



The  
Veritas  
Foundation  
Giving Fund

PROGRAM GUIDE

The Veritas Foundation is a non-profit charitable public foundation registered with the Canada Revenue Agency (#732323126 RR0001). Its mission is to be Canada's authoritative source for individuals, groups and companies to participate in the country's charitable sector and evaluate its effectiveness and impact.

To accomplish this mission, the Veritas Foundation has created the Veritas Foundation Giving Fund (VGF) to enable a donor to establish their own Donor Advised Fund (DAF), or endowment. Veritas Foundation receives the proceeds of donations from a donor, invests these proceeds in the VGF, and makes grants over a period of time to a donor's favourite charities and/or permitted entities ("Eligible Charities").

The Veritas Foundation offers donors the opportunity to:

- § Set up a DAF that may be named by the donor;
- § Make irrevocable donations to the Veritas Foundation of either cash or securities;
- § Receive an official tax receipt for each donation;
- § Pay no capital gains on donations of qualified securities and receive a tax receipt for the full fair market value of the securities donated;
- § Recommend grants to eligible charities or qualified charitable projects for the donor's lifetime and beyond;
- § Increase the amount that can be granted over time through the tax-free growth of the assets in the DAF; and
- § Simplify their charitable giving activities by consolidating their giving activities into one account.

Veritas also provides, to donors and others, independent, fair and respectful research into Canadian registered charities to help them in evaluating and choosing their favoured charities.

Participation in the Veritas Foundation is subject to the laws applicable to Canadian charities, the terms and conditions of the documents creating and governing the Veritas Foundation, this Program Guide, and other Veritas Foundation and VGF documentation, each as amended or created from time to time.

## **Governance**

The Veritas Foundation is a non-profit charitable entity established in 2016 and is registered as a public foundation with the Canada Revenue Agency. It is governed by the Canada Not-For-Profit Corporations Act.

The Foundation is governed by a Board of Directors. The Board has sole discretion over each account and the activity related to these accounts. Although the Board has ultimate authority over each account, it will generally act on the recommendations of the Donor (or parties authorized by the donor) that may be given to the Veritas Foundation.

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## About Donor Advised Funds

The Veritas Foundation offers you the opportunity to establish a Donor Advised Fund (DAF), which Veritas Foundation may open at its sole discretion. This account provides you (the “donor”) the ability to:

- § Make irrevocable charitable donations of cash or qualified securities (publicly traded stocks, bonds, mutual funds, or other investment products) to your DAF;
- § Receive an official tax donation receipt for such donations; and
- § Recommend to the Veritas Foundation grants to registered charities, qualified charitable projects, and other qualified donees.

A DAF can be created by an individual, jointly between individuals (a Joint Account Holder), a group of individuals, or a corporation or other registered business.

### **Succession Options**

To seek to preserve the legacy created by a DAF, successors may be named for each DAF through the application form, in writing, or in a will. Successors will assume responsibility for the DAF's grant recommendations after the death or incapacity of the original donor. The donor has the sole authority to make recommendations for the DAF, unless otherwise specified in writing to Veritas Foundation.

A successor must provide written notice and sufficient proof to Veritas Foundation of the donor's, and/or joint account holder's, death or incapacity in order to succeed the donor.

If a donor or successor is a minor at the time they are to assume responsibility for the account, Veritas Foundation requires that the minor's parent or legal guardian make the applicable recommendations. Account recommendation privileges will revert to the donor or successor at the time the minor attains legal age of majority in the province or territory where they live, and written notice and sufficient proof has been given to Veritas Foundation.

If a donor has provided standing grant recommendations for their account during their lifetime, but has not recommended a successor, and if there is no surviving Joint Account Holder, then these standing grant recommendations will continue to apply after the death of the donor.

A donor may provide a set of standing recommendations and specify that they are only to commence after their death.

If there is no surviving Joint Account Holder, and the donor has not recommended a successor to the account during their lifetime, appointed a successor to the account in their Will, or provided standing grant recommendations, the Veritas Foundation may use the last grant recommendation provided for the account as a basis for establishing standing grant recommendations for the account.

## Donations

A minimum donation of \$5,000 (in cash or gift-in-kind) is required to establish a DAF. All new donors must complete and submit a Veritas Foundation Giving Fund Program Application and Account Opening Form with their initial donation. A tax receipt will be issued for the value of the initial donation.

