



Spring 2011

Private Giving Foundation

A simple, effective way to support the causes that matter to you

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Kids in Class – A Lasting Legacy

For more than thirty years, Michael Waring, President and CEO of Galileo Global Equity Advisors Inc., a provider of active equity portfolio management services, has invested billions of dollars on behalf of Canadian clients in a wide range of assets. As satisfying as that is, nothing compares with investing to improve the lives of children in developing countries. Michael believes that an education gives people the power to transform their lives, and yet millions of school-aged children worldwide are not enrolled in school. Those children fortunate enough to attend school often find themselves in over-crowded and inadequate learning environments that have been expensive to fund.

In developing his philanthropic plan, Michael wanted to be strategic, so he applied the same disciplined approach he uses to identify a good business investment to find a charity that he could partner with to help children get the education they deserve. After applying due diligence in analyzing financial statements and taking several trips to visit their funded projects in action, he selected

Plan International Canada as his partner in philanthropy to achieve life-altering work in some of the most difficult environments on earth.



Michael Waring, Kids in Class founder and Jackie Daye from Galileo Equity Advisors with a group of children from a remote commune in the northern region of Vietnam.

Michael was introduced to the Private Giving Foundation (PGF) by his private banker, Brian Valvasori. In December 2010, Michael established the **Kids in Class** endowment fund, which will be administered through the PGF. In the first four years, the earnings from this fund will be applied to **Plan's** innovative community sponsorship project in Vietnam. This program is addressing key challenges surrounding education, including health, water and sanitation, and child protection.

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Federal Budget Targets Donations of Flow-Through Shares

Since 2006, it has been possible to donate publicly-traded securities to a registered charity without triggering any capital gain tax. Consequently, many Canadians who wished to donate significant amounts to charity have been using flow-through shares as a means to fund their charitable giving at minimal cost. When combining the elimination of capital gains for donations of publicly-traded securities with two tax incentive programs: (1) flow-through share deductions and (2) charitable donation tax credits, the after tax cost of making such a charitable donation has been quite low.

Flow-through shares allow corporations in the oil and gas, mining and renewable energy sectors to renounce or “flow-through” certain tax expenses to investors, who can deduct these expenses. Flow-through shares are

treated as having a cost of zero for the purpose of calculating any gain or loss on their disposition.

Here is an example of how it has been working. Suppose John is in the top marginal tax bracket in Ontario and he purchases \$10,000 of flow-through shares. Once the exploration is complete and the shares are marketable, if he donated them to charity, he would have received a tax saving of 46% (\$4600) in addition to the 46% (\$4600) tax savings that he had already received when he purchased the flow-through shares. Even though the cost of the shares is reduced to zero, he would not have had to pay any capital gains tax as flow-through shares are considered publicly-traded securities and therefore are exempt from capital gains tax when they are donated to charity. So, it would have cost John only \$800 to make a \$10,000 donation

(\$10,000 - \$4,600 - \$4,600). This example assumes that the market value of the flow through shares at the time of donation was \$10,000 (equal to the cost).

The Conservative government’s March 22nd budget proposes that donations of flow-through shares will be exempt from tax only on the portion of the capital gain that represents an increase in value from the original cost of the shares. So in the above example, John will pay additional capital gains tax for this donation of \$2300 (\$10,000 x 46% x 50%).

Regardless of which party forms the next government, it is possible that this proposal could be re-introduced and be retroactive to March 22, 2011. Therefore, investors in flow-through shares should exercise caution and seek advice from their tax advisor prior to making a donation.

Kids in Class – A Lasting Legacy

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In the following years, **Kids in Class** funds will be applied wherever the need is greatest at that time, and will focus on activities to improve education for children such as:

- School construction
- Scholarships, school furniture and equipment
- School repair and early childhood care and development centres
- Library books, school supplies and playground equipment
- Provision of water and sanitation facilities in schools
- Teacher training

What Michael appreciates most about establishing this endowment fund with Plan as the beneficiary is that it takes very little, relatively speaking, to touch and improve lives in a developing country. “You can be secure in the knowledge that any support to Kids in Class will raise the standard of living for entire communities with a special focus on children and their future,” says Michael. In his opinion, “nothing liberates and empowers a person to self-



sufficiency like education-- it is the key to ending poverty.”

Thank you so much, Michael, for establishing this generous endowment with the PGF. For more information on Kids in Class, including how to make a donation, please go to www.kidsinclass.com.

