

Community Foundation of Shelby County
Glossary of Terms

Agreement – The signed document stating the terms and conditions guiding a charitable fund.

Currency Risk - Currency exchange rate changes that effect an investment's economic performance.

Distributions - Amounts paid to beneficiaries from foundation funds as authorized by the Board of Trustees.

Economic Risk - Change in an economic factor such as inflation, interest rates or economic growth rates that cause volatility.

Endowed Fund – A fund which is intended to continue indefinitely with distributions being generally limited to Income.

Income - Interest and dividends received during a given period of time.

Initial Donation – The establishing gift for a charitable fund.

Non-Endowed Fund – A fund which is intended to continue indefinitely, but distributions from which are not generally limited to Income, but come from Total Return and Principal.

Operating Risk - Changes in an investment's operations that cause its financial results to become less predictable/stable when compared to recent history.

Price Risk - Changes in an investment's economic expectations that are not reflected in the current price.

Principal - The initial contribution, together with any additional contributions plus any amounts transferred from undistributed income by action of the Board of Trustees.

Realized Market Gain/Loss - The net increase (gain) or decrease (loss) on the sale of fund assets from the original investment.

Risk - The variability of possible outcomes (volatility).

Sector Risk - Changes that effect an entire segment of the economy.

Total Return - The total of earned income plus realized market gain/loss plus unrealized market gain/loss for a given period of time.

Undistributed Income - The total income that has been recognized by the fund but undistributed as of a specified date.

Unrealized Market Gain/Loss - The net increase (gain) or decrease (loss) in the market value of fund assets for a give period of time.