



# PLANNED GIVING

## Advisor's Guide



NATIONAL PROVINCIAL REGIONAL DISTRICT CLUB

4-H FOUNDATION OF ALBERTA  
R.R. #1 Westeros, AB T0C 2V0 (780) 682-2153




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# PLANNED GIVING

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## Thinking For The Future

### Introduction

The *4-H Foundation of Alberta* is proud to offer a Planned Giving Program for individuals wishing to assist 4-H in Alberta. The Alberta 4-H program currently consists of over approximately 450 clubs, 8,000 members, 2,500 leaders, and 250,000 Alumni members. The Alberta 4-H program is one of the largest youth programs in the province. This program is open to all youth between the ages of 9 and 21. We offer 4-H members growth opportunities through club programs, camps, tours, trips, and exchanges. Members are challenged to develop responsibility, communication, interaction, and leadership skills. Alberta 4-H has developed respect within rural communities as a result of the commitment and contributions made by the adult leaders.

The information provided in this package is general and is not intended to specifically answer questions that may be posed by any individual donor. Prospective contributors should review their own situations with their own professional advisors, accordingly.

Although we believe this publication provides accurate information based on the current applicable tax rules, users should understand that it is not intended to represent the rendering of legal, accounting, or other professional services. As for many financial decisions, prospective donors are strongly encouraged to consult with a competent professional advisor.

The information provided in this package can help maximize charitable gifts while minimizing taxes and, therefore, should be of interest to most clients. The Foundation is pleased to work with potential donors through their financial advisors. We are also pleased to meet with your clients, where appropriate, to develop a charitable giving plan that meets their interest while conforming to your professional advice.



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# THE 4-H FOUNDATION OF ALBERTA

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## What is it?

### The Organization

In 1977 the *4-H Foundation of Alberta* was formed as a non profit organization to build and operate the Alberta 4-H Centre. Since then thousands of 4-H members and youth groups, corporations, government departments and others have worked and socialized at the 4-H Centre at Battle Lake.

The mandate of the Foundation has been broadened to include administering provincial, regional, and district scholarships, managing 4-H trust funds and securing funds to ensure 4-H has resources to remain a strong youth program.

### Mission

The *4-H Foundation of Alberta* seeks, receives, and administers resources to enhance 4-H in Alberta.

### Alberta 4-H Structure

- **Alberta 4-H Council** represents 7 regions in Alberta. In each region there are, on average, 9 districts. Districts are a grouping of clubs from a common geographic area. **Alberta 4-H Council** is responsible for developing policy and giving direction for the Alberta 4-H program.
- **Alberta 4-H Branch** is responsible for the implementation and administration of the Alberta 4-H program.
- **4-H Foundation of Alberta** is responsible for the day to day operations of the 4-H Centre, the management and administration of funds to benefit and enhance the program, and providing administration services for provincial fundraising campaigns.



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## DETAILS

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Investment management services are professionally provided by Alberta Treasury Branch Investor Services within the policy guidelines established by the Board. Performance is monitored through quarterly meetings with the investment managers.

Professional Staff administer the Foundation. Operating expenses are paid from administrative fees, and from gifts designated by donors to help reduce the impact on endowment income.

Donations are welcome for the Alberta 4-H Legacy Fund, as well as for existing Field of Interest Funds and Designated Funds. Descriptions of these types of Foundation Funds are included on pages 3 & 4 and a listing of all the funds is included on page 14.

### **How is a fund established and what requirements must be met?**

You or your client normally initiates the process by advising the Foundation of your wish to establish a fund. The information required includes the name of the proposed fund, its purpose, and whether it is to be open to other donors, or closed.

We discuss the many options available and then assist with the preparation of a fund agreement form, tailored to your client's interest and needs, which requires signature and our Board approval.

Any desired restrictions must be placed on the fund at the time of its creation. The fund can be added to at any time, but the purpose or purposes must remain consistent with the stipulations in the original agreement.

Should the donor's interest change over time, one or more additional funds can be created to achieve alternative charitable purposes. A gift agreement form will be created for each fund.

Certain minimums apply due to the fact that an endowment fund is created as a permanent entity. The minimum can be achieved over an agreed-upon period of time. At present, our Board has established a minimum of \$5,000 for the following endowment funds:

### **Named fund within the Alberta 4-H Legacy Fund**

- Field of Interest Fund
- Designated Fund
- Donor Advised Fund

Non endowment funds (Flow Through Funds) in terms of minimum amounts and purposes are considered on a case-by-case basis, and will be only a small portion of the donor's gift.

Funds can be created with tax-exempt donations made in any appropriate form, including cash, securities, real estate or life insurance.



## What fees are charged?

There is no charge to set up a fund in the *4-H Foundation of Alberta*.

Investment management and custodial fees are allocated to funds on a proportionate basis. The allocation of Foundation operating costs to funds decreases as the entire Foundation capital increases.

