

# Definition and Examples of Nonprofit Organizations

A nonprofit organization is formed for the purpose of serving a public or mutual benefit other than the pursuit or accumulation of profits for owners or investors. The nonprofit sector is a collection of organizations that are private (not government); voluntary; and benefit the public.

Examples include, but are not limited to:

- **Charities** - e.g. American Red Cross, Salvation Army, YMCA
- **Foundations** - e.g., W.K. Kellogg Foundation, Ford Foundation, community foundations
- **Social Welfare or Advocacy Organizations** - e.g., National Association for the Advancement of Colored People (NAACP), American Civil Liberties Union (ACLU), National Rifle Association (NRA)
- **Professional/Trade Associations** - e.g., Chamber of Commerce, American Medical Association (AMA)
- **Religious Organizations** - e.g., churches

## Purposes of Nonprofits

According to Lester Salamon (America's Nonprofit Sector), the nonprofit sector exists to serve four critical functions:

- **Service Provision:** Nonprofit organizations provide programs and services to the community. Oftentimes, nonprofits are formed or expanded to react to a community need not being met by the government.
- **Value Guardian:** Nonprofit organizations provide a means by which members of a community can take action in an attempt to change the community they live in. These actions may take the form of developing a local neighborhood watch program or, on a larger scale, developing an organization that responds to world relief efforts.
- **Advocacy and Problem Identification:** Nonprofit organizations provide a means for drawing public attention to societal issues. Nonprofit organizations make it "possible



to identify significant social and political concerns, to give voice to under-represented people and points of view, and to integrate these perspectives into social and political life.”

- **Social Capital:** Nonprofit organizations develop a sense of community among the citizens by providing a means to engage in social welfare.

**Homework Assignment:** Create an image that illustrates and explains the four purposes of nonprofits. Use design software or draw a representation, using symbols and labels, to distinguish the four functions and include two examples of each.

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