



Community Foundation of Greater Dubuque Glossary Terms

Philanthropic giving should be a pleasant experience, but the terminology can often be confusing. Here is a glossary of some of the terms we use that will help you to better understand foundations and the nonprofit sector.

501 (c) 3 organization- A nonprofit agency that has applied and been granted exemption from income tax by the IRS.

Affiliates- A person or organization officially attached to a larger body.

Annual Report- A voluntary report published by a foundation or corporation describing its grant activities. The annual report is used as an effective means of informing the community about their contributions activities, policies and guidelines.

Assets- Financial holdings of a foundation, which, through investments, may provide some or all of its income for grant making.

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.

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.

Board of Trustees (or Directors) - The governing and policy making body of a foundation.

Community Foundations- Foundations operating to benefit a specific community or region. They are supported by a variety of donors, some of whom establish specific named funds within foundation. They are usually administered by a governing body or distribution committee representative of community interests. There are over 600 community foundations in this country.

Corporate Foundations- Foundations created and funded by businesses, but legally separate from the sponsoring corporation. Corporate (or company) foundations are generally managed by a Board of Directors composed of corporate officials. They receive funds from the parent company that are “passed through” to nonprofit organizations. Their “giving” programs often focus on communities where the company has operations, and on research and education in fields related to the company’s business. Ben & Jerry’s Ice Cream has a foundation funded by part of the company’s profits.

Corporate Giving Program- Grantmaking program established and administered within a profit-making company. Gifts or grants go directly to charitable organizations from the corporation. Corporate

foundations/giving programs do not have a separate endowment; their expense is planned as part of the company's annual budgeting process and usually is funded with pre-tax income.

Designated Funds- Allows you to support the good work of a specific nonprofit organization (a senior center, museum, or virtually any nonprofit charitable organization). Because it's given through your community foundation, your gift provides the organization you select not only funding, but planned giving and investment management services and the power of endowment.

Donee- The individual or organization that receives a grant.

Donor- The individual or organization that makes a gift of money, stock, land or any object of value.

Donor-Advised Funds- Allows you to make a gift to your community foundation, and then remain actively involved in suggesting uses for your gift. You can work with the community foundation's professional program staff to suggest ongoing uses for the fund (targeting the issues you care about most). Grant awards are issued to charities in the name of the fund (or anonymously if you prefer). It's a simple, powerful, and highly personal approach to giving.

Endowment- The principal amount of gifts and bequests that are accepted subject to a requirement that the principal be maintained intact and invested to create a source of income for a foundation. Donors may require that the principal remain intact in perpetuity, or for a defined period of time or until sufficient assets have been accumulated to achieve a designated purpose.

Field of Interest Funds- By establishing a Field of Interest Fund, you can target your gift to address needs in an important area of community life. You identify your personal interest area when making your gift; our board awards grants to community organizations and programs that are making a difference in the area you select. Your gift stays flexible enough to meet community needs in your interest area — even as they change over time.

Foundation- A non government, nonprofit organization established to further social, educational, religious or other charitable activities by using its funds (generated by previous investments) to promote various initiatives that reflect the goals or values of the philanthropists; a foundation usually solicits grant proposals and selects winners in accordance with its policies, properties and focus, and evaluates the implementation of projects funded. While some grants are given for only one or two years, others are conceived as seed money to germinate and generate other funding sources.

Fund- An entity established for the purpose of accounting for resources used for specific activities or objectives in accordance with special regulations, restrictions, or limitations. Community foundation assets are held in many named component funds established by donors or the foundation for specific or unrestricted purposes.

Gift- Term used to describe an asset contributed by a donor to a fund at the community foundation. This could be cash, appreciated stock, real estate, etc. The community foundation uses "gift" to describe assets contributed to a fund, and "grant" to describe a donation to an organization.

Grant- A contribution of money made by a foundation to a nonprofit organization, institution, group or individual to accomplish a specific or general purpose. Grants are generally made to 501 (c) 3 tax exempt organizations to ensure meeting all tax regulations of the donor.

Initiatives- The power or ability to begin or to follow through energetically with a plan or task; enterprise and determination.

Internal Revenue Service (IRS) - A division of the US Department of Treasury that collects internal revenue, including income taxes, excise taxes and the regulation of foundations and their activities.

Investment Policy- An investment policy is any government regulation or law that encourages or discourages foreign investment in the local economy.

Legacy Society- A group of community foundation donors who have committed a gift to the foundation through a provision in a will or trust.

Nonprofit organization- One in which the purpose is service to society rather than profit. (McDonald's is a for-profit corporation. The March of Dimes is a nonprofit organization).

Pass-through Fund- A fund designation for a donor advised, special project or other fund that will have its assets contributed and granted out promptly, generally within six months; pass-through funds are typically charged a higher administrative fee than standard funds.

Philanthropy- The effort to increase the well being of mankind, as by charitable donations. Love of mankind. A charitable action or institution.

Private Foundations- Foundations with an endowment generally derived from an individual, a family or a group of individuals. They may be operated by the donor or members of the donor's family or they may have an independent board of trustees or directors. Eight out of ten foundations in this country are private foundations.

Proposal- Written request for a grant or contribution. Proposals usually outline why the grant is needed, the purpose it will serve, the plan for meeting the need, the amount of money needed, and the background about the applicant.

Public Foundation- A foundation that receives its funds from a business or corporation.

Restricted Funds- 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.

Rural Areas- Geographic area that is located outside cities and towns. Typical rural areas have a low population density and small settlements.

Scholarships- You invest in your community's future and show students you care. Your community foundation provides the expertise to help you meet your personal goals and awards Scholarships to deserving students. Your gift can help students from preschool to postgraduate achieve their lifetime dreams.

Site Visit- Fact finding visit by a grant maker to an organization that has applied for funding.

Spending Policy- The amount distributed in grants each year from permanent funds of the community foundation, as adopted by the community foundation's board of governors. At CFGD once the endowed fund has \$10k, the fund will pay out 5k annually.

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- Funds that allow the Foundation to determine where grants will do the most good. Also called discretionary funds, they offer maximum flexibility to react to changing needs in the community.