The current annual administrative fee charged to most funds is 10% of annual earned income. This covers all costs—the investment management fee, the custodial fee and Foundation administration.

## What information can donors expect to receive?

Each donor will receive their fund Report package in the spring with the overall 4-H Foundation Annual Report available on request. The package includes audited financial statements and a review of the *4-H Foundation of Alberta's* activities over the last year. The donor will also receive periodic reports on grants made from the fund.

The donor's name will be added to our mailing list to receive regular newsletters and other information about the Foundation that may be provided from time to time. Donors are invited to join with other donors and friends of the Foundation at our annual general meeting. They may also meet with members of our staff or Board to discuss any aspect of charitable giving.

Some donors prefer to remain anonymous. The Foundation respects their wishes at all times.

## Types of endowment funds, and who donated to them

A donor to the *4-H Foundation of Alberta* can either make a gift to the Foundation of any size to an existing endowment Fund, or establish a new Fund. The threshold requirement for the establishment of a Fund is generally \$5,000. The Foundation will work with a donor to establish a mutually agreeable time period for the threshold to be in place.

### Funds can be allotted in a number of ways:

- **Alberta 4-H Legacy Fund** donors permit the Foundation to decide where the income can be used most effectively each year to meet community needs as they change from generation to generation.
- **Field of Interest Funds** are those where the donor can direct the earnings from a Fund to a particular area of interest such as scholarships, the Alberta Legacy Fund, etc.
- **Designated Funds** are Funds under which the donor has specified one or more charitable organizations to be the perpetual beneficiaries of the annual income from the Fund.
- **Donor Advised Funds** are those where the donor retains the right to advise the Foundation each year which charitable organizations are to benefit from the fund's earnings. Revenue Canada policy requires that the final decision rest with the Foundation, however, the Foundation will honour the donor's wishes as long as the organization is registered as a Qualified Donee with Revenue Canada.
- **Named Funds** are Funds established to honour a person or a family. They can be established within the Alberta 4-H Legacy Fund, as a Field of Interest Fund, as a Designated Fund, or as a Donor Advised Fund.



- **Flow Through Funds** are non-permanent funds, established when a donor wishes to keep their gifting simple but wanting some (less than 50%) of their gift to go directly to a designated charitable organization(s).

It is not only individuals who can take advantage of the resources of the *4-H Foundation of Alberta*. For example:

- **A charity that wishes to establish its own endowment fund** but does not have the resources to fully administer and invest it, may wish to establish an Agency Endowment Fund with the Foundation. Agency Endowment Funds are those where a charitable organization may set up within the Foundation to which anyone may contribute as a long-term plan to ensure financial stability. The aggregation of funds within the Foundation increases the prospect of an enhanced investment return and contributes to reducing the investment management fee rate.
- **A corporation that wishes to rationalize its giving programme**, or reduce the administrative cost of dealing directly with request for funding, may wish to set up a Donor Advised Fund and use the resources of the Foundation to evaluate requests.
- **A family that is considering setting up a family foundation** may find it quicker, cheaper and less troublesome on an ongoing basis to set up a Named Fund with the Foundation, without sacrificing any of the real benefits of having a Family Foundation.



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## GIFTS OF CASH, INCLUDING MEMORIAL FUNDS

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The cash gift is the traditional and familiar form of charitable giving. The *4-H Foundation of Alberta* will issue an income tax receipt promptly after the gift is received. Donors will then, receive a tax credit.

### Lump Sum Gifts

Donations that exceed the 75% threshold (as defined by Revenue Canada) can be used over the next five years – for a total of six years. Donation receipts can also be saved for up to five years and then used all at once. However, the latter option should only be chosen if the donor is sure that the entire amount can be used. If the donation receipts are not used within the time limit, they will be lost as a tax savings.

### Annual Gifts

An annual cash gift programme can be a tax savings option for an elderly person who has plans to make a large charitable donation upon his or her death. If the gift is saved until the donor dies, the charitable credit cannot be applied backwards the same way it can be applied forwards (See page 7-8: Gifts Made Through Wills). All cash gifts are added to the capital base (or endowment) of the Foundation.

In either of the above situations, a donor making a cash gift to the *4-H Foundation of Alberta* may direct it:

1. To the Foundation generally;
2. To a particular charitable purpose;
3. To an existing fund within the Foundation;
4. To establish his or her own fund - either immediately, or with a series of payments. In order to keep administrative costs down, an aggregate contribution threshold of \$5,000 is required in order to establish a separate fund. Once a fund is established, it receives permanent recognition in the Foundation's Annual Report.

**A Memorial or Named Fund** within the *4-H Foundation of Alberta* is a particularly effective way to marshal cash gifts. After a relative's death, instead of directing friends to make a small donation to the charity of your choice, the family can direct donations to the Named Fund within the *4-H Foundation of Alberta*. If it is to become a new named fund, a pledge to top up the contributions to the \$5,000 minimum is required. The deceased receives permanent recognition (the capital is maintained in perpetuity in a fund named for him or her). The family has the option to specify how the earnings of the fund are to be spent and continue to be involved in the annual allocation of the earnings.





