

APPROVED DATE:	September 11, 2025
APPROVED BY:	Board of Directors
EFFECTIVE DATE:	February 1, 2026
REVISION DATE:	December 18, 2025

1. Purpose

This policy outlines the criteria guiding the disbursement (granting) of funding to Canadian Qualified Donees from Abundance Canada (the Foundation). It is written in accordance with Canada Revenue Agency (CRA) guidelines.

This policy applies to all disbursements made by the Foundation.

The fiscal year of the Foundation is February 1 to January 31.

This policy may be amended at the discretion of the Board of Directors of the Foundation, with or without notice. All Board members, officers, and staff of Abundance Canada with financial authority will receive a copy of this policy and acknowledge their understanding and commitment to its principles.

2. Definitions

DAF: a donor-advised fund where the Foundation permits the Fund Holder or his or her Designated Representative to make non-binding recommendations on disbursements (grants) to qualified donees.

Non-Binding Recommendation: A written request by a Fundholder or a Designated Representative for the Foundation to consider a disbursement to a qualified donee.

Disbursement: Grants made by the Foundation from a DAF to a qualified donee.

Designated Representative: An individual(s) authorized by the Fundholder, in writing (e.g., a Designated Representative form or email confirmed by staff), to make Non-Binding Recommendations of disbursement from the Foundation on the Fundholder's behalf. The Foundation is under no obligation to verify the validity of the Designated Person(s) recommendation with the Fundholder before making the distribution once the authorization has been made.

Qualified Donee: Qualified donee has the meaning as defined in the Income Tax Act of

Canada s. 149.1 and is an organization authorized by the CRA to issue official donation receipts and receive gifts from registered charities. Typically, a qualified donee performs the charitable activity that is directly benefiting the community. Examples of qualified donees (not a complete list) include registered charities, registered Canadian municipalities, and registered national arts service organizations. Note that disbursements to foundations are subject to additional requirements – see Clause 3.

Binding Recommendations: (*AKA Restrictions*) Written Fundholder-imposed instructions, which are made at the time of the gift, that may jeopardize the charitable status of the Foundation, cause undue burden or harm to the Foundation's operations, or disqualify the gift from receiving a charitable tax receipt.

Fundholder: The individual, family, organization, or group that has established a DAF within the Foundation for charitable giving purposes.

Prohibited Private Foundation: A foundation where all directors, officers, and like officials are not at arms-length with any of Foundation's directors, officers, or like officials.

DONOR-ADVISED FUND (DAF) TYPES

Flowthrough DAF: Designed for immediate community impact. Funds are not invested.

Responsive DAF: Supports community initiatives as they arise and/or over several years. Funds are invested.

Sustainable DAF: Designed to generate ongoing income to support community over the long-term (minimum 10 years). Funds are invested.

3. Disbursement Recommendations

The Foundation does not accept Binding Recommendations. Any agreement that governs the direction of where funds will be disbursed is improper. Fundholders may recommend where they would like to disburse funds (through a non-binding recommendation); however, they cannot direct a disbursement.

Fundholders and/or their Designated Representative are permitted to make Non-Binding Recommendations (disbursement recommendations). If a non-binding recommendation is submitted via a phone call or in-person the Foundation will follow up in writing, confirming the recommendation.

See Appendix A: Sample Disbursement (Non-Binding) Recommendation Form for detailed information on what must be submitted to the Foundation in a non-binding disbursement recommendation.

The Foundation is under no obligation to verify with the Fundholder the instructions of a designated representative before making the disbursement.

The Foundation strives to accept non-binding recommendations provided they are in accordance with this policy. However, the Foundation has the right to refuse any recommendation.

Should the Foundation reject the recommendation, it will provide a written communication (e.g. email, letter) of its decision to the Fundholder and or the Designated Representative. Should the Foundation be unable or unwilling to disburse a particular Non-Binding Recommendation the matter will be referred to the CEO for review. If no alternative disbursement recipients are identified and deemed acceptable by the CEO, the Foundation may use the remaining Fund balance as it, in its sole discretion, deems necessary and without notice. See section 7 Non-Direction Clause for more information.

