



Serving local community affiliates in Central Kansas

## **Glossary of Terms - COF**

### **A**

#### **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. 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.).*

#### **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. (see [Public Support Test](#))

#### **AFFINITY GROUP:**

A separate and independent coalition of grantmaking institutions or individuals associated with such institutions that shares information or provides professional development and networking opportunities to individual grantmakers with a shared interest in a particular subject or funding area.

#### **ANNUAL REPORT:**

A voluntary report published by a foundation or corporation describing its grant activities. It may be a simple, typed document listing the year's grants or an elaborately detailed publication. A growing number of foundations and corporations use an annual report as an effective means of informing the community about their contributions activities, policies and guidelines. (The annual contributions report is not to be confused with a corporation's annual report to the stockholders.)

#### **ARTICLES OF INCORPORATION:**

A document filed with the secretary of state or other appropriate state office by persons establishing a corporation. This is 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](#))

## **B**

### **BEQUEST:**

A sum of money made available upon the donor's death.

### **"BRICKS AND MORTAR":**

An informal term indicating grants for buildings or construction projects.

### **BUILDING CAMPAIGN:**

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

### **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.

### **CHALLENGE GRANT:**

A grant that is made on the condition that other monies must be secured, either on a matching basis or via some other formula, usually within a specified period of time, with the objective of stimulating giving from additional sources.

### **CHARITY:**

In its traditional legal meaning, the word "charity" encompasses religion, education, assistance to the government, promotion of health, relief of poverty or distress and other purposes that benefit the community. Nonprofit organizations that are organized and operated to further one of these purposes generally will be recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (see [501\(c\)\(3\)](#)) and will be eligible to receive tax-deductible charitable gifts.

### **COMMUNITY FOUNDATION:**

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors of the long-term diverse, charitable benefit of the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state. Community foundations provide an array of services to donors who wish to establish endowed funds without incurring the administrative and legal costs of starting independent foundations. There are more than 750 community foundations across the United States today. The Cleveland Foundation is the oldest; the New York Community Trust is the largest. Examples of recently started, thriving community

foundations include the Community Foundation for the Fox Valley Region, Wisconsin, and the Delaware Community Foundation.

### **CORPORATE FOUNDATION:**

A corporate (company-sponsored) foundation is a private foundation that derives its grantmaking funds primarily from the contributions of a profit-making business. The company-sponsored foundation often maintains close ties with the donor company, but it is a separate, legal organization, sometimes with its own endowment, and is subject to the same rules and regulations as other private foundations. There are more than 2,000 corporate foundations in the United States holding some \$11 billion in assets. (see [Corporate Giving Program](#))

### **CORPORATE GIVING PROGRAM:**

A corporate giving (direct giving) program is a 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. The Foundation Center has identified more than 700 corporate foundations/giving programs in the United States; however, it is believed that several thousand are in operation.

## **D**

### **DECLINE:**

Also referred to as Denial, a decline is the refusal or rejection of a grant request. Some declination letters explain why the grant was not made, but many do not.

### **DEMONSTRATION GRANT:**

A grant made to establish an innovative project or program that will serve as a model, if successful, and may be replicated by others.

### **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 directors, which usually do not require prior approval by the full board of directors. The governing board can delegate discretionary authority to staff.

### **DISQUALIFIED PERSON: (PRIVATE FOUNDATION)**

Substantial contributors to a private foundation, foundation managers, certain public officials, family members of disqualified persons and corporations and partnerships in which disqualified persons hold significant interests. The law bars most financial transactions between disqualified persons and foundations. (see [Self-Dealing](#))

### **DISQUALIFIED PERSON: (PUBLIC CHARITY)**

As applied to public charities, the term disqualified person includes (1) organization managers, (2) any other person who, within the past five years, was in a position to exercise substantial influence over the affairs of the organization, (3) donors and donor advisors with regard to transactions with a particular donor advised fund, (4) investment advisors to assets of donor advised funds, (5) and disqualified persons of supporting organizations who are also disqualified persons of the supported organization, (6) family members of the above, and (7) businesses they control. Paying excessive benefits to a disqualified person will result in the imposition of penalty excise taxes on that person, and, under some circumstances, on the charity's board of directors (see [Intermediate Sanctions](#)).

