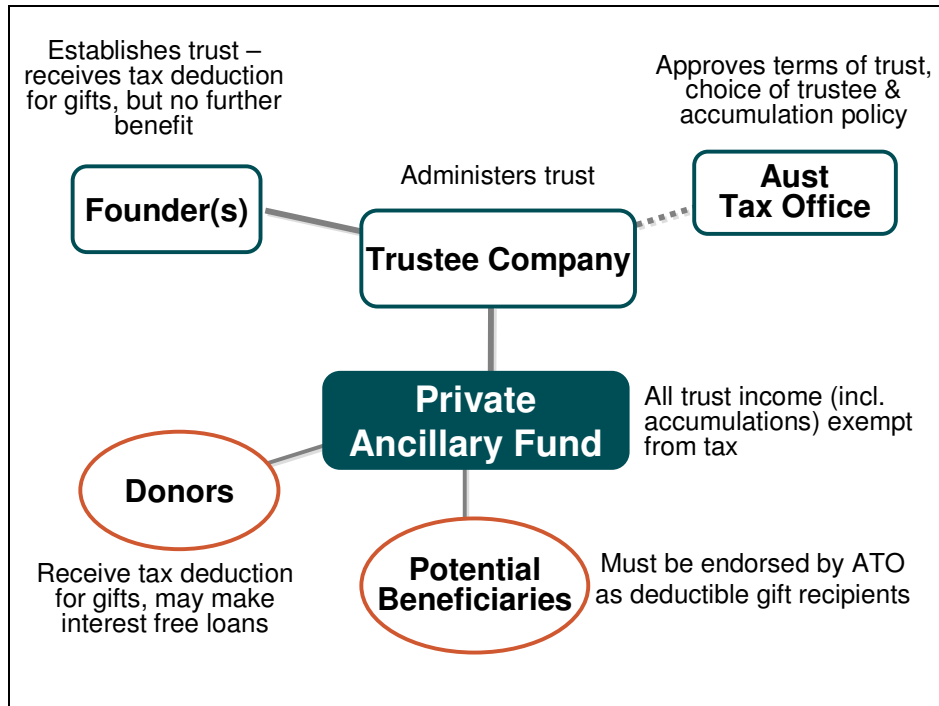


This fact sheet is designed to assist you in exploring the establishment of a private ancillary fund



Why establish a Private Ancillary Fund (“PAF”)?

To further your philanthropic objectives in a controlled and enduring format, with:

- Income tax deductible giving.
- Ability to retain control over which Deductible Gift Recipients receive distributions.
- Income tax exemption for income earned by the fund including capital gains.

Trustee

The trustee must be a corporation, not individuals. The directors must include at least one “responsible person” (eg. a school principal, religious practitioner, solicitor, doctor, MP).

That person cannot be:

- A founder
- A major donor, or

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- An associate of the founder or major donor

Nuts and bolts

A PAF has the following additional features or requirements:

- Every year, it must distribute at least 5% of the fund's net assets or \$11,000, whichever is greater, to Deductible Gift Recipients only except in the establishment year. Although smaller funds can choose 5% if they meet their running costs from outside the fund.
- Cannot seek donations from the public, but must retain its private character.
- Must have its financial statements audited every year.
- Must have a formal investment strategy.
- There are investment limitations – generally private ancillary funds cannot borrow money, must maintain investments on an arm's-length basis and must not provide assistance to related parties or acquire assets from them (other than by way of gift).

For more information on private ancillary funds, please contact Moores Legal. We would be happy to assist you in establishing a fund.

Statement of Advice: This Fact Sheet is for general information only and should not be relied on as (or in substitution for) legal, personal financial or other professional advice.

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