

G. Gifts Of Cash, Including Memorial Funds

The cash gift is the traditional and familiar form of charitable giving. The Community Foundation will issue an income tax receipt promptly after the gift is received. Donors may then obtain a tax credit which is currently 75% of personal annual income. A tax credit may be obtained at 26% for the first \$200 and at 39% of the balance.

◆ Lump Sum Gifts

Donations that exceed the 75% threshold can be used over the next five years – for a total of six years. Donation receipts can also be saved for up to five years and then used all at once. However, the latter option should only be chosen if the donor is sure that the entire amount can be used. If the donation receipts are not used within the time limit, they will be lost as a tax savings.

◆ Annual Gifts

An annual cash gift program can be a tax savings option for an elderly person who has plans to make a large charitable donation upon his or her death. If the gift is saved until the donor dies, the charitable credit cannot be applied backwards the same way it can be applied forwards (see Section H: *Gifts Made Through Wills*). All cash gifts are added to the capital base (or endowment) of the Foundation.

In either of the above situations, a donor making a cash gift to the Medicine Hat Community Foundation may direct it:

1. To the Foundation generally;
2. To a particular charitable purpose;
3. To an existing fund within the Foundation;
4. To establish his or her own fund - either immediately, or with a series of payments. In order to keep administrative costs down, an aggregate contribution threshold of \$5,000 is required in order to establish a separate fund. Once a fund is established, it receives permanent recognition in the Foundation's *Annual Report*.



◆ Memorial or Named Fund

A Memorial or Named Fund within the Community Foundation is a particularly effective way to marshal cash gifts. After a relative's death, instead of directing friends to make a small donation to the charity of your choice, the family can direct donations to the Named Fund within the Community Foundation. If it is to become a new named fund, a pledge to top up the contributions to the minimum level as described in Section B is required. The deceased receives permanent recognition (the capital is maintained in perpetuity in a fund named for him or her). The family has the option to specify how the earnings of the fund are to be spent, and continue to be involved in the annual allocation of the earnings.

Technical Reference

IT-110R2 Deductible gifts and official donation receipts



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