



Community Equity™ Example

The goal of this document is to give an example of how Community Equity™ can be applied to a Company. Each company can decide how to uniquely structure and apply their own Community Equity™ based on their own unique community and situation. Additionally overtime, the evolution of the Community Equity™ will change within all companies. In this example we give, it is not overly simplified, and does contain more breakdowns than is necessary. This could have been made MUCH simpler than this, but we also could make it many many times more complex depending on how many configurations and types of community contributions there are categorized. So we chose to go on the simple yet sophisticated side for this example so you can begin to see the infinite flexibility and customizability of Community Equity™.

Each and every company in the world has full permissions from us to apply Community Equity™ in whatever unique way they want to for their own organization, but we do ask that companies do use the Community Equity™ name and link to our website, to let more people know about Community Equity™ so that the idea can spread and help make the world more equitable from the bottom up. In fact it is actually in a company's best interest to utilize Community Equity™ as their model, because by registering as a company within our network we can publicize your company as integrating socially responsible equity models and much more. Also when your company uses Community Equity™, your company automatically gets Community Equity™ within our Network, and therefore by spreading the word, this builds value in both your company and in the Community Equity™ network of companies, as the more companies that use Community Equity™, the more valuable your Equity in the Network becomes, and the better for our society as a whole. By trademarking Community Equity™ it simply ensures that even though anyone can use the term within their company, that collectively the network of companies utilizing Community Equity™ always links back to the same organization and ensures that the value of your own equity within the Community Equity™ network is always growing.

We provide as many self help guides so that companies can easily implement Community Equity™ in their structure on their own, but for companies that want help with implementing and establishing Community Equity™ we offer a variety of consulting and support options. Simply contact us for more details. <http://CommunityEquity.net>

You can also view our contracting options at this link:

<https://docs.google.com/document/d/12cbjNn-rrnBikLH3RBbXs-w-075WLeO5hJhP1cAUWYM/edit?usp=sharing>

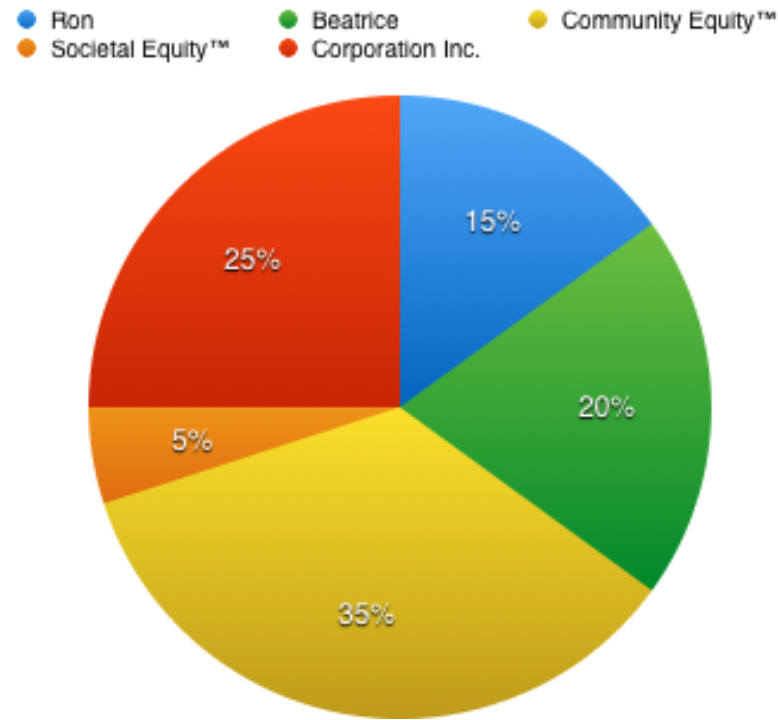
Now lets get to the example.

So In our Example we have a Company One and it is owned by two people and a Corporation, making it a Partnership Venture with three owners. The fourth component is Community Equity™ at 35% and a small fifth component of Societal Equity™ at 5%. The breakdown is as follows:

Company One Legal Equity Ownership:

Ron	15%
Beatrice	20%
Corporation Inc.	25%
Social Equity™ (40%)	
Community Equity™	35%
Societal Equity™	5%
Total Equity	100%

Visual Legal Ownership Equity Breakdown of Company One



Societal Equity™:

Societal Equity™ is not in the scope of this document, but just to make sure people understand why it is referenced in here we will spend a minute to explain. Societal Equity™ is exactly the same thing as Community Equity™, except instead of within a single unique Company, Society Equity™ can be applied to many companies simultaneously and can apply to an entire society if we build a big enough network. The reason why this is so important is because most people do not work for and engage with a single company through their entire life, and in this day of the gig age, a single person can work for and engage with hundreds if not thousands of companies, and only through Societal Equity™ will they be able to ensure that their contribution is valued and this builds a way to track their contributions in the needed context of our gig society.

