

# Strategically (and Legally) Using Commercial Enterprises to Achieve Charitable Ends

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## Setting the Table

- **INCREASINGLY** there are a wide range of available approaches to achieving social impact goals
  - It is not just charities who care about addressing/solving intractable social problems
  - Entrepreneurs (and investors) are looking at mission as an important and necessary component of their business activities
    - Social entrepreneurs
    - Impact investors
    - Environmental, Social and Governance principles
- **INCREASINGLY** the determination of structure and business and/or tax form includes a consideration of impact and long term social goals
- **INCREASINGLY** Impact entrepreneurs are (often) agnostic to enterprise form/structure norms/expectations
  - Looking for what works best (not what is necessarily expected)
  - Often (and when done properly) it is not necessary to choose just one approach
- **FOCUS:** Structures and strategies to accomplish charitable goals through market-oriented/commercial approaches

## What is Impact

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- Not all impact is charitable/Charitable impact is a sub-set of impact
    - How to think about it
    - How to measure/assess
  - Typical **charitable** purposes (in this space) include:
    - Providing relief to the poor and distressed
    - Revitalization of distressed communities (combatting community deterioration)
    - Conducting educational activities/promoting education
    - Protecting and preserving the natural environment
    - Supporting scientific research
    - Promotion of health
    - Lessening the burdens of (the U.S.) government
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## What is Impact

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- And what about these:
    - Entrepreneurship
    - Business incubation/acceleration
    - Economic Development
    - Mentoring
    - Networking
    - Matchmaking
    - Investing
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## A Continuum of Potential Structures: Option

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- **Tax Exempt/Nonprofit**
  - Public charities (including donor advised fund sponsors and supporting organizations)
  - Private foundations
  - Social welfare organizations
- **For-Profit (with a social/mission focus)**
  - Taxable nonprofit
  - Traditional taxable corporation
  - The limited liability company
    - Need owner(s) – can't exist in a free standing way

## A Continuum of Potential Structures: Option

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- Benefit/social purpose corporation
  - Optics considerations
  - Fiduciary considerations
  - “B Corps” (not a form, but ...)
- L3Cs
  - Very narrow applicability
- **Joint Ventures/Collaborations/Public-Private Partnerships**
- **Hybrid Structures**
  - Operating in tandem

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First appeared as part of the conference materials for the  
37<sup>th</sup> Annual Nonprofit Organizations Institute session

"The Tapestry of Strategically (and Legally) Using Commercial Enterprises to Achieve Charitable Ends"