

# Funding Sources and Grants Management

## Funding Sources and Grants Management Glossary

### 1. Allocation:

- Related Terms: Budgeting, Funding
- Explanation: Allocation refers to the process of distributing funds from a budget to specific programs, projects, or departments within an organization. It involves determining how much money will be assigned to each area based on priorities and needs.

### 2. Budget:

- Related Terms: Financial Planning, Forecasting
- Explanation: A budget is a financial plan that outlines an organization's expected revenues and expenses over a specific period. It serves as a roadmap for managing finances and helps in making informed decisions about resource allocation.

### 3. Capital Funding:

- Related Terms: Infrastructure, Investment
- Explanation: Capital funding refers to money allocated for long-term investments in assets such as buildings, equipment, and technology. It is used to finance major projects that have a lasting impact on the organization.

### 4. Cost Sharing:

- Related Terms: Matching Funds, Collaboration
- Explanation: Cost sharing involves sharing the expenses of a project or program between the funding source and the organization receiving the grant. It demonstrates a commitment to the project and can enhance the chances of securing funding.

### 5. Donor:

- Related Terms: Philanthropy, Sponsor
- Explanation: A donor is an individual, organization, or government entity that provides financial support to a nonprofit organization or cause. Donors may give money, goods, or services to help further the mission of the recipient.

### 6. Endowment:

- Related Terms: Investment, Principal
- Explanation: An endowment is a fund that is invested to generate income for a specific purpose, such as supporting a scholarship program or funding research. The principal amount is preserved, and only the earnings are used.

### 7. Fiscal Year:

- Related Terms: Calendar Year, Budget Cycle  
- Explanation: A fiscal year is a 12-month period that organizations use for financial reporting and budgeting purposes. It may or may not align with the calendar year and typically starts on a date other than January 1st.

#### 8. Grant Proposal:

- Related Terms: Application, Funding Opportunity  
- Explanation: A grant proposal is a written document submitted to a funding source requesting financial support for a specific project or program. It outlines the goals, objectives, budget, and expected outcomes of the proposed initiative.

#### 9. Indirect Costs:

- Related Terms: Overhead, Administrative Expenses  
- Explanation: Indirect costs are expenses that cannot be directly attributed to a specific project or program but are necessary for the organization's overall operations. These costs may include utilities, rent, and administrative salaries.

#### 10. Matching Funds:

- Related Terms: Cost Sharing, In-kind Contributions  
- Explanation: Matching funds are contributions made by an organization to leverage additional funding from a grantor. The organization must match a portion of the grant amount with its own resources to demonstrate commitment to the project.

#### 11. Needs Assessment:

- Related Terms: Data Analysis, Program Evaluation  
- Explanation: A needs assessment is a process of identifying gaps or deficiencies in services or resources that a community or organization requires. It helps in determining priorities for funding and developing effective programs to address those needs.

#### 12. Operating Budget:

- Related Terms: Recurring Expenses, Day-to-day Costs  
- Explanation: An operating budget is a detailed plan that outlines the day-to-day expenses of an organization, including salaries, utilities, supplies, and other ongoing costs. It helps in managing cash flow and monitoring financial performance.

#### 13. Program Evaluation:

- Related Terms: Impact Assessment, Performance Metrics  
- Explanation: Program evaluation is a systematic process of assessing the effectiveness and efficiency of a program or project. It involves collecting data, analyzing results, and making recommendations for improvement based on the findings.

#### 14. Restricted Funds:

- Related Terms: Designated Funds, Donor Restrictions  
- Explanation: Restricted funds are resources that must be used for specific purposes as directed by the

donor or funding source. Organizations are required to adhere to the restrictions and ensure that the funds are spent according to the donor's intent.

15. Sustainability:

- Related Terms: Long-term Viability, Environmental Impact
- Explanation: Sustainability refers to the ability of an organization to maintain its operations and achieve its mission over the long term. It involves managing resources wisely, generating revenue, and adapting to changing circumstances to ensure continued success.

16. Unrestricted Funds:

- Related Terms: General Operating Support, Flexible Funding
- Explanation: Unrestricted funds are resources that can be used by an organization for any purpose without restrictions from the donor. These funds provide flexibility and support the organization's overall mission and operations.

17. Venture Philanthropy:

- Related Terms: Social Enterprise, Impact Investing
- Explanation: Venture philanthropy is an approach to giving that combines elements of traditional philanthropy with principles of venture capital and business investment. It focuses on funding social enterprises that aim to achieve both financial and social returns.

18. Working Capital:

- Related Terms: Cash Flow, Liquidity
- Explanation: Working capital is the difference between an organization's current assets and current liabilities. It represents the funds available for day-to-day operations and is essential for meeting short-term financial obligations.

19. Yield:

- Related Terms: Return on Investment, Interest Rate
- Explanation: Yield refers to the income generated by an investment, typically expressed as a percentage of the principal amount. It represents the return earned on the investment and is an important factor in evaluating the performance of financial assets.

20. Zero-Based Budgeting:

- Related Terms: Cost-cutting, Bottom-up Approach
- Explanation: Zero-based budgeting is a budgeting technique that requires organizations to justify every expense from scratch, regardless of previous budget allocations. It helps in identifying inefficiencies and prioritizing spending based on current needs and objectives.