

Table of Contents

1. CHAPTER 1 — OVERVIEW OF CHARITABLE GIVING	1
1.1 Introduction	1
1.2 Recipients of Charitable Giving	3
(a) Meaning of “Charity”	3
(b) Registered Charities Under the Income Tax Act	5
(c) Designation of Registered Charities Under the Income Tax Act	7
1.3 General Tax Benefits of Charitable Giving	10
(a) Overview of Tax Benefits for Individual Donors	11
(b) Overview of Gifts of Capital Property by Individual Donors	13
(c) Overview of Tax Benefits for Corporate Donors	14
2. CHAPTER 2 — CHARITABLE GIFTS AND CHARITABLE RECEIPTING	17
2.1 What is a “Gift”?	17
2.2 Determining the Eligible Amount of the Gift	20
(a) Determining the Fair Market Value of the Gift	20
(b) Determining the Amount of the Advantage	24
2.3 Frequently Asked Questions — Charitable Receipting	27
(a) Provision of Services	27
(b) Loans of Property	28
(c) Donor-Directed Funds	29
(d) Volunteer Expenses	30
(e) Inventory	30
(f) Charitable Pledges	30
(g) Gift Certificates...	30
(h) Sponsorship	31
(i) Non-Qualifying Securities	32
(j) Lotteries	32
(k) Fundraising Events	32
(l) Charity Golf Tournaments	33
(m) Membership Fees	34
(n) Auctions	34

(o) Naming Rights	35
2.4 Content and Issuance of Charitable Receipts	35
2.5 Consequences for Improper Receipting	38
3. CHAPTER THREE — TYPES AND FORMS OF CHARITABLE GIFTS	41
3.1 Publicly Traded Securities and Certain Other Capital Property	41
3.2 Ecological Gifts	43
3.3 Gifts of Cultural Property	44
3.4 Gifts of Private Company Shares and Non-Qualifying Securities.	45
(a) Personal Versus Corporate Charitable Giving	46
(b) Gifts of Private Company Shares	47
(c) Issues Regarding Private Company Shares.	48
(i) Non-Qualifying Securities.	48
(ii) Issues Involving Testamentary Gifts of Private Company Shares.	50
(iii) Other Issues Regarding Private Company Shares	51
3.5 Gifts of Life Insurance Policies	52
(a) Charity-Owned Insurance Policy.	52
(b) Donor-Owned Insurance Policies and Other Beneficiary Designations.	54
(c) Gifting Through a Corporation	55
3.6 Charitable Remainder Trusts	56
3.7 New and Unusual Gifts.	56
(a) Limited Partnership Interests	56
(b) Interest in a Hedge Fund	57
(c) Flow-Through Shares	58
(d) Tax Free Savings Accounts	59
(e) Cryptocurrency Gifts	59
(f) Gifts by Crowdfunding	60
3.8 Canada/U.S. Cross-Border Charitable Gifts	61
4. CHAPTER FOUR — TESTAMENTARY CHARITABLE GIVING	63
4.1 Forms of Testamentary Charitable Giving	64
(a) Outright Legacies or Bequests	64
(b) A Gift of All or Part of the Residue of the Estate	65
(c) A Contingent Gift to Be Made in the Event That a Beneficiary Predeceases the Testator	65

(d)	A Gift That is Subject to an Intervening Life Interest, Where the Registered Charity Only Becomes Entitled to the Gift Upon the Death of the Life Tenant	65
(e)	A Gift of a Discretionary Beneficial Interest in a Testamentary Trust	66
(f)	Other Gifts Arising on Death of Donors	66
4.2	Taxation on Death and Benefits of Charitable Giving.	67
4.3	The New Testamentary Charitable Giving Tax Regime.	68
(a)	Background	68
(b)	What Are the Benefits of Being a GRE?.	69
(c)	Okay, So Now We Know What A GRE is. How Does This Affect Testamentary Charitable Gifting?	71
(d)	Testamentary Charitable Giving Under the New Rules	72
(e)	Deemed Gifts	74
4.4	Best Practices for Effective Testamentary Charitable Giving	75
4.5	Testamentary Gift Management by Registered Charities	78
5.	CHAPTER 5 — TRUSTS AND CHARITABLE GIVING	81
5.1	Trusts Under the Income Tax Act.	82
5.2	Forms of Charitable Gifts Involving Trusts	83
5.3	Life Interest Trusts and Charitable Gifts	84
5.4	Testamentary Charitable Giving From a Graduated Rate Estate. .	87
5.5	Charitable Remainder Trusts	88
6.	CHAPTER 6 — DONOR RESTRICTED CHARITABLE GIFTS	93
6.1	Types of Restrictions	94
(a)	Restricted Purposes	94
(b)	Restrictions on Expenditures	96
6.2	Consequences of Restrictions.	97
6.3	Tips and Traps for Donors and Registered Charities.	101
(a)	Issues with Respect to Excessive Restrictions and Donor Retention of Control	101
(b)	Acceptability of Donor-Imposed Restrictions	102
(c)	Compliance with Restrictions: What is the Oversight?	102
(d)	Amending Restrictions Once Imposed.	103
(e)	Flexibility and Alternatives Important for Donors and Registered Charities.	105

