

Blue Dot Advocates, PBC

Welcome to our 2019 public benefit report.

As a public benefit cooperative, Blue Dot is [required to report](#) each year on how we pursued the public benefit purposes described in our charter, as well as on our overall social and environmental impact as an organization.

We became a public benefit cooperative to align our governance with our mission. We believe that thoughtful conduct of business and finance can improve the quality of life for everyone, and our reason for being is to facilitate efforts to do business that way. We chose a form of firm governance that gives legal standing to our social mission, to help us walk that talk.

This report covers the 2019 calendar year, and contains two sections:



In “**Serving Our Purposes**” we look at how we pursued the specific public benefit purposes described in our [articles of incorporation](#). We break this down into the six benefit purposes specified in our charter.



In “**Overall Impact Performance**” we report our impact on key stakeholder groups, as measured by the [B Impact Assessment](#).

Who We Are

Blue Dot Advocates is a corporate law firm serving investors, enterprises and nonprofits with a core social mission. We are a small organization, but the goal is to have an outsized impact by providing world class legal services, at affordable rates, to purpose driven clients. By contributing our talents and expertise to the continued development of the fields of impact investing and social enterprise, we too can help drive change in the world.

Much of our work looks a lot like what other corporate lawyers do: company formations, fund formations, financing deals, intellectual property, commercial contracts, and acquisitions. Most is specific to the impact investing and social enterprise fields, like advising on governance and investment structures designed to lock in mission. To all of our work we bring a focus on how the tools of business law can be used to build infrastructure for an impact driven economy.

If we can help our clients raise and deploy capital, manage risk, and execute on their mission, then good things will follow. In that sense, social benefit is intrinsic to our service, and we think of ourselves as a social enterprise too.



Serving Our Purposes

This section reports on how we promoted the specific public benefit purposes identified in our charter. These are six ways we seek to dedicate our time and resources as a firm to building an economy that values well-being, community, socioeconomic equity, and living systems.

PURPOSE 1: *Providing legal expertise to organizations that apply ethical, market-based solutions to social and environmental problems*

To help us focus on providing legal services to purpose driven enterprises, we apply a screen (see below) as part of our client intake process. Of the 88 organizations¹ that accounted for Blue Dot’s gross revenue, 76 fully satisfied our screen, representing 92% of our 2019 income.

32 are impact investors, funds, or fund managers (including charities that formed and/or managed investment funds)

14 are social enterprises, the majority of which serve in-need populations²

11 are 501(c)(3) nonprofit organizations

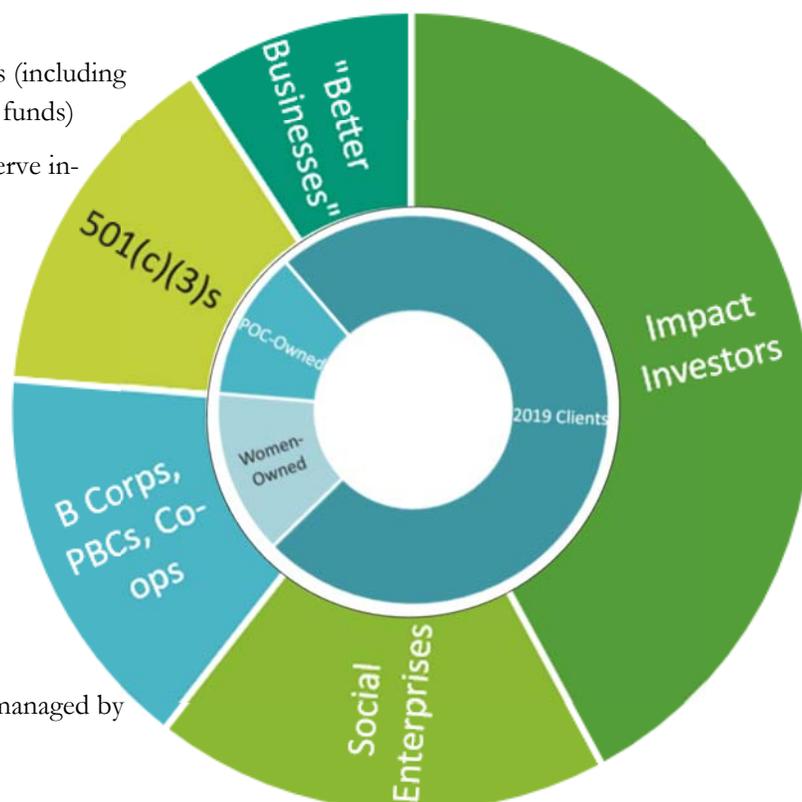
19 are doing business “better” (as defined in our client screen), of which

