

## **GLOSSARY OF COMMUNITY FOUNDATION TERMS**

### **Affiliate Fund**

A collection of assets designated to benefit a specific community, generally a geographic service area that operates under the guidance of, or in accordance with a formal agreement with, a community foundation serving a larger or a separate area. In practice, community foundations generally provide, from within their existing organizational infrastructure, the 'back office' services for these funds. Affiliate funds may be donor-advised or field of interest funds at the host community foundation or they may be separately incorporated charitable organizations that either are structured as supporting organizations to the parent community foundation or that have a written agreement with the host community foundation for the provision of services.

### **Agency Endowment Fund** (also called Organizational Endowment)

Established by a nonprofit agency for the benefit of the nonprofit agency. The community foundation regularly distributes the annual net earnings back to the agency for purposes established by the agency. Also called *Organization Endowment Fund*.

### **Community Foundation**

A tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution with a long-term goal of building permanent, named component funds established by many separate donors for the broad-based charitable benefit of the residents of a defined geographic area, typically no larger than a state.

### **Designated Fund**

A type of restricted fund held by a community foundation in which the donor specifies the fund beneficiaries.

### **Donor-Advised Fund**

A fund held by a community foundation where the donor, or a person or committee appointed by the donor, may recommend eligible charitable recipients for grants from the fund. The community foundation's governing body must be free to accept or reject the recommendations.

### **Donor Designated Fund**

A fund held by a community foundation where the donor has specified that the fund's income or assets be used for the benefit of one or more specific public charities. The community foundation's governing body must have the power to redirect resources in the fund if it determines that the donor's restriction is unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served.

### **Field of Interest Fund**

A fund held by a community foundation that is used for a specific charitable purpose such as education or health research.

**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.

**Non-endowed Fund**

Monies are received and distributed with little or no dollars remaining with the foundation. An example is the YWCA Capital Campaign Fund.

**Operating Fund**

May be either nonpermanent and “spent” for the operations of the foundation or may be endowed with only the income from the fund used for operations.

**Project Fund**

In looking at the needs of the community, the foundation board determines there is an unmet charitable need. By board resolution, a fund is established to meet that need. Donors contribute to the fund. Over time, the fund is expended (rather than endowed) to meet the community needs.

**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.

**Scholarship Fund**

Established to provide support for individuals who are pursuing some training or educational opportunity. Grants may be awarded to the individuals or they may be awarded to educational institutions.

**Supporting Organization**

A supporting organization is a separate charitable organization, a 509(a)(3) that attaches itself to the community foundation and enjoys its favorable public charity status. Donors who establish a supporting organization select some of the board members, maintain personal involvement and support their chosen causes. The community foundation appoints one or more board members; manages the investments; and administers the startup costs, grants and reporting.

**Unrestricted Fund**

For a community foundation, an unrestricted fund is one that is not specifically designated to particular uses by the donor or for which restrictions have expired or been removed.