



Stream of Dreams Murals Society

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Board Approved Policy (November 2006) Valuing and Accounting for Gifts of Publicly Listed Securities (for Canadian listed securities only)

GOOD NEWS ABOUT DONATING SHARES AND OTHER SECURITIES TO CHARITIES!

BENEFITS FOR STREAM OF DREAMS MURALS SOCIETY – TAX SAVINGS FOR YOU

Effective May 2, 2006, the federal government has made it even more cost-effective to donate to Stream of Dreams Murals Society. Donations of qualified securities¹ since that date are now fully exempt from capital gains tax. This can benefit both you and the Stream of Dreams Murals Society.

This means that when you donate eligible securities to the Stream of Dreams Murals Society, you will pay **no** tax on any accrued capital gain on the securities and the after-tax cost of the donation to you will be less than if you donated the same amount in cash. As well, you will still receive a tax receipt for the **full market value** of the qualified securities. This will entitle you to claim a donation tax credit in your tax return for the year in which the donation is made.

How is this different from a cash donation made from the proceeds of the sale of securities?

If the qualified securities are first sold and the proceeds are donated, you will not be eligible for the new capital gains tax exemption (see example below). To benefit from the new capital gains exemption securities must be transferred directly to the Stream of Dreams Murals Society.

What are the potential tax savings?

The tax savings will vary depending on a number of factors, the most important ones being the amount that the donor paid for the securities compared to the securities' current market value, and the tax rate in the donor's province (see example below.)

Assumptions	Current Value of securities = \$1000 Original cost of securities = \$400	Marginal Tax rate = 46% Tax credit = 46%
	Sell stock and Donate Cash to Stream of Dreams	Donate Stock directly to Stream of Dreams
Current Value of Securities	\$1000	\$1000
Capital Gain	\$600	\$600
Taxes saved on Capital Gain	0	\$138
Tax credit from gift	\$460	\$460
Net cost to donor of the \$1000 gift	\$540*	\$402**
• \$1000 – 460		** \$1000-\$460-\$138

¹ Qualified securities include:

- a. shares, debt obligations or rights listed on a prescribed Canadian stock exchange (which currently includes Tiers 1 and 2 of the TSX Venture Exchange the Montreal Exchange, and the Toronto Stock Exchange)
- b. Shares, debt obligations or rights listed on a prescribed foreign stock exchange (including, in addition to many others, the NASDAQ national Marke, the New York Sotck Exchangem, the American Stock Exchange)
- c. Shares of the capital stock of a Canadian mutual fund corporation (as defined for tax purposes)
- d. Units of a Canadian mutual fund trust (as defined for tax purposes)
- e. Interests in a related segregated fund trust (as defined for tax purposes)
- f. F prescribed government debt obligations

How do I make a donation?

Donating securities is simple. Follow the instructions on the attached donations form and deliver copies to your broker and to Stream of Dreams Murals Society.

What do I need to do when I complete my income tax return?

When you complete your tax return, report the disposition of your securities using the CRA's T1170 Form, calculating any capital gain resulting from the disposition. The capital gain will be exempt from tax. Then claim a donation tax credit in your tax return for the year in which the donation is made.

What will my donation do?

Your donation to the Stream of Dreams Murals Society will help students and their parents and teachers learn how they can protect our water resources and prevent water pollution.