12 are certified B Corps, public benefit corporations, and/or cooperatives

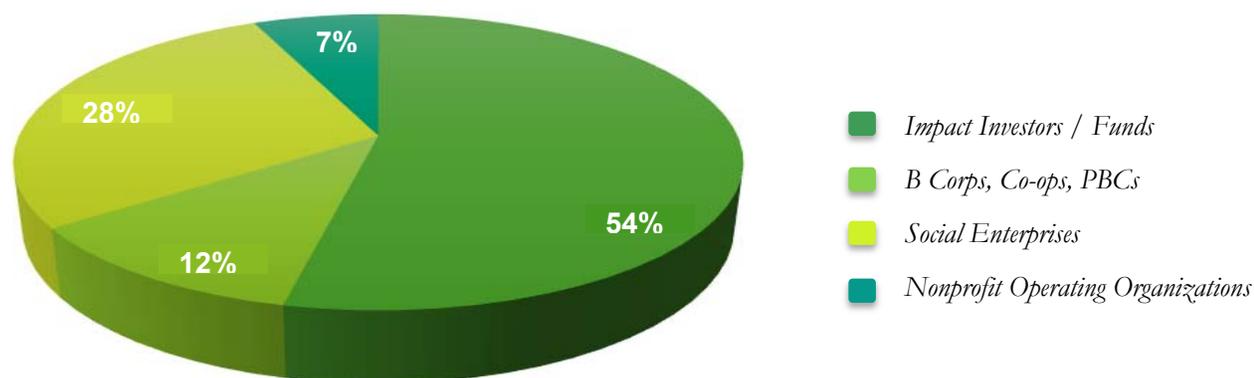
Of the above 76 clients

10 are at least 50% owned, founded, or managed by women; and

9 are at least 50% owned, founded, or managed by people of color



Our 2019 gross revenue by category breaks down like this:



¹ Our immigration practice, comprising about 4% of our 2019 revenue (down from 5% in 2018), is excluded from these calculations.

² We use the definition of in-need groups from the B Impact Assessment, which includes low income, poor or very poor individuals, as well as demographic groups that may not traditionally have access to the product or service provided, for reasons including gender, ethnicity, sexual orientation, and/or differing abilities.

BLUE DOT ADVOCATES' CLIENT SCREEN

Our goal is to take on only mission driven enterprises as new clients. A client meets our screen if they are:

- an investor that has the intention to generate positive social and/or environmental impact alongside a financial return
- an enterprise whose purpose to address social or environmental benefit is intrinsic to its product or service (e.g. renewable energy, affordable housing)
- an organization that credibly identifies as seeking social or environmental benefit that is primary or on par with financial return
- a tax-exempt charity or private foundation
- genuinely working to do business “better,” in a way that considers the well-being of their employees, communities, and the environment (e.g. certified B Corporations, cooperatives)

All clients also must pass a negative screen that addresses involvement in intrinsically destructive industries or practices.

PURPOSE 2: *Building legal structures based on shared prosperity, mutual respect among stakeholders, and restoration of natural systems.*

Our field is all about using business tools to address social and environmental problems. That project sometimes requires the development of new legal structures, and creating structures that work for such purposes is core to our mission. We also provide pro bono and financial support for organizations focused on innovation in the field.

