

# PUBLISHER'S NOTE

## New beginnings; solid foundation

It is often said that the only constant is change. The 33rd edition of the Canadian Donor's Guide also brings change, albeit minimal in terms of its operations. What is unchanged is our main purpose – to provide an authoritative annual directory of fundraising organizations in Canada.

After working on the previous eleven editions with former publisher, Anderson Charters of Third Sector Publishing, I am honoured and privileged to take on the responsibility for publishing the Donor's Guide and to maintain this quality publication. For those who prefer online access to all content, you can find the Canadian Donor's Guide at [www.donorsguide.ca](http://www.donorsguide.ca)

The Canadian Donor's Guide is published annually in cooperation with the Canadian Association of Gift Planners (CAGP), the Canadian Bar Association and Imagine Canada. This year we have received support from the Rideau Hall Foundation and the Canadian chapter of the Society of Trust and Estate Practitioners, better known as STEP Canada. We are grateful for the positive relationship we enjoy with these organizations, as well as the support of the charities from across Canada that purchase descriptive listings or display advertising. Together, their investments make it possible to publish the Canadian Donor's Guide and deliver more than 17,000 copies of our publication to key decision makers and professional advisors in Canada's donor community. We sincerely appreciate the faith you have shown as we 'accept the torch'. Thank you.

We remain committed to providing relevant

content in our Editorial Section, featuring timely submissions from Canadian charitable organizations, lawyers working across Canada and those supporting the charitable sector.

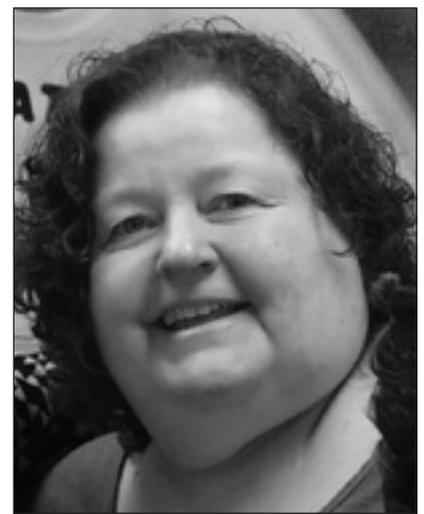
Authors like Jim Parks continue to assist you with ways to navigate the seemingly choppy and always churning waters that describe the Income Tax Act to the mutual benefit of philanthropists, bequests and charities.

Sarah Fitzpatrick offers documented examples of why proper receipts are vital to charities and their donors.

Along with his advice about donation tax credits Adam Aptowitz issues a call to action for lawmakers and charitable organizations to advocate for changes enabling more corporate gifting.

As a passionate charity sector supporter myself, I share your interest and delight in reading profiles about the lived experiences of those who benefit from charitable good works and the various advances being made on many fronts thanks to donations large and small. You'll find three included in this edition.

I'm inspired by those who selflessly give of their time and talents to ensure charities achieve their goals with determination and dignity – a hallmark of Canadian charities to be sure. In turn, these efforts enrich the lives of people and strengthen the fabric woven into communities right across Canada. Although it's been "in the business" for 25 years Ruth Mackenzie describes the



**Alison Stoneman**  
Publisher, Canadian Donor's Guide

Canadian Association of Gift Planners' fledgling foray into creating a registered Canadian charitable foundation. In her article Mackenzie also tells of a generous gift that launches the CAGP Foundation from the starting blocks.

Clearly, giving is in our nation's DNA. As Right Honourable David Johnston -- Chair of the Rideau Hall Foundation -- aptly states, "Strong charities are everybody's business... Charities are a powerful catalyst for good deeds, compassion for others and the quintessential values that define us as a caring people... Any diminishment of the sector's capacity to serve impoverishes us all."

What is also clear, through the thoughtful and respected analysis profiled in the landmark report, 30 Years of Giving in Canada, is we need to do more to ensure the legacy of giving and, by extension, the form and function of charities in Canada, can continue and thrive. Although the trends can be perceived as concerning and perhaps discouraging to prospect researchers and recipient charities, there are positive solutions identified that can assist charities and donors with finding their way to one another before a generational window closes.

Thank you again for your dedicated support of the Canadian Donor's Guide as a trusted resource. If you have any questions, suggestions or enhancements, feel free to contact me directly. May the Guide always be helpful in your endeavours to easily and effectively match donors with donees.

## Charities chasing ever-decreasing pool of aging donors

The generosity of Canadians is unquestionable. According to tax filer data, Canadians annually give over \$14 billion to charities. But our strong culture of giving, so essential to our quality of life, is increasingly at risk.

The Rideau Hall Foundation (RHF), in partnership with Imagine Canada, has just released a landmark report, entitled 30 Years of Giving in Canada, examining charitable donations and giving patterns from 1985 to 2014. The study paints a highly nuanced picture of the future of philanthropy. Its conclusions are simultaneously a source of concern and optimism.

First, the not-so-good news: donations are dropping across all age categories and donors aged 50 and over account for 74 per cent of donations.

From a peak in 1990, the percentage of tax filers claiming donations has dropped by roughly a third, while the average amount claimed has nearly doubled. Total donations have continued to rise only because those who give are giving more. Charities are chasing an ever-decreasing pool of aging, affluent donors.

The conclusion is inescapable. Charities must raise donation rates among younger and new Canadians. The good news is these groups offer fertile ground for charities and much more can be done to increase giving, but time is of the essence.

Specifically, charities must innovate to drive efficiencies and advance service quality. Greater transparency is needed to win trust. Charities must also become more adept at

leveraging digital technologies and social media to engage young and new Canadians.

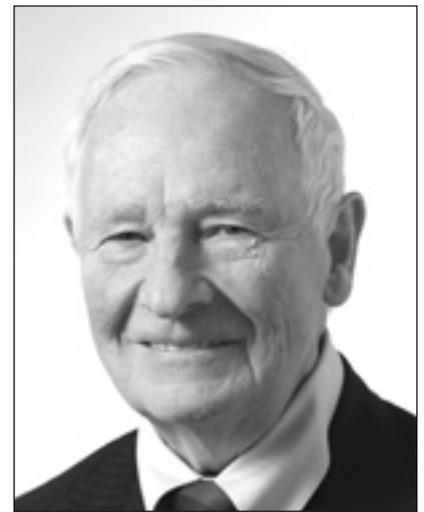
According to the RHF report, motivations for giving among young Canadians are strong – compassion for those in need, personal commitment to a cause and the desire to contribute to their community.

However, younger Canadians have identified barriers to giving. They are more likely to say they are not being asked to give more and do not know where to give. Interestingly, young donors express higher levels of trust in charities.

The report suggests younger Canadians are willing to give more but are not being effectively engaged.

I am inspired, but not surprised, by the study's findings about the propensity of new Canadians to give and their contributions to building a better Canada. The report dispels any notion that new Canadians are less generous. In fact, the annual average donation by new citizens is \$672, compared to \$509 for those born in Canada. The generosity of non-citizens is also significant. Despite lower incomes and less familiarity with Canadian society, the average donation of non-citizens is \$450.

The report's finding reminds me of presiding over citizenship ceremonies for new Canadians and encouraging our newest citizens to engage with their communities. For me, the data reinforces the vision of Canada as a nation of nations that is stronger for our differences. We should all be proud and humbled by the reality that new Canadians



**Right Honourable David Johnston**  
Canada's 28th Governor General

give to charity at such high rates.

The ascent of women in philanthropy is another source of optimism. Over the past 30 years, women have steadily gained ground as a percentage of donors. The only factor holding women back is income disparity. As their incomes rise, women will give in ever-greater numbers.

I established the Rideau Hall Foundation to help broaden the reach and impact of the Office of Governor General and work with partners across the country towards the shared goal of a better Canada. A key objective of the RHF is to widen the circle of giving by reinforcing giving as a fundamental Canadian value.

Strong charities are everybody's business. Individual Canadians should reflect on the societal value the giving sector creates. Charities are a powerful catalyst for good deeds, compassion for others and the quintessential values that define us as a caring people. More than 13 million Canadians volunteer to work with charities to serve worthy causes and help those in need.

Any diminishment of the sector's capacity to serve impoverishes us all. The next time you're asked for a donation to a cause that reflects your values, carefully reflect on your decision. All of us have a stake in the future of philanthropy because all of us have a stake in the future of Canada.

***The Right Honourable David Johnston is Canada's 28th Governor General and Chair of the Rideau Hall Foundation.***

## Les organismes caritatifs puisent dans un bassin déclinant de donateurs vieillissants

La générosité des Canadiens est indiscutable. Selon les données des déclarants, ils donnent chaque année plus de 14 milliards \$ à des organismes caritatifs. Toutefois, notre solide culture du don, si essentielle à notre qualité de vie, est de plus en plus fragile.

La Fondation Rideau Hall (FRH), en collaboration avec Imagine Canada, vient de publier un rapport phare intitulé Trente ans de don au Canada, qui analyse le don caritatif et les habitudes de 1985 à 2014. Cette étude dresse un portrait très nuancé de l'avenir de la philanthropie. Ses conclusions suscitent à la fois l'inquiétude et l'optimisme.

Commençons par les moins bonnes nouvelles : les dons ont connu une chute dans toutes les tranches d'âge. Par ailleurs, 74 pour cent des sommes sont versées par des donateurs de 50 ans et plus.

Après un sommet en 1990, la proportion de déclarants ayant réclamé des dons a chuté du tiers environ, tandis que le montant moyen réclamé a presque doublé. Le montant total des dons a continué d'augmenter uniquement parce que ceux qui donnent versent davantage. Autrement dit, les organismes caritatifs puisent dans un bassin sans cesse déclinant de donateurs aisés.

La conclusion s'impose d'elle-même. Les organismes caritatifs doivent stimuler le don chez les plus jeunes et les Néo-Canadiens. Heureusement, ces groupes sont un terreau fertile pour les organismes caritatifs, qui peuvent en faire davantage pour accroître le don. Mais, le temps presse.

