

YOUR GUIDE TO GIVING WITH CNCF

Donor Advised Funds (DAFs)



C O N T E N T S

ABOUT THE FUNDS	3
What is a Donor Advised Fund?	
Who is CNCF and how are they able to offer Donor Advised Funds?	
Who can set up a Donor Advised Fund with CNCF?	4
ESTABLISHING A CNCF DONOR ADVISED FUND	
Fund Type	
Fund Name	
Successor Advisors	5
Charitable Goals	
Contributing to a CNCF Donor Advised Fund	
Initial Contribution to the Fund	
Additional Contributions to the Fund	
Acceptable Contributions and Tax Considerations	6
VALUATION OF DONATIONS (CONTRIBUTIONS)	7
MANAGING THE FUND	8
Investing the Fund	
Reporting on the Fund	
GRANTING FROM THE FUND	
Grant Notification	
ELIGIBLE CHARITIES	9
CNCF DONOR ADVISED FUNDS AND OPERATING COSTS	10
Broker or Management Fees	
CNCF CHARITABLE PURPOSES	11
CNCF STATEMENT OF FAITH	12
SUPERVENING EVENTS	13
PRIVACY AND DISCLAIMERS	

WELCOME

Welcome to the community of generous givers at the Canadian National Christian Foundation (CNCF). We are so grateful that God has led you here on your journey of generosity. Because giving is much more than a financial transaction, you will find that everything we do at CNCF is designed to help make your experience of giving the most powerful expression of spiritual transformation that it can be. In this guide, you'll find essential information about our unique giving solutions that help you simplify your giving and multiply your impact.

Whether you're looking for a way to manage your giving online, give appreciated stocks from your portfolio, or maximize your giving during a major life event such as the sale of your business or commercial real estate, we can help you find the best way to leverage your gifts for the causes you care about most.

This guide sets forth policies and guidelines for establishing a Donor Advised Fund (DAF or "Fund") with CNCF, and terms and provisions governing the administration of each DAF. Please take a few minutes to read this information before you establish your Donor Advised Fund so that you will be familiar with the inner workings of the fund and all the opportunities available to you.

All activities of CNCF and all participation by donor(s) in the Donor Advised Fund program of CNCF are subject to these policies and guidelines, and CNCF's Board of Directors (**the board**) reserves the right to modify them at any time.

ABOUT THE FUNDS

What is a Donor Advised Fund?

A Donor Advised Fund (DAF) is set up by a donor within a public foundation, in which the donor

can 'advise' the board of the foundation about where and when they would like the income and/or the capital of the fund to be granted, and for what purpose. The donor becomes an Advisor to the DAF unless they choose someone else to take that role. **It is important to understand that the Donor can only provide advice and recommendations to the Board of Directors and that the law requires that all decisions concerning the DAF ultimately be made by the board.**

The CNCF Donor Advised Fund (DAF) allows donors to make contributions now and recommendations for grants to charities of their choice immediately or to take time to consider grant recommendations. A donor-advised fund set up during your lifetime can continue beyond your passing.

A CNCF Donor Advised Fund can also serve as a Charity Foundation Fund for a charitable organization. For many charitable organizations and churches, a Charity Foundation Fund is a way of building capacity and ensuring longevity for their organization. It offers assurance that these assets are held separate from the charitable entity, thereby protected from creditors.

A donor-advised fund also serves those donors who wish to establish a DAF at their passing. Although the paperwork for this DAF may be completed during your lifetime, it may not be significantly funded until death. These DAFs could then be managed by named successor advisors, chosen by the original donors, who will have decision-making rights.

Who is CNCF and how are they able to offer Donor Advised Funds?

The Canadian National Christian Foundation is a federally incorporated charitable public foundation serving the needs of the Christian community in Canada.

The Foundation is subject to the laws applicable to Canadian charities, and participation in these programs is subject to the terms and conditions of CNCF articles of incorporation, bylaws and this document. CNCF reserves the right to modify the terms and conditions of its donor-advised fund programs and/or any of the associated documents at any time without notice.

Who can set up a Donor Advised Fund with CNCF?

CNCF will accept contributions from individuals, families, registered charities, groups of people, associations, corporations, etc. to establish a Donor Advised Fund.

When more than one individual is involved in setting up a DAF, specific DAF Advisors must be selected to represent the DAF and provide recommendations regarding grants and distributions.

ESTABLISHING A CNCF DONOR ADVISED FUND

Individuals and organizations may set up a Donor-advised Fund by meeting with a CNCF staff member, an associated financial professional or by completing the appropriate forms online at www.cncf.ca.

