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SEATTLE, WA 98104  
**4CULTURE.ORG**

## Glossary of 4Culture and Nonprofit Jargon

**Disclaimer:** *The definitions contained in this document are for informational purposes only and should not be considered legal, financial, human resources, or business advice.*

*Have a suggestion for a term you'd like to see defined in this glossary?  
Please [email Casey Moser](mailto:casey.moser@4culture.org) at [casey.moser@4culture.org](mailto:casey.moser@4culture.org).*

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**1% for Art:** Refers to a program, often a local ordinance, where a percentage of the cost of large-scale construction projects is set aside to fund and install public art. 4Culture manages King County's Public Art program, which is funded through King County's 1% for Art Ordinance, implemented in 1973.

**1099 Form:** A document that employers must send or mail to contractors each year that reports income from self-employment, freelance work, or other non-employee sources. Contractors use this statement to fill out their tax returns.

**501(c):** A subsection of the United States Internal Revenue Code (IRC) that confers tax-exempt status on nonprofit organizations. Specifically, it identifies which nonprofit organizations are exempt from paying federal income tax. There are seven different types of 501(c) organizations.

- 501(c)(1): Any corporation that is organized under an act of Congress that is exempt from federal income tax
- 501(c)(2): Corporations that hold a title of property for exempt organizations
- 501(c)(3): Corporations, funds, or foundations that operate for religious, charitable, scientific, literary, or educational purposes
- 501(c)(4): Nonprofit organizations that promote social welfare
- 501(c)(5): Labor, agricultural, or horticultural associations
- 501(c)(6): Business leagues, chambers of commerce, and others that are not organized for profit
- 501(c)(7): Recreational organizations

**501(c)(3):** The most common type of 501(c) organization, 501(c)(3) refers to a nonprofit organization that the IRS has recognized as being tax-exempt by virtue of its charitable programs that serve the public. 501(c)(3) organizations are tax-exempt at the federal, state, and local levels, and donations to 501(c)(3) organizations are tax-deductible. Having 501(c)(3) status is a federal-level recognition and is different from being a Washington State Nonprofit Corporation (see more information about this later in this document).

**990 Form:** An IRS filing required for tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations. Form 990 is the IRS' primary tool for gathering information

about tax-exempt organizations, educating organizations about tax law requirements, and promoting compliance. Smaller organizations may file a streamlined version of the 990 form called a 990-N (or 990 Postcard).

## - A -

**Advisory Board:** A volunteer group that provides advice and support to a nonprofit's board of directors or executive staff. They offer guidance, expertise, and insights to help the organization achieve its mission and goals, without having formal decision-making authority or fiduciary responsibilities.

**Applicant:** The government department, agency, non-profit or organization, individual or other entity seeking funds.

**Application:** A formal request for funding, typically submitted to a government agency, foundation, or other funding body, outlining a project or initiative and its need for financial support.

**Application Worksheet:** A tool 4Culture staff creates for applicants that includes all of the questions they will be asked in the grant application and sometimes includes additional information and tips on putting together a strong submission. The document is available in Word and PDF versions so applicants can work on their application drafts offline before submitting in 4Culture's online grant portal. Using the worksheet is not required, nor is it an acceptable alternative to the online application form. All applications must be submitted online at [apply.4culture.org](http://apply.4culture.org) by the deadline.

**Articles of Incorporation:** A legal document that establishes an entity's existence and purpose. They are sometimes also known as charters or certificates of formation.

**Arts Organization:** Includes organizations focused on creative place-making, cultural festivals, dance, design, film, folk and traditional arts, literary arts, multidisciplinary arts, music, theater, and visual arts.

**Audit:** A comprehensive review of an organization's records, reports, transactions, policies, and procedures. When a nonprofit audit is conducted by an independent auditor, its goal is to assess the organization's overall health and ensure compliance with federal, state, and general financial regulations. There are several different types of audits: an independent financial audit, an IRS financial audit, an internal financial audit, a compliance audit, and an operational audit. Independent audits may be required by some funders or state regulations.

**Automated Clearing House (ACH):** The Automated Clearing House (ACH) is the primary system that agencies use for electronic funds transfer (EFT). With ACH, funds are electronically deposited in the payee's bank account in lieu of a paper check.

**Award:** See definition of "Grant".

## - B -

**Board of Directors:** A group of people who govern and oversee a nonprofit organization. They are responsible for the organization's mission, strategy, and goals.

**Bylaws:** Rules governing the operation of a nonprofit corporation. Bylaws often provide methods for the selection of directors, the creation of committees, and the conduct of meetings.

## - C -

**Charities License:** A license issued by the State of Washington that allows an organization or entity to fundraise in the state.

**Community of Opportunity (COO):** The Community of Opportunity index is used to identify census tracts in King County experiencing the highest levels of need and social inequities. More information is available on the [Community of Opportunities website](https://www.coopartnerships.org) (<https://www.coopartnerships.org>).

**Consultant:** A person with expertise who is brought in to lend insight, advise, do workshops, etc.

**Contractor:** See definition of "Independent contractor".

**Contributed Revenue:** Revenue received from individual, foundation, corporate, and/or government donations with no products or services provided by the organization in direct exchange for the funds.

**Criteria:** See definition of "Review criteria".

## - D -

**Demographic Information:** Statistical data about a population that can be used to understand the characteristics of a group of people.

**Discipline:** In the cultural sector, discipline refers to a specific area or field of artistic, cultural, and/or scientific creation. 4Culture funds in five disciplines: Arts, Heritage, Historic Preservation, Public Arts, and Science and Technology. The word discipline can also be used to describe sub-areas of these larger disciplines. For example, theatre, music, and visual arts are disciplines within the larger Arts discipline. Some grants may require an organization to demonstrate discipline eligibility, meaning that the primary purpose of their organization is within one of 4Culture's four funding disciplines: arts, heritage, historic preservation, and science and technology.

**Doors Open:** Legislation passed by the King County Council in 2023 to increase funding to the County's arts, heritage, science, and historic preservation non-profit organizations through a 0.1% sales tax. Doors Open revenues are one of several revenue streams that support 4Culture, including Lodging Tax and 1% for Art. Applicants applying for 4Culture grants will be supported with Doors Open funds if eligible.

## - E -

**Earned Revenue:** Revenue received by an organization in exchange for its products or services, e.g., tuition, ticket sales, or performance-based government contracts.

**Eligibility:** The criteria and requirements that determine whether an organization or individual can apply for and receive funding from a grantmaking entity. Each of 4Culture’s grants have their own eligibility criteria, and applications from entities that do not meet all of those criteria are not reviewed and cannot receive funding. Eligibility criteria sometimes require certain types of organizational structures, mission or discipline alignment, a particular geographic location, a particular type of project, and/or certain categories of expenses.

**Employee:** Someone who's hired to do a particular job for pay where the employer has the right to control and direct the employee's work. Employees receive protections under the Fair Labor Standards Act, including minimum wage requirements, overtime pay regulations, recordkeeping guidelines, and child labor standards. Employees receive a W2 tax statement from the organization, and their hours and work are dictated by their employer.

Employees are different than independent contractors. There is no single rule for determining whether an individual is an independent contractor or an employee for purposes of the Fair Labor Standards Act. Rather, an “economic reality test” looks to the facts of a situation. These factors, described in the economic reality test of the final rule, are:

1. opportunity for profit or loss depending on managerial skill;
2. investments by the worker and the potential employer;
3. degree of permanence of the work relationship;
4. nature and degree of control;
5. extent to which the work performed is an integral part of the potential employer’s business; and
6. skill and initiative

Read more about the difference between independent contractors and employees in the [United States Department of Labor Small Entity Compliance Guide](https://www.dol.gov/agencies/whd/flsa/misclassification/small-entity-compliance-guide) (<https://www.dol.gov/agencies/whd/flsa/misclassification/small-entity-compliance-guide>).

**Employee Benefits:** Perks and rewards beyond salary, including health insurance, retirement plans, and paid time off, which help attract, retain, and motivate employees. These benefits are considered an indirect form of compensation.

**Employer Identification Number (EIN):** An Employer Identification Number (EIN) is a unique nine-digit number the Internal Revenue Service (IRS) assigns to U.S. operating business entities, including nonprofits. It can also be called a Tax ID Number (TIN).

**Evaluation:** A quantitative assessment of what was, or was not, accomplished by a project; a comparison of project objectives and actual project outcomes. Evaluation has become an increasingly important part of proposal writing and project management.

**Exempt Employee:** Staff members who are paid an annual salary instead of an hourly wage and are exempt from federal overtime regulations. Employees who are exempt must earn above a certain income threshold set by the Fair Labor Standards Act (FLSA) and have a role that gives them a lot of autonomy. States may have their own regulations that govern exempt workers.

## - F -

**The Fair Labor Standards Act (FLSA):** A federal law that sets minimum wage, overtime pay, recordkeeping, and youth employment standards for most full-time and part-time workers in the US. Learn more by reading the [United States Department of Labor's Wages and the Fair Labor Standards Act](https://www.dol.gov/agencies/whd/flsa) (<https://www.dol.gov/agencies/whd/flsa>).

**Financial Statement:** A report that quantitatively presents the financial health and activities of an organization. This may come in the form of a profit and loss or income statement.

**Fiscal Sponsorship:** Fiscal sponsorship is a mechanism that enables 501(c)(3) to extend certain benefits of its legal tax-exempt status to groups and projects without the group having to file for nonprofit status on its own.

**Fiscal Year:** A 12-month period that organizations use for accounting, budgeting, and reporting. Fiscal years can differ from calendar years; calendar years always run from January 1 to December 31 whereas a fiscal year could begin on September 1 and run through August 31 of the following calendar year.

**Foundation:** A private organization established to disburse funds for philanthropic purposes.

**Full-Time Equivalency (FTE):** The calculation of full-time equivalency is an employee's scheduled hours divided by the employer's hours for a full-time workweek. For example: when an employer has a 40-hour work week, employees scheduled to work 20 hours per week are 0.5 FTEs. If an employer has a 20-hour work week, employees who are scheduled to work 20 hours per week are 1.0 FTEs.

## - G -

**General Operating Expenses:** Sometimes referred to as administrative expenses, the costs of doing business. They include rent and utilities, marketing and advertising, sales and accounting, management and administrative salaries, and other overhead expenses.

**General Operating Support:** A grant in support of a nonprofit organization's mission rather than specific projects or programs. General operating support is the working capital nonprofits need to sustain their day-to-day operations. Examples of General Operating Support grants at 4Culture include Sustained Support and Launch.

**Grant:** A cash award given by a government agency or other organization (e.g., foundation, corporation).

**Grant Applicant:** See definition of "Applicant".

**Grant Application:** See definition of "Application".

**Grant Contract:** A legal contract between a funder and a grant recipient that defines the terms of a grant. The agreement outlines how the grant can be used, how the grant funds will be paid, and any reporting requirements for the grant.

**Grantee:** The organization that receives a grant.

**Grant Guidelines:** A set of instructions, rules, and requirements provided by a funding organization outlining what they fund, who is eligible, and how to apply for a grant. They ensure a fair and consistent application process and help organizations understand the funder's priorities.

**Grantor:** The organization that gives a grant.

**Grant Portal:** An online platform where individuals or organizations can search for and apply for grants from one or multiple funders, essentially acting as a centralized database that lists available grants. In many cases, a grant portal is also where grantees can manage their award and request payment, if applicable. 4Culture's grant portal is apply.4culture.org.

**Grant Workshop:** See definition for "Workshop".



**Heritage Organization:** Includes organizations focused on the preservation and transmission of local history; ethnic history; indigenous and traditional culture; folklore and culturally specific traditions; and historic and archaeological resources.

**Historic Preservation Organization:** Includes organizations focused on advocacy or assistance to preserve, promote, and sustain historic places, education about our historic built environment, or stewarding historic properties that serve as a venue for cultural activities.



**I9 Form:** An Employment Eligibility Verification form that verifies a person's identity and work authorization in the United States. All U.S. employers must complete this form for every new hire. Typically, this process also involves the employer verifying certain identity documents from the employee.

