

# 2021 Impact Report

Investing for an  
Inclusive Creative Economy

## Upstart Co-Lab is disrupting how creativity is funded

by connecting the \$17 trillion<sup>1</sup> of socially responsible and impact investing capital in the U.S. to the \$920 billion<sup>2</sup> American creative economy. Since launching in 2016, Upstart Co-Lab has:

**Directly mobilized more than \$17 million of impact capital for funds and companies in the creative economy** and co-created the NYC Inclusive Creative Economy Fund, the first targeted impact investment opportunity for the creative economy in the U.S.

**Garnered international attention for impact investing in the creative economy**

by launching *Creativity, Culture and Capital*, a platform supporting a more just and sustainable global creative economy; through hosted conversations with SOCAP, Mission Investors Exchange, the Federal Reserve Bank of New York, and at the GSG Global Impact Summit; and by grabbing headlines in *The New York Times*, *Financial Times*, *Forbes*, *Barron's*, *Fast Company*, *Monocle*, and *ImpactAlpha*.

**Framed the inclusive creative economy as an impact investing priority** through 10 original research reports demonstrating the role of creative places and businesses in comprehensive community development; the opportunity that the creative economy offers BIPOC and women entrepreneurs; the current state of impact investing in three key creative industries: Ethical Fashion, Sustainable Food and Social Impact Media; and how endowed cultural institutions can invest in alignment with their values and mission.

**Introduced a creativity lens to impact investing** to bring into view how investing in the creative economy can deliver social and environmental impact while generating a financial return. This creativity lens reveals opportunities that up until now have not been fully recognized by impact investors, and welcomes investors from the creative sector – artists, art collectors, art patrons and cultural institutions – into the practice of impact investing.

**Built a coalition of impact investors from the creative economy** including 22 museums and other endowed cultural institutions with aggregate endowments of \$5.4 billion who are learning to align investment strategy with their values of diversity, equity and inclusion (the Upstart Cultural Institution Study Group); and 11 donor-advised funds, private foundations, and endowed cultural institutions with \$1 billion of investment capacity who are investing with funds and businesses in the creative economy expected to have commercial success and generate environmental and social impact (the Upstart Member Community).

## Defining the Creative Economy

The creative economy is defined as a set of art, culture, design and innovation industries, and the economic contribution of those industries within a geographic region. A unique set of industries comprises each local creative economy, reflecting the culture, traditions and heritage of that place.

Upstart Co-Lab identified 145 industries that states and regions across the U.S. use to define their local creative economy, and grouped these industries into five categories to describe the inclusive creative economy for the benefit of impact investors:



**Ethical Fashion** Companies producing clothes, shoes, jewelry and accessories that proactively address industry challenges related to labor, environmental impact, governance and/or preservation of cultural heritage.



**Sustainable Food** Producers and providers of food and beverage products and experiences that proactively address and raise consumer awareness of resource conservation, preservation of cultural heritage and/or access to healthy food.



**Social Impact Media** Companies that leverage the power of communication, storytelling and technology to drive positive social outcomes at scale, give a platform to under-represented voices and/or build a diverse workforce.



**Other Creative Businesses** Includes online creator platforms and creative software tools, disruptive visual art platforms, immersive experiences, inclusive toy and game designers, and other businesses in art, design, culture and heritage industries that drive social impact.



**Creative Places** Real estate projects that are affordable, target creatives or businesses in the creative economy, and benefit their neighbors, such as affordable workspace for artists and creative economy businesses.

## The Impact of the Creative Economy

The creative economy is among the most rapidly growing sectors in the world. Projected to soon be 10% of the global economy,<sup>3</sup> the creative economy is the source of 30 million jobs in the global formal economy<sup>4</sup> and 300 million jobs in the global informal economy.<sup>5</sup> In the U.S., the creative economy is valued at \$920 billion – nearly 5% of GDP<sup>6</sup> – and provides more than 10 million jobs.<sup>7</sup>

By declaring 2021 to be the International Year of Creative Economy for Sustainable Development, the United Nations recognized the creative economy “as a powerful force for good, livelihoods, social cohesion and economic development” and acknowledged the role of creative industries in “supporting entrepreneurship, stimulating innovation and empowering people, including young people and women, while preserving and promoting cultural heritage and diversity.”<sup>8</sup>

The framers of the United Nations Sustainable Development Goals (SDGs) believe creativity and culture will help the world meet its goals in Quality Education (Goal 4), Decent Work and Economic Growth (Goal 8), Sustainable Cities and Communities (Goal 11), and Responsible Consumption and Production (Goal 12) through appreciation of cultural diversity; decent job creation, entrepreneurship, and innovation; protection of the world's cultural heritage; and sustainable tourism that creates jobs and promotes local culture.

