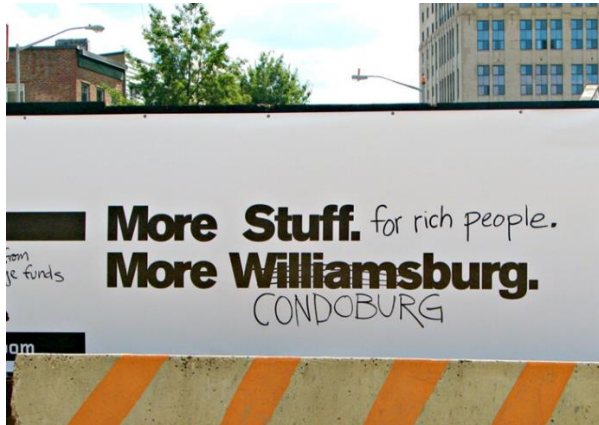
While this newfound prosperity in our urban centers is exciting news for policymakers long frustrated by the post-World War II decline of these downtowns, it has brought some unintended consequences. The pace of investment in these neighborhoods has driven up the cost of space for all property types at extraordinary rates. This has been good news for

those of us in real estate with significant exposure to the affected markets; however, there is another side to that coin. For many residents and institutions that have historically been located in or near center-city neighborhoods, the market is now pushing them aside at alarming rates.

Continuum was formed in 1997 around the belief that the failed urban development policies of post-war America had caused intolerable long-term stresses on our center cities, their citizens and the broader regional environments. By the early 1990s, the complex set of regulations, tax subsidies and design doctrine that accumulated to drive the great American suburb had resulted in a systemic shift of investment capital away from center cities and their historic infrastructures to the green fields of these new suburban regional centers. Since 2010, however, center-city neighborhoods in all 30 of the largest U.S. metropolitan areas gained significant market



share over their suburban counterparts¹. Gentrification is now the new crisis city leaders are urgently mobilizing resources around. Metro areas from Los Angeles to Denver are rushing to raise new tax dollars to provide more housing assistance to low- and median-income residents.



©Sookie, Village Voice

This abrupt shift in prosperity is having a broad range of unintended consequences. One particularly unexpected effect has been the backlash against artists and cultural enterprise spaces (such as art studios and galleries), which are now seen by some vulnerable communities as the tip of the spear for fresh waves of gentrification.

It is an ironic consequence given that during the decades of decline in American urban centers, employers moved out, retailers abandoned their downtown flagships, and even the churches relocated to new mega facilities on the urban edge, but artists and the institutions that support them steadfastly remained committed to the urban cores. In many situations the leadership of the signature art museums and performing arts organizations became essential drivers of the booster network for these center cities. Their employees also found reasonably priced housing in city neighborhoods and were engaged in neighborhood activism. Over the years Continuum has been a significant supporter of these institutions—and we are now confronting

the realization that our business success is severely hampering their ability to continue to prosper.

Supporting the Link Between Culture and Neighborhood Stability

From our early days as a mission-focused development firm, we saw an essential link between a robust cultural economy, neighborhood stability, and real estate value. One of our earliest projects included a new Museum of Contemporary Art for the City of Denver. My wife and I donated a piece of land to the Museum in an up-and-coming neighborhood, around which Continuum went on to develop multiple projects. In the early 2000s we funded a new contemporary art space called the Lab at Belmar, embedded in the center of a 100-acre neighborhood we transformed from a broken regional shopping mall to a new 30-block precinct in Lakewood, Colorado.



©Continuum Partners

As an organization we continue to find ways to support our local arts communities; for example, we recently opened the new Hotel Born at Union Station in Denver and commissioned more than 700 original works of art from Denver artists for the building.

None of these efforts is enough, however, to stem the generation-long effects which will result if we as a society allow the diasporization of these important creative thinkers and enterprises within our communities. We at Continuum think of

¹ Foot Traffic Ahead 2016 – The Center for Real Estate and Urban Analysis at George Washington University.



ourselves as human ecologists and understand the value that diverse and politically courageous voices bring to the governance of our center cities. We are committed as an enterprise to working towards more equitable housing solutions for all constituencies in our society, but we see the challenge for artists as becoming particularly complex. Over the last couple of years, this issue hit a flash point in the Boyle Heights neighborhood in Los Angeles, where artists and gallerists were aggressively harassed when they entered that neighborhood in pursuit of more affordable spaces. Some members of this historically Latino working-class neighborhood decided they needed to send a clear message to the artists, some of whom ultimately closed their studios and galleries.

The link between neighborhoods rich in cultural enterprise and rising real estate values has become a foundational principle of real estate investing. New arts districts spring up in rural towns from Oregon to Georgia; suburban communities in Kansas City are onto the trend as well. The strategy has become a key economic revitalization tool for any aspirational community in search of a marketing message. The challenge for center cities is that the romantic notion of the bohemian creative seeking out a cheap space in an overlooked ghetto is a trite memory of an era gone by. Maintaining a healthy population of creatives is something no big city mayor or civic booster can take for granted. And now, instead of the artists living peacefully amongst an underserved population linked in common neighborhood advocacy, they are viewed by those same communities as the leading edge of the bourgeoisie who will follow.

Finding New Solutions for Coexistence

Over the past 18 months, Continuum has been doing research on new ownership vehicles for real estate projects that are designed to create long-term rent security for their occupants. We are

interested in establishing a new capital platform that can bring a more holistic solution to these complex societal challenges. We believe the existing capital and ownership vehicles driving this current transformation of our communities need to be reconsidered in a manner which allows more of the wealth created by the escalating values of these neighborhoods to remain in the local communities. It is our hope that through these new vehicles we can offer long-term neighborhood stability both to the artists and to the historical residents.

We expect to launch our first projects under this model in early 2019. Inherent in this model is a mechanism which would slow the rate of rent growth in high-value areas in perpetuity. The enterprises will be funded with tax-exempt debt instruments and include investments by a network of social impact investors. While our initial focus will be for members of our creative communities, over time we expect this vehicle can be extended to address other key populations such as teachers and other essential service providers in our cities.

Cities are dynamic ecologies. Stresses and opportunities shift constantly. The physical framework of our cities has deep impact, not only on the environmental footprint of our habitat but also on the social cohesion of our populations. We believe it is essential that our settlements are conceived and regulated in ways that ensure all its residents have reasonable access to jobs, education and cultural enrichment in order to maintain a healthy and durable community. It is our belief that the private sector should lead the path to these outcomes--after all, our investments depend on healthy and resilient neighborhoods to grow in value.

Mark Falcone is Founder and CEO of Continuum Partners, LLC in Denver. Since its inception Continuum has successfully completed more than \$2 billion of development and established itself as a national leader of complex, mixed use urban infill projects.





Conceptual rendering of the Makers Village project. ©Makerhoods.org

Public/Private Partnerships Fueling a Renaissance: The Newark Community Economic Development Corp.

By Franklyn Ore

Newark is the largest and most populous city in the most densely populated state in the U.S. It has a rich history dating to colonial days, a highly diverse population that has fostered a vibrant mix of cultural traditions, and sits in the heart of the broader New York metropolitan area. It has also seen more than its share of challenges, offering a classic example of the economic decline and blight that affected many large cities in the latter decades of the 20th century.

Today, Newark is experiencing a renaissance. Poets, musicians, actors, artists and intellectuals are moving from New York City and around the world to converge and collaborate with long-time local creative residents. The City of Newark is pushing the limits of its new narrative—to be known as a competing “livable city.” This urban cultural rebirth is gaining national attention, as

evidenced by our joining the list of potential locations for Amazon’s second headquarters. Talented creatives, young professionals, entrepreneurs and real estate developers are capitalizing on the revitalization of Newark—but this attention brings risk to the multiple struggling populations that call Newark home.

The Newark Community Economic Development Corporation (NCEDC) is the primary economic development catalyst for the city. It is organized to retain, attract and grow businesses, enhance small and minority business capacity, and spur real estate development throughout the city’s 20 diverse neighborhoods. One of the NCEDC’s key current focus areas is to plan real estate developments that continue to serve the makers, creatives and artists who fuel the city’s unique culture. We know the classic story: Once a city’s



market shows signs of economic and cultural reawakening, populations with deeper resources from neighboring areas engage as “urban pioneers.” The creative populations are then priced out of the same city they helped to make desirable. The NCEDC is working in partnership with the Mayor and the City of Newark’s EHD, and private developers, to prevent this from happening as Newark continues its resurgence.

For the emerging buildable market, the availability of funding sources makes it extremely challenging for property owners or developers to adequately rehabilitate properties to serve the valuable makers and creative population. Here is where the City of Newark, through the NCEDC, is playing a key role.

To illustrate how the city is working with private partners, we highlight two flagship developments, well underway in the planning phases, that will focus on affordable spaces intended to support and retain Newark’s creative resources.

Makers Village

Seaview Development Corp, a private real estate development firm based in New York, is proposing to build an 81-unit mixed-income, mixed-use project in Newark’s Central Ward, titled Makers Village.



The long-abandoned Krueger-Scott mansion. ©Wikimedia Commons.

The project centers on the restoration of the Krueger-Scott Mansion, which has been vacant for

at least 30 years. The mansion was built in the late 1800s by a German immigrant who became a highly successful local beer merchant; it was later home to Louise Scott, founder of the Scott School of Beauty and one of the first African-American woman millionaires in the city. The legacy of the Krueger-Scott mansion as a home to entrepreneurs has inspired the idea of creating a nonprofit center serving the residents of Newark.

The proposed plan is to build an entrepreneurship center utilizing the mansion along with affordable loft commercial shops for makers. The development will also maintain an urban greenhouse farm and a commercial kitchen for chefs, which will be available to the public to rent or for chefs to host open events. A maker will be able to lease an apartment plus loft space for \$1800 per month, enabling a start-up to affordably conduct light manufacturing within the space. The redevelopment plan entailed rezoning to allow for light manufacturing, residential and mixed uses specific to the Krueger-Scott project.

The total development cost will be approximately \$30 million; the city is subsidizing the development with \$9 million in support via sources such as a new market tax; historic tax credits, a redevelopment area bond, and affordable housing trust funds. Since the Makers Village project was announced, other developments within the immediate area with significant social and economic impact have sprouted up. It is important to note that these projects require deep subsidy by the City of Newark, the State of New Jersey and Federal funding. The projects must create a feasible return on investment in order for investors and the City of Newark to fund.

505 Clinton Avenue

The City of Newark is sponsoring another arts-focused development project along the Clinton Avenue artist corridor. The 27 live/work lofts mixed-use project will maintain another 2,000



square feet of retail and performance space for artists, poets and the community.



