

YOUR GUIDE TO  
**Charitable Giving**  
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## Community Foundations Add Value to Donor Advised Funds



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Donor advised funds (DAFs) have become an increasingly popular choice for Canadians who want to maintain a hands-on approach to their philanthropy. With a DAF, donors can enjoy all the benefits and recognition of a private foundation, while the institution to which the gift is made takes on the responsibilities of administration, reporting and investment management of the endowed funds. DAFs have greatly contributed to Canada's current philanthropic landscape. Last year, grants from DAFs at Canada's 163 Community Foundations were a significant part of the over \$137 million directed to a wide variety of registered Canadian charities.

Many Canadian thinking about establishing a donor advised fund are also asking themselves, "How can I make my giving more strategic?" Community Foundations add a unique

dimension to the donor advised fund by providing philanthropic leadership to those who want to broaden their reach and granting impact.

Community Foundations are typically built around three principles to serve donors and the community. The first is the basic transactional element of a donor advised fund described above that leaves the donor free to concentrate on directing grants to their charities of choice.

The broader value of having a donor advised fund at a Community Foundation begins with the second principle: Community Foundations conduct and co-ordinate research, and are a central source of knowledge for donors about current issues in the community. In Canada, a number of community foundations publish *Vital Signs*, an annual report card which measures the vitality of its cities, identifies significant trends, and assigns grades across at least ten areas that are critical to quality of life. Donors and the general public have access to this information and it can inform them of areas to which they may wish to focus their granting dollars.

Third, Community Foundations are leaders in identifying solutions to key community issues. They do this through their own granting programs, as well as

providing advice to donors on their specific charities of interest. Importantly, a key role of a community foundation is to conduct due diligence before recommending any charity to a donor.

Potential solutions are also identified through the Community Foundation's role as a catalyst for change. Community Foundations typically act as a convener, with the ability to bring together community partners who can develop new thinking around pressing issues. One example of this comes from the Toronto Community Foundation.

Issues identified in *Toronto's Vital Signs*® around youth violence and youth unemployment (at a ten-year high) prompted the Foundation to convene representatives from the City and local school boards to address the need for positively engaging young people. The dialogue explored the ideas of increasing employment opportunities, expanding recreational programs and developing leadership training. The City also identified a shortage of trained coaches, life guards and program leaders. Over the course of the dialogue, the Foundation was able to develop a public philanthropic partnership by bringing donors together with partners from the City of Toronto, Toronto District School Board, Toronto Catholic District School Board, YMCA of Greater Toronto and

the United Way of Greater Toronto, to create the *Toronto Sport Leadership Program (TSLP)*, an intensive coach training institute.

Since 2006, a number of donors, through their DAFs, have supported TSLP and helped 400 young people in vulnerable neighbourhoods receive skills and certification as basketball and soccer coaches, lifeguards and swim instructors. This in turn has led to their gaining employment and volunteer opportunities.

As donors become more actively engaged with strategic philanthropy through their donor advised funds, establishing the fund at a Community Foundation becomes a win-win for them and community organizations alike. With access to the Community Foundation's knowledge of issues, donors can be sure that their philanthropic dollars are having the greatest impact, while charitable causes continue to receive legacies of lasting support.

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