Non-profit corporation

A very common form of association used by community groups is the non-profit corporation or non-profit company. This is also the form most commonly used by homeowners' and condominium associations. The non-profit corporation is easy and relatively inexpensive to form and document, and has available to it simplified tax reporting forms and procedures. It shields its members from liability to persons dealing with the corporation, provides a widely accepted and understood method of delegating management to the officers of the corporation, and has "perpetual existence" (the legal existence of the entity is not threatened by the comings and goings of individual members).

Challenges

Mismanagement of the resources is a potential problem, as there is no one with a direct personal financial stake in the organization. This can take the form of lack of precautions in the use of money, or actual corruption, redirecting resources for personal gain.

See also

- Community design
- Non-profit organization

External links

Legal issues for communities: A primer