The creative economy is an on-ramp to wealth-building for communities who are often overlooked and under-estimated. Globally, the creative economy employs more people aged 15–29 than any other sector.<sup>9</sup> 285 million creative economy workers around the world are women.<sup>10</sup>

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In the U.S., up to 35% of all woman-owned businesses<sup>11</sup> are in the creative economy and approximately 38% of BIPOC-owned businesses<sup>12</sup> are in the creative economy.

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## The Creative Economy and Impact Investing

Impact investors using a creativity lens will see large-scale opportunities for deep impact and market-rate returns in the creative economy. All the social and environmental priorities impact investors address in their portfolio can be achieved and furthered by investing in the creative economy.

When seeking to support BIPOC and women entrepreneurs, fund managers find some of their best investment opportunities in creative industries. Impact funds with >20% of their holdings in creative industries often have an explicit inclusivity strategy, above-average diversity among the investment leadership of the firm, and above-average diversity among founders in the portfolio. (Read *Hiding in Plain Sight: Impact Investing in the Creative Economy*.)

Concern by consumers about how their food, clothes and entertainment are produced has grown significantly in recent years. Consumers are also demanding more engaging and authentic products and experiences that keep pace with changing demographics in the U.S. The creative economy has the capacity to intrigue, engage, educate and activate more mindful consumers so that the benefits of

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Impact funds have been investing in the creative economy without even realizing it.

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ethical and sustainable supply chains and the full power of media to drive positive change can be realized. (Read *Impact Investing in the Creative Economy: diving deep into Ethical Fashion, Sustainable Food and Social Impact Media*.)

Investments in the creative economy have the potential to stabilize threatened communities and benefit regions looking to attract and develop quality jobs. Community development financial institutions (CDFIs) have been investing in creative places and creative businesses as part of comprehensive community development for decades. Over the past

30 years, Local Initiatives Support Corporation (LISC) alone has invested more than \$138 million in 98 projects across the United States.<sup>13</sup> Community Reinvestment Act-motivated capital has historically been used to support creative places and businesses to drive economic opportunity, employment, and affordable housing. (Read *Creative Places and Businesses: Catalyzing Community Growth* and *The Community Reinvestment Act and the Creative Economy: Investing in Creative Places and Businesses as Part of Comprehensive Community Development*.)

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## The creative sector is a new source of impact capital.

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purpose-led investment as their highest motivation when buying art.<sup>14</sup> American museums and other cultural institutions, which hold in aggregate over \$64 billion in their endowments,<sup>15</sup> are beginning to align their investments with their values of diversity, equity and inclusion by committing to BIPOC and women fund managers. (Read *The Guide: what cultural institutions need to know about investing for values and mission*.)

31% of art professionals and 28% of art collectors say socially responsible investment products in culture would be of the most interest to them among art investment products – and 86% of NextGen art collectors rank social impact and

## This is the first Impact Report published by Upstart Co-Lab.

It details 6 creative economy investments closed by the Upstart Member Community in 2020 and 2021. These investments are representative of the opportunities in the Upstart Co-Lab investment pipeline. These investments also illustrate how Upstart assesses the impact generated by the creative economy.

### Upstart Co-Lab Member Community

In 2020, Upstart Co-Lab launched the first group of impact investors dedicated to the creative economy. The Upstart Member Community currently includes the A.L. Mailman Family Foundation, the Bonfils-Stanton Foundation, BRIC, Builders Initiative, Creative Capital, the Jessie Ball duPont Fund, Martha J. Fleischman, Neil Hamamoto, Lorrie Meyercord, the Souls Grown Deep Foundation, and an anonymous donor-advised fund which together represent over \$1 billion of investment capacity. The announcement of the Upstart Member Community was highlighted in *Forbes* and *Barron's* as a significant milestone in impact investing.

Members have access to Upstart Co-Lab's proprietary pipeline of impact investment opportunities. Upstart conducts investment due diligence and supports Members in their impact investing learning journey. Members maintain full discretion over their investment decisions.

As of December 31, 2021, the Upstart Co-Lab Member Community had closed and committed \$7.75 million in 11 funds and companies expected to deliver social and environmental impact, as well as a financial return.<sup>16</sup>