En effet, les organismes caritatifs doivent innover pour accroître leur efficacité et la qualité de leur service. Ils doivent faire preuve de plus de transparence pour mériter la confiance du public. Ils doivent aussi maîtriser davantage le numérique et les

médias sociaux pour rejoindre les jeunes et les Néo-Canadiens.

Selon le rapport de la FRH, les motivations des jeunes sont fortes : compassion pour les gens dans le besoin, engagement personnel pour une cause et désir de contribuer à la collectivité.

Pourtant, les jeunes relèvent des freins au don. Ils sont plus susceptibles de mentionner l'absence de sollicitation ou le fait de ne pas savoir où donner. Par contre, les jeunes donateurs manifestent un niveau de confiance plus élevé à l'endroit des organismes caritatifs.

Le rapport suggère que les jeunes sont disposés à donner, mais ne sont pas sollicités de façon efficace.

Je suis encouragé, mais pas surpris, par les constats de l'étude sur la propension des Néo-Canadiens à donner et sur leur contribution à l'avenir d'un Canada meilleur. Le rapport réfute l'idée que les Néo-Canadiens soient moins généreux. En fait, le montant moyen annuel des dons versés par les nouveaux citoyens est de 672 \$ contre 509 \$ pour les Canadiens de naissance. La générosité des citoyens non canadiens est aussi très significative. Malgré leurs revenus plus modestes et une moins grande connaissance de la société canadienne, le montant moyen de leurs dons s'élève à 450 \$.

Le portrait dressé dans ce rapport me rappelle l'époque où je présidais les cérémonies de citoyenneté dans lesquelles j'encourageais nos tout nouveaux citoyens à s'engager dans leur collectivité. Ces chiffres renforcent ma vision du Canada : une nation de nations, que ses différences rendent plus solide. Nous devrions éprouver fierté et humilité devant ces Néo-Canadiens qui contribuent autant aux organismes caritatifs.



*Le très honorable David Johnston*  
28e gouverneur général du Canada

La présence grandissante des femmes en philanthropie constitue une autre source d'optimisme. Au cours des 30 dernières années, les femmes ont constamment gagné du terrain parmi les donateurs. La disparité salariale est le seul facteur qui freine leur élan. Lorsque leur revenu augmentera, elles seront de plus en plus nombreuses à donner.

J'ai créé la Fondation Rideau Hall pour accroître la portée et l'influence du Bureau du gouverneur général et pour collaborer avec des partenaires de partout au pays afin de bâtir un Canada meilleur. La FRH s'est donné comme objectif clé d'élargir le bassin de donateurs en renforçant le don comme valeur canadienne fondamentale.

Il revient à chacun d'entre nous de soutenir les organismes caritatifs. Nous devons tous réfléchir à la contribution du secteur caritatif à notre société. Les organismes caritatifs constituent un puissant catalyseur pour la générosité, la compassion et les valeurs intrinsèques qui nous définissent comme peuple bienveillant. Plus de 13 millions de Canadiens font du bénévolat au sein d'organismes caritatifs pour appuyer des causes qui leur tiennent à cœur et aider les démunis.

Toute diminution dans la capacité d'agir de ce secteur représente une perte pour nous tous. La prochaine fois que l'on vous sollicitera pour une cause qui reflète vos valeurs, réfléchissez bien. Nous avons tous un rôle à jouer dans l'avenir de la philanthropie, car nous avons tous un rôle à jouer dans l'avenir du Canada.

*Le très honorable David Johnston, 28e gouverneur général du Canada, préside aujourd'hui le conseil d'administration de la Fondation Rideau Hall.*

# CHARITABLE DONATIONS

## A Summary of Tax Considerations

### OVERVIEW

Tax consequences can be important when structuring charitable gifts. Proper planning can increase the benefits to the donor, which are often a major incentive for charitable giving. A gift to a registered charity by an individual (including a trust) entitles the donor to a deduction in computing tax otherwise payable, whereas a gift by a corporation entitles it to a deduction in computing taxable income, as opposed to a tax credit. These rules are found in section 118.1 of the *Income Tax Act* (the “ITA”) for gifts by individuals and section 110.1 of the ITA for gifts by corporations.

### 2018 BUDGET PROPOSALS

The February 27, 2018 federal budget proposed minor changes dealing with charitable donations and related matters, as follows:

1. The concept of “eligible donee” will be expanded to include municipalities. This will enable charities whose registration has been revoked to avoid revocation tax by transferring property to municipalities, as well as to other “eligible donees”.
2. Foreign universities that are qualified donees will no longer be listed in a schedule and prescribed by regulation. Initial technical concerns seem to have been addressed by the Department of Finance, as discussed below.

The government plans to clarify the rules dealing with political activity, recognizing that charities play an important role in public policy, following the report of an expert panel in 2017. The government will also try to support local journalism in Canada through new models that encourage private

giving and philanthropic support.

The March 28, 2018 Ontario budget proposed changes in the donation tax credits for donors who are subject to Ontario tax. The current rules are complex because of surtax and there are five tiers. Ontario plans to abolish the surtax credits tier and raise the top provincial donation tax credit to 17.5%, resulting in a three tier system that is similar to those in other provinces.

### BASIC TAX RULES

#### Individuals

An individual donor can claim a credit against tax otherwise payable. This summary comments on charities that are registered by Canada Revenue Agency (“CRA”), Registered Canadian Amateur Athletic Associations (RCAAAAs), certain non-profit housing corporations, Canadian municipalities, the crown, the United Nations and certain foreign charities (including certain foreign universities) and other donees. Credits or deductions are available only for gifts to “qualified donees” except as noted. The federal tax credit is calculated at the lowest personal tax rate of up to \$200. For gifts exceeding \$200, the credit is 33% of the amount of the gift. A comparable tax credit is available in calculating provincial taxes, with special rules in Quebec. An individual can claim credit for gifts of up to 75% of net income for the year. Unused credits can be carried forward for five years and used to offset tax in those years, subject to the 75% limit. The limit does not apply in the year of death or the previous year. The 75% limit is increased by 25% of taxable capital gains realized when making a gift of appreciated capital property, and 25% of recaptured capital cost allowance on a gift of depreciable property (to a maximum of



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25% of the lesser of the capital cost or the fair market value of the property).

This article does not discuss provincial tax implications, aside from pointing out that there are proposed changes in Ontario and variations based on different marginal rates in the provinces or territories.

#### Corporations

A corporate donor can claim a deduction in computing taxable income and is subject to the same 75% limit as individuals. It can claim a deduction of up to 75% of its net income for the year plus 25% of a taxable capital gain and 25% of recaptured capital cost allowance on a gift of depreciable property (to the same maximum mentioned above.)

### TYPES OF GIFTS

The following are some basic features and tax consequences of certain types of gifts.

#### 1. Gifts by Will

Gifts made by will are “testamentary” gifts. The donor (“testator”) states in a will that on death, property is to be given as a bequest or legacy to a named charity or a charity to be chosen by the executors. The gift can be cash or property, such as a work of art or shares. If the testator leaves too much discretion to the executors in choosing a charity or the amount of the gift, CRA could allege the gift is made by the estate and not deemed to be made in the year of death.

Testamentary gifts are deemed to be made by the estate rather than by the deceased. The estate can elect to claim the credit in the deceased’s year of death or the preceding year. A transfer of property must be com-

pleted within 60 months after death. The credit can offset 100% of net income for the year of death and the prior year. This credit can be useful in calculating tax in the year of death, since the deceased is deemed to have disposed of capital assets immediately before death (subject to certain exceptions, such as for spousal rollovers) at fair market value, realizing capital gains in that year.

A gift made by will or as a designation under a life insurance policy, RRSP, RRIF or TFSA is deemed to be made by the estate at the time when the property is transferred to the donee. To be eligible for full credits, the gift must be made by a graduated rate estate (“GRE”, as discussed below) entitling the deceased to claim credit in the year of death or immediately preceding year or entitling the GRE to claim credit in the year of transfer or a preceding year of the estate (but only for gifts in the first 36 months). The property that is transferred must have been acquired by the estate as a consequence of death and, if there is a direct designation, the transfer must be made as a consequence of death. The credit can be shared or allocated between the individual and the estate, but cannot be claimed twice. An estate can qualify as a GRE for up to 60 months after death. However, if more than 36 months have elapsed since death, the estate will not be able to claim a credit in any preceding year of the estate. If the estate is not a GRE, it can claim a credit in the year of the gift or any of the five following years.

## 2. Annuities

Charitable organizations can issue annuities, but charitable foundations can be deregistered if they incur ineligible debt obligations. A charity should ensure that it has legal authority to issue annuities under provincial law dealing with insurance or other relevant laws. The charity can purchase an annuity from a financial institution rather than issuing it itself, to reduce its risk of loss. The value of property received from a charity in exchange for a gift must be determined and becomes the cost of the property to the charity. If the donor receives a stream of annuity payments, the amount of the gift will be equal to the excess of the amount transferred by the donor over the amount that would be required to purchase an annuity providing the same payments.

## 3. Life Insurance

A charity can benefit from a gift of a life insurance policy in several ways. A gift involving an insurance policy can result in a large donation at a relatively small cost to the donor. A charity can purchase an insurance policy on the donor’s life on the understanding that the

donor (or some other person) will pay the premiums directly to the insurance company, or make cash gifts to the charity so it can pay them. This is often supported by a pledge to pay the premiums. The charity can issue a tax receipt for the premiums paid. On the death of the donor, the charity will receive the death benefit, which will not be a gift by the donor. A drawback from the charity’s point of view is that there may be no assurance the donor will pay the premiums. If the donor fails to pay, the charity can surrender the policy or pay the premiums using its own funds.

Alternatively, the donor can transfer an existing policy to the charity and agree to pay future premiums. The charity can issue a receipt for the fair market value of the policy, which may not necessarily be the cash surrender value (normally only whole life or universal life policies will have a value) less any outstanding policy loans. The charity can issue a tax receipt for premiums paid. If a qualified valuator determines that the fair market value of the policy exceeds its cash surrender value (less any outstanding policy loans), the higher amount should be the eligible amount in the receipt issued by the charity. The donor will be subject to tax on the amount by which the cash surrender value (less any outstanding policy loans) exceeds the adjusted cost basis (a defined term) of the policy. CRA has stated that this is not affected by the issuance of an official receipt by the charity reflecting a fair market value that is higher than the cash surrender value.

