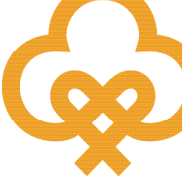


# Comparing Your Options



## 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, the Calgary Foundation can educate you about leading community issues, and help you navigate complex issues like multigenerational giving.

Items to consider:	Donor Advised Fund at Calgary Foundation (CF)	Donor Advised Fund at or through a Financial Institution	Private Foundation
<b>Background</b>	National network of 191 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.	As of 2016, there were 10,644 active foundations in Canada, 5,556 of which were 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.	
<b>Administrative Requirements</b>			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>	None.	Some institutions charge set-up or consulting fees.	
2. <i>Minimum contribution</i>	\$10,000 minimum, although, CF allows multiple deposits to reach Fund minimum.	Varies from \$10,000 to \$250,000.	No mandated minimum but current expert opinion varies for seed capital at \$5-million.
3. <i>Ongoing costs</i>	Pooled administration provides economy of scale, resulting in cost recover ranging from 0.80% to 1.5% based on a tiered structure (subject to Board changes).	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>	CF handles reporting.	Financial institution administering, gift funds handles reporting.	Accountant, lawyer or staff person handles reporting.
<b>Governance</b>	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.
<b>Tax Status</b>	CF 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.
<b>Donor Involvement</b>	Donor can recommend grants to any registered charity or other qualified donee as defined by the CRA. Grants are approved by CF'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 grantmaking.
<b>Family Engagement</b>	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.	Donor can name fund for family or other loved ones.	Donor can name foundation for family or other loved one and involve family in process.
	CF 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.	Treatment of fund after death varies.	

For consideration:	Donor Advised Fund at Calgary Foundation (CF)	Donor Advised Fund at or through a Financial Institution	Private Foundation
<b>Donor Options</b>	Work with local experts in philanthropic administration and grant making to choose from wide variety of funds.	Usually one fund offered with several investment options.	Donor sets up foundation according to his/her 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.
	Giving and granting tailored to individual's needs and goals.		
	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.
<b>Tax Considerations</b>	<p>1. <i>Tax credit</i></p> <p>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.</p> <p>Tax receipts for estate gifts are issued at the time the gift is made, not valued upon the date of death of the donor. Other estate rules apply.</p>	<p>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.</p> <p>Tax receipts for estate gifts are issued at the time the gift is made, not valued upon the date of death of the donor. Other estate rules apply.</p>	<p>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.</p> <p>Tax receipts for estate gifts are issued at the time the gift is made, not valued upon the date of death of the donor. Other estate rules apply.</p>
	<p>2. <i>Appreciated publicly listed securities</i></p> <p>Capital gains tax is eliminated on qualifying securities.</p>	Capital gains tax is eliminated on qualifying securities.	Capital gains tax is eliminated on qualifying securities.
	<p>3. <i>Private company shares stock</i></p> <p>Tax savings may be deferred. Donation receipt dependent on appraised fair market value of shares and upon monetization of shares.</p>	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.
<b>Grantmaking Support</b>	Professional staff and board of community leaders can help identify and assess local grantees, provide input on changing community needs and verify charitable status.	Variable community knowledge. Some offer access to third party research providers for a fee.	Foundation board and/or staff arrange and support grantmaking and monitoring structure.
	CF makes grant distribution and requests impact reporting.	Registered charitable partner/ foundation makes grant payments and reports to donor.	Foundation can adopt innovative approach to grant making, based on foundation's chosen mandate.
	Understanding of needs and connections in community creates opportunities for innovative work on pressing issues.		May have grants expert on staff within foundation's area of interest.
<b>Investment Management</b>	CF Board sets Investment Policy	Participating financial institution sets investment policy in conjunction with public foundation.	Trustees/directors set the investment policy.
	CF's investment committee is supported by a VP, CIO, is made up of volunteer investment and finance professionals to support the board with fiduciary responsibility of the investable assets.	<p>Financial Institution's investment arm typically manages the funds.</p> <p>Some allow third-party investment managers.</p>	Trustees/directors manage the funds directly or hire professional investment managers and monitor their performance.