

**Entrepreneurship © 2013**  
**Chapter 6: Business Ownership—Glossary**

**C corporation.** Most common type of corporation that pays taxes on profits.

**capital.** Money and other assets owned by a business or person.

**charter.** Legal document describing the purpose, place of business, and other details of the corporation.

**contract.** Legally binding agreement.

**corporate formalities.** Records and procedures that corporations are required by law to complete.

**corporation.** As defined by the US Supreme Court: "an artificial being, invisible, intangible, and existing only in contemplation of the law." A legal entity.

**DBA license.** Needed to officially register a business. Also known as a *doing business as license*.

**Federal Trade Commission (FTC).** Federal government department dedicated to consumer protection.

**franchise disclosure document.** Includes detailed legal information that a franchisee must know before purchasing a franchise.

**International Franchise Association (IFA).** Organization regulating the franchising industry.

**liability.** Legal responsibility.

**limited partnership (LP).** Where there is one managing partner and at least one limited partner.

**nonprofit corporation.** Company set up to accomplish a specific mission rather than generate a profit.

**partnership.** Relationship existing between two or more people who join to create a business.

**private corporation.** Does not sell company stock publically to investors on stock exchanges.

**public corporation.** Sell their stock on stock exchanges to any investor who wants to buy them.

**royalty payment.** Fee that franchisees must continually pay the franchisor to keep operating the franchise.

**silent partner.** One who invests money but is not involved in the business' daily operations or management.

**sole proprietor.** Person who owns the business and is personally responsible for its debts.

**stock.** Shares of ownership in a company.

**stockholders.** People who own stock in a company.

**subchapter S corporation.** Type of incorporation designed for a small business with fewer than 100 stockholders.