

Note: This chart includes a more comprehensive list of capital types than those referenced in the McGregor Fund application.

Fund	Description of use	Time horizon	Funded by
Working capital	Working capital funds smooth cash flow bumps that arise from predictable business cycles. Working capital mitigates everyday risk.	Planned cyclical need	Internal Sources
Operating reserve	Unlike working capital, operating reserves are held in order to protect against unexpected downturns, i.e. the “rainy day.”	Unpredictable risk	Cash achieved through surpluses set aside
Facilities and equipment reserve	A cash fund that organizations with facilities or significant leasehold improvements maintain to realize long-term facilities replacement plans.	Planned capital replacement	Funding depreciation or seeding new fund
Endowment	Endowments ensure the longevity of organizations with long-term time horizons through investment earnings dedicated to ongoing costs, such as maintenance of a collection or historic building.	Planned operational need	Close-in donors
OTHER	Could include any of the types listed below		
Opportunity or risk capital	Opportunity or risk capital gives organizations the freedom to try out new ideas such as product extensions, new marketing campaigns, earned income ventures, major growth, or a new strategic direction. Risk capital should be used to address large environmental shifts that demand a change in strategic direction.	Strategic risk	Close-in donors
Recovery capital	Recovery capital is necessary for an organization with negative net worth and structural deficits to recover and maintain operations. Recovery capital provides interim working capital, moves URNA out of the red, and enables the organization to pay off past debts.	Immediate operational needs	Close-in donors