

Donor-Advised Funds 101

A practical overview for our (Your Charity) partners

As a Public Foundation (“**Foundation**”), Place2Give works alongside charities like yours to connect generous donors with the causes they care about most. Donor-Advised Funds (“**DAFs**”) have become one of Canada's fastest-growing philanthropic tools, but navigating how they function behind the scenes can sometimes feel complex.

We created this primer to give your team a clear, insider look into how DAFs operate, why donors choose them, and how your charity can position itself to receive ongoing support.

What Is a Donor Advised Fund?

A DAF is a dedicated charitable account managed by a Foundation, providing a flexible way for donors to plan their giving. Think of it as a dedicated, tax-advantaged account for giving - one that lets donors separate the decision of when to give, from the decision of where the money goes.

- **Structure & Oversight:** A DAF is established through the Canada Revenue Agency (“CRA”) registered charity - such as Place2Give, a community foundation, or a financial institution’s charitable arm. Account holders can include individuals, families, corporations, or collective giving circles.
- **Immediate Tax Benefits:** Donors contribute cash, securities, or complex assets to their fund and receive an immediate tax receipt from the Foundation.
- **Growth & Granting:** Contributed assets grow tax-free within the fund. The donor can separate the timing of their tax deduction from their granting choices, recommending grants to registered charities whenever they are ready.

Who Are DAF Donors?

Recognising the profile of a typical DAF donor helps your team identify prospective supporters within your existing network.

- **Tax-Conscious Donors:** Individuals or business owners navigating a high-income year, sale of a business, or asset liquidation who want a tax-effective way to give back.
- **Multi-Generational Donors:** Families seeking a structured way to pass philanthropic values to children or grandchildren.
- **Thoughtful Givers:** Donors who want to make an immediate contribution but prefer to research and select specific charity programs over time.
- **Legacy Planners:** Supporters who wish to integrate structured charitable giving into their broader estate and financial plans.



Why do Donors Use DAFs?

Donors choose DAFs because they offer many of the advantages of a private foundation without the legal, financial, or administrative burdens.

- **Flexibility:** Donors can contribute to their DAF at any time, as well as update their granting wishes as individual causes change.
- **Strategic Timeframe:** Donors can contribute during a high-income or liquidity event to optimize tax efficiency, taking time afterward to plan where their gifts will make the most impact.
- **Non-Cash Giving Options:** DAFs make it easy for donors to contribute complex assets like publicly traded securities rather than relying strictly on cash donations.
- **Multi-Cause Simplicity:** The Foundation handles all grant processing, verification, and administrative checks for each recipient charity.
- **Family Guidance:** DAFs allow families to involve multiple generations in strategic giving. They can also have friends and families contribute to their funds at any time.
- **Foundation Support:** Foundations like Place2Give also provide philanthropic advising and research to help donors find organizations doing credible, measurable work - so their giving is informed, not just generous.

Myth #1

DAF donations are one-offs.

Fact

A DAF is a Long-Term Relationship

A DAF is not a one-time tax strategy; it represents an ongoing philanthropic and wealth management relationship between the donor, the foundation and their portfolio manager(s).

How Do Donors Recommend Grants to Your Charity?

When a DAF donor is ready to support your organization, the process flows directly through the Foundation.

- **Donor Recommendation:** The donor contacts Place2Give (or their financial advisor) to request a grant disbursement to your charity.
- **Charity Verification:** We verify that your legal charity name and CRA business number (BN) are active and in good standing before issuing the electronic transfer.
- **Connecting the Dots:** Because grants from Foundations may arrive without full donor details, encouraging your supporters to notify your team directly when they request a DAF grant, or reaching out to the Foundation to request the DAF name ensures you can steward them appropriately. The Foundation can tell you the DAF name, unless anonymity has been requested.

Myth #2

DAF donations are only for mega-gifts.

Fact

DAF donations come in all sizes AND frequency
Many donors use DAFs as their primary, year-round vehicle for making both small, recurring gifts and major contributions.

How Can You Support Donors Who are Interested in DAFs?

When a donor asks your charity about donating through a DAF, you can direct them toward Foundations like Place2Give. Here are the key questions you can encourage them to consider so they find the right fit for their giving goals:



Fund Structure: Is the goal to build a long-term endowed fund, or a spend-down fund for active granting?



Granting Guidelines: What are the minimum/maximum payouts and annual distribution timelines? Are there any geographic or cause based restrictions on grants?



Support Services: Does the Foundation provide donor advising, charity research, or family engagement services?



Granting Flexibility & Restrictions: Does the foundation support flexible recurring grants, flow-through versus endowed funds, or complex giving needs (e.g., non-registered groups/NQDs)?



Contribution & Fees: What is the minimum amount required to open the fund, and what are the ongoing administrative fees?

DAFs by the Numbers

DAFs are growing rapidly in Canada. In the last fiscal year, \$1.33B more was put into DAF's than disbursed out and average size of a DAF in Canada is \$37k.

**\$3.33 B
Donations**



**\$2.00 B
Grants Out**



**\$17.30 B
DAF Assets**



**+75k
DAFs**



**205
Foundations**



Source: WellFunded.io

Myth #3

DAF's are just a tax tool

Fact

DAFs are long term philanthropic vehicles. Donors also used DAF's as legacy vehicles, frequently designating charities as fund beneficiaries or set up successor advisors to continue their giving long after their lifetime.



www.place2give.com daf@place2give.ca