



Non Profit Company (NPC)

NPCs are subject to the [Companies Regulations, 2011](#), which can compel them to subject to auditing of financial statements if they meet certain criteria, instead of an independent review. Most NPCs conduct annual audits, despite the provision to only submit an independent review of financial statements.

An NPC has limited choices in how it structures itself and functions, since much of it is regulated by law.

Non Profit Organisation (NPO)

The [Nonprofit Organisations Act, 1997 \(Act No. 71 of 1997\)](#) replaced the previous Fundraising Act (Act No. 107 of 1978) and came into operation on 1 September 1998 and was amended by the [Nonprofit Organisations Amendment Act, 2000 \(Act No. 17 of 2000\)](#). Since 2012, there has been a draft [NPO Policy Framework](#) in the making, aimed in part at increasing regulation of the nonprofit sector. NPOs are administered by the [Nonprofit Directorate of the Department of Social Development \(DSD\)](#).

Most NPOs are Voluntary Associations (VAs), but an NPC or Trust **may** register as an NPO **in addition to** their registration with CIPC (NPCs) or the Master of the High Court (Trusts) if they choose to.

While some choices of NPOs are limited by law, they are generally free to choose how they structure themselves and function.

Community Based Organisations (CBOs)

CBOs work on [ABCD](#) principles, particularly that of [Community-Driven Development](#)(CDD). Instead of "experts" from outside of the community coming into the

community and deciding what the community should have to solve their problems, in a CBO, the community sets its own objectives and works toward those objectives with or without outside help.

These organisations are usually informal structures, but in South Africa may decide to take on a legal structure and register as a voluntary association, non-profit company or trust **if they want to** (or are forced to do so by outside agencies), unless they decide to embark on a Social Enterprise, in which case for-profit legal structures are also available to them.

If the CBO is faith-based, it may also be called a Faith Based Organisation (FBO).

Non-Profit Organisations (NPOs / NPCs)

NPOs are different from CBOs in that their solutions are not necessarily driven by the members of the community in which they work. The organisation's governing structure sets the objectives for the organisation, usually in response to a perceived need in the community, with or without community consultation. NPOs generally don't have programmes, or if they do, there are not a wide range of them, with most work performed routinely or through projects.

NPOs in South Africa are registered as either an NPO (Department of Social Development), NPC (Companies and Intellectual Property Commission) or Trust (Master of the High Court).

The main difference between these legal entities is in their compliance requirements.

Difference Between NPC and NPO

Criteria	NPC	NPO
Registration	CIPC	DSD

Criteria	NPC	NPO
Minimum Unrelated Founders	3	3
Ownership	Belongs to the public	Belongs to the public
Annual Returns	Annual – CIPC	Annual – DSD
Institution Records	Kept for at least 7 years at public office	Unspecified. Kept for at least 5 Years if registered with SARS.
Accounting Records	Kept for at least 7 years at public office	Unspecified. Kept for at least 5 Years if registered with SARS.
Auditors	Regulated by Law	Dependent on Constitution
Financial Statements	Dependent on MOI and PIS	Dependent on Constitution and PIS
Solvency and Reckless Trading	Directors may be personally liable	No members liable
Obligations to Notify of Changes	Regulated by Law	Regulated by Law

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