



Glossary

This glossary is designed as a point of reference of terms for applicants to the Racial Healing + Justice Fund grant cycle. It is intended to provide context and clarity to terms referenced through the application process and for greater awareness of terms that may be referenced for any community member or organization applying for philanthropic grant support out side of the Racial Healing + Justice Fund.

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501(c)(3)

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.

501(c)(3) determination letter

Proof of your organization's tax-exempt status with the Internal Revenue

509(a)

Section of the tax code that defines public charities (as opposed to private foundations). A 501(c)(3) organization also must have a 509(a) designation to further define the agency as a public charity.

Form 1023

Application for Recognition of Exemption under IRC Section 501(c)(3) that organizations must file to receive tax-exempt status.

Form 990

The annual federal information tax return form required of all nonprofit organizations with annual gross receipts exceeding \$25,000 and used to assess compliance with the Internal Revenue Code, list organization assets, receipts, expenditures, and compensation of officers.

Form 990-PF

The federal information tax return form used for all private foundations filing under tax-exempt status to assess compliance with the Internal Revenue Code, list organization assets, receipts, expenditures, compensation of officers, and a list of grants made during the year.

Form 990-T

The annual federal tax form that must be filed by any nonprofits (including private foundations) that have gross unrelated trade or business income of \$1,000 or more.

A

Advisory Board

A group of individuals, who offer advice, inform, or notify and they do not have any oversight responsibilities.

Annual Gift

A gift that is made every year.

Annual Report

A voluntary report published by a foundation or corporation describing its grant activities and financial conditions.

Articles of Incorporation

A document filed with the secretary of state or other appropriate state office and the first legal step in forming a nonprofit corporation.

Assets

Cash, stocks, bonds, real estate, or other holdings of a foundation. Generally, assets are invested, and the income is used to make grants. (See Payout Requirement)

Audit

An independent examination of the accounting records and other evidence relating to an organization to support the expression of an impartial expert opinion about the reliability of the financial statements.

B

Board of Directors (Board of Trustees)

An organized and/or elected body of advisors with fiduciary and oversight responsibility.

Building Campaign

A fundraising drive to raise funds for construction or renovation of buildings and facilities.

Bylaws

Rules governing the operation of a nonprofit corporation. Bylaws often provide the methods for the selection of directors, the creation of committees, and the conduct of meetings.

C

Capital Campaign

Also referred to as a Capital Development Campaign, a capital campaign is an organized drive to collect and accumulate substantial funds to finance major needs of an organization such as a building or major repair project.

Capital Grant

A capital grant is a grant to provide funding for buildings, construction, or equipment, rather than program expenses.

Cash Gift

Gifts of cash, checks, bank drafts, and wire transfers.

Challenge Grant

A grant that is made on the condition that other funding be secured, either on a matching basis or some other formula, usually within a specified period of time, with the objective of encouraging expanded fundraising from additional sources.

Charitable Organization

Nonprofit organizations that are organized and operated to further the purpose of religion, education, assistance to the government, promotion of health, relief of poverty or distress, and other purposes that benefit the community; recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and eligible to receive tax-deductible charitable gifts.

Community Foundation

A tax-exempt, nonprofit, autonomous, publicly-supported philanthropic institution which benefits the long-term, charitable benefit of the residents of a defined geographic area.

Conflict of Interest

A situation in which the private interests of someone involved with an organization could cause him or her to make decisions that are not in the best interest of the organization.

Corporate Foundation

A private foundation that generates its grantmaking funds primarily from the contributions of a profit-making business; a separate, legal organization.

Corporate Giving Program

Administered within a profit-making company, gifts or grants go directly to charitable organizations from the corporation

D

Decline

Refusal or rejection of a grant request

Designated Funds

A type of restricted fund in which the fund beneficiaries are specified by the grantors.

Discretionary Funds

Grant funds distributed at the discretion of one or more trustees that usually do not require prior approval by the full board of directors. The governing board can delegate discretionary authority to staff.