**Independent Contractor:** Someone who is paid for a specific project, scope of work, or service but is not a regular employee of the organization. Contractors operate under their own business license and receive a 1099 tax statement from the organization. The organization employing the contractor cannot dictate when or where the contractor works.

Independent contractors are different than employees. There is no single rule for determining whether an individual is an independent contractor or an employee for purposes of the Fair Labor Standards Act. Rather, an "economic reality test" looks to the facts of a situation. These factors, described in the economic reality test of the final rule, are:

1. opportunity for profit or loss depending on managerial skill;
2. investments by the worker and the potential employer;
3. degree of permanence of the work relationship;
4. nature and degree of control;
5. extent to which the work performed is an integral part of the potential employer's business; and

6. skill and initiative

Read more about the difference between independent contractors and employees in the [United States Department of Labor Small Entity Compliance Guide](https://www.dol.gov/agencies/whd/flsa/misclassification/small-entity-compliance-guide) (<https://www.dol.gov/agencies/whd/flsa/misclassification/small-entity-compliance-guide>).

**In-Kind Contribution:** Non-cash items of value, such as specialized volunteer labor, donated goods or professional services. Specific accounting rules govern the recognition of in-kind revenue and expenses.

**Intern:** A trainee or student who is gaining practical, supervised experience in a specific field, often as part of their education or career exploration. Internships provide entry-level work experience, allowing individuals to learn new skills, make industry connections, and potentially secure future job opportunities.

**Internal Revenue Service (IRS) Determination Letter:** A document issued by the Internal Revenue Service to a nonprofit organization confirming its status as exempt from paying federal income taxes and stating the type of exempt organization – for instance, 501(c)(3) – and the date of that exemption.

- J -

**Job Description:** Written documentation that states the duties, tasks, responsibilities and qualifications of a job. A job description also typically includes information about compensation and employee benefits.

- K -

**King County:** A county located in the U.S. state of Washington. The county has a total area of 2,307 square miles (5,980 km<sup>2</sup>). King County borders Snohomish County to the north, Kitsap County to the west, Kittitas County to the east, and Pierce County to the south. It also shares a small border with Chelan County to the northeast. King County includes Vashon Island and Maury Island in Puget Sound. Seattle is the county seat. This website has a [map of King County boundaries](https://gismaps.kingcounty.gov/imap) (<https://gismaps.kingcounty.gov/imap>).

**King County Community of Opportunity (COO):** See the definition for “Community of Opportunity”.

**King County Council District:** King County is divided into nine (9) geographic areas, each represented by a single member of the County Council. [View a map of these districts and find out who represents each area by visiting the County Council's website](https://kingcounty.gov/en/dept/council/governance-leadership/county-council/councilmembers-districts) (<https://kingcounty.gov/en/dept/council/governance-leadership/county-council/councilmembers-districts>).

- L -

**Liability Insurance:** Coverage that protects an organization from claims and risks that can arise during operations. It can include general liability, errors and omissions, directors and officers, and other types of coverage.

**Living Wage:** What one full-time worker must earn on an hourly basis to help cover the cost of their family's minimum basic needs where they live while still being self-sufficient. Living wages can vary across different cities and regions. You can use this [living wage calculator from the Massachusetts Institute of Technology](https://livingwage.mit.edu/counties/53033) (<https://livingwage.mit.edu/counties/53033>) to find out more about what constitutes a living wage in your community.

**Lodging Tax:** Every time a visitor to King County stays in a hotel or motel, they pay a lodging tax—a portion of the revenue from this tax is directed to 4Culture. Doors Open revenues are one of several revenue streams that support 4Culture, including Doors Open and 1% for Art. Applicants applying for 4Culture grants will be supported with Lodging Tax funds if eligible.

## - 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. Many corporations in King County run matching gift programs.

**Matching Grant:** A grant or gift made with the specification that the amount donated must be matched according to some prescribed formula (e.g. donations from other sources, volunteer hours, etc.).