505 Clinton Avenue. ©NCEDC.

The development site is the former Clinton Trust Company, a stately building that also sat abandoned for decades. The building's historic facade will be saved for this project with modern construction attached. Phase II of the project will contain performance studios and a gallery space at the cellar level. The total project cost is \$8.5 million, which is being totally funded by the City of Newark and the Newark Community Economic Development Corporation as redeveloper. The project, conceived by Mayor Ras J. Baraka, is intended to revitalize the South Ward

neighborhood and serve as an anchor of culture and the community. The project will also maintain a Trust ownership for the local creative population. Most developments that provide an economic good to the low- to moderate-income populations require at least 10-15% subsidy within the capital stack in order to make these projects financially feasible.

The City of Newark has faced the challenge of standard affordable housing development policies not adequately addressing creative low- and moderate-income populations. To obtain the city's and NCEDC's support, development proposals must leverage the unique talents of the creative class, as they were the original stabilizers of the "Newark Renaissance." This is a space whereby investments can generate reasonable returns. Subsidies provided by local, State and Federal governments are leveraged as funding sources that decrease risk to investment institutions and individuals to support the dual goals of financial feasibility and economic and social vitality.

Franklyn Ore is Senior Vice President of Real Estate for NCEDC. Born in Newark New Jersey's Beth Israel Hospital, Franklyn was raised in West Ward with his family. He has almost twenty years real estate experience and has managed & developed over \$50 M in redevelopment projects.





Black Women Rock at the YBCA Transform Festival. ©Tommy Lau.

Unlocking Embedded Community Assets: CultureBank

By Deborah Cullinan and Penelope Douglas

The heart of CultureBank is this:

Communities that have been traditionally understood as “poor” are not. They hold assets of value, opportunity, and inspiration. Undeveloped assets in marginalized communities—assets like music, dance, cultural tradition, diverse language skills, natural green spaces, oral narratives, and people themselves—are extremely valuable in achieving long-term health and shared prosperity. Identifying and unleashing the potential of these assets will help communities thrive.

But developing these assets requires a new model for investment and for assessing returns on investment. CultureBank is an entirely different investment platform, seeking to trigger a cultural shift in social impact investing and community development so that assets of all kinds can be understood, leveraged, valued, and shared. In its

very early stages of development, CultureBank is founded on three critical concepts:

1. CultureBank believes that artist-driven enterprises are essential to nurturing and revealing community value because of their demonstrated ability to identify and lift assets in communities; we therefore seek to develop our ecosystem of artist-driven enterprises.
2. Rather than return on investment, CultureBank seeks a “ripple of investment” through imaginative structures that create value that can be commonly experienced, and where everyone is an investor—the artist, the financier, the community members.
3. By leveraging unique investment structures, CultureBank aims to feed a rich but underinvested ecosystem of artists and connect them to growing movements to



incorporate health outcomes into broader equity efforts.

What Is CultureBank, and How Will It Work?

CultureBank began as a series of conversations between Deborah Cullinan, CEO of Yerba Buena Center for the Arts (YBCA), and Penelope Douglas, a longtime community investment and social enterprise leader.

YBCA is pioneering a new model for an arts organization, one that builds the ecosystem of artist entrepreneurs and creates the conditions for diverse thinkers, inventors, innovators, and artists to come together around the critical questions in our communities and our society. CultureBank is a leading example of the kind of big idea that YBCA is interested in bringing into the world. We focus on a process of inquiry and then investment, empowering artists to become truly important early-stage investors in communities.

The concept behind CultureBank is best illustrated through our first pilot community, in Dallas.

The initial work establishes new forms of collaboration among academia (Southern Methodist University and its Meadows School), community arts and culture intermediary organizations (Texas Arts and Culture Alliance), civic engagement leadership (Ignite Arts/Dallas), formal and informal community leaders (social activists, citizens of all kinds, private wealth holders and entrepreneurs), and artists.

These collaborators participate in conversations led by artists who are working in Dallas's underserved communities. The conversation focuses on critical questions about community assets. Inquiry might look like this:

- “How do we overcome stressors on our community?”
- “Which assets in our community most inspire us?”
- “What are the most valuable assets we have to increase community safety?”

For CultureBank, these conversations are the part of investment. Mainstream impact investors go through a due diligence process; CultureBank follows a model using a process of inquiry initiated by artists and their community. In the CultureBank model this core function is called Asset Discovery and Development.

Assets in a community might include language skills, knowledge of local geography, natural green spaces, creative solutions to food security, or the factual narratives of communities.

In the next step of the Dallas pilot, philanthropic capital will be raised through Donor Advised Funds and invested in a radically different manner. Decisions regarding investments (likely to be grants in the first several cases)—who will receive them and what results will be targeted—will be made by

and through a gifting circle. For CultureBank, everyone in the circle is considered an investor, and investments focus on supporting artists who are lifting and celebrating assets in the community. Assets in a community might include language skills, knowledge of local geography, natural green spaces, creative approaches to food security, or the factual narratives of communities. Investments are successful if the collaborators are able to identify and plan to further develop these assets. Within the first year of the pilot, our aim is to make between two and four grants for such development.

Later stages of investment will further these goals, so that pilot communities develop their shared vision for their future, focused on stewardship of value built within the community. Debt, non-controlling equity, and equity for shared ownership investment forms will be refined and



put to use, based upon the learning from the pilot. As value is built, CultureBank will collect and share the early indicators of impact to build the next phases and collaborations. CultureBank is based on a long-term theory of change, as its goal is to effect outcomes that are enduring.

In addition to processes of Asset Discovery and Development and Investment, CultureBank is also focused on building a rich knowledge base by collecting stories and cases of artists and their community-changing enterprises around the country.



Hunter Franks, *The Thing That Makes the Thing*.
©Tommy Lau.

The Development of CultureBank to Date

There have been several milestones in the development of CultureBank to date:

2017

- Publication of working paper about CultureBank by the Federal Reserve Bank coauthored by Penelope Douglas and David Erickson of the Federal Reserve's Community Development Division
- Funding for CultureBank from the Surdna and Kenneth Rainin Foundations
- Design of and implementation of a Think Tank including impact investors, social entrepreneurs, field experts, and arts and culture leaders
- Formal collaboration with RSF Social Finance

- Decision to use 2018 to complete design work and case studies of artists, build out concept

2018

- Completion of several case examples of artists and their enterprises
- Meadows Prize Awarded to CultureBank by SMU's Meadows School
- Confirmation of first Pilot collaboration with Dallas stakeholders with formal announcement in November
- Continuation of CultureBank Pilot conversations, collaborations, and artist case story development in several communities including Kansas City, Philadelphia, New Orleans, Hawaii, and the Bay Area

Current Funding and Structure

CultureBank has its home and is being incubated at YBCA in San Francisco. It is designed to be replicable in other communities. Culture Bank is built on a series of somewhat radical collaborations among unlikely partners and will continue to form partnerships for pilot initiatives in local communities.

Funding for the early phases of CultureBank has come from two major funders, the Surdna and Kenneth Rainin Foundations. These funds have been invaluable, and now CultureBank is at the stage where new and talented people need to be hired.

The Pilot Phase, late 2018 – 2020

For each pilot initiative, CultureBank and its local partners will raise approximately \$2 million of donor funds for investments, and \$2 million for operating expenses for CultureBank at YBCA. In addition, CultureBank is exploring the use of art assets as part of the inflow of resources to be invested in communities. There is an important opportunity for CultureBank investors to reimagine the use of their own assets as part of a transformation in communities. Art assets held by



investors might be pledged, for example, as a means of providing credit enhancement or risk mitigation for loans and other investments by CultureBank in artists' enterprises.

Each pilot will demonstrate the four core functions of the CultureBank business model. These are:

1. Asset Development and Discovery Services

- Work with the pilot community to illuminate assets of value and envision the future together
- Prepare for CultureBank investment with artists/their enterprises
- Deepen the network of stakeholders

2. Funds Development and Demonstration Investments

- Complete funds development for investment
- Invest in artists with integrated capital and CultureBank investment structures
- Foster the goal of upending traditional notions of "investor" and "investee" in a community

3. Knowledge and Storytelling

- Collect hundreds of artist case examples and build the knowledge base
- Create collaborations and seek allies in new communities of interest for replication opportunities
- Narrate the story of CultureBank as it progresses

4. Education and Convening

- Bring artists into investment discussions in many different settings and put key questions

out for inquiry among artists, investors, and community members

- Educate the audiences of institutions, health organizations and foundations about CultureBank and its groundbreaking model

For the pilot phase, donor capital is the most important financial support mechanism. These early donor/investors will be inspired to experience the initial steps in a model of community investment for shared prosperity and greater well-being. CultureBank seeks to build value within communities and does not aim for any sort of traditional ROI during its pilot phase.

At the next phase, CultureBank will source capital from impact investors seeking an "evergreen" investment model, with return of principal as well as the direct experience of a community's cultural assets as a participant in the CultureBank Commons.

For any individual or institution considering how to rethink the design of a community investment system, or how to transform hidden value in marginalized communities into shared inspiration, CultureBank offers a new model.

Deborah Cullinan is CEO of Yerba Buena Center for the Arts and serves as a Founding Partner of CultureBank. She is a co-founder of ArtsForum SF, a co-chair of the San Francisco Arts Alliance, and a member of the Board of California Arts Advocates, Californians for the Arts, MissionHub, and the Community Arts Stabilization Trust.

Penelope Douglas serves as a Founding Partner of CultureBank. She has spent the past 25 years as a social entrepreneur, a pioneer in community development investment, co-founder and CEO of Pacific Community Ventures, and Chair of the Board of Mission HUB LLC and SOCAP.





Bell Artspace Campus. ©Michael Palumbo

An Exceptional Model: The Bell Artspace Campus

By Greg Handberg

A New Orleans second line parade—led by the Free Agents Brass Band and including masked Mardi Gras Indians from the Washitaw Nation and Creole Wild West tribes—looped and twisted their way through a crowd of hundreds. The Roots of Music, a youth marching band, kicked off the music performances on the lawn; while the Bell All Stars, a brass band comprised of Bell School alumni, took to one of two stages for an exclusive, one-night-only performance. Kids—and even adults—stopped in their tracks, entranced by puppeteer Sierra Kay. Three visual art exhibits spanned three buildings, all put together by local curators; while a Miami Art Basel-featured performance artist regaled crowds on the lawn. A nationally known muralist spent hours capturing the scene.

Most the multi-disciplinary artists presenting their skills that April day are residents of the newly minted Bell Artspace Campus in the historic Tremé

neighborhood of New Orleans. A decade in development, festivities celebrated the Grand Opening of the revitalized site.

