

SICKKIDS CHARITABLE GIVING FUND



DONOR GUIDELINES

**SickKids<sup>®</sup>**  
FOUNDATION



## INTRODUCTION

SickKids Charitable Giving Fund is an independent, federally-incorporated public foundation (charitable business number 81802 6346 RR0001) registered with the Canada Revenue Agency (CRA). SickKids Charitable Giving Fund provides the resources and support donors require to make meaningful gifts, using an effective and strategic approach.

Since 1875, The Hospital for Sick Children (SickKids) has been a place of healing and hope. Today, SickKids is one of the largest paediatric academic health science centres in the world, with an international reputation for excellence in health care, research, and teaching. The exceptional and leading edge work conducted at SickKids has attracted many donors who want to impact children's health, and who also have other philanthropic interests.

SickKids Charitable Giving Fund offers donors a unique, charitable way of giving. Through a donor advised fund, donors recommend to SickKids Charitable Giving Fund where to direct their gifts. This allows donors more control, flexibility and involvement within their giving, and the opportunity to invest in a high-performing charitable portfolio with a low administrative fee. SickKids Charitable Giving Fund was established to facilitate gifts to SickKids and other charitable organizations. SickKids Charitable Giving Fund can receive, invest and administer gifts to SickKids Foundation as well as to other Canadian charities.

Establishing a donor advised fund offers several appealing benefits including:

- The ability to simply and effectively support SickKids and other charities;

- A strategic approach to giving – streamlining and centralization of investment and administration of assets;
- Strong SickKids investment track record and low-cost administration services;
- Immediate tax benefits – you receive a tax receipt for the full value of donations immediately or carry forward for up to five years; and
- The opportunity to create a culture of philanthropy and a lasting charitable legacy for you and your family.

## ESTABLISHING A DONOR ADVISED FUND

**ELIGIBILITY:** Individuals, companies, trusts and estates are all eligible to establish a donor advised fund. The principal donor will be the individual or entity who establishes the donor advised fund. The fund will reflect contributions, the fund's share of investment returns, and its granting activity.

Establishing a Fund:

1. **Complete a Donor Application** — Make a minimum initial commitment of \$50,000 (payable over five years). Initial payment towards commitment must be a minimum of \$10,000.
2. **Name your fund** — There are many options for naming a fund, but typically donors choose to name their fund after themselves, their families, relatives, or friends (e.g. The Williams Family Donor Advised Fund).
3. **Name additional donors** — At the time the fund is established, the principal donor may name other persons as donors to a fund.

Each additional donor may have complete and equal privileges to recommend grants.

**4. Name a successor(s)** — SickKids Charitable Giving Fund asks that donors designate an individual successor(s) to assume the role of donor advisor. If a donor does not name a successor(s) donor advisor or recommend a charitable organization, then upon the donor's passing, the funds will be disbursed by the SickKids Charitable Giving Fund Board ("the Board") without considering any recommendation by a donor advisor. In the event the donor is unable to appoint a successor(s) donor advisor to fill a vacancy, the legal personal representative of the donor may appoint a new donor advisor. In any year when there is no donor advisor or the donor advisor has not made any recommendations, or if the recommendations made are not acceptable to the Board, distributions will be made at the discretion of the Directors of the Board.

## CORPORATE STRUCTURE AND OPERATING AGREEMENTS

SickKids Charitable Giving Fund is an independent, federally-incorporated charity registered with the Canada Revenue Agency. SickKids Charitable Giving Fund Board ("the Board") has sole discretion with regard to all decisions pertaining to the use of SickKids Charitable Giving Fund monies, including grants made to qualified donees (recipient charitable organizations). Should the Board conclude that it is necessary to eliminate SickKids Charitable Giving Fund, the Board reserves the right to reassign all assets held in donor advised funds to SickKids Foundation and other qualified charities.

Ongoing operations of SickKids Charitable Giving Fund will be outsourced to SickKids Foundation. Existing Foundation staff and systems will manage all aspects of donor advised funds including donor relationships, receipting, stewardship, and accounting. SickKids Charitable Giving Fund will authorize the investment of its assets to SickKids Foundation.

## ADMINISTRATION FEE

The administration fee for a donor advised fund is one per cent of the fiscal year end balance of the fund's assets per annum. The fee will be paid out of each fund's assets once per year and include only those costs associated with operating expenses and other administration fees for each fund. SickKids Charitable Giving Fund reserves the right to adjust fees at any time with notice.

## CONTRIBUTIONS

**1. Irrevocable contributions** — All gifts made to a fund are irrevocable and the fund and its assets are the property of SickKids Charitable Giving Fund.

**2. Types of contributions** — SickKids Charitable Giving Fund accepts the following gifts:

- Cash contributions;
- Publicly traded securities including mutual funds, equities, stocks and bonds;
- Other property: Acceptance of real estate and donations of other assets will be decided on a case-by-case basis. SickKids Charitable Giving Fund will typically accept gifts that are subject to a condition requiring that the property given to SickKids Charitable Giving Fund, or property substituted for it by SickKids Charitable Giving Fund be held for a period

of not less than ten years, in accordance with the Income Tax Act. All donors will be asked to sign a fund agreement at the time of their initial donation. SickKids Charitable Giving Fund reserves the right to refuse any offered donation.

**3. Minimum contributions** — The minimum initial commitment is \$50,000 payable over five years. Initial payment towards commitment must be a minimum of \$10,000. Subsequent donations must be at least \$1,000.

**4. Third party contributions** — Third parties may make contributions to a fund and are eligible for a tax receipt. Third party donors do not obtain any advisory privileges.

**5. Estate Planning and a Donor Advised Fund** — Contributions to a fund can be an integral part of a donor's estate planning. There are many options for including a fund in one's estate plans:

- a fund can be designated beneficiary of a donor's estate;
- a fund can be beneficiary of other non-probate property such as:
  - *a life insurance policy*
  - *a charitable remainder trust*
  - *a charitable gift annuity*
  - *a Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF)*

Any of the above giving options may also result in considerable tax savings to a donor's estate. Please consult with advisors when considering changes to an estate. Upon request, SickKids Charitable Giving Fund can introduce you to a qualified professional from our SickKids Legacy Advisors program.

The names of all donor advised funds established will be added to the Hall of Honour on Main Street at The Hospital for Sick Children. The Hall of Honour recognizes individuals, families, corporations and other organizations that offer their generous support.

## INCOME TAX CONSIDERATIONS

**1. Charitable Tax Credits** — Because funds are owned and held by SickKids Charitable Giving Fund, donors are not subject to tax on any income or capital gains from investments. Donors are not eligible for additional tax credits based on each individual grant, as it is SickKids Charitable Giving Fund who is making the grants from its own assets.

**2. Annual Donation Limits** — According to Canada Revenue Agency regulations, individuals have an annual donation limit of 75 per cent of net income. Donations exceeding 75 per cent of net annual income can be carried forward and claimed within an additional five years. An exception occurs in the year of death (and the year immediately preceding death) at which time 100 per cent of net annual income can be claimed.

**3. Donations of Publicly Listed Securities** — As of May 1, 2006, gifts of publicly listed securities made to public foundations are exempt from capital gains tax. This significant new tax incentive makes gifting appreciated securities one of the most cost effective ways to donate to a donor advised fund.

## GRANT MAKING

**1. Distributions** — The **principal donor** will receive an annual statement confirming the amount of distribution allocated to the fund

and the amount available for granting. The disbursement rate is set by SickKids Charitable Giving Fund for which the current rate is 4.5 per cent of the fund’s market value.

A minimum percentage of the annual disbursement must be allocated to SickKids Foundation as outlined:

| FUND BALANCE       | DISBURSEMENT TO SICKKIDS           |
|--------------------|------------------------------------|
| First \$100,000    | 50 per cent of disburseable amount |
| Next \$900,000     | 20 per cent of disburseable amount |
| Additional Balance | 10 per cent of disburseable amount |

Disbursements to SickKids Foundation include programs at The Hospital for Sick Children, the SickKids Research Institute and SickKids National Grants Program. The SickKids Charitable Giving Fund Board has sole discretion with regard to all decisions pertaining to the use of SickKids Charitable Giving Fund monies, including grants made to qualified donees.

**2. Grant Recommendations** — Donors can recommend that grants be made to specific qualified donees by completing the Grant Recommendation Form. If grants to multiple charities are recommended, the suggested percentage to each charity must be indicated on the form. If approved by the Board, the recommended grant(s) will be paid out of the fund’s account to the grantee(s). If the donor does not submit recommendations by the required date, funds will be distributed at the sole discretion of the Board. All grant

recommendations and allocated percentages are subject to review and approval by the Board.