**DONEE:**

see [Grantee](#).

**DONOR:**

see [Grantor](#)

**DONOR ADVISED FUND:**

A fund may be classified as donor advised if it has at least three characteristics: (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions or investments, (2) the fund is separately identified by reference to contributions of the donor(s), and (3) the fund is owned and controlled by a sponsoring organization, such as a community foundation. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

**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. These funds are sometimes established by a transfer of assets by a public charity to a fund designated for its own benefit, in which case they may be known as grantee endowments. 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.

**E**

**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.

**EXCISE TAX:**

The annual tax of 1 or 2 percent of net investment income that must be paid to the IRS by private foundations.

## **EXPENDITURE RESPONSIBILITY:**

When a private foundation makes a grant to an organization that is not classified by the IRS as tax-exempt under Section 501(c)(3) and as a public charity according to Section 509(a), it is required by law to ensure that the funds are spent for charitable purposes and not for private gain or political activities. Such grants require a pre-grant inquiry and a detailed, written agreement. Special reports on the status of the grant must be filed with the IRS, and the grantees must be listed on the foundation's IRS Form 990-PF.

## **F**

## **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 directors 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 communities.

## **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.

## **FINANCIAL REPORT:**

An accounting statement detailing financial data, including income from all sources, expenses, assets and liabilities. A financial report may also be an itemized accounting that shows how grant funds were used by a donee organization. Most foundations require a financial report from grantees.

## **FORM 990/FORM 990-PF:**

The IRS forms filed annually by public charities and private foundations respectively. The letters PF stand for private foundation. The IRS uses this form to assess compliance with the Internal Revenue Code. Both forms list organization assets, receipts, expenditures and compensation of officers. Form 990-PF includes a list of grants made during the year by private foundations.

## **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**

### **GIVING PATTERN:**

The overall picture of the types of projects and programs that a donor has supported historically. The past record may include areas of interest, geographic locations, dollar amount of funding or kinds of organizations supported.

### **GRANT:**

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

### **GRANT MONITORING:**

The ongoing assessment of the progress of the activities funded by a donor, with the objective of determining if the terms and conditions of the grant are being met and if the goal of the grant is likely to be achieved.

### **GRANTEE:**

The individual or organization that receives a grant.

### **GRANTOR:**

The individual or organization that makes a grant.

### **GRASSROOTS FUNDRAISING:**

Efforts to raise money from individuals or groups from the local community on a broad basis. Usually an organization does grassroots fundraising within its own constituency—people who live in the neighborhood served or clients of the agency's services. Grassroots fundraising activities include membership drives, raffles, bake sales, auctions, dances and a range of other activities. Foundation managers often feel that successful grassroots fundraising indicates that an organization has substantial community support.

### **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.

### **INDEPENDENT FOUNDATION:**

These private foundations are usually founded by one individual, often by bequest. They are occasionally termed "nonoperating" because they do not run their own programs. Sometimes individuals or groups of people, such as family members, form a foundation while the donors are still living. Many large independent foundations, such as the Ford Foundation, are no longer

governed by members of the original donor's family but are run by boards made up of community, business and academic leaders. Private foundations make grants to other tax-exempt organizations to carry out their charitable purposes. Private foundations must make charitable expenditures of approximately 5 percent of the market value of their assets each year. Although exempt from federal income tax, private foundations must pay a yearly excise tax of 1 or 2 percent of their net investment income. The Rockefeller Foundation and the John D. and Catherine T. MacArthur Foundation are two examples of well-known "independent" private foundations.

### **INTERMEDIATE SANCTIONS:**

Penalty taxes applied to disqualified persons of public charities (see [Disqualified Person](#)) that receive an excessive benefit from financial transactions with the charity. An excessive benefit may result from overcompensation for services or from other transactions such as charging excessive rent on property rented to the charity. Unlike private foundations, public charities are not barred from engaging in financial transactions with disqualified persons as long as the transaction is fair to the charity. Penalty taxes also may apply to organization managers, such as the charity's board, that knowingly approve an excess benefit transaction.

