



FAQ about Designated Funds

What is the purpose of a designated fund?

Designated funds are a vehicle for a donor to provide a steady, long-term source of income for one or more nonprofits.

How does a designated fund work?

A donor makes a gift to establish a designated fund to benefit one or any number of the nonprofits they care about. Based on the amount in the fund, grants are made regularly to the designated nonprofit, providing them with a sustainable, dependable source of support. ACF makes these grants automatically, in the name of the donor's fund, on a schedule specified in the original fund agreement.

Who is the ideal donor for a designated fund?

Designated funds are great fits for many types of donors including those who know exactly which nonprofits they would like to support and do not feel the need to be actively involved in grantmaking, individuals and families who want to leave a legacy gift supporting specific non-profits they care about, and for memorializing those who had a particular cause they were passionate about. E.g. Dr. Jane Eggers Fund for the Petersburg Humane Society.

Can a designated fund have more than one named beneficiary?

Yes. A designated fund can name one or several nonprofits to receive distributions. A percentage of support for each one should be specified in the original fund agreement.

Can a designated fund specify support for a specific program?

Yes. A designated fund can provide general operating support, or support for a specific program or aspect of a nonprofit's operations, including building maintenance, staff training, etc. Similarly, a designated fund can specify that the funds are never to be used for a specific aspect of a nonprofit's operations such as capital improvements.

What happens if the nonprofit goes under or changes its mission?

It depends. Before making regularly scheduled grants, ACF staff performs due diligence. If the nonprofit can no longer carry out the intent of the designated grant because of a lack of capacity, change in mission, or going out of business, ACF staff will work with donors (if applicable) to redirect the funds to another organization.

Do designated funds have to be endowed?

Yes. This ensures a permanent source of support for the designated agencies.

How often can grants be made from a designated fund?

Grants can be made annually, semi-annually or quarterly from a designated fund. The exact amount of the grant will depend on the fund's available balance. The grants are made automatically.

Please contact the program officer at ACF for additional information.