Once the application is completed, a separate account is opened and maintained to allow each donor to track their donations. As part of the account-opening process, we will ask you to name the account (such as the Jones Family Foundation, the Jane Smith Memorial Fund, or The Arts and Letters Project). You will choose the charity, charities, or qualified charitable projects you want to support. You will specify one or more donors and successors to your DAF, indicate your preference with regards to privacy, and acknowledge your acceptance of the terms.

Please note that while the account keeps track of the donations made by a donor to the Veritas Foundation, the account and its assets are the property of the Veritas Foundation. Gifts to the Veritas Foundation are irrevocable and may not provide a personal benefit to the donor and/or the donor's family. All funds donated are the property of the Veritas Foundation and grants made from its funds are based on the recommendations donors make for grants to registered charities, qualified charitable projects, and other qualified donees.

Additional donations to a donor's DAF can be made at any time by anyone, and a tax receipt will be issued for all donations received.

### ***Donations of Cash***

Cash donations may be delivered by cheque, third party account transfer, credit card, electronic fund transfer (EFT) or Interac. The tax receipt will be for the full amount of the cash donation. Cheques should be made payable to 'The Veritas Foundation'.

### ***Donation of Securities***

Donations of securities should be transferred in kind to Veritas Foundation's investment account and may be eligible for enhanced capital gains treatment. Details of the Veritas Foundation's investment account are provided on the Program Application and Account Opening Form.

All donated securities, unless it is an eligible investment or other arrangements are made in advance in writing, will be sold by Veritas Foundation at the earliest practical date. Any costs incurred by Veritas Foundation to sell the securities will be deducted from the proceeds of the sale. If the donated securities sold are mutual funds, redemption charges may also apply. An amount equal to the net proceeds after liquidation will be deposited to the donor's DAF.

Veritas Foundation reserves the right to reject offered donations of illiquid securities or any other securities.



The fair market value used for issuing donation tax receipts will be determined by Veritas Foundation at its sole discretion and in accordance with the administrative position of the Canada Revenue Agency. However, for publicly traded stocks it will generally be the closing price on the date of transfer, converted to Canadian dollars if necessary.

### ***Third-Party Donations***

Third parties (individuals or corporations who are not the primary donor) may make donations to the donor-advised account. These third parties will receive an official donation receipt from the Veritas Foundation for their donations. Third party donors do not, however, obtain any advisory privileges (including grant recommendation privileges) with respect to such donations.

### ***Testamentary or Estate Donations***

You may also use a DAF as part of an estate plan. For example, you may designate the Veritas Foundation as a beneficiary of a bequest of cash or securities in your Will, a qualified retirement plan (eg. an RRSP or RRIF), a tax-free savings account, a life insurance policy, a charitable remainder trust, or a private foundation. The donor should specify in writing that the testamentary donation is to be made to “Veritas Foundation” and that proceeds of the testamentary donation are to be directed to the DAF. In the absence of an account with Veritas Foundation prior to death, please provide complete account set-up instructions, including the grant recommendations to be given, who will act on behalf of the donor and/or any other succession options for the DAF. Donors should consult their financial, legal and tax advisors when setting up any testamentary donation.

### ***Automatic Regular Donations***

Pre-authorized contribution arrangements (PACs) enable the donor to make automatic regular donations without writing cheques or sending in written requests. Money will be withdrawn from the donor’s bank, trust company or credit union account to make donations monthly, quarterly or annually. The donor can adjust the PAC arrangements and make additional lump sum donations at any time. Tax receipts for all PAC donations will be remitted on an annual basis at year-end.

## Tax Advantages

Once a donation is accepted, a donor is entitled to a tax receipt for the eligible amount of the donation.

Income and capital gains in the DAF are income and capital gains of the Veritas Foundation. The donor is not subject to tax on any income or capital gains from any of the Veritas Foundation's investments. When the Veritas Foundation makes a grant from an account, the Veritas Foundation is making a grant from its own assets. Donors are not eligible to claim an additional charitable donation credit or deduction (if the donor is a corporation) for these grants.

Some of the tax benefits of the DAF include:

- § Pay no capital gains tax on donations of securities transferred in kind to VGF.
- § Receive an official tax receipt for each donation.
- § Increase the amount you can grant over time through the tax-free growth of the assets in the account.