### Upstart Co-Lab Investment Pipeline

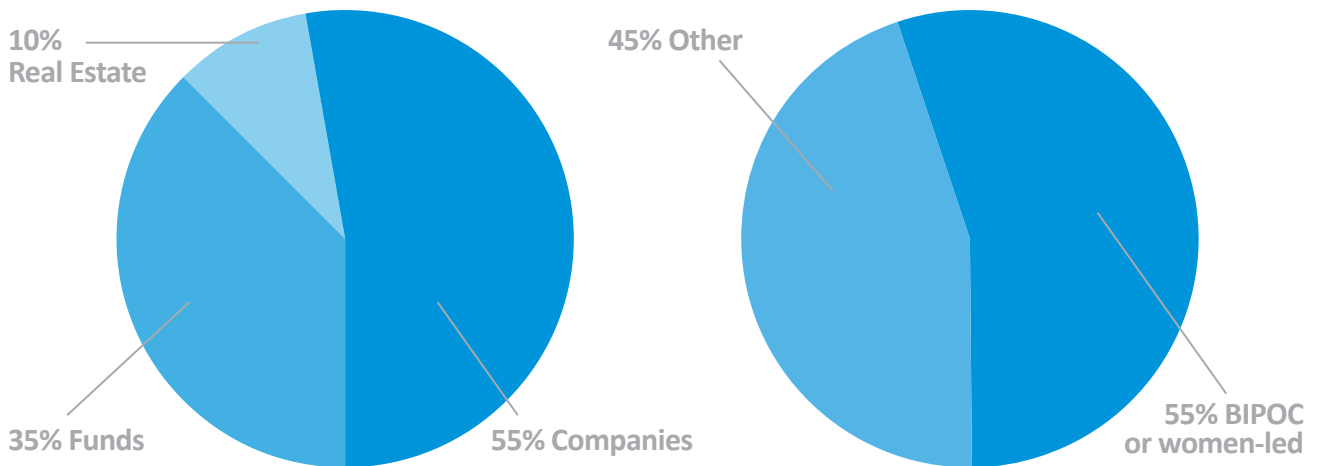
Upstart Co-Lab's proprietary investment pipeline currently consists of 250+ funds, direct company investment opportunities and real estate projects, raising in aggregate more than \$2 billion in impact capital in the next 24 months.

Upstart sources impact investment opportunities in the creative economy through our network of fund managers, business accelerators and incubators, and impact investing leaders including our Advisory Board; by consulting deal-tracking sites including Crunchbase and Impact Space; through the latest impact investing news reported by *ImpactAlpha* and others; and through inbound queries that result from Upstart's media coverage and public speaking.

In sourcing and screening opportunities, the Upstart team prioritizes diverse fund managers and entrepreneurs; aims for a robust representation of both funds and company investments; and intentionally seeks out a variety of opportunities across the United States, across the creative industries and across the range of risk-adjusted expected returns. We track creative economy impact investment examples around the world for our own learning, but only include U.S. opportunities in our pipeline.

Funds comprise 35% of Upstart’s pipeline. Funds must hold at least 20% creative economy businesses in order to be included, and are typically early stage and growth stage private equity and private debt.

Companies comprise 55% of Upstart’s pipeline and are typically seeking equity, debt, or a hybrid (such as convertible debt or a SAFE Note) in their pre-seed, seed, or Series A rounds. The remaining 10% of opportunities in the pipeline are real estate projects.



42% of the opportunities are women-led; 32% are BIPOC-led; 55% are BIPOC or women-led. Spotting emerging fund managers and entrepreneurs, tracking them as they progress, and coaching them along the way is part of Upstart Co-Lab’s field-building work.

The pipeline covers all five segments of the creative economy: 29% Ethical Fashion, 21% Sustainable Food, 31% Social Impact Media, 25% Creative Places, and 40% Other Creative Businesses. Other Creative Businesses include online creator platforms and creative software tools; disruptive visual art platforms; immersive experiences; inclusive toy and game designers; and other businesses in art, design, culture and heritage industries that drive social impact. Many funds are invested in multiple creative economy industries resulting in a total that exceeds 100%.



*Many funds are invested in multiple creative economy industries resulting in a total that exceeds 100%.*

## How Upstart Co-Lab Assesses Impact

In discussions with fund managers and entrepreneurs, Upstart Co-Lab learns about the impact that they are seeking to achieve through their product, service, platform and overall business strategy. Specific impact goals range from inspiring the next generation of female designers, hackers and artists through smart hardware that lets them reinvent the manicure, to providing quality jobs in film and TV production for BIPOC and women, to enabling access to capital and technical assistance for entrepreneurs making new food products connected to their cultural heritage.

In evaluating the impact goals of funds and companies, Upstart looks for:

- A well-articulated model addressing one or more of the 5 Ps of impact: People, Product, Place, Process, Paradigm<sup>17</sup>
- Alignment between business goals and impact goals
- Scalability of intended impact alongside business scalability
- Capacity and commitment to measure, track and report on impact metrics
- A corporate form that ensures mission alignment between stakeholders, such as a public benefit corporation
- Strategy to preserve impact at exit, or a long-term ownership strategy such as steward ownership
- Relevant certifications for companies (e.g. B Corp and Fair Trade) and commitment to the UN Principles for Responsible Investment or membership in the Global Impact Investing Network for funds

**In addition to considering the specific impact goals of each fund or company in our investment pipeline, Upstart tracks the impact of Member Community investments across five dimensions:**

**Access to capital for BIPOC and women entrepreneurs:** Funds and companies that are led by diverse managers and founders, respectively; as well as investments in funds that are backing diverse founders.

