

# Comparing three approaches to giving

Discover the benefits of working through the Ottawa Community Foundation



	Ottawa Community Foundation	Commercial Donor-Advised	Private Foundation
<b>Background</b>	National network of close to 200 local foundations created by and for their communities. Work in collaboration with local charities.  Community Foundations pioneered donor-advised funds in Canada, establishing the first of its kind in 1952, and are considered experts in handling this type of fund.	Led by financial institutions and investment management firms.  Came to Canada in 2004.	More than 5,100 active foundations in Canada, the majority of which are family foundations.
<b>Administrative Requirements:</b>			
<i>Start-up costs</i>	None.	None.	Legal and accounting expenses. Filing fees.
<i>Minimum contribution</i>	Accessible to individuals, groups and organizations with a minimum of \$5,000, which can be built up over 5 years.	Varies from \$10,000 - \$250,000	No mandated minimum, but expert opinion varies from capital of \$1-million - \$5-million.
<i>Ongoing costs</i>	Pooled administration provides economy of scale, lowers annual fee to 1.5% for most funds.	Fees vary from 1.5% to more than 2.5%. Additional fees may be charged for grant distribution, reporting and trailer fees.	Administrative fees vary from .75% - 1.5% of assets, depending on size and staffing.
<b>Governance</b>	Arm's-length Board of Governors and voluntary committees comprised of cross-section of expert local community leaders.	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. More than half of board may be in non-arm's-length relationship with donor.

	<b>Ottawa Community Foundation</b>	<b>Commercial Donor-Advised</b>	<b>Private Foundation</b>
<b>Tax Status</b>	Public charity.	Public charity.	Private charity.
<b>Donor Involvement</b>	<p>Donor can recommend grants to charities and qualified donees. Grants are approved by the Community Foundation's Board of Governors.</p> <p>Donor can name fund for family or other loved ones. Can involve family in process and appoint successors to advise on fund after death.</p> <p>The Foundation can suggest charities for granting and help donors develop focus and process for their granting.</p> <p>Opportunity for involvement in high-impact community leadership initiatives, foundation events, site visits, as desired.</p>	<p>Donor can recommend grants to charities and qualified donees. Grants are approved by trustees of the gift fund.</p> <p>Donor can name fund for family or other loved ones. Treatment of fund after death varies.</p>	<p>Donor appoints board, which controls investments and grantmaking.</p> <p>Donor can name foundation for family or other loved one and involve family in process.</p>
<b>Donor Options</b>	<p>A range of fund options available. Giving and granting tailored to donor's needs and goals.</p> <p>Can coordinate giving and support entire range of charities.</p> <p>Gift agreements can take as little as 24 hours to complete.</p>	<p>Usually one fund offered with several investment options.</p> <p>Can coordinate giving. Some limits on number of grants per gift.</p> <p>Gift agreements can take as little as 24 hours to complete.</p>	<p>Donor sets up foundation according to his/her wishes.</p> <p>Can coordinate giving and support entire range of charities and qualified donees.</p> <p>Set up of foundation can take 6 – 12 months.</p>
<b>Tax Considerations:</b>			
<i>Tax Credit</i>	Donors can claim a tax 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.

	<b>Ottawa Community Foundation</b>	<b>Commercial Donor-Advised</b>	<b>Private Foundation</b>
<i>Appreciated stock</i>	Capital gains tax is eliminated.	Capital gains tax is eliminated.	Capital gains tax is eliminated.
<i>Private company shares stock</i>	Immediate tax savings for most gifts of private company shares.	Immediate tax savings for most gifts of private company 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>	<p>Professional staff and Board of community leaders can help identify and assess local grantees, provide input on changing community needs and provide due diligence.</p> <p>Disburses grants, monitors impact and performance, reports to donors.</p> <p>Expertise and advice available in broad range of granting areas, including the arts, health, education, social services, and the environment.</p> <p>Understanding of issues and connections to community creates opportunities for innovative work on pressing issues such as poverty.</p> <p>Strong relationships with government bodies, other funders and agencies.</p>	<p>Generally unequipped to offer recommendations based on community knowledge or insight.</p> <p>Foundation disburses grants and reports to donors.</p>	<p>Foundation board and/or staff arrange and support grantmaking and monitoring structure.</p> <p>Foundation can adopt innovative approach to grantmaking, based on chosen mandate.</p>
<b>Investment Management</b>	<p>Community Foundation Board sets investment policy.</p> <p>Investment Committee made up of volunteer investment and finance professionals recommend the hiring of investment managers and monitor their performance.</p>	<p>Participating financial institution sets investment policy in conjunction with public foundation.</p> <p>Financial institution's investment arm manages the funds.</p>	<p>Trustees/directors set the investment policy.</p> <p>Trustees/directors manage the funds directly or hire professional investment managers and monitor their performance.</p>