In one of our 2019 deals, we were called upon to innovate on the terms of our engagement as well as the deal terms. We hear frequently from clients that they find the adversarial system of contract negotiation to be frustrating and expensive. Business people generally hire lawyers thinking they have already agreed in principle on a deal, and wonder why it sometimes becomes difficult and time-consuming to close out the legal documents. [Why “opposing” counsel if we all love each other?](#)

In 2019, along with our friends at [Candide Group](#), we experimented with a collaborative engagement wherein we served not as traditional counsel for either client, but as independent “collaborative counsel” to help structure and paper the deal on behalf of the investee company *and* the lead investor. This required both clients to give up some of the rights they enjoy in a traditional representation (such as attorney-client privilege) in exchange for a more collaborative, and hopefully more efficient, process.

The deal provided financing for [Navajo Power](#), a majority native-owned company that develops utility-scale clean energy projects on tribal lands, with a mission to maximize the economic benefits for local communities. Among other mission design features, the terms structured in:

- reinvestment of 80% of profits into tribal clean energy projects and communities;
- additional profit sharing in the form of financing for community benefit projects such as off-grid solar systems;
- a requirement for majority Native ownership; and
- a cap on executive compensation at 5X the lowest paid employee.

In 2019 our team spent pro bono and other public service hours, equivalent to about 8% of our revenue, on the following projects:

- [BLD Mountain West](#)
- [Impact Terms Project](#)
- [Thousand Currents / Transform Finance](#)
- **Improving benefit company law**
 - [B Local Colorado](#)
 - [B Lab](#)
- *Researching grants and philanthropic structures*



This represents nearly double the pro bono and public service hours we reported in 2018, mostly because we loaned our Coordinator in Chief to B Local Colorado (a nonprofit supporting the Colorado B Corp community) to plan and pull off [B Corp Leadership Development \(BLD\)](#).³ We also provided legal compliance support to B Local Colorado, and Julie continued as the board Treasurer through 2019.

³ BLD days of learning happen all across the U.S. and Canada, and typically consist of at least one full day of education and engagement for B Corps. In 2019 BLD Mountain West, in Denver, supported not just B Corps, but also “B Curious” companies and employees in Colorado and seven surrounding states.



Our regular program of pro bono legal support continued at about the same level as in 2018, and continued to be targeted to what we consider some of the most creative organizations working at the intersection of finance and social change, including [Thousand Currents](#) and [Transform Finance](#).

[Julie](#) speaking on a panel at the University of New Mexico Anderson School of Business, in October, about using business as a force for good.

PURPOSE 3: *Engaging in conversations that reexamine norms around wealth and resource allocation*

In 2019 we began an exploration within our team on issues surrounding race and economic inequality, perpetuated in large part by privileges we, as a group of mostly white men and women, benefit from and take for granted. We read and discussed “[White Privilege, Unpacking the Invisible Knapsack](#),” by Peggy McIntosh, and followed up with a discussion of “[White Fragility, Why It’s So Hard for White People to Talk about Racism](#),” by Robin DiAngelo.

We intend to continue to check our privilege, interrupt our biases, and reexamine the practice of impact investing through a racial equity lens. As impact investing scales up, and as more eyes are opened around the world to the inequities rooted in historical oppression, such a reexamination only becomes more crucial.

We seek to learn from movements that are led by people who are representative of the communities and interests for whom they are advocating. In 2019, we continued to support [Transform Finance](#) and [Thousand Currents](#) largely because of their focus on empowering those that have historically been silenced.

PURPOSE 4: *Reducing our harmful environmental impacts, individually, collectively, and in collaboration with our clients*

We continue to rely on the [B Impact Assessment](#) to track our performance against this purpose. See “*Overall Impact Performance – Environment*” below for details.

