

Fundraising Glossary of Terms

The following list, arranged alphabetically, includes common terms used by grantmakers and grantseekers.

Annual Campaign: An annual campaign is best described as a campaign conducted each and every year for the purpose of raising money to assist in paying a non-profit organization's regular, ongoing expenses. The money it raises is most commonly used to offset an operational deficit, but it can be applied to any purpose.

Annual Report: A voluntary report issued by a foundation or corporation that provides financial data and descriptions of grantmaking activities. Annual reports vary in format from simple typewritten documents listing the year's grants to detailed publications that provide substantial information about the grantmaking program.

Assets: The amount of capital or principal money, stocks, bonds, real estate, or other resources controlled by the foundation or corporate giving program. Generally, assets are invested and the income is used to make grants.

Beneficiary: In philanthropic terms, the donee or grantee receiving funds from a foundation or corporate giving program is the beneficiary, although society benefits as well. Foundations whose legal terms of establishment restrict their giving to one or more named beneficiaries are not included in this publication.

Capital Support: Funds provided for endowment purposes, buildings, construction, or equipment, and including, for example, grants for bricks and mortar.

Challenge Grant: A grant awarded that will be paid only if the donee organization is able to raise additional funds from another source(s). Challenge grants are often used to stimulate giving from other donors. (See also Matching Grant)

Community Foundation: A 501(c)(3) organization that makes grants for charitable purposes in a specific community or region. Funds are usually derived from many donors and held in an endowment independently administered; income earned by the endowment is then used to make grants. Although a few community foundations may be classified by the IRS as private foundations, most are classified as public charities eligible for maximum income tax-deductible contributions from the general public. (See also 501(c)(3); Public Charity)

Community Fund: An organized community program which makes annual appeals to the general public for funds that are usually not retained in an endowment but are used for the ongoing operational support of local social and health service agencies. (See also Federated Giving Program)

Company-Sponsored Foundation (also referred to as Corporate Foundation): A private foundation whose grant funds are derived primarily from the contributions of a profit-making business organization. The company-sponsored foundation may maintain close ties with the donor company, but it is an independent organization with its own endowment and is subject to the same rules and regulations as other private foundations. (See also Private Foundation)

Cooperative Venture: A joint effort between or among two or more grantmakers (including foundations, corporations, and government agencies). Partners may share in funding responsibilities or contribute information and technical resources.

Corporate Giving Program: A grantmaking program established and administered within a profit-making company. Corporate giving programs do not have a separate endowment and their annual grant totals are generally more directly related to current profits. They are not subject to the same reporting requirements as private foundations. Some companies make charitable contributions through both a corporate giving program and a company-sponsored foundation.

Distribution Committee: The board responsible for making grant decisions. For community foundations, it is intended to be broadly representative of the community served by the foundation.

Donee: The recipient of a grant. (Also known as the grantee or the beneficiary.)

Donor: The individual or organization that makes a grant or contribution. (Also known as the grantor.)

Employee Matching Gift: A contribution to a charitable organization by a company employee that is matched by a similar contribution from the employer. Many corporations have employee matching gift programs in higher education that stimulate their employees to give to the college or university of their choice.

Endowment: Funds intended to be kept permanently and invested to provide income for continued support of an organization.

Expenditure Responsibility: In general, when a private foundation makes a grant to an organization that is not classified by the IRS as a public charity, the foundation is required by law

to provide some assurance that the funds will be used for the intended charitable purposes. Special reports on such grants must be filed with the IRS. Most grantee organizations are public charities and many foundations do not make expenditure responsibility grants.

Family Foundation: An independent private foundation whose funds are derived from members of a single family. Family members often serve as officers or board members of the foundation and have a significant role in grantmaking decisions. (See also Operating Foundation; Private Foundation; Public Charity)

Federated Giving Program: A joint fundraising effort usually administered by a nonprofit umbrella organization which in turn distributes contributed funds to several nonprofit agencies. United Way and community chests or funds, the United Jewish Appeal and other religious appeals, the United Negro College Fund, and joint arts councils are examples of federated giving programs. (See also Community Fund)

501(c)(3): The section of the Internal Revenue code that defines nonprofit, charitable (as broadly defined), tax-exempt organizations; 501(c)(3) organizations are further defined as public charities, private operating foundations, and private non-operating foundations. (See also Operating Foundation; Private Foundation; Public Charity)

Form 990-PF: The annual information return that all private foundations must submit to the IRS each year and which is also filed with appropriate state officials. The form requires information on the foundation's assets, income, operating expenses, contributions and grants, paid staff and salaries, program funding areas, grantmaking guidelines and restrictions, and grant application procedures. Foundation Center libraries maintain files of 990-PFs for public inspection.

General Purpose Foundation: An independent private foundation that awards grants in many different fields of interest. (See also Special Purpose Foundation)

General Purpose Grant: A grant made to further the general purpose or work of an organization, rather than for a specific purpose or project. (See also Operating Support Grant)

Giving circles: A form of participatory philanthropy where groups of individuals donate their own money or time to a pooled fund, decide together where to give these away to charity or community projects and, in doing so, seek to increase their awareness of and engagement in the issues covered by the charity or community project. Many circles, in addition to donating their money, also contribute their time and skills to support local causes.