### **INTERNAL REVENUE SERVICE (IRS):**

The federal agency with responsibility for regulating foundations and their activities. On-line at [www.irs.gov](http://www.irs.gov).

## **J**

### **JEOPARDY INVESTMENT:**

An investment that risks the foundation's ability to carry out its exempt purposes. Although certain types of investments are subject to careful examination, no single type is automatically a jeopardy investment. Generally, a jeopardy investment is found to be made when a foundation's managers have failed to exercise ordinary business care and prudence. The result of a jeopardy investment may be penalty taxes imposed upon a foundation and its managers. (see [Program Related Investment](#))

## **L**

### **LETTER OF INTENT:**

A grantor's letter or brief statement indicating intention to make a specific gift. **Letter of Inquiry:** Also referred to as a query letter, this is a brief letter outlining an organization's activities and a request for funding sent to a prospective donor to determine if there is sufficient interest to warrant submitting a full proposal. This saves the time of the prospective donor and the time and resources of the prospective applicant.

### **LEVERAGE:**

A method of grantmaking practiced by some foundations. Leverage occurs when a small amount of money is given with the express purpose of attracting funding from other sources or of providing the organization with the tools it needs to raise other kinds of funds. Sometimes known as the "multiplier effect."

## **LIMITED-PURPOSE FOUNDATION:**

A type of foundation that restricts its giving to one or very few areas of interest, such as higher education or medical care.

## **LOANED EXECUTIVES:**

Corporate executives who work for nonprofit organizations for a limited period of time while continuing to be paid by their permanent employers.

## **LOBBYING:**

Efforts to influence legislation by influencing the opinion of legislators, legislative staff and government administrators directly involved in drafting legislative proposals. The Internal Revenue Code sets limits on lobbying by organizations that are exempt from tax under Section 501(c) (3). Public charities (see [Public Charity](#)) may lobby as long as lobbying does not become a substantial part of their activities. Private foundations (see [Private Foundation](#)) generally may not lobby except in limited circumstances such as on issues affecting their tax-exempt status or the deductibility of gifts to them. Conducting nonpartisan analysis and research and disseminating the results to the public generally is not lobbying for purposes of these restrictions.

## **M**

### **MATCHING GIFTS PROGRAM:**

A grant or contributions program that will match employees' or directors' gifts made to qualifying educational, arts and cultural, health or other organizations. Specific guidelines are established by each employer or foundation. (Some foundations also use this program for their directors.)

### **MATCHING GRANT:**

A grant or gift made with the specification that the amount donated must be matched on a one-for-one basis or according to some other prescribed formula.

## **O**

### **OPERATING FOUNDATION:**

Also called private operating foundations, operating foundations are private foundations that use the bulk of their income to provide charitable services or to run charitable programs of their own. They make few, if any, grants to outside organizations. To qualify as an operating foundation, specific rules, in addition to the applicable rules for private foundations, must be followed. The Carnegie Endowment for International Peace and the Getty Trust are examples of operating foundations.

### **OPERATING SUPPORT:**

A contribution given to cover an organization's day-to-day, ongoing expenses, such as salaries, utilities, office supplies, etc.

## **P**

### **PAYOUT REQUIREMENT:**



The minimum amount that a private foundation is required to expend for charitable purposes (includes grants and necessary and reasonable administrative expenses). In general, a private foundation must pay out annually approximately 5 percent of the average market value of its assets.

### **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.

### **PLEDGE:**

A promise to make future contributions to an organization. For example, some donors make multiyear pledges promising to grant a specific amount of money each year.

### **POST-GRANT EVALUATION:**

A review of the results of a grant, with the emphasis upon whether or not the grant achieved its desired objective.

### **PRELIMINARY PROPOSAL:**

A brief draft of a grant proposal used to learn if there is sufficient interest to warrant submitting a proposal.

### **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 directors or directors, established to maintain or aid social, educational, religious or other charitable activities serving the common welfare, primarily through grantmaking. U.S. private foundations are tax-exempt under Section 501(c)(3) of the Internal Revenue Code and are classified by the IRS as a private foundation as defined in the code.