Five extraordinary buildings had anchored the neighborhood for more than a century but sat abandoned since Hurricane Katrina—until Artspace and partners committed to the campus and transformed the three largest. Nonprofits like Junebug Productions, a theater company that presents work exploring inequities that impact the African-American community, found their home with below-market-rate commercial space. Nearly 80 units of affordable live/work housing for low-to moderate-income artists and their families were created, with myriad local Tremé artists moving in. Residents such as social practice artist Journey Allen and her two sons, who had secretly been living in her art studio for the past four months, found space to be a family. Today, the once vacant site is an arts hub.



While incredibly special in its own right, the Bell Artspace Campus is just one of some 50 real estate developments that Artspace has spearheaded across the country over the course of 30 years—with even more projects in the capital pipeline.



©J.R. Thomason

Catalyzing Healthy Communities

Founded in 1979, Artspace is a nonprofit organization whose mission is to create, foster, and preserve affordable and sustainable space for artists and arts organizations. All of Artspace's properties, including both historic renovations and new construction, are designed to provide stability to low-income, vulnerable, and/or culturally distinct creative communities: artists and their families who face marginalization and cycles of displacement as unintended consequences of positive changes they inspire in their neighborhoods.

Artspace buildings not only benefit the families who reside within them but are also recognized as catalytic places that support healthy communities anchored in existing community assets. Artspace also owns and operates its buildings in perpetuity to ensure that they remain high quality and permanently affordable for the artists, their families, and arts and cultural organizations who add so much to their communities.

The 1990 opening of the Northern Warehouse Artist Lofts in Saint Paul, Minnesota, was Artspace's first real estate development project—and also the first in the nation to use Low Income

Housing Tax Credits for artist housing. The Northern offers 52 affordable live/work units for artists and their families on its upper four floors, while the lower two provide space for a gallery, nonprofit arts organizations, a coffeehouse, and other creative businesses. A precursor to the Bell campus, this six-story historic property was also a stimulus for the economic and cultural growth of a struggling neighborhood. It proved to be a replicable model that launched Artspace's real estate portfolio.

To create these arts spaces, Artspace works with communities to identify creative sector needs, including marginalized arts groups. Often invited in, Artspace's process begins with a preliminary feasibility study in which the Artspace team conducts outreach and gathers information by meeting with artists, local funders, businesses, civic leaders, and stakeholders; and holds public meetings to solicit feedback. The team typically then returns to launch an online arts market study, which quantifies the overall demand for arts and creative spaces. Once the data is in, Artspace is able to develop a vision for an arts and cultural facility that will serve the specific needs of the community it is working in. This most often includes live/work housing for artists and their families, in addition to commercial space for creative businesses.



©J.R. Thomason

Artspace then begins a three-phased predevelopment process which includes identifying and purchasing a site, working with an architect on the design, deepening community



connections and forming cultural partnerships, and developing budgets. To finance a project, Artspace applies for tax credits and other resources, bringing together a variety of public and private dollars including social impact investments and more traditional debt and equity models. All of these steps lead to construction and, ultimately, lease-up of a new arts space like the Northern or the Bell School—both indicative of Artspace’s organizational commitment to providing long-term, sustainable, and affordable artist housing.



Bell Artspace Campus. ©Michael Palumbo

The Bell School project provides 79 units of affordable live/work space for low-income individuals and their families; 45,000 square feet of community green space to be shared by the entire community; and 10,000 square feet of affordable nonprofit space that allows opportunity-creating arts and community

programming. The funding package for this project represents a typical structure, including Program-Related Investments from the Ford Foundation; a blend of Historic and Low Income Housing Tax Credits; and conventional philanthropy including capital grants and gifts made by funders: The Kresge Foundation, the Stavros Niarchos Foundation, Gibbs Construction, ArtPlace America, The Greater New Orleans Foundation, and JPMorgan Chase Foundation.

Collectively, Artspace properties provide include more than 1,500 live/work units; serve nearly 500 creative commercial tenants; give back more than \$3 million in rent subsidies; and host hundreds of arts events with thousands of visitors in areas both rural and urban.

While Artspace and partners have made much progress in supporting America’s cultural communities, there remains a big need, with much work ahead. The Artspace team is excited to discover where we will be invited next and looks forward to continuing to learn from and build with community partners and artists coast to coast.

Greg Handberg is Artspace’s Senior Vice President of Properties. Handberg has served Artspace since 1999, with a current focus on the stewardship of Artspace’s ever-growing portfolio of real estate owned. He holds an M.S. degree in Real Estate Finance from the University of Wisconsin-Madison, and lectures nationally and internationally on arts facility development and real estate finance.





A workshop in London's Hatton Gardens complex. ©Philipp Ebeling.

Investing for Good: A Creative Land Trust for London

By Will Close-Brooks

The availability of affordable creative workspace has been declining sharply in London. A 2014 study forecast a loss of 30% of artists' workspace—up to 3,500 studios—in just a five-year period to 2019. This disheartening prediction is coming to fruition, with 67% of at-risk studios having already been lost by the end of 2017. Affordable workspaces are vital incubators for London's creative and cultural industries, which contribute an estimated £47 billion (US\$60 billion) to London's economy each year and form an important part of the local community fabric.

The historic model of artists locating property in cheaper parts of the city, fitting it out as studios and housing vibrant artistic activity, has often resulted in a cycle of regeneration, through which these artists are priced out of the very areas they helped to regenerate. In this situation, the workspace providers and communities are left vulnerable—on short-term leases, unprotected

and exposed to the broader dynamics of the property development process.

The stark reality is that in London, out of over 300 buildings housing affordable creative workspace, only 17 are owned by their occupants. The challenge we seek to address at the Creative Land Trust is to ensure that London continues to benefit from creative production in the city, which drives successful creative industries, in the context of increasing pressure on property.

The Vision

The Creative Land Trust is a newly formed, innovative solution to address the vulnerability of the sector by offering a source of finance for affordable creative workspace in London. The Creative Land Trust has been developed with public and private sector partners and stakeholders, including developers, local



authorities, artists and affordable workspace providers, in response to their collective needs.

The Creative Land Trust intends to stabilize the market by supporting the acquisition or long-term leasing of creative workspaces that are at risk, thereby building a network of sustainable, permanent spaces that will remain affordable for artists and creative producers in perpetuity. The Creative Land Trust ensures the provision of affordable rents in those properties it secures, embedded as a specific condition of the financing being extended (set at an average of £15 per square foot per annum but no higher than £19 square foot per year). The use of the term ‘trust’ is deliberate to denote the long-term stewardship on behalf of creatives, rather than in a specific legal sense. The Creative Land Trust has applied for charitable status, with corporate articles that further enshrine its mission and goals.



London School of Furniture Making. ©Philipp Ebeling

London has an effective ecosystem of studio providers, small businesses, often themselves charities, that are experienced in managing and

operating creative workspaces on an affordable basis. The Creative Land Trust will engage with these partners on acquisition opportunities and appoint them to run the buildings via long-term leases. These providers can also be seen as beneficiaries of the Creative Land Trust, with the hope that they are able to stabilize their own position through leases offering greater security and the possibility of acquiring the buildings they own over time.

Research has shown that these kinds of spaces have a wider economic and social value, contributing to local business growth, attracting people and investment to an area and supporting communities. The Creative Land Trust has identified indicators associated with medium- and long-term outcomes to evaluate its ongoing impact, locally and more widely in London across creatives, workspace providers and communities.

A Blended Funding Model

The Creative Land Trust will pursue a blended capital model by leveraging grant funding to attract impact investment at scale. For the growing number of impact investors, who seek a blend of financial and social returns in areas of direct thematic or geographic alignment, vehicles that fund creative workspaces represent potential investment opportunities. The investment will be structured as debt, offering a fixed rate of return to investors over an initial term, expected to be between 5 and 7 years. The interest level will incorporate a concessionary element to reflect the social value being created.

Finding the Right Cultural Fit

No direct equivalent of the Creative Land Trust currently exists, to our knowledge. One of the challenges, operationally and culturally, has been to bridge the underlying needs of the sector, respecting the values and practice of creatives, with the idea that external public and private finance could provide a supportive new model in a way that doesn't compromise or compete against

existing workspace providers in the sector. In addition, it is clear that every opportunity has unique characteristics, which makes it hard to design common investment criteria. One issue the steering group has had to grapple with, for instance, is the proportion of commercial activity that should be permissible in a property in order to cross-subsidize affordable rents for creatives. Such issues can only be determined on a case-by-case basis, although it will be important to set a minimum baseline for affordability.

What Next?

The Creative Land Trust is in the process of being established and an independent board of trustees is being recruited. Current efforts are led by a steering group comprising Outset Contemporary Art Fund, Arts Council England, the Mayor of London's Culture & Creative Industries Unit, and leading authorities in this area Naomi Dines and Pru Robey. I, together with my colleagues at Investing for Good CIC, a dedicated impact investment practice in the UK, have supported the group by profiling the financing and operational model, and structuring the vehicle together with the law firm Dechert LLP. Shortly we will start reaching out to prospective investors.

Potential to Scale

The Creative Land Trust has the potential to transform the landscape of affordable workspace provision through an intervention at scale. By raising a scaled fund and securing a portion of the creative workspace required in London, the Creative Land Trust will raise the profile of affordable workspace provision and its benefits to the city. This will support a better understanding of the social impact of studio buildings; a better understanding of the needs of developers; and

increased access to social impact investment for the creative sector. Operating at scale will facilitate better access to strategic funds, loan funding and property funds in support of this sector, and will build resilience.

The loss of creative workspace has been recognized as a global issue for large cities. The London-led World Cities Culture Forum, a network of 35 cities working to position culture as a core contributor to urban growth, has reported on the issues of creative and production space in global cities, and a number of member cities have contributed to debates, as well as developed responses to this challenge. For example, in San Francisco, the Community Arts Stabilization Trust (CAST) was set up in 2013 in partnership with the city and the Kenneth Rainin Foundation to purchase and lease space for nonprofit arts organizations. This has served as a reference point for the Creative Land Trust. CAST has now secured four buildings in perpetuity for cultural use that are home to iconic arts organizations and seeks to preserve 100,000

The loss of creative workspace has been recognized as a global issue for large cities

square feet of creative workspace by the end of 2018. Similar to CAST, the Creative Land Trust is driven by key stakeholders—city government and private sector—coming together to address a crisis which cannot be solved by one party alone.

