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A to Z Impact backs Project Equity's Employee Ownership Catalyst Fund

Roodgally Senatus

Photo by The Local Butcher Shop.

ImpactAlpha, January 16 — Oakland-based nonprofit Project Equity launched the Employee Ownership Catalyst Fund in 2021 to raise $20 million for retiring small and mid-sized business owners seeking to sell to their employees.

The evergreen fund, co-managed with **Mission Driven Finance**, has built a portfolio of employee-owned businesses via structures like employee stock ownership plans, employee ownership trusts, and worker cooperatives.

"We've financed six transactions to date, with a strong pipeline coming behind," Project Equity's **Alison Lingane** told *ImpactAlpha (listen to "How Project Equity is surfing the 'silver tsunami' to help turn employees into owners")*.

A to Z Impact, an impact-first family office, has provided the Project Equity fund with $400,000 in debt capital.

Impact–first capital

The investment from A to Z Impact offers Project Equity more flexibility to provide low-cost financing, such as low-interest revenue-based financing, to business owners for employee ownership-conversion deals. That will lead "to more wealth creation for the employee owners," A to Z Impact's **Alex Evangelides** wrote on Medium.

The majority of the worker-owned companies in the Employee Ownership Catalyst Fund's portfolio are low-income workers. Half of them are women and people of color.

Working capital

Among Project Equity's portfolio companies is **The Local Butcher Shop** in Berkeley, Calif., whose original owners secured low-cost financing from the fund in October 2021 to convert the shop to a worker-owned co-op. The Employee Ownership Catalyst Fund recently extended a forgivable working capital loan to The Local Butcher Shop's worker-owners.

Other backers in the fund include **Living Cities** and foundations, high-net-worth individuals and a donor-advised fund.