

Donor Advised Funds with the Foundation

The United Church of Canada Foundation has an option for organizations looking for creative, low maintenance ways to steward their long term funds: a Donor Advised Fund.

The Foundation holds Donor Advised Funds and grants from these funds based on the establishing organization's advice; in essence, the organization decides how and what grants are made. These are long term funds that can be endowed or non-endowed. If you create an endowed fund with the Foundation, as with any endowment fund, the Foundation holds the capital in perpetuity for a purpose or purposes that you specify. Organizations that have created this type of fund have, for example, named support for ministry in their general geographic area, broad ministry purposes (e.g. theological education, Christian education programming, peace and justice work), and work with the United Church's global partners.

A Donor Advised non-endowed fund will support programs and ministries over many years and grants will consist of income and capital. Grants from this type of fund must go to an organization(s) other than the one that established the fund (e.g. a Region creates a fund to support communities of faith in its geographic area). If an organization wishes to create a long term fund to benefit its own operations, it would be best to consider investing directly with the Foundation's investment manager Fiera Capital.

Organizational long term funds need to have a balance of \$15,000 for meaningful grant-making. You can either transfer existing funds or establish a new fund and ask your members to contribute. They can make gifts directly to the Foundation for the fund (in which case, we'll provide the tax receipt) or your organization can collect the gifts and transfer them in one lump sum.

When you establish the fund, if its balance is below \$15,000, the Foundation reinvests income to help bring the fund to the granting threshold. Granting begins the year following the balance reaching \$15,000 at which point the Foundation uses the agreement set up collaboratively with your organization to direct grants.

There is an annual fee of 1.5% to cover the costs of maintaining and tracking your fund. Any remaining income is reinvested in your fund to hedge against inflation.

Steps to establish a Fund with the Foundation

1. Call the Foundation at 866-340-8223 to talk about your goals for the fund.
2. Decide transfer existing fund(s) or to create a new fund.
3. Decide on the purpose of the fund(s) and who will provide the organization's instructions on the grants and whether or not that will be done annually or in another fashion.
4. Work with Foundation staff to create a fund agreement that will define the terms of the fund.
5. Finalize and sign the agreement – may require a motion from a governing body and it is always a good idea to have any agreement or contract reviewed by your professional advisors.
6. Enjoy working with the foundation and seeing the fruits of your labour support the mission and ministry of your faith community now and far into the future.