

A named fund is a ring-fenced charitable fund held by us on your behalf. Named funds are a great way for you to get directly involved in community philanthropy, without the cost and administration of setting up your own charitable trust. Here we offer a side-by-side comparison of the steps involved in setting up a named fund as opposed to a brand-new charity or charitable trust.

	Setting up your own charity or charitable trust	Setting up a named fund with DCF
SET-UP	Must register with HMRC to secure tax reliefs and with Charity Commission if income is over £5,000; must appoint a Board of Trustees	Simple agreement – <i>DCF Fund Agreement</i>
COSTS	Likely to be at least £1,000	Contribution/donation to DCF, typically a % of fund value
TIMEFRAME	May take weeks or months	Can be set up within 24–48 hours
INVESTMENT AUDIT AND TAX	Tax status covered by registration with HMRC; must fulfil financial and administrative requirements or contract staff; auditors may cost around £2,500	DCF handles all financial and administrative management, organises audit and reports to the Charity Commission; tax status is covered under DCF's charity status
REPORTING TO AUTHORITIES	Trustees must maintain all financial records, prepare accounts, and submit to the Charity Commission	DCF takes care of reporting to the Charity Commission, particularly the annual report and account
GRANT- MAKING PROCESS, ADMINISTRA- TION AND FOLLOW UP	Donors responsible for own grant-making process, administration and oversight; must research and check activities and status of all recipient organisations; has ultimate say in all grant decisions	Donors can be involved as much or as little as they choose; DCF trustee approval required for all grants; professional staff help identify and assess grantees, provide input on community needs, ensure follow-up with recipients and report back to donor; DCF verifies activities and status of all potential grantees
GIVING ADVICE	Donors/trustees responsible for own giving strategy	DCF provides full charitable giving and grant-making know-how to ensure the donor uses their fund for the causes that most need help

Dorset Community Foundation

DONOR CONTROL AND RESPONSIBILITY

Donor appoints Board of Trustees to control all aspects of grant-making and investment

Trustees of DCF take on legal and fiscal responsibility for the fund, while the donor recommends grants to organisations vetted by DCF

GRANTS

Often restricted to registered charities; donors may not know about many smaller groups operating in their areas of interest

Can be made to both registered and non-registered community groups; DCF makes suggestions about lesser known groups that would benefit from funding

PRIVACY

Records filed with the Charity Commission are in the public domain

Anonymity of donor can be maintained if desired; if the donor wishes, DCF can serve as a mediator between donor and grant-seekers

PROFILE

Entirely responsible for carrying out own publicity and marketing

DCF can help the donor as much or as little as they want; we can raise donor's profile in the community by making grants in their name and featuring them in publications

GEOGRAPHY

Donors/trustees determine their geographical reach

DCF operates across Dorset, but partners with other UK Community Foundations on the delivery of regional and national initiatives that may be of interest to donors

NETWORKING

Must find own network and information sources

DCF connects donors to a variety of groups and issues in the community, and connects like-minded donors through events and initiatives

DORMANCY

Charitable trusts risk dormancy if the donor passes away, the cause becomes obsolete or the initial momentum to set up the fund has slowed

Charitable gifts invested in named funds will benefit the community forever and not become dormant, as DCF will honour a fund holder's charitable wishes even after they passed away
