



Solving America's
Immigration Problems
One Employer and
One Worker at a Time

Nonprofit Organization – an economic institution that operates like a business but does not seek financial gain. Examples are schools, churches, and community service organizations. Nonprofit organizations often provide goods and services to consumers while pursuing other rewards such as improving educational standards, seeing the sick become well, and helping those in need. Many are legally incorporated to take advantage of the unlimited life feature such as private welfare groups, adoption agencies, and youth or civic clubs.

Nonprofit organizations are generally those business organizations that exist to serve some public need without the intent of making a profit. There is a long history of service to consumers as well as producers in the American workplace. The actions of nonprofit organizations, while often unnoticed, are quite important.

Some economics students have noticed the various uses of the term nonprofit and not-for-profit and have inquired into the differences between the two. Discussions defined nonprofits as business organizations designed to perform a service for others and defined not-for-profit as charitable organizations. While this delineation does exist, the terms used are wrong. There is, in reality, no difference between the two terms. Legal statutes even refer to the two terms as being synonymous. But the *practical* legal definition (as established by the wise and beneficial people at the IRS) does make a distinction.

- "Not-for-profit" refers to an activity, for example, a hobby (like fishing).
 - "Nonprofit" refers to an organization established for purposes other than profit-making.
- (Note here that nonprofit does not necessarily mean "charitable.")

For example, a "nonprofit" organization can be an association of people who like fishing (though the activity does not have to be not-for-profit). In the end, both terms are frequently used and frequently seen. There is no firmly established distinction, though some people have strong preferences between them.

The federal government has distinguished between the different types of nonprofit organizations based upon their tax code designations. The list below cites the types of nonprofit organizations and their corresponding tax code. The following organizations are all exempt from income tax and are thus considered "nonprofit" by the federal government.

§ 501(c)(1) - Corporations Organized Under Act of Congress (including Federal Credit Unions)

§ 501(c)(2) - Title Holding Corporation for Exempt Organization.

§ 501(c)(3) - Charitable Organizations - Charitable, religious, educational, scientific, literacy, etc. organizations.

§ 501(c)(4) - Civic leagues, community organizations, and other social welfare organizations.

§ 501(c)(5) - Labor unions, farm bureaus, and other labor and agricultural organizations.

§ 501(c)(6) - Trade associations, chambers of commerce, real estate boards, and other business leagues.

§ 501(c)(7) - Hobby clubs, country clubs, and other organizations formed for social and recreational purposes.

§ 501(c)(8) or § 501(c)(10) - Lodges and similar orders and associations.



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§ 501(c)(19) and § 501(c)(23) - Posts or organizations of past or present members of the Armed Forces of the United States. § 501(c)(4) - Local associations of employees.
§ 501(c)(9) - Voluntary employees' beneficiary associations.
§ 501(c)(17) - Supplemental unemployment benefit trusts.
§ 501(c)(11) - Teachers' Retirement Fund Associations.
§ 501(c)(12) - Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, Etc.
§ 501(c)(13) - Cemetery Companies.
§ 501(c)(14) - State Chartered Credit Unions, Mutual Reserve Funds.
§ 501(c)(15) - Mutual Insurance Companies or Associations.
§ 501(c)(16) - Cooperative Organizations to Finance Crop Operations.
§ 501(c)(18) - Employee Funded Pension Trust (created before June 25, 1959).
§ 501(c)(21) - Black Lung Benefit Trusts.
§ 501(c)(22) - Withdrawal Liability Payment Fund.
§ 501(c)(25) - Title Holding Corporations or Trusts with Multiple Parents.
§ 501(c)(26) - State-Sponsored High-Risk Health Coverage Organizations.
§ 501(c)(27) - State-Sponsored Worker's Compensation Reinsurance Organizations.
§ 501(d) - Religious and Apostolic Associations.
§ 501(e) - Cooperative Hospital Service Organizations.
§ 501(f) - Cooperative Service Organization of Operating Educational Organizations.
§ 501(k) - Child Care Organization.
§ 521(a) - Farmers' Cooperative Associations
§ 527 - Political parties, campaign committees for candidates for federal, state, or local office, and political action committees.

In general, the basic types of nonprofit organizations are:

- **Cooperative** – a voluntary nonprofit association of people performing some kind of economic activity for the benefit of its members. The three major classes are consumer, service, and producer cooperatives.
- **Consumer Cooperative** – a nonprofit association that buys bulk amounts of consumer goods so that its members can purchase at prices below those charged by regular businesses.
- **Service Cooperative** – a nonprofit association of consumers dealing with services rather than goods. Examples include credit unions and some insurance and credit agencies. A credit union, which is made up of employees from a particular company or government agency, receives its funds from members. In return, members earn interest on their deposits and may borrow money from the credit union. In most cases, they can borrow at better rates and more quickly than they could from for-profit banks or commercial loan companies.
- **Producer Cooperative** – a nonprofit association of producers helping members sell or market products. In the U.S., most co-ops of this kind are made up of farmers. The co-op helps the farmers sell their crops directly to central markets or to companies that use the members' products. Any savings that the producer co-op makes in marketing costs go to its members.



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- **Professional Association** – a nonprofit association of professional or specialized workers seeking to improve working conditions, skill levels, and public perceptions of its profession. Membership can be either mandatory or voluntary. Examples include The American Association of University Professors and the American Bar Association.
- **Trade Association** - a group of businesses within an industry that work together to build industry awareness, advocate certain political goals and provide services to its members. The government watches trade associations rather carefully so that they do not violate collusion and antitrust laws. An example of a trade association is NAM (National Association of Manufacturers). NAM members include any U.S. corporation that manufactures anything. This is a HUGE organization. Members include General Motors, IBM, Caterpillar, etc. They spend enormous amounts of money lobbying Congress to get legislation they feel is beneficial to their members passed, or to block legislation they feel is harmful. They usually win.

Source: http://www.socialstudieshelp.com/Eco_Non_Profits.htm