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This Brewery Wants to Give ...



# This Brewery Wants to Give Away All of Its Profits



Feature

By Cindy Brzostowski, July 08, 2020

While it's not uncommon to see businesses donating a certain percentage of their profits to charity, Portland, Oregon-based Ex Novo Brewing Co. seeks to take things to a level most wouldn't even dream of. Its mission is to donate 100 percent of its net profits to charitable causes.

Before the brewery, Joel Gregory, the founder and president of Ex Novo, worked as an engineer. After attending a conference on global social justice issues in 2011, he got the urge to change career paths and combine his dream of "making the world a better place" with his passion for homebrewing.

"I spent so much time thinking and talking about beer and breweries, it kind of morphed from hypothetical 'what kind of brewery would I start' to thinking about it seriously," Gregory says. "I thought, 'Wouldn't it be amazing to use business as a full-time fundraising tool, one that takes what people are already doing (eating and drinking) and turning that into support for great causes?'"

Without comparable businesses to follow for guidance, Gregory and his founding board of directors spent their business planning days meeting with CPAs and nonprofit attorneys. A lot of the advice they received was to not to go through with their vision. Eventually, they found the Oregon Public House, a Portland-based "philanthropub" with a similar concept, was underway, and ended up navigating the road together.

Gregory and the board decided nonprofit status was the best structuring option for the brewery even though it wasn't a perfect fit. "Nonprofits generally provide a service instead of making a product. Those that do tend to have their product, or its production tie into their charitable mission," Gregory explains. "We didn't feel like we had that, but wanted to set ourselves apart by our mission, and to find a way to easily convey to others what we were about."

In July 2014, Ex Novo opened its first location in Portland with four designated causes for its donations, each chosen because of its critical humanitarian work: Friends of the Children, Impact NW, International Justice Mission (IJM), and MercyCorps.

Gregory says those early days were a struggle from a business standpoint. Due to Ex Novo's status as a nonprofit, he couldn't offer equity to an investor or get an SBA loan for any capital needs. Ultimately, that resulted in debt from the start-up and set back any potential cash profits Ex Novo wanted to donate. Despite this, Gregory recalls the brewery was able to give away around \$35,000 during its first years as a nonprofit.





Designation as a nonprofit brewery wouldn't stick, though. A few years in, the Oregon Department of Justice advised the brewery to dissolve the nonprofit and restructure as it wasn't performing a charitable purpose at its core outside of donating funds to its partner charities.

Unlike when Ex Novo was first incorporated, however, the Oregon DOJ informed the brewery that it now had the option of registering as a Benefit Company—a company that aims to make a positive impact on society and the environment in addition to earning a profit.

While Gregory was initially stressed at the thought that everything they had built might be destroyed, the transition to a Benefit Company was completed six months of work later in June 2017. Since then, Ex Novo has opened a location in Beaverton, Oregon and another in Gregory's hometown of Corrales, New Mexico.

While donating 100% of net profits remains the goal—a majority of those profits go to its nonprofit partners, while some are donated to employees and community members in need—Ex Novo walks the line between spending on its growth and giving to its mission.

"Sometimes we give when we could use the funds for something else, sometimes we hold off on giving for now because we're trying to build a bigger 'pie' that will hopefully allow for even greater donations," Gregory says. "It's a tricky balance to be sure, but I think we have tried to prioritize the sustainability and survival of the business in the short-term, and have a long-term vision of fulfilling our mission."

Ex Novo has donated over \$75,000.

Gregory admits he was a little too optimistic about the profitability of a smaller brewery when he created his business plan. Currently, Ex Novo relies a lot on distribution, a low-margin pursuit. Recognizing the capital-intensive nature of running a brewery, Gregory explains, "I think we're getting to the point where it is working, but you think about all that goes into making a case of beer, and you may only be making a dollar on it at the end of the day, or less if something goes wrong."

When a quarter or year results in zero profit, Gregory says it's hard to put Ex Novo's mission on hold. But if that happens, they continue to focus on the company's value of generosity and look for other ways to be community partners like with *Communitas*, Ex Novo's volunteer group that has completed over 1,000 hours of service.

"I think it's important for me to participate in the work people are doing in our

I think it's important for me to participate in the work people are doing in our communities and around the world. To not sit idly by while our community supports us and applaud those doing good work in the world without rolling up our sleeves and joining the fight," Gregory says. "It's also a great thing for our employees to know that the (hard) work they're doing has an impact beyond making the owner and shareholders wealthy."