**Quality Jobs:** Jobs that provide a living wage, basic benefits, career-building opportunities, wealth-building opportunities, and a fair and engaging workplace.

**Vibrant communities:** Activities that strengthen economic development, encourage civic engagement, build resiliency, and contribute to quality of life.





**Sustainable creative lives:** Ownership models, earnings opportunities, and pathways to wealth building that support a “creative middle class.”

**An inclusive creative economy:** Economic activity anchored in Openness & Experimentation, Diversity & Inclusion, and Tradition & Innovation that benefits artists, designers and all members of the community.<sup>18</sup>



The investments facilitated by Upstart Co-Lab through our Member Community have primarily been people-focused in their impact priorities, but have also considered **Environmental Sustainability**. Some of these businesses are pioneers in addressing prevalent environmental challenges in their industry. For example, a fashion company using reclaimed materials, minimal packaging, and a localized distribution model; and a film and TV sound stage certified as eco-friendly for a range of green practices including use of renewable energy and reduction of plastic and food waste from craft services. Fashion, food and design businesses also educate and engage consumers to behave in a more sustainable way through organic, sustainable and ethical products and services.

The impact of the six funds and companies invested in by Upstart Members during 2020 and 2021 is summarized below.

	ACCESS TO CAPITAL FOR BIPOC & WOMEN ENTREPRENEURS	QUALITY JOBS	VIBRANT COMMUNITIES	SUSTAINABLE CREATIVE LIVES	AN INCLUSIVE CREATIVE ECONOMY	ENVIRONMENTAL SUSTAINABILITY
	✓	✓	✓	✓	✓	—
colorado  enterprise fund	✓	✓	✓	✓	✓	—
 HONEYCOMB CREDIT	✓	✓	✓	✓	✓	—
paskho	✓	✓	✓	✓	✓	✓
preemadonna*	✓	—	✓	—	✓	✓
 UPRIVER STUDIOS	✓	✓	✓	✓	✓	✓

 PRIMARY IMPACT 
  SECONDARY IMPACT 
 — NOT AN EXPLICIT IMPACT PRIORITY



COMMUNITY  
INVESTMENT  
MANAGEMENT

**INVESTOR:** Souls Grown Deep Foundation  
**AMOUNT:** \$250,000 in 2020; additional \$250,000 in 2021  
**INVESTMENT:** Community Investment Management  
**CREATIVE ECONOMY SECTOR:** Ethical Fashion, Sustainable Food, Social Impact Media, Other Creative Industries  
**ASSET CLASS:** Private Debt

Community Investment Management (CIM) is a global institutional impact investment manager that provides strategic debt funding to scale and demonstrate responsible innovation in lending to small businesses and other underserved communities in the United States and emerging markets. CIM partners with technology-enabled, socially responsible fintech lenders to back portfolios of high-yield, short duration, fixed income assets diversified by loan, sector, and geography. The objective of the strategy is to generate risk-adjusted returns by financing small businesses, students, and individuals underserved by the banking sector. CIM has deployed over \$1.6 billion to more than 78,000 borrowers. 24% of CIM's reporting small business lending portfolio is in the creative economy as defined by Upstart Co-Lab.

**Impact Strategy**

CIM targets impact on three levels: funding borrowers in underserved communities, building the market of responsible fintech lenders, and shaping industry-wide policy and responsible practices. CIM finances the portfolios of a new generation of innovative credit providers that offer a spectrum of products including term loans, credit lines and credit cards, receivable factoring, revenue-based financing, early wage access and payroll loans, student financing and other credit arrangements. CIM's capital seeks to advance financial inclusion, promote economic development and drive widespread adoption of such responsible innovation by the financial mainstream. CIM helps make transparent financial solutions available to small businesses, low-income households and students who otherwise may not have ready access to capital. CIM funds 2-3 times more women, minority, and veteran-owned businesses than conventional banks and financial institutions. CIM co-authored the Small Business Borrower's Bill of Rights which protects small businesses not protected by current law; and was a founding signatory to the Operating Principles for Impact Management committing to manage and measure the impact of their investments.

