



## WHAT'S THE DIFFERENCE? FOR-PROFIT CORPORATIONS VS. NONPROFIT CORPORATIONS

In terms of structure, the difference between a profit-making corporation and a non-profit organization is a single sentence in the bylaws of the nonprofit organization that reads:

*“No part of the net earnings of the Corporation shall inure to the benefit or be distributable to a director, officer, or other private person...”*

In the for-profit world, one of the measurements of a financially successful corporation is whether dividends are distributed to stockholders. In the nonprofit world, however, there is no distribution of dividends because:

1. A member-is-a-member-is-a-member. Which means regardless of the amount of a business’s membership investment (also known as ‘dues’), around the Board room table, each business gets one vote.
2. Members come together to ‘do good’ and to put ‘service above self.’
3. All proceeds are to be used to further the mission of the organization.

DIFFERENCES BETWEEN FOR-PROFIT CORPORATIONS AND NON-PROFIT ORGANIZATIONS	
FOR-PROFIT CORPORATION	NON-PROFIT ORGANIZATION
Has stockholders/shareholders	Has stakeholders (dues-paying members and possibly others within the community having a special interest’
Goal: Make money	Mission: Altruistic, for the greater good
Has board members	Has board members
Board members are usually compensated	Board members are not compensated
End-of-year profits distributed to stockholders/shareholders	End-of-year funds are carried over to the new year