### **PROGRAM OFFICER:**

Also referred to as a corporate affairs officer, program associate, public affairs officer or community affairs officer, a program officer is a staff member of a foundation or corporate giving program who may do some or all of the following: recommend policy, review grant requests, manage the budget and process applications for the board of directors or contributions committee.

### **PROGRAM RELATED INVESTMENT:**

A loan or other investment made by a private foundation to a profitmaking or nonprofit organization for a project related to the foundation's stated purpose and interests. Program related

investments are an exception to the general rule barring jeopardy investments. Often, program related investments are made from a revolving fund; the foundation generally expects to receive its money back with limited, or below-market, interest, which then will provide additional funds for loans to other organizations. A program related investment may involve loan guarantees, purchases of stock or other kinds of financial support.

### **PUBLIC CHARITY:**

A nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and that receives its financial support from a broad segment of the general public. Religious, educational and medical institutions are deemed to be public charities. Other organizations exempt under Section 501(c)(3) must pass a public support test (see [Public Support Test](#)) to be considered public charities, or must be formed to benefit an organization that is a public charity (see [Supporting Organization](#)). Charitable organizations that are not public charities are private foundations and are subject to more stringent regulatory and reporting requirements (see [Private Foundation](#)).

### **PUBLIC FOUNDATION:**

Public foundations, along with community foundations, are recognized as public charities by the IRS. Although they may provide direct charitable services to the public as other nonprofits do, their primary focus is on grantmaking. To be eligible for membership in the Council, a public foundation must grant at least \$60,000 yearly and must dedicate at least 50 percent of its organizational budget to a competitive grantmaking program.

### **PUBLIC SUPPORT TEST:**

There are two public support tests, both of which are designed to ensure that a charitable organization is responsive to the general public rather than a limited number of persons. One test, sometimes referred to as 509(a)(1) or 170(b)(1)(A)(vi) for the sections of the Internal Revenue Code where it is found, is for charities like community foundations that mainly rely on gifts, grant, and contributions. To be automatically classed as a public charity under this test, organizations must show that they normally receive at least one-third of their support from the general public (including government agencies and foundations). However, an organization that fails the automatic test still may qualify as a public charity if its public support equals at least 10 percent of all support and it also has a variety of other characteristics-such as a broad-based board-that make it sufficiently "public." The second test, sometimes referred to as the section 509(a)(2) test, applies to charities, such as symphony orchestras or theater groups, that get a substantial part of their income from the sale of services that further their mission, such as the sale of tickets to performances. These charities must pass a one-third/one-third test. That is, they must demonstrate that their sales and contributions normally add up to at least one third of their financial support, but their income from investments and unrelated business activities does not exceed one-third of support.

## **Q**

### **QUERY LETTER:**

Also referred to as a letter of inquiry, this is a brief letter outlining an organization's activities and a request for funding sent to a prospective donor to determine if there is sufficient interest to

warrant submitting a full proposal. This saves the time of the prospective donor and the time and resources of the prospective applicant. (see [Preliminary Proposal](#))

## **R**

### **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.

## **S**

### **SEED MONEY:**

A grant or contribution used to start a new project or organization.

### **SELF-DEALING:**

A private foundation is generally prohibited from entering into any financial transaction with disqualified persons (see [Disqualified Person](#)). The few exceptions to this rule include paying reasonable compensation to a disqualified person for services that are necessary to fulfilling the foundation's charitable purposes. Violations will result in an initial penalty tax equal to 5 percent of the amount involved, payable by the self-dealer.

### **SITE VISIT:**

Visiting a donee organization at its office location or area of operation and/or meeting with its staff or directors or with recipients of its services.

### **SOCIAL INVESTING:**

Also referred to as ethical investing and socially responsible investing, this is the practice of aligning a foundation's investment policies with its mission. This may include making program related investments and refraining from investing in corporations with products or policies inconsistent with the foundation's values.