Common reasons why a non-binding recommendation may not be accepted include recommendations for disbursement:

- to a grantee organization (as defined in the *Income Tax Act*, and includes “a person, club, society, association or organization or prescribed entity, but does not include a qualified donee”, formally referred to as a non-qualified donee);
- to charitable organizations that intend to use the funds in a way that will violate any laws or support illegal practices.

Disbursements to private foundations are limited to disbursements through Flowthrough DAFs only – see Clause 4. Disbursements to public foundations may be made from Sustainable DAFs and Responsive DAFs only and are subject to pre-approval – see Clause 5.

4. Disbursements

All Fund Types: Individual disbursement recommendations must have a minimum value of \$250.

Flowthrough DAF

Individual funds can make up to 20 disbursements per year. Additional disbursements will come with a fee. See the Fee Model Policy for more details.

Responsive DAF

No disbursements permitted in the first six months of receiving contributed capital (gift).

No more than 50% of the funds contributed capital in a given year, plus earnings, can be disbursed in each fiscal year of the Foundation.

Individual funds can make up to 20 disbursements per year. Additional disbursements will come with a fee. See the Fee Model Policy for more details.

Sustainable DAF

The Fundholder may choose to disburse the total net income derived from this fund's investment or up to the Disbursement Quota set by the Canada Revenue Agency (currently set at 5% of the fund's fair market value), each year for the length of the agreement, a minimum of 10 years.

Individual funds can make up to 20 disbursements per year. Additional disbursements will come with a fee. See the Fee Model Policy for more details.

Donor Advised Funds + External Advisor/Financial Entity (DAF+EA/FE)

A DAF+ EA must hold a minimum value of \$250,000 before submitting any disbursement recommendations. The DAF+ FE must maintain a \$250,000 minimum total portfolio balance for individual donor funds to disburse.

Individual DAF+ EA/FE funds can make up to four (4) transfers per year from their external fund to their Abundance Canada DAF. Funds that have set automatic transfers between the provider and the Foundation in their fund agreement are exempt from this transfer limit.

The Abundance Canada DAF to which the funds are transferred is subject to the Abundance Canada Disbursement Policy.

Charity Partnership Fund (CPF)

The Fundholder may disburse the total net income derived from this fund's investment or up to the Disbursement Quota set by the Canada Revenue Agency (currently set at 5% of the fund's fair market value), whichever is lesser, each year for the length of the agreement, a minimum of 10 years.

However, a qualified donee with a CPF has 100% discretion to request disbursements to itself on 100% of the value of its Fund. A disbursement recommendation cannot exceed 5% of the fund's total value without a board motion from the board of the charity which holds the fund and 30 days' written notice.

Individual CPFs can make up to four (4) disbursement recommendations per year. Additional disbursements will come with a fee. See the Fee Model Policy for more details.

5. Approvals

Transaction

All disbursement recommendations must undergo an internal approval process before any funds are released. Approval must be in writing; verbal approvals are not accepted. Electronic (email) approvals are considered written approvals.

Disbursements to Qualified Donees that are not Foundations: Recommendations for disbursement up to \$100,000 must be approved by the Generosity and Impact Advisor assigned to the associated DAF. The CAO will review a sample of disbursements under the \$100,000 each year as part of regular quality assurance reviews.

Recommendations for disbursements over \$100,000 and up to \$500,000 require approval from two of the following leadership team members: Chief Financial Officer (CFO), Director of Governance and Operations, Director of Capacity Building and Strategy, Director Generosity & Impact.

Recommendations exceeding \$500,000 and up to \$1,000,000 require approval from the Chief Executive Officer (CEO) and one of the above-mentioned leadership team members.

Disbursement recommendations over \$1,000,000 must be approved by Abundance Canada's Board of Directors.

