

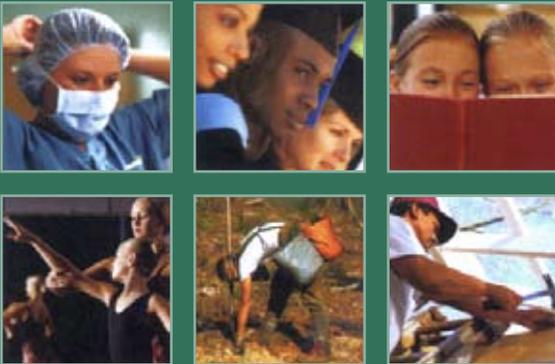


Waterhouse

Wealth of Experience

Private Giving Foundation

AUTUMN 2007



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

Message from Executive Director, Jo-Anne Ryan

In the Fall of 2004, TD Waterhouse¹ launched the Private Giving Foundation (PGF), the first donor-advised fund program to be offered by a financial institution in Canada. We are thrilled to be celebrating our 3rd year anniversary. Since the inception of the PGF, we have accumulated an endowment fund of close to \$60 million thanks to the generosity of our donors, and the Foundation will have disbursed over \$4 million to registered Canadian charities by year-end. As I travel across the country, I have had the privilege of meeting many PGF donors. In every instance, there is always an interesting story and different motivation for giving. PGF donors often care deeply about a cause and want to develop a strategic approach to philanthropy. In this issue, we will profile Harold and Marilyn Quinn who will explain what motivated them to set up a donor-advised fund with the PGF and we will hear from Sheilagh Johnson, Executive Director of the Children's Aid Foundation who will enlighten us on the tremendous impact that a gift from the PGF has had on troubled teenagers across the country.

Traditionally, the term "philanthropy" has been used only in the domain of the wealthy. It is important to define what philanthropy is and distinguish it from charitable giving which can be as simple as writing an annual cheque to a charity. Philanthropy is an exchange of values that results in a donation. It's an investment in a cause, giving to a solution, and often represents a longer-term commitment. Philanthropy often involves personal engagement and a lot of thought. In the end, the size of the gift is not the issue. Thinking strategically about our giving is the point. Indeed, many wealthy individuals have applied their business and investment acumen to philanthropy with considerable success. Warren Buffet's \$31 billion gift to the Bill & Melinda Gates Foundation last year is an example of how he is sharing his wealth, while pursuing a strategic approach to philanthropy in order to ensure that his money is well spent. However, one doesn't need to be a business tycoon or a billionaire to achieve success on a smaller scale.

On behalf of the Board of Directors, we would like to thank you for your generosity and for incorporating philanthropic planning in your overall financial goals.



Jo-Anne Ryan

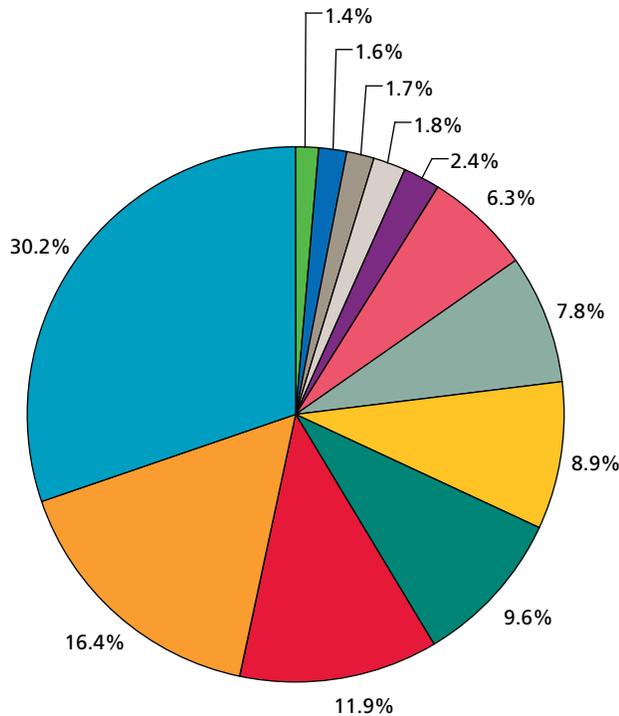
Jo-Anne Ryan

Vice President, Philanthropic Advisory Services,
TD Waterhouse Canada Inc.
& Executive Director, Private Giving Foundation
www.tdwaterhouse.ca/privategiving



Private Giving Foundation disbursed \$3.7 million to charities since inception

Top 12 Categories for All PGF Charity Distributions Apr 2005 to Oct 2007



Category Name
Libraries, Museums and Other Repositories
Missionary Organizations and Propagation of Gospel
Cultural Activities and Promotion of the Arts
Health Organizations, (not elsewhere classified)
Salvation Army Temples
Welfare Organizations (not elsewhere classified)
(Welfare) Charitable Corporations
(Health) Charitable Corporations
Teaching Institutions or Institutions of Learning
Health-Care Services Other Than Hospitals
Hospitals
Organizations Providing Care Other than Treatment