Crisis in Japan: How to Help

The massive earthquake and subsequent tsunami that struck Japan on March 11 have left thousands dead and many more stranded and homeless.

According to Gena Rotstein, CEO at Dexterity Ventures Inc. and a philanthropic advisor, there are several things we can learn from past natural disasters and the way that donations were handled:

- 1) The initial outpouring of donations is large and fast and sometimes can overwhelm even the best agencies.
- 2) The need for funds far exceeds the media attention on the crisis.
- 3) The period of time from when you make a donation to its eventual use may be longer than you expected.
- 4) There are organizations that specialize in dealing with this type of crisis, and others, without a proven track record, that may crop-up overnight.

In this time of need, Canadians are looking for ways to reach out and help in rescue and recovery efforts.



Providing children with emotional first aid and psychosocial support is a key component to activities in Japan.

Here are some of the global aid agencies that you can contact to contribute to these efforts.

ADRA Canada
The Canadian Red Cross
Care Canada
Doctors Without Borders
Oxfam Canada
Plan International Canada
The Salvation Army
Save the Children Canada
UNICEF
World Vision Canada

First and foremost, remember that it is up to you, the donor, to find out how your donation is being managed. It is not the charity's responsibility to offer this information.

So how do you know?

- 1) Ask the organization what their implementation plan is for long-term crisis management. If you want your funds used for the immediate issue, find out what their delivery time on projects is. Many organizations are helping out at different stages of the crisis management, so find out which ones are operating at the stage that you want to support.



- 2) If the organization has adopted the Ethical Code of Fundraising, or the Donor Bill of Rights, then there should be a statement on the charity's website and/or their written materials around the solicitation concerning how the funds will be used should the campaign exceed the fundraising target.
- 3) Check out the Canada Revenue Agency website to ensure that the organization you are donating to is a registered charity.

A little due diligence goes a long way.

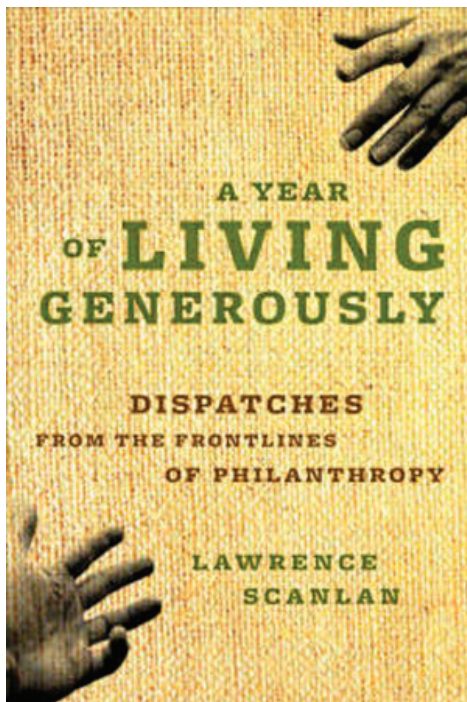


Book Review

On the subject of philanthropy, we recommend **"A Year of Living Generously"** by Lawrence Scanlan. This is a powerful and personal exploration of generosity by one of Canada's finest journalists. Can one person make a difference? When we write a cheque to a charity or volunteer at a food bank, we're part of the solution--aren't we?

Lawrence Scanlan went looking for answers to those questions. He selected twelve different charitable organizations and spent a month in each, and what he discovered during his year-long odyssey was the new face of philanthropy--its players, its politics, its undeniable satisfactions and its fundamental perils.

This fresh and critical look at diverse approaches to the troubles of the world's less fortunate demonstrates the compelling need for greater commitment and real connection from us all--individuals, philanthropists of every stripe, and government.



Share your philanthropy story and enter your name to win a copy of **"A Year of Living Generously"**
E-mail joanne.ryan@td.com.

PGF Milestone

In the fall 2010 issue of this newsletter we marked PGF's 6th year anniversary, having surpassed \$100 million in endowment funds. We are pleased to celebrate another milestone; PGF's assets have now reached \$125 million, having disbursed over \$18 million to charities. Once again, our sincere thanks to our generous donors and their advisors, who incorporate charitable giving as part of their overall financial and estate plans.

\$125
million in
endowment
FUNDS



Photo: ©Greg Pacek

We welcome your questions and comments.
Please direct them to joanne.ryan@td.com or call **1-866-866-5166** or **416-308-6735**.

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