GLOSSARY

**Annual report:** A document issued each year to provide donors and prospective donors with information about organizational income, expenditures, programs, and progress.

**Annual campaign:** Any organized effort by a nonprofit to solicit contributions on an annual basis.

**Application:** A written request to a foundation for a grant. There is usually a form provided by the foundation for the applicant to follow.

**Board of Trustees (or Directors):** A group of people who make decisions about how to run the foundation, and decide what programs it will support. All charitable organizations, including Foundations, are required by law to have a Board.

**Budget:** A plan for seeing how much money is available to spend (income) and how to spend it.

**Capital campaign:** An intensive, time limited fundraising endeavor to meet a specific financial goal in order to fund a special project such as the construction of a facility or the acquisition of equipment.

**Charity:** The word "charity" usually refers to religious, educational and governmental organizations that help with health programs, relief of poverty and other purposes that benefit the community. Nonprofit organizations that are organized and operated to do this work generally will be recognized as charities, are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and will be eligible to receive tax-deductible charitable gifts. We sometimes call them "501 (c) (3)" or even "c3" organizations.

**Committee:** A group usually assigned by the board to address a specific ongoing issue such as investments or management. An "ad hoc" committee may be appointed to deal with something temporarily.

**Community foundation:** a tax-exempt organization serving a specific geographic area and enabling residents of that area to establish endowed funds for charitable giving without the costs of establishing individual private foundations.

**Endowment fund:** A fund established to provide income for the maintenance of a nonprofit organization. Endowment funds generally are established by donor-restricted gifts and are limited in use to the purpose originally dictated by the donor. The principal of a permanent endowment must be maintained permanently.

**Executive Director:** The senior staff member in charge at a nonprofit organization.

**Family Foundation:** "Family foundation" is not a legal term, and therefore, it has no precise definition. Yet, approximately two-thirds of the estimated 44,000 private foundations in this country are believed to be family managed. The Council on Foundations defines a family foundation as a foundation whose funds are derived from members of a single family. At least one family member must continue to serve as an officer or board member of the foundation, and as the donor, they or their relatives play a significant role in governing and/or managing the foundation throughout its life. Most family foundations are run by family members who serve as trustees or directors on a voluntary basis, receiving no compensation. In many cases, second and third generation descendants of the original donors manage the foundation. Most family foundations concentrate their giving locally, in their own communities.

**Form 990:** Annual return required by Internal Revenue Service of all organizations exempt from income tax as specified under section 501c of Internal Revenue code. Any organization’s Form 990 can be found at [www.guidestar.org](http://www.guidestar.org)

**Funding Cycle:** The period of time that a foundation takes to review grant applications, make decisions about which organizations get a grant, and tell organizations how much they will receive. Some foundations make grants several times a year, while others make grants only once a year.

**Grant:** An award of money to an organization or individual to undertake charitable activities.

**Grantee:** The organization that receives a grant.

**Guidelines:** This statement tells the grantee what kinds of programs the foundation is interested in, and when and how to apply for a grant.

**In-kind donation:** A donation of goods or services rather than cash or appreciated property. IRS Letter of Determination: Current and official documentation issued by the Internal Revenue Service verifying an organization's tax exempt status.

**IRS (Internal Revenue Service)**: a government agency that regulates the tax-exempt status of nonprofit organizations. The IRS also makes sure that everyone - individuals and organizations - pays their taxes and follows U.S. tax laws.

**Letter of Inquiry:** A brief letter written by a grantee that tells about their organization and the program it needs money for. Usually, it is sent to a foundation before an application is filled out.

**Nonprofit Organization:** An organization established for activities other than making money (profit), frequently called a "charitable" organization.

**Philanthropy:** Philanthropy is defined in different ways. The origin of the word philanthropy is Greek and means love for mankind. Today, philanthropy includes the concept of voluntary giving by an individual or group to promote the common good. Philanthropy also commonly refers to grants of money given by foundations to nonprofit organizations. Philanthropy addresses the contribution of an individual or group to other organizations that in turn work for the causes of poverty or social problems-improving the quality of life for all citizens. Philanthropic giving supports a variety of activities, including research, health, education, arts and culture, as well as alleviating poverty.

**Planned giving:** A method of raising funds from substantial gifts in the form of bequests, life insurance and charitable annuities which are often, but not always, planned as donations upon the death of the donor.

**Policy:** A written plan used as a rule or set of rules about a specific issue.

**RFP:** Request for Proposal. When a foundation wants to receive applications for a new program or specific project, it sends out an RFP to organizations that might be qualified to participate. Foundations may also use RFP's to hire a consultant.

**Site Visit:** Visiting an organization's office or where it operates to meet with its staff or directors or with recipients of its services.

**Social Venture Funds:** Charitable funds whose donors invest their expertise as well as their money, providing support and requiring accountability of nonprofit organizations just as venture capitalists do in business enterprises.

**Sustainability:** The means by which an organization will continue to offer and fund a project once the grant period has concluded.

**Tax-deductible donation:** A donation in which the donor can deduct the amount of the donation from his or her taxable income.

**Volunteer:** A person working without compensation.

**501c3:** Section of the Internal Revenue Code that designates an organization as charitable and tax-exempt. Organizations qualifying under this section include religious, educational, charitable, amateur athletic, scientific or literary groups, organizations testing for public safety or organizations involved in prevention of cruelty to children or animals. Most organizations seeking foundation or corporate contributions secure a Section 501(c)(3) classification from the Internal Revenue Service (IRS).  
*Note: The tax code sets forth a list of sections-501(c)(4-26)-to identify other nonprofit organizations whose function is not solely charitable (e.g., professional or veterans organizations, chambers of commerce, fraternal societies, etc.).*

**Grant Specific Terms**

**Gender Identity**: a person's inner sense of being male or female, usually developed during early childhood as a result of parenting practices and societal influences and strengthened during puberty by hormonal changes.

**Homelessness**: a temporary condition that people fall into when they cannot afford to pay for a place to live, or when their current home is unsafe or unstable.

**Youth Board Representative**: youth involved in an organizations program getting to sit on the board to help make decisions.