Profile of a PGF donor

In 2005, Harold and Marilyn Quinn, established the Quinn Charitable Foundation through the Private Giving Foundation at TD Waterhouse. After a successful career with Dow Chemical of Canada in Sarnia, Ontario, Harold and Marilyn retired and moved to Kingston, Ontario. While they are enjoying their retirement in the beautiful Kingston area, they have a strong desire to support health related causes that have hit close to home. Marilyn is a Parkinson's patient. They also have a grandson who is a Type 1 diabetic. The Quinn Charitable

Foundation is currently funding research through annual grants to the Parkinson Society of Canada



Harold and Marilyn Quinn

and Juvenile Diabetes Research Foundation. Not only does this fulfill a personal philanthropic goal, it has also provided much needed tax relief. Their donations to the foundation have been made with appreciated securities that had large capital gains. They were able to reduce their capital gains tax for their 2005 donation and totally eliminate the capital gains tax for their 2006 donation since it was made after the government announced the elimination of capital gains tax for donations of publicly traded securities to charities.



Jane Marshall
Executive Vice President
Loblaw Properties Limited



Robert (Bob) Gorman, CFA
Chief Portfolio Strategist
TD Waterhouse Canada Inc.

PGF welcomes new Board members

Robert Gorman and Jane Marshall

A special thank-you to retiring Board members Julie Toskan-Casale and Michael Sherman for their service. Julie and Michael have served on the PGF Board since its inception.

Private Giving Foundation Funds Innovative Program For High-Risk Canadian Youth

When youth in foster care reach the age of 18, they must leave their foster and/or group home and begin to live independently. Most of these youth have not finished high school; have few employment skills and no parental support. For many, their 18th birthday marks the beginning of a downward spiral that ends up in poverty, homelessness and often in conflicts with the law.



Through a generous gift from the Private Giving Foundation, the Children’s Aid Foundation was able to develop an innovative Transition to Independence Program for high-risk youth in Halifax, Toronto and Vancouver. The program focuses on providing practical solutions to the problems these youth experience.

The Transition To Independence Program offers individual counseling, group programming and access to resources such as housing, job readiness training, life skills and high school completion courses. A mentorship component pairs youth with committed community and corporate volunteers.

In its first year, the program has enabled hundreds of high-risk youth to embark on a new, but often daunting chapter of their lives, equipped with better support and increased confidence; all of which helps them exit the foster care system and live on their own more successfully.



Sheilagh Johnson
Executive Director
Children’s Aid Foundation
www.cafdn.org



You Ask Us

Q. *I understand that PGF is building an endowment fund and that the capital must remain intact for a minimum of 10 years. Please explain what that means.*

A. Endowments may be set up in perpetuity. However, according to Canada Revenue Agency, the capital must remain intact for a minimum of a 10 year period. The income is disbursed to charity on an annual basis. With the PGF, we have a payout policy of 5% per year which is above the minimum legal requirement of 3.5% per annum. Endowment funds are extremely important as charities have historically relied on the government to fund their annual programs. With cuts in government funding and an aging population that is putting huge demands on healthcare, there is a need for ongoing funding to charities. The PGF provides a structure that will generate an increasing flow of revenue into the charitable sector in order to help fill this gap.

Q. *Have there been recent changes to the tax benefits related to charitable giving?*

A. In the 2006 Federal Budget, the capital gains tax was eliminated for donations of publicly traded securities including mutual funds to registered charities and public foundations. The PGF is a public foundation. The elimination of capital gains was extended to private foundations in the Federal budget in 2007.

Q. *How big an impact will that have?*

A. According to a TD Economics report issued May 2, 2007, the current market value of stock held by Canadians is an astounding \$1.4 trillion with one half of that in unrealized gains. Now you can donate the stock, eliminate the capital gain and receive a tax credit for the market value of your donation (can be up to 50% depending on your province). For example, as a result of the BCE takeover, many BCE shareholders will potentially trigger a capital gain. For those who are philanthropic, a donation strategy may eliminate the tax liability resulting from this takeover.

Q. *I am interested in donating from my PGF account to a global charity. I understand the PGF can only donate to a registered Canadian charity. How can I give globally through my fund held with the PGF?*

A. Correct, the PGF has to donate to one of the 82,000 registered charities in Canada. According to 2004 statistics, approximately 12,000 Canadian registered charities carry on programs directly or indirectly outside of Canada. The most commonly used way of operating abroad is through an agency agreement. The Canadian charity appoints an agent to conduct the Canadian charity's activities, on behalf of the Canadian charity. The Canadian charity provides all of the funding and is in control of the relationship pursuant to a written agency agreement. Funds may be directed to a registered Canadian charity that may then transfer the funds abroad providing an agency agreement exists. Many of our donors are successful immigrants and want to give back to their country of origin. Recently one of our donors wanted to support underprivileged children in India through his PGF account. In order to accomplish this, he is directing his annual grants to SOS Children's Villages Canada, which is based in Ottawa. The Ottawa charity will then direct the fund to an SOS Village in India to provide support for orphaned and abandoned children.

Q. *When the PGF sends a cheque from my donor-advised account to a charity, is the charity provided with my name?*

A. On the application form you are asked if you want your name and address disclosed to the charity. If you select "YES", the name of your fund and your name and address will be disclosed to the charity. If you want to give anonymously, that option is also available.

We welcome your questions and comments. Please direct them to joanne.ryan@td.com.

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