Societal Equity™ is really a subset of Community Equity™, and most companies do NOT differentiate, and simply break off a piece of their Community Equity™ as societal equity instead. But for the purpose of simplifying our focus of this document, which is the breakdown of the Community Equity™, we are breaking off the Societal Equity™ beforehand so we don't have to consider it within the rest of the breakdown. So overall there is 40% Community Equity™, or umbrella Social Equity™, and 5% of it is allocated towards Societal Equity™. There is really no more than you need to know now, except that it is perfectly fine to ignore Societal Equity™ if you choose, but it is important to understand its importance in the greater context of Community Equity™.

To learn more about Societal Equity™ you can review the information on our website: <http://CommunityEquity.net>

Legal Ownership of the Community Equity™:

Once the legal owners of Company One have agreed to establish 35% of the company as Community Equity™ it is important to note that after you choose the Community Equity™ Pace holder, the legal entity or trust that oversees the Community Equity™, then you are done on the legal side. Everything else in this document simply explains how you could potentially break down the Community Equity™ in the future, but there is NO need to do so now, as there is usually no value to begin with, and it can always change. Community Equity™ legally ONLY gives each individual or company that gets Community Equity™ a vote as to how to decide where the dividends or Community Equity™ ends up once it has value in the future. Although there are unlimited different ways to break out the equity, in the beginning you are simply saying that everyone in the Community has a say to where the funds could go, from there it is up to each individual company and community to collaboratively decide how they want to break down the details of the Community Equity™ itself, and this document gives an example of how that can happen.

If you have questions about how to legally set up the Community Equity™, or how to set up a Trust, you are welcome to contact us, or to review some of our other self help guides, as we are not focusing on that aspect of the Community Equity™ in this particular document. For more info go to <http://CommunityEquity.net> We of course also offer our services to do it for you, but this is not necessary as it is easy to do yourself.

So lets go into how the Community Equity™ 35% block could potentially be broken down to visualize what it would actually look like on the back end.

Making Decisions for the Breakdown of Community Equity™

There are 3 types of entities that are involved in the decision making of how the Community Equity™ is broken down. First and most importantly is the Community Equity™ Place Holder, which is typically either a Non-Profit or Trust, but can be any legal entity that everyone can agree will hold the best interest of the beneficiaries of the Community Equity™ when they make their decisions. The Place holder, or Trustees, makes the final decision for how the Community Equity™ is broken out.

There can be overlap between the Place Holder Trustees, the Community Equity™ Beneficiaries, and the Company One Board of Directors. Even though the Place Holder Trustees have the final decision on the breakdown of Community Equity™ they do NOT get any direct benefit from their decision or they would automatically exclude themselves from being a 3rd party Trustee, therefore they MUST take into account both the needs of the Community Equity™ Beneficiaries, and the Company One Board of Directors.

The Beneficiaries have say in the outcome as it directly affects their involvement in the company, and they automatically get a vote as to where the actual value of the Community Equity™ goes. If the Beneficiaries demand the Trustees to take action on any aspect of their rights as Beneficiaries, they do have some power to directly make changes within the Trust structure itself, but overall the Beneficiaries have the least amount of power within the structure. The most powerful decision that they could make would be to force the transfer of their Community Equity™ into real actual ownership equity in the company itself. That process would end the ability of the Community Equity™ to continue to evolve, and would fix the equity structure indefinitely except for adding future investors or changing the total volume of shares in the company, if it is a corporation. Overall the Trustees must listen to the needs and desires of the Beneficiaries, and ensure their needs are represented to the owners of the Company.

The Company One Board of Directors has direct influence and say as to how the Community Equity™ is broken down because it can affect the overall value of the Company as well as having the ability to reduce the overall % of Community Equity™ based on new future investments, and other considerations. Therefore the Place Holder Trustees MUST take all considerations of the Board of Directors into account into how the Community Equity™ is broken down. In the worst case scenario, the Board can try to take away the Community Equity™ directly and sell it off to new investors. In this case the Place Holder and the Trustees would still have direct legal rights over the Community Equity™ and would be able to sue the Board of Directors to get the value of the Community Equity™ from its sale by the Board, and then distribute the funds to the individual Beneficiaries of the Community Equity™. Yet in the end, the individual beneficiaries and the Trustees do NOT have overall decision making control of the Community Equity™ existing in the first place, as the Board of Directors and shareholders always have the final say on Equity decisions and a Majority of the Board can always Force a Sale of the company or any equity holder. The only way to get around this is if the Board of Directors is controlled by a percentage of Community Equity™ that is over 50%+1. That is the only way to indefinitely protect the Community Equity™ in the

long run to take all control away from the Board of Directors. Otherwise Company One, and the Board of Directors always has the ability to sell off the Community Equity™ which can be VERY important in getting additional investors etc... and therefore makes sense in the original context of Company One even considering implementing Community Equity™ in the first place.