**3. Grant Restrictions** — Grants can only be paid to registered Canadian charities (not including private foundations). SickKids Charitable Giving Fund reserves the right to disallow any grant recommendation(s) if it feels that the recommended grantee(s) is not entirely charitable.

**4. Notification of Grants** — Grants will be issued to qualified grantees(s) by SickKids Charitable Giving Fund. An accompanying letter will include the name and address of the donor(s) unless the donor(s) prefers to remain anonymous. In the case of a donor’s request for anonymity, the name of the fund will not be disclosed. Grants will be disbursed annually on or about December 31.

**INVESTMENTS**

**SickKids Foundation Endowment**

SickKids Foundation Endowment Fund provides an important base of funding for outstanding paediatric care, research and education to benefit children at The Hospital for Sick Children, throughout Canada and around the world. The total market value of funds under management is \$484 million as of March 2006.

Endowment investments have outperformed industry benchmarks over a five-year period. SickKids Foundation Endowment Fund’s overall investment performance ranking, against other funds with a similar profile, also remains strong over a five-year period.

### SickKids Charitable Giving Fund Investing

SickKids Charitable Giving Fund will authorize SickKids Foundation to manage its investments in accordance with its Statement of Investment Policy and Objectives. As in the case of endowment funds, donor advised funds will be allocated an interest in the investment pool of the Foundation, expressed in units representing their proportionate share of the investment pool (pursuant to the Endowment Fund Unitization Policy).

#### FOR DONORS:

##### Working with your advisors

SickKids Foundation is committed to working with donors and their advisors to facilitate charitable giving that fits with a donor's personal, financial and philanthropic objectives. Working together to establish a donor advised fund with SickKids Charitable Giving Fund ensures that you will benefit from the tax advantages associated with charitable giving, while also contributing in a meaningful way to the causes that are important to you and your family.

Establishing a donor advised fund with SickKids Charitable Giving Fund will enable you to:

- Reduce your taxes on capital gains through the donation of publicly traded securities;
- Streamline and centralize investment and administration of gift assets;
- Benefit from the strong investment track record and low-cost administration services at SickKids Foundation;
- Support SickKids and other worthwhile charities;
- Receive an immediate tax receipt at the time of your initial contribution and for all subsequent contributions.

#### FOR PROFESSIONAL ADVISORS:

##### Working with a client

SickKids Charitable Giving Fund offers your client a cost-effective alternative to creating a private foundation. Combining our outstanding investment management track record and low administrative fee, we will work with you and your clients on a confidential basis to ensure that their personal, family, financial and philanthropic goals are met. Your client won't be treated as an "account," but as a welcome member of the SickKids family. As a professional advisor, you may be well aware of the tax advantages of donating appreciated securities. Donating securities may be one great way for your clients to establish and/or contribute to a donor advised fund through SickKids Charitable Giving Fund. We would be happy to provide you with more information about donor advised funds and maximizing tax advantages through a fund. Together, we can assist you in providing a comprehensive philanthropic plan for your clients.

The SickKids Charitable Giving Fund team is happy to work with you and your advisor(s) on a confidential basis to ensure that your goals are met. Please contact us for more information:

Angela L. Murphy

SickKids Charitable Giving Fund

525 University Avenue, 14th Floor

Toronto Ontario

M5G 2L3 Canada

Tel 416 813 8260

Tel 1 800 661 1083

Fax 416 813 8142

E-mail [givingfund@sickkidsfoundation.com](mailto:givingfund@sickkidsfoundation.com)

[www.sickkidsfoundation.com](http://www.sickkidsfoundation.com)

SICKKIDS CHARITABLE GIVING FUND

Angela L. Murphy  
SickKids Charitable Giving Fund  
525 University Avenue, 14th Floor  
Toronto, Ontario M5G 2L3

Tel 416 813 8260  
Tel 1 800 661 1083  
Fax 416 813 8142  
E-mail [givingfund@sickkidsfoundation.com](mailto:givingfund@sickkidsfoundation.com)

[www.sickkidsfoundation.com](http://www.sickkidsfoundation.com)