ACCESS TO CAPITAL FOR BIPOC & WOMEN ENTREPRENEURS	✓
QUALITY JOBS	✓
VIBRANT COMMUNITIES	✓
SUSTAINABLE CREATIVE LIVES	✓
AN INCLUSIVE CREATIVE ECONOMY	✓
ENVIRONMENTAL SUSTAINABILITY	—

✓ PRIMARY IMPACT    ✓ SECONDARY IMPACT    — NOT AN EXPLICIT IMPACT PRIORITY

**Impact Metrics**

*April 2015 - September 2021*

Businesses funded	15,738
BIPOC-owned businesses	22%
Women-owned businesses	30%
Veteran-owned businesses	22%
Jobs created and maintained	81,000
Funded business revenues	\$10 billion

**Upstart Co-Lab's Role**

A CIM co-founder — who is an artist as well as an investor — used Upstart Co-Lab's creativity lens to analyze the CIM small business loan portfolio in 2018 and found 24% were in creative industries. Given CIM's focus on BIPOC and women borrowers, this finding underscores how the creative economy offers an on-ramp to economic opportunity to diverse entrepreneurs. CIM now produces a snapshot report highlighting the role the creative economy plays in the CIM strategy; this report has been shared with 150 clients and client advisors. CIM presented to the Upstart Member Community in September 2020.



**INVESTOR:** Bonfils-Stanton Foundation  
**AMOUNT:** \$500,000 in 2021  
**INVESTMENT:** General Obligation Note with a 5-year term and a 1% annual interest rate  
**CREATIVE ECONOMY SECTOR:** Ethical Fashion, Sustainable Food, Social Impact Media, Other Creative Industries  
**ASSET CLASS:** Private Debt

The Colorado Enterprise Fund (CEF) is a 45-year-old community development financial institution (CDFI) accelerating community prosperity by financing and supporting small businesses in Colorado. They help borrowers build their capacity and prepare them to access more conventional financing in the future. Certified as a community development financial institution since 1996, CEF is A-rated by Aeris (a ratings agency for CDFIs) and has an 100% repayment rate to its lenders. As of September 31, 2021, CEF managed \$52 million on behalf of financial institutions, foundations, government agencies, and individuals deployed into 1,692 active loans. Since inception, CEF has made loans to 5,200 small businesses totaling \$170 million. 33% of small business borrowers in the CEF loan portfolio are in the creative economy as defined by Upstart Co-Lab. The average interest rate charged to creative economy businesses is 6.67%.

**Impact Strategy**

CEF supports BIPOC, women and low-income individuals to grow successful businesses. CEF lends to small businesses with the intention of creating jobs and building wealth. By providing fair and flexible loans and technical assistance to small businesses in Colorado, CEF positions small businesses to graduate to traditional lenders, and enables local communities to build wealth.

ACCESS TO CAPITAL FOR BIPOC & WOMEN ENTREPRENEURS	✓
QUALITY JOBS	✓
VIBRANT COMMUNITIES	✓
SUSTAINABLE CREATIVE LIVES	✓
AN INCLUSIVE CREATIVE ECONOMY	✓
ENVIRONMENTAL SUSTAINABILITY	—

✓ PRIMARY IMPACT    ✓ SECONDARY IMPACT    — NOT AN EXPLICIT IMPACT PRIORITY

**Impact Metrics**

**Creative Industries**

*April 2021 - September 2021*

Loans closed #	31
Loans closed \$	\$.1 million
BIPOC-owned businesses	33%
Women-owned businesses	53%
Low-income borrowers	73%
Jobs retained and created	102

**All Industries**

*October 2020 - September 2021*

Loans closed #	1,551
Loans closed \$	\$.43 million
BIPOC-owned businesses	30%
Women-owned businesses	9%
Low-income borrowers	67%
Jobs retained and created	1,418
Business coaching hours	5,616

**Upstart Co-Lab's Role**

In 2018, after joining Upstart Co-Lab's founding partner in a panel on the creative economy and community development at Denver Startup Week, CEF used Upstart Co-Lab's creativity lens to analyze its small business loan portfolio and found 45% exposure to creative industries. Upstart then conceived and developed a bespoke investment opportunity, helping the Bonfils-Stanton Foundation and CEF structure a Program-Related Investment focused on Denver and on the creative economy that is also consistent with the values of diversity, equity and inclusion.



**INVESTOR:** A.L. Mailman Foundation; Jessie Ball duPont Fund; Souls Grown Deep Foundation  
**AMOUNT:** A.L. Mailman Foundation \$100,000 committed in 2021; Jessie Ball duPont Fund allocated \$250,000 to establish a place-based microfinance fund in 2022, which intends to invest in a LPF; Souls Grown Deep Foundation \$250,000 committed in 2021  
**INVESTMENT:** Loan Participation Fund  
**CREATIVE ECONOMY SECTOR:** Ethical Fashion, Sustainable Food, Social Impact Media, Other Creative Industries  
**ASSET CLASS:** Private Debt

Honeycomb Credit is a crowdfunding platform making loan capital available to small businesses that are deeply integrated in their community. Since 2017, Honeycomb has channeled \$10 million through 150+ loan campaigns. Honeycomb serves businesses in 23 states and Washington, D.C. and plans to expand nationally. Average loan size was \$70,000 in 2020. 80% of the businesses that have raised capital through the Honeycomb Credit platform are creative economy businesses as defined by Upstart Co-Lab.