Grantee Financial Report: A report detailing how grant funds were used by an organization. Many corporations require this kind of report from grantees. A financial report generally includes a

listing of all expenditures from grant funds as well as an overall organizational financial report covering revenue and expenses, assets and liabilities.

Grassroots Fundraising: Efforts to raise money from individuals or groups from the local community on a broad basis. Usually an organization's own constituents, people who live in the neighborhood served or clients of the agency's services are the sources of these funds. Grassroots fundraising activities include membership drives, raffles, auctions, benefits, and a range of other activities.

Independent Foundation: A grantmaking organization usually classified by the IRS as a private foundation. Independent foundations may also be known as family foundations, general purpose foundations, special purpose foundations, or private non-operating foundations. The Foundation Center defines independent foundations and company-sponsored foundations separately; however, federal law normally classifies both as private, non-operating foundations subject to the same rules and requirements. (See also Private Foundation)

In-Kind Contributions: Contributions of equipment, supplies, or other property as distinguished from monetary grants. Some organizations may also donate space or staff time as an in-kind contribution.

Matching Grant: A grant that is made to match funds provided by another donor. (See also Challenge Grant; Employee Matching Gift)

Operating Foundation: A 501(c)(3) organization classified by the IRS as a private foundation whose primary purpose is to conduct research, social welfare, or other programs determined by its governing body or establishment charter. Some grants may be made, but the sum is generally small relative to the funds used for the foundation's own programs. (See also 501(c)(3))

Operating Support Grant: A grant to cover the regular personnel, administrative, and other expenses of an existing program or project. (See also General Purpose Grant)

Payout Requirement: The minimum amount that private foundations are required to expend for charitable purposes (includes grants and, within certain limits, the administrative cost of making grants). In general, a private foundation must meet or exceed an annual payout requirement of five percent of the average market value of the foundation's assets.

Planned Giving: A set of ways a donor can leave money/assets to a nonprofit at his/her death; or a way to invest money so that the donor receives benefits during his/her life and then bequeaths the remaining funds to the nonprofit. Planned Giving is a complex program of various financial instruments that can be adapted to each donor's needs.

Private Foundation: A non-governmental, nonprofit organization with funds (usually from a single source, such as an individual, family, or corporation) and program managed by its own trustees or directors that was established to maintain or aid social, educational, religious or other charitable activities serving the common welfare, primarily through the making of grants. Private foundation also means an organization that is tax-exempt under code section 501(c)(3) and is classified by the IRS as a private foundation as defined in the code. The code definition usually, but not always, identifies a foundation with the characteristics first described. See also 501(c)(3); Public Charity.

Program Amount: Funds that are expended to support a particular program administered internally by the foundation or corporate giving program.

Program Officer: A staff member of a foundation who reviews grant proposals and processes applications for the board of trustees. Only a small percentage of foundations have program officers.

Program-Related Investment (PRI): A loan or other investment (as distinguished from a grant) made by a foundation or corporate giving program to another organization for a project related to the grantmaker's stated charitable purpose and interests. Program-related investments are often made from a revolving fund; the foundation generally expects to receive its money back with interest or some other form of return at less than current market rates, and it then becomes available for further program-related investments.

Proposal: A written application, often with supporting documents, submitted to a foundation or corporate giving program in requesting a grant. Preferred procedures and formats vary. Consult published guidelines.

Public Charity: In general, an organization that is tax-exempt under code section 501(c)(3) and is classified by the IRS as a public charity and not a private foundation. Public charities generally derive their funding or support primarily from the general public in carrying out their social, educational, religious, or other charitable activities serving the common welfare. Some public charities engage in grantmaking activities, although most engage in direct service or other tax-exempt activities. Public charities are eligible for maximum income tax-deductible contributions from the public and are not subject to the same rules and restrictions as private foundations. Some are also referred to as public foundations or publicly supported organizations and may use the term foundation in their names. (See also 501(c)(3); Private Foundation)

Qualifying Distributions: Expenditures of private foundations used to satisfy the annual payout requirement. These can include grants, reasonable administrative expenses, set-asides, loans and program-related investments, and amounts paid to acquire assets used directly in carrying

out exempt purposes.

Query Letter: A brief letter outlining an organization's activities and its request for funding sent to a foundation or corporation to determine whether it would be appropriate to submit a full grant proposal. Many grantmakers prefer to be contacted in this way before receiving a full proposal.

RFP: Request For Proposal. When the government issues a new contract or grant program, it sends out RFPs to agencies that might be qualified to participate. The RFP lists project specifications and application procedures. A few foundations occasionally use RFPs in specific fields, but most prefer to consider proposals that are initiated by applicants.

Seed Money: A grant or contribution used to start a new project or organization. Seed grants may cover salaries and other operating expenses of a new project

Special Purpose Foundation: A private foundation that focuses its grantmaking activities in one or a few special areas of interest. For example, a foundation may only award grants in the area of cancer research or child development. (See also General Purpose Foundation)

Technical Assistance: Operational or management assistance given to nonprofit organizations. It can include fundraising assistance, budgeting and financial planning, program planning, legal advice, marketing, and other aids to management. Assistance may be offered directly by a foundation or corporate staff member, or be offered in the form of a grant to pay for the services of an outside consultant.

Trustee: A member of a governing board. A foundation's board of trustees meets to review grant proposals and make decisions. Often also referred to as a director or board member.