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## GIFTS OF PROPERTY OTHER THAN CASH

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Subject to reasonable limits, donors may give property to the *4-H Foundation of Alberta* in a form other than cash.\* This can offer a real tax advantage for a donor who wishes to avoid capital gains exposure.

Recent changes to the treatment of capital gains associated with gifts of appreciated property have made this option even more attractive to prospective donors. The changes introduced in the Federal Budget of 1996 effectively provided a 100% limit on the portion of a donation of appreciated property that must be included in a donor's taxable income. The changes introduced in the Federal Budget of 1997 allow individuals and corporations who donate shares and other securities listed on prescribed stock exchanges to include only 37.5% of the capital gain (instead of 75%) arising on the disposition of the shares or securities. This latter change is intended to provide a significant incentive for donors contemplating gifts of marketable securities to a charity.

Alternatively a provision of the Income Tax Act still permits a donor to elect the tax value at which the property is transferred to the Foundation. For example, a donor holding a stock portfolio can transfer the portfolio to the Foundation at its adjusted cost base, and, therefore avoid triggering any capital gain at all. He or she will also receive a tax receipt of the amount of the adjusted cost base of the portfolio. The Foundation may well decide to liquidate the portfolio the next day, but the Foundation does not pay tax.

Changes introduced in the Federal Budget effectively also eliminate the recapture of capital cost allowance (CCA). A donor of depreciable property will now have sufficient tax credits or deductions to offset the tax arising from the recapture of CCA by further increasing the new net income limit of 75% by an additional 25% of any CCA recapture arising from such a donation. The donor will receive a tax receipt for the donation of appreciable property that will shelter 100% of the recapture of CCA.

In an appropriate case, the *4-H Foundation of Alberta* can arrange for the donor to retain the use of the donated asset for his or her lifetime. This will have some effect on the value of the receipt.

\* For example, we would be unlikely to accept a gift of an operating business.




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## GIFTS MADE THROUGH WILLS

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Wills are popular vehicle for donors to make gifts to charities. The key to a successful gift in a Will is to be aware of different ways the gift can be structured.

*Some of the possibilities are:*

1. **Give a fixed sum to the 4-H Foundation of Alberta in any and all events.** The advantage of this technique is that it gives the Foundation no standing to oversee the executor's conduct of the estate administration, and is simple to administer.
2. **Give a proportionate share to the Foundation in any and all events.** This allows the value of the donation to stay in proportion to the size of the estate.

**Think of the estate as a series of layers of value.** Give the first layer to the immediate family to ensure they are well provided for. But then, if there is some left over, give a layer to the 4-H Foundation of Alberta to address 4-H needs.

3. **Give a Contingent Gift.** For example, the donor may designate that the Foundation receive the gift if a primary beneficiary predeceased the donor and the donor is less anxious to benefit secondary beneficiaries.
4. **Make a gift of a particular asset,** such as the proceeds of insurance payable on death or the rights to oil well royalties. (See Page 12 & 13: Gifts of Life Insurance and Annuities).
5. **Create a Testamentary Trust In The Will.** This is a type of charitable remainder trust. Instead of making an outright gift to a person who primarily requires income, a Trust is created to provide income to that person, with the capital to be distributed to The Foundation when he or she dies. The benefit to the donor is that the charitable purpose is pre-established, and a charitable receipt is applied to the year of the donor's death, thus benefiting the estate. From a tax-planning standpoint, care must be taken in drafting such a provision, as the tax receipt will be for the value of the capital adjusted for the life expectancy of the beneficiary.
6. **Identify the 4-H foundation of Alberta as a beneficiary of last resort,** if all those whom the donor primarily wanted to benefit, die.

*(Sample clauses for inclusion in Wills are attached on page 8 following this section of the Handbook)*

To its credit the Will is marvelously flexible. It can be changed at any time up until death, provided the donor has testamentary capacity. However, it is worth remembering the obvious fact that the Will, and the terms of the gift made by the Will to the 4-H Foundation of Alberta, cannot be changed after the donor's death. If the donor plans a gift other than a general gift or a gift for generally defined objectives, he or she should discuss this with the 4-H Foundation of Alberta. Further, the donor may want to enter into an agreement to create a fund at his or her death, which will ensure the gift can be practicably applied. In that manner, the Will can simply direct payment to the 4-H Foundation of Alberta in accordance with the agreement.

A charitable donation made at death is now subject to a limit of 100% of income, which can be carried back for only one year (subject to the same 100% of income limit in the taxation year prior to



death) and cannot be carried forward at all. However, a substantial donation could still exceed 100% of income in both the year of death and the year preceding death, which would result in any excess being wasted in a tax sense. (See Page 5: Gifts of Cash, Including Memorial Funds; Page 11: Gifts Made Through Trusts; and Page 12-13: Gifts of Life Insurance)




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## EXAMPLES OF SAMPLE CLAUSES AND AGREEMENTS

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SAMPLE CLAUSE FOR AN IMMEDIATE GIFT OF CASH OR PROPERTY TO AN EXISTING ENDOWMENT FUND (Immediate gifts of cash or property to establish new endowment funds require Agreements.)