Honeycomb's Loan Participation Fund (LPF) is a bespoke capital allocation vehicle that allows institutional investors to participate in multiple crowdfunding campaigns that meet the investor's predetermined criteria such as location, industry and entrepreneur demographics. Based on Honeycomb's modelling, a \$250,000 LPF can expect to make 25 investments at an average investment size of \$10,000. The model predicts an IRR of 9.4%, an average loan term of 48 months, a 2% default rate, and a 75% recuperation rate if default occurs.

**Impact Strategy**

Honeycomb Credit provides access to capital for local businesses. From 2007 to 2018, there was a 35% reduction in commercial banks in the U.S. and a corresponding 29% decrease in the number of small business loans. Honeycomb Credit was created to fill the access to capital gap due to the loss of community banks, fill a unique role in the small business lending universe, and provide an affordable borrowing option for businesses that could otherwise fall prey to predatory online lenders. Approximately 50% of the businesses have previously been unable to access credit or have been referred to Honeycomb by other lenders who passed on lending to the company. After raising growth capital on the Honeycomb platform, businesses experienced an average 60% increase in revenue 1 year after completing a campaign, 80%

ACCESS TO CAPITAL FOR BIPOC & WOMEN ENTREPRENEURS	✓
QUALITY JOBS	✓
VIBRANT COMMUNITIES	✓
SUSTAINABLE CREATIVE LIVES	✓
AN INCLUSIVE CREATIVE ECONOMY	✓
ENVIRONMENTAL SUSTAINABILITY	—

✓ PRIMARY IMPACT    ✓ SECONDARY IMPACT    — NOT AN EXPLICIT IMPACT PRIORITY

increase in press mentions, and a 40% increase in Yelp and Google reviews. In addition, Honeycomb has helped over 8,000 retail investors make their first small business investments.

**Impact Metrics**

January 2018 - December 2021

Businesses funded	150+
BIPOC-owned businesses	25%
Women-owned businesses	47%
Businesses in Low-Moderate Income communities	48%
Campaign success rate	83%
Average revenue increase 1 year after campaign for businesses raising capital on Honeycomb Credit	60%

**Upstart Co-Lab's Role**

An impact investing colleague at a family office introduced Upstart Co-Lab to Honeycomb Credit in 2020 after recognizing the significant number of creative economy businesses on the platform. Upstart worked with Honeycomb to develop the company's idea to bring foundation capital to invest alongside the crowd, helping Honeycomb develop a pro forma financial model, an investor pitch, and draft legal agreements. Using its strategic partner network, Upstart identified a qualified, values-aligned financial intermediary able to support the Loan Participation Fund in all 50 states.

# paskho

**INVESTOR:** Builders Initiative, Souls Grown Deep Foundation  
**AMOUNT:** Builders Initiative \$750,000 in 2021; Souls Grown Deep Foundation \$600,000 in 2021  
**INVESTMENT:** Convertible Debt  
**CREATIVE ECONOMY SECTOR:** Ethical Fashion  
**ASSET CLASS:** Venture Capital

Founded by Patrick Robinson, former creative director for the Gap and Emporio Armani, Paskho is a Black-owned, sustainable, socially-driven clothing line and e-commerce platform. In 2020, the company responded to COVID and America’s reckoning with structural racism by moving all of its manufacturing from ethical and sustainable factories in Asia to low income communities in the U.S. Paskho is committed to employing and empowering makers and giving customers a genuine human interaction with every person who assembles, markets, and ships each piece of clothing. The company’s tech-enabled distributed production approach is called Community-Made™.

## Impact Strategy

Paskho Community-Made™ digitally mobilizes skilled, independent workers from underserved communities throughout the U.S. This approach brings quality, middle skill jobs to residents of low-income communities. Paskho pays its makers \$16-\$28 per hour. Community-Made™ maker pods are currently operating in the New York City area and Boykin, Alabama, home of the Gee’s Bend Quilters, which has a majority Black population and an average annual income per capita of \$12,000. Paskho is now exploring expansion opportunities in Hudson, NY; Omaha and Lincoln, NE; St Louis, MO; and Sioux Reservation, SD.

Paskho is committed to environmentally sustainable practices: using reclaimed fabrics to reduce textile waste, using Bluesign-approved eco-fabrics to ensure no harmful chemicals are used; engaging in environmentally efficient on-demand production; and reducing packaging. Paskho allows customers to return used clothes for discounted new ones, encouraging recycling and mindful buying. B Corporation certification is pending which will verify Paskho’s good corporate behavior towards workers, community and the environment.

