



American Friends of Canadian Land Trusts



Cross-Border Conservation Program – Overview for US Donors

Background

The American Friends of Canadian Land Trusts (AF) was established in 2006 to support land conservation in Canada, through cross-border conservation with U.S. residents. AF's mission is "to protect, and to promote the protection of, the ecological integrity and other conservation values of the natural areas of Canada through securement of fee title and less than fee interests in land, stewardship, public outreach and education, and support of the conservation activities of Canadian land conservation entities and organizations."

Services for U.S. Donors

AF provides two cross-border conservation programs to support the work of Canadian land trusts, and to help U.S. residents keen to support land conservation efforts in Canada:

A. General Support Program: U.S. cash gifts (or securities) to Canadian organizations

If you are interested in making a donation to benefit land conservation in Canada, AF's general support program provides a mechanism for such donations to be tax deductible in the U.S.

Donation Procedures

You submit the donation along with a donation letter to the AF (sent to AF's Washington address). As per Internal Revenue Service requirements for cross-border charitable giving, you may recommend the donation be used to make a grant in support of a qualifying Canadian conservation charity or government entity. AF will consider your grant request, but, as required by the IRS for cross-border organization, must exercise control over the transaction and make an independent decision about the grant recommendation.

Please be sure of the following in making your gift:

1. The cheque is payable in US funds, drawn on a US bank, to American Friends of Canadian Land Trusts (not to a Canadian land trust)
2. The donation is sent to AF at the Washington address
3. The donation is accompanied by a letter, confirming your donation. We have a template letter you can use to ensure you include all the information required by the IRS (see nsnt.ca/AF). Either complete the template form letter, or use it to create your own letter. In the letter you can recommend a grant in favour of your preferred Canadian land trust (be sure to include the contact information for the land trust).
4. Grants may only be made to Canadian land trusts that qualify as "eligible grantees" with AF. You should contact your proposed grantee organization or the AF to confirm whether or not the organization you hope to support is an "eligible grantee" in good standing with AF.
5. The donation may not be for membership dues/fees for a Canadian land trust. The donation must be a charitable donation.

Contributions and Fees

All contributions made to the cross-border conservation giving program are acknowledged by letter indicating the tax deductibility of the contribution along with the AF's tax identifying number for your files. Since AF is already a qualified exempt organization in the U.S. and assumes responsibility for the disbursement of the funds, all contributions are tax-deductible against U.S. income to the fullest extent of the law. The minimum donation is \$200 US.

For the administration of this program, AF will retain 5% of all contributions). For donations over \$10,000 US, AF will retain 2% of the amount above \$10,000 US.

Any interest earned from the funds in the program accrues to the AF.

Note: Donors may also make gifts of securities. Please contact AF (Bonnie Sutherland at (902) 425-5263 for information)

B. Conservation Land Program

A second major program is AF's Cross-Border Conservation Land Program. It facilitates cross-border gifts of qualified conservation lands and partial interest in land (conservation easements) by U.S. residents for land in Canada.

Through the program, the gift may be tax-deductible in the U.S. The AF is currently seeking special status in Canada under the Income Tax Act to provide U.S. donors with an ideal tax scenario of both a U.S. income tax deduction and elimination of Canadian capital gains tax on the gift. *Note—this combined tax benefit is not yet available to donors (as of March 2009).*

AFoLCT's Cross-Border Conservation Land Program is operational now. For donations of land and conservation easements where capital gains tax is not an issue for the donor, please contact AF for details.

For those gifts that attract a significant capital gains tax in Canada (i.e. the land is worth much more now than when it was acquired by the donor), full tax benefits will likely not be available until late 2009 or 2010 when a ruling on AF's proposed special tax status in Canada is anticipated to be received from the Canada Revenue Agency. The processing for such gifts may be initiated, but the gift cannot be completed until the ruling is completed.

AF may enter into a management agreement with a Canadian conservation charity or government entity relating to property stewardship. It may ultimately transfer ownership of the land or holding of the conservation easement to a Canadian land trust, if such a transfer is deemed by the AF to be best future stewardship option for the particular property.

Donation Procedures

Detailed templates and checklists for proposed land donations, bargain sales, conservation easements/covenants, and gifts of remainder interest with reserved life estate, are available from AF and will be provided to grantees interested in participating in conservation gifts to AF .

Contributions and Fees

AF operates on a cost-recovery basis. AF therefore requires a \$3500 US contribution to cover expenses associated with the transaction and due diligence expenses for all gifts of conservation property or partial interest in property. This \$3500 US cost may be paid through a donation by the U.S. donor or paid directly by the land trust. *Note—for complex transactions involving significant legal review or other expenses beyond those contemplated for a typical transaction, AF must also be reimbursed for these additional costs.*

For further information please contact:

Bonnie Sutherland, President
American Friends of Canadian Land Trusts
c/o Nova Scotia Nature Trust
PO Box 2202
Halifax, Nova Scotia B3J 3C4
Phone: (902) 425-5263
Fax: (902) 429-5263