**Mission Statement:** A brief description of an organization's purpose, goals, and values. The mission statement clarifies the essence of organizational existence. It describes the needs the organization was created to fill and answers the basic question of why the organization exists. It is both aspirational and functional and describes the world you are creating through the organization's work. Nonprofit mission statements do not usually include programs but do reflect the expected outcomes and impact of such programs.

## - N -

**Non-Exempt Employee:** Staff members who are paid an hourly wage and are legally required to receive overtime pay when they work more than 40 hours per week.

**Nonprofit Organization:** Any corporation, trust, association, cooperative, or other organization that: (a) Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; (b) Is not organized primarily for profit; and (c) Uses net proceeds to maintain, improve, or expand the operations of the organization. Nonprofits include 501(c)(3) organizations and other organizations with different classifications, such as social welfare organizations, civic leagues, social clubs, labor organizations and business leagues.

**Nonprofit-in-Nature:** Describes projects and programs that have a public benefit and, therefore, can qualify as tax-exempt activity.

**NTEE Code:** The National Taxonomy of Exempt Entities (NTEE) code is a three- or four-digit code used to classify 501(c)(3) organizations based on their mission, activities, and services. These codes are typically assigned when you apply for nonprofit status from the IRS.

An NTEE code typically consists of a single letter followed by two digits, each element offering insight into the nature of the organization it represents. The initial letter categorizes the nonprofit into one of twenty-six major groups according to the organization's primary field (e.g., 'A' for Arts, Culture, and Humanities; 'B' for Education; 'C' for Environment; etc.).

Following the letter, there are two numbers that assign organizations into more specific subcategories within each major group e.g. A51 represents the subcategory for Art Museums within the larger "A" Arts, Culture, and humanities category.

## - 0 -

**On-Site Review:** The On-Site Review program samples the programming of Sustained Support recipients to help our peer panels evaluate the next round of applications. If your organization is awarded Arts, Heritage, or Science and Technology Sustained Support, one of your obligations is to participate in the On-Site Review program. On-Site Reviews offer valuable information to peer-panels during the next application evaluation cycle, by offering an independent, first-hand, written account of your organization's programming.

**Organization:** A group of two or more people with a particular common purpose. Can sometimes refer to a legal entity that has been incorporated in a given area.

**Overtime Pay:** A higher hourly rate of pay (e.g., time and a half) that an hourly, non-exempt employee is eligible for when they work more than 40 hours a week. In some states, overtime pay kicks in once an employee has worked more than 8 hours in one day.

## - P -

**Panel:** See definition of "Review panel".

**Payment Request:** The method for requesting your grant funds if you receive an award. 4Culture accepts payment requests through our online grant portal at [apply.4culture.org](http://apply.4culture.org). Payment Request forms are tailored to the particular grant and may require you to include information about your activities that were aligned with the scope of service of your grant and attach documentation. Payments can be issued via ACH or by check.

**Payroll Tax:** A tax paid on the wages and salaries of employees to finance social insurance programs like Social Security, Medicare, and unemployment insurance. Typically, payroll taxes are withheld by the employer out of the employee's taxable compensation.

**Percent for Art:** See definition of "1% for art".

**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.

**Project-Based Grant:** Sums of money awarded to fund a specific project or the production of a particular deliverable. Project grants are valid for a fixed time period. Unlike general operating support, which is unrestricted, project-based grants are restricted only allowing the grantee to spend grant funds on specific programs and projects. Certain expenses within that project may or may not be eligible expenses. Examples of Project-Based grants at 4Culture include Building for Equity and Projects grants. Project-Based grants are a type of restricted funding.

**Public Benefit:** The opportunity for King County residents and visitors to access and engage in arts, science, and other cultural activities, events, communities of practice, historic and cultural spaces, and works of public art related to our program areas. It is also a service requirement for all recipients of funding from 4Culture.

**Public Development Authority:** A government-owned corporation that performs public functions for a city or county. PDAs are also known as public corporations.

