

Private Giving Foundation

Program Guide



A simple, effective way
to support the causes
that matter to you



Introduction

The Private Giving Foundation (the “PGF”) is an independent, non-profit charitable corporation registered as a public foundation with the Canada Revenue Agency and with the Quebec Ministry of Revenue (the charity’s registered business number is 85721 0744 RR0001). The PGF was established to support and increase charitable giving in Canada, as well as educate potential donors on advantageous ways for Canadians to give. Participation in the PGF is subject to the laws applicable to Canadian charities, the terms and conditions of the PGF’s incorporating documents and bylaws, this Program Guide, and other PGF documentation, each as amended or created from time to time.

Inside

1. Opening an Account	3
2. Investment of PGF Assets	5
3. Donor-Advised Grant Recommendations	7
4. Fees and Expenses	9
5. Succession of Donor-Advisors	10
6. Income Tax Considerations	10
7. PGF Structure and Service Agreements	11
8. Bequest Examples	12
9. Communicating Information on Charities	14

1. Opening an Account

The PGF offers you the opportunity to establish a **donor-advised account**. PGF donor-advised accounts may be opened at the sole discretion of the PGF. This account provides you (the “donor-advisor”) with the ability to: make irrevocable charitable donations of cash or qualified securities (publicly traded stocks, bonds, mutual funds and segregated funds); receive an official donation receipt for such donations; and recommend to the PGF grants to registered charities and other qualified donees. A separate account is opened and maintained to allow each donor-advisor to track their donations. As part of the account-opening process, you will be asked to name the donor-advised account (e.g., The G. Raymond Fund, The Raymond Family Foundation, The Downtown Arts Fund or The Learning Project). While the account keeps track of the donations made by a donor-advisor to the PGF, the account and its assets are the property of the PGF.

The Directors’ Charity Fund. In addition to donor-advised accounts, the PGF will also maintain the Directors’ Charity Fund. The Directors’ Charity Fund is the PGF’s general endowment fund, built on an initial donation by TD, which PGF’s board of directors (“Board”) uses to make charitable grants at its discretion. No donor has the power to recommend grants from this fund. However, donors may recommend, if desired, that grants be made from a donor-advised account in accordance with the disbursements of the Directors’ Charity Fund.

Eligible Donations. The PGF will accept only donations of cash or qualified securities (publicly traded stocks, bonds, mutual funds and segregated funds). All new donors must complete and submit a Donor-Advised Account Application Form and a Deed of Gift Addendum with their initial donation. The minimum initial donation to the PGF is \$10,000. The minimum amount for each subsequent donation is \$1,000. Cash donations must be denominated in Canadian Dollars.



Third Party Donations. Third parties (individuals or corporations who are not the primary donor) may make donations to the donor-advised account (subject to the minimum \$1,000 subsequent donation requirement). These third parties will receive an official donation receipt from the PGF for their donations. Third party donors do not, however, obtain any advisory privileges (including grant recommendation privileges) with respect to such donations.



Valuation of Donations. Upon receipt of donations of qualified securities such as publicly traded securities or mutual funds, the PGF will establish, at its sole discretion and in accordance with the administrative position of the Canada Revenue Agency, a value for the donated securities for the purpose of issuing an official donation receipt. The PGF's policy is to value the donated securities based on the previous day's closing price.

Endowment Donations. In order for the PGF to build its capital and maximize the amount of grants which it is able to make to charitable organizations, the PGF will typically only accept gifts subject to a condition requiring that the property given to the PGF or property substituted for it by the PGF (collectively, "Property") be held for a minimum of 10 years. This policy is in line with the PGF's goal to encourage a long-term strategic approach to charitable giving and is at the discretion of the Board.

Approval of Donations. The PGF reserves the right to refuse any offered donation. Following acceptance of a donation, the PGF will provide quarterly statements to the donor-advisor that outline all activity in the donor-advised account during that period, including the current market value.

Donations are Irrevocable and Unconditional. Once accepted by the PGF, all donations are irrevocable and, therefore, not refundable under any circumstances. All donated assets are owned and held by the PGF. Donations with conditions attached to them will not be accepted into the PGF.

