COMPARING THREE APPROACHES TO GIVING

ITEMS TO CONSIDER	COMMUNITY FOUNDATION FUND	COMMERCIAL DONOR ADVISED FUND	PRIVATE FOUNDATION
BACKGROUND	National network of 191 community foundations created by and for their communities. Work in collaboration with local charities. Vancouver Foundation pioneered donor advised funds (DAF) in Canada establishing first fund in 1952.	Led by financial institutions and investment firms. Came to Canada in 2002.	As of 2016 there were 10,644 active foundations in Canada, of which 5,556 are private foundations.
ADMINISTRATIVE REQUIREMENTS 1. START-UP COSTS	None.	None at the bank-owned DAF programs. Some independent firms charge consulting fees, others charge set up fees. There are over 50 commercial DAF providers now.	Legal expenses for establishing charitable objects and registration filing can be $5 - $10,000. Accounting costs can vary depending on complexity of tax planning associated with setup.
2. MINIMUM CONTRIBUTION	Varies by community foundation. Generally between $10,000 and $25,000. Most community foundations require a minimum to be reached before granting can begin. Some community foundations allow several deposits to reach a minimum.	Varies from $10,000 to $250,000.	No mandated minimum, but expert opinion varies from capital of $1 million to $5 million.
3. ONGOING COSTS	Pooled administration provides economy of scale and lowers annual fees to between 0.5% and 2.0%.	Fees will vary and published rates may or may not include all charges. Administration fees are usually quoted separately from investment management fees. Additional fees may be charged for grant distribution, reporting, and trailer fees and Investment Advisor compensation.	Typically, administrative fees vary from 0.75% to 1.5% of assets, not including investment management fees and depending on size and staffing. Some typical administrative expenses include: legal, incorporation and registration fees, investment management, annual accounting and audit fees, office rental and supplies, staff salaries and benefits (if applicable), travel and subscriptions/memberships.
4. CRA REPORTING	Community foundation handles reporting.	Financial institution administering commercial gift fund handles reporting.	Accountant, lawyer or staff person handles reporting.

ITEMS TO CONSIDER	COMMUNITY FOUNDATION FUND	COMMERCIAL DONOR ADVISED FUND	PRIVATE FOUNDATION
GOVERNANCE	Arm's length board of directors and committees comprised of a cross-section of local community leaders, with diverse and complementary skill sets.	Board membership of the financial institution varies, but generally includes members of the financial institution's senior staff and board of directors.	Board of directors comprised of trustees/directors initially chosen by the donor who established the private foundation. A private foundation is not required to have most of its board members at arm's length.
TAX STATUS	Institution is a registered charity - public foundation. Individual donor advised funds are not registered separately.	Institution sets up a separate registered charity - public foundation. Individual donor advised funds are not registered separately.	Registered charity - private foundation.
DONOR INVOLVEMENT	Donor can recommend grants to any registered Canadian charity or other qualified donee as defined by Canada Revenue Agency. Grants are approved by a community foundation's board of directors. Donor can name a fund for family or other loved ones. Can involve family in process and appoint successors to advise on fund after death. Community foundation can help donors develop focus and process for their granting. Opportunity for involvement in high-impact community leadership initiatives, foundation events, site visits as desired.	Donor can recommend grants to any registered Canadian charity or other qualified donee as defined by Canada Revenue Agency. Grants are approved by trustees of the gift fund. Donor can name a fund for family or other loved ones. Treatment of the fund after death varies.	Grants are made to any registered Canadian charity or other qualified donee as defined by Canada Revenue Agency. Donor appoints board of directors, which controls investments and grantmaking. Donor can name a foundation for family or other loved ones and involve family in the process.
DONOR OPTIONS	Can coordinate giving and support entire range of charities. Gift agreements could take as little as 24 hours to complete.	Can coordinate giving and support entire range of charities. Gift agreements could take as little as 24 hours to complete.	Can coordinate giving and support entire range of charities. Set up of foundation can take 6 to 12 months.