Fund Type

Giving Account:

- For individuals, families or corporate donors to facilitate pass-through charitable gifts. Typically for donations intended to be distributed to charities within a short period.
- For charities to facilitate contributions and grants for a specific charity. Funds are distributed on a weekly basis.

Foundation Fund:

- For individuals, families or corporate donors, corporations, churches and ministries offering additional features such as interest, investment options, impact investing on fund holdings, as well as other resources.
- For churches and ministries as a charity foundation fund or for legacy gifts.

The chart on page 10 outlines the differences between each.

Fund Name

Creativity is encouraged in the naming of Funds. Many are named after a charitable cause, scripture reference, or family. It may include a family name or the name of another party the donor wishes to honour (e.g. The John Smith Giving Fund), or it may be generic to allow for anonymous grants (e.g. The Stewardship Fund). Donors may choose a name that reflects their charitable interests (e.g. The Leadership Development Legacy Fund).

Fund Advisors and Privileges

When a CNCF Donor Advised Fund is established, the donor establishing the CNCF DAF may become an **advisor** to that Fund (DAF advisor) and may name another person or persons as additional DAF Advisors or successor DAF Advisors to the Fund. A DAF Advisor has the privilege of recommending grants from the Fund. In the case of an organizational/charity Giving Fund, the DAF advisors may change as tenures are completed for that organization.

Joint Fund with Co-advisors

Some couples may prefer to hold a DAF jointly with both DAF holders as co-advisors. In such a situation, any recommendations for grants from the Fund may be recommended by either or both DAF Advisors.

In the case of a DAF established by a group of individuals, a charity or a corporation, it is

advisable that one or more DAF Advisors be named on the Fund to ensure grant decisions are made in consultation. DAF advisors may be added with full or view access. Any recommendations for grants from the Fund may be recommended by any DAF advisor with full access.

Successor Advisors

A donor should name successor Donor Advisors on a DAF so that grants can continue to be recommended regularly upon the death or incapacity of the donor (original advisor).

If the donor dies, becomes incapacitated or cannot be located after CNCF has conducted a reasonably diligent search, and if the donor failed to notify CNCF of a successor DAF Advisor, or if a recommended successor DAF Advisor is deceased, incapacitated or cannot be found after CNCF has conducted a reasonably diligent search, then in any of such events, the board of directors of CNCF shall be authorized to make grants from the Fund without seeking the advice of the donor's representative, taking into consideration previous recommendations made by the DAF Advisor.

Charitable Goals

Providing charitable goals for the donor-advised fund will assist CNCF and/or the investment manager in structuring the fund. Please identify your goal(s) on the Donor Advised Fund application, which may be one or any combination of the following:

Active Funds – portion of funds intended for receiving ongoing donations and/or granting monies to charities within a short period of time. This means a sufficient portion or all funds will remain in cash.

Medium-Term Fund – intended to be held for as long as a donor wishes, usually 3-5 years, with additional contributions at random and grants

being distributed annually or as requested. This fund may be depleted in 3-5 years, having served its purpose for the donors. There will be no long-term investments held in this type of fund.

Long-Term Fund – funds that will be held for as long as the donor indicates, with the original capital being granted over a prescribed or indefinite period. This type of fund may be appropriate for those who make one large donation to their fund to be granted out over several years, or for those who wish to accumulate assets for giving later in life.

These charitable goals are not locked in, as objectives may change over time. These goals help CNCF in managing the fund holdings.

Contributing to a CNCF Donor Advised Fund

As per CRA rules, to qualify for a contribution receipt, when a donation is made and accepted by a public foundation like CNCF, it is irrevocable and **cannot be refunded under any circumstances**. All accepted contributions become the exclusive property of CNCF and CNCF becomes responsible for those funds. CNCF has the right to refuse any contribution and will promptly communicate this to the donor.

Initial Contribution to the Fund

CNCF does not require a minimum contribution to open a DAF.

Additional Contributions to the Fund

Additional contributions may be made to the DAF at any time by the original donor or by others. Use your on-line giving portal, unique donation button link or complete the "CNCF Online Contribution Form" to ensure proper receipting.



Acceptable Contributions and Tax Considerations

Contributions may be made in the form of:

‘Cash’ – delivered by direct deposit, cheque, electronic or wire transfer. Cash will not be accepted. Cheques should be made out to ‘Canadian National Christian Foundation’ including the intended fund name on the memo line.

Securities – publicly traded stocks, bonds and mutual funds may be transferred to CNCF as “in kind” gifts by completing the “Direct Transfer of Securities” donation form and initiating the contribution transfer with their broker/financial institution. As the contribution of securities involves at least two brokerage firms, donors should be aware there may be time delays in the process depending on the institution.