“I/We, Name of Donor(s), hereby give to the *4-H Foundation of Alberta*, the assets described below, to be held in the Name of Existing Fund . The effective date of this gift shall be the date of receipt and acceptance by the Foundation.

### Sample Clauses For Inclusion In Wills

#### A. To The Alberta 4-H Legacy Fund

“I give, devise and bequeath:

*(Describe assets that are the subject of the bequest – for example, a stated sum or the residue of the estate or a percentage of the residue of the estate)*

to the *4-H Foundation of Alberta* to be included as a part of the Alberta 4-H Legacy Fund with income to be used for general charitable purposes.”

#### B. To The Alberta 4-H Legacy Fund As A Named Fund

“I give, devise and bequeath:

*(Describe assets which are the subject of the bequest – for example, a stated sum or the residue of the estate or a percentage of the residue of the estate)*

to the *4-H Foundation of Alberta* to be included as a part of the Alberta 4-H Legacy Fund under the name \_\_\_\_\_ with income to be used for general charitable purposes.”

#### C. To A Field Of Interest Or Designated Fund

“I give, devise and bequeath:

*(Describe assets which are the subject of the bequest – for example, a stated sum or the residue of the estate or a percentage of the residue of the estate)*

to the *4-H Foundation of Alberta* to be held as a permanent endowment fund named the \_\_\_\_\_ Fund, with income to be used to support (specify the field of interest, or, specific charitable organization) and in the event that it is not possible to support this interest, the income shall be



directed to grants within the Alberta 4-H Legacy for purposes which correspond to the intent of the original gift.

#### D. A Contingent Bequest

“In case any bequest made by this will shall by reason of the death of the beneficiary in my lifetime, or for any other reason fail to take effect, the property so bequeathed is to go to the *4-H Foundation of Alberta*, to be held as a permanent endowment fund, named the \_\_\_\_\_ Fund, with income to support general charitable purposes, field of interest or specific charitable organization).

*In all of the above situations, the foundation is always appreciative of knowing when a donor intends to leave a bequest from an estate; however, it is not necessary to do so.*



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## GIFTS MADE THROUGH AN INTER VIVOS TRUST

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A Trust can be a great vehicle by which to make a large gift. This is because a tax receipt can be obtained right at the time the Trust is created, and applied against other income for up to six years. The assets are actually transferred to the Foundation at the time the Trust is created, however the donor (or a beneficiary designated by the donor) remains the recipient of all income during his/her lifetime.

The technique requires that the donor set aside a certain fund of money. The Trust Agreement sets out that the donor (or a nominee) will control the management of the fund as trustee and that the donor (or a nominee) will receive the income from the fund while he or she is alive. Upon his or her death, the fund will be payable to the *4-H Foundation of Alberta*. The donor, in essence, forgoes the right to use the capital, or to change his or her mind as to where the capital goes on his or her death.

Once the Trust is funded, the Foundation will issue a tax receipt in the year the Trust is created, but not for the full amount paid to the Trust. The amount is, instead, discounted by the remaining life expectancy of the donor. The capital must be left intact for the charity, or only eaten into at a fixed rate. If the trustee has the discretion to eat into the capital for the benefit of the donor without limitation, the tax receipt will be valueless.

This sort of arrangement is referred to as a **Charitable Remainder Trust**. The Trust is established by and for the immediate benefit of a living individual (INTER VIVOS TRUST). The inter vivos trust, when established properly, will have the added benefit of avoiding probate fees that would be charged on the assets if they were dealt with by the donor's Will.

The transfer of non-cash property to the Trust will normally generate a deemed disposition of that property at fair market value, and therefore produce taxable income. However, the donor can select the tax value at which property is transferred, and therefore, if desired, avoid exposure to any capital gain, or trigger enough income to offset losses incurred elsewhere. The changes made in the Federal Budget of 1997 gives a donor other options for minimizing any increase to his or her taxable income as a result of capital gains realized on the donation. (See Page 6: Gifts of Property Other Than Cash)

Where real estate is involved, the donor can avoid the use of a formal Trust agreement and simply transfer the property to the *4-H Foundation of Alberta* subject to his or her registered **Life Interest**.

The charitable remainder trust might work well in the following case: an elderly couple with no children, or with well-to-do children, plan to leave some of their combined estate to the *4-H Foundation of Alberta* after they both die. They are confident that they can commit a portion of their capital to the Foundation now, and receive only the income it produces. They like the idea that control of the capital remains in their hands. They understand the ground rules: they cannot touch the capital, and they cannot change the ultimate beneficiary. They also realize that the value of the assets placed in such a Trust will not form part of their estate for probate fee calculation.