Will Close-Brooks is Head of Structuring at Investing for Good, a UK-based impact investing specialist and certified B Corporation, whose mission is to channel capital at scale from mainstream investors to enable social value. A lawyer by training, Will is experienced in structuring transactions across the environmental and impact finance space. As a long-term London resident and someone with a deep interest in the arts, he is excited at the potential of applying a blended capital model to this much-needed but often overlooked aspect of the creative sector. *For inquiries relating to the Creative Land Trust, please contact Yves Blais at Outset Contemporary Art Fund (yves@outset.org.uk)*





©Meow Wolf

Everyone Together, All Forward: Meow Wolf

By Christopher Johnson, Danika Padilla, and Drew Tulchin

Meow Wolf...
Meow, What?
[Meow Wolf!](#)

Meow Wolf is one of the fastest-growing companies in the burgeoning field of immersive entertainment movement. The company is also a B Corp doing phenomenal triple bottom line work for artists, community and the environment while providing financial returns for investors.

Meow Wolf fully embraces leveraging the power of the marketplace for good.

Genesis

Meow Wolf started in 2008 as an arts collective of young creative individuals in Santa Fe, New Mexico. Santa Fe, known as “The City Different” for over a century, is rich in history and a globally recognized art market, reported by some as the third largest in the US.

Santa Fe is known for its artists, galleries, and numerous cultural events but the city is also a challenging place for new artists, particularly young ones, to gain a foothold. The capital of New Mexico, population 83,000, has one of the lowest proportions of citizens between the ages of 18 and 35. The city also has the highest cost of living in the state, with limited professional opportunities for creative young professionals.

The six cofounders of Meow Wolf came together in their 20s to figure out how to make a living as artists. They took money out of their own pockets to rent their own gallery. They figured out by working together they could achieve greater things. They put on art shows and hosted alternative music. Through collective effort, they reached a larger and wider audience. The goal was to attract sufficient audience to foster more creative skills and bolster awareness of younger artists in the Santa Fe community. Success would



mean providing an example and anchor for other young artists to stay in Santa Fe.

Meow Wolf began as a fully volunteer effort. Over the course of many projects, the core team figured out how to work together. A fundamental tenet of this emerging DIY (Do It Yourself) group was “radical inclusion.” If you showed up, had something to offer, and put forth an idea you wanted to lead, you were in.

This practice led to more and larger-scale invitations. Meow Wolf became an epicenter of creative activity in the region. In 2011, the collective of approximately 30 artists was invited to create a full-scale installation in Santa Fe’s Center for Contemporary Arts. [The Due Return](#), an “inter-dimensional ship settled on an alien landscape,” focused attention on Meow Wolf as producers of a new kind of art—a collaborative form singular in character in which the uniqueness of each creative person is also maintained.

Can Artists Get Paid?

As the years went by, Meow Wolf tried different legal entities in search of a sustainable operating model. The last one they attempted was to form a business.

The six cofounders had stayed on board over the years and learned how to put together a business plan with assistance along the way from local supporters. Collaboration with the nonprofit organization [Creative Start-Ups](#) propelled Meow Wolf forward as a finalist of a new business competition, and that entity became one of Meow Wolf’s first investors.

The idea was a new kind of art exhibit: an entertainment center with 22,000 sq. ft. of seamless spaces of creativity linked by an explorable sci-fi narrative. Think children’s museum meets funhouse meets Disney. Thanks to the landlord patronage of George R.R. Martin of *Game of Thrones* fame, Meow Wolf acquired and refurbished a derelict bowling alley in a

warehouse district far from the glitz and glamour of the tourist-beloved downtown.



Meow Wolf put forward a debt investment offering and raised private investment, ultimately bringing in just over \$1.5 million. Century Bank, a local institution, also provided a loan, once the group rounded up sufficient guarantors. An early campaign via Kickstarter, another B Corp, propelled the group forward and brought media attention. Government funding and in-kind trade also contributed funds to get the doors open.

As a result, artists and creatives came. More than 120 people worked for minimum pay. In exchange, the company started a profit share of more than \$1 million to compensate builders through profits at the location. And, then...it happened!

The Santa Fe site, named *House of Eternal Return*, opened its doors in March 2016, to immediate acclaim. The first-year business plan called for 125,000 visitors. That was reached in about 100 days. More than 400,000 visitors came through the doors in the first year.

From this success and revenue, Meow Wolf was able to offer sustainable living wage jobs to the artists and creatives who built the project. Dozens joined the company for full-time salary and benefits; health insurance for the first time in their lives. The company ethos and structure allowed the artists to keep their creativity and collaboration flowing.





Today, *House Of Eternal Return* has seen more than [one million visitors](#) from around the world. The collective has been awarded the [2018 New Mexico Governor's Award For Excellence In The Arts](#), a [2017 THEA award](#) for Outstanding Achievement, and has been featured in [The New York Times](#), [PBS NewsHour](#), [VICE](#), and [The Los Angeles Times](#), as well as many other global news sources. The space was also named by Yelp, alongside true legends, as a [top ten venue](#) to see a show in the United States. A documentary about the journey, “Meow Wolf: Origin Story,” premiered in September 2018 and will be available for streaming soon.

Birth of a Movement

As of August 2018, Meow Wolf employs more than 350 people and features over 60 local New Mexico artists in the gift shop. The location features top food trucks, a music venue, full café and bar, and education center. Revenues from the last 12 months are nearly \$12 million, with profit margins approaching 40%. This is a booming business.

The company has had otherworldly social media success. Meow Wolf is the most “Instagrammed” place in all of New Mexico and the #1 family attraction and has more than 315,000 Facebook fans and near half a million website views a month from around the world. These figures rival nationally renowned cultural institutions and in cases of engagement percentage, surpass them.

The company is committed to its principles. To document that commitment, Meow Wolf

converted its legal designation into a Delaware Public Benefit Corporation and has certified as a [B Corp](#), confirming its dedication to supporting creatives, community well-being, and a sustainable environment. These values are documented in the company’s 2017 Impact Report, reflected in its installation of solar power, minimal facilities water use, and comprehensive, family-wide employee benefits.

In 2016, the group started the [Annual Meow Wolf DIY Fund](#), which seeks to give back to artists and art collectives around the US that also seek to create positive community impact around collaborative processes. In 2017, the fund supported more than 100 artist spaces and projects giving more than \$200,000. The 2018 Fund is inviting others to contribute via Indiegogo so that the company can give even more. Artist collectives can [apply online](#).



Experience the Future

With the exponential success of the Santa Fe location, the company is now expanding with new large-scale immersive locations set for [Las Vegas](#) and [Denver](#) in 2019 and 2020. Other cities will be announced soon.

From a financial perspective, Meow Wolf’s growth—first fueled by interest from “pure” impact investors supporting the early days—now attracts the attention of mainstream investment institutions. The company’s goal is to provide market rate returns for investors.



Meow Wolf has funded its growth through a variety of equity and debt investment vehicles. The company has built solid relationships with aligned investors and is interested in finding more. Early debt investors are being repaid punctually and with strong returns. In 2017, Meow Wolf launched an investment crowdfunding campaign with the platform WeFunder, a B Corp. A single Facebook post was all Meow Wolf needed to raise \$1 million in two days, the fastest [US equity crowdfunding campaign](#) known at that time. Additional raises in debt and equity are planned shortly.

New projects are underway to create an innovative portal for intellectual property. The company will offer a place online for fans to find new content and new experiences. Meow Wolf is developing engaging offerings with strong partners like E-Line, a socially responsible gaming company, also featured in this publication. New great things are also in the mix with VR/AR (virtual and augmented reality) with an industry leader Magic Leap. Meow Wolf is also visiting Los Angeles and elsewhere to form entertainment industry partnerships and creative programs.

All About Community: People & Place

Another core practice is to support artists if they have entrepreneurial endeavors. For instance, the Experience Tube—a long-time dream of Meow Wolf artist Nick Toll—has been the subject of global viral attention. Kathy Lee and Hoda tried one as a holiday gift last December on The Today Show. Also, a young man named Nico Salazar, who graduated from college in Santa Fe, took his signature artistic style and launched a popular clothing line called [Future Fantasy Delight](#).

Meanwhile, the music venue, located in *House of Eternal Return*, which brings nearly 100 performances to Santa Fe each year, fosters entertainment in a city where there is little nightlife after 9:00 p.m. The venue provides another source of cash flow to the creative economy: solid paid gigs for performers.

While immersive exhibition experiences and storytelling remain the flagship of Meow Wolf's collective goals, you can also count community engagement, ethical philanthropy and strengthening the local economy as key and sustained efforts to engage a wider circle of talented young people and community organizations.

Meow Wolf took a stand to remain in Santa Fe by building a headquarters here. Thanks to funding from State of New Mexico, the City of Santa Fe, and the bank BBVA, the company was able to acquire a manufacturing center that had been closed by industrial equipment maker Caterpillar a few years ago. The positive place-making that the company provides to a neighborhood is extensive.

The mission of Meow Wolf is to foster community and support emerging artists. With the success of *House of Eternal Return*, the dream has expanded. The company seeks to be the largest employer of creatives in the world and a billions-dollar B Corp within five years. The business plan will continue to “do well by doing good.”

Drew Tulchin serves as VP, Investments & Capital for Meow Wolf. He has worked for triple bottom line efforts for more than a decade. Last year, he led MW's crowdfunding campaign, the fastest US equity Title III raise to date.

Danika Padilla is Meow Wolf's Director of Community Development, where she heads the company's social and corporate responsibility efforts. As part of this role, Danika is working to engage local stakeholders and to foster long term community relationships across all Meow Wolf locations; including Santa Fe, Las Vegas, and Denver.

Christopher J Johnson is a core member of the Narrative Team. He has been with Meow Wolf since its roots as an arts collective in 2009. He was a contributing writer to Meow Wolf's *House of Eternal Return* and is the author of “&luckier”, a collection of poetry.

Note: While Cornerstone Capital Inc.'s “Creativity & The Arts” publication of this material is unrelated, please note that an employee of Cornerstone Capital Inc. is a direct investor in Meow Wolf.





©E-Line Media

Gaming on a Mission: E-Line Media

By Amy Fredeen and Alan Gershenfeld

Across the planet, every day, we spend billions of hours playing commercial video games. A key question for those interested in investing in the arts, culture and media: Can some of these immersive, ‘lean-forward’ hours be focused on video games that make a positive social impact?

Over the past two decades, there has been a growing body of research highlighting the potential for video games to make learning, health and social impact. Well-designed games empower players to step into diverse roles, confront challenges, make choices, get feedback and explore the consequences in a rich, engaging and, often, social context. They enable players to advance at their own pace and fail in a safe environment. Video game are interactive, they give players agency—the ability to make a difference in virtual and potentially real-world environments.

Despite the promising research and pilot initiatives, there are still few impact-focused video games that are succeeding in the commercial market. In linear media, there is a robust subsector of television and feature films that explore meaningful themes, bring diverse perspectives and tackle pressing social issues. In this same spirit, an increasing number of foundations, government agencies and social entrepreneurs are eager to harness the power of commercial video games to further their impact objectives.

And yet, there are significant challenges. The game business is complex and dynamic, with a wide range of legacy, current and emerging platforms, diverse genres, new and emerging business models as well as publishing strategies. Finding the organic alignment of engaging game design, commercial viability and impact objectives



requires deep domain expertise and cross-sector partnerships.

The Cook Inlet Tribal Council (CITC), a leading Alaska Native social service nonprofit, and E-Line Media, a double-bottom-line video game publisher, have forged such a partnership to help grow this emerging commercial social impact game sector. CITC's mission is to connect Alaska Native individuals to their potential and increase self-sufficiency. Historically, CITC was heavily reliant on federal funding. To increase the organization's self-sufficiency, in 2010 CITC decided to pursue mission-aligned investments as a form of self-determination. CITC sought out investments that aligned with their values and met the following objectives: create unrestricted revenue sources to feed CITC's mission; share Alaska Native culture with audiences around the world; and empower their youth, stewards of their future. CITC spent two years exploring investments ranging from culturally appropriate burial services to traditional real estate investments, but nothing felt right. Finally, in 2012, CITC decided to take the bold step of forming the first indigenous video game company, Upper One Games.



Creative Director Sean Vesce and Inupiaq Elder and Storyteller Minnie Grey

Investing in Commercial Video Games for Social Impact

After much exploration and internal discussion, CITC determined that creating an impact video game based on Alaska Native people and culture had the potential to successfully accomplish all of

these goals. Given that CITC had no experience in video games, they had to start by finding the right partners. As they researched the space, one name kept coming up—E-Line Media. E-Line's management team had extensive experience in both the commercial video game business as well as the emerging impact game sector.



Inupiaq Elder Ron Brower with *Never Alone* development team

CITC invited E-Line's founders to Anchorage to explore the possibility. The E-Line leadership provided an overview of the video game business as well as the development process. They made it clear that investing a few million dollars in a single video game had great potential but was also an extremely high-risk investment. Through the initial discussions CITC and E-Line found they had aligned goals, so they agreed to collaboratively explore approaches to de-risking the investment. This process started with a thorough landscape and opportunity analysis.

The organizations researched indigenous representation in commercial video games (mostly examples of appropriation, caricature and sampling without context) as well as other media such as music, graphic novels and movies (including successful projects like the movie *Whale Rider*). They also researched the market potential of independent video games exploring meaningful themes and new perspectives, and spoke with e-store curators (e.g., STEAM, XBLA, PlayStation Network) and influencers (e.g., YouTube personalities) to gauge their interest in an Alaska Native game. The feedback was clear: There was interest in bringing new perspectives to the



medium, but it needed to be done at a high-quality level—good intentions would not be enough.

Together, CITC and E-Line concluded that if they could attract a team of experienced, passionate game developers with previous commercial success to collaborate with Alaska Native Elders, writers, storytellers and community members, and engage key distribution partners and influencers, the project could be significantly de-risked. CITC decided to greenlight investment in the first game, *Never Alone (Kisima Ingitchuna)*, through a partnership with E-Line Media.

Creating *Never Alone*

The E-Line and CITC teams spent two years making *Never Alone* through an ‘inclusive’ development process. There were many challenges along the way. The game is based on a story that has been passed down for thousands of years. Securing the rights to the story needed to happen through both indigenous and Western processes. The game is a two-player cooperative game (reinforcing the theme of interdependence) and there was much debate over choosing a boy or girl as protagonist, a wolf or fox companion.



Screenshot from *Never Alone*

The process required constant community feedback, transparent communication and a continual balancing of creative, cultural and commercial needs. The finished game is in the Inupiaq language and features 26 mini-documentary interviews with Inupiaq community members, which get unlocked through gameplay.

Released on November 18, 2014, *Never Alone* has touched a nerve globally. It has been featured in over 1,000 publications, downloaded by over 3 million players, selected for over 75 “Best of 2014” Game Lists and won multiple awards including a BAFTA (British Academy Award) and Game of the Year at Games for Change. The game has been released across nearly every major gaming platform, most recently on Android and IOS mobile devices, where it was selected by Apple as Editor’s Choice in the App Store.



Writer Ishmael Hope and Art Director Dima Verykova accepting the BAFTA award for *Never Alone*

Never Alone is not a game made about the Alaska Native people, it is a game made *with* the Alaska Native community.

Investment Structure

CITC and E-Line began their relationship by “dating”—and then got “married.”

Initially, Upper One Games signed a co-development deal for a single game with E-Line, and each organization took a small financial position in the other’s company. This ensured both organizations had aligned interests, so they could be “in the same shoes,” collaboratively problem-solving toward shared goals. Together they formed a “greenlight committee” to review each phase of the game development before unlocking funding for the following phase—often debating and troubleshooting a blend of creative, cultural and commercial challenges.

During the development and launch process for *Never Alone*, CITC and E-Line built a very strong working relationship. It became apparent through the process of developing and publishing the game inclusively, that the partnership fed both organizations' missions and that each entity brought complementary skills, networks and approaches to the partnership. In June 2014 CITC merged its interest in Upper One Games into E-Line Media, becoming E-Line's largest equity investor. They also merged their management teams; CITC's President/CEO is now serving as the Executive Chair of E-Line and Amy Fredeen (co-author of this article) is E-Line's CFO.

Returns

Going into this investment, CITC wanted to make money and impact. Since the launch of the game, CITC has realized greater than 25% appreciation in the investment. Although the game has had its peak earning phase, it continues to sell across all platforms. Equally important but harder to quantify is the ongoing social and cultural impact of the game.

In addition to the millions of gamers who have played the game (and watched the embedded documentaries), an independent marketing analyst concluded the game has been exposed to over a half a billion people worldwide—all reinforcing the original impact objective of sharing, celebrating and extending Alaska Native culture with a global audience.

The impact has also been deepened through use of the game in educational and other cultural contexts. *Never Alone* has been distributed with a classroom guide to all school districts in Alaska. Classrooms throughout the world, from grade school to graduate school, have incorporated the

game into their curricula. The game has been showcased in many museums (currently in the Denver Art Museum, the Heard Museum in Phoenix and the China Academy of Fine Arts) and hundreds of conferences, from small workshops on cultural storytelling to the World Economic Forum at Davos. There have been multiple films about the making of *Never Alone*, including those by the *New Yorker* and the *Future of StoryTelling*.

Both CITC and E-Line continue to receive weekly inquiries about the game and the inclusive development process. Probably most impactful, though, are the emails, phone calls and in-person feedback we get from individuals who have been deeply touched by *Never Alone*, as well as those who have been inspired by the game to share, celebrate and extend their own cultures through video games and other media.

The impact goes beyond the game itself. CITC and E-Line continue to deepen their reciprocal partnership. The two organizations are now developing more impact games together, including a potential sequel to *Never Alone* and possible movie

based on the game. Together, they are also exploring developing an impact game investment vehicle for impact investors interesting in bringing new voices and perspectives to the medium.

Further, the partnership has now extended beyond games to collaborations on other impact initiatives such as creating "fab labs," community facilities with powerful digital fabrication tools, and "world building," creating research-informed aspirational but achievable futures for their community. Both organizations are leveraging their diverse backgrounds, skills and networks,

Inupiaq principles include coexistence between humans and wildlife, respect for nature, one another, and one's elders (basically forging social systems that don't harm the world)... I learned all this from playing Never Alone, and I had a great time doing it.
— *Wired Magazine*



grounded in their shared values and impact objectives, to continue to make money and impact.

Advice for Others

For other organizations interested in developing impact games we recommend creating partnerships that ensure both strong domain expertise in the area of desired impact and game industry partners who are not only passionate about the impact area, but also have expertise in development (game-making) and publishing (game business models, marketing and publishing).

It is also essential that all of the key stakeholders are aligned on the impact and financial objectives, have a shared risk tolerance and a clearly defined

process of decisionmaking (playing to each partner's strengths) and conflict resolution. Alignment allows for the time, commitment and resiliency needed to make games that are both fun and impactful.

Amy Fredeen, CPA, CGMA serves as the Chief Financial Officer and Executive Vice President of Cook Inlet Tribal Council, and Chief Operating Officer its for-profit subsidiary, CITC Enterprises Inc. Ms. Fredeen currently also serves as E-Line Media's Chief Financial Officer. Amy Fredeen is of Inupiaq heritage and has held several other community roles, currently serving as a member of the Board of Directors for Cook Inlet Native Head Start.

Alan Gershenfeld is Co-Founder and President of E-Line Media, publisher of computer and video games that helps players understand and shape the world. Prior to E-Line, Alan was Chairman of the nonprofit Games for Change and Head of Activision Studios, a leading commercial video game developer.





Mary Stuart Masterson at the Smithsonian “Power of Giving: Philanthropy and the Arts” event, March 2018.

Make Local Work: The Story of an Artist Entrepreneur

By **Mary Stuart Masterson**

I am Mary Stuart Masterson. I am an actress, a filmmaker, a mom and now an entrepreneur.

I was born into a show business family. As a child, I spent my weekends backstage in Broadway theaters watching my parents work hard at what they loved to do. At age 7, I appeared in my first film, *The Stepford Wives*, a dystopian feminist thriller in which my father was cast as the creepy bad guy who was easily convinced to turn his cool wife into a robotic bigger-boobed version of herself. I played his daughter.

During my senior year in high school, I was cast in my first lead role in *Heaven Help Us*. Over the next 20 years, I appeared in 30 films including *Some Kind of Wonderful*, *Fried Green Tomatoes*, *Chances Are* and *Benny and Joon*. I was married to Antonio Banderas and John Stamos in the same year—or at least my character was in the Broadway revival of the musical *Nine*. I met my

real-life husband on the stage of the Kennedy Center when we played opposite each other in Tennessee William’s *Cat on a Hot Tin Roof*.

In 2013, pregnant with our fourth child, we couldn’t manage being in New York City anymore—financially or logistically. So, we moved two hours north to the Hudson Valley. The plan was to take television work to survive the early years of four children under the age of 4.

We had just unpacked and settled into our new house when I was offered a TV series. Seemed like things were going according to plan. But there was a hitch. The series shot in Vancouver. CANADA. (After Los Angeles and New York, Vancouver is the third most popular location for shooting television in North America.)

I had been hoping for a shoot closer to home. But New York City was too expensive, and the series



needed a regional location. So I suggested the Hudson Valley. Kingston, New York. 20 minutes from my front door, first capital of New York State. Perfect!

They suggested Baltimore, even Boston. Both cities where there is a film production crew base and some history of television production. Kingston, didn't have either. I respectfully passed, and they based the series in Vancouver.

Bringing Work Home

But the seed was planted. How could I make my new home—the Hudson Valley of New York State—attractive to large-scale TV production? I knew what was required. I knew the Hudson Valley had all the attributes—I knew it could happen. I just needed to figure out how to make it happen. When I started to look at the problem, I realized the region was desperate for a new economic engine, and the industry in which I had spent my life was ready for women in leadership positions.

Creating a film/TV/media hub from scratch is not as crazy as it sounds. Ten years ago in Georgia, there was a coordinated effort to increase motion picture production. A tax incentive was put in place to attract projects to the region. Degree tracks were added to the community colleges and vocational schools to train local people to do crew jobs. (The “crew” are all those names in the end credits that play when they throw the lights on and sweep the popcorn off the floor: electricians, dolly grips, gaffers, best boys, carpenters, caterers, accountants, seamstresses, dog wranglers.) There was a targeted investment in film production facilities. As a result, the economic impact in the state of Georgia went from \$250 million in its inception in 2008, to an astonishing \$7 billion in 2016.

Folks working on a [TV] production rent and buy houses, eat in restaurants, shop locally, buy a car, buy gas, put their kids in school, attend church.

This is because folks working on a production rent and buy houses, eat in restaurants, shop locally, buy a car, buy gas, put their kids in school, attend church. They are part of the community for the 3-6 years a TV series typically stays on location. 500 TV series are being produced in North America this year. If the Hudson Valley lands just one broadcast network TV show, it will create 150-200 jobs, making an economic impact of more than \$70 million on the region annually.

I believe this is possible in the stunningly beautiful Hudson Valley. With the Catskill Mountains to the west and the rolling foothills of the Berkshire Mountains to the east, it inspired the Hudson River School of painters: Frederick Edwin Church,

Thomas Cole, Eliza Pratt Greatorex and many others. The region with its rivers, forests and small towns, farms and historic mansions is a popular tourist destination, with over 5 million visitors a year. It's home to Vassar College, Bard College, the Culinary Institute of America, and Rensselaer

Polytechnic Institute. There is Route 87 for a quick 2-hour drive from Manhattan; Amtrak for a scenic train ride along the Hudson River; airports in Newburgh, New Windsor, Albany and a dozen other towns.

The Hudson Valley also has something Georgia did not: A-list celebrities who have homes in the area like Julianna Margulies, Paul Rudd, Vera Farmiga and Daniel Craig.

They all want to see the Hudson Valley become a viable filming location. If Paul Rudd could shoot “Ant Man 5” in Kingston, rather than Georgia, he—and his New York-based family—would be much happier with the commute.

But to make the Hudson Valley a truly viable shooting location, we need to do what Georgia



did: make it financially attractive, ensure there is a trained local crew base, and build state-of-the-art sound stages and post-production facilities. And we have started that process:

In November 2016, working with local politicians and Hudson Valley creatives, we got the state to increase the motion picture tax credit to 40% from 30%. This fully refundable credit for labor performed by production crew makes the Hudson Valley an attractive place to film a TV series. There has already been a 300% increase in local economic impact in the 18 months since the tax credit was put in place.

In 2016, along with Executive Director Beth Davenport, I founded [Stockade Works](#), a nonprofit organization dedicated to inclusive economic development in the Hudson Valley through training the local workforce to do film and TV jobs. We have developed a Crew Boot Camp to train diverse cohorts of local residents, place them in paid internships, provide ongoing mentorship and referrals for work.

Most folks on the crew make about \$30 per hour plus benefits and average about 70 hours per week, with 30 hours paid at time and a half. So, the person carrying sandbags, raising and lowering lights, and loading and unloading the trucks makes, on average, about \$80,000 each year. The heads of departments make twice that. If they use their own equipment and rent it to production, they make still more. These are great jobs.

Bringing the work to the Hudson Valley will not only create jobs for newly trained crew but will also benefit union members already living in the region. Over the past five years, there has been a

steady influx of top-notch union crew moving to the Hudson Valley from New York City in search of a better quality of life for their families. They are commuting 6 hours a day on top of a 14-hour day of work because NYC is where the union work is. Moving the work into the region will be a real boon to them.

While there are 23 local certified sound stages in the Hudson Valley, none are soundproofed to the standard that would attract network TV production. To address this gap, I am founding Upriver Studios, a state of the art sound stage, and post-production facility. Upriver Studios will be woman-led and committed to bringing diversity,

equity and access to the media sector. It will be a certified B Corporation, a for-profit business that meets rigorous standards of social and environmental performance, accountability and transparency. And we will build and operate these new facilities to the highest possible environmental standard, featuring green roof sound attenuation, solar panels, and LED lighting grid.

That's why I'm an artist starting a values-driven for-

profit business. I am not seeking gifts or grants or donations. The future I am building can't be built with philanthropy. It has to be built with investment capital that shares the values of diversity, equity and inclusion. It has to be built with investors who see the potential of media and entertainment to transform a community in good ways. Investors who, like me, are radical optimists.

The future I am building can't be built with philanthropy. It has to be built with investment capital that shares the values of diversity, equity and inclusion. It has to be built with investors who see the potential of media and entertainment to transform a community.

Mary Stuart Masterson is an American actress who has starred in a number of notable films. As described in this article, she is an entrepreneur. This article is adapted from a speech she delivered in March 2018 at the Smithsonian Power of Giving: Philanthropy and the Arts symposium.





Realizing the potential of young people. ©Think Like a Genius Foundation.

Why & How Impact Investing in The Creative Economy Fosters Innovation

By Todd Siler, Ph.D.

“Creativity and innovation are the keys to developing the potential of individuals, organizations, and nations.”

— *World Economic Forum, 1999 Annual Meeting, Davos, Switzerland*

For the past 40 years, I’ve been absorbed in many exciting “ArtScience Adventures” that directly connect to impact investing in the creative economy. Most of my adventures aim to better understand the nature of creativity and innovation, in order to help realize humanity’s creative potential.

A few months ago, a friend engaged me in a conversation about impact investing in the creative economy. Pondering our conversation, it occurred to me that I’ve been doing impact

investing ever since I moved to Denver in 1993 and founded Think Like a Genius® with my brother Eric Siler and Scott Perlman. Although we never categorized the business model we created and invested in for 20 years as impact investing, indeed that’s what we were doing as we creatively used the arts to positively impact communities in the Denver-Metro area, as well as nationally and internationally.

The overarching challenge in cultivating innovation rests with how we educate ourselves and prepare our minds for chance discoveries, to paraphrase Louis Pasteur. As a student, Pasteur was so exceptional at drawing, which he favored over academics, that he might have become a professional visual artist if it weren’t for the encouragement of his school’s headmaster. His prepared mind combined artistic imagination and



scientific experimentation to produce a series of revolutionary discoveries and innovations, which included the “germ theory” of infectious diseases, the study of viruses and microbiology, and “pasteurization.” As it turned out, the same powers of observation Pasteur exercised as an artist were essential to his pioneering work in the science lab.

On a similar note, Thomas Friedman hit the mark when he stated in a New York Times op-ed, “Worried About India's and China's Booms? So Are They”¹: “Innovation is often a synthesis of art and science, and the best innovators often combine the two.” To build on Friedman’s observation: In the Smithsonian Oral History Interview with Steve Jobs (April 20, 1995), Jobs states: “The things I'm most proud about at Apple [are] where the technical and the humanistic came together...I actually think there's...very little distinction between an artist and a scientist or engineer of the highest caliber. I've never had a distinction in my mind between those two types of people. They've just been to me people who pursue different paths but basically kind of headed to the same goal, which is to express something of what they perceive to be the truth around them so that others can benefit by it.”

Frankly, fostering innovators in all fields without the aid of the arts is just wishful thinking.

Today, we’ve expanded and blurred our definitions and examples of exceptional art-making and we find ourselves connecting the arts to everything! And why not? Art, like Imagination,

goes with anything! Just as A.I. enables anything to go with innovation!²

Innovation → Application

Truth be told, “best practices” in both the arts and sciences rely on the creative process of connection-discovery-invention, or innovation-application. Consider how neurologists study a functional Magnetic Resonance Imaging (fMRI) brain scan searching for anomalies in the shapes, sizes and architecture of the human brain. In effect, they’re using all kinds of aesthetic descriptors and cues to communicate to one another the essence of a possible pathology or lesion (Siler 2015, 2012).

“Best practices” in both the arts and sciences rely on the creative process of connection-discovery-invention, or innovation-application.

Unfortunately, formal education has become so compartmentalized that even brilliant practitioners sometimes overlook the fact that in unpacking the mysteries of nature they are making as much use of arts knowledge as science; that, in fact, at the highest levels of creative inquiry these ways of knowing cannot be separated.³

My art-making, research and exploratory ArtScience work on human creativity over decades has led me to conclude that, although we're racing to become the most technologically connected society in human history, we remain conceptually disconnected in ways that dangerously deepen our divisions culturally, socially, intellectually and economically. In effect, our compartmentalized ways of seeing, understanding and experiencing the whole of life continue to fragment us and our collective future.

¹ *The New York Times*, March 24, 2006.

² Geoffrey Ozin and Todd Siler, Catalyst: New Materials Discovery: Machine-Enhanced Human Creativity, *Chem* 4, 1183–1190, June 14, 2018, Elsevier Inc

³ Jacob Bronowski, *Science and Human Values* (New York: Harper & Row, 1956); Robert and Michele Root-Bernstein 2000, 2008;

<https://www.psychologytoday.com/files/attachments/1035/arts-foster-scientific-success.pdf>; Seifter et al. 2016; <http://www.artofsciencelearning.org>; <http://bif.is/summit/video/harvey-seifter-fluid-relationship-between-art-and-science#.WBEWoRSsmV8>



More to the point: In the mid-1980s I was researching the use of symbolism in art and architecture in southern India on a Fulbright Fellowship. It's worth noting that I embarked on this adventure before the advent of the World Wide Web "Gold Rush". However, I could see so clearly—even at that time—there seemed to be less regard for the great art and philosophy that help shape India's astonishing culture than for acquiring the coveted tools of telecommunications. The pressure to "westernize" blinded many to what their symbolic artforms and metaphorical philosophies already privileged them to know—namely, that all open "creative" systems, such as human beings, live far from equilibrium. That term, equilibrium, is more readily associated with the physics of thermodynamics and not Hindu philosophy. However, as one probes the latter—for example, the Maitrayani Upanishad, an ancient document that illuminates the relationship between matter and spirit (or energy) — one discovers numerous insights into physical reality and nature's innovation engine: the evolutionary process.

But you don't have to a Nobel laureate or an Indic scholar to see how creative critical thinking is so naturally entwined in both the arts and sciences. To miss this reality or dismiss it is to be ignorant of the history of these two complementary worlds of applied knowledge and creativity.

