

Business Entity Comparison Chart

Comparison Factors	Corporation	Social Purpose Corporation (SPC)	Nonprofit Corporation (501c3)
Formation Requirements	<ul style="list-style-type: none"> - File Articles of Incorporation - Hold an organizational meeting - Adopt bylaws - Issue at least one share of common stock 	<ul style="list-style-type: none"> - File Articles of Incorporation - State at least one general social purpose and possibly additional specific social purposes in Articles. - Hold an organizational meeting - Adopt bylaws - Issue at least one share of common stock 	<ul style="list-style-type: none"> - File Articles of Incorporation - Articles of incorporation must contain a specific purpose clause and a dissolution of assets provision - Hold an organizational meeting - Adopt bylaws - File 1023 with IRS
Ownership	By shareholders through the purchase of stock.	By shareholders through the purchase of stock.	Nonprofits have no owners (theoretically held in trust for the public).
Management	Directors manage the overall company and the officers; officers manage day-to-day corporate activities. Directors are elected and therefore managed by the shareholders.	Directors manage the overall company and the officers; officers manage day-to-day corporate activities. Directors are elected and therefore managed by the shareholders.	Directors manage the overall company and the officers; officers manage day-to-day corporate activities. Directors are often recommended to serve on the board by Members of the nonprofit.
Fiduciary Duties	Directors and officers owe a duty of care and loyalty to the corporation, to act in its "best interests." Often, this is interpreted as protecting the value of the company for shareholders.	Directors and officers of SPCs owe the same duties as traditional corporation management, but they are allowed to consider general or specific social purposes. So, in discharging their duties, they are not solely beholden to profit motives.	Directors and officers owe a duty of care and loyalty to the corporation, to act in its "best interests." Further, they have a duty to carry out a public, charitable purpose (the mission).
Business Licensing	State and city business licenses required for operation.	State and city business licenses required for operation.	State and city business licenses required for operation.
State Taxes	Business and Occupational (B&O) tax must be paid on gross revenues generated from regular business activities conducted; employee tax/L&I.	Same as Corporation.	Same as Corporation, except there are limited exemptions are provided for nonprofit fundraising activities and donations.
Federal Taxes	Yes; employee withholding.	Yes; employee withholding.	Exempt from federal income tax (but see 990, below); employee withholding.
[Tax-deductible donations?]	[NO]	[NO]	[YES]
Annual Reporting	Annual reports must be filed with the State disclosing updated corporate; report to shareholders.	Same as corporation, plus an annual social purpose report.	Same as corporation, plus the annual 990 informational filing with the IRS.