

Nonprofits and Social Enterprise: Finding the Right Fit for Your Organization

Karen Leaffer and Becky Seidel

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Agenda

1. What is a Social Enterprise?
2. Options for Legal Structure
3. Key Considerations



What is a Social Enterprise?

Many definitions, often depends on perspective

For purposes of today, our perspective is:

“A social enterprise is an organization or initiative that marries the social mission of a non-profit or government program with the market-driven approach of a business.”

—Social Enterprise Alliance



Guiding Your Organization ...



Recognize:

a new sector is emerging—one that blends the best of two worlds to drive profits *and* social change



Acknowledge:

social enterprises can succeed with a well-designed business plan and legal structure

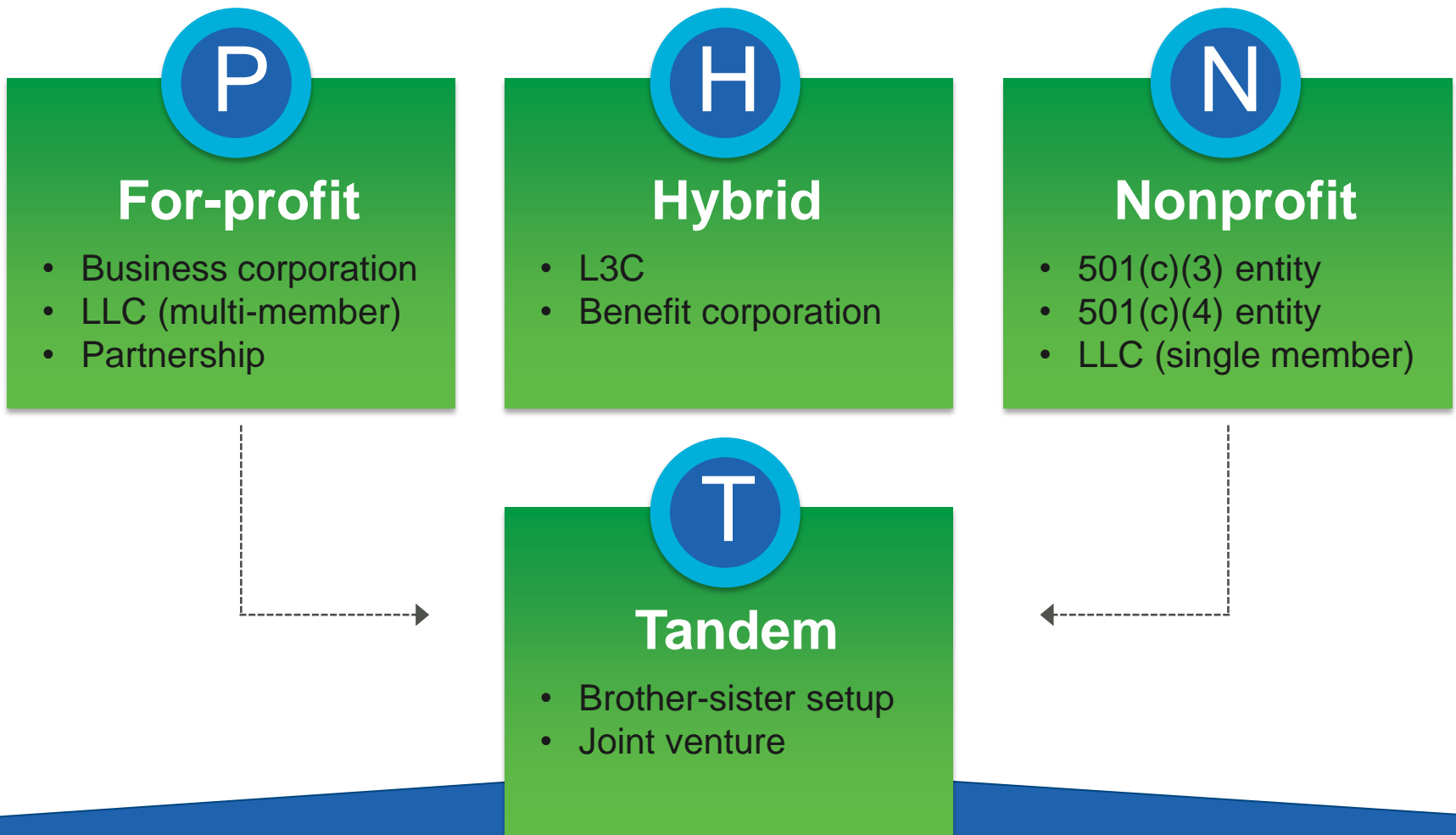


Lead:

consider/embrace with confidence social enterprise ideas that advance your vision



Options for Legal Structure



Key Considerations

1. Where do profit and social motives fall on spectrum?
2. What are the capital needs (debt v. equity)?
Who are the anticipated investors? What will they require?
3. Is traditional philanthropy needed at any stage?
4. Will the social enterprise generate tax-exempt income or UBTI?
Are the benefits of tax-exempt status worth with regulatory burdens?
5. Are there concerns about privacy or transparency?
6. Exit strategy – tax and practical considerations



But Don't Forget ...

- ✓ Potential application of charitable solicitations laws
- ✓ Potential application of securities laws
- ✓ Potential application of private foundation rules, for private foundation participants



Thank you.



Karen Leaffer

kleafer@leafferlaw.com

Leaffer Law Group



Becky Seidel

bseidel@leafferlaw.com

Leaffer Law Group

Leaffer Law Group has one focus: providing legal counsel to support, advance and guide the work of nonprofit organizations and charitable foundations, so they can focus on their essential work.

303.781.6899 | info@leafferlaw.com
DENVER: 1899 Wynkoop St. Suite 275, Denver, CO 80202
BOULDER: 1033 Walnut St., Boulder, CO 80302

leafferlaw.com

