

Grantseeking Basics

Glossary of Terms

Annual report: A voluntary report issued by a foundation or corporation that provides financial data and descriptions of its 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 grantmaker's grantmaking programs.

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

Associates program: A fee-based membership program of the Foundation Center providing e-mail and toll-free telephone reference, photocopy and fax service, computer searches of Foundation Center databases, and access to a special Associates-only web site.

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

Company-sponsored foundation (also referred to as a corporate foundation): A private foundation whose assets are derived primarily from the contributions of a for-profit business. While a company-sponsored foundation may maintain close ties with its parent company, it is an independent organization with its own endowment and as such is subject to the same rules and regulations as other private foundations. See also **Private foundation**.

Cooperating Collection: A member of the Foundation Center's network of libraries, community foundations, and other nonprofit agencies that provides a core collection of Center publications in addition to a variety of supplementary materials and services in areas useful to grantseekers.

Corporate giving program: A grantmaking program established and administered within a for-profit corporation. Because corporate giving programs do not have separate endowments, their annual grant totals generally are directly related to company profits. Corporate giving programs are not subject to the same reporting requirements as corporate foundations.

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 family foundations and have a significant role in their grantmaking decisions. See also **Operating foundation**; **Private foundation**.

501(c)(3): The section of the tax 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: The annual public information return filed with the IRS by most exempt organizations with receipts of at least \$25,000

Form 990-PF: The annual public information return that all private foundations are required by law to submit to the Internal Revenue Service.

Geographic Focus: Indicates any state/regional preferences of the grantmaker.

Grantmaking public charity: See *Public charity*.

Guidelines: Procedures set forth by a funder that grantseekers should follow when approaching a grantmaker.

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 places independent foundations and company-sponsored foundations in separate categories; however, federal law normally classifies both as private, non-operating foundations subject to the same rules and requirements. See also **Private foundation**.

Letter of inquiry/Letter of intent: A brief letter outlining an organization's activities and its request for funding that is sent to a prospective donor in order 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.

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. An operating foundation may make grants, but the sum generally is small relative to the funds used for the foundation's own programs. See also **501(c)(3)**.

Payout requirement: The minimum amount that private foundations are required to expend for charitable purposes (including 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 its total assets.

Private foundation: A nongovernmental, 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. Private foundations are established to maintain or aid social, educational, religious, or other charitable activities serving the common welfare, primarily through the making of grants. See also **501(c)(3); Public charity**.

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.

Proposal: A written application, often accompanied by supporting documents, submitted to a foundation or corporate giving program in requesting a grant. Most foundations and corporations do not use printed application forms but instead require written proposals; others prefer preliminary letters of inquiry prior to a formal proposal. Consult published guidelines.

Public charity: A nonprofit organization that qualifies for tax-exempt status under section 501(c)(3) of the IRS code. Public charities are the recipients of most foundation and corporate grants. Some public charities also make grants, and their funds are derived from many donors (referred to as grantmaking public charities or public foundations). See also **Community foundation; 501(c)(3); Private foundation**.

Public foundation: See **Public charity**.

RFP: An acronym for 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. While an increasing number of foundations use RFPs in specific fields, most still prefer to consider proposals that are initiated by applicants. For a current listing of selected RFPs, see our RFP Bulletin online at foundationcenter.org/pnd/rfp.

Types of support: Specific types of funding provided by a grantmaker.

For a more extensive glossary, see The Foundation Center's *Guide to Funding Research* on the Web at foundationcenter.org/getstarted/tutorials/gfr/glossary.html.