What Is a Nonprofit Organization?

A nonprofit organization is formed to provide a service to citizens that is not met by government or business. A nonprofit may address needs, improve quality of life, reform laws, or engage citizens. Since nonprofit organizations have a public benefit focus, they do not pay taxes.

The primary purpose of a nonprofit organization is to fulfill its mission that promotes the common good. A nonprofit's mission statement explains which public good activity is its focus.

Examples of Nonprofit Mission Statements:

- Habitat for Humanity: "Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope."
- Boys and Girls Clubs of America: "To enable all young people, especially those who need us most, to reach their full potential as productive, caring, responsible citizens."
- Ford Foundation: "To reduce poverty and injustice, strengthen democratic values, promote international cooperation, and advance human achievement."
- San Diego Zoo Global: "Committed to saving species worldwide by uniting our expertise in animal care and conservation science with our dedication to inspiring passion for nature."

Types of Nonprofit Organizations

Nonprofit organizations can be classified into the following **seven types** (sub-sectors):

1. Arts (e.g., Rock and Roll Hall of Fame, the Shedd Aquarium, New York Symphony Orchestra)
2. Education & Research (e.g., Public Broadcasting Service, Teach for America, Learning to Give)
3. Environment & Animals (e.g., The Nature Conservancy, Humane Society, Chicago Botanic Garden,)
4. Health (e.g., Mayo Clinic, American Heart Association, American Red Cross)
5. Religion (e.g., First Presbyterian Church, Princeton Theological Seminary, congregations)
6. Social Services (e.g., Catholic Charities U.S.A., Heifer International, Gleaners, food banks)
7. Foundations: These include community foundations (focused on particular geographic counties or regions), family foundations, private independent foundations (such as the Bill and Melinda Gates Foundation and Ford Foundation), and corporate foundations (such as the Coca-Cola Foundation and the Wells Fargo Foundation).