

COMMUNITY INVESTMENT FUND

(a Massachusetts Limited Partnership)

INSTRUCTIONS AND EXECUTION DOCUMENTS

**To be used in connection with
the Confidential Offering Memorandum
dated November 24, 1978**

**Community Investment Fund
639 Massachusetts Avenue Room 309
Cambridge, MA 02139
(617) 661-3636**

STATEMENT OF PURPOSE AND SOCIAL INVESTMENT CRITERIA

While many Americans have benefited from our present economic system, many others still suffer economic deprivation or job insecurity — even in the midst of unprecedented wealth and productive capability. Moreover, although political democracy has involved the majority in the political decision making processes, this has not been true in the economic realm.

The Board of Directors of the Fund believe that economic enterprises will be more beneficial to the many rather than the few as a result of their democratization — and that this democratization will bring about greater personal, social, environmental and economic security wherever it is introduced. In short, it is an essential step in the evolution of human kind.

Thus the primary purpose of the Fund is to foster methods of developing and directing economic activities that are as much as possible decentralized and democratic. Every other goal of the Fund is wholly or partially consequent to this basic objective.

The Fund is grounded in the belief that a multitude of additional changes in our social economy will result from the democratization of decision making. However, it is true that democratization is not automatically and universally benign. For this reason the Fund will support additional changes which further enhance an economic enterprises's contribution to society.

For example, the Fund will support organizations whose activities enhance the sense which the participants have of dignity and importance in the human community. A direct corollary of this would be a sense of involvement and pride in the organization's product or service.

The Fund will seek to support processes which enhance the respect of producers and consumers for the rest of life and substance with which we share this planet and universe.

The Fund will solely respond to enterprises which minister to genuine material or cultural human needs and which eschew the artificial creation of demand.

The Fund will support those organizations whose development shows a commitment to lessening inequality, disadvantage and discrimination.

At the same time, the Fund expects that the enterprises which it assists will respect the reality of the here and now and incorporate that which is most valuable from our past history. In the judgement of the Board of Directors, this means organizations which are economically viable within the present economy; which imaginatively utilize analytical thought, professional skills, appropriate science and technology; and which respect their contractual and legal obligations.

The specific criteria which follow codify these considerations as they might apply to a potential portfolio investment. The management of the Fund does not suppose that all of the stated objectives can be achieved at once or everywhere. Nor does it believe that they can ever be met to the fullest extent desirable. They are therefore an ideal standard against which to score and rank investment candidates. Actual recipients of investment funds will be found wanting to various degrees on the specific criteria and, when no sound democratic controlled investment opportunities are available, investments will be made in economic enterprises that fulfill the other social and economic criteria.

A final judgement as to acceptability under these criteria will be made in the context of this overall statement of philosophy and purpose.

Social-Economic Criteria

1. Stresses democratic control of decision making by all those affected or those most affected by the economic enterprise's decisions.
2. Shares economic benefits of its activity as widely as possible.
3. Produces products of good quality which satisfy basic physical and cultural human needs, are non-military, utilize renewable resources wherever possible, and respect our natural environment.

4. Takes affirmative action to utilize workers who are drawn from identifiable politically, socially and economically disadvantaged groups (e.g. disadvantaged minorities and women), and low income, sub-employed or unemployed workers.
5. Continually evaluates and improves its working conditions by responding to individual and local social and economic needs, thereby integrating its business practices into the surrounding community, as well as into society at large.
6. Is in a position to succeed both on business and social terms and can thus serve as a model for social change and as a base for further socially beneficial development.
7. Cooperates with other economic enterprises and organizations in collective efforts to further the perpetuation of the above social values through its activities.

Business Criteria

1. Business plans must prove economically justifiable as well as socially beneficial.
2. The enterprises must adhere to high standards of financial management and maintain accurate, up-to-date and comprehensible financial records utilizing standard bookkeeping methods.
3. Enterprises are expected to return any capital borrowed, plus interest, or other compensation upon which there was mutual agreement.
4. Enterprises are expected to pay compensation to workers or employees, pay suppliers and others with whom they deal at levels commensurate with current market standards. Exceptions will be considered during periods of start up or reorganization. The Fund will also consider sound programs aimed at reducing unnecessarily high compensation or extreme disparities between wage levels, or introducing other acceptable forms of compensation, such as housing and day-care services.