

Comparing Your Options

Donor Advised Funds vs. Private Foundations

When exploring structures that support your strategic giving options, it is helpful to be aware of the similarities and differences between various providers. In addition to start-up costs and administrative requirements, tax reporting and resource needs, Calgary Foundation can offer information about leading community issues, and help you navigate complex issues like multigenerational giving.

Considerations	Donor Advised Fund at Calgary Foundation	Donor Advised Fund at or through a Financial Institution	Private Foundation
Background	National network of over 200 local Foundations, created by, and for, their communities. Work in collaboration with local charities.	Led by financial institutions and investment firms, occasionally with a registered charitable partner.	Among Canada's 11,000 active foundations, more than 6,000 are private foundations.
	Community Foundations pioneered national donor advised funds ('DAFs') in Canada, establishing first DAF in 1952.	First established in 1991 by Fidelity Charitable Gift Fund, USA. Launched in Canada in 2002.	
Administrative Requirements	None.	Some institutions charge a set-up or consulting fees.	Legal expenses for establishing charitable objects and registration filing can be \$5 - \$10,000. Accounting costs vary depending on complexity of tax planning.
1. <i>Start-up costs</i>			
2. <i>Minimum contribution</i>	\$10,000 minimum, which can be reached through multiple contributions over time.	Varies from \$10,000 to \$250,000.	No mandated minimum but current expert opinion varies for seed capital at \$3-5 million.
3. <i>Ongoing costs</i>	Pooled administration provides economy of scale, resulting in tiered cost recovery ranging from 0.15% to 1.25%.	Program & administration fees are variable from 0.75% to 2%. Additional fees may be charged for grant-making, reporting, 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.
4. <i>CRA Reporting</i>	Calgary Foundation handles reporting.	DAF administrator handles reporting.	Accountant, lawyer, or staff person handles reporting.
Governance	Arm's length board of directors and committees comprised of cross section of local community leaders, with diverse and complementary skill sets.	Board membership of the financial institution varies, but generally includes members of financial institutions' senior staff and board of directors.	Board of directors comprised of trustees/directors initially chosen by 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	Calgary Foundation is a registered charity - public foundation. Individual DAFs are not registered separately.	Institution sets up a separate registered charity - public foundation. Individual DAFs not registered separately.	Registered charity - private foundation.
Donor Involvement	Donor can recommend grants to any registered charity or other qualified donee as defined by the CRA. Grants are approved by Calgary Foundation's board of directors.	Donor can recommend grants to any registered charity or other qualified donee as defined by CRA. Grants are approved by trustees of the gift fund.	Grants are made to any registered charity or other qualified donee as defined by CRA. Donor appoints board of directors to control investments and grant-making.
Family Engagement	Donor can name fund for family or other loved ones. Can involve family in process and appoint successors in next two generations to advise on fund after death. Calgary Foundation can help donors develop focus and process for their strategic giving. Families may be involved in high-impact initiatives, charitable events and site visits as desired.	Donor can name fund for family or other loved ones. Treatment of fund after death varies.	Donor can name foundation for family or other loved one and involve family in process.

Considerations	Donor Advised Fund at Calgary Foundation	Donor Advised Fund at or through a Financial Institution	Private Foundation
Donor Options	Work with local experts in philanthropic administration and grant-making to choose from wide variety of funds. Giving and granting tailored to individual's needs and goals.	Usually one fund offered with several investment options.	Donor sets up foundation according to their wishes.
	Gift agreements could take as little as 24 hours to complete.	Gift agreements could take as little as 24 hours to complete.	Set up of foundation can take 6 to 12 months.
	Can coordinate giving and support all qualified donees as defined by CRA.	Can coordinate giving. Some limits on number of grants per gift.	Can coordinate giving and support all qualified donees as defined by CRA.
Tax Considerations	Tax receipts issued for the full amount of the fair market value of the gift. Donors can claim credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years.	Tax receipts issued for the full amount of the fair market value of the gift. Donors can claim credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years.	Tax receipts issued for the full amount of the fair market value of the gift. Donors can claim credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years.
1. <i>Tax credit</i>			
2. <i>Appreciated publicly listed securities</i>	Capital gains tax is eliminated on qualifying securities for regular tax purposes. Contact your tax advisor regarding the potential impact of Alternative Minimum Tax (AMT.)	Capital gains tax is eliminated on qualifying securities for regular tax purposes. Contact your tax advisor regarding the potential impact of Alternative Minimum Tax (AMT.)	Capital gains tax is eliminated on qualifying securities for regular tax purposes. Contact your tax advisor regarding the potential impact of Alternative Minimum Tax (AMT.)
3. <i>Private company shares stock</i>	Tax savings may be deferred. Donation receipt dependent on appraised fair market value of shares and upon monetization of shares.	Tax savings may be deferred. Donation receipt dependent on appraised fair market value of shares and upon monetization of shares.	Tax savings are deferred and may be denied. Donation receipt can only be issued at time of disposition which must be within five years.
Grant-making Support	Professional staff and board of community leaders can help identify and assess local grantees, provide input on evolving community needs and verify charitable status.	Variable community knowledge. Some offer access to third party research providers for a fee.	May employ grants expert(s) with knowledge specific to the foundation's area of interest.
	Calgary Foundation makes grant payments and reports to donor.	Registered charitable partner/ foundation makes grant payments and reports to donor.	Foundation board and/or staff arrange and support grant-making and monitoring structure.
Investment Management	Calgary Foundation board sets Investment Policy.	Participating financial institution sets investment policy in conjunction with public foundation.	Trustees/directors set the investment policy.
	Investment committee is supported by a Vice President, Chief Investment Officer, is made up of volunteer investment and finance professionals to support the board with fiduciary responsibility of the investable assets.	Financial Institution's investment arm typically manages the funds. Some allow third-party investment managers.	Trustees/directors manage the funds directly or hire professional investment managers and monitor their performance.