If the charity is concerned that it will not be able to pay the premiums, the donor (or another donor) can give cash, which the charity can use to buy an annuity providing periodic payments to fund the premiums. The charity should be able to treat the annuity and policy in a way that does not cause problems in meeting its disbursement quota. Alternatively, the charity could rely on a promise from the donor (or another donor) to make annual gifts to pay the premiums. The ability to pay the premiums on a donated policy could be a factor in determining the fair market value of the policy. If the policy is likely to lapse because the charity does not pay the premiums, the fair market value could be reduced. A registered charity is not required to pay tax on its income and should not be adversely affected if a policy is not “exempt.” The eligible amount of a gift of a life insurance policy will be the lesser of its fair market value and the “cost” of the policy to the donor, if the gift is made within three years after the donor acquired it.

The donor can continue to own the policy, and name the charity as the beneficiary. The

donor will receive no tax relief for the premiums paid or the value of the policy, since no property is being given to the charity. Under insurance law, the donor can change the beneficiary from the charity to another person. If the charity is the named beneficiary, it will receive the death benefit on the donor’s death. The donor is deemed to have made a gift to the charity immediately before death, if the charity receives the death benefit under the policy within 36 months after death. The fair market value of the gift is deemed to be the fair market value, at the time of the individual’s death, of the right to that transfer. The Department of Finance has stated that “in nearly all cases” the fair market value at death of the right to transfer is “expected to be” the fair market value at death of the money that is ultimately received. A donor can use life insurance proceeds to pay a bequest in a will, naming the estate as beneficiary. On the donor’s death, the estate will receive the death benefit free of tax and pay the bequest to the charity, which will issue a receipt. The credit will reduce tax in the year of death or the prior year, if there are excess credits. In some provinces, probate tax on the value of the proceeds passing through the estate may be a factor. Where life insurance proceeds are paid to an estate and used to pay a bequest, the gift will be treated as a gift by the estate, subject to an election to carry it back to the year of death.

Other arrangements involving life insurance may be tax-effective, such as having a private corporation purchase insurance on the life of one of the shareholders. There are techniques to take advantage of the tax-free proceeds on death, the capital dividend account of the corporation, the rules for taxation of dividends and “post-mortem” planning. Subject to a spousal rollover, capital gains are realized in the year of death. In some cases there can be “double tax” because the deceased owns shares of a corporation that owns assets with unrealized gains. Life insurance can often be used to reduce those gains or the tax, in combination with charitable donations.

In some situations, the features of the policy are shared or ownership of the policy is split. This type of planning raises a number of regulatory and tax issues and requires sophisticated advice for both the donor and the charity. Donors should seek advice about insurance issues as well as tax issues.

## 4. Gifts of Residual Interests

A donor can give property to a charity, while retaining the right to use it for his or her lifetime. Alternatively, the donor can establish a charitable remainder trust by transferring assets to the trust, reserving a right to receive

payments for life and transferring the balance in the trust on death to a charity. If certain conditions are met, CRA considers the donor has made a current gift. This type of gift could be made during a person's lifetime or by will. The value of the gift will be the fair market value of the transferred property (usually cash) less the present value of the reserved interest, taking into account an appropriate discount rate, the life expectancy of the donor, current interest rates and any other relevant factors. This type of gift is analogous to a charitable annuity. If there is a right to encroach on the capital, the value of the residual interest is considered to be nil. A trust will generally be required for gifts of property other than real estate.

CRA has stated that the gift of a beneficial interest in the capital of a charitable remainder trust is not automatically treated as a gift of a non-qualifying security, but the general anti-avoidance rule might apply if the trust owns non-qualifying securities. CRA will consider whether the trust is "affiliated" with the donor immediately after the gift was made. If the donor retains a beneficial interest in the income of the trust, the donor may be "affiliated" with the trust. Whether this is the case will be a question of fact. A trust and a person are affiliated if the person is a "majority-interest beneficiary." This includes a person who has a beneficial interest in the income of the trust if it has a fair market value that is greater than 50% of the fair market value of all beneficial interests and a person who, with an affiliated person, holds beneficial interests in the income of the trust if the fair market value of those interests is greater than 50% of the fair market value of all beneficial interests.

Using a charitable remainder trust or making a gift of a residual interest by will often involves reliance on the administrative policies of CRA and raises a number of technical issues. The Department of Finance had at one time considered changes in the ITA dealing with charitable remainder trusts, but no amendments were ever introduced. Specific advice should be sought before this type of planning is utilized.

## 5. Gifts of Capital Property

A donor of capital property is deemed to have received proceeds of disposition equal to the fair market value of the property. If the fair market value exceeds the cost, a capital gain will be realized. If the property is depreciable property, recaptured capital cost allowance is included in income. A donor can reduce capital gains tax on a gift of appreciated capital property to a charity by designating the transfer price as an amount not greater than its fair market value and not less than its

adjusted cost base. The donor will then be deemed to have disposed of the property for the designated amount and considered to have made a gift of the designated amount when calculating the tax credit or deduction. This enables the donor to avoid realizing a capital gain altogether, or realize only a desired amount of capital gain (for example to offset capital losses). There are restrictions for non-resident individuals disposing of Canadian real estate to a charity.

The taxable capital gain is nil for gifts of securities traded on a designated stock exchange (such as shares, bonds, warrants and debentures) and mutual fund shares or units or shares or interests in certain segregated funds. It is more tax-efficient for the donor to give securities directly to a charity, rather than sell them and give the proceeds to it. CRA recently confirmed that if the value of securities increases between the date of death and the date on which they are transferred to the charity, the gain will be deemed to be nil. CRA has confirmed that a contract holder who designates a registered charity as beneficiary of a segregated fund policy does not qualify for the relief in paragraph 38(a.1) from non-recognition of gains.

An employee who exercises a stock option is taxed on a benefit equal to the difference between the fair market value of the shares at the time of exercise and the sum of the exercise price plus the amount paid for the option. In certain circumstances, the employee can claim a deduction against the stock option benefit so only 50% of the benefit is taxable. If an employee stock option is exercised and marketable securities are given to a qualified donee in the year and within 30 days after the option is exercised and if certain other conditions are met, only one-quarter of the benefit is taxable. Individuals who make qualifying donations of marketable securities acquired through such stock options are not required to report any of the benefit.

CRA was recently asked about its administrative policy where an employer facilitates a donation of shares acquired by an employee on exercise of a stock option. The Department of Finance will consider extending exemptions from employer withholdings where shares acquired under an employee stock option plan are donated to a qualified donee. However, before considering legislative amendments, it will consider the issues in more detail.

Taxpayers who own eligible unlisted exchangeable securities can exchange them without causing tax to be payable on a gain. There is no tax on a gain on the exchange, and the donor can receive a receipt for the donation of the listed securities received on

the exchange, without recognizing a gain. This beneficial treatment for capital gains on gifts of marketable securities applies to capital gains on the exchange (with some exceptions) of unlisted securities for listed securities where:

- (a) at the time they were issued, the unlisted securities included a condition allowing the holder to exchange them for the listed securities;
- (b) the listed securities are the only consideration received on the exchange; and
- (c) the listed securities are donated within 30 days after the exchange.

There are special rules for exchangeable partnership interests. These are intended to ensure that gains attributable to a reduction in the adjusted cost base of the partnership interest are not exempt.

A gift of a "non-qualifying security" to a charity will be ignored in determining the tax deduction or credit in most cases. A non-qualifying security generally includes an obligation of the donor or a non-arm's length person, a share issued by a corporation with which the donor does not deal at arm's length or any other security issued by the individual or a non-arm's length person. There are exceptions for obligations, shares or securities listed on designated stock exchanges and deposits with financial institutions. If the property is disposed of within five years of receipt of the gift, or ceases to be a "non-qualifying security" within the five year period, the person will be treated as having made a gift at that time. This rule does not apply to an "excepted gift", which is generally a gift to an arm's length qualified donee that is not a private foundation, if the donor deals at arm's length with all of the donee's directors or trustees immediately after the gift. These rules deny a tax credit for certain types of gifts, including shares of privately held companies, subject to some relief if the donee disposes of the security within five years. The rules apply where the non-qualifying security is donated to a trust of which the registered charity is a beneficiary.

CRA recently commented on a situation in which a donor proposed to leave the residue of his estate by will to a private foundation. The residue would include shares of a holding company ("Holdco") owning marketable securities. The shares of Holdco would be redeemed, triggering what would otherwise be a tax refund for Holdco. CRA said the rules dealing with non-qualifying securities would apply if the foundation received shares of Holdco. CRA also discussed whether the redemption would not result in a dividend giving rise to a refund under anti-avoidance rules designed to prevent inappropriate refunds.

CRA also said that a transfer of the shares of Holdco to the foundation from a spousal trust created under the will would not be a gift, since it would be made pursuant to the terms of the will.

Rules dealing with “loan-back” arrangements apply when a person donates property to a charity which is not dealing at arm’s length with the person and receives a loan from the charity, or is allowed to use the property donated to the charity. The fair market value of the gift is reduced for purposes of calculating the tax credit. These rules apply to certain arm’s length arrangements. CRA’s administrative positions on gifts of capital property are set out on its website.

Recognition of a gift is deferred until the time (within five years after the donation) when the qualified donee has disposed of the non-qualifying security for consideration that is not, to any person, another non-qualifying security. An anti-avoidance rule provides that, if as a result of a series of transactions, a particular person holds a non-qualifying security of a donor and the donee has acquired a non-qualifying security of that person or of the donor, the gift will be deferred until such time (within five years of the donation) as the donee disposes of the non-qualifying security for consideration that is not another non-qualifying security of any person.

CRA has stated that where an individual owns “thin” controlling voting shares of a private corporation, under which she is not entitled to receive dividends or to participate beyond a nominal amount on winding up, but controls the corporation, in some circumstances it will treat the value of the shares as more than a nominal amount. A gift of this type of share to a registered charity could offer flexibility in dealing with the valuation issue, particularly if an election is made to treat the amount of the gift as the adjusted cost base of the shares. However, this could raise other issues, including problems under the excess business holdings rules for private foundations and “acquisition of control” issues for charitable foundations.

