



Comparison Chart of Relevant Small Business Legal Structures

Structure Name	Complexity/Cost	Liability Protection	Sustainability Alignment	Taxes	Investor Appeal
Sole Proprietorship	Easiest & least expensive	None	Neutral - Can adopt eco-practices, but no legal framework	Personal income tax	Low - Hard to raise capital
Partnership - General or Limited	Straightforward - But needs clear agreements	General partners liable Limited partners protected	Neutral	Pass-through	Moderate - Depends on partnership agreement
LLC	Moderate	Strong	Flexible - Mission can be added into operating agreement	Pass-through or elect corporate	Moderate - Familiar to investors, flexible ownership
C-Corp	Complex & higher fees	Strong	Neutral - Unless pursuing B Corp certification	Corporate tax + dividends (double taxed)	High - Preferred by venture capital, scalable
S-Corp	Moderate	Strong	Neutral	Pass-through (avoids double taxation)	Limited - Sshareholder restrictions
Benefit Corporation - Legal status available in some states	More compliance/reporting	Strong	Strong - Legally required to consider social & environmental impact	Corporate - Similar to C-Corp or S-Corp	Growing appeal among impact investors
Certified B Corporation - Certification only, not legal status	Rigorous assessment & recertification	Depends on underlying entity (LLC or Corp)	Very strong - Verified sustainability/impact credentials	Same as LLC/Corp	High credibility with conscious investors & customers
L3C - Low-Profit LLC	Moderate, but only in some states	Strong	Strong - Explicitly mission-first, blends profit + purpose	Pass-through	Moderate - Attractive to foundations via PRI
Nonprofit Corporation	High compliance, strict rules	Strong	Very strong - Mission-locked, ideal for social/environmental causes	Tax-exempt (no income tax, but restricted activities)	Limited - Grants/donations, not investors