ITEMS TO CONSIDER	COMMUNITY FOUNDATION FUND	COMMERCIAL DONOR ADVISED FUND	PRIVATE FOUNDATION
TAX CONSIDERATIONS 1. TAX CREDIT	Tax receipts issued for the full amount of the gift. Donors can claim a credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years. Tax receipts for estate gifts are issued at the time the gift is made, not valued upon the death of the donor. Other estate rules also apply.	Tax receipts issued for the full amount of the gift. Donors can claim a credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years. Tax receipts for estate gifts are issued at the time the gift is made, not valued upon the death of the donor. Other estate rules also apply.	Tax receipts issued for the full amount of the gift. Donors can claim a credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years. Tax receipts for estate gifts are issued at the time the gift is made, not valued upon the death of the donor. Other estate rules also apply.
2. APPRECIATED PUBLICLY LISTED SECURITIES	Capital gains tax is eliminated on qualifying securities.	Capital gains tax is eliminated on qualifying securities.	Capital gains tax is eliminated on qualifying securities.
3. PRIVATE COMPANY SHARES	Immediate tax savings for most gifts of private company shares. Gifts are subject to capital gains taxes. Acceptance policies may vary.	Immediate tax savings for most gifts of private company shares. Gifts are subject to capital gains taxes. Acceptance policies may vary	If private shares are held they are considered 'non-qualifying securities'. Donation receipt can only be issued at time of disposition which must be within five years. Gifts are subject to capital gains taxes. Other rules apply.

COMMUNITY MEANS SO MANY THINGS TO SO MANY PEOPLE, AND THE WORLD TO US.

In all we do, and all we say, we are all for community. We are part of Canada's community foundation movement, represented by more than 191 community foundations from coast to coast. Community vitality has been our purpose, promise and passion since 1921, when we began connecting donors to community needs and opportunities. Together, we help Canadians invest in building strong and resilient places to live, work and play.

ITEMS TO CONSIDER	COMMUNITY FOUNDATION FUND	COMMERCIAL DONOR ADVISED FUND	PRIVATE FOUNDATION
GRANTMAKING SUPPORT	Professional staff and a board of directors comprised of community leaders can help identify and assess local grantees, provide input on changing community needs, and verify charitable status of groups. Community foundation makes grant payments, monitors performance, reports to donor. Expertise and advice in broad range of granting areas including the arts, health, education, social services, the environment. Understanding of issues and connections in community creates opportunities for innovative work on pressing issues such as poverty. Strong relationships with government bodies, other funders and agencies.	Some offer access to third-party research providers.	Foundation board of directors and/or staff arrange to support grantmaking and monitoring structure. Private foundation can adopt innovative approach to grant-making, based on foundation's chosen mandate. May have a grants expert on staff within the foundation's area of interest.
INVESTMENT MANAGEMENT	Community foundation board of directors sets investment policy. Investment committee made up of investment and finance professionals who recommend the hiring and termination of investment managers and monitor their performance. Some offer the ability to maintain personal investment advisors. Some include social impact investments in their portfolios.	Participating financial institution sets investment policy in conjunction with public foundation. Financial institution's investment arm typically manages the funds. Some allow third-party investment managers.	Trustees/directors set the investment policy. Trustees/directors manage the funds directly or hire professional investment managers and monitor their performance.

COMMUNITY FOUNDATIONS OF CANADA

© Community Foundations of Canada, 2018

COMPARING THREE APPROACHES TO GIVING

Community Foundations of Canada is the national network for Canada's 191 community foundations. Together we are a philanthropic movement working across sectors to help Canadians invest in building strong and resilient communities.

For further information contact:
Anne Marie Peirce, President & CEO | Community Foundation of Mississauga
apeirce@cfofm.org (905) 897-8880

Community Foundation of Mississauga