Testamentary Donations. A donor-advised account may also be used as part of an estate plan. For example, the PGF may be designated as a beneficiary of a bequest of cash or securities in a donor's Will. If individuals do not have an account with the PGF prior to death, they may wish to provide instructions to their Executor when making such a bequest to the PGF related to the identity of the donor-advisor or the grant recommendations to be given. Individuals may also designate the PGF as beneficiary for an RSP, RIF, TFSA, a life insurance policy or a charitable remainder trust, which may result in considerable tax relief. Tax and legal advisors should be consulted when setting up testamentary donations.

2. Investment of PGF Assets

Mutual Fund Portfolio. The PGF's current policy limits its investments to two balanced mutual funds that the Board has selected as an appropriate investment for the PGF. The Board has the sole responsibility and authority for investing the PGF's assets and may, without notice, remove or add mutual funds or other investments in which it invests from time to time. No mutual fund chosen will contain load or commission charges. Market fluctuations may cause the value of mutual funds allocated to a donor-advised account to be worth more or less than their value when they were initially purchased by the PGF. Initially, the PGF will invest in the following mutual funds:

TD Balanced Income Fund. This fund is managed by TD Asset Management Inc. ("TDAM"), an affiliate of The Toronto-Dominion Bank ("TD"), which receives fees for the services it provides to the fund. The fund's investment objective is to seek to provide income and moderate capital growth by investing primarily in fixed income and equity securities of issuers in Canada. For more detailed information on this fund, please [click here](#).

TD Monthly Income Fund. This fund is managed by TDAM. The fund's investment objective is to seek to provide a consistent level of monthly income with capital appreciation as a secondary objective, by investing primarily in income producing securities. For more detailed information on this fund, please [click here](#).

Cash Donations. Upon receipt of a cash donation, the PGF will invest the cash in units of the TD Balanced Income Fund and/or the TD Monthly Income Fund. The number of units will be determined as of market close on the business day on which the mutual fund units are purchased.

Donations of Securities. After the PGF receives donated securities, the securities will be sold at the earliest date commercially practicable under prevailing market conditions. The donor-advised account will be credited on a notional basis with the number of mutual fund units having an aggregate value equal to the net proceeds that





are actually realized by the PGF from the sale of the securities. These trades may be executed through an affiliate of TD. Such entities may earn brokerage commissions for effecting stock sales. Any costs incurred by the PGF to sell the securities will be deducted from the proceeds of the sale. Thinly traded or illiquid securities may require special treatment and their donation must be pre-approved by the PGF. The PGF reserves the right to reject offered donations of illiquid securities or any other securities.

Donors who are transferring securities to the PGF from financial institutions other than TD or its affiliates should be cautioned that there may be a delay in receiving securities and a possible charge imposed by the transferring institution which is out of the PGF's control. When physical securities are being delivered where the donor's instructions are to donate only a portion of the security to the PGF, the certificate will need to be split which may result in a charge and a delay.

Income and Capital Gains. The PGF may earn dividends, interest, other investment income and capital gains distributions from its mutual fund assets, in excess of the operating expenses of the PGF. Each donor-advised account will be allocated in units its pro rata share of net income and net realized capital gains if any by the PGF, from the mutual fund or funds allocated to the donor-advised account.

Accounting for Investments in Donor-Advised Accounts. The PGF allocates on a notional basis to the applicable donor-advised account, mutual fund units purchased from the proceeds of the related donation. The mutual fund determines the value of its securities at the end of each business day or as it otherwise considers appropriate.

3. Donor-Advised Grant Recommendations

Annual Grants. The PGF's ability to make grants in a year is limited by the PGF's disbursement policy. Around the beginning of each calendar year, the PGF will advise you of the amount that your account has available to grant to charities. Currently, the PGF expects that the annual grant amount for a donor-advised account will be approximately 5% of the market value of the previous year end. Typically, grants are not paid in the year that the initial donation is made to the PGF.

Recommending Grants. You may set up your donor-advised account recommendations as "recurring" which means that the same charities will receive the same percentages of recommended grants each year. Alternatively, if your grant recommendations are set up as "one-time," new grant recommendations must be provided annually. Donor-advisors can recommend that grants be made to specific qualified donees by completing the Grant Recommendation section of the Donor-Advised Account Application Form and, if required, the Additional Grant Recommendation Form. If grants to multiple charities are recommended, the suggested percentage to be allocated to each charity must be indicated on the Donor-Advised Account Application Form and/or Additional Grant Recommendation Form. Final decisions regarding grant and percentages allocated to qualified donees are made by the PGF. The PGF will consider all grant recommendations made when determining grants to be paid. If approved by the PGF, the recommended grants will be paid out of the donor-advised account to the grantee. The PGF has sole discretion with regard to all decisions pertaining to the use of PGF's funds, including grants made to qualified donees.