So just to summarize and review the basics of making decisions over the breakdown of community Equity™, the Place Holder Trustee is the Final Decision Maker on all Community Equity™ breakdowns, but MUST take into the Consideration both the Beneficiaries, as well as the Company's Board of Directors. If the Trustees make bad decisions, both the Beneficiaries and the Company's Board of Directors do have the power to kick out the Place Holder Trustee and either replace them with another Trustee, or even get rid of the Community Equity™ if needed. For more information or help in actually running the Place Holder non-profit or Trust, please contact us, as that is NOT covered within the scope of this document. <http://CommunityEquity.net>

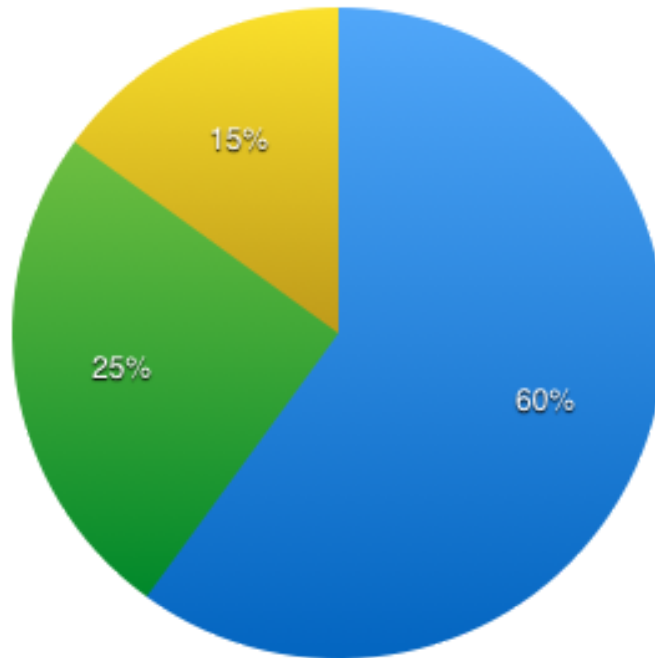
Initial Breakdown of Community Equity™ in Company One

Although the Community Equity™ is a single block, which in this example is 35% of the overall company, we eventually need to decide how we are going to break it down and who is going to get how much of the pie. It is possible to simply review the contributions that each person has made overtime and then break it out directly into individual slices based on that overall perspective of each individual's contribution, but that will never equate to an exact allocation to each individual based on their actual direct contribution. So although it is MUCH simpler to directly break Community Equity™ down by individual, and some companies use that model, we encourage a slightly more complex model of breaking down the initial Community Equity into at least two parts, Work Hours contributed, and \$\$\$ Contributed.

In our Example we are actually going to add a third component, Quantified Support, which is basically a task that can be done that can be quantified outside of the context of the time that it takes to do the work, or that the time itself is not applicable or able to be tracked. In the end, each company's situation will dictate very different breakdowns of Community Equity™ so there is no perfect way to do it, and you can always change it as needed. So again, in this example, we are going to break down the initial Community Equity into three parts: Work Hours Contributed, \$\$\$ Contributed, and Quantified Support Contributions, and the % are slightly arbitrary, but you can obviously see that some %'s are based on higher priority of individuals who deserve more equity for their contribution. Lets see what that looks like:

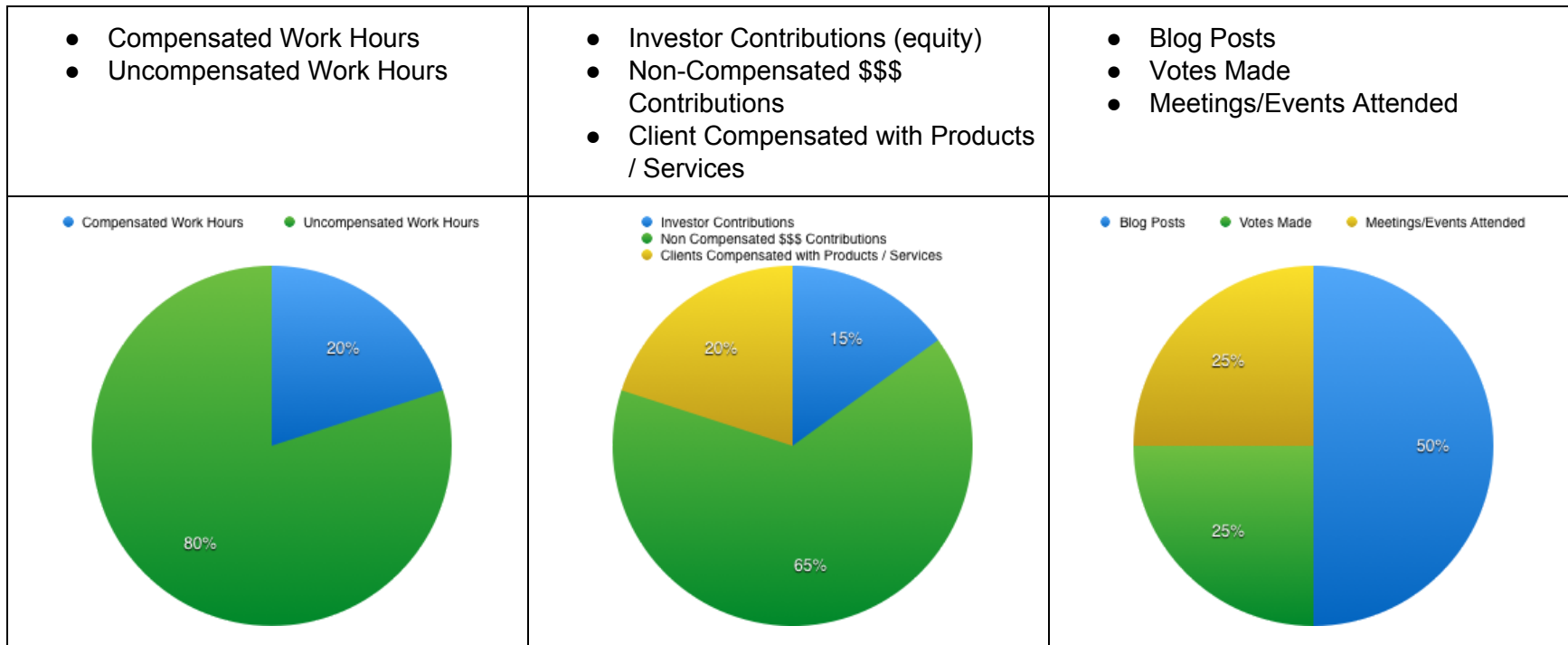
Community Equity™ initial Breakdown into the 3 main Categories of Contributions

● Hours Contributed ● \$\$ Contributed ● Quantified Support



From here we can Breakdown the three Parts of the Community Equity™ Even Further.

<u>Work Hours Contributed</u>	<u>\$\$\$ Contributed</u>	<u>Quantified Support Contributed</u>
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Now that we have the Full Breakdown of the Community Equity™ contributions, all we have to do is simply track the contribution of each individual who is part of the support network or community of Company One. Anyone who contributes in any way simply tracks and records their contribution overtime, and then you just put it all up in a table. Its really that simple.

Work Hours Contributed

<u>Name</u>	<u>Hours</u>	<u>Type</u>
Ron	125	Compensated
Beatrice	30	Compensated
Sarah	200	Uncompensated
Paul	87	Uncompensated
Derik	10	Uncompensated
Melanie	3	Compensated
Company A	45	Compensated
Company B	15	Uncompensated