**Public Disclosure:** As a public agency, all of 4Culture’s records are made available to the public (with some exceptions) upon request in accordance with the Washington State Public Records Act (RCW 42.56). Any private citizen or group can make a public records request. 4Culture is committed, to the extent allowable by law, to protecting your personal information contained in our records. For more information is available in [our Privacy Policy](https://www.4culture.org/about-4culture/privacy) (<https://www.4culture.org/about-4culture/privacy>).

## - Q -

**Quorum:** The minimum number of members of an assembly or society that must be present at any of its meetings to make the proceedings of that meeting valid.

## - R -

**Racial Equity:** A process of eliminating racial disparities and improving outcomes for everyone. It is the intentional and continual practice of changing policies, practices, systems, and structures by prioritizing measurable change in the lives of people of color.

**Reimbursable Grant:** A reimbursement grant provides funding to grant recipients after expenses have been incurred. The grantee must spend the funds to complete the project, keeping track of all expenses, and after the project is completed, they will receive the grant from the funder.

**Restricted Funding:** Funds that support a specific aspect of the organization must be used for that purpose or returned to the funder. Funds can be restricted permanently or temporarily, and they can be restricted by time and/or purpose.

**Review Criteria:** The specific standards used to evaluate and select grant applications, ensuring that funding aligns with the program objectives and priorities. Each 4Culture grant has its own set of criteria, and we recommend reviewing them in detail while crafting your application.

**Review Panel:** Sometimes also called a “Peer Panel” or just “Panel”, refers to the process where King County artists and cultural workers review applications against the review criteria and make

funding recommendations. 4Culture's staff facilitate this process but do not influence the panel's decisions.

**Robert's Rules of Order:** A guide for conducting meetings and making decisions in a group, ensuring fairness, efficiency, and order, with the goal of enabling assemblies to reach decisions efficiently while respecting the rights of all members. Many nonprofit boards utilize Robert's Rules of Order to run Board Meetings.

## - S -

**Science + Technology Organization:** Includes organizations focused on preserving or advancing natural and social sciences, characterized by a formalized framework that entails the reproducible testing and revision of falsifiable ideas based on observable facts, as well as formal and applied sciences, such as mathematics and engineering. Applicants that are zoos or aquariums must also be accredited by the Association of Zoos and Aquariums. 4Culture cannot fund an organization conducting research that does not provide experiences to the general public or a medical or public health practice.

**Site Visit:** When 4Culture staff visits a grantee organization at its office location or area of operation and/or meeting with its staff or directors. This is different from 4Culture's On-Site Review program, where 4Culture engages community members to attend and sample programming of grant recipients to help our peer panels evaluate the next round of applications.

**Scope of Service (sometimes called Scope of Work):** A detailed description of what is to be completed for a specific project or contract.

## - T -

**Technical Assistance:** When funders provide resources to applicants to assist with navigating a grant process to strengthen the capacity of grant applicants and recipients to apply for and manage grant funding.

## - U -

**UBI Number:** See definition of "Washington Unique Business Identifier (UBI)".

## - V -

**Volunteer:** A person who participates in service opportunities without expecting or receiving financial compensation.

## - W -

**W2 Form:** A document that employers must send or mail to employees by the end of January. It contains a summary of the income earned and the amount of taxes withheld during the prior tax year. Employees use this statement to fill out their tax returns.

**W4 Form:** The IRS document employees complete so their employer can determine how much should be withheld from their paycheck for federal income taxes and sent to the IRS.

**W9 Form:** A W9 Form is used to provide your correct Taxpayer Identification Number (TIN) to the person or entity who is required to file an information return with the IRS to report.

**Washington Nonprofit Corporation:** A business structure unique to the State of Washington that allows entities to register as a nonprofit in the State without 501(c)(3) status.

**Washington State Public Records Act (RCW 42.56):** See definition of “Public disclosure”.

**Washington Unique Business Identifier (UBI):** The Unified Business Identifier (UBI) is a 9-digit number issued to individuals and companies doing business in the State of Washington.

**Workshop:** A training session or event designed to educate prospective applicants on the process of writing and submitting successful grant proposals for a particular grant. Workshops cover topics like the grant guidelines, eligibility criteria, the contents of the application, and the grant timeline and typically include time for attendees to ask questions of grant staff.