## 6. Gifts of Art, Cultural and Ecological Property

### (i) Art

Certain gifts of inventory by an artist receive special treatment. In those circumstances, where an appropriate designation is made, an artist is entitled to a credit based on the fair market value of the property but no income is triggered on the disposition.

Artwork is generally considered to be personal-use property unless it is inventory. Personal-use property is property that is used

primarily for the personal use or enjoyment and includes jewellery, clothing, furniture, and certain works of art. For purposes of calculating the capital gain or loss, the adjusted cost base and proceeds of disposition of personal-use property are deemed to be at least \$1,000. This rule eases the compliance and administrative burden associated with the reporting of dispositions of personal-use property. The \$1,000 deemed adjusted cost base and deemed proceeds of disposition for personal-use property does not apply if the property was acquired after February 27, 2000, as part of an arrangement in which the property is given to a charity. Therefore, if this type of property with a value of less than \$1,000 is donated to a charity in those circumstances, it will no longer be treated as personal-use property, and any resulting capital gain will be taxable.

### (ii) Cultural Property

A gift of certified cultural property to a designated institution will not trigger a capital gain. The donor will be allowed a credit (if an individual) or a deduction (if a corporation) for the fair market value of the property and will not be limited to 75% of income. There are special rules for determining the fair market value of cultural property. In addition, any capital gain on an object that is donated is exempt from tax. The determination is made by the Canadian Cultural Property Export Review Board and there are extensive rules for the procedures to be followed and appeals if the amount determined is not acceptable to the donor. The Board must certify the property and designate the institution. Unused credits or deductions can be carried forward for five years, or back one year in the event of death. Charities receiving gifts of cultural property are subject to a penalty tax in certain circumstances if they dispose of the gifted property within ten years of its receipt. If the gift is part of a “tax shelter gifting arrangement”, the donor cannot use a value for the property in excess of the cost amount.

### (iii) Ecological Property

There are similar rules for gifts of ecologically sensitive property to the Crown, a municipality or a charity that is approved for the conservation and protection of the environment. There are incentives for owners of ecologically sensitive land to protect that land while at the same time qualifying for a tax benefit. The precise nature of the conveyance of property will depend on legal issues and in some cases there may be split ownership.

Special rules apply when valuing gifts of ecological property. These include gifts of the

land itself and gifts of easements over the land. The use of easements provides some flexibility, permitting the owner to retain legal title while fettering its future use and preventing development, but this can raise difficult valuation issues in some cases. The fair market value will be determined by the federal Minister of the Environment and there are extensive rules for the procedures to be followed and appeals if the amount determined is not acceptable to the donor. As in the case of gifts of cultural property, a charity accepting a gift is subject to a penalty if it disposes of the property within ten years or changes its use without the consent of the Minister of ECCC. Under the Ecological Gifts Program, Environment Canada certifies that land is ecologically sensitive and an expert panel certifies the value. Deductions or credits for gifts of ecologically sensitive land or interests in that land are available for carry-forward for ten years, rather than the usual five years. To ensure that donated ecological property is not later used for other purposes, a 50% tax is imposed on the fair market value of the property on a recipient that changes the use of the property or disposes of it without consent of the Minister.

Under the 2017 budget, the 50% tax on disposition or change of use of ecological property without the consent of the Minister of ECCC applies if the property is transferred for consideration and the recipient changes the use of the property or disposes of it without that consent. The Minister will be able to determine whether proposed changes in use of the property would adversely affect conservation initiatives. Private foundations are no longer able to receive gifts of ecological property. This is apparently intended to prevent potential conflicts of interest.

The rules deal with civil law issues in Quebec and permit donations of certain types of personal servitudes if they meet a number of conditions, including a requirement that they run for at least one hundred years.

## 7. Gifts of Inventory

Unlike gifts of capital property, gifts of inventory do not permit the donor to choose an amount between the cost of the property and its fair market value. As a result, a gift of property that is part of the inventory of a business will result in an income inclusion. While there will be a corresponding eligible amount for the gift (the eligible amount will depend on whether any advantage is received by the donor), it is frequently less advantageous to donate inventory rather than capital property. This is one of the reasons why special rules were enacted for gifts of inventory made by artists, as discussed above.

Corporations can claim a deduction for gifts of medicine held in inventory to a registered charity, if the charity has received financial assistance from the Canadian International Development Agency (CIDA) and uses the medicine in carrying out its foreign activities. For gifts made on or after July 1, 2008, the medicine must have been available to be used by the charity at least six months prior to its expiration date and must qualify as a drug (within the meaning of the *Food and Drugs Act*) which meets certain technical requirements. In addition, a prescribed return must be filed and the charity must in the opinion of the Minister of International Cooperation meet certain conditions prescribed by regulation. This limits the situations in which corporations can claim tax relief for donations of medicine from inventory.

Under the current rules, a corporation is entitled to claim a special additional deduction equal to the lesser of 50% of the excess of the value of the medicine over its cost and the cost itself. This was intended to encourage corporations to donate medicine for international relief. Under the budget proposals, this measure will be repealed, apparently because the Department of Finance considers that there has been relatively low participation and there are high compliance costs for the charities that receive the donations. This change will not affect the ability of the corporation to claim the standard deduction based on the fair market value of the donated medicine.

## 8. Gifts to the Crown

A gift to Her Majesty in right of Canada or Her Majesty in right of a Province (a “Crown gift”) is subject to the same income limitation as other gifts, i.e. 75% of the donor’s income for the year plus 25% of any taxable capital gain, plus an amount equal to 25% of recapture of previously claimed capital cost allowance. Consequently, Crown gifts provide the same tax relief as gifts to other qualified donees. The Crown will include an agent of the crown, and gifts to the museums listed in the *Museums Act* (including, for instance, the National Gallery of Canada, the Canadian Museum of Civilization, the Canadian Museum for Human Rights and the Canadian Museum of Nature) are treated as gifts to the Crown.

## 9. Designations Under RRSPs, RRIFs, TFSAs and Insurance Policies

Donations made as a consequence of a direct designation of proceeds of RRSPs, RRIFs or TFSAs to a charity on the death of an individual qualify as gifts eligible for the individual donation tax credit, if the transfer of

funds from RRSPs or RRIFs or TFSAs to the charity occurs within 60 months after death. The fair market value of the gift is deemed to be the fair market value, at the time of the individual’s death, of the right to the transfer. Since the balance in an RRSP or RRIF is treated as income in the year of death, in the absence of a rollover to a spouse, the credit for a gift to charity in the year of death will effectively eliminate the tax otherwise payable on the balance, if there is a direct designation and an election to carrying it back. This is the same result as if there were a bequest by will of the amount included in income under the RRSP or RRIF, without having to determine the amount in advance. Although CRA will allow spouses to share the credit for a donation, this is not the case for gifts made by will. One spouse can make a gift and the other spouse can utilize the credit while alive, but on death only the estate or the deceased can claim credit and there is no opportunity to shift it to a surviving spouse.

Gifts by will and by direct designation in RRSPs, RRIFs and TFSAs or insurance policies are treated as gifts made by the estate. This provides more flexibility. If the credit is more than can be used in the year of death or the year prior to death, the estate can carry the balance forward under the usual rules. The concept of a GRE is important. Gifts made by will and by direct designation of insurance policies, RRSPs, RRIFs and TFSAs are deemed to have been made when the property is actually transferred to the charity and the estate can choose to carry back all or part of that donation. It is unclear how the rules will apply where there are intervening life interests created by will or in the case of charitable remainder trusts.

## 10. Miscellaneous Issues

### (i) Social Media

Social media have become relevant in some donation arrangements. Some charities raise small amounts by way of text messages. Where donors are not concerned about receipts, this can be an effective way to raise money in small amounts from a wide range of donors. Similarly, “crowdfunding” techniques might be useful for some charities. If a charity engages in a concerted effort to raise money through crowdfunding, it might be regarded as carrying on a business. A charity that carries on business is subject to revocation of registration unless (in the case of a charitable organization or public foundation), the business is “related” to its charitable purposes. One registered charity facilitates the receipt of donations by way of text messages and other electronic means. Another organization enables charities to use crowdfunding and provides access to a broad range of

donors, on the theory that they will give small amounts. The donors receive an official receipt. These arrangements do not seem to cross the line and cause the charity to be carrying on a business, but simply constitute another form of fundraising.

### (ii) Dividends After Death

When an individual dies, the executors can file a separate tax return reporting any “rights or things” owned by the deceased that have been transferred to a beneficiary, such as a dividend declared by a corporation but not received at the date of death. When an election is made, the amount received is income of the beneficiary. This often occurs where shares are transferred by will and the recipient is “beneficially interested” in the estate. If a corporation has declared but not paid a dividend prior to the death and the shares are transferred to a charity under the will, the dividend will not be subject to tax when received by the charity. If a dividend is declared and received by the estate after death, that dividend could be taxed in the estate, even if the shares are transferred to the charity. If the shares are transferred to the charity and the dividend is declared and paid after the transfer, the dividend will not be subject to tax in the hands of the charity. A number of factors are often relevant in dealing with private corporation shares, death and charitable donations.

### (iii) Canada/U.S. Issues

Under the Canada-United States Income Tax Convention (the “Treaty”), Canadian residents are entitled to relief for gifts made to eligible U.S. organizations, subject to 75% of income for the year from U.S. sources. There are rules without that limit for gifts made to a university or college at which the donor or a family member was a student.

The U.S. organization is not a “qualified donee” as defined in the ITA. CRA has taken the position that a Canadian registered charity cannot treat such a gift as a gift to a qualified donee. Registered charities cannot make gifts other than in the course of carrying out their charitable activities to anyone other than a qualified donee. This is often a factor in the plans for donors who wish to assist Canadian charities in carrying on activities in other countries. There is more latitude for the donor to make a gift directly to the U.S. organization than to make a gift to a registered Canadian charity, with a view to having it support the U.S. organization with a grant.

