

Discover the Benefits of Working with Your Community Foundation



COMPARING THREE APPROACHES TO GIVING

Items to consider	Community Foundation Donor Advised Fund	Commercial Donor Advised Fund	Private Foundation
Background	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 along with a Registered Charitable Partner.	More than 2,300 active Foundations in Canada. 85% are family foundations
Administrative Requirements			
Start-up costs	None.	None.	Legal and accounting expenses. Filing fees.
Minimum contribution	Minimum contribution to establish a Fund at Durham Community foundation is \$5,000.	Varies from \$10,000 to \$250,000.	No mandated minimum but expert opinion varies for seed capital at \$5 Million and up.
Ongoing Costs	Pooled Fund administration provides investment fee of 1% (subject to change by the Board).	Fees are variable from 0.75% to 2%. Additional fees may be charged for grant distribution, reporting, trailer fees and IA compensation.	Administrative fees vary from 0.75 to 1.5% of assets, depending on size and staffing.
Reporting	Community Foundation handles reporting.	Foundation administering, commercial gift fund 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 varies but generally includes members of financial institutions senior staff and board of directors.	Board comprised of Trustees/Directors initially chosen by the donor who established the foundation. More than half of board may be persons in a non-arm's length relationship with donor.
Tax Status	Registered charity – Public Foundation.	Registered charity – Public Foundation.	Registered charity – Private Foundation.
Donor Involvement	Donor can recommend grants to qualified registered charities. Grants are approved by Community Foundation board of directors.	Donor can recommend grants to qualified registered charities. Grants are approved by Trustees of the gift fund.	Donor appoints board, which controls investments and grantmaking.
Family Engagement	Donor can name a Fund for family or other loved ones. Can involve family in grantmaking process and appoint successors. Local Community Foundations can help donors develop focus and process for their strategic giving. Opportunity for involvement in Foundation events and site visits as desired.		

COMPARING THREE APPROACHES TO GIVING (continued)

Items to consider	Community Foundation Donor Advised Fund	Commercial Donor Advised Fund	Private Foundation
Donor Options	Work with local experts in philanthropic administration and grantmaking to choose from a wide variety of Funds. Giving and granting tailored to individual needs and goals.	Usually one fund offered with several investment options.	Donor sets up foundation according to his or her wishes.
	Can coordinate giving and support all qualified donees as defined by Canada Revenue Agency (CRA).	Can coordinated giving. Some limits on number of grants per gift.	Can coordinated giving and support all qualified donees as defined by Canada Revenue Agency (CRA).
	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.
Tax Considerations			
Tax Credit	Donors can claim credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years.	Donors can claim credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years.	Donors can claim credit to a maximum of 75% of their net income. Excess can be claimed in any of the next five years.
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.
Private company shares stock	Tax savings may be deferred. Donation receipt dependent on 'appraised fair market value' of shares upon monetization of shares.	Tax savings may be deferred. Donation receipt dependent on 'appraised fair market value' of shares upon monetization of shares.	Tax savings may be deferred. Donation receipt dependent on 'appraised fair market value' of shares upon monetization of shares.
Grantmaking Support	Professional staff and board community leaders can help identify and assess local grantees, provide input on changing community needs and verify charitable status.	Variable community knowledge.	Foundation board and or staff arrange and support grantmaking and monitoring structure.
	Public Foundation makes grant distributions and requests impact reporting. Understanding of needs and connections in community creates opportunities for innovative work on pressing issues.	Registered charitable partner/foundation makes grant payments and reports to donor.	Foundation can adopt innovative approach to grantmaking, based on foundation's chosen mandate.
Investment Management	Community Foundation Board sets Investment Policy.	Participating Financial Institution sets Investment Policy in conjunction with Public Foundation.	Trustees/Directors set the Investment Policy.
	Durham Community Foundations Investment Committee is made up of volunteer investment and finance professionals to support the Board with fiduciary responsibility for the investable assets.	Financial Institution's investment arm manages the funds.	Trustees/Directors manage the funds directly or hire professional investment managers and monitor their performance.

Note: Like many other community foundations, our Endowment Funds are invested with Toronto Foundation, a large community foundation with a long history, good track record, and highly respected individuals on their board. Their large pool offers good returns and their fees for services at 1.0% are comparable to other fund managers. An additional 1.5% fee is directed to Durham Community Foundation in support of the work we do to grow endowments, distribute meaningful grants to local charities, report to our Legacy Builders, share expertise with charities, help nonprofits build capacity and resources, and inspire philanthropy throughout the Region of Durham.