Restrictions on Grants. Grants can only be made to –

- charities registered with the Canada Revenue Agency,
- registered Canadian amateur athletics associations,
- universities outside Canada that are prescribed to be universities the student body of which ordinarily includes students from Canada,
- charitable organizations outside Canada to which the federal government has made a gift in the current calendar year or the previous calendar year,
- Canadian municipalities, and
- the United Nations or any of its agencies.

The PGF will not approve recommended grants that –

- are directed to foreign charitable organizations (other than as described above),
- fulfill a pre-existing legally enforceable pledge to a charity,
- provide private benefit to a donor-advisor,
- pay a specific child's tuition, or
- support political lobbying and campaigns or other political activities.

Furthermore, the PGF will not approve a recommended grant if it deems that it is not entirely charitable. The PGF will take remedial action if it discovers that grants have been made for improper purposes such as those listed above. Remedial actions may include, but are not limited to, requiring the return of a grant.

Grant Notification. Grants are made by the PGF through cheques bearing the name of the PGF. A letter from the PGF recognizing the name and address of the donor-advised account will accompany the grant cheque. Alternatively, should the donor-advisor wish to remain anonymous, the account name will not be disclosed. Donor-advisors will receive written confirmation of all grants distributed from their account as part of each quarterly donor-advised account statement. Should the PGF decide to not approve a recommended grant, the PGF will notify the donor-advisor in writing. Annual Grants will be paid to charities quarterly on or about April 1, July 1, October 1 and December 20. Grants will be made once per annum from each donor-advised account. These will be made in the quarter subsequent to the PGF having received the grant recommendation.

Grant recommendations must be received at least four (4) weeks prior to a scheduled grant quarterly payout. If a donor-advisor fails to make a grant recommendation by December 1 of any year, the grants required to be paid in that year will be paid out in accordance with the disbursement policy of the Directors' Charity Fund.

Number of Grants. The minimum donation to establish a donor-advised account is \$10,000. The donor-advisor for a donor-advised account with a \$10,000 balance will be permitted to recommend up to five grants each year.

4. Fees and Expenses

The expenses of operating the PGF will be allocated to the donor-advised accounts. The PGF intends to allocate these fees on the following basis –

Investment Expenses. Mutual funds may carry management and other expenses that are charged within the fund and reflected in their daily net asset values. The PGF does not pay a load or sales charge on the purchases or redemptions of mutual fund securities. The reduced annual management expense ratio for the PGF's investments in the TD Balanced Income Fund and the TD Monthly Income Fund, expressed as a percent of average assets of that fund, is 1% plus HST.

Account Management Charges. Each donor-advised account will be allocated an annual administrative fee of up to 1.5% plus HST of the account's assets to pay for the PGF's operating expenses. This fee is subject to reductions for accounts with assets above \$250,000, as set out below.

Average Daily Account Balance	Fee Schedule (per annum)
First \$250,000	1.50% plus HST
Next \$500,000	1.25% plus HST
Next \$250,000	1.00% plus HST
Additional Balance	Contact the PGF for details

Activity Charges. The PGF does not currently intend to allocate charges to donor-advised accounts for the processing of grants to charitable organizations.

5. Succession of Donor-Advisors

Appointment of Successors. Individual donor-advisors may appoint any person to succeed to the rights and duties associated with a donor-advised account upon death or incapacity of the donor-advisor. The successor must provide written notification and sufficient proof to the PGF of the donor advisor's death or incapacity and will then succeed to all rights and duties of a donor-advisor, including the ability to recommend subsequent grants. If a successor individual is a minor, the PGF requires that the minor's legal guardian make grant recommendations.

Joint Accounts. If a donor-advised account is maintained jointly, upon the death of one donor-advisor the remaining donor-advisor maintains the rights to recommend grants and designate successors. Successors become effective only after the death or incapacity of all donor-advisors named on the donor-advised account.

6. Income Tax Considerations

Fund Income and Grants. Income and capital gains from the investments in the donor-advised account are income and capital gains of the PGF. The donor is not subject to tax on any income or capital gains from any of the PGF's investments. When the PGF makes a grant from an account, the PGF is making a grant from its own assets. Donors are not eligible to claim an additional charitable donation credit or deduction (if the donor is a corporation) for these grants.

