



North Carolina Law Life

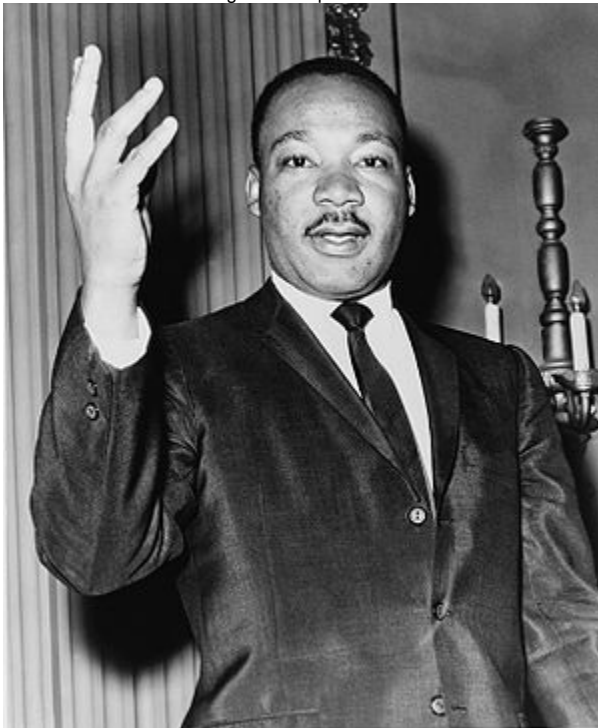
MLK Day Musing: Does Your Business Give Back?

By: Donna Ray Berkelhammer. *Monday, January 16th, 2012*

Martin Luther King Day has become a **day of service** for many communities and individuals. It made me think: what are businesses doing to give back? One strong Triangle trend is **social entrepreneurship** and its related focus on the **triple bottom line**.

I am inspired by entrepreneurs who base their business model on improving the wider community/environment.

Image via Wikipedia



In August 2010, our legislature became one of the first to enact the **low-profit limited liability company (L3C)**, which is a hybrid business form combining profit-making with socially responsible missions. It can be the perfect venture for educational, scientific, literary or religious businesses that don't want the hassle of complying with non-profit reporting requirements, or that have some activities that are not permitted by the federal tax code.

The L3C can be structured to take advantage of both non-profit and for-profit sources of capital. It may offer marketing advantages by attracting socially aware investors and partners. It may also attract private foundation **program-related investments**.

The biggest disadvantage, however, (and this is not a small disadvantage) is that the federal tax authorities have not ruled whether investments in L3Cs qualify as program-related investments.

We have a wide range of supports here for social entrepreneurship, including informal **meet-ups**, formal

academic programs at **Duke** and **UNC**, **community-based efforts** to increase and support social entrepreneurship, and paid **consultants**.

How is your business giving back on a day-to-day basis?

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