ACCESS TO CAPITAL FOR BIPOC & WOMEN ENTREPRENEURS	
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ENVIRONMENTAL SUSTAINABILITY	

PRIMARY IMPACT SECONDARY IMPACT — NOT AN EXPLICIT IMPACT PRIORITY

## Impact Metrics

December 2020 – November 2021

Jobs created and retained	52
Total wages paid	\$509,367
Community-Made workforce in Alabama	
• African American	100%
• Women	88%
Community-Made workforce in New York City	
• African American and Latinx	100%
• Women	85%

January 2017 – November 2021

Reclaimed fabric utilized	132,346 yards
Number of toxic chemicals avoided/minimized	900
CO <sub>2</sub> saved	15,000 kg

## Upstart Co-Lab's Role

**Paskho founder Patrick Robinson and Upstart Co-Lab’s founding partner met at the 2019 Gratitude Railroad Investor Retreat. After learning that Patrick had a book on the Gee’s Bend Quilters on his desk for inspiration, Upstart introduced him to the Souls Grown Deep Foundation, which works closely with the Gee’s Bend Quilters and their Boykin, Alabama community. Upstart helped Paskho and the Foundation recognize the opportunity to establish a makers pod in Boykin in conjunction with an investment. Paskho presented to the Upstart Member Community in August 2020.**



**INVESTOR:** Lorrie Meyercord  
**AMOUNT:** \$200,000 in 2021  
**INVESTMENT:** Series Seed-5 Preferred Stock  
**CREATIVE ECONOMY SECTOR:** Other Creative Businesses  
**ASSET CLASS:** Venture Capital

Led by entrepreneur Pree Walia, Preemadonna is a tech company building smart hardware products and software platforms to inspire creative expression for the next generation of girls. Its first product, the Nailbot, will disrupt the \$15 billion nail care industry through nail art; inkjet printing smartphone images onto fingernails using nontoxic water-based ink. The business model focuses on building a community of “Preemadonnas” – creative makers who are predominantly girls and young women – who care about entrepreneurship, tech, and personal creative expression. While 2020 production and the consumer launch were paused due to COVID-related supply chain and factory delays, the company was on track to ship up to 1,000 units by the end of 2021 to crowdfunding backers, influencers, press partners and ambassadors.

**Impact Strategy**

Led by an all-female team and all-female board, Preemadonna is committed to helping girls and young women turn their interests in engineering, entrepreneurship and artmaking into lifelong skills. The Preemadonna community learns the basics of hardware and electronics engineering by building, programming, and maintaining their Nailbot devices; entrepreneurship by building micro businesses selling nail decorations and collections of nail art through Preemadonna’s online platform; and creativity by designing their own collections of nail art. The company works with nonprofit partners including MakerGirl and Girl Scout troops to integrate its approach into broader leadership and learning curricula; and to engage a diverse cohort of girls.

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**Impact Metrics**

*With its first product in the market in 2022, the company is on track for B Corporation Certification, and has committed to measuring:*

- Women on leadership team and board
- Girls reached through nonprofit partnerships
- Participants in Artist & Coding Curriculum
- Micro-businesses launched
- Original designs created

**Upstart Co-Lab's Role**

**As a judge at the MIT Solve business plan competition in 2017, Upstart's founding partner met Preemadonna founder Pree Walia. In 2018, Upstart recommended and closed an investment in Preemadonna for the Spanx by Sara Blakely Foundation, with a follow-on investment in 2019. In preparation for Preemadonna presenting to the Upstart Member Community in September 2021, Lorrie Meyercord was asked to test the Nailbot at home with her two daughters. It was an instant hit with the family and ultimately led to Meyercord's investment.**



**INVESTOR:** Neil Hamamoto; Lorrie Meyercord  
**AMOUNT:** Neil Hamamoto \$100,000 in 2020; Lorrie Meyercord \$250,000 in 2020  
**INVESTMENT:** Class A Units  
**CREATIVE ECONOMY SECTOR:** Social Impact Media, Creative Places  
**ASSET CLASS:** Venture Capital

Upriver Studios is a women-led, climate-forward film & TV production facility in New York’s Hudson Valley launched by Mary Stuart Masterson and Beth Davenport. Along with its sister nonprofit Stockade Works (a workforce training program dedicated to creating access and career pathways with growth opportunities in the film and TV industry with a focus on women, BIPOC and veterans), Upriver Studios is helping to build a robust film and TV economy in New York’s Hudson Valley. Upriver Studios has repurposed a 101,000 square-foot warehouse into Class A sound stages, with production offices and ample support spaces. Upon opening in 2021, Upriver’s first client was Warner Media/HBO Max’s *Pretty Little Liars: Original Sin*. The original sound stage facility has 100% occupancy for up to 3 years, and expansion plans are underway.

**Impact Strategy**

In its first five years, Upriver expects to create 2,000 local jobs, including crew jobs that offer a pathway to union positions paying \$75,000-\$200,000 annually with benefits. Productions filming at Upriver Studios are expected to draw 20% of their crew from graduates of Stockade Works, ensuring jobs for BIPOC, women and veterans.