Donations to the Veritas Foundation generally qualify for an individual income tax credit or corporate tax deduction in the current tax year as a charitable gift made to a registered charity, subject to certain limitations. For donations of qualified securities such as publicly traded securities or mutual funds, there will be zero capital gains as income and therefore no capital gains tax owing. As the foregoing information is not tax advice, the Veritas Foundation strongly encourages donors to consult a qualified tax advisor to identify the income tax considerations specific to their situation.

For individuals and corporation, the annual donation that may be claimed is limited to 75 per cent of net income (100 per cent in the year of death and the year immediately preceding death). Donations in excess of the applicable limit can be carried forward and claimed in any of the five following years, subject to the 75 per cent limit in each year claimed.

Donations to the Veritas Foundation prior to the donor-advisor's death do not form part of the donor's estate and therefore are not subject to probate. Bequests to the Veritas Foundation may not be so exempt. Donors should consult their legal and tax advisors regarding how the Veritas Foundation can fit into their overall estate planning.

## Investment of VGF Assets

The Veritas Foundation Board of Directors bears the sole responsibility and authority for investing the Veritas Foundation's assets and may, without notice, remove or add investment managers to aid in this process.

Upon receipt of a cash donation, the Veritas Foundation will invest the cash in units of the VGF. The number of units is determined as of market close on the business day the fund units are purchased.

With donations of securities, once the Veritas Foundation receives donated securities, it sells at the earliest date commercially practicable as detailed above, unless another agreement is made with the donor in writing. The net proceeds are invested in units of the VGF. The number of units is determined as of market close on the business day the fund units are purchased.

The VGF may earn dividends, interest, other investment income and capital gains distributions from its invested assets, in addition to the VGS's operating expenses. These revenues and expenses will impact the market price of the units of the VGF.

## Fees and Expenses

The VGF's operating expenses and fees are paid for by DAFs. Each account is impacted by these fees. The VGF allocates these fees as:

**Administration Fee.** The VGF incurs an annual management fee of 1.5% plus HST, calculated and payable monthly on the last business day of each month, of the market value of the net assets of the VGF at that time. The administration fee is payable to an affiliated company, Veritas Charity Services Inc. (VCSI), as the VGF's charitable administration service provider. VCSI may retain third parties to provide certain services and VCSI will bear those expenses. The administration fee covers operating expenses such as account administration and servicing, marketing, advertising and promotional costs; grant administration; application reviews and account setups.

**Investment Management Fee.** The VGF incurs an annual investment management fee of 1.5% plus GST/HST, calculated and payable monthly on the last business day of each month, of the market value of the net assets of the VGF at that time. The investment management fee covers the expenses associated with managing the investment portfolio of the VGF, including but not limited to: due diligence and investment oversight; research and investment selection; and reporting and valuation of invested securities. The VGF may use an affiliated company, Veritas Asset Management (VAM), to perform these services. The VGF may invest in funds that pay



management fees, administration fees and fund costs which are reflected in the daily net asset value of such funds.

**Operating Expenses.** The VGF incurs additional operating expense, including but not limited to: annual audit and legal fees; regulatory filing and other regulatory fees; insurance fees; bank charges; non-refundable GST/HST; and other nominal costs such as director meeting reimbursement of out-of-pocket expenses.

## Granting to Eligible Charities

Each account will be able to make Annual Grants each year and donors may recommend that the Veritas Foundation make grants to Eligible Charities, qualified charitable projects, or other qualified donees, from the account each year of their Annual Grant. All grant recommendations are subject to review and approval by the Veritas Foundation and the Veritas Foundation retains sole discretion to approve or decline a recommendation.

Donors can make arrangements with the Veritas Foundation to make grants on a quarterly basis in March, June, September and December of each year. Donors may advise the Veritas Foundation of the one quarter they wish to make their recommended donation. Around the beginning of each year, the Veritas Foundation will advise you of the amount that your account has available to grant to charities. Currently, the Veritas Foundation expects that the annual grant amount for a DAF will be approximately four percent of the market value of the previous year end.

Grants are not paid in the year that you make the initial donation to the Veritas Foundation. If a grant is made within 12 months of a donation deposit, the Veritas Foundation reserves the right to charge a 1.5 percent administration charge on the value of the grant at the time the grant is disbursed.

The Veritas Foundation also permits granting of capital. The Annual Grant cannot be carried forward.

