

WHAT IS 'NOT-FOR-PROFIT'?

- A not-for-profit organisation is one that is either a friendly society or that is not operated for the purposes of profit or personal gain (either directly or indirectly) of its individual owners/shareholders*.
- Typically when individuals think of not-for-profit organisations they think of charities. Whilst this is one form, it's not the only form. They come in a variety of sizes and forms including sporting clubs, community service groups, recreational groups and some private health insurers.
- A common misconception is that a not-for-profit organisation is one that hasn't made a profit. These organisations can and often do make a profit. The distinction is that any profits are reinvested into the organisation to carry out its purpose rather than be distributed to owners or shareholders.
- Not-for-profit organisations typically receive funding from private voluntary contributions (such as member fees or premiums), philanthropic sources or Government grants.

* See section 3 of the *Income Tax Act 1986* (Cth)