\$\$\$ Contributed

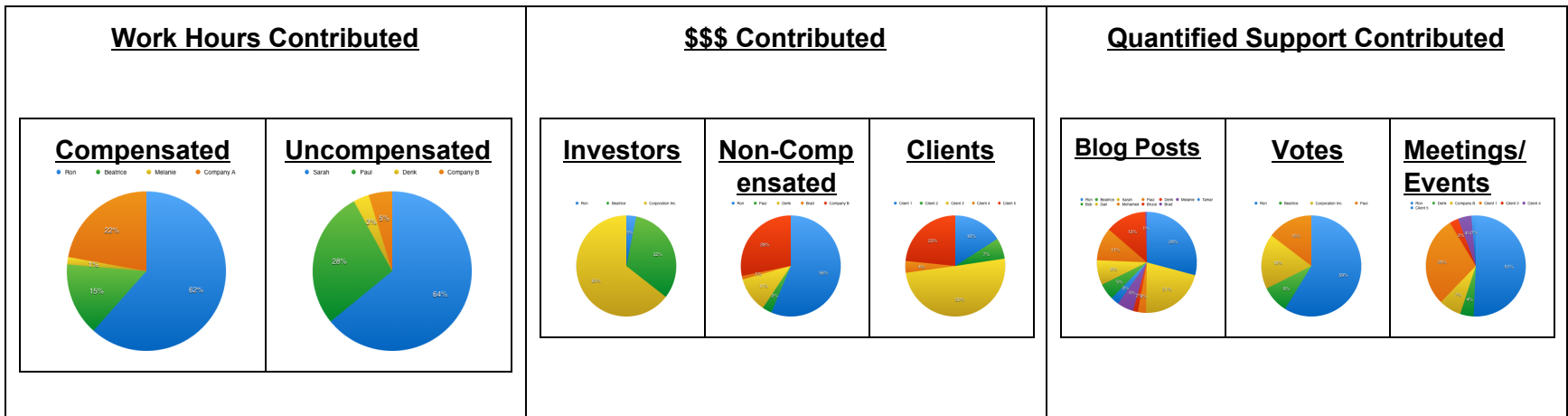
<u>Name</u>	<u>\$\$\$\$</u>	<u>Type</u>
Ron	\$500.00	Investor
Beatrice	\$5,000.00	Investor
Ron	\$500.00	Non Compensated
Paul	\$27.13	Non Compensated
Derik	\$100.00	Non Compensated
Brad	\$10.00	Non Compensated
Corporation Inc.	\$10,000.00	Investor
Company B	\$250.00	Non Compensated
Client 1	\$2,387.00	Client Services
Client 2	\$1,000.00	Client Services
Client 3	\$7,500.00	Client Services
Client 4	\$560.00	Client Services
Client 5	\$3,500.00	Client Services

Quantified Support Contributed

<u>Name</u>	<u># of Tasks</u>	<u>Type</u>
Ron	55	Blog Posts
Beatrice	0	Blog Posts
Sarah	40	Blog Posts
Paul	5	Blog Posts
Derik	3	Blog Posts
Melanie	10	Blog Posts
Ron	100	Votes
Beatrice	15	Votes
Ron	35	Meetings/Events
Paul	25	Votes
Derik	3	Meetings/Events
Brad	1	Blog Posts
Corporation Inc.	30	Votes
Company B	5	Meetings/Events
Client 1	20	Meetings/Events
Client 2	0	
Client 3	2	Meetings/Events
Client 4	3	Meetings/Events
Client 5	1	Meetings/Events
Tamar	5	Blog Posts
Bob	10	Blog Posts
Gail	15	Blog Posts
Mohamed	20	Blog Posts
Bruce	25	Blog Posts

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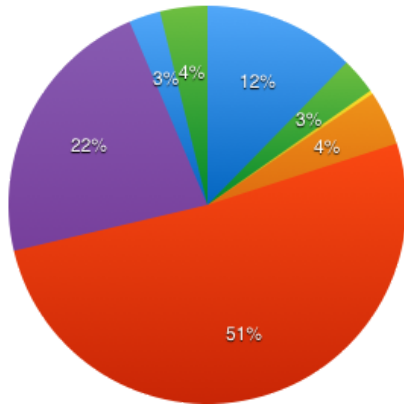
From here you could easily do all the calculations in a single table to figure out exactly how much % each person had in the overall Community Equity™, but just for fun we will break it down per category and then slowly combine each level so you can see how it visually transforms and evolve so you can see the entire picture of the Community Equity™ Breakdown.



Its easy to combine all of these graphs simply by taking the % of each person multiplied by the % of the total for each of the three parts of the Community Equity™

Work Hours Contributed

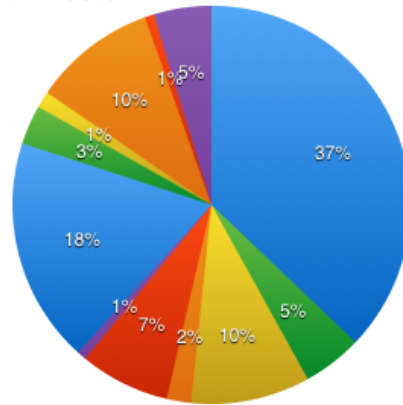
Ron Beatrice Melanie Company A Sarah Paul
 Derik Company B



Name	Hours	Compen	Total Hr %
Ron	62%	20%	12%
Beatrice	15%	20%	3%
Melanie	1%	20%	0.3%
Company A	22%	20%	4%
Sarah	64%	80%	51%
Paul	28%	80%	22%
Derik	3%	80%	3%
Company B	5%	80%	4%
		Total %:	100%