### (iv) Split Receiving

Under the “split receiving” rules, the value of

a gift is the excess of the value of the donated property over the value of any benefit or advantage received by the donor or a person not dealing at arm's length with the donor. This will apply where some consideration is received from the charity, such as recognition, a small gift, membership, a meal, etc. A charity must place a value on any benefit received by the donor in exchange for the payment, and issue a receipt for the "eligible" amount, even if the benefit is not from the charity itself.

CRA has issued guidance on the split-receipting rules and the concept of deemed fair market value. The guidance deals with the requirement for an intention to give, the amount of an advantage and the nominal threshold which disregards an advantage that does not exceed the lesser of 10% of the fair market value of the property and \$75. An advantage will not be nominal if its fair market value cannot be determined.

CRA has successfully challenged arrangements in which a relatively small amount of money is transferred to a charity, as part of a more complicated arrangement resulting in the issuance of an official receipt for an amount far in excess of the cash. The courts have held that there is no gift, even for the cash amount, because the entire arrangement is a single transaction, with an advantage accruing to the "donor", and no part is a "gift" with the required donative intent.

#### **(v) Tax Shelters**

As a result of perceived abuses, the value of the property donated to a charity cannot exceed its cost, if the gift occurs within three years of acquisition of the property by the donor, or if the donor acquired the property within the preceding ten years and it is reasonable to conclude that one of the main reasons for acquiring it was to make the gift to a qualified donee, regardless of the actual value of the property. If property is acquired with any expectation that it may be given to a registered charity during the lifetime of the owner, its value cannot exceed its cost. This does not apply to gifts of inventory, marketable securities, Canadian real estate, certified cultural property or approved ecological property or to gifts on death, but applies to gifts of cultural property if the donor acquired the property as part of a "tax shelter gifting arrangement." The intention of the donor when the donated property is acquired is relevant. If one of the main reasons for acquiring the property was to make a gift (other than by will), the donor may have to use the acquisition cost as the fair market value at the time of the gift. For gifts that are subject to the three-year rule or the 10-year rule there are extensive "tracing" rules to deal

with transfers of property prior to the time of the gift.

The reassessment period for participants in tax shelters or "reportable transactions" is extended until three years after filing where the information that should have been filed by the tax shelter promoter or with respect to the reportable transaction has not been filed on a timely basis or has not been filed at all. In most situations, if a taxpayer files a notice of objection to an assessment, there is no requirement to pay the amount in dispute. To discourage taxpayers from participating in charitable donation tax shelters and to reduce the risk that unpaid amounts will not be collected after objections and appeals have been exhausted, CRA can collect 50% of the disputed amount of tax, interest or penalties even if an objection or appeal is pending.

#### **(vi) Anti-Avoidance Rules**

An anti-avoidance rule can apply to a charity that receives cash from a donor and uses it to buy property from the donor at more than its cost. These rules are very far reaching and can have a significant effect on a number of situations in which donors expect to receive credit for the value of the property rather than its cost. CRA expects charities to be diligent in establishing the fair market value based on the "cost" approach, and in determining the value of any advantage that would reduce the eligible amount of a gift. If a donor fails to inform the registered charity of circumstances that reduce the eligible amount, despite the amount shown on the official receipts, the eligible amount will be nil. This is a significant risk for a donor who is prepared to gamble that an advantage will not reduce the eligible amount of the gift. Registered charities should review the circumstances in which gifts of property are received when determining the eligible amount of the gift. In many cases, this will require consultations with the donor.

#### **(vii) Intermediate Sanctions**

CRA can assess charities for intermediate sanctions, which give it the option of assessing tax or penalties rather than revoking registration, for various types of non-compliance, such as issuing improper receipts, carrying on an unrelated business (in the case of a charitable foundation or charitable organization) or carrying on any business (in the case of a private foundation), acquiring control of a corporation, conferring an undue benefit and other defaults. The rules for creating endowments, transfers between charities and meeting the disbursement quota require charities to plan carefully. Anti-avoidance rules prevent "trafficking" in unused charitable donations made

by corporations.

#### **(viii) Private Foundations**

A private foundation that owns more than 2% of any class of shares of a corporation is required to report its holdings together with those of persons not dealing at arm's length with the foundation when filing its T3010 return. Where the foundation holds more than 2% and the combined holdings of the foundation and non-arm's length persons exceed 20%, either the foundation or the other persons (or the group collectively) must divest to below 20%. If the divestiture does not occur within stipulated periods of time, the foundation will be subject to penalties. CRA can treat non-arm's length persons as dealing at arm's length, if sufficient reasons are given.

Private foundations are subject to more stringent compliance. For instance, they cannot carry on any business (a charitable organization or public foundation can carry on a "related" business). There are restrictions on acquiring control of corporations, the rules dealing with non-qualifying securities are a concern and the 2017 budget will repeal the ability to transfer ecological property to private corporations in a tax-advantageous manner.

#### **(ix) Disbursement Quota**

The disbursement quota requires a registered charity to spend at least 3.5% of the average value of its accumulated investment assets in the preceding two years on its own charitable activities or by making gifts to qualified donees. Charitable organizations with less than \$100,000 of such assets and charitable foundations with less than \$25,000 of such assets are not subject to this requirement. Previous gifts with restrictions that prevent the charity from spending the capital will be restricted under charity or trust law after the disbursement quota rules were relaxed.

#### **(x) Refund of Gifts**

CRA can issue a reassessment to disallow a credit or deduction and make consequential assessments if donated property is returned to the donor by the qualified donee. The qualified donee returning a gift must issue a revised receipt and send a copy to CRA if the amount changes by more than \$50. Qualified donees must file an information return to disclose returned gifts.

#### **(xi) List of Qualified Donees**

CRA maintains a publicly available list of qualified donees, including registered charities, RCAAAs, Canadian municipalities, cer-

tain municipal and public bodies performing a function of government in Canada, certain housing corporations, prescribed foreign universities and certain foreign charities. Most qualified donees are subject to some of the compliance rules that previously applied to registered charities and are required to maintain and make available proper books and records and issue proper receipts. Failure to do so could lead to suspension of receipting privileges, removal from the list of qualified donees or revocation of registration in the case of RCAAAs. RCAAAs are required to have the promotion of amateur athletics in Canada as their exclusive purpose and function and are subject to rules dealing with the conferral of undue benefits and carrying on an unrelated business, similar to the rules that apply to registered charities. In some situations, a prescribed foreign university may have a relationship with other entities, such as teaching hospitals, that could expand the ways a gift can be applied, without running afoul of concerns that it is acting as a mere conduit.

The 2018 federal budget proposal will remove the requirement for foreign universities to be prescribed by regulation and listed in a schedule. There will be “grandfathering” for universities that already recognized as qualified donees and, going forward, foreign universities will be required to register, as is the case for other qualified donees. This is designed to simplify the situation while requiring foreign universities to comply with requirements that apply to other qualified donees that are not registered charities.

CRA can refuse to register or revoke the registration of a charity or RCAA or suspend its receipting privileges if a director or equivalent official is found to have been involved in certain inappropriate conduct. This generally would be the case if that person has been found guilty of a criminal offence in Canada (or outside Canada, if that offence, committed in Canada, would be a criminal offence) relating to financial dishonesty and has not received a pardon. It also applies to directors or equivalent officials who had been involved in the operation of a charity or RCAA that was engaged in serious non-compliance for which its registration was revoked within the past five years, or who were “promoters” of a “gifting arrangement” or other tax shelter in which a registered charity or RCAA participated, if the registration of the charity or RCAA was revoked within the past five years. There is no requirement to disclose the existence of ineligible individuals in an annual return and CRA will use an educational process if it finds ineligible individuals are

acting as trustees or directors, and ask the registered charity or RCAA to remove them. This could raise non-tax issues.

#### *(xii) Graduated Rate Estates*

There will be a deemed disposition of capital property immediately before death at fair market value unless there is a spousal rollover. For deaths after 2015, the credit will not be available until the estate transfers the property to a charity within 60 months after death. However, for transfers made after 36 months, the credit cannot be carried back to a previous year of the estate.

The capital gain will be based on the fair market value of the property at the date of death, but the charitable receipt will be based on the value of the property when the transfer occurs. If the value of the property fluctuates (which is almost always likely to be the case, except for property with a clearly fixed value), the value of the gift will be more or less than the value used to determine the capital gain. This presents a potential mismatch, along with the concern about the interest cost, if the transfer does not occur until after the terminal return has been filed.

There are issues about transfers of the residue of an estate with an intervening life interest. Jurisprudence has established that a gift of the residue of an estate to a charity is treated as a current gift, regardless of the fact that the charity does not receive the property until later, as long as the value of the residual interest can be calculated using actuarial principles, and there is no discretion to encroach on capital prior to the death of the income beneficiary. The value of the residual interest is determined by subtracting the current value of the life interest, based on various assumptions, from the value of the assets, as in the case of a charitable remainder trust. Gifts of residual interests will no longer be allowed until there is an actual transfer of property.

If there is a delay in completing the transfer of property by will, there may be questions about income received on that property before the transfer. CRA says the estate cannot allocate the income to the charity and deduct it in computing its income and also treat it as a charitable donation. The estate will be able to choose one course or the other but not both. If income earned on property not transferred until after death might be regarded as income of the estate, “payable” to the charity, deductible in computing the estate’s income and included in the income of the charity, then this should be relatively neu-

tral and not cause tax consequences for the estate or the charity. On the other hand, if the income is treated as part of the gift to the charity, there might be a delay if the property has not been transferred and the time frame for recognizing the donation is delayed. For deaths before 2016, the gift was treated as a gift in the year of death and the income from that property would likely be regarded as either income payable to the charity (and deductible by the estate) or part of the gift and thus included in the amount of the receipt for the year of death.

An estate can carry back a capital loss realized in its first year and deduct it from gains in the terminal return. The estate will file an amended terminal return or an amended return for the prior year if a donation credit is carried back. This could affect the interest that is refunded as a result of the overpayment in the terminal return or the year prior to death.

(xiii) Official receipts must disclose CRA’s website address. CRA changed its email address and recently announced that although it is not enforcing this rule now, it will require all official receipts to include its new email address by the end of March 2019.

(xiv) The incentive that enabled “first-time donors” to claim a “super credit” expired on December 31, 2017.

