



INTRODUCTION TO

# TRUSTS AND FOUNDATIONS

from Engage Renfrewshire

## WHAT ARE TRUSTS AND FOUNDATIONS?

The words 'trust' and 'foundation' are synonymous.

There are approximately 12,000 grant making trusts and foundations in the United Kingdom, providing around £6bn of funding for charitable causes each year. The income from these trusts and foundations is crucial to the third sector and society.

Foundations are managed by trustees, who may or may not be supported by paid staff and their income derives from an endowment of land or capital given to them by an individual, family or company.

Whilst grant making is the predominant activity of these foundations, some are exploring other ways of addressing the social, economic and environmental challenges of the 21st century.

### Point to remember

Engage Renfrewshire provides free 1:1 funding consultations, resulting in a list of eligible trusts and foundation for your organisation/project.

Contact

**[info@engagerenfrewshire.com](mailto:info@engagerenfrewshire.com)**  
to book.

# APPLICATION

## WHERE IS THE MONEY SPENT?

As foundations are often privately endowed and therefore are not reliant on short term popularity or government funding, they are able to be creative, flexible and sometimes unorthodox in the use of their funds. They are better placed to take risks that other funders, in particularly statutory bodies, are constrained from taking. Despite being a relatively modest proportion of the total volunteering sector income, the contribution of foundations is highly significant.

Trusts like to concentrate their funding on

- New methods of tackling problems
- Disadvantaged and minority groups which have trouble using ordinary services or are inadequately served by them
- Responses to new or newly discovered needs and problems
- Work which is hard to finance through conventional fundraising

- One-off purchases or projects, including research
- Short and medium-term work which is likely to bring a long term benefit and/or to attract long term funding from elsewhere.

## WHERE DOES THE MONEY COME FROM?

Most grant making trusts and foundations derive their income from an endowment such as a capital sum given to them by an individual, family or company. This can take the form of cash, stocks & shares or land. It provides tax exemption on income which funds the grant giving.

Some trusts and foundations receive their income from other sources such as donations from company profits, or a fundraising appeal.

Some trusts act as brokers for donors and collectors of endowments either in a local area (a community foundation) or a specialist field (an intermediary trust).