7. CHAPTER 7 — DOCUMENTING CHARITABLE GIFTS	107
7.1 Charitable Gift Agreements	107
(a) Identification of Parties	108
(b) Identification of Gift Property	108
(c) Settlement of Charitable Purpose Trust or Identification of Precative Gift	109
(d) Specific Charitable Purposes and Alternate Charitable Purposes	109
(e) Terms of the Charitable Trust Fund	110
(f) Distributions from the Charitable Trust Fund	111
(g) Transfer of Charitable Trust Fund	112
(h) Donor Advisors	112
(i) Reporting to Donors	112
(j) Recognition of Donors	113
7.2 Charitable Pledge Agreements	114
8. CHAPTER 8 — GIFT-MAKING: DUE DILIGENCE FOR DONORS	119
8.1 Reviewing Personal Goals and Circumstances	119
8.2 Regulation of Registered Charities	120
(a) Exclusively Charitable Activities	122
(b) Disbursement of Charitable Funds	122
(c) Direction and Control Over Charitable Activities	123
(d) Disbursement Quota Obligations	123
(e) Charitable Receipting	124
(f) Business Activities	124
(g) Fundraising Activities	125
(h) Political Activities	126
(i) Other Compliance Obligations	126
8.3 Primary Due Diligence Questions for Donors Prior to Gift-Making	127
8.4 Abusive Tax Shelter Charitable Gifting Arrangements	128
9. CHAPTER 9 — GIFT ACCEPTANCE: DUE DILIGENCE FOR CHARITIES	131
9.1 Primary Due Diligence Questions for Registered Charities Prior to Gift Acceptance	131
(a) Who is the Donor?	132

(b)	What is the Property Being Gifted?	135
(c)	What is the Value of the Gift for Charitable Receiving Purposes?	136
9.2	Components of a Gift Acceptance Policy	136
10.	CHAPTER 10 — CORPORATE PHILANTHROPY	141
10.1	Gifts, Sponsorship and Other Tax Issues	141
(a)	Gifts Versus Sponsorship	141
(b)	Gift Acceptance Issues	144
10.2	Corporate Sponsorship Agreements and Sponsorship Policies	145
(a)	Documenting of Sponsorship Arrangement in Written Agreement	146
(b)	Acceptable and Non-Acceptable Sponsorship Arrangements	146
(c)	Specificity with Respect to the Parameters of the Sponsorship Arrangement	147
10.3	Strategies for Corporate Philanthropy	148
10.4	Corporate Parallel Foundations	152
(a)	Potentially Positive Factors	152
(i)	Centralization, Cohesiveness and Coordination	152
(ii)	Flexibility	153
(iii)	Control	153
(iv)	Publicity	153
(b)	Potentially Negative Factors	153
(i)	Administrative and Regulatory Compliance Burden	153
(ii)	Potential for Negative Publicity	154
(c)	Steps to Establish a Parallel Foundation	154
(i)	Form	154
(A)	Permanence	155
(B)	Familiarity	155
(C)	Separate Existence	155
(D)	Title to Real Estate	155
(E)	Administration	155
(F)	Simplicity and Certainty	156
(G)	Delegation	156
(H)	Directors' Liability	156
(ii)	Jurisdiction	156
(iii)	Charitable Purposes and Activities	157
(iv)	Control and Funding	157

(d) Designation as a Registered Charity	158
11. CHAPTER 11 — CHARITABLE GIVING STRATEGIES FOR INVOLVED DONORS	159
11.1 Private Foundations.	159
11.2 Donor-Advised Funds	166
CHECKLIST: PRELIMINARY QUESTIONS WHEN PREPARING CHARITABLE GIFT AGREEMENTS	172
CHECKLIST: PRELIMINARY QUESTIONS WHEN PREPARING CHARITABLE PLEDGE AGREEMENTS	174
CHECKLIST: PRELIMINARY DUE DILIGENCE QUESTIONS FOR DONORS PRIOR TO GIFT-MAKING	176
CHECKLIST: PRELIMINARY QUESTIONS WHEN PREPARING GIFT ACCEPTANCE POLICIES	177
CHECKLIST: PRELIMINARY QUESTIONS WHEN PREPARING SPONSORSHIP AGREEMENTS	179
CHECKLIST: PRELIMINARY QUESTIONS FOR EFFECTIVE TESTAMENTARY CHARITABLE GIVING	180
CHECKLIST: PRELIMINARY DUE DILIGENCE QUESTIONS FOR REGISTERED CHARITIES PRIOR TO GIFT ACCEPTANCE	181
INDEX	183