Disbursements to Qualified Donees that are Foundations: Disbursement recommendations to public foundations up to 20% of the fund's value in any fiscal year may be approved by Abundance Canada's Chief Executive Officer. Amounts in excess of the 20% require approval of the Board of Directors. Disbursement to arm's length private foundations are limited to Flowthrough DAFs only and are not subject to approval thresholds. Disbursements of any kind or amount to a Prohibited Private Foundation is not permitted.

Each year, Abundance Canada's board reviews all disbursements.

This tiered approval process ensures appropriate oversight and alignment with the Foundation's fiduciary responsibilities and charitable mandate.

Payment

Release of the payment of the disbursement will follow the Delegation of Authority Financial Transactions signing officers and limits.

6. Timing

Fundholders should expect a maximum of 20 business days for the review, approval, and processing of each written non-binding recommendation for disbursement(s). Once a non-binding recommendation is received, the Foundation will disburse funds to the designated registered charity within this timeframe. If the process requires additional time, fundholders will be notified along with the reason for the delay.

7. Non-Direction Clause:

If, for a period of twenty-four consecutive months, the Foundation receives no direction, recommendation, or communication from the Fundholder or Representative (s) regarding the use or disbursement of a Fund (excluding endowment funds), the Foundation may, at its sole discretion, and in accordance with its charitable purposes and applicable laws and regulations, direct the income and/or capital of the Fund to support charitable activities or qualified donees.

The Foundation will make reasonable efforts to contact the Fundholder or Fundholder Representative prior to exercising this discretion. However, if such efforts are unsuccessful, the Foundation shall not be liable for acting in accordance with this clause, provided such actions are consistent with the Foundation's mission and the charitable purposes of the Fund as originally intended, if known.

8. Disbursement Quota

The Foundation complies with CRA regulations, which require a minimum annual disbursement—currently 5% of assets not used for charitable programs or administration—to qualified donees or charitable activities. The Board ensures this requirement is met through regular financial oversight to maintain compliance and protect the Foundation's charitable status.

The disbursement quota calculation is based on the value of The Foundation's property not used for charitable activities or administration.

The Foundation's disbursement quota is:

- 3.5% of the average value of that property up to \$1 million
- 5% on the amount that exceeds \$1 million

Assets not used directly in charitable activities or administration are real estate, investments, or other assets that were **not** used directly in charitable activities or administration.

The average value of property is based on a specified number of periods over a 24-month span.

The Foundation will adjust its disbursement quota in accordance with the most recent CRA regulations.

9. Adoption and Effective Date

This Disbursement Policy was adopted by the Board of Directors of Abundance Canada Inc. on **September 11, 2025** and is effective as of February 1, 2026. The policy supersedes any previous disbursement policies.

10. Review and Amendment of Policy

This policy will be reviewed by the appropriate board committee(s) at least every five years, or as required by changes in law or organizational structure, and any recommended amendments will be submitted to the Board for approval.

This policy shall be reviewed and, if necessary, amended by the Board no less than every five years.

The Board must explicitly approve any exceptions to this policy.

Related Policies

Disbursement Policy, Gift Acceptance Policy, Reserve Fund Policy, Investment Policy, DAF Agreement Template, DAF+ EA/FE Agreement Template, CPF Agreement Template

Appendix A: SAMPLE Disbursement (Non-Binding) Recommendation Form

The following are non-binding disbursement recommendations that are subject to Abundance Canada's Fee and Disbursement Policy in effect at the time of the request.

Date:

Fund Number:

Fundholder or Designated Representative:

If the intent is for the disbursement to remain anonymous, please mark the ANON box beside each gift that should be made anonymously.

\$ or %	RECIPIENT CHARITY	CHARITY ADDRESS	PAYMENT FREQUENCY	DESIGNATION	ANON?	EFT Y/N?
					<input type="checkbox"/>	
					<input type="checkbox"/>	
					<input type="checkbox"/>	

Additional Disbursement Notes:

Generosity & Impact Advisor: