

Frequently Asked Questions:

Focus on Giving, Not Administration

1. What are donor advised funds (DAFs)?

Donor advised funds are separate accounts within a public foundation held in the donor's name. Donor-advised funds often provide an administration-free and lower cost alternative to setting up and managing a private family foundation. They also enable more donors to create a legacy gift as the size of donation is considerably lower. There are three types of donor advised funds at Canada Gives, identified as Foundation or Annual Giving accounts.

2. How easy is a DAF to set up compared to a private foundation?

A DAF can be set up in one day; a private foundation requires a two-step registration process with CRA and averages 6 to 11 months. There are no costs to set up a donor advised fund at Canada Gives; a private foundation registration done through a lawyer will range in cost from \$5,000 to \$15,000.

3. What is the minimum amount to open a Canada Gives DAF compared to a private foundation?

Private Foundations are recommended for donors who can fund a \$2 Million endowment or more. At Canada Gives, we encourage donors to build endowments while continuing to fund their charities with annual gifts. The minimum target size for an endowment in a Canada Gives Foundation account is recommended to be \$100,000 but we are pleased to work with donors that have a Plan to get there.

If donors wish to open a Canada Gives Annual Giving account, designed to service immediate funding only, we request a minimum gift of \$5,000 in order to provide our support services cost-effectively.

4. What are the costs for administering one-time gifts and for managing endowments in Foundation accounts?

At Canada Gives, we focus solely on donor advised fund management. Our fees are designed to be cost effective but also to enable us to provide personalized services to our donors. Foundation accounts incur an annual fee depending on the size of the account; a minimum fee of \$1500 per annum applies. Annual Giving accounts are charged a one-time fee with a minimum of \$250.00.

5. What are the administration benefits of opening a DAF at Canada Gives?

There are no legal, tax, audit or recordkeeping time and costs for the donor or their Board; specifically for processing tax receipts, banking, bookkeeping, preparing cheques and letters for grant recipients, or tracking receipts. There is no obligation to track and manage the disbursement quota; there are no board liabilities, meetings or minutes to prepare and no CRA reporting required.

6. Does the donor maintain control?

Canada Gives maintains the fiduciary duty for the donations; however our system and our services are designed to put the donor in the “drivers seat” of their donor advised fund. We give them more choices, more selection and more participation in managing their account than other DAFs. We want them to be connected to their charitable contributions and more satisfied and involved with their giving.

7. What is the difference between a one-time gift and an endowment gift?

Each donation at Canada Gives can be allocated in whole or part as a one-time gift (for today’s funding) or an endowment gift (for tomorrow’s funding). One-time gifts to charities must be spent by the charity in full by the following year; annual grants from endowments generate sustainable or “forever funding” by supporting charities out of the annual investment returns generated from investing the endowed assets.

8. Who does the CRA reporting for a donor advised fund compared to a private foundation?

Canada Gives offers/manages the DAF and manages all of the CRA reporting; including filing the annual information return, issuing all tax receipts and managing the annual disbursement quota.

9. What services are provided by Canada Gives in helping donors give to charities?

- i) Canada Gives simplifies the donation process, or as one donor client said “we take the pain out of being generous”. Whether donating cash, securities or insurance, we do all of the transaction work and send you a tax receipt. This is particularly helpful with gifts of securities and/or when one donation is intended to support a number of charities.
- ii) Canada Gives will do the due diligence on the selected charities, including confirming the business registration number, current address, contact person etc. Canada Gives then sends the cheques and letters to the selected charities and matches receipts from all of the gifts.

- iii) At the request of the donor Canada Gives may assist in identifying specific programs and/or other charities, so that the annual grants will go directly to the cause(s) that is of interest to the donor. In certain circumstances, additional charges may apply.

10. Who does the investment at Canada Gives?

At Canada Gives, donors have the opportunity to recommend and work with their own advisor/manager or to select from our approved list of investment managers, dealers or funds. Donors will be fully informed on the investment performance of the endowment assets in their Foundation account each quarter end and may request changes; however the fiduciary responsibility for managing these funds remains with Canada Gives.

11. What if I want to hold certain securities in my endowment?

On a case by case basis, Canada Gives will consider transferring gifts of securities-in-kind to the investment manager/adviser who is hired to manage the investments in your account.

12. How easy is it for an interested party to open an account at Canada Gives?

Very easy – complete a Canada Gives Account Application form and make a donation. It is immediately active.

13. What options does a client have should they wish to no longer use the services of Canada Gives?

Any donor can collapse or move their endowment gift after 10 years. CRA allows for the funds to be transferred to any qualified donee; private or public foundations as well as charitable organizations are considered qualified donees.

14. Can a donor give art, jewelry or other personal property to Canada Gives?

Our Board has not approved these types of gifts at this time. Valuations are difficult on art, jewellery or other personal effects.

15. Do you accept charitable gifts of insurance?

As a registered charity, Canada Gives can be the beneficiary of a life insurance policy or the owner and beneficiary of a policy. You can donate a new policy or an existing policy based on the terms and conditions approved by the Board at Canada Gives.

16. Are there any features/benefits of a Foundation account at Canada Gives that I would not have with a private foundation?

Yes, privacy is an option. Many donors wish to remain anonymous with some or all of their gifts.

Yes, you can reduce the “pain of being generous” from over-solicitation by directing the charities to send their information to your Foundation account at Canada Gives. CG will review the list of charities with you each year and confirm your selection.

Yes, you can make changes such as the name of your Foundation and the charitable mandate you support without notification or approval from CRA.

17. How will my successors be treated?

You or your executor can name the successors to your Canada Gives Foundation account. They will have full privileges on your account without any costs or onerous regulatory and administrative responsibilities. They can support the charities you have selected or they can make changes to align with their own vision and passions, and enjoy the philanthropic tradition you have started.

If no successor is available, your Foundation will go on “autopilot” and continue to support the charities you have selected in your name.

18. What is the future outlook of Canada Gives?

As a public foundation that has developed strong roots in this sector, we intend to continue to grow and prosper in this area long into the future. The goal is to be the premier independent public foundation. We see an exciting future ahead.

Canada Gives incorporation by-laws indicate that it will not convert to a private foundation itself but remain a public foundation. The permanent nature of endowments also creates forever funding through administration fees for Canada Gives.

While Canada Gives is a new organization in this area, we have many blue-chip strategic partners from the financial services industry that are helping us grow.