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# GIFTS OF LIFE INSURANCE AND ANNUITIES

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## Life Insurance

Life insurance offers a host of possibilities for making a gift with significant value. Its appeal lies in its affordability for those with little cash savings to make large cash gifts-but it can also be attractive for the elderly donor who is prepared to forego a lump sum to see it returned as a death benefit. There are several options.

- The *4-H Foundation of Alberta* owns life insurance. A donor purchases a policy and then immediately donates it to the Foundation, which designates itself as beneficiary. The donor will receive acknowledgment from the Foundation as soon as the policy is purchased and assigned. The donor continues to pay the premiums and receives a charitable receipt for each premium payment.
- A donor can give an **Existing Policy** to the *4-H Foundation of Alberta*, in which case he or she received a tax receipt for the cash surrender value of the policy.
- **Paid Up Insurance Policies** may also be given to the *4-H Foundation of Alberta* during the lifetime of the donor, but care must be taken, in the case of an absolute assignment, to check whether this might trigger personal tax problems.
- The donor can also own life insurance. In this case, the donor does not receive a tax credit for the premiums; instead, he or she received a credit for the death benefit left to the charity in his or her Will. The charitable donation (to a limit of 100% of income in the year of death and the year preceding death see Page 7-8: Gifts Made Through Wills) - will reduce taxes otherwise payable at death, such as capital gains arising from deemed disposition. It is doubtful whether the designation of the *4-H Foundation of Alberta* as beneficiary of the policy (as opposed to designating the estate as beneficiary and then giving the proceeds to the Foundation) qualifies the gift for a tax credit.

## Annuities

*The discussion in the first paragraph below is inserted to give the reader an insight into this technique and in anticipation of its near term applicability to community foundations.*

1. An annuity is a life insurance product. **A Charitable Annuity** is an annuity issued by the Foundation, and underwritten by a life insurer. The donor gives the Foundation a lump sum, and the Foundation in turn, through the insurer, promises to pay the donor an agreed upon series of payments for life. Revenue Canada publishes a life expectancy table that allows the Foundation to calculate, as a lump sum, the level at which this stream of payments represents only a return of the original capital to the donor. Anything less is an immediate charitable gift that generates a receipt, and all the payments made under the annuity are tax-free.
2. Donors frequently combine **A Non-Charitable Annuity With A Life Insurance Purchase**. The annuity payments are, in part, used to fund a *4-H Foundation of Alberta*-owned life insurance policy, with the result that the charitable receipt for the annual premiums reduces the taxable component of the annuity. Those in the life insurance field maintain that the use of this technique produces a higher annual income for the donor than simply investing the capital in a term deposit, paying tax on the interest, and leaving the capital to charity by Will. A close comparison should be made with the charitable remainder trust (See Page 11: Gifts Made Through Trusts).



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## CORPORATE GIVING

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The *4-H Foundation of Alberta* can offer a corporation or an active shareholder a cost-effective opportunity to give back to the community.

In general, the 4-H Foundation is an attractive alternative to the other foundations for corporations and shareholders.

### **The Owner Managed Corporation**

An entrepreneur who owns a corporation has an opportunity to give more on a tax effective basis than the average taxpayer. This is simply because the corporation can give up to 75% of its income to charity and deduct the gift from income, without affecting the owner's personal giving room.

Charitable giving can also help a donor out of a tax predicament. When an owner dies, his or her shares in the corporation are deemed to be disposed of for tax purposes at their fair market value. If, well in advance of an owner's death, the corporation purchases both insurance on the owner's life and makes a substantial donation to the 4-H Foundation, two things will happen. First the charitable donation will be deductible to the corporation. Second, proceeds of life insurance will be paid to the corporation after the owner's death and will replace the funds that went to the 4-H Foundation. Because the cost of the insurance and the charitable donation will deplete the assets of the corporation, the fair market value of the corporation's assets will be less at the owner's death than if no steps had been taken. And because the proceeds of insurance are received after the owner's death and are insurance by nature, they may be paid out tax-free. The net result is far more cost effective than for the corporation simply to make a donation out of its cash assets after the owner's death.

### **The Larger Corporation**

A larger corporation can both rationalize and "insulate" its giving program by setting up a fund at the 4-H Foundation. Rationalization is achieved by giving the program a single focus, which can be developed with the assistance of the 4-H Foundation and which will allow for the participation of management and employees to the extent desired. The corporation is also insulated from the day-to-day administration associated with vetting charitable requests since it can advise applicants that it does all its giving through the 4-H Foundation. The 4-H Foundation can act as the charitable arm of the corporation.

### **The High Growth Potential Corporation**

The corporation that needs all its working capital to grow can nevertheless make a difference. For a start-up corporation that has little equity value, shares can be donated by the principals or issued by the corporation that will, if the company grows, represent a significant charitable gift once they are sold or redeemed. This would allow a corporation to potentially become a major community supporter at a relatively low cost.