\$\$\$ Contributed

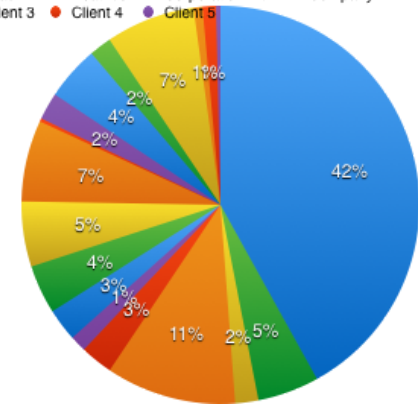
Ron Beatrice Corporation Inc. Paul Derik
 Brad Company B Client 1 Client 2 Client 3
 Client 4 Client 5



Name	\$\$\$	Type	Total%
Ron	3%	15%	0.5%
Ron	56%	65%	36.6%
Ron			37%
Beatrice	32%	15%	5%
Corporation	65%	15%	10%
Paul	3%	65%	2%
Derik	11%	65%	7%
Brad	1%	65%	1%
Company B	28%	65%	18%
Client 1	16%	20%	3%
Client 2	7%	20%	1%
Client 3	50%	20%	10%

Quantified Support Contributed

Ron Paul Derik Sarah Melanie
 Tamar Bob Gall Mohamed Bruce
 Brad Beatrice Corporation Inc. Company B Client 1
 Client 3 Client 4 Client 5



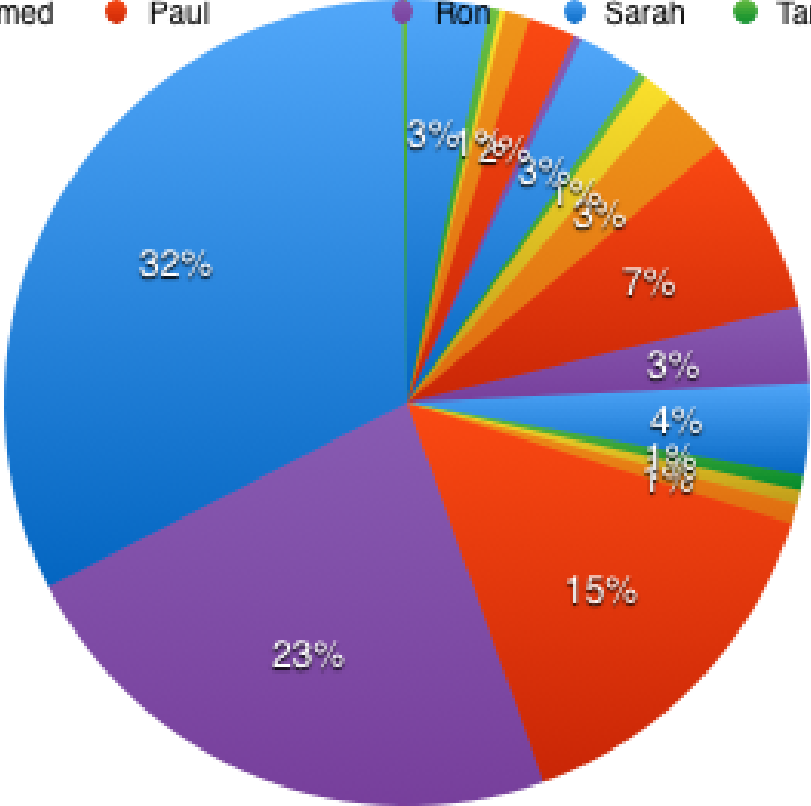
Name	% Tasks	Task Type	Total%
Ron	29%	50%	15%
Ron	59%	25%	15%
Ron	51%	25%	13%
Ron			42%
Paul	3%	50%	1%
Paul	15%	25%	4%
Paul			5%
Derik	2%	50%	1%
Derik	4%	25%	1%
Derik			2%
Sarah	21%	50%	11%
Melanie	5%	50%	3%

	Client 4	4%	20%	1%				
	Client 5	23%	20%	5%				
			Total %:	100%				
	Tamar	3%	50%	1%				
	Bob	5%	50%	3%				
	Gail	8%	50%	4%				
	Mohamed	11%	50%	5%				
	Bruce	13%	50%	7%				
	Brad	1%	50%	0.3%				
	Beatrice	9%	25%	2%				
	Corporation	18%	25%	4%				
	Company B	7%	25%	2%				
	Client 1	29%	25%	7%				
	Client 3	3%	25%	1%				
	Client 4	4%	25%	1%				
	Client 5	1%	25%	0.4%				
			Total %:	100%				

Now we are ready to compile it All together into a single Community Equity™ pie chart. Lets see what it looks like...

Example Company One Community Equity™ Completed Breakdown

- Beatrice ● Bob ● Brad ● Bruce ● Client 1
- Client 2 ● Client 3 ● Client 4 ● Client 5 ● Company A
- Company B ● Corporation Inc. ● Derik ● Gall ● Melanie
- Mohamed ● Paul ● Ron ● Sarah ● Tamar



And here is the Chart Breakdown:

Name	Hours	Part	Total CE %
Beatrice	3%	60%	2%
Beatrice	5%	25%	1%
Beatrice	2%	15%	0%
Beatrice			3%
Bob	3%	15%	0.4%
Brad	1%	25%	0%
Brad	0.3%	15%	0%
Brad			0.2%
Bruce	7%	15%	1%
Client 1	3%	25%	1%
Client 1	7%	15%	1%
Client 1			2%
Client 2	1%	25%	0%
Client 3	10%	25%	3%
Client 3	1%	15%	0%
Client 3			3%
Client 4	1%	25%	0%
Client 4	1%	15%	0%

Client 4			0.4%
Client 5	5%	25%	1%
Client 5	0.4%	15%	0%
Client 5			1%
Company A	4%	60%	3%
Company B	4%	60%	2%
Company B	18%	25%	5%
Company B	2%	15%	0%
Company B			7%
Corporation Inc.	10%	25%	2%
Corporation Inc.	4%	15%	1%
Corporation Inc.			3%
Derik	3%	60%	2%
Derik	7%	25%	2%
Derik	1.88%	15%	0%
Derik			4%
Gail	4%	15%	1%
Melanie	0.3%	60%	0%
Melanie	3%	15%	0%
Melanie			1%

Mohamed	5%	15%	1%
Paul	22%	60%	13%
Paul	2%	25%	0%
Paul	5%	15%	1%
Paul			15%
Ron	12%	60%	7%
Ron	37%	25%	9%
Ron	41.94%	15%	6%
Ron			23%
Sarah	51%	60%	31%
Sarah	11%	15%	2%
Sarah			32%
Tamar	1%	15%	0.2%
		Total %:	100%

Community Equity™ Tracking

So now you see what is entailed in calculating the on-going community equity, the next question would be, How Much work is it to actually track all of this information? It really isn't that hard. If individuals want to get their community equity tracked, they are responsible for logging their information, and once logged it really isn't that hard to coordinate it all together to spit out the end results. If you want to hire us to coordinate your company's community Equity™ for you, we would do the required calculations and tracking for this many people and components of your Community Equity, for \$25 per month, or \$300 per year. If you simplified it and

didn't do as many components, it may be able to be simplified down, for example just do hourly contributions, then it could get to as little as \$100 for the entire year, but either way it shouldn't be that hard to find someone within your company to do it for you.

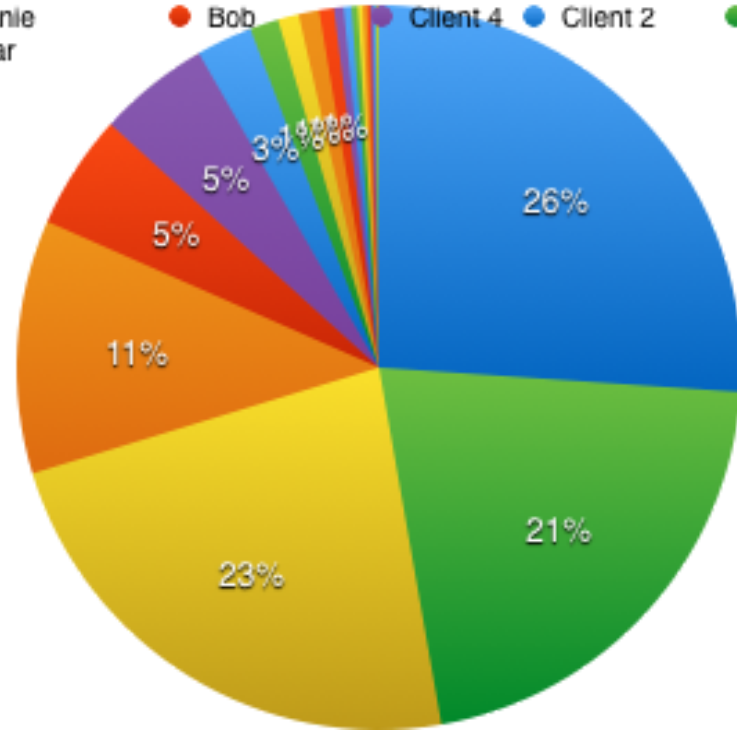
Final Entire Equity Breakdown:

Although it is not necessary at all, it is fun to quickly consider what the entire equity breakdown would be after you calculate in that the Community Equity™ is only 35% of the overall equity.