(xv) A Special Committee of the Senate is currently undertaking review of the charitable sector. The general mandate of the Committee will be to examine “the impact of federal and provincial laws governing charities, non-profit organizations, foundations and other similar groups and to examine the impact on the voluntary sector in Canada.”

#### **CAVEAT**

This summary is of a general nature only, is not intended to deal with all Canadian income tax considerations. It is not intended to be, and should not be construed to be, legal or tax advice to any particular reader. Therefore, readers should consult their own tax and legal advisers with respect to their particular circumstances.

*April, 2018*  
**James M. Parks**  
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# DONATION RECEIPTS

## Proper Receipting Improves Donor Relations



**Sarah G. Fitzpatrick**  
Lawyer at Miller Thomson LLP

**D**onation receipts is one of the primary reasons that organizations become registered charities. Registered charities can issue donation receipts to their donors, which may be an incentive for donors to make charitable donations. The donor can use the donation receipt to, in the case of an individual, reduce the amount of taxes owed by the donor or, in the case of a corporation, reduce the donor's taxable income.

As donation receipts provide tax advantages, Canada Revenue Agency is concerned that they will be abused and that taxpayers will try to claim tax credits or deductions for donations they did not make, or for a greater value than what was gifted. Accordingly, in order for a charity to issue an official donation receipt, the receipt must contain certain prescribed information under section 3501(1) of the regulations to the *Income Tax Act* (Canada). This information assists in verifying the receipt's legitimacy and how the value of the donation receipt was determined.

There are consequences for improperly issuing donation receipts. The charity can be subject to penalties, loss of the ability to issue receipts and, in extreme cases, loss of charitable registration. A donor who has received an improper donation receipt may not be able to use the receipt and may be denied the tax credit or deduction.

*Madamidola v The Queen*, 2017 TCC 245 [Madamidola], is a recent decision of the Tax Court of Canada (the "Court") that is a reminder of how important it is for charities to make sure they prepare receipts correctly. In 2004 and 2005, Mr. Madamidola made a number of donations to a registered charity and was provided with two receipts. The Minister of National Revenue reassessed Mr. Madamidola, denying the tax

credits that he claimed for the donations. The 2004 receipt said that \$4,058 was received by the charity for January to December 2004. The 2005 receipt stated that the charity received an in-kind donation of chairs and tables estimated at \$6,458 and a cash donation of \$2,000 for January to December 2005.

Mr. Madamidola testified that the 2004 donations were made up of \$4,000 in cash and a small balance representing food donations. The 2005 donations were made up of \$6,458 for tables and three dozen folding chairs and a balance of \$2,000 in cash.

When an individual taxpayer is reassessed, the taxpayer must file with the Minister the official donation receipt in order to claim the tax credit for the donation. In *Madamidola*, the Court noted that there has been a considerable amount of case law on donation receipts and that these cases stipulate that when a charity issues a receipt it must diligently following the requirements set by the regulations to the *Income Tax Act* (Canada). Any failure to meet the requirements will invalidate a receipt.

The Court found that the receipts issued to Mr. Madamidola had deficiencies, including:

the address of the charity listed on the receipt was not the address recorded with the Minister;

the place or locality where the receipt was issued was not clearly stated;

for the gifts in kind, the dates on which the gifts were received was not stated (i.e., the receipts stated only that they had been made within the relevant years); and

Mr. Madamidola's address was not included. For the gifts in kind, the Court also raised

concerns that there was no evidence on who determined their value or how their value was determined. The receipt for a gift in kind is based on the fair market value of the item gifted. This is best established by appraisal reports, but can also be established with other evidence, such as purchase receipts. The Canada Revenue Agency's guidance on gifts in kind states that, if the gift is expected to have a value of less than \$1,000, a member of the charity or another individual with sufficient knowledge of the property that is being gifted can determine the value. If the gift is expected to have a value of over \$1,000, then someone who is not connected to the charity or the donor should conduct a professional appraisal.

As a result of the deficiencies, the Court dismissed Mr. Madamidola's appeal of the Minister's denial of the tax credits he claimed. He was not able to use the donation receipts.

This case is a reminder that charities need to be mindful of the rules when they issue donation receipts. Donors rely on the receipts in order to claim tax credits or deductions. If the Minister denies a donor's claim for a tax credit or deduction on the basis that the charity did not include all of the required information, this will reflect poorly on the charity and will harm its relationships with its donors.

Charities should familiarize themselves with the rules for issuing donation receipts. The Canada Revenue Agency's website contains useful information on issuing receipts and is a good resource.

**Sarah G. Fitzpatrick is a lawyer at the law firm Miller Thomson LLP**

# PROFILE

## One Family's Journey



*Baby Alec*

**This is the story of one family's journey with their son Alec who was born prematurely in North Bay, Ontario as told by his mom.**

On Mother's Day, we got the news I was pregnant. It seemed auspicious, finding out on this special day. We prayed this time we would be successful – it was our third pregnancy in a year.

Six months into the pregnancy, we started to believe everything would be okay.

Our excitement grew. However, within a month I was hospitalized with pre-eclampsia. Two days later, at exactly 32 weeks, the doctor informed us that today would be the day we met our son.

We were shocked because I felt fine. We were unaware that I was about to get very, very sick. At day 9, Alec's health failed. He had to be airlifted out to the Children's Hospital of Eastern Ontario (CHEO) in Ottawa. I can still remember getting the call that the airlift team was on its way.

My heart breaks every time I hear of a family having to leave their community to access care, at a time when family support is so critical. We were blessed that our time away from home was short and we were able to return to the Neonatal Intensive Care Unit (NICU) in our home town quickly.

Our little champion got all the care and attention he needed to thrive. His nurses became like family – our angels – caring and watching over Alec every minute of every day.

A nurse named Angela was a beacon of calm in this new world we didn't understand.

When she opened the port in his isolette he would reach out his tiny foot and feel for her hand, for comfort and reassurance. Alec still does that today. I often find a foot on my knee and searching for my hand while we sit at the dinner table or work on homework.

Because of the amazing NICU staff and because the necessary equipment was available to meet Alec's needs throughout his NICU stay, we have been blessed with the opportunity to watch our son grow and learn. This is a privilege we do not take lightly - we are grateful everyday for the opportunity to raise our son. He continues to amaze us with the challenges he has and continues to conquer with an incorrigible smile upon his face.

Alec is now 5 and doing well in French Immersion Senior Kindergarten. Last summer he took his love of running to the soccer field and was thrilled to learn some game skills along with his peers. He had been unable to cope in that kind of active group setting and we were thrilled to see him take it all in stride.

He is taking after his Dad and becoming an avid snowmobiler and runs his mini vintage snowmobile all over our property. When not active, he loves to build and discover how things work. We see a budding engineer whenever any kind of Lego is anywhere within his reach.

I had donated to the Sandra Schmirler Foundation countless times, but I never imagined how personal those donations would become to our family. Throughout our journey we watched in awe of the equipment needed to care for our son. We couldn't even begin to fathom how much it

cost.

After discharge we looked for a way to give back and the Sandra Schmirler Foundation spoke to our hearts. We learned that the Foundation had helped fund a transport incubator for CHEO, just like the one in which Alec was flown.

As a family, we have made the Sandra Schmirler Foundation part of our lives. Each year, we mark the day we brought Alec home. We do something special together to raise money for the Foundation.

Friends and family have generously supported our efforts. They've made donations in exchange for toddler painting masterpieces and cookies made with little hands and lots of love.

It is an opportunity not lost on us – a day we prayed for throughout our entire journey. We share our story with the hope that other families of babies born too soon, too small or too sick can celebrate their baby coming home too.

The Sandra Schmirler Foundation was created in 2001 in memory of Sandra Schmirler, 3-time world curling champion and Olympic gold medalist, in recognition and celebration of her love of family. The lives of countless babies born premature and critically ill have been saved with life-saving equipment the Foundation has funded in Sandra's name. Millions of dollars have been given to hospitals' NICUs in every province and the territories to purchase specialized equipment to save babies lives.

*Submitted by The Sandra Schmirler Foundation.*

# CAGP FOUNDATION

## Don Johnson CAGP gift will build Canadian giving

While the Canadian Association of Gift Planners (CAGP) reached its 25th anniversary this past November, the brand new CAGP Foundation is only one year old as a registered charity. With a mission to financially support the development and promotion of excellence in strategic charitable gift planning in Canada, the CAGP Foundation concluded its first year with the announcement of a transformational gift of \$500,000 from Mr. Donald K. Johnson, O.C., LL.D.

Don Johnson is known to many Canadians as a generous philanthropist as well as a tireless advocate for charitable giving. Over two decades ago, Mr. Johnson and hundreds of volunteers across the country lobbied the government to remove the capital gains tax on charitable donations of listed securities. It was reduced by 50% in 1997 and eventually completely eliminated in 2006. Since then, Canadian charities have received over \$1 billion in gifts of stock every year.

Mr. Johnson continues to be a persistent voice for a capital gains exemption on the sale of private company shares or real estate when the proceeds of the sale are donated to a charity. It's estimated that this would result in an additional \$200 million in charitable donations annually.

CAGP is well known for its distinguished Government Relations Committee and its notable advocacy work, as well as for an outstanding education program. CAGP is a strong voice for tax policy that supports

charitable giving in Canada, it also ensures that fundraisers and professional advisors have the knowledge and skills necessary to support their donors and clients on their philanthropic journey, so that their ways of giving can be tax effective and efficient.

This work strongly aligns with Mr. Johnson's philanthropic values and it was that alignment that inspired him to pledge a gift of \$500,000 over 5 years to the CAGP Foundation. Mr. Johnson notes that, "Over the years, CAGP has been a critical and persuasive voice on issues related to incentives for charitable giving, and a leader in providing education to professionals who support Canada's donors in how to give more strategically to maximize impact. This pledge is a strong endorsement of that important work."