### **SUPPORTING ORGANIZATION:**

A supporting organization is a charity that is not required to meet the public support test because it supports a public charity. To be a supporting organization, a charity must meet one of three complex legal tests that assure, at a minimum, that the organization being supported has some influence over the actions of the supporting organization. Although a supporting organization may be formed to benefit any type of public charity, the use of this form is particularly common in connection with community foundations. Supporting organizations are distinguishable from donor-advised funds because they are distinct legal entities.

## **T**

### **TAX-EXEMPT ORGANIZATIONS:**

Organizations that do not have to pay state and/or federal income taxes. Organizations other than churches seeking recognition of their status as exempt under Section 501(c)(3) of the Internal Revenue Code must apply to the Internal Revenue Service. Charities may also be exempt from state income, sales and local property tax.

## **TECHNICAL ASSISTANCE:**

Operational or management assistance given to a nonprofit organization. It can include fundraising assistance, budgeting and financial planning, program planning, legal advice, marketing and other aids to management. Assistance may be offered directly by a foundation or corporate staff member or in the form of a grant to pay for the services of an outside consultant. (see [In-Kind Contribution](#))

## **TIPPING:**

The situation that occurs when a gift or grant is made that is large enough to significantly alter the grantee's funding base and cause it to fail the public support test. Such a gift or grant results in "tipping" or conversion from public charity to private foundation status.

## **TRUST:**

A legal device used to set aside money or property of one person for the benefit of one or more persons or organizations.

## **DIRECTOR:**

The person(s) or institutions responsible for the administration of a trust.

## **U**

## **UNRESTRICTED FUNDS:**

Normally found at community foundations, 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.

- See more at: <http://www.cof.org/content/glossary-philanthropic-terms#sthash.x9A3CORF.dpuf>

## **General Definitions for Fund Classification**

- 1. Fund Distribution:** The part of the fund that may be expended for distribution.

### **Income and Principal or Annual Net Income.**

**Net income** shall be defined as an amount that shall be computed annually based upon the current spending policy of the Community Foundation (currently 5% of the average past three year-end Fund balances). If any portion of the net income is not distributed in a particular calendar year, the undistributed net income for such year shall be added to principal.

**Annual Net Income** It is not our intention to make distributions from the principal of the Fund. However, in the event of extraordinary circumstances, the principal of the Fund, up to the entire Fund balance, may be

distributed. Recommendations for distributions of the Fund's principal shall be in writing to the Board of Directors of the Community Foundation and shall contain a copy of the Organization's minutes of a board meeting showing that the request is made with the approval of at least a two-third (2/3) vote of the Organization's board of directors.

### **Fund Class**

0. **Administrative.** Operating funds. Generally utilized for expendables.
1. **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.
2. **Quasi-Endowment.** In this case the donor-advisor designates a portion of the fund as spend-able, provided the fund minimum, as determined from time to time by the Foundation's board, is always maintained. Currently \$10,000 is the required minimum to start and maintain in the fund. Donor-advised funds become permanent endowment funds after the advisement period ends.
3. **Non-Endowment.** Unlike an endowment fund, a non-endowment fund does not operate in perpetuity. This means that the assets generated by these gifts are not permanent and may or may not be invested.

### **Type of Funds - Classifications**

0. **Administrative.**
  - a. **Donor Advised Donor Designated/Advisory 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. These funds are sometimes established by a transfer of assets by a public charity to a fund designated for its own benefit, in which case they may be known as grantee endowments. 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.
  - d. **Designated Funds:** A type of restricted fund in which the fund beneficiaries are specified by the grantors.

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. These funds are sometimes established by a transfer of assets by a public charity to a fund designated for its own benefit, in which case they may be known as grantee endowments. 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.

- f. Field of Interest** Enables a donor to specify an area of interest, such as education or the arts. The foundation board of directors reviews community needs and makes distributions to benefit projects or causes in that specified area.
- e. Scholarship – Education Fund.** Classification typically used for a benefit to an educational institution. For instance a fund for the benefit of XYZ High School for general use for student programs.
- g. Organizational/Agency.** Established by a 501 (c) (3) entity for their sole purpose.
- s. Scholarship.** Established to support individual students in their educational endeavors. As the donor, you may help designate the criteria used in selecting recipients of the scholarship funds.
- u. Unrestricted Funds:** Normally found at community foundations, 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.