For a corporation that has already built up value but has little surplus cash, options to acquire equity can be granted that represent a gift only of the future growth in the value of the shares. This may be of particular interest if a corporation is either considering, or has recently completed, an initial public offering. In addition, an individual shareholder can, where not prohibited by the corporate constitution, create options to purchase his or her own shares.





## TRUST FUNDS HELD BY THE FOUNDATION

Fund Name	Fund Purpose
<b>Alberta 4-H Legacy Fund</b>	The Alberta Legacy Fund was established to provide a source of funding for clubs, districts, regions or 4-H programs seeking financial assistance to host activities for the betterment of 4-H in Alberta.
<b>Alberta 4-H Scholarship Fund</b>	The Alberta 4-H Scholarship Fund is set up to receive donations to establish scholarships and bursaries. The scholarships and bursaries are available to 4-H members, present and former, seeking post secondary education. If a donation is large enough, and a request is made by the donor, a scholarship specific to that donation will be created.
<b>Alberta 4-H Program Trust Fund</b>	This fund was established to administer the collection and disbursement of 4-H program fees. The 4-H Branch Head or individual(s) designated by the 4-H Branch Head authorizes the disbursement of funds from this Trust Fund.
<b>Alberta 4-H Sponsor Trust Fund</b>	This fund was established to administer the collection and disbursement of 4-H Sponsor Trust Funds. The 4-H Branch head of individual(s) designated by the 4-H Branch head authorizes the disbursement of fund from this trust fund.
<b>Alberta 4-H Council Fund</b>	The <i>4-H Foundation of Alberta</i> administers the general operating fund for the Alberta 4-H Council. The Treasurer of the Alberta 4-H Council approves all expenditures.
<b>Alberta 4-H Ambassadors Fund</b>	This fund was established in 2003 to deposit and disburse funds related to the fundraising activities of the Alberta 4-H Ambassadors.
<b>Provincial 4-H Committees Fund</b>	This fund was established in 2003 to deposit and disburse funds related to the fundraising and expenses of Provincial 4-H Committees. The fund is used primarily by PELF (Provincial Equine Leaders Forum) and BUD (Beef Update Committee) for revenues and expenses not covered through program registration. The 4-H Branch Head approves all expenditures.
<b>Healy Estate Fund</b>	The Healy Estate Fund was established so that the <i>4-H Foundation of Alberta</i> could receive the residue of the Keith Garnet Healy Estate and manage the funds on behalf of the Coronation Healy Estate Committee. The Coronation Healy Estate Committee determines how the funds are disbursed and the 4-H Foundation insures that the disbursements are in line with the wishes and direction provided by the Keith Garnet Healy Estate.



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# FORMS

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The following pages are actual examples of Agreement Forms used to establish new Funds. In each case, the Agreement Form requires an Attachment A and this is included as the last page of the forms.

1. Named Fund in the Alberta 4-H Legacy Fund Form
2. Field of Interest Fund Form
3. Designated Fund Form
4. Donor Advised Fund Form
5. Flow Through Fund Form
6. Attachment A (applies to all)



# AGREEMENT TO ESTABLISH THE \_\_\_\_\_ FUND

*(Named Fund, Within the Alberta 4-H Legacy Fund)*

Note: If the Fund is to be a Designated Fund, Field of Interest Fund or Donor Advised Fund, the Agreement Form for such a choice shall be used.

I/We \_\_\_\_\_, hereby give the *4-H Foundation of Alberta*, the assets described in Attachment A, subject to the following conditions:

1. The assets given and any additions thereto shall be accounted for and designated by the *4-H Foundation of Alberta* as \_\_\_\_\_.
2. The *4-H Foundation of Alberta* will issue receipts valid for income tax purposes for all charitable donations it receives for the Fund.
3. The *4-H Foundation of Alberta* will retain all capital contributions in the endowment of the Fund in perpetuity and invest them in accordance with its Investment Policy.
4. The *4-H Foundation of Alberta* will properly memorialize the Fund in the *4-H Foundation of Alberta* Annual Report and other promotional efforts and will identify Fund distribution to beneficiaries as coming from the Fund and the *4-H Foundation of Alberta* except as otherwise directed in writing by the donor.
5. The *4-H Foundation of Alberta* will apply the Designated Fund Policy to the Fund which permits the *4-H Foundation of Alberta* to charge an annual administrative fee of 10% of annual earned revenue.
6. The *4-H Foundation of Alberta* will distribute the income from the Fund to activities of Qualified Donees deemed as necessary or desirable to further the Foundation’s objectives and purposes.
7. The *4-H Foundation of Alberta* will apply its Preservation of Capital Policy to the Fund which states that the annual disbursement quota will be determined annually, based upon the previous year’s investment income, by the Board of Directors – in accordance with Revenue Canada Regulations, the quota will meet or exceed 4.5%.