Income Tax Recognition of Donations. Donations to the PGF generally qualify for an individual income tax credit or corporate tax deduction in the current tax year as a charitable gift made to a registered charity, subject to certain limitations. For donations of qualified securities such as publicly traded securities or mutual funds, there will be zero capital gains to be included as income and therefore no capital gains tax owing. As the foregoing information is not tax advice, the PGF strongly encourages donors to consult a qualified tax advisor to identify the income tax considerations specific to their situation.

Annual Donation Limit. For individuals and corporations, the annual donation that may be claimed is limited to 75% of net income (100% in the year of death and the year immediately preceding death). Donations in excess of the applicable limit can be carried forward and claimed in any of the five following years, subject to the 75% limit in each year claimed.

Estate Planning. Donations to the PGF prior to death do not form part of the donor's estate and therefore are not subject to probate. Bequests to the PGF may not be so exempt. Donors should consult their legal and tax advisors regarding how the PGF can fit into their overall estate planning.

7. PGF Structure and Service Agreements

The PGF is a non-share capital corporation registered with the Canada Revenue Agency and the Quebec Ministry of Revenue as a public foundation. There is an independent Board that has full discretion over the PGF and its activities. Should the Board determine that it is necessary to terminate the PGF, the Board reserves the right to reassign the notional units held in donor-advised accounts to the Directors' Charity Fund and distribute assets to registered charities and other qualified donees.

TD established the PGF as an independent charitable corporation. The Board is comprised of a majority of directors who are independent of TD and its affiliates. The PGF may indemnify the Board against any liability to the fullest extent allowed by applicable law, and/or purchase appropriate insurance policies on behalf of the PGF and its directors.

The PGF has entered into a service agreement with TD to perform or arrange for administrative, recordkeeping, fundraising and certain other services for the PGF. The PGF has entered into an investment management agreement with TDAM, whereby TDAM will provide certain investment management services to the PGF. TD and TDAM receive remuneration for the services provided

pursuant to such agreements and may receive remuneration for other services provided to the PGF. A portion of the fees paid by the PGF pursuant to such agreements may be used to remunerate TD and its employees for such efforts. Each agreement may be terminated by the parties to such agreement on at least 60 days prior written notice, or on less prior notice in certain circumstances. The PGF expects that, in the event of such termination, TD and/or TDAM would have no further involvement with the affairs of the PGF.



8. Bequest Examples

Sample Bequest Language Where a Donor Expects to Change Selection of Charities During Their Lifetime.

To pay or transfer the residue of my estate to the Private Giving Foundation, BN/Registration Number 85721 0744 RR0001, to my donor-advised account (indicate PGF account number and name). If a donor-advised account has not been opened by me at the time of my death, I direct my Executors and Trustees to open such an account in the name of (your choice of fund name) ("the Fund"). The regulations for the investment of the Fund and the use of the income and capital of the Fund for charitable purposes shall be determined in the absolute discretion of the Board of Directors of the Private Giving Foundation. It is my wish that the Board of Directors of the Private Giving Foundation apply monies from the Fund to those charitable organizations selected on an annual basis in the absolute discretion of the Board of Directors of the Private Giving Foundation or to any registered charities which I may select in accordance with any memorandum that I may leave with this my Will.

Alternative Bequest Language Where the Selection of Charities is Known and is Binding in the Will.

To pay or transfer the residue of my estate to the Private Giving Foundation, BN/Registration Number 85721 0744 RR0001, to my donor-advised account (indicate PGF account number and name). If a donor-advised account has not been opened by me at the time of my death, I direct my Executors and Trustees to open such an account in the name of (your choice of fund name) ("the Fund"). The regulations for the investment of the Fund and the use of the income and capital of the Fund for charitable purposes shall be determined in the absolute discretion of the Board of Directors of the Private Giving Foundation. It is my wish that the Board of Directors of the Private Giving Foundation, in their absolute discretion, apply monies from the Fund on an annual basis in equal shares to (list as many registered charities as you wish along with their BN/Registration numbers).



9. Communicating Information on Charities

Donor-advised account holders may request to receive information from time to time regarding charities operating in their areas of philanthropic focus. Any such information provided by the PGF will be provided as a convenience for information purposes only. The PGF is not obligated to provide any such information. The PGF does not guarantee or take responsibility for the accuracy or completeness of any such information provided, and the PGF does not endorse or recommend any organization or program that may be mentioned.



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