Credit Cards – donation by credit card is an available option at cncf.ca. Any fees applied by the card issuer will reduce the amount credited to the fund.

Life Insurance Policies – CNCF may either be named as the beneficiary of a policy or as the owner. Existing or new life insurance policies may be donated to CNCF for the purpose of future grant recommendations from a donor advised fund. A professional, actuarial assessment will determine the fair market value of an existing policy for donation receipt purposes. When CNCF is the policy owner, additional premiums are considered a donation (and therefore receiptable). If CNCF is beneficiary and not the owner, the death benefit is declared as the donation.

Deferred Contributions – Donors may wish to name Canadian National Christian Foundation as a beneficiary of a:

- charitable bequest in a Will,
- life insurance policy,
- registered account (RRIF, RRSP, TFSA),
- segregated fund, or
- charitable remainder trust.

Donors should consult with their tax accountant, legal, estate planner, and/or investment advisors when setting up any deferred contributions. A CNCF Donor Advised Fund application form or Letter of Intent for Testamentary Gifts should be completed and submitted to CNCF when the beneficiary designation is made, naming DAF advisors and offering a fund name. The designation document (Will or beneficiary selection form) should clearly indicate Canadian National Christian Foundation as the beneficiary.

Submitting a deferred DAF or Letter of Intent for testamentary gifts, allows you to change recommended charities and/or portions of the proposed testamentary gift any time during your lifetime.

Other In-Kind Gifts – CNCF has a gift acceptance policy that allows its Board to consider a wide range of in-kind gifts (e.g. real estate, private shares, options, etc.) provided there is a realistic liquidation strategy in place for the asset. The donor should contact CNCF in advance of naming such assets as gifts.

Third Party Contributions – individuals or organizations other than the original donor may wish to make contributions to a CNCF Donor-Advised Fund and are eligible to receive a donation receipt for their contribution. Complete an online CNCF Contribution Form to ensure accurate receipting. Third party donors do not become DAF Advisors unless the Fund originator so indicates in writing.

VALUATION OF DONATIONS (Contributions)

CNCF must be able to determine the fair market value (FMV) of any non-cash gifts. Should CNCF not be able to reasonably determine the FMV of a gift, the donor's acknowledgement will state a value of zero (\$0). The FMV of a gift-in-kind does not include taxes paid on purchasing the item.

Donations of cash – A year-end receipt will be issued for contributions received totalling more than \$25 (cheques, electronic transfers, direct deposits or wire transfers).

Donations of Securities – The value of the contribution receipt for the donation of publicly traded stocks, bonds or mutual funds is the fair market value as verified by CNCF's broker or financial advisor on the date that the securities are received into the CNCF account. Once received, all securities will be sold by CNCF on the earliest practical date. Any costs incurred by CNCF to sell the securities, bonds or mutual funds will be deducted from the proceeds of the sale.

As required by CRA, a contribution receipt will be issued showing the number of shares/units, the date of transfer and the share/unit value on that date.

Thinly traded or illiquid securities often require special treatment or a lengthened timeframe so the CNCF, at its sole discretion, reserves the right to decline such donations.

Donations of Real Estate – All gifts of real estate will be referred to the Board of Directors or its nominee or designate for prior approval. As appropriate, prior to any acceptance of a gift of real estate, CNCF may require the completion of the following:

- Arms-length appraisals (two or more)
- Title search
- A marketability check
- An on-site evaluation
- An environmental survey
- Determination of other costs or concerns

All costs associated with these activities will be borne by the donor through reimbursement to CNCF. A donation receipt will be issued based on the market value of the asset on the date of transfer of deed.

Donation of other assets – These could include non-cash assets that are not readily marketable, such as real estate, art, jewelry, private corporation shares or residuary interests in trusts. While CNCF may accept these gifts, the Board of Directors or its nominee or designate may determine a more comprehensive assessment of the asset is needed prior to acceptance.

The costs of an actuarial valuation for life insurance policies will be borne by the donor through reimbursement of such fees to CNCF.

A donation receipt will be issued based on the market value of the asset on the date of transfer.

MANAGING THE FUND

The board of CNCF is responsible for the administration of all donor-advised funds. CNCF's investment philosophy focuses primarily on capital preservation, which is intended to protect the value of assets while they are held for future distribution. To advance that goal in each of our investment accounts, we seek to achieve superior risk-adjusted returns that are appropriate for the anticipated holding period.

Investing the Fund

CNCF has the right to invest any monies comprising a Donor Advised Fund as its board of directors determines is appropriate in accordance with the CNCF Investment Policy.