PURPOSE 5: *Cultivating a culture that supports mindful work of the utmost quality, as well as the health, happiness, and fulfillment of each of our workers*

We continue our quest to cultivate a culture of happiness and well-being, while producing the highest quality work product. We take seriously the cooperative principles of democratic governance and consensus decision-making, and we have always sought to offer a flexible workplace based on trust for each team member’s work ethic and life balance.

We also seek to be in a true relationship with each other, and to bring our whole selves to that relationship. We don’t have billable hours requirements. We strive to maintain a shared vision, with what we put out in the world and also with thoughtfulness, curiosity, and a sense of humor.

PURPOSE 6: *Valuing positive change and growth – in ourselves, in our clients, in the law, and in the practice of law*

Looking at our own organization through an equity lens continued to be at the center of our thinking about this purpose in 2019. Our firm seeks to expand the conversation around wealth to include voices that do not come from places of historical privilege and power, and we would like our firm’s membership to include more non-white, non-male persons.

We entered the year looking to expand our team by at least one or two new contractors. Like most organizations of our size, we relied heavily on word of mouth and targeting our existing networks to get the word out. But, we committed to keep diversity in focus throughout the process.

61 applicants responded, 21 of whom met our basic qualifications of practice area and license jurisdiction. Twelve of these were female, ten were male, and five were people of color. We pursued discussions with five women, two men, and two people of color. We ultimately signed two “of counsel” contracts in 2019, with one white man and one Asian American woman ([Bjorn Sorenson](#) and [Donna Mo](#)).

We know that efforts like this are not short-term. We are committed to keep paying attention to questions of diversity, equity and inclusion over the long haul.

Our vision remains to be a place where enrichment and growth is encouraged and supported, for individual team members, for the firm, and to the extent of any influence we may have, for our profession.

Overall Impact Performance

PBCs are required by [statute](#) to report on their overall social and environmental performance, as assessed against a third-party standard that meets statutory criteria of transparency and credibility. We have chosen to use the [B Impact Assessment](#) (BIA) for that purpose, as it is:

- ✓ **comprehensive**, based on [IRIS metrics](#) covering impacts on four key stakeholder groups – customers, workers, community, and the environment – as well as indicators of good corporate governance;
- ✓ **independent**, developed through a transparent process and continuously improved by [B Lab](#), a global leader in impact measurement and certification; and
- ✓ **comparable**, using the same metrics tracked by over 50,000 businesses worldwide.

Also, Blue Dot is a certified B Corporation, so our BIA score is verified by B Lab when we recertify every three years. A breakdown by category of our most recent certification score (based on 2017 numbers) is available [here](#). Our 2019 data is not verified, but we estimate an overall score of 98.0, the same as 2018 and down slightly from 100.9 for our last certification. The BIA is updated on a three-year revision cycle (and generally gets more rigorous with each iteration), so the metric set we used for 2018 and 2019 is not an exact match to our 2017 assessment.

While the BIA covers hundreds of metrics, following are some of the 2019 data points that caught our attention:

Clients

Most of our clients are purpose driven organizations. (See “*Serving Our Purposes – Purpose 1*” above.) Within that category, we also track which clients are directly serving in-need populations, such as traditionally disadvantaged demographic groups including the very poor.

As measured by our 2019 revenue, 37% of our work went to organizations that are directly serving in-need populations, for example by alleviating poverty and improving social and environmental conditions across Sub-Saharan Africa, employing Africans with disabilities and Americans on the autism spectrum, and bridging the “friends & family” seed funding gap for African American entrepreneurs, to name a few. We can’t measure how our work affects the ultimate beneficiaries, but we know that we are helping facilitate the flow of capital to support these efforts.

Another 55% of our work went to organizations with a mission to pursue other social and environmental benefits, such as making early stage investments in South and Southeast Asia that promote economic inclusion for women and marginalized people, providing access to capital for farmer groups and small businesses in Central Asia and West

Africa, improving the health of ocean ecosystems while supporting the livelihoods of the people who rely on them, and creating carbon capture and recycling solutions.

