

EXPECT THE UNEXPECTED

“Just the FAQ’s” –Benefit Corporations

1. What is a Benefit Corporation?

Benefit Corporations are leaders of a global movement to use business as a force for good. They meet high standards of accountability and transparency, and they create the opportunity to unlock our full human potential and creativity to use the power of business for the higher purpose of solving society’s most challenging problems.

2. What is the difference between a Benefit Corporation and a Not-For-Profit Corporation?

Not-For-Profit Corporations exist primarily to fulfill its mission, without any intention of generating profit, whereas Benefit Corporations may focus on both profits and benefits for society. Furthermore, Not-For-Profit companies are tax-exempt under Federal Law and have no shareholders, while Benefit Corporations pay taxes and have shareholders, directors and officers like any other corporation.

3. What is the difference between a Benefit Corporation and a Traditional For-Profit Corporation?

Benefit Corporations exist primarily to Benefit Society whereas Traditional For-Profit Corporations are not required to make a societal commitment, although many often do as an ancillary practice to enhance public perception and sentiment.

4. What is the difference between a Benefit Corporation and a Certified-B Corporation?

The B Corporation Certification is a third-party certification administered by the non-profit B Lab, based in part on a company's verified performance on the B Impact Assessment. The benefit corporation is a legal structure for a business, like an LLC or a corporation. Benefit corporations are legally empowered to pursue positive stakeholder impact alongside profit. Some companies are both Certified B Corporations and benefit corporations, and the benefit corporation structure fulfills the legal accountability requirement of B Corp Certification.

5. Why should businesses choose to organize as Benefit Corporations?

Benefit Corporations allow businesses to enhance their reputation in the community. This form of organization makes it legal for corporations to act morally, ethically and responsibly in regard to society, the environment, the natural world and the world at large.

** This document is not comprehensive and it is not intended to serve as a substitute for legal advice. New Jersey and New York businesses should contact our office for any questions or issues.*

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