

FUNDRAISING TERMS CHEAT SHEET

For Finance Professionals



What are those crazy (but, loveable!) social butterflies in fundraising talking about? Sometimes it's like we in finance don't even speak the same language as they do! Sound familiar? If so, use this cheat sheet to understand some of fundraising's most common – yet, misunderstood – jargon.

1

Pledge

Think of this as a donor's way of pledging allegiance to your organization and its mission. Because, a Pledge is a signed and dated commitment – sometimes even legally enforceable by state law – to make a donation over a specific period of time, typically for at least two years. Your donor sets the terms, usually with regularly scheduled payments, like monthly or semiannually, or sometimes, a one-time payment.

2

Recurring Gift

An ongoing, specific gift amount determined by a donor that is charged monthly to a donor's credit card. There is no set end-date.

3

Planned Gift

A gift a donor decides to give at some future date, either in a few years, or most commonly, at death. Giving Planned Gifts is attractive to donors, because it enables them to take advantage of tax, financial, and estate planning benefits. And, it doesn't have to be made in cash - it can come in the form of stocks, bonds, mutual funds, real estate, and other property, such as artwork. Related terms: Planned Giving and Bequest.

4

LYBUNT

Open up for a big spoonful of alphabet soup! Because, this is an acronym for "last year but unfortunately not this," as it relates to a donor's gift giving.

5

Advance Gift

Many in the sector assert you should never announce a campaign to the public until 50 to 70 percent of the goal has been met. This is where your Advance Gifts – donations that are solicited FIRST from a handful of super donors – come in. It's widely believed the success you achieve in the pre-campaign or "quiet phase" will determine the overall success of the campaign.

6

Matching Gift

Make more money ... on the double! A matching gift is a gift by a corporation (or other funder) matching a gift that meets a specific criteria, like being given by an employee or during a specific timeframe. These are quite popular, due to the increased incentive associated with the match. In fact, some 65 percent of Fortune 500 companies match donations from employees, according to Double the Donation.

7

Designated Gift

These are charitable contributions with strings attached. Designated Gifts allow donors to stipulate that the funds be used for a specific purpose. Related terms: Restricted Gifts.

To learn more about working successfully with your peers in fundraising, visit Abila.com/CollaborationStudy for the latest research and recommendations.

FINANCE TERMS CHEAT SHEET

For Fundraising Professionals



Accounting and finance - it's all Greek to me! But it doesn't have to be! Use this cheat sheet to understand some of nonprofit finance's most common – yet, misunderstood – lingo.

1

Accrual-Basis Accounting

A system recordkeeping in which transactions are recorded as expenses when they're incurred, and as income when it's earned (rather than when cash is or received). The alternative is cash-basis accounting. Accrual-basis accounting is more precise, but also more complex.

2

Allocation

Providing a consistent method to the (potential) madness of dividing expenses among different programs, administrative, and fundraising categories (common bases include staff time, number of employees, and square footage).

3

Audit

An examination conducted by certified public accountants (CPAs) hired by the organization's Board of Directors to ensure the organization's finances are on the up-and-up, and aligned with with generally accepted accounting principles (GAAP). The audit results are presented to the Board in the form of an opinion from the CPA.

4

Board-Designated Funds

These are funds earmarked by an organization's Board of Directors for a specific purpose, such as Operating Reserves. For accounting purposes, these funds are still considered unrestricted, because the condition wasn't donor-specified.

5

Conditional Promise to Give

A commitment by a donor to make a contribution to the organization if a specific requirement is met.

6

Generally Accepted Accounting Principles (GAAP)

Not the clothing store. These are the accounting rules. Basically guidelines for financial accounting established by the Financial Accounting Standards Board (FASB) to help ensure accuracy and consistency.

7

FASB 116 and 117

Accounting standards that explain how contributions are recorded and handled (116), as well as classification of an organization's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions (117). These classifications are unrestricted, temporarily restricted, or permanently restricted.

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