### **Eligible Charities**

The Veritas Foundation must restrict granting to registered Canadian charities, qualified charitable projects, and other permitted entities ("qualified donees") as set out in the Tax Act. As such, grants can only be made to:

- § Charities registered with the Canada Revenue Agency,
- § Registered Canadian amateur athletic associations,
- § Registered national arts service organizations,
- § Certain non-profit housing corporations resident in Canada that are constituted exclusively to provide low-cost accommodation for the elderly;
- § Universities outside Canada that are prescribed to be universities, the student body of which ordinarily includes students from Canada,

- § Charitable organizations outside Canada to which the federal government has made a gift in the current or previous calendar year,
- § Canadian municipalities,
- § Qualified charitable projects approved by the Veritas Foundation, and
- § The United Nations or any of its agencies.

### **Recommending Grants**

Grants are recommended by submitting and completing the appropriate section of the Application and Account Opening Form. If a donor is recommending grants to multiple Eligible Charities, a percentage or dollar amount must be allocated to each Eligible Charity.

You may set up your recommendations to be recurring, which means that the same charities will receive the same percentages of recommended grants each year. Alternatively, if your grant recommendations are set up as one-time, you must provide new grant recommendations annually. You can change your recommendations for recurring grants by completing a revised grant recommendation section on the Change of Information Form.

The Veritas Foundation makes the final decisions regarding grants and percentages allocated to qualified donees. It will consider all grant recommendations made when determining grants to be paid. If it approves, the recommended grants will be paid out of the DAF account to the grantee. The Veritas Foundation exercises sole discretion regarding all decisions about the use of VGF's funds, including grants made to qualified donees.

In the event that any one or more of the selected charities either ceases to operate or loses its status as a qualified donee then the Board of Directors of the Veritas Foundation may in their discretion distribute the amount mandated by the then current granting policy of the Veritas Foundation to such other qualified donees providing they are subject to approval by the Board of Directors of Veritas Foundation. In the event that no grant recommendations are provided or the recommendations are not sufficient after being contacted by the Veritas Foundation then the Veritas Foundation shall disburse the funds required according to the aforesaid granting policy.

The Veritas Foundation will not approve recommended grants that:

- § Are directed to foreign charitable organizations (other than as described above),
- § Fulfill a pre-existing legally enforceable pledge to a charity,
- § Provide a private benefit to a donor,
- § Pay a related child's tuition, or
- § Support partisan politics of any kind, including direct or indirect support of, or opposition to, any political party or candidate for public office.

Furthermore, the Veritas Foundation will reject a recommended grant if it deems that it is not entirely charitable. The Veritas Foundation will take remedial action if it discovers that grants have been made for improper purposes, such as those listed above. Remedial actions may include, but are not limited to, requiring the return of a grant.

### **Grant Notification**

The Veritas Foundation makes the grants through cheques bearing its name. A covering letter with the cheque will reference the Veritas Foundation and, unless recommended otherwise in the Application and Account Opening form, the account name. Should the donor wish to remain anonymous, the account name will not be disclosed. Donors will receive written confirmation of all grants distributed from their account as part of each quarterly DAF account statement. Should the Veritas Foundation decide to reject a recommended grant, the Veritas Foundation will notify the donor in writing.

In addition, if desired, donors may recommend under “Special Recommendations” that the grant notification include the name(s) of individuals in whose honour or memory the grant recommendations were made.

## **Material Agreements**

The Veritas Foundation has entered into an administration agreement with Veritas Charity Services Inc. (VCSI) to perform or arrange for administrative, recordkeeping, fundraising and certain other services for the VGF. VCSI receives remuneration for the services provided pursuant to such agreements and may receive remuneration for other services provided to Veritas Foundation and VGF.

The Veritas Foundation has entered into an investment management agreement with Veritas Asset Management (VAM) to provide certain investment management services to the Foundation and VGF. VAM receives remuneration for the services provided pursuant to such agreements and may receive remuneration for other services provided to Veritas Foundation and VGF.

The information contained in this guide is of a general nature and should not be construed as legal, financial, or tax advice to any person, as each person’s circumstances are different. Donors should consult with their own legal, financial, and tax advisors for information about donations to the Veritas Foundation.



For specific questions about a new, or existing, Veritas Foundation Giving Fund account, please call the Veritas Foundation at 1-866-640-8783 or send us an email at [info@theveritasfoundation.com](mailto:info@theveritasfoundation.com).

You can also visit our website at [theveritasfoundation.com](http://theveritasfoundation.com)



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