This significant gift will enable the CAGP Foundation to gain momentum in its quest to educate Canadians on the opportunities that strategic gift planning provides for donors and for charities. Canada has one of the most generous tax systems in the world when it comes to supporting charitable giving. There is no doubt that giving comes from the heart, but gifts of securities, life insurance or gifts in a will can also provide donors and their families with tax advantages that allow them to give more to charities, with a positive impact on their financial and estate plans. Yet for many donors and charities, the conversation stops at gifts of cash. Don Johnson wants to change that and



**Ruth MacKenzie**  
President & CEO of the CAGP

so does CAGP. They both believe that knowledge is the key to doing so.

Through this gift, the CAGP Foundation plans to expand access to education and training for fundraisers and for the array of allied professionals who recognize philanthropy as a service their clients are seeking.

Finally, Mr. Johnson hopes his gift will lead by example, adding "I invite others to join me in giving generously to the CAGP Foundation so that our vital charities can continue to benefit from their leadership."

CAGP and the CAGP Foundation are enormously grateful for Mr. Johnson's support and generosity. He is a true embodiment of what it means to be a philanthropist, and we invite others to express their appreciation for the tremendous impact he has had, and continues to have, on Canada's charitable sector.

*Ruth MacKenzie is the President & CEO of the Canadian Association of Gift Planners. CAGP inspires and educates the people involved in strategic charitable gift planning and is Canada's only professional association that connects fundraisers and professional advisors. They provide donors with innovative ways to achieve their philanthropic dreams. For more information visit <https://www.cagp-acpdp.org>*

*For more information or to support the CAGP Foundation visit <https://www.cagp-acpdp.org/en/cagp-foundation>*

# PROFILE

## One Hundred Years and Still Much to Do The War Amps Celebrates a Century of Service

A hundred years ago, amputee veterans returning from the First World War started The War Amps to share concerns and assist each other in adapting to their new reality as amputees. They never dreamed that this unique Association would become a household name to Canadians and that it would still be profoundly changing the lives of amputees, like Rob Larman, a century later.

Larman lost his right leg at the age of 14 after friends dared him to jump onto a moving train. He was enrolled in The War Amps Child Amputee (CHAMP) Program, which provides financial assistance for the cost of artificial limbs, peer support and regional seminars to young amputees.

The months following the accident were a low point in his life, but joining CHAMP was life-changing. “I went to my first CHAMP seminar convinced that I was the only teen in the world dealing with an amputation. Seeing so many other young amputees succeeding turned my life completely around,” Larman says.

As a young adult, Larman began working at The War Amps Key Tag Service. It was originally launched in 1946 as a sheltered workshop so that amputees returning from the Second World War could not only work for competitive wages but also provide a service to Canadians that would generate funds for the Association’s many programs. Today, it continues to employ amputees and people with disabilities.

The war amputee veterans Larman worked alongside took him under their wing and shared their lifetime of experience with amputation. “It moves me greatly to think of how these remarkable First and Second World War ‘amps’ enabled me to overcome

my amputation, and I have been proud to, in turn, help the younger amputees who have come after me. With each new generation, this legacy is passed down again,” says Larman, who is today the Director of The War Amps PLAYSAFE/DRIVESAFE Program.

He notes that The War Amps is entering its second century with the motto, “Still Much to Do!”

“Our work has expanded to include a diversity of issues from financial assistance for artificial limbs, to providing a voice for amputees’ rights, to our role as the centre of excellence in living with amputation and more. Although the Association has developed many innovative and unique programs over the past 100 years, there is still much to do to ensure amputees have the proper artificial limbs they need to lead full and active lives,” says Larman.

The Association’s work also includes continuing to ensure the needs of Canada’s war amputee veterans are being met. “As much as we have fought the battle for veterans since 1918, we still have a modern day battle to fight to challenge the government to ensure they are treating war amputee veterans fairly,” Larman says.

He adds that there are similar battles to be fought for adults in this country. “We are certain that many Canadians would be shocked to find out that those who suffer the loss of a limb are not adequately covered by their provincial or private health insurance plans for artificial limbs, and that several provinces provide no funding at all.”

Larman notes that The War Amps attempts to fill these gaps where it can, contributing thousands of dollars toward the cost of artificial limbs, all without receiving government grants. “As a charity relying on public

donations, our funds can only go so far, and so we have established a ‘Crusade for Reform’ with the goal of educating the government and insurers on the medical necessity of artificial limbs.”

He emphasizes that the work of The War Amps would not be possible without the public’s support of the Key Tag and Address Label Service. “With this support, our commitment remains to continue these battles and to improve the lives of amputees long into the future.”

Donors may also choose to leave an estate donation in their wills, whether as a first-time donation or as a way to continue their support of the Association’s work that was so meaningful to them during their lifetime.

A family member of one of these donors wrote to The War Amps to explain the reason behind his gift: “My uncle was a very special man with a generous heart and he couldn’t think of a worthier cause than helping child amputees. He knew you would use this money well to bring smiles to children’s faces and make their challenges easier.”

Another wrote of a similar gift, “Barbara knew the many ways that The War Amps helps child and adult amputees. She felt strongly that her gift would make a positive difference in their lives.”

Larman concludes that The War Amps is grateful for the support of Canadians in any form. “With so many charities to choose from, we do not take this support for granted, and we work continuously to ensure that these funds are put to the very best use.”



*Larman and a member of The War Amps Child Amputee (CHAMP) Program lay a rose at the grave of Curley Christian, the only quadruple amputee to survive the First World War.*

# DONATION TAX CREDITS

## Opportunity is knocking for charity sector

Readers in the charity sector certainly had good reason to ignore the tumult that followed the federal government's 2017 tax proposals given that those proposals did not purport to directly affect the regulation of donations or the charities themselves. Nevertheless, a review of the taxation of private corporations presented a literal golden opportunity for charities. The opportunity persists even if the tax fight seems to be over.

Basically, the tax proposals were intended to tax owners of private corporations in ways that had previously been known but were exempted. The discussion of the taxation of private corporations should have been, and still can be, an opportune time to discuss the donation of shares of privately held corporations to charity. If for no other reason the donation of shares can be a convenient and generous way to avoid tax.

Canada's Income Tax Act currently allows for the donation of privately held securities (in the Income Tax Act they are called, along with other things, "non-qualifying securities"). However, unlike shares of publicly traded corporations, upon donation the capital appreciation on these shares is taxed.

To understand the difference in tax results, imagine a family-owned business where the shares were held by a couple and, over the past 30 or 40 years, the shares have significantly appreciated in value. Assuming that the couple donated the shares to an arm's length charity while the individuals were alive, the resulting donation tax credit would offset the taxes owing by an amount slightly less than double (depending on the province). This means the couple would have additional tax credits to offset their taxes from other sources.

If these same holdings were shares of a publicly traded corporation, there would be no tax on the appreciation in value and the entirety of the donation tax credits would be available to offset taxes owing from other sources.

Philosophically, there is no distinction to be made between the shares of a publicly held company and one that is privately held. In the context of the proposals -- where one of the government arguments is that it is trying to level the playing field among workers -- one would imagine the levelling of the playing field between publicly traded securities and privately traded securities would be a direct extension of the government's logic.

And, for the charity sector, the donation of privately held securities could be a huge untapped pot of gold. Such corporations hold private businesses, shares of other corporations (including publicly traded ones), and real estate. In the case of businesses, just because it is privately held does not mean it is small. Indeed many huge businesses are privately held (for example Four Seasons Hotels and Resorts, Joe Fresh, and McCain Foods). While there does not appear to be any exact data to support, it is likely that a majority of the oft-discussed trillion dollar wealth transfer is composed of shares of privately held corporations.

Those who have been in the sector long enough may remember that tax on the donation of publicly traded securities did not occur all at once. It was reduced by half and then completely for a five-year term and then became a permanent full exemption. A similar approach can and should be taken on the donation of privately traded securities particularly because there are concerns which exist with this asset class



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that did not with their public analogues.

The two main concerns on the donation of privately traded securities relate to their valuation and control of the corporation after donation. But the Income Tax Act already contains measures specifically to deal with these concerns -- in this context. So, while no new mechanisms need to be designed, the greater volume which would undoubtedly arise from a more favourable tax treatment may necessitate a period of testing and review. For this reason, the sensible steps taken before the implementation of the exemption for publicly traded securities should be followed here.

Creating or supporting the incentive to donate these shares would be a boon to the entire charitable sector. Given the controversy created by the 2017 proposals, now would be the perfect time for government to sweeten the pot and extend favourable tax treatment to donors of privately held shares. Making this change would not only provide logical consistency within the Income Tax Act but it would serve to mitigate the increased tax burden incurred by those most likely to donate.

While the charitable sector's ability to lobby for such change is limited by rules governing political activities, representatives of charities could approach their respective Member of Parliament or Senate representatives and make them aware of the positive impact this option may have on the charitable sector.

Editor's Note: Adam Aptowitzer has recently published a paper with C.D. Howe Institute, outlining these suggestions from a technical perspective.

*Adam Aptowitzer is a lawyer at Drache Aptowitzer LLP in Ottawa, Ontario*



## OF GIVING IN CANADA EXECUTIVE SUMMARY



Charities are a key part of our society and our economy. They are integral to our conception of what being Canadian means. In every community across the country, they deliver health, education and social services; they cater to our cultural, recreational and spiritual needs; and they work to protect animals and our natural environment. They provide opportunities for personal growth and community engagement; they offer established and regulated ways to fulfill our philanthropic goals; and they employ a significant proportion of the population. Although the money charities use to fulfill their missions comes from many sources – including government, business, and the sale of goods and services – almost all organizations rely to some extent on donations from individual Canadians.

**Thirty Years of Giving in Canada** draws on a number of different data sources to present a detailed and comprehensive picture of charitable donations in Canada and the giving behaviours of individual Canadians. It uses taxfiler data to explore how levels of giving have changed over the past three decades, with a specific focus on trends by sex, age, income and region. It uses survey data to look at donors – the causes they support, the ways they give, their motivations for giving, and what prevents them from giving more. It discusses how the rise of the internet and new forms of online interaction have affected giving, as well as how giving is learned. Finally, it

presents detailed analyses of the behaviours and attitudes of three key population groups: younger Canadians, older Canadians, and new Canadians.