**The *4-H Foundation of Alberta* hereby accepts the gift and the conditions thereof:**

<p><i>4-H Foundation of Alberta</i> Designate</p> <p>_____</p>	<p>Donor’s Name</p> <p>_____</p>
<p>Title</p> <p>_____</p>	<p>Donor’s Signature</p> <p>_____</p>
<p>Signature</p> <p>_____</p>	<p>Address</p> <p>_____</p>
<p>Date</p> <p>_____</p>	<p>Date</p> <p>_____</p>

*(Attachment A constitutes an integral part of this agreement)*



# AGREEMENT TO ESTABLISH THE \_\_\_\_\_ FUND

*(Donor Advised)*

I/We \_\_\_\_\_, hereby give the *4-H Foundation of Alberta*, the assets described in Attachment A, subject to the following conditions:

1. The assets given and any additions thereto shall be accounted for and designated by the *4-H Foundation of Alberta* as the \_\_\_\_\_ Fund.
2. The *4-H Foundation of Alberta* will issue receipts valid for income tax purposes for all charitable donations it receives for the Fund.
3. The *4-H Foundation of Alberta* will retain all capital contributions in the endowment of the Fund in perpetuity and invest them in accordance with its Investment Policy.
4. The *4-H Foundation of Alberta* will properly memorialize the Fund in the *4-H Foundation of Alberta* Annual Report and other promotional efforts and will identify Fund distribution to beneficiaries as coming from the Fund and the *4-H Foundation of Alberta* except as otherwise directed in writing by the donor.
5. The *4-H Foundation of Alberta* will apply the Donor Advised Fund Policy to the Fund that permits the *4-H Foundation of Alberta* to charge an annual administrative fee of 1.50% of value of the fund prior to distribution, with changes to the fee as required by policy decision of the Foundation Board.
6. Upon direction of the Donor/Donor Designate the *4-H Foundation of Alberta* will distribute the income from the Fund to Qualified Donees as defined by Revenue Canada and as agreed by the Foundation to further its objectives and purposes.
7. The *4-H Foundation of Alberta* will apply its Preservation of Capital Policy to the Fund which states that the annual disbursement quota will be determined annually, based upon the previous year's investment income, by the Board of Directors – in accordance with Revenue Canada Regulations, the quota will meet or exceed 4.5%.
8. Upon the decease of the Donor/Donor Designate, the Fund shall revert to the Alberta 4-H Legacy Fund of the Foundation, for direction by the Foundation Board of the income earned to charitable purposes.
9. The Fund shall be considered created on the date this executed agreement and the gift are accepted by the *4-H Foundation of Alberta*.

**The *4-H Foundation of Alberta* hereby accepts the gift and the conditions thereof:**

<p><i>4-H Foundation of Alberta</i> Designate</p> <p>_____</p>	<p>Donor's Name</p> <p>_____</p>
<p>Title</p> <p>_____</p>	<p>Donor's Signature</p> <p>_____</p>
<p>Signature</p> <p>_____</p>	<p>Address</p> <p>_____</p>
<p>Date</p> <p>_____</p>	<p>Date</p> <p>_____</p>

*(Attachment A constitutes an integral part of this agreement)*



# AGREEMENT TO ESTABLISH THE \_\_\_\_\_ FUND

*(Field of Interest)*

I/We \_\_\_\_\_, hereby give the *4-H Foundation of Alberta*, the assets described in Attachment A, subject to the following conditions:

1. The assets given and any additions thereto shall be accounted for and designated by the *4-H Foundation of Alberta* as the \_\_\_\_\_ Fund.
2. The *4-H Foundation of Alberta* will issue receipts valid for income tax purposes for all charitable donations it receives for the Fund.
3. The *4-H Foundation of Alberta* will retain all capital contributions in the endowment of the Fund in perpetuity and invest them in accordance with its Investment Policy.
4. The *4-H Foundation of Alberta* will properly memorialize the Fund in the *4-H Foundation of Alberta* Annual Report and other promotional efforts and will identify Fund distribution to beneficiaries as coming from the Fund and the *4-H Foundation of Alberta* except as otherwise directed in writing by the donor.
5. The *4-H Foundation of Alberta* will apply the Field of Interest Fund Policy to the Fund that permits the *4-H Foundation of Alberta* to charge an annual administrative fee of 1.50% of value of the fund prior to distribution.
6. The *4-H Foundation of Alberta* will assign the income from the Fund to the following Field of Interest, paid to a Qualified Donee: \_\_\_\_\_
7. The *4-H Foundation of Alberta* will apply its Preservation of Capital Policy to the Fund which states that the annual disbursement quota will be determined annually, based upon the previous year's investment income, by the Board of Directors – in accordance with Revenue Canada Regulations, the quota will meet or exceed 4.5%.
8. The Fund shall be considered created on the date this executed agreement and the gift are accepted by the *4-H Foundation of Alberta*.

