



GLOSSARY OF NONPROFIT/FOUNDATION TERMS

501(C)(3): The section of the U.S. tax code that defines nonprofit, charitable, and tax-exempt organizations.

ADMINISTRATIVE FEES: Fees assessed on a fund to cover the operating costs for each fund.

AGENCY FUND: Established by a nonprofit organization for the benefit of the nonprofit organization where the profits are distributed annually to support their operations, programs, etc.

ADVISORY COMMITTEE: A group of individuals, who offer advice, inform, or notify.

ANNUAL REPORT: A voluntary report published by a nonprofit that provides financial data and describes its activities.

ARTICLES OF INCORPORATION: A document filed with the secretary of state or other appropriate state offices by persons establishing a nonprofit.

ASSETS: Cash, stocks, bonds, real estate, or other holdings of a nonprofit. Generally, assets are invested, and the income is used to support the organization's mission.

BEQUEST: A sum of money made available upon the donor's death.

BYLAWS: Rules governing the operation of a nonprofit corporation.

CAPITAL SUPPORT: Funds provided for endowment purposes, buildings, construction, or equipment

CHARITABLE REMAINDER TRUST: A gift plan that provides income to one or more beneficiaries for their lifetimes, a fixed term of not more than 20 years, or a combination of the two, with a specified organization receiving the remainder at death of final beneficiary.

COMMUNITY FOUNDATION: A tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors of the long-term diverse, charitable benefit of the residents of a defined geographic area.

CORPORATE GIVING PROGRAM: A grant-making program established and administered within a for-profit corporation.

DECLINE: Also referred to as denial, a decline is the refusal to fund a grant request.

DESIGNATED FUND: A fund that the donor directs annual distributions to one or more specific charitable organizations.

DIRECT BENEFICIARY: A recipient of a clear and immediate benefit from project activities.

DISCRETIONARY FUNDS: Grant funds distributed at the discretion of one or more trustees, which usually do not require prior approval by the full board of directors.

DONOR: An individual or organization that makes a grant or contribution to a donee.

DONOR-ADVISED FUND: A fund held by a community foundation where the donor(s) and/or a committee of advisors recommend eligible charitable recipients for distributions from the fund. The community foundation's governing body must be free to accept or reject the recommendations.

EMPLOYER IDENTIFICATION NUMBER (EIN): A nine-digit number assigned by the Internal Revenue Service.

ENDOWMENT: Funds intended to be invested in perpetuity to provide income for a designated cause.

FIDUCIARY DUTY: The legal responsibility for investing money or acting wisely on behalf of another.

FIELD OF INTEREST FUND: A fund that the donor specifies annual distributions to a particular program area, such as education, health, or the environment.

FINANCIAL REPORT: An accounting statement detailing financial data, including income from all sources, expenses, assets and liabilities.

FISCAL SPONSOR: A fiscal sponsor is a nonprofit organization that provides fiduciary oversight, financial management, and other administrative services to help build the capacity of charitable projects.

FISCAL YEAR: A 12-month period around which an organization operates.

FORM 990: The U.S. IRS forms filed annually by public charities.

FUNDER: A donor, corporation, community foundation, etc. that provides a grant to a nonprofit organization for projects and/or programs.

GRANT: An award of funds to an organization or individual to undertake charitable activities.

GRANT PERIOD: The period in which the grant funding must be spent and accounted for.

GRANT MONITORING: The ongoing assessment of the progress of the activities funded by a donor, with the objective of determining if the terms and conditions of the grant are being met and if the goal of the grant is likely to be achieved.

GRANTEE: The individual or organization that receives a grant.

GRANTOR: The individual or organization that makes a grant.

GRANT EVALUATION: A review of the results of a grant, with the emphasis upon whether the grant achieved its desired objective.

GRASSROOTS FUNDRAISING: Efforts to raise money from individuals or groups from the local community on a broad basis.

IMPACT: A direct effect of a project or activity on a person, community, etc.

IN-KIND CONTRIBUTION: A donation of goods or services rather than cash or appreciated property.

INVESTMENT ADVISORS: An individual, firm, or committee responsible for making day-to-day decisions to buy, hold, or sell assets.

LETTER OF INTENT: A brief application outlining an organization's activities and a request for funding sent to a prospective donor to determine if there is sufficient interest to warrant submitting a full proposal.

MATCHING GRANT: A grant or gift made with the specification that the amount donated must be matched on a one-for-one basis or according to some other prescribed formula.

NONPERMANENT FUND: A type of fund where both principal and income may be granted to a nonprofit organization. Also known as a pass-through fund or non-endowed fund.

OBJECTIVES: What you aim to achieve. Objectives are specific and concrete in how the goal will be achieved.

OUTCOMES: The achieved results of a project or program. In a grant proposal, this is stated as an expected result.

PLANNED GIVING: The process of making a significant charitable gift during a donor's life or at death that is part of his or her financial or estate plan.

PLEDGE: A promise to make future contributions to an organization.

PORTFOLIO: The total investment pool held by an organization, normally divided into several segments such as equities, fixed income, and real estate.

POST-GRANT EVALUATION: A review of the results of a grant, with the emphasis upon whether the grant achieved its desired objective.

PRELIMINARY GRANT APPLICATION: A brief draft of a grant proposal used to learn if there is sufficient interest to warrant submitting a proposal.

PROGRESS REPORTS: A written document summarizing the work that has been accomplished and the work that remains.

PROPOSAL: A written application submitted to a foundation giving program in requesting a grant. Also known as a Grant Application.

PUBLIC AGENCY: A permanent or semi-permanent organization within the government that is responsible for the oversight and administration of specific functions.

RATE OF RETURN: The rate of return on an asset or a pool of assets is a measure of investment performance and should always be determined on a total-return basis, i.e., including realized and unrealized changes in market value in addition to earned income (i.e., dividends and interest income).

RESTRICTED FUND: Assets or income that is restricted in its use, in the types of organizations that may receive grants from it or in the procedures used to make grants from such funds.

SELF-DEALING: Entering a financial transaction that includes paying excessive benefits to a “disqualified person.” This includes organization staff, board members, family members of staff and board members, and the businesses they control.

SCHOLARSHIP FUND: A type of fund that provides grants in the form of scholarships in which the criteria are established by the donor.

SITE VISIT: Visiting a grantee organization or with recipients of its services.

TRUST: A legal device used to set aside money or property of one person for the benefit of one or more persons or organizations.

UNRESTRICTED FUND: A fund that is not specifically designated to a particular use by the donor, or for which restrictions have expired or been removed.