

Use the chart below to compare the most popular business structures.

	Nonprofit Corporation	Limited Liability Company	S-Corporation	C-Corporation	Sole Proprietorship
<b>Filing Fee</b>	Certificate of formation filing fee \$25 paid to Texas Secretary of State.. Federal Exemption Filing Fees: \$275 or \$600 depending on filing type	Certificate of formation and filing fee of \$300 paid to the Texas Secretary of State.	Certificate of formation and filing fee of \$300 paid to the Texas Secretary of State.	Certificate of formation and filing fee of \$300 paid to the Texas Secretary of State.	Assumed Name Certificates are filed with County where doing business (Cost is roughly \$20, but varies by County)
<b>Liability</b>	Board Members are typically not personally liable for the organization's obligations or debts	Members are typically not personally liable for the LLC obligations or debts.	Shareholders are typically not personally liable for the s-corporation obligations or debts	Shareholders are typically not personally liable for the c-corporation obligations or debts	No liability protection. Sole Proprietor's personal assets can be seized to satisfy business obligations or debts
<b>Duration of Existence</b>	Perpetual, unless otherwise provided in the governing documents	Perpetual, unless otherwise provided in the governing documents	Perpetual, unless otherwise provided in the governing documents	Perpetual, unless otherwise provided in the governing documents	Until Sole Proprietor ceases doing business or dies

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<b>Number of Owners</b>	Three board members are required; no restrictions on number.	No restrictions; single member LLCs permitted in Texas	No more than 100	No Restrictions.	1
<b>Management</b>	Officers of the Board and members oversee the day-to-day activities. A Director manages the operations of the nonprofit activities.	Can be managed by the member(s) or by a manager or group of managers	Officers manage day-to-day activities; Directors manage the officers and the overall company; Directors are elected and therefore managed by the shareholders	Officers manage day-to-day activities; Directors manage the officers and the overall company; Directors are elected and therefore managed by the shareholders	Managed by the sole proprietor
<b>Governing Document</b>	Bylaws	Operating Agreement aka Company Agreement	Bylaws	Bylaws	None

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<b>Taxation</b>	Entity only taxable if entity does not have State (Franchise Taxes) and Federal Levels (Income/Loss) if tax-exempted.	At the default tax status, there is no tax at the entity level. Income/loss is passed through to members (LLCs can elect to be taxed as a C-Corp or S-Corp)	No tax at the entity level. Income/loss is passed through to the shareholders	Taxed at the entity level. Dividends paid out are taxed at the individual level (aka Double Taxation)	Entity not taxable. Sole Proprietor pays taxes
<b>Double Taxation</b>	No	No	No	Yes, but only if income is distributed to shareholders in the form of dividends.	No
<b>Self-Employment Tax</b>	No; Personal salaries and income taxable	Net income subject to self-employment tax. May elect s-corporation tax status and pay salary to owner(s) to mitigate	Salary subject to self-employment tax, but shareholder distributions may not subject to employment tax	Subject to self-employment tax	Subject to self-employment tax

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<b>Pass Through Income/Loss</b>	No	Yes, unless the LLC elects to be taxed as a c-corporation	Yes	No	Yes
<b>Raising Capital</b>	Possible to receive donations and raise capital, but there are restrictions based on activities listed in charter and bylaws; reporting is required	Possible to sell interests, though subject to operating agreement restrictions	Shares of stock are sold to raise capital, but there are restrictions on who can be a shareholder.	Shares of stock are easily sold to raise capital	No capital raising mechanism
<b>Administrative Requirements</b>	Meetings to report to Board by entity Director, election of directors, appointment of officers; frequency listed in Bylaws	Relatively few	Many (i.e. Annual meetings, election of directors, appointing officers)	Many (i.e. Annual meetings, election of directors, appointing officers)	Least amount
<b>Best Suited For:</b>	Charitable businesses that have a exempt cause allowed in the IRS code.	Most businesses large and small.	Small businesses; businesses that wish to take advantage of self-	Large businesses; business that desire to go public or need venture capital	Individuals who don't need liability protection (i.e. no employees, no lease,

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			employment tax savings		no contracts, non-litigious industry)