### **Key Findings**

#### ***How generous are Canadians?***

We estimate that individual Canadians gave approximately \$14.3 billion in receipted and unreceipted donations to registered charities in 2014. Claimed donations have increased 150% in real terms since 1985. However, the proportion of taxfilers claiming donations has been falling steadily since 1990, which means charities are relying on an ever-smaller proportion of the population for donations. Total donations have continued to rise only because those who give are giving more. Recent research comparing levels of charitable giving in several countries found that Canada has the third highest level of giving, following the United States and New Zealand (Charities Aid Foundation, 2016).

#### ***How do generational shifts affect the giving landscape?***

The Baby Boom generation<sup>1</sup> has been the most important component of the donor pool for the past 30 years and is responsible for more than 40% of total donations since 2000. However, the peak donation rate of Boomers was lower than the peak donation rates of earlier generations and it appears the peak donation rates of Generation X and

Generation Y will be even lower. The giving habits of Generation Y are particularly worrisome. Both the donation rates and average donations of this group are low and increasing very slowly. On a more positive note, younger Canadians are less likely than older Canadians to express negative views about charities.

#### ***What causes do Canadians support?***

Canadians support charities working in a wide variety of areas. However, more than three quarters of all donated dollars go to the “big four” causes: Religion, Health, Social Services and International. Giving to Religious organizations is decreasing, but still accounts for the largest portion

of donations. Large proportions of the population give to Health and Social Services organizations, but the amounts given are low compared to Religion. Giving to International causes is increasing, both in terms of the amounts donated and the number of Canadians donating.

#### ***What are the trends relating to gender and income?***

Charities have always relied heavily on donations from those who are in the best position, financially, to give. Historically, this meant that wealthy males dominated the donor pool. There is evidence this has changed somewhat over the past thirty years. Men continue to be more likely to claim donations and to donate more, but

<sup>1</sup> In this report, generations are defined by birth year as follows: Greatest (1925 or earlier), Silent (1926 to 1945), Boomers (1946 to 1965), Generation X (1966 to 1980), Generation Y (1981 or later).

women now represent a larger percentage of the donor pool and a greater proportion of the money donated than they did in the 1980s. Over the same period, however, Canadian charities have become more dependent on affluent Canadians. In 1985, the top 1% of taxfilers (then earning \$80,000 and up) accounted for only 16% of donations. In 2014, the top 1% (those earning \$250,000 and up) accounted for 31% of donations.

### ***What are the regional trends?***

Since the 1980s, residents of Ontario and the Prairies have been the most likely to claim donations. The largest average donations, however, have come from Alberta and British Columbia. Average donations are lowest in Quebec and Atlantic Canada. Since 1985, total donations have increased the most in Alberta and British Columbia and least in Atlantic Canada and the Prairies.

### ***How do new Canadians give?***

Immigrants to Canada are much more likely to give to Religious organizations than are those born in Canada, and they give a larger proportion of the money they donate to these organizations. They are almost twice as likely to say they donate because of religious obligations. Immigrants are also more likely to say they didn't know where to give or couldn't find a cause worth supporting, and they are more concerned about charity fraud or scams.

### ***What motivates Canadians to give?***

The reasons Canadians give have remained remarkably consistent over time with the top three motivators being compassion towards those in need, personal belief in the cause, and the desire to make a contribution to the community. The only notable changes are an increase in the percentage of donors citing tax credits as a reason for giving, and a decrease in the percentage citing religious obligations.

### ***What keeps Canadians from giving more?***

There is evidence that Canadian donors are becoming more critical of charities and nonprofits. While still fairly low, the percentage of donors saying they have trouble finding a cause worth supporting has increased.

Between 2004 and 2010 there was also an increase in the percentage of

donors who were concerned their money would not be used efficiently. When pressed to explain this view, the majority of people said the charity was not able to explain where or how the donation would be spent. In this context, it is interesting to note that a quarter of Canadians say they are happy with how much they gave to charity in the preceding year, but admit they could have given more.

### ***How has the internet affected giving?***

The internet has changed the way Canadians – and Canadian charities – communicate and interact. In 2013, 12% of Canadians reported making at least one donation online, accounting for \$860 million or 7% of total donations; current figures are likely higher. Canadians who are younger, more educated, and those with higher incomes are more likely than others to donate online. Crowdfunding, while attracting great interest from charities, appears to play a small role. Since 2013, charities and nonprofits have accounted for roughly a quarter of total funds raised via crowdfunding, approximately \$35 million in 2015 (National Crowdfunding Association of Canada, 2016).

### ***Where do Canadians learn about giving?***

Giving is a learned behaviour. Canadians who participate in community-oriented activities when they are young (e.g., religious organizations, youth groups, student government, organized sports, door-to-door canvassing, volunteering) or observe people they admire helping others are more likely to donate as adults. They also tend to donate more.

### ***Conclusions***

The findings presented in *Thirty Years of Giving in Canada* suggest that, despite the unquestionable generosity of Canadians, much could be done to increase giving in this country. Finding ways to more effectively engage young people and new Canadians would be particularly beneficial. The expansion of formal efforts to teach young people about giving, in both secondary schools and in colleges and universities, would be one way to do this. Efforts to encourage well-off

Canadians to dig a bit deeper would also be useful. Finally, charities would likely reap significant rewards from finding ways to more effectively engage immigrants to this country, even small increases in the proportion of Canadians who give and/or small increases in average donation amounts would have an enormous impact.

Time is of the essence, however. The Boomer generation, which has been the mainstay of the charitable sector for most of the past 30 years, is aging. There is a limited amount of time left to tap into the philanthropic impulses of this generation and it is unclear if younger generations will be willing or able to take their place. The evidence suggests this will be a challenge, but it is not a lost cause. Although they give less than earlier generations, young Canadians do have generally positive attitudes towards charities. This is not always the case with immigrants. Over the coming decades, immigrants will make up an even greater percentage of the population and this group can be unfamiliar with and distrustful of the charitable sector.

Finally, the ways Canadians give and the causes they give to are changing. Charities are increasingly connecting with Canadians online and online giving is becoming more important. Religious organizations are still the top destination for charitable donations but are receiving a smaller proportion of donated dollars than they have in the past. This is both a challenge and an opportunity for the sector. Organizations that are adept at understanding changing attitudes and preferences will be in a better position to adapt their messages and tactics. To navigate this uncertain future, the sector will need more and better data and strong digital strategies to facilitate future giving. Collective efforts to encourage a more robust giving culture should be strongly considered.

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*From the full report: 30 Years of Giving in Canada – The Giving Behaviour of Canadians: Who gives, how, and why? (David Lasby and Cathy Barr)*

# PROFILE

## Century-long Family Legacy

When I was helping my mom set up chairs at the Barry's Bay Legion Hall in 1968, it felt like a regular Tuesday. Little did I know that I was continuing a proud and century-long family legacy of community service through the Canadian Red Cross.

My name is Barb Trant and I'd like to tell you my story and give you an opportunity to consider your legacy.

My memories of the Canadian Red Cross go back to 1960, when I was just four years old. My mom had just given birth at home to my sister. After she was born, a very nice lady came to our house to help with housework, get supper started and keep me and my siblings entertained. She was a Red Cross homemaker who helped new mothers get some rest after childbirth. My mom used to say she didn't know what she would do without her help.

But, I'm getting ahead of myself. This story actually begins much earlier. In fact, it goes back to the First World War.

My grandfather was a recently-graduated doctor at the Toronto General Hospital when World War One broke out in 1914. He wanted to do something to help our Canadian troops in France. So he started volunteering with the Canadian Red Cross by organizing blood donor clinics to make sure wounded soldiers could get the lifesaving transfusions they needed.

Although the war ended, his desire to serve his community remained. My grandfather volunteered with the Canadian Red Cross for the rest of his life. Not only that, he passed on his belief in community service to his daughter – my mom. That's why I was

setting up chairs in Barry's Bay!

My mom carried on the volunteer work my grandfather started. She organized her community -- and recruited her family- to volunteer and support the work of the Red Cross, running events at community centres like the local Legion. While I was carrying chairs, my dad was mom's chauffeur as she went to and from her meetings and events.

Later, my dad decided to start making monthly donations to the Canadian Red Cross. I remember him saying, "Some people help with their time – I can help with my money." And he meant it. When he was older, he decided to make a gift in his will to the Canadian Red Cross. And although I didn't realize it at the time, I think that's what gave me the idea to make my own bequest someday.

After high school, I worked as a Red Cross swim instructor to help pay my way through school at Carleton University where I studied Early Childhood Education. When a law was passed in the 1990s requiring all educators to know first aid, I was chosen to take the first aid instructors course – and I became the Red Cross first aid instructor for my school board. And I've continued to volunteer with the organization since those high school years with my mom.

There is no denying that the Red Cross has been a big part of my family, my career and my life and it always will be. It's a wonderful organization. I also admire the care with which the Red Cross spends donated money, even in emergency situations where you would think things would get chaotic. I can tell you from years of experience that this is a strongly-led and well-managed organiza-



**Barb Trant**

Dedicated Canadian Red Cross volunteer and donor

tion. It has earned my complete trust and respect.

My mom and dad are gone now, and I miss them very much. But it feels good to be carrying on our family's dedication to serve those in need.

Some people might say that I've given much to the Canadian Red Cross over the years. But I would say that I've received so much more in return. I believe that humanitarian pursuits are noble and that helping people in crisis is deeply satisfying.

Sometimes, I pause to think about the legacy I'll leave behind when I'm gone from this world. How have I made my life's journey worthwhile and a journey worth remembering? I believe that I have been a loving daughter, sister, and mother. My work with pre-school children, teachers and mothers has touched more lives than I can count. And I think my thousands of hours of volunteer work with the Red Cross has done a lot of good.

But I have also left a gift in my will to the Canadian Red Cross. I want my commitment to help others to extend past my lifetime. And I want to know that my money will be used wisely; where the need is the greatest. I believe my bequest, will save lives one day. And that's not a bad way to make your exit from this life is it?

I'm sharing my story with you in the hope that you might consider a gift in your will to the Canadian Red Cross. I realize this is a very personal decision. But I can tell you from my experience that it's a wonderful feeling knowing that you're helping others this way. Thank you for taking the time to read to my story.