

# Non-Profit Organization (NPO)

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A **Non-Profit Organization (NPO)**, also known as a **Non-Business Entity, Not-For-Profit Organization**, or **Nonprofit Institution**, is a legal entity organized and operated for a collective, public or social benefit, in contrast with an entity that operates as a business aiming to generate a profit for its owners. A nonprofit is subject to the non-distribution constraint: any revenues that exceed expenses must be committed to the organization's purpose, not taken by private parties. A wide array of organizations are nonprofit, including most political organizations, schools, business associations, churches, social clubs, and consumer cooperatives. Nonprofit entities generally seek approval from governments to be tax-exempt, and some may also qualify to receive tax-deductible contributions, but an entity may incorporate as a nonprofit entity without securing tax-exempt status.

The **key** aspects of nonprofits are **accountability**, trustworthiness, honesty, and openness to every person who has invested time, money, and faith into the organization. Nonprofit organizations are accountable to the donors, founders, volunteers, program recipients, and the public community. For a nonprofit that seeks to finance its operations through donations, public confidence is a factor in the amount of money that a nonprofit organization is able to raise. The more nonprofits focus on their mission, the more public confidence they will have. This will result in more money for the organization.[1] The activities a nonprofit is partaking in can help build the public's confidence in nonprofits, as well as how ethical the standards and practices are.

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