Lets see what it looks like if you incorporate the Community Equity™ back into the original owners equity breakdown. This would basically represent what the ownership would look like if you transfer everyone's Community Equity™ back into actual real ownership equity.

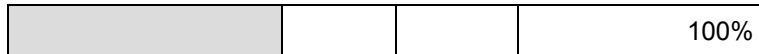
Breakdown of Entire Ownership Equity with Community Equity™ included:

- Corporation Inc.
- Societal Equity™
- Client 1
- Melanie
- Tamar
- Beatrice
- Company B
- Client 5
- Bob
- Ron
- Derik
- Bruce
- Client 4
- Sarah
- Company A
- Mohamed
- Client 2
- Paul
- Client 3
- Gail
- Brad



Name	CE%	Part	Total Equity+CE
Corporation Inc			25.0%
Corporation Inc.	3%	35%	1.1%
Corporation Inc.			26.1%

Beatrice			20.0%
Beatrice	3%	35%	1.2%
Beatrice			21.2%
Ron			15.0%
Ron	23%	35%	8.0%
Ron			23.0%
Sarah	32%	35%	11.3%
Paul	15%	35%	5.1%
Societal Equity™			5.0%
Company B	7%	35%	2.5%
Derik	4%	35%	1.3%
Company A	3%	35%	0.9%
Client 3	3%	35%	0.9%
Client 1	2%	35%	0.7%
Client 5	1%	35%	0.4%
Bruce	1%	35%	0.3%
Mohamed	1%	35%	0.3%
Gail	1%	35%	0.2%
Melanie	1%	35%	0.2%
Bob	0.4%	35%	0.1%
Client 4	0.4%	35%	0.1%
Client 2	0.3%	35%	0.1%
Brad	0.2%	35%	0.1%
Tamar	0.2%	35%	0.1%



Some of you might be thinking how silly it is to track 0.1% Community Equity™, but if you add up all of % less than 1%, it adds up to 4.5% total. That would mean that if the company was eventually worth \$1 million some day, each of the people with less than 1% would collectively have a vote that decided where \$45,000 of assets went to, and overall they would still have a vote for the whole \$350,000 of assets under the entire Community Equity™ Trust. That is substantial and is still worth something to the people, especially when you consider that eventually utilizing this model, these people could have small % in many many companies that could all add up to huge sums of money and voting power to influence how the money was allocated to Society.

The other thing that is important to note, is that Sarah who put in substantial work and time, ends up with 11% of the Company because of the hard work she put in which produced important value for the company. Simply because she was not an initial investor, does not mean that she shouldn't get equity in the company, and the Community Equity™ ensures that. Also you see that even though Beatrice was a substantial early investor, she didn't actually contribute much work to the company, whereas Ron, obviously the Founder, did not invest much in the company with money, but put in so much time and work that his contribution actually surpassed that of Beatrice, where if they kept a normal investment model, Ron would always have less than Beatrice. I could go on and on, but that gives a little of the analysis for how the Community Equity™ actually ensures that everyone gets a closer share of what they should be getting based on their contribution.

One last note on this model of Community Equity™ in its relationship to the monetary investors in the original equity. This model was primarily focused on hourly contributions. Another very applicable and regularly used model, double supports monetary equity within the company. In that way equity contributions count less in upfront equity at the beginning, but the Community Equity™ all but doubles their value, or at least 1.5x the value of the original monetary investment. To do that would just be a simple change in the initial Community Equity™ Breakdown where instead of 60% going towards hours, it could be 40% to hours, and instead of 25% going towards monetary contributions, it could be 45% to monetary contributions. You can infinitely customize every company to have the perfect Community Equity™ ratios, and you might not find the perfect ratios on the first go around. But that is ok, because Community Equity™ can always be changed. The only way to fix the ratios permanently is to transfer the Community Equity™ into actual real ownership equity. It is important to note that when that happens, based on the value of the company, that does present a

potential tax liability for the individual or company that takes on the new ownership of the equity. With community Equity™ there is No tax liability as the individual doesn't actually own the equity itself, they only own control of the vote for where they equity or derivatives would be spent.

Any other questions feel free to contact us:

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