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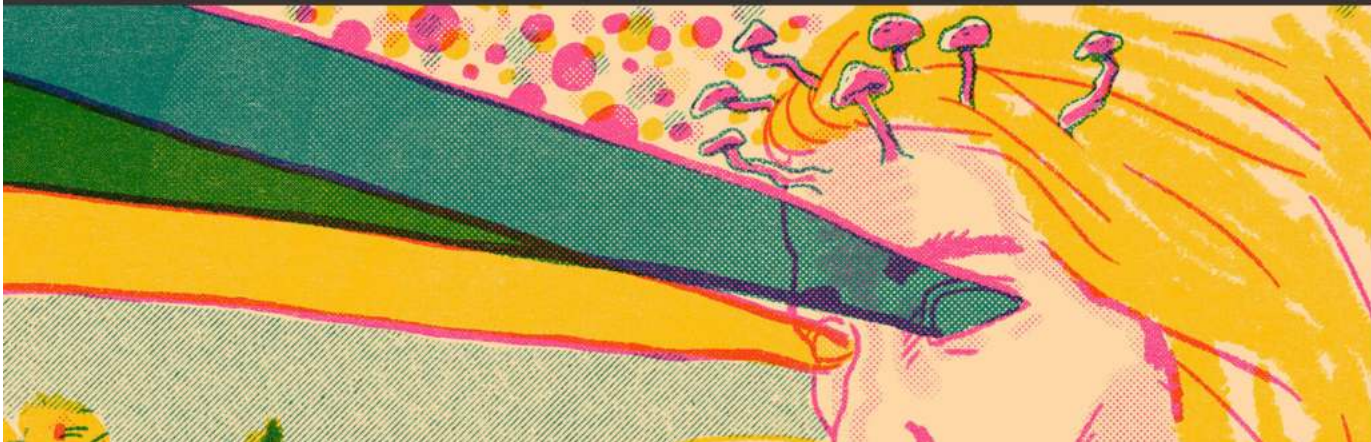
### Meet the Brewing Pastor of Austin, Texas

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A collage of images showcasing various cheese grotto products. The images include wooden cheese grotto boxes, wheels of cheese, and cheese grotto containers. One image shows a cheese grotto with a bottle of wine. Another image shows a cheese grotto with a bowl of salad. The collage is arranged in two rows of images.



brewer miscalculated with some of these ingredients, at the very least, his guest might have been overcome by malaise; at worst, the sip of beer would become his last,” the German Brewers Association states.

**“If you look beyond Europe at the many diverse brewing traditions around the world, you’ll see similar patterns of mind-altering substances being used intentionally in drinks.”**



To be clear, keeping henbane and other potentially lethal ingredients out of beer was a good idea. Unfortunately, the ban contributed to a demonization of anyone who intentionally ingested such substances, whether they were foraging women brewers at home or indigenous civilizations on other continents.

“If you look beyond Europe at the many diverse brewing traditions around the world, you’ll see similar patterns of mind-altering substances being used intentionally in food and drinks,” Pilcher says. “Historically, in the West, there’s been an idea that you hold the beer. In many other societies, the idea is that the alcohol or other mind-altering substance holds you. This was why during encounters with indigenous peoples, Europeans declared them to be uncivilized, because they would drink for the spiritual experience.”

Both the Mayan and Aztec civilizations regularly incorporated hallucinogenic substances into religious practices. Peyote, which contains mescaline, mushrooms containing psilocybin, and lysergic acid amide from ololihqui, were fairly commonly accepted. Even pulque, a potent Mayan brew, was purported to induce visions after the fifth cup or so. Even pulque, which normally only has enough ABV to produce a mild buzz, could be doctored for religious ceremonies.

“The Aztecs would mix pulque with all kinds of substances. Brewers had what they would call pulque medicine. Certainly, the ancient Mexicans were a people who drank to get drunk—none of these session ales for them. The point of drinking was to experience otherworldly visions,” Pilcher says. “The Spanish just went ballistic at this. It was associated with ‘profane’ religions and seen as evidence of lack of civilization.”

All that feigned moral outrage on the part of these early conquistadors seems especially rich given that excessive alcohol consumption in Europe was

rampant in the 15th and 16th centuries. The Spanish may not have been drinking wine for religious experiences—you know, outside of Communion—but that didn't stop them from downing staggering quantities of it. Over in Germany, by some accounts locals were still consuming the modern-day equivalent of 50 to 80 cans of beer in a single session as late as the 19th century. In other words, even without the addition of earlier hallucinogens like henbane, imbibers may still have found themselves seeing things.

“Alcohol itself is a mind-altering substance,” Pilcher says. “It’s really about using these kinds of ways of distinguishing yourself from the colonial subjects, the ‘other.’ After all, what’s colonialism without a good flavoring of hypocrisy.”

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