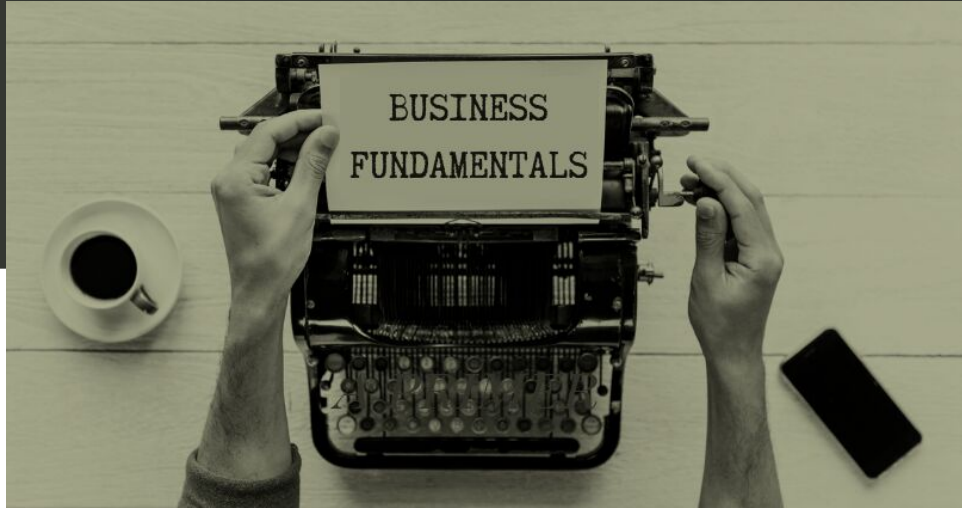


Business Fundamentals: Benefit Corporations

01.26.15 | Linda J. Rosenthal, JD



Benefit Corporations are probably the most recognized business entity available to social entrepreneurs.

Establishing your business as one offers many benefits for a socially conscious enterprise, but there are several legal and administrative requirements to be aware of before taking the leap.

First, much like a nonprofit, Benefit Corporations in California have a “general public purpose” baked into their corporate DNA. They can also have a specific purpose – which can include concerns like preserving the environment, promoting economic opportunity, or improving human health.

Further, these entities must go regularly before a third-party validator like [B Lab](#), the visionary 501(c)(3) alliance of more than 400 B Corps across the country, to prove that they are not only meeting their goals but treating their employees, customers, communities and local environments with the same respect as their shareholders. Benefit Corporations can lose their B Corp title and their legal status for not doing right by these standards.

In addition to this third-party review, they must also report annually to detail how they have pursued their public benefit purpose. Within 120 days after the end of each fiscal year, the business is required to publish a [Benefit Report](#), which states how the business performed that year on a social and environmental axis

For Purpose Law Group has been at the leading edge of the Social Enterprise movement, advising and representing entrepreneurs establishing their businesses as Benefit Corporations and Social Purpose Corporations (previously [Flexible Purpose Corporations](#)) since the corporate form first became available.

If you are curious about whether structuring your enterprise as a Benefit Corporation is best for your endeavor, give us a call.