

NONPROFIT

VERSUS

FOR-PROFIT

ACCOUNTING DIFFERENCES



Provide services needed by society and ensure most effective allocation of resources

Statement of Financial Position

Statement of Activities

Net Assets

Change in Net Assets

Statement of Functional Expenses classifies expenses by program, management/general & fundraising

Restricted and Unrestricted Contributions

In-Kind Contributions

Grants & Awards

Events, Dues & Sales



Earn profits for stockholders and provide services or sell goods

Balance Sheet

Income Statement

Retained Earnings

Net Income/Loss

For-profit corporations are not required to use functional accounting to classify expenses

Sales of merchandise

Service fees

Shares of stock