We also strive to make our services accessible by discounting our fees for certain startups and nonprofit operating organizations that meet our client screen. The aggregate value of our fee discount program was about 10% of our 2019 revenue. Combining with our pro bono service, our "donated" hours were worth approximately 18% of revenue for the year.

Workers

We again earned high marks for employee ownership and team engagement, for workplace flexibility (including generous leave policies), and for paying everyone on the team a living wage. As in last year's assessment, we did not score as well for supplementary benefits or healthcare coverage, but we do continue to make coverage available to our non-attorney employees.

Community

We kept up our commitment to support charitable organizations with at least 1% of 2019 revenues, and again provided paid time off for our employees to participate in volunteer service. We continue to use a B Corp bank and member of the [Global Alliance for Banking on Values](#). Our main focus for improvement in this category is on increasing the diversity of our team.

Environment

We are a small organization with a relatively small environmental footprint – which we intend to keep reducing as we grow. We subsidize transit passes, encourage recycling, and run mostly paperless. Most of us work from home and use renewable energy programs for home energy needs. We meet mostly virtually, and seek out eco-conscious working spaces; we are members and tenants of the [Alliance Center](#) in Denver and [Innosphere](#) in Fort Collins, both of which operate LEED Platinum certified buildings.

We continue to be challenged with regard to measuring carbon emissions and adopting science-based reduction targets, due to our size and our geographically dispersed team. We note that tools to fit our situation are improving, and we remain hopeful that we will be able to make more meaningful commitments soon.

Meanwhile, we continued to harvest the low-hanging fruit of carbon offsets for air travel. We offset 25,914 air miles in 2019 (slightly more than our 2018 number), with carbon credits purchased from Native Energy, a B Corp funding community-based renewable energy and GHG-reducing infrastructure projects. Our contributions again went toward the [Honduras Coffee Growers Clean Water Project](#).



We realize that voluntary GHG reductions and offsets are far from enough to address the climate crisis, and that policy change is essential.

On March 15, 2019 – in Colorado Springs, Hong Kong, Los Angeles, and Denver – most of our team members participated in the Climate Strikes inspired by Greta Thunberg to press politicians to act.

[Betsy](#) in Colorado Springs

[Donna](#) in LA



Our conversion to a public benefit cooperative earned us Best for the World honors in [Governance](#) in 2018 and 2019, and also helped us win a Best for the World mention as [Changemakers](#), meaning the improvement in our score from one certification cycle to the next ranked in the top 20% of global B Corps. To further improve, we still aspire to a more active and formalized program of stakeholder engagement.

Conclusions, Reflections, and Challenges

We see two main factors that hindered our impact efforts in 2019. First, we lack diversity at the ownership level of our firm (still all men, each with white privilege). Second, some initiatives dear to our hearts have yet to be launched, because we have not found the necessary time and capital. These include a deeper level of ongoing engagement with some of our most creative clients, and a science-based method for tracking and zeroing out our net carbon emissions.

These points of friction can be attributed in part to resource constraints inherent to our size, and that remains a key motivation to grow our organization.

Meanwhile the systemic failures that our work seeks to address continue to accelerate, even as the endeavor to build an economy that works for all continues to scale. Wealth inequality keeps [increasing](#), even as the longstanding oppressions in which it is so deeply rooted become more widely understood. Clean energy and circular economies push toward the [mainstream](#), while our planet keeps getting hotter and less hospitable to life.

Like many others working to transform our global economic and financial systems, our sense of urgency and our sense of opportunity are increasing together. If ever there was a time for an evolutionary leap, we are all living through it.

We are committed to carry forward the change we seek to the best of our abilities. And every day we are heartened by the fertility and growing strength of the movement of which we are a part.

[We'd love to hear what you think.](#)



*At our October retreat in lovely Estes Park, CO
L to R: Bjorn, Julie, Sheryl, Seth, Betsy, Bruce, Brian;
not pictured – Soo, Donna*