

Gifts-in-Kind

Donations made in the form of an asset or property that has real value and is not a gift of cash

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Gifts-In-Kind

A gift-in-kind is a donation made in the form of an asset or property that has real value and is not a gift of cash. The most common gifts-in-kind tend to be gifts of publicly listed financial securities such as stock, bonds, mutual and segregated funds, hedge funds or gifts of real property.

Gifts-in-kind also include gifts of real estate and may include assets such as a primary residence, a second home, time-shares, vacant land and residential income, commercial or industrial properties.

However, many other assets have real value and can be donated if a charity is able to accept them.

These may include special items like certified cultural property and ecologically or environmentally sensitive land. In such cases special tax treatment may apply.

Other valuable assets may include precious gems and metals, works of art, antique or other automobiles, yachts, equity memberships with





Generally you could pay as much as 50% of the appreciated value of the financial instrument in capital gains tax



resale provisions and shares in privately held companies, or qualified restricted, controlled or lock-up stock. In effect most any form of professionally appraisable items/assets of real value.

Unfortunately many charities are not well equipped to deal with such gifts, as they may be difficult to properly value and dispose of in a reasonable time frame. *Gift Funds Canada* is well equipped to undertake formal valuations resulting in the immediate granting of a donation receipt. Using a donor advised fund allows extra time for the disposal of the asset in question.

In the case of donating appreciated publicly traded investment securities such as stocks (domestic and

some foreign), bonds, mutual funds and segregated funds, special rules effectively eliminate any capital gains tax that may be otherwise payable. Generally you could pay as much as 50% of the appreciated value of the financial instrument in capital gains tax. If you donate the securities to a charity, you will receive a donation receipt for the fair market value of the asset and no capital gains tax is payable on the gifted asset. With a *Gift Funds Canada* donor advised fund you have the added advantage of nominating an Investment Professional to manage the funds in your DAF and to choose how much is distributed to your favoured causes and when.



For further information or to discuss establishing your own Donor Advised Fund, please contact us at:

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