

Named Fund vs Own Charity

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.

Task	Setting up your own charity or charitable trust	Setting up a named fund hosted by a Community Foundation
Set up procedure	Must register as a charity and apply to the Charity Commission; must appoint a Board of Trustees	Simple agreement
Costs	Likely to be at least £1,000	Contribution/donation to HCF, typically a % of fund value
Timeframe	May take weeks or months	Can be set up within a week
Investment, Audit, Accounting & Tax	Tax status covered by registration with Charity Commission; must fulfil financial and administrative requirements, or contract or hire staff; auditors likely to cost around £2,500	HCF manages all financial and administrative management, sorts out audit and reports to the Charity Commission; tax status is covered under HCF's charity status
Reporting to authorities	Donors/Trustees must maintain all financial records, prepare accounts, and submit to the Charity Commission	HCF takes care of reporting to the Charity Commission, particularly the annual report and accounts
Grant-making process, administration 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; assess and shortlist appropriate applications, facilitate meetings to decide on grants to be made, award grants and contact ineligible/rejected projects, monitor grants made and assess their impact and effectiveness, arrange visits to funded projects if requested, invite donors to take part in seminars on relevant topics, provide copies of Herefordshire Community Foundation's publications
Philanthropy Advice	Donors/Trustees responsible for own giving strategy	HCF provides full charitable giving and grant-making know-how to ensure the donor uses their fund for the causes that need help the most

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Maximising Funds	Donors are able to invest what they can in the community projects they want to support	By operating through a community foundation donors may have access to additional match funding that will boost their impact
Donor control and responsibility	Donor appoints Board of Trustees to control all aspects of grant-making and investment	Trustees of HCF take on legal and fiscal responsibility for the fund, while the donor recommends grants to organisations vetted by HCF
Grants	Often restricted to charitable trusts; donors may not know about many smaller groups operating in their areas of interest	Can be made to both registered and nonregistered community groups; HCF makes suggestions about lesser known groups that would benefit from funding
Privacy	The charitable trust must keep public records	Anonymity of donor can be maintained if desired; if the donor wishes, HCF can serve as a mediator between donor and grant seekers
Profile	Entirely responsible for carrying out own publicity and marketing	HCF 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	HCF operates across Herefordshire, 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	HCF connects donors to a variety of groups and issues in the community, and connects likeminded 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 and not become dormant, as HCF will honour a fundholder's charitable wishes even after they have passed away