**The *4-H Foundation of Alberta* hereby accepts the gift and the conditions thereof:**

*4-H Foundation of Alberta* Designate

Donor's Name

\_\_\_\_\_

\_\_\_\_\_

Title

Donor's Signature

\_\_\_\_\_

\_\_\_\_\_

Signature

Address

\_\_\_\_\_

\_\_\_\_\_

Date

Date

\_\_\_\_\_

\_\_\_\_\_

*(Attachment A constitutes an integral part of this agreement)*



**AGREEMENT TO ESTABLISH THE \_\_\_\_\_ FUND**  
*(Designated)*

I, \_\_\_\_\_, hereby give the *4-H Foundation of Alberta*, the assets described in Attachment A, subject to the following conditions:

1. The assets given and any additions thereto shall be accounted for and designated by the *4-H Foundation of Alberta* as the \_\_\_\_\_.
2. The *4-H Foundation of Alberta* will issue receipts valid for income tax purposes for all charitable donations it receives for the Fund.
3. The *4-H Foundation of Alberta* will retain all capital contributions in the endowment of the Fund in perpetuity and invest them in accordance with its Investment Policy.
4. The *4-H Foundation of Alberta* will properly memorialize the Fund in the *4-H Foundation of Alberta* Annual Report and other promotional efforts and will identify Fund distribution to beneficiaries as coming from the Fund and the *4-H Foundation of Alberta* except as otherwise directed in writing by the donor.
5. The *4-H Foundation of Alberta* will apply the Designated Fund Policy to the Fund that permits the *4-H Foundation of Alberta* to charge an annual administrative fee of 1.50% of value of the fund prior to distribution.
6. The *4-H Foundation of Alberta* will distribute the income from the Fund to \_\_\_\_\_ (Qualified Donee), to be used as its Board of Directors shall deem necessary or desirable to further its objectives and purposes.
7. The *4-H Foundation of Alberta* will apply its Preservation of Capital Policy to the Fund which states that the annual disbursement quota will be determined annually, based upon the previous year's investment income, by the Board of Directors – in accordance with Revenue Canada Regulations, the quota will meet or exceed 4.5%.
8. If the \_\_\_\_\_ ceases to exist or ceases to be a registered charity under the provisions of the Income Tax Act, or is the designated purpose cannot be fulfilled for any other reason, the income of the

Fund shall be redirected to:

List in order of preference:

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_

or,

4 The Alberta 4-H Legacy Fund of the *4-H Foundation of Alberta*.



9. The Fund shall be considered created on the date this executed agreement and the gift are accepted by the *4-H Foundation of Alberta*.

***The 4-H Foundation of Alberta hereby accepts the gift and the conditions thereof:***

*4-H Foundation of Alberta* Designate

Donor's Name

\_\_\_\_\_

\_\_\_\_\_

Title

Donor's Signature

\_\_\_\_\_

\_\_\_\_\_

Signature

Address

\_\_\_\_\_

\_\_\_\_\_

Date

Date

\_\_\_\_\_

\_\_\_\_\_

*(Attachment A constitutes an integral part of this agreement)*



# AGREEMENT TO ESTABLISH THE \_\_\_\_\_ FUND

*(Flow Through)*

1. The assets given shall be accounted for and designated by the *4-H Foundation of Alberta* as the \_\_\_\_\_ Fund.
2. The *4-H Foundation of Alberta* will hold all contributions as non-permanent pass-through funds and invest them in accordance with its Investment Policy.
3. The *4-H Foundation of Alberta* will appropriately memorialize the Fund in its Annual Report as directed by the donor, and will identify Fund distributions to the beneficiaries as coming from the Fund and the *4-H Foundation of Alberta*.
4. The *4-H Foundation of Alberta* is permitted to charge for its expenses in administering the Fund as defined by its Flow Through Fund Policy.
5. The *4-H Foundation of Alberta* will distribute the principal, any additions thereto, and income for charitable purposes as described in Attachment A.
6. If the purposes as described in Attachment A cannot be fulfilled for any reason, the Board of the *4-H Foundation of Alberta* will arrange distribution for the nearest similar purpose as herein designated.

The Fund shall be considered created on the date this executed agreement and the gift are received and accepted by the *4-H Foundation of Alberta*.

**The *4-H Foundation of Alberta* hereby accepts the gift and the conditions thereof.**

*4-H Foundation of Alberta* Designate

Donor's Name

\_\_\_\_\_

\_\_\_\_\_

Title

Donor's Signature

\_\_\_\_\_

\_\_\_\_\_

Signature

Address

\_\_\_\_\_

\_\_\_\_\_

Date

Date

\_\_\_\_\_

\_\_\_\_\_

*(Attachment A constitutes an integral part of this agreement)*





# ATTACHMENT A ASSETS GIVEN AND CONDITIONS TO ESTABLISH \_\_\_\_\_ FUND

**Assets:**

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**Conditions:**    Open Fund    Closed Fund

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**Acknowledged by**

*4-H Foundation of Alberta*

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Chair

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Date

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Donor

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Date