

Discussion on Incorporation

Greens & Beans has been considering legal incorporation this year to ensure legal operations, reduce member liability, and facilitate financials. Over the past two months, the Governance team has met with lawyers, including the Community Development Law Clinic at UDC and Gilmore Khandhar, LLC, to gather information and legal advice to support this decision.

The Governance team is recommending that Greens & Beans legally incorporate as a 501(c)(4), or social welfare organization. The following factors contributed to the recommendation:

- Without legal incorporation, the co-op's Treasurer is personally liable for the co-op's finances. Becoming a legal entity will provide liability protections and allow for an EIN to open an independent bank account. It is a priority to become legally incorporated as soon as possible.
- In the [11 Questions for a Lawyer](#), which was approved at the end of last year, members decided against profit distributions, "preferring to re-invest all profits into the co-op". General Cooperative Associations (GCAs) and Limited Cooperative Associations (LCAs) both characterize members as owners, who are entitled to equity in the business and often receive profit distributions as compensation. Nonprofit organizations (501(c)s) prohibit membership equity and limit profit distributions.
- All legal entities will require some iteration of a managing group (Board, managers, directors, etc.) that the members vote to elect. LCAs and GCAs have some specific requirements for a Board. Nonprofit organizations allow for more flexibility in the structure of the managing group.
- The purpose of Greens & Beans is to create a more just, resilient, and inclusive food economy for all. The lawyers we talked to were not confident that the co-op would qualify as a charitable, religious, or educational organization, which would be required for incorporating as a 501(c)(3). 501(c)(4) organizations, on the other hand, further the common good and general welfare of the community, which is more aligned with the co-op's purpose.

Revision #6

Created 13 March 2026 13:18:49 by Ari Brown

Updated 25 September 2026 21:49:16 by Hadley Ashford