

Modern Capital Concepts

2020 Annual Benefit Report

General Public Benefit

Modern Capital Concepts was founded as an Illinois benefit corporation in December 2013 with the belief that financial services companies pursuing a social mission can be profitable by servicing low- to moderate-income households in addition to affluent and high net worth populations.

Modern Capital Concepts has provided a general public benefit by creating and promoting its modern concept of capitalism that:

1. includes the community as a stakeholder by providing access to its services to all community members and soliciting feedback from community groups to maximize impact;
2. innovates through design of profitable service models that provide high quality services while lowering costs by minimizing resource consumption and identifying economies of scale; and
3. evolves through openness and the belief that businesses that share best practices with their peers raise the level of professionalism of their industry and improve the quality of service to clients.

Modern Capital Concepts defines its community in geographic terms as the [Logan Square](#) and [Humboldt Park](#) communities in Chicago, Illinois. The median household income of Logan Square is \$82,715 with 10% of community residents living below the poverty line. In Humboldt Park, the median household income is \$[31,624](#) with 29% of persons living below the poverty line. Modern Capital Concepts provides its community with access to financial planning and investment advice by offering all of its residents, regardless of income and assets, one complimentary financial planning session. In 2020, Modern Capital Concepts provided financial planning services to over 100 community households with less than \$25,000 in assets primarily through online seminars.

Modern Capital Concepts provides comprehensive financial planning to its community but recognizes that the three top concerns for its community are basic financial literacy, saving for retirement, and paying for college. By conducting in-depth research on financial planning strategies and investment products related to these goals, Modern Capital Concepts serves as a knowledge base and avoids the waste of time and money involved in selling products that are high margin but weak fits for its service area. To further its goals, Modern Capital Concepts has developed a service model that is both low cost and high quality. Modern Capital Concepts makes financial planning and investment advisory services affordable by leveraging technology to reduce overhead costs, concentrating on a small service area to minimize travel, and focusing research on the top issues relevant to a broad cross-section of the community.

Modern Capital Concepts also strives to provide an environmental benefit. Modern Capital Concepts uses [DocuSign](#) for electronic signature of agreements. In 2016, Modern Capital Concepts' clients signed 161 agreements electronically, avoiding the printing of approximately 3,220 sheets of paper – the equivalent of half of [one tree](#). Further environmental benefits and cost-savings to its community are achieved by reducing gasoline consumption. The average round-trip distance to appointments is two miles, and the majority of Modern Capital Concepts' clients are within walking distance or able to meet via phone or Skype.

Modern Capital Concepts shares its business plan with its competitors in the hope that other financial service companies will adopt socially responsible practices. Khloé Karova, founder, president, and sole shareholder of Modern Capital Concepts, is a regular speaker on the topic of entrepreneurship. A goal for 2021 is to deliver presentations or participate on panel discussions or study groups to describe the Modern Capital Concepts business model at least once per quarter.

Specific Public Benefit

The mission of Modern Capital Concepts is to empower working families, professionals, retirees, and small business owners to grow their wealth and achieve their life goals through financial education and coaching. It strengthens its community by sponsoring financial clinics to low-income residents and donating a portion of its profits to community organizations.

Modern Capital Concepts creates a specific benefit through public and private speaking engagements. In 2020, Modern Capital Concepts held three financial seminars and clinics that were each attended by over 100 low- and moderate-income men and women. Throughout 2020, Ms. Karova provided pro bono financial counseling and facilitated stock donation programs to two not-for-profit organizations generating over \$100,000 in donations.

Modern Capital Concepts sponsored the book, *LGNSQ: The Logan Square Book - Gentrification & Preservation in a Chicago Neighborhood*, a 300-page hardcover bilingual photography book about Logan Square's vernacular architecture, independent business community, gentrification, Hip Hop culture, community gardens, and more. It was released in December 2020. The process of making the book involved input from hundreds of community members from diverse backgrounds.

Obstacles to Mission

As Modern Capital Concepts has a relatively short operating history, its pursuit of its general public benefit purpose and specific public benefit purpose is hindered by its small staff size. Ms. Karova's plan for the upcoming year is to add staff with values consistent with the company's mission to provide research and client service support and to conduct seminars and develop new ways to impact marginalized populations.

Compensation

Modern Capital Concepts' compensation policy includes paying at least a living wage and the highest compensated employee be paid no more than four times the lowest paid. Modern Capital Concepts currently offers a 401(k) retirement plan with a 100% match to full-time employees along with employer covered health insurance.

Benefit Director and Benefit Officer

In lieu of the 2020 annual shareholder meeting, the sole shareholder of Modern Capital Concepts elected by written consent Khloé Karova as the benefit director. In lieu of the 2020 annual meeting of the board of directors, the sole director of Modern Capital Concepts appointed by written consent Ms. Karova as the benefit officer. Ms. Karova can be contacted through Modern Capital Concepts by email at khloe@moderncapitalconcepts.com or by telephone at (312) 316-8120.

In the opinion of the benefit director, Modern Capital Concepts acted in accordance with its general public benefit purpose and specific public benefit purpose in all material respects during 2020.

In the opinion of the benefit director, the benefit director and the benefit officer complied with the requirements of the Illinois Benefit Corporation Act with respect to the considerations of the best interests of Modern Capital Concepts.

Assessment of social and environmental performance

To assess its benefit during 2020, Modern Capital Concepts used B-Labs' "B Impact Assessment," which measured Modern Capital Concepts' service standards and best practices against the recognized best practices for benefit corporations. B-Labs is the leading nonprofit organization dedicated to assessing and evaluating benefit corporations. Modern Capital Concepts has no connection to B-Labs that might affect the creditability of its score on the B Impact Assessment.

Modern Capital Concepts scored 87.8 out of 200 on the B Impact Assessment. As Modern Capital Concepts increases in size and resources, it expects to score higher on the B Impact Assessment, including having more to report on labor and governance areas in the future.