

Certifications, Designations and Incorporations for Social Enterprise



What are BCorps: Benefit Corporations

This designation was developed by the US based non profit, B-Labs, and it fast being adopted in various states as the basis of identifying businesses that have strong environmental, social and governance structures and practices. Although based in a US context, this certification is being used in Canada as a proxy where there is no viable alternative.

<http://www.bcorporation.net/>

What is GIIRS? The Global Impact Investing Rating System

This rating system has been developed in the US primarily to help strengthen social investment norms in order to attract capital to social enterprise and social purpose businesses. It is the foundation of the BCorps certification process.

<http://giirs.org/about-giirs/how-giirs-works/159>

What is a CCC (aka C3)? The Community Contribution Corporation

In May 2012, the British Columbia *Business Corporation Act* was amended to allow for a hybrid social enterprise designation. The associated regulations were approved Feb 2013, and they indicated that only 40% of profits may be distributed to shareholders (Cap on ROI), and upon dissolution, only 60% of assets may be distributed (Asset lock). Furthermore, the CCC must publicly report on all staff making over \$75K/year.

<http://www.fin.gov.bc.ca/prs/ccc/>

www.centreforsocialenterprise.com/f/C3_regulations.pdf

What is a CIC in Nova Scotia? The Community Interest Corporation

In December of 2012, Nova Scotia passed the Community Interest Companies Act, which brings into existence the CIC designation for entities incorporated under the Provincial *Companies Act*. As with the BC. This form of company is restricted in its ability to pay dividends (cap on ROI) and to distribute its assets on dissolution or otherwise (Asset Lock).

http://nslegislature.ca/legc/bills/61st_4th/1st_read/b153.htm

<http://www.millerthomson.com/en/publications/newsletters/charities-and-not-for-profit-newsletter/2012-archives/december-2012/nova-scotia-introduces-the-community-interest>

What is an L3C? The Low Profit Limited Liability Corporation.

This is a legal incorporation model in the US that now (Oct,2013) is in effect in Illinois, Louisiana, Maine, Michigan, North Carolina, North Dakota, Rhode Island, Utah, Vermont, and Wyoming and the federal jurisdictions of the Crow Indian Nation of Montana and the Oglala Sioux Tribe. This type of business entity allows for private foundations to invest in these for profit businesses, knowing that the return on investment is made through socially beneficial commerce.

http://www.issuelab.org/resource/who_is_the_l3c_entrepreneur_come_along_and_experience_the_next_chapter

What's a Flexible Purpose Corporation in California?

This is a corporate form that is, as of Jan 2012, a class of corporation in California that adheres to a social benefit that is enshrined in its charter. Flexible purpose corporations must specify at least one such "special purpose" which describes a social benefit.

<http://www.businessforgood.co/2011/03/frequently-asked-questions-proposed.html>

What is a CIC in the UK? The Community Interest Company

Created in 2005, the CIC form is a legally incorporated entity that benefit from easy establishment, the flexibility of a limited company form, and a series of special features to ensure that it works for the benefit of the community. Surpluses are invested in the business development or in the community benefit directly. Notably, the members of the board of a CIC can be compensated for their work, which allows a founding social entrepreneur (individual) to maintain control of the intellectual property rather than relinquishing it to a non-profit board, or a cooperative with collective ownership.

<https://www.gov.uk/set-up-a-social-enterprise>

<http://www.bis.gov.uk/cicregulator>

What is a Co-op?

Co-operatives are not necessarily social enterprises, but they are a form of incorporation that allows for revenue generating activities that benefit their members. They feature collective ownership, democratic decision making, shared dividend disbursement (called patronage), and often work in the social assistance field (housing, childcare, food security, etc). Co-ops are very resilient to economic downturns, and they do not necessarily seek to maximize profits; they are established to maximize benefits to members. When the members are of a disadvantaged group, they appear to have a social mission. However, if the members seek only to maximize profit, then a coop can appear to be a very democratically run corporation.

http://www.coopscanada.coop/en/about_co-operative/about_co-ops

<http://laws-lois.justice.gc.ca/eng/acts/C-1.7/index.html>

What is a Non Profit Corporation?

Non profit corporations are entities that are community owned in that they are governed by at least three (typically volunteer) board members. To be incorporated as a non profit corporation (either federally or provincially in Canada) the founding board must stipulate the community purpose for the corporation. Non profit corporations do not pay tax on surpluses (profits), but they are also not designed to maximize profit. Registered charities in Canada are a subset of non profit corporations, in that they are incorporated as non profits, then seek a designation as a charity based upon their ability to prove charitable intent under the parameters set by the Canadian Revenue Agency. Commercial activities may take place within non profit corporations, with many restrictions. There are even more restrictions on commercial activities of charities, as charities are also required to adhere to the *Charities Act*. In 2011, new federal legislation was enacted to govern all aspects of National non profit corporations. Related Ontario legislation is currently being drafted for provincial non profit corporations, and is expected to come into law in 2014.

http://www.csef.ca/Related_business_and_social_enterprise_for_charities.pdf

<http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-019-eng.html>

Further resources:

Corporate Registration: (for private and non profit corporations)

Provincial: <http://www.ontario.ca/business-and-economy/business-and-economy>

Federal: <http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/home>

NUANS search: http://www.nuans.com/nuansinfo_en/home-accueil_en.cgi