The donor/DAF advisor may recommend adding funds to CNCF investment pools or may recommend their own professional investment professional to manage the DAF investment holdings if the stated charitable goals include long-term management of the Fund. These are referred to as "separately managed" DAFs and are a best fit for holdings of at least \$75,000. CNCF will oversee the investments regularly to

ensure compliance with its Investment Policy and prudent management of the assets. CNCF is exonerated from any loss arising from such delegation. Due diligence is exercised in the supervision of the broker by the CNCF Board.

If the donor no longer wishes their chosen financial professional to continue managing their DAF investment holdings, the donor should notify CNCF. CNCF will add those holdings to the pool of investments managed by CNCF brokers in the normal course.

Reporting on the Fund

DAF Advisors will receive a statement of their donor-advised fund on a quarterly basis. **CNCF will also provide DAF advisors with access to an online giving portal where details related to their DAF are available, such as grants made, investment changes, fees paid, etc.**

GRANTING FROM THE FUND

CNCF will consider grants to eligible charities (see definition below) upon receipt of recommendations submitted through the online giving portal or a completed and signed CNCF Grant Recommendation Form.

CNCF aims to distribute grants to charities **within two weeks** of the recommendations.

Under current CRA rules, public foundations such as CNCF must distribute from its total holdings an annual disbursement quota, calculated as 5% of the average value of the funds from the prior 2 years.

Grant Notification

A confirmation letter or email of the grant is issued from CNCF identifying the DAF, the DAF Advisor that recommended the gift (unless the gift is anonymous), and any intended purposes. Anonymous gifts are noted as such in the



cover letter/email and no donor information is disclosed.

Should the grant provide support for a specific program, project or work that an individual is involved in, the account numbers related to that individual or ministry must also be made available and will be included in the communication to the charity.

ELIGIBLE CHARITIES

CNCF and its board of directors will accept grant recommendations that

- a) Further the work of and are consistent with CNCF charitable purposes; and
- b) Are made to qualified donees as that term is defined in the Income Tax Act (Canada):
 - a. Registered Canadian charities
 - b. Registered Canadian amateur athletic associations
 - c. Registered national arts service organizations
 - d. Certain non-profit housing corporations

resident in Canada that are constituted exclusively to provide low-cost accommodation for the elderly

- e. The United Nations and its agencies
- f. Charitable organizations outside Canada to which the federal government has made a gift in the current or previous calendar year, and
- g. Canadian municipalities or the federal or a provincial government or their agencies.

CNCF and its Board of Directors will not accept grant recommendations that

- a. Contravene Biblical direction
- b. Would directly or indirectly benefit the DAF Advisor or his/her immediate family or any other person who has contributed to the Fund, as defined by the *Income Tax Act*, and

In accordance with CRA rules, CNCF and its Directors will not approve grants to

- a. Individuals, couples or families,

- b. Non-profit organizations not registered as qualified donees with CRA, or
- c. Political candidates or parties.

CNCF and its Directors will not approve grants that will result in any private benefit such as membership fees or dues, tuition fees or goods

purchased for charitable fundraising.

If CNCF rejects any recommendation made by a DAF Advisor, it will notify the DAF Advisor by telephone to discuss the reason(s) why the recommendation was rejected and seek new advice for distribution.

CNCF DONOR ADVISED FUNDS AND OPERATING COSTS

To fund the variety of services, resources, and other ministry work that we provide, we retain a small monthly assessment from each donor-advised fund to cover operating costs.

	Giving Account	Foundation Fund
Investment Options	No	Yes
Annual Assessment Rate (assessed monthly on balance)	None	0.80% Minimum \$20 month
Separately Managed First \$2,000,000	n/a	0.75% Minimum \$75 month
Next \$3,000,000	n/a	0.50%
Over \$5,000,000	n/a	0.25%
Assessment for pass-through gifts (distributed within 90 days of contribution)	n/a	1%
Contribution assessment	1%	none

Separately managed funds have a minimum monthly assessment is \$75 month.

Special Assessment: A charge may be assessed to cover any unusual amounts of time and/ or expense on the part of CNCF to effectuate, administer and/or liquidate all or part of the assets gifted and forming part of the DAF.

Broker or Management Fees

Investment management fees applied by a

professional broker or investment professional may be assessed within each pooled investment account. These fees are prorated according to DAF value and are applied to each individual DAF monthly.

In a case where the DAF Advisor has indicated a preference for an investment professional to manage the DAF assets and where the board of CNCF has agreed, the investment professional may assess fees which shall be applied to the individual DAF account.



