

Structure Options - Compare and Contrast

	Sole Proprietorship	Partnership	C-Corp S-Corp	LLC	Coop (T-Corp)	L3C* / B Corp^	Nonprofit 501(c)3
Who has control? How is control exercised?	Sole	Determined by agreement, sometimes weighted by category	Shareholder vote via board of directors	Determined by agreement, often membership vote	Members elect board (one member, one vote), board makes decisions	Determined by agreement, often membership vote	Board
Who provides capital?	Sole benefit & liability, including all net worth	Proportionate benefit & responsibility, including all net worth	Shareholders provide capital; responsibility limited to amount invested	Members provide capital; responsibility limited to amount invested	Equity from members (can be hard to raise). Responsibility limited to investment.	Members provide capital; responsibility limited to amount invested	Grants
How are profits allocated? To whom? By whom?	Profits to owner	Terms of agreement, often proportionate	Profits distributed as dividends, subject to board approval	Profits & losses shared according to agreement... related to investment of equity and/or work	Profits and losses (margins) allocated based on use, not equity. May be distributed or reinvested.	Profits & losses shared according to agreement... related to investment of equity and/or work	Must be reinvested
How are profits taxed?	Profit taxed as income	Profit taxed as income	Earnings taxed at corporate rate; dividends at individual rate (S corp treats profit + dividend as one)	Profit taxed as income (like partnership)	Profit taxed as income, either at corporate OR dividend level	Profit taxed as income (like partnership)	No federal taxes
How long does the corporation last?	Lives as long as owner	As long as partners active	Perpetual existence	Perpetual existence	Perpetual existence	Perpetual existence	Perpetual. If dissolved, assets to another nonprofit.
Who is liable?	Owner	No veil for GP Veil for LLPs	Veil	Veil	Veil	Veil	Veil

*L3C is a low profit LLC that pursues charitable objectives as its primary motive. Structurally they are the exact same as an LLC.

^B Corporations are for-profit companies certified by the nonprofit B Lab. These companies meet rigorous social and environmental standards.

^Legal in only 31 states, including PA. More information can be found at bcorporation.net.