Integrating Arts and Science in Education

Many of our American public schools still don't see this bigger picture. Nor have they figured out how to remedy the situation by integrating the arts and sciences in teaching the National Standards-based curriculum. In the rush to exhibit competencies in science and math, many schools forget that students are more than the sum of their skills. When district, state or federal initiatives reveal that students are performing deplorably in science and math, they often jettison the arts—leaving students even further behind as teachers scramble to meet the "No Child Left Behind" test score

mandate and School Report Card. There's simply no time to "play" with the arts and humanities. Consequently, the human imagination is marginalized, trivialized or sacrificed like so much fresh air at recess.

To compete more effectively in today's globalized world, our educational systems need to call on the arts and sciences to create informal learning experiences that inspire innovative thinking and practical innovations. These adventurous experiences tend to propel integrative thinkers to advance new concepts by empirical tests, bold thought experiments, and basic common sense.



Think Like a Genius implementing "One Goal": Providing food security for youth in Denver public schools. ©Think Like a Genius Foundation.

The Think Like a Genius® Metaphorming workshops—which I've been conducting in various forms and functions for the past 40 years—make use of some proven, arts-based learning methods and tools for catalyzing and cultivating innovative thinking. This all-purpose process of creativity and communication provides a "global common language" for people of all ages, backgrounds and cultures to freely express their ideas and solutions for important challenges, in ways that are personally meaningful and purposeful to them and to others. The facilitator ensures that the process of exploring and sharing these models is done in non-judgmental, non-confrontational and non-contentious ways.

Using everyday crafting and building materials, participants are guided to freely create a personal,

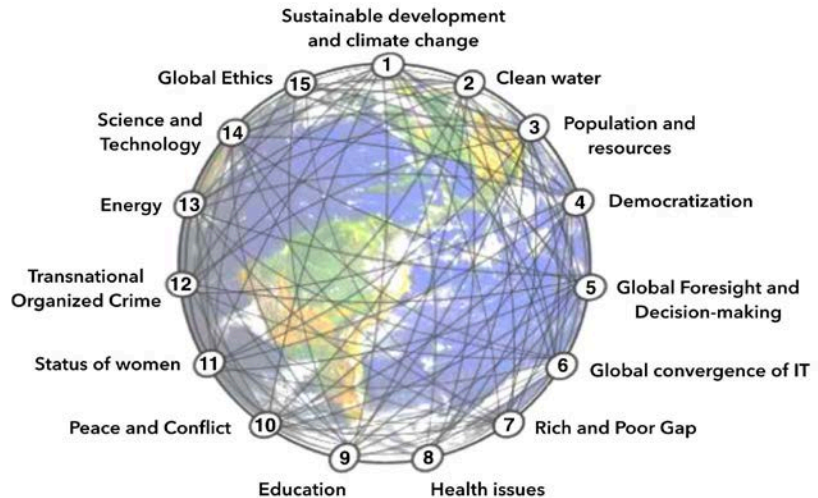


multi-dimensional, symbolic model, or “metaphorm,” that enables them to visualize and give form to their thoughts, feelings, emotions, ideas, knowledge, views, and opinions. Since 1993, when my brother Eric Siler, Scott Perlman and I started working together in Denver on our company, we have applied the Think Like a Genius® Metaphorming Workshops on various innovation-oriented projects for schools, businesses, cultural centers, and communities. Eric has continued to apply these workshops in the organization he founded and currently heads as CEO, the Think Like a Genius® Foundation (TLGF)⁴, a Denver-based non-profit that helps young people realize their creative potential by collaboratively meeting various challenges in practical ways, as well as through goal-setting and achievement. TLGF is “challenging young people to find ways to solve community issues that affect children and youth, and [we’re] providing the means and incentives to do so.”

Furthermore, they’ve been used successfully for many years as part of the “Art of Science Learning” (AoSL) Initiative⁵, which was founded by Harvey Seifter, Principal Investigator, and funded by the National Science Foundation.

If anyone doubts why or how impact investing in the creative economy helps “make a better

15 Global Challenges facing humanity



©Michael Marien, editor, *Future Survey: The Millennium Project* <http://www.millennium-project.org/millennium/challenges.html>

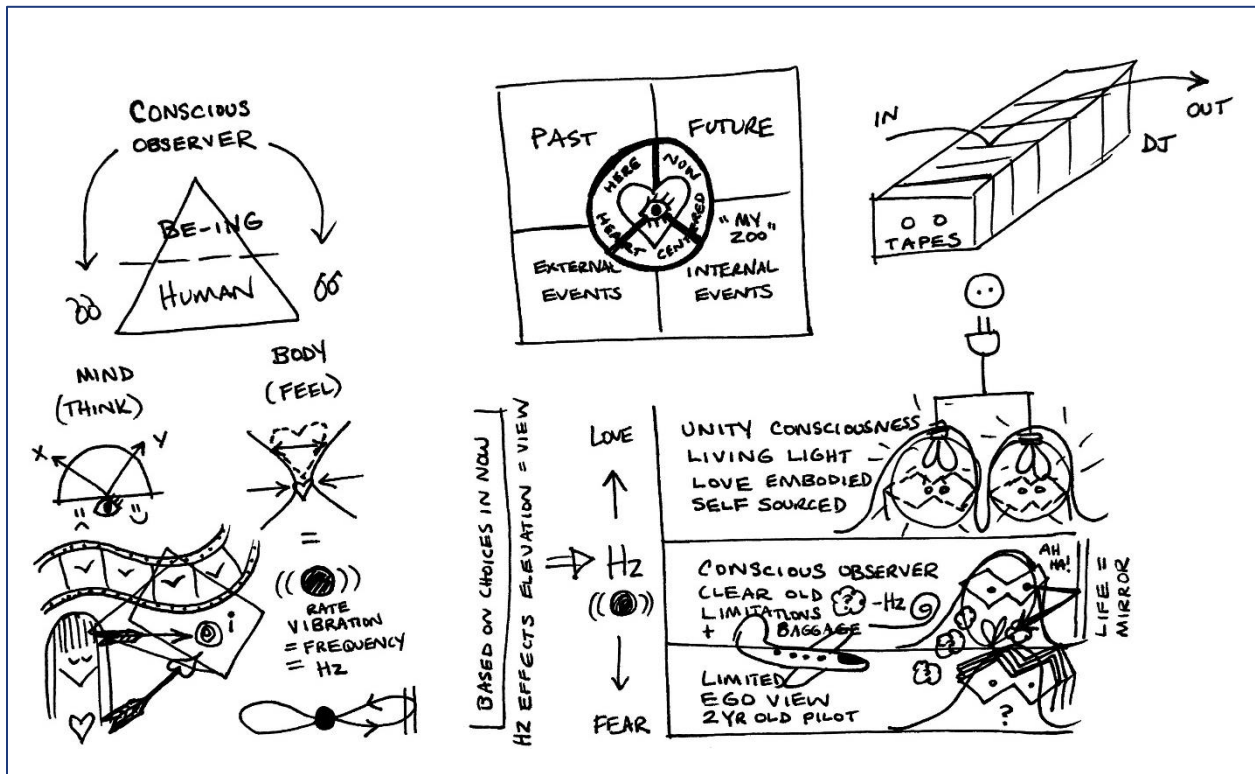
world,” simply remind them of all the avoidable human catastrophes since 2000 that may have cost us our future—which is a whole lot more overwhelming than the trillions of dollars we have wasted while critically destabilizing our sense of civil society. Sadly, many of these human-made catastrophes could have been prevented or curtailed had we wisely invested in the creative economy, which supports nothing but the positive “things” that unite and strengthen our sense of humanity, such as tackling the most urgent “15 Global Challenges facing humanity”. Why not make more financial resources available to address these challenges with viable solutions instead of adding to them? That makes *real* common sense!

Todd Siler, Ph.D. is an internationally recognized visual artist, author, educator, and consultant; in 1986 he became the first visual artist to be awarded a doctorate from M.I.T.

⁴ www.thinklikegeniusfoundation.org

⁵ <http://www.artofsciencelearning.org/metaphorming/>





©Robyn Ziebell

How Consciousness and Creativity Amplify Impact

By Robyn Ziebell

I teach Self Mastery—honing the power of one’s mind and heart in order to dynamically enrich the experience of living. In my work I witness how unity, consciousness and creativity effectively amplify one’s ability to create great impact in the world. In teaching Self Mastery, I utilize creativity in a variety of dynamic ways to facilitate both the rapid imparting of complex non-linear knowledge and its integration and application in real life. As an artist and a graduate of the UBC Sauder School of Business, and after spending five years leading strategic partnerships for a Fortune 500 company, I have merged the tools of creativity, leadership and science into the contemporary path of “en-light-enment” I share—literally, helping others learn to “live light.” In acting as a catalyst for the expansion of one’s consciousness, I observe with delight in the acceleration of blossoming creativity, the flow of inspiration, and insights for

innovation that result directly from shifts in self-awareness.

For context, I define the creative economy to include all of the arts and their connecting vehicles and ventures along with food and wine, fashion, philosophy, architecture, and industrial, landscape and interior design. I also include the areas of innovative education across the spectrum of creativity and consciousness, as they empower the creation of new paradigms of thought, innovation and leadership.

Visual Methodology and Right Brain Training

In order to effectively communicate non-linear concepts and have those ideas be understood within the context of a much larger map of knowledge that we cover piece-by-piece, I create a visual, symbolic iconography and methodology of simple line images and maps to allow the mind



to contextualize as we add in new layers. I draw these in real time as I speak and also distribute polished maps for reference. To follow this extemporaneous stream of consciousness and reframe, one must truly exercise their right brain. In strengthening our mind in this way our imagination is also stretched, we improve whole brain thinking and one's ingenuity increases.

Presence Practice—Meditation, Leisure and Creativity

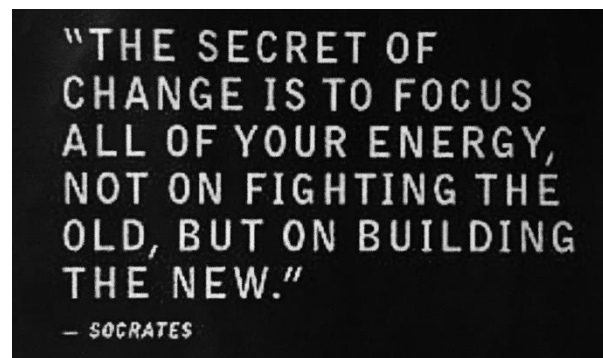
Self Mastery requires being in a place of stillness within the mind, to be in the still point of the here-and-now moment, releasing projections of past and future. It is here, just beyond word and thought, where we can experience the realization of our nature as the light of consciousness itself. When we are relaxing, participating in or enjoying something creative, we let go and allow an open, blank mindscape, creating a receptive space where new insights can be observed, epiphanies arise and inspired genius flourishes! Authentic expression, infinite intelligence and creative flow exist in this surrender of linear thought.

