

Groovy Greens, LLC

Memorandum to 2020 Annual Benefit Report

This Memorandum provides an introduction to Groovy Greens, LLC and the requirements of being a Pennsylvania Benefit Company.

Groovy Greens, LLC

Groovy Greens is registered as a Pennsylvania Benefit Company and is a small urban-style farm located in the village of Springtown, in Bucks County, Pennsylvania. Groovy Greens grows unique salad greens, microgreens and other produce and sells directly to customers through our website.

The main growing space is located at 3235 Main Street (Rte 212) in Springtown in the home of a former garden center. The operation utilizes one greenhouse and some outside growing space, plus some indoor areas for growing microgreens, germinating plants and recycling the spent growing media. Some lettuce and other produce is also grown at a second location on Woodbyne Road also in Springtown.

What is a Benefit Company?

Groovy Greens is a Limited Liability Company and therefore is a Benefit *Company*, as opposed to a Benefit *Corporation*. Benefit companies (and corporations) have a new purpose that differs from traditional corporations. While traditional corporations have the single duty to maximize profit, benefit corporations have the increased purpose of considering society and the environment in addition to seeking a profit.

Businesses incorporating as a benefit company or corporation must declare their commitment to creating general public benefit (defined as a “material, positive impact on society and the environment, taken as a whole, as assessed against a third-party standard, from the business and operations of a benefit corporation.”), and in some cases may be required to declare a specific benefit that the business produces.

What are the Requirements?

To ensure business accountability to creating material positive impact, incorporation as a Benefit Corporation requires directors to consider society and the environment and provides shareholders with a private right of action to ensure their social impact investments are functioning according to the new purpose. These are much like the accountability elements of traditional corporations, however they include the consideration of society and the environment in addition to profit.

Benefit Companies and Corporations are required to produce an Annual Benefit Report whereby the company’s performance is assessed against a third party standard. The Benefit Corporation statute also requires that annual benefit reports be made public and shared with shareholders.

Pennsylvania Benefit Corporations are required to submit a form (15-8898) to the State Department within 120 days of the end of the financial year, which includes a statement from the appointed Benefit Director (a person independent of the business operations) that the company acted in accordance with its general and any specific public benefit purpose in all material respects during the period covered by the report. In contrast, Benefit Companies are not required to appoint a Benefit Director, however Groovy Greens has elected to do so and a statement is included in the Addendum to the 2020 Annual Benefit Report.