“Doing Business As” or DBA

A business's assumed, trade or fictitious name, indicating that the business is conducted and presented under a name other than the legal name of the legal person (or persons) who own it and are responsible for it

E

Earmarking

A grant is earmarked if the grantee is required to use the grant funds for a specific purpose or recipient, or if the grantor has the right to impose such a requirement.

Employer Identification Number (EIN)

A number assigned by the Internal Revenue Service to a nonprofit or for profit organization with paid employees.

Endowment

A gift of cash, assets or other property donated to an institution for eternity (in perpetuity) and the amount of the original gift is never touched but is invested to produce income.

Executive Director

The highest-ranking leader in an organization with ultimate responsibility for making managerial decisions

F**Fiduciary**

An individual or entity that manage assets for the benefit of others.

Financial Statements

Financial data and supporting documentation which shows an entity's financial position at a point in time

Fiscal Agent

An organization or a legal entity managing the funds for a nonprofit organization.

Fiscal Sponsor

An arrangement where an established nonprofit provides financial support for a project that may be independent or which has yet to obtain its own tax-exempt status.

Funding Cycle

A chronological pattern of proposal review, decision making and applicant notification. Some donor organizations make grants at set intervals (quarterly, semi-annually, etc.), while others operate under an annual cycle.

G**General Operating Support**

Funding for general expenses for an organization, including salaries, materials and supplies, or utility bills which allows their focus to be on their projects and initiatives.

Grant

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

Grant Agreement

A legally binding written understanding between a grantmaker and a grantee specifying terms for a grant's expenditure and reporting.

Grantee

An individual or organization that receives a grant.

Grantmaker

An individual or organization that awards a grant.

Grantseeking

The practice of raising money.

Grantor

The individual or organization that makes a grant.

Guidelines

A statement of a foundation's goals, priorities, criteria, and procedures for applying for a grant.

I**In-Kind Contribution**

A donation of goods or services rather than cash or appreciated property.

Internal Revenue Service (IRS)

The federal agency with responsibility for regulating foundations and their activities

L**Lobbying**

Influencing the opinion of legislators, legislative staff, and government administrators directly involved in drafting legislative proposals in hopes of affecting legislation.

Lobbyist

A person who is compensated for lobbying contacts and whose lobbying activities make up 20% or more of their services for an organization during any six-month period.

M**Multi-Year Grants**

Funding for general operation or a project that is expected to last over several years

Memorandum of Understanding (MOU)

A nonbinding agreement that indicates the intentions of all involved parties

N**Nonprofit**

An organization who received funds that are used in support of their mission and

P**Pledge**

A written or oral agreement to make future contributions of cash or other assets to an organization

Post-Grant Evaluation:

A review of the results of a grant to determine whether or not the grant achieved its desired objective.

Q

Query Letter (Letter of Inquiry)

A request for funding sent to a prospective funder which briefly outlines an organization's activities

R**Recipient (Grantee)**

The individual, initiative, or organization receiving grant funds

Restricted Funds

Assets or income that are restricted in their use, in the types of organizations that may receive grants from them or in the procedures used to make grants from such funds.

Revocation

Removal of a nonprofit's tax-exempt charter

S**Site Visit**

A fact-finding visit that a foundation's staff and/or board members make to a grant applicant's or grantee's office location or area of operation.

Strategic Giving

Engaging in philanthropy in a strategic manner to make a major philanthropic impact through making better choices surrounding how much one spends, invests and gives back to society.

T**Tax-Exempt Organization**

Organizations that do not have to pay state and/or federal income taxes

Technical Assistance

Operational or management assistance offered by a foundation directly to a nonprofit organization or in the form of a grant to pay for the services of an outside consultant

U**Unrestricted Funds**

Funds that are designated for specific uses by the donor

Unsolicited Grant Proposal

A funding proposal sent to a foundation without invitation or prior knowledge on the part of the foundation.
