

## Setting up a fund with OCF vs own foundation/charitable trust

**Setting up a donor-advised fund with us is a simple, robust and impactful alternative to setting up your own foundation or charitable trust. You will benefit from OCF's governance and operational resources and can be guided by our knowledge of and connections with the local charitable sector. Here we offer a side-by-side comparison of the steps involved in setting up a donor-advised fund as opposed to a foundation or charitable trust.**

The Charity Commission acknowledges that community foundations have a reputation for the effective management of charitable funds in order to maximise their impact at local level. It encourages working with community foundations as an alternative to setting up a new charity or continuing with a dormant or ineffective trust fund.

	<i>Setting up your own foundation or charitable trust</i>	<i>Setting up a fund with OCF</i>
<b>SET-UP PROCEDURE</b>	Must register as a charity and apply to the Charity Commission; must appoint a Board of Trustees	Simple agreement – OCF donor-advised fund agreement
<b>COSTS</b>	Likely to be between £5,000 and £10,000 (professional/solicitor fees and registration fees)	Contribution/donation to OCF, typically a percentage of the fund value
<b>TIMEFRAME</b>	May take weeks or months	Can be set up within 24–48 hours
<b>FINANCIAL MANAGEMENT</b>	Tax status covered by registration with the Charity Commission; must fulfil financial and administrative requirements, or contract/hire staff; auditors likely to cost around £2,500 annually	OCF handles all financial and administrative management, sorts out audit and reports to the Charity Commission; tax status is covered under OCF's charitable status
<b>REPORTING TO AUTHORITIES</b>	Donors/trustees must maintain all financial records, prepare accounts, and submit to the Charity Commission	OCF takes care of reporting to the Charity Commission, particularly the annual report and accounts
<b>DONOR INVOLVEMENT/ RESPONSIBILITY</b>	Donor appoints Board of Trustees to control all aspects of grant-making and investment	Trustees of OCF take on legal and fiscal responsibility for the fund, while the donor recommends grants to organisations vetted by OCF
<b>PHILANTHROPY ADVICE</b>	Donors/trustees responsible for own giving strategy, or can commission an advising organisation to help for a fee of around £4,000 per meeting	OCF provides full charitable giving, grant-making and sector know-how to ensure the donor uses their fund for the causes that most need help
<b>MAXIMISING FUNDS</b>	Donors only have access to the original source of funds; collaborative funding may not be considered or may be time-consuming	By operating through a community foundation, donors have access to additional match-funding or creating funding partnerships that will boost their impact
<b>POOLING AND INVESTMENTS</b>	The fund is a single entity and may not be able to generate substantial income yields as a stand-alone fund	Many funds held by the community foundation can be invested together, creating a larger endowment, capable of generating higher returns collectively

	<i>Setting up your own foundation or charitable trust</i>	<i>Setting up a fund with OCF</i>
<b>ACCREDITATION</b>	The fund is subject to the requirements of the Charity Commission, which does not audit individual charities	OCF is subject to a regular audit process as part of its membership of UK Community Foundations, requiring it to evidence good governance, strategy and financial management
<b>GRANT-MAKING</b>	Donors responsible for own grant-making process, administration and oversight, possibly at the cost of a staff member; must research and check activities and status of all recipient organisations; donors have ultimate say in all grant decisions	Donors can be involved as much or as little as they choose; professional staff help identify and assess grantees, provide input on community needs, ensure follow-up with recipients and report back to donor; OCF verifies activities and status of all potential grantees; OCF trustee approval required for all grants
<b>REACH</b>	Grants often restricted to registered charities; donors may not know about many smaller voluntary groups operating in their areas of interest	Can be made to both registered and non-registered community groups; OCF makes suggestions about lesser known groups that would benefit from funding
<b>GEOGRAPHY</b>	Donors/trustees determine their geographical reach, often influenced by the areas they have detailed knowledge of	OCF operates across Oxfordshire, but is part of a network of 46 community foundations across the UK, which can mobilise their local knowledge to deliver regional or national initiatives
<b>PRIVACY</b>	The charitable trust must keep public records, including names and addresses of all trustees	Anonymity of donor can be maintained if desired; if the donor wishes, OCF can serve as a mediator between donor and grant-seekers
<b>PUBLICITY</b>	The trust is entirely responsible for carrying out its own publicity and marketing, as well as managing enquiries or challenges from the public or press	OCF 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
<b>NETWORKING</b>	Trustees must find own network and information sources	OCF connects donors to a variety of groups and issues in the community, and connects like-minded donors through events and initiatives
<b>FLEXIBILITY</b>	All monies must be placed in trust or charity in perpetuity and the capital may not be expended	Monies can be paid into the fund to add to the endowment or be spent directly on grants, depending on the donors' wishes from time to time; monies paid into endowment must remain in endowment
<b>DORMANCY</b>	Charitable trusts risk dormancy if the donor passes away, the cause becomes obsolete, the initial momentum to set up the fund has slowed or it becomes difficult to recruit new trustees	Charitable gifts invested in funds in endowment will benefit the community forever and not become dormant, as OCF will honour a fundholder's charitable wishes even after they pass away, and can adjust purposes to suit changing needs while respecting the original wishes