Upriver’s environmental best practices (e.g. LED lighting grid, 100% solar-sourced electricity, certification for environmental production) are expected to result in 30% fewer carbon emissions as compared to conventional sound stages. Having signed the Climate Reality Pledge, Upriver is on track with its pledge to be on 100% clean renewable energy by 2030. By attracting film & TV – a clean, generative industry – to the region, Upriver offers as an alternative to fracking, casinos and cannabis – industries that have negative local environmental and health consequences.

ACCESS TO CAPITAL FOR BIPOC & WOMEN ENTREPRENEURS	✓
QUALITY JOBS	✓
VIBRANT COMMUNITIES	✓
SUSTAINABLE CREATIVE LIVES	✓
AN INCLUSIVE CREATIVE ECONOMY	✓
ENVIRONMENTAL SUSTAINABILITY	✓

✓ PRIMARY IMPACT    ✓ SECONDARY IMPACT    — NOT AN EXPLICIT IMPACT PRIORITY

**Impact Metrics**

*May 2021 - December 2021*

Women on leadership team and board . . . . .	6
Facility management jobs created . . . . .	10
Production jobs created . . . . .	150
Local crew hired . . . . .	45
Construction jobs created through facility upfit. . . . .	30
Stockade Works graduates referred to work on <i>Pretty Little Liars</i> . . . . .	100
Renewable energy used . . . . .	7,896 kwh
Plastic bottles avoided . . . . .	15,000+

**Upstart Co-Lab's Role**

Upstart Co-Lab’s founding partner Laura Callanan was introduced to Upriver Studios’ co-founders Mary Stuart Masterson and Beth Davenport in 2016 by their legal counsel. Upstart has provided the team significant support on strategic planning, financial structure and the investor pitch. Upstart organized investor site visits in 2017 and 2019. Callanan joined the board of Upriver Studios in 2019; she does not hold any equity in the company. Upriver Studios presented to the Upstart Member Community in July 2020.



## Looking Ahead

The examples profiled in this report give a glimpse into the 250+ impact investment opportunities in the creative economy that Upstart Co-Lab has sourced and screened in the past four years. In the future, Upstart Co-Lab will grow our investment pipeline with a continued focus on Ethical Fashion, Sustainable Food, Social Impact Media – and an expanded focus on Other Creative Businesses, including immersive experiences, the visual art market, craft, and sustainable tourism. We will reduce our focus on Creative Places to be able to concentrate on enterprises rather than real estate.

We are also investigating the rapidly growing Creator Economy. With products and services that enable content creators to manage and monetize their work, the Creator Economy has the potential to provide a platform for diverse perspectives and to support the emergence of a creative middle class in the U.S. Upstart Co-Lab believes impact investors can ensure this promise is fully realized.

Looking ahead, Upstart Co-Lab is raising \$100 million in program-related investments from foundations and investments from donor advised funds to launch the first, national creative economy impact investment strategy in the U.S. Upstart will invest in a portfolio of impact funds with >20% creative economy exposure and early-stage companies in the creative industries. This new portfolio will deliver people-focused impact: access to capital for BIPOC and women entrepreneurs, quality jobs, vibrant communities, sustainable creative lives and an inclusive creative economy.

Creative people are harnessing the power of business and the marketplace to scale and sustain their ideas. Many of the businesses that artists, designers, and other creatives start balance financial profitability with concern for their workers, their community and the environment. Funds and companies like those profiled in this report seek capital from impact investors who understand the power of art, design, culture, heritage and creativity to drive positive social and environmental impact.

Upstart Co-Lab looks forward to our continued work with the families, foundations and cultural institutions in our Member Community, and to sharing our learnings with the field.



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Global Development Incubator*

Dennis Whittle, *Co-founder, Normal>Next*

## Upstart Co-Lab Team

Laura Callanan, *Founding Partner*

Serena Desai, *Project Coordinator*

Nam Phuong Doan, *Associate*

Sophie Forest, *Senior Associate*

Sarah Lang, *Assistant Director*

Bonny Moellenbrock, *Consultant*

Ward Wolff, *Associate Director*

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Please visit our website at [UpstartCo-Lab.org](https://UpstartCo-Lab.org) and  
contact us at [info@UpstartCo-Lab.org](mailto:info@UpstartCo-Lab.org)

## Endnotes

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- 15 Original research by Upstart Co-Lab; includes assets for 460 U.S. cultural institutions
- 16 Nine creative economy funds and companies received investments and commitments of \$5.35 million. In addition, Upstart advised the Souls Grown Deep Foundation on a \$2.4 million allocation to socially-themed Exchange Traded Funds NACP and WOMN in alignment with their commitment to social justice.
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