David Lynch articulated this very well in his book *Catching the Big Fish*, in which he connects his experiences with meditation and consciousness with its results on creativity. In sharing immersive art therapy experiences such as expressive painting with both hands and tabula rasa writing with those who wish to dive deeper into the creative process, I observe amazing improvements in one's overall ability to release self judgement and be more fearlessly authentic.

Joy, Fun and Permission to Play = Perspective

The perspective of one's consciousness is directly tied to one's vibration. Having fun, playing and being in joy raises our vibration, expands our consciousness and thus shifts our view of life. Einstein said: "creativity is intelligence having

fun," and I certainly agree with him. In a report created by the nonprofit [Business / Arts](#) and strategy and innovation firm [LaPlaca Cohen](#), "having fun", "reducing stress" and "feeling inspired" were also cited as the top motivators for cultural participation¹. The key is that the experiences of joy, harmony and peace are only ever possible in the now. Clients find this provides a profound elevation of clarity, intuition and inspiration, enabling them to see solutions and opportunities that they couldn't before from a more constricted vantage point.



Unlocking the Potential for Impact

In having the honor and privilege of working with and empowering noble, caring and "outside the box" clients including award-winning leaders, visionary impact and angel investors, philanthropists, and conscious entrepreneurs to actualize their vision of limitless creativity as it is applied to their lives in leadership and service to others, I see the creative economy as a powerful opportunity for entrepreneurship and creative genius to converge, thrive and impact the globe for the benefit of all, while also being profitable.

In sharing "The Art of Living Light," as I like to call it, I apply the analogy of life as a blank canvas, available for infinite expression and experience. By taking the approach of the artist, architect or writer one can take the reins of self-responsibility, re-invent oneself and create the intentional trajectory of life with a sense of freedom. Together we undertake an incredibly creative

¹ <http://www.businessandarts.org/culturetrack/>



process; by removing any perceived limitations, over time clarity emerges for curating one's unique equation of intentional balance, beauty and legacy.

As we harmonize the mental, physical and emotional bodies, one's ability to efficiently create that which they focus upon becomes amplified. Ultimately clients are able to live in a state of creative flow day to day, navigating and making decisions more intuitively while attracting ideal opportunities and synergistic relationships.

Integrating the beneficial effects of Self Mastery, creativity and joy into one's life unlocks the potential to create impact more broadly. For example, one visionary client is focused on the upliftment of consciousness globally and is funding architectural and artistic projects of massive proportion around the world along with facilitating the publication of my upcoming book. Others are launching innovative businesses within the wine industry and investing in leading edge technology merging with the fashion industry. I am inspired by something Brunello Cucinelli once said, "I feel responsible for the beauty I create in the world."² I adore how he uses his brand to implement a humanistic enterprise and share powerfully wise messages.

Suggestions for Investors

I truly see no limit to the profitable opportunities within the creative economy. Meow Wolf is a great example of how a collaboration of artists, creative visionaries and viable real estate investment offer experiential havens at a profit. I see affordable and flexible loans as one effective way to enable the actualization of projects and still have financial returns. Many truly incredible emerging creative geniuses in the world live in their own world, prolifically creating. These

individuals and the world would benefit exponentially from business partnerships and support systems.

Institutions are now mandating initiatives to increase exposure of emerging artists' messages, enabling contemporary Picassos to be marketable during their lifetime. Perhaps becoming a patron of a particular artist or creative mind by promoting their career through one's influential network, connecting them with brands or mentors and taking a percentage of profits for a specified timeframe, or arranging for commissions for a percentage of sales are intimate options.

Maybe investing in real estate to enable new venues, projects or

interdisciplinary think tanks for creativity to be actualized excites you. Establishing creativity-centric communities with live/work studios and enacting anti-gentrification zoning safeguards is also a worthwhile initiative. The world's parents are calling for opportunities for creative thinking in education, which is correlated with making great leaders. There are infinite opportunities for online education platforms and or the creation of experiential retreat centers to provide creativity and consciousness education along with art therapies for well-being at any age.

As the leaders, visionaries and creators of our globe's future, the creative economy holds a vast opportunity for sustainable social impact and a richly beautiful, conscious world!

Robyn Ziebell is a Self Mastery teacher in the vanguard of contemporary consciousness working with visionary leaders, philanthropists, investors and companies. She speaks publicly and leads transformational courses and immersive art therapy experiences. She is a graduate of the UBC Sauder School of Business, an artist and serves on the fundraising board for the Audain Art Museum. Previously she lead strategic partnerships for 5 years at a Fortune 500 Company.

"We are in a renaissance of consciousness, creativity and collaboration"

– Robyn Ziebell

² <http://www.brunellocucinelli.com/en/my-creed.html>





SUSTAINABLE DEVELOPMENT GOALS



Creativity & The Arts: Integral to Impact

By Phil Kirshman

“Creativity & the Arts” is a relatively new theme for impact investors to consider, despite being embedded in every cultural and technological advancement that has occurred since the dawn of civilization. As illustrated in this report, many impact-focused development initiatives integrate arts and creative endeavors, even when not defined as such. This highlights the importance of establishing common frameworks of understanding when considering impact investing.

The UN Sustainable Development Goals (SDGs), though not originally designed for investment or philanthropic applications, have become an important frame of reference for sustainable and impact investors. We at Cornerstone Capital Group have been developing our own framework for supporting investors to incorporate SDGs into their investment process. Our efforts have focused on:

- identifying key SDG areas of interest for investors to target for their investment policy statements;
- developing an investment strategy due diligence process that assesses how proposed asset managers address various SDGs in their analyses and security selection; and, ultimately,
- creating a framework to measure and report on progress towards achieving the SDGs.

One challenge we face in considering the SDGs in an investment context is their interrelated nature. Performance or improvement in any one SDG will likely be highly correlated with performance across a range of SDGs. Similarly, one can make a case that “arts and creativity” are intertwined with almost every SDG.



Of particular relevance to this report are SDG 5: Gender Equality and SDG 10: Reduced Inequalities. Several of our contributors specifically reference the ways in which artists and creatives who are women and/or people of color and/or LGBTQ can be nourished and supported through affordable live/work art spaces. These are tangible examples of how art and creativity can be considered in the context of the SDGs – and specific investment opportunities.

As an example of the interrelated nature of the SDGs, affordable housing in a broader sense is responsive to SDG 11: Sustainable Cities and Communities. One can target SDG 11 as a matter of personal interest, while simultaneously considering SDG 5 and SDG 10, using art and creativity to connect the three.

In addition to creative culture serving to connect various impact investment goals—and more important—it is a bridge-builder between and among cultures. The arts can help communicate shared human experience in ways that transcend language and other societal structures and social norms. The arts offer amazing ingenuity, fresh and unique perspectives, and uses of media and tools from across every corner of the globe and every culture.

With this report, we hope to convey the numerous ways in which a focus on the arts and creativity can reveal meaningful and impactful investment opportunities. We can readily identify opportunities not only to support artists and creatives themselves, but also the spaces in which they live and work, the positive effects that they

can bring to the communities in which their work is made and shown, shared experiences and bridging of cultures and communities, and improvements in the overall human condition.

At Cornerstone, we think of impact investment in a total portfolio context. This report shares perspectives from asset owners who are interested to find a fiduciary-level investment perspective on this issue. We hear from

entrepreneurs using art and creativity as a driver of value in their business models. We also feature several managers currently offering diversified managed investment strategies in the private equity and fixed income asset classes, as examples of the creative

thinking occurring in the finance arena. As the landscape of such opportunities continues to develop, Cornerstone will thoughtfully review the investment and impact goals of all such strategies.

Creativity and the arts are critical elements to finding the solutions to the systemic challenges that we face today. For those ready to participate in creating a better world through impact investing, we welcome the inclusion of arts and creativity as guideposts to our investment process, and an important new tool to creating the more sustainable world we want to build.

Arts and creativity are critical elements to finding the solutions to the systemic challenges that we face today.

Phil Kirshman is Chief Investment Officer for Cornerstone Capital Group. He directs the firm’s investment policy planning, strategic asset allocation optimization, investment implementation and portfolio reporting processes. Phil serves on Cornerstone’s Executive Committee and Investment Policy Committee. Phil also serves on the board and on the Executive Committee of the Calvert Foundation.



About Cornerstone Capital Group

Cornerstone Capital Inc. is a financial services firm with offices in New York City and Denver, Colorado. Our mission is to optimize financial performance and social impact for investors through rigorous research and the systematic integration of environment, social and governance factors into our advice. We envision an economy where finance and humanity work hand in hand. Investments should contribute to solutions to the major challenges of the global economy even as they earn a competitive financial return. This powerful sense of purpose and stewardship aligns our offerings with the long-term objectives of our clients.

In offering investment advisory and strategic consulting services, Cornerstone works with asset owners, corporations and financial institutions, promoting impactful approaches to investing and investment research. Further, Cornerstone's mission includes scaling the field of sustainable finance by sharing our knowledge and insights with the broader investment field and with our clients.

Cornerstone Capital Inc. is certified as a women-owned business and is an investment advisor registered with the U.S. Securities and Exchange Commission.



Signatory of:



Our Client Team



Erika Karp
Founder and Chief Executive Officer
New York
erika.karp@cornerstonecapinc.com



Phil Kirshman, CFA, CFP®
Chief Investment Officer
Denver
phil.kirshman@cornerstonecapinc.com



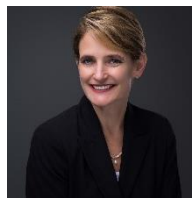
John K.S. Wilson
Head of Research and Corporate
Governance
New York
john.wilson@cornerstonecapinc.com



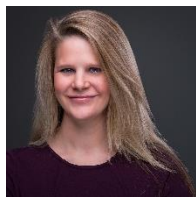
Jennifer Leonard, CFA
Director, Asset Manager Due Diligence
New York
jennifer.leonard@cornerstonecapinc.com



Craig Metrick, CAIA
Managing Director, Institutional Consulting
and Research
Denver
craig.metrick@cornerstonecapinc.com



Katherine Pease
Managing Director, Head of Impact
Strategy
Denver
katherine.pease@cornerstonecapinc.com



Alison R. Smith
Managing Director, Head of Business
Development
New York
alison.smith@cornerstonecapinc.com



M. Randall Strickland
Director, Relationship Management
New York
randall.strickland@cornerstonecapinc.com

To learn more about our services, please contact us. We would be happy to discuss your goals and interests.

New York: +1 212.874.7400

Denver: + 646.650.2234

info@cornerstonecapinc.com

www.cornerstonecapinc.com

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