

Comparison of Benefaction Donor Advised Fund and Private Foundation

	DONOR ADVISED FUND PROGRAM BENEFACTION FOUNDATION	PRIVATE FOUNDATION
Time / Set-up Costs	DAF account can be open in 1-2 days. Administrative fee on donated assets: 1% for cumulative donations up to \$1M; 0.5% for donations up to \$2M; 0.35% for donations up to \$3M; 0.15% thereafter to a max of \$10K – see examples on reverse.	Establishment and charity registration with CRA can take up to 12 months. Legal start-up costs range from \$8K to \$12K.
Ongoing Fees	0.5% on first \$1M, 0.35% on next \$1M, 0.15% on the remainder; capped at \$5K quarterly – see examples on reverse.	Est. \$23.7K+ annually – see details on reverse.
Administration	None	Board of Directors (or Trustees in case of a charitable trust) has responsibilities and duties including managing assets, keeping records, setting giving guidelines, selecting charities and administering grants.
Annual Reporting Requirements	None	File annual return (T3010) to CRA; annual corporate filing; submit financial statement and manage surplus/deficit.
Minimum Donation	\$25K	Experts suggest \$3-5M in view of the costs involved.
Gift Options	Gifts of cash, securities, life insurance policies, real estate, gifts from estate through Will, etc. <i>Additional fees to cover valuation and transaction costs will be levied where applicable.</i>	Same gift options as DAF, subject to limits on gifts of private company shares.
Philanthropic Advising	Benefaction Foundation can provide research on specific charities for review and comparison.	Board of Directors (or Trustee) sets giving guidelines and application policies. The Board members/Trustee exercise due diligence in funding charities. Can hire outside counsel for advice or hire employees to manage the selection process.
Choice of Charities	Donor advises on charities subject to the approval of Benefaction Foundation.	Founding donor can select charities at the creation of the foundation or charities can be chosen by the Board/Trustee from time to time.
Amount of Grants	Donor selects annual payout and grant schedule, subject to 3.5% annual minimum imposed by Benefaction.	Board of Directors / Trustee determines amount to grant, subject to 3.5% annual minimum imposed by CRA.
Granting of Capital / Wind Up	Capital can be granted to the Benefaction Foundation or to another registered charity subject to the approval of Benefaction Foundation.	Capital can be disbursed prior to winding up or capital can stay permanently with the foundation if it is an endowment fund. Upon winding up, all remaining net assets to be distributed according to provisions in the by-laws.
Investment Management	Benefaction Foundation appoints Investment Advisor to manage investments.	Board of Directors /Trustee is responsible for the investment management and may appoints Investment Advisor to manage investments.
Privacy	Names of directors and all grants to qualified donees on public record for Benefaction Foundation as a whole; however, there is no donor-specific disclosure. Donor can choose to disclose information to charities as desired.	Names of directors / trustee and all grants to qualified donees on public record.
Security	Security and privacy policies are stated in the donor agreement.	Canadian law regulates the minimum security measures.

BENEFACTION FOUNDATION

83 HARBORD STREET • TORONTO, ONTARIO M5S 1G4 • TEL. 416-915-0700

CRA # 80421 3759 RR0001

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	Benefaction \$1M	Benefaction \$5M	Private Fdn estimate
Set-up Costs			
Legal, Accounting and Filing with CRA	none	none	\$10,000
Donation fee ¹ (1% for cumulative donations up to \$1M; 0.5% for donations up to \$2M; 0.35% for donations up to \$3M; 0.15% thereafter to a max of \$10k)	\$5,000	\$7,500	n/a
TOTAL SET-UP	\$5,000	\$7,500	\$10,000
Ongoing Costs			
Legal	none	none	\$5,000
Accounting and Audit	none	none	\$12,000
Banking Charges	none	none	\$1,200
Directors & Officers Insurance for Foundation	none	none	\$3,000
Philanthropic Foundations Canada membership ²	none	none	\$2,500
Internal Staffing ³	none	none	TBD
Annual administration fee, billed quarterly (0.5% on first \$1M, 0.35% on next \$1M, 0.15% on the remainder; capped at \$5k quarterly)	\$5,000	\$13,000	n/a
TOTAL ONGOING	\$5,000	\$13,000	\$23,700+
Blended rate on annual fee	0.50%	0.26%	

¹ Donation fee applies to subsequent donations

² PFC membership is optional

³ Dedicated staff typically required to manage foundation administration

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