CNCF CHARITABLE PURPOSES

The following are the objects (or purposes) of CNCF as set forth in its Letters Patent:

1. To receive and maintain a Fund or Funds and to apply all or part of the principal and income therefrom, from time to time, to registered charities pursuant to the Income Tax Act of Canada and to charitable purposes, all of which is in furtherance of the following objectives:
 - a. the preaching, promotion and advancement of the spiritual teachings of the Christian faith and the maintenance of the doctrines and spiritual observances and practices on which those teachings are based;
 - b. the support and maintenance of Christian missions and missionaries in order to propagate the Christian faith;
 - c. the support and equipping of Christian churches, ministries, leaders and lay persons thereby enabling them to minister within contemporary culture; and
 - d. the equipping of Christians for Biblical application in their daily lives and in His Service.
2. Fulfilling purposes that are beneficial to the community and that are recognized as charitable by applicable courts in Canada, including, with limitation:
 - a. providing immediate relief to victims of natural disasters or sudden catastrophes (e.g. floods, earthquakes and tornadoes);
 - b. preventing and relieving sickness and disability, both physical and mental (e.g. hospitals, nursing and convalescent homes and clinics, caring for the sick, and establishing workshops or other centers for disabled people);
 - c. providing counseling services for people in distress;
 - d. rehabilitating victims of substance abuse and preventing substance abuse;
 - e. providing public amenities to benefit communities, which includes

establishing facilities for the entire community (e.g. community halls, picnic areas or playgrounds);

f. providing for the relief of poverty.

3. Advancing education through establishing or maintaining programs of training or instruction and providing scholarships, bursaries and prizes for academic achievement.
4. To do any such further acts or things, or execute such deeds, assurances or undertakings as will effectually assist in the furtherance of the objects of the Corporation.

CNCF STATEMENT OF FAITH

We believe...

- The Holy Scriptures (comprised of the Old and New Testaments) are divinely inspired,

entirely trustworthy, and constitute the only supreme authority in all matters of faith and conduct.

- There is one God, eternally existent in three persons: Father, Son and Holy Spirit.
- Our Lord Jesus Christ is fully God and fully human; we affirm his virgin birth, sinless humanity, divine miracles, vicarious and atoning death, bodily resurrection, ascension, and personal return in power and glory.
- The salvation of lost and sinful humanity is possible only through the merits of the shed blood of the Lord Jesus Christ, received by faith apart from works, and is accompanied by the Holy Spirit and sincere love for Jesus.
- The Holy Spirit indwells believers to enable them to live a holy life, to love others, and to witness and work for the Lord Jesus Christ.
- The Church, the body of Christ, consists of all those whom Christ indwells by the Holy Spirit.



- Ultimately God will judge the living and the dead: those who are saved will be resurrected to eternal life with God, and those who are lost will be resurrected to eternal separation from God.

All directors and staff of CNCF must be in complete agreement with the CNCF Statement of Faith.

SUPERVENING EVENTS

Neither CNCF nor its directors shall be liable for delay or failure in performance resulting from acts beyond their respective control, including, but not limited to acts of God, acts of war, riot, fire, flood, or other disaster, acts of government, strike, lock-out, or communications or power failures, or other causes beyond their respective control and without their fault or negligence.

PRIVACY AND DISCLAIMERS

As expressed in CNCF's Confidentiality and Privacy Policy, all non-public personal information of donors is maintained in strict confidentiality and security. Information provided to CNCF will be used only to service

the Funds, process transactions, respond to inquiries from donors and

create new and improved levels of service for donors. CNCF holds itself to the highest standards of care in protecting the privacy and confidentiality of all donor information. Information regarding Fund contributions, grants, and investment activity will only be discussed with individuals receiving express written consent by the donor.

Everyone's tax situation is unique and is likely to be impacted by specific facts and circumstances that are beyond CNCF's control or knowledge. Additionally, tax laws and regulations change frequently, and their application to a particular taxpayer's circumstances can vary widely. We strongly encourage the Donor to consult with his or her tax advisor. CNCF disclaims any responsibility for the accuracy or adequacy of any position taken by donors in their tax returns.

CNCF's mission is to see Canadian Christians releasing their resources so they may fully experience God at work in their own lives and in our nation and beyond, and to see those resources used effectively by Canadian Christian charities.



The information in this document is of a general nature and should not be construed as legal, financial or tax advice to any person, since each person's circumstances are different. Donors should consult with their own legal, financial, investment and tax advisors for information about donating to CNCF.

Additional information can be attained from the CNCF website at www.cncf.ca or by mailing 89 Auriga Drive, Ottawa ON K2E 7Z2