



THE GIFT OF SECURITIES

Donating securities to charity is an option that many donors know very little about. Here is some information on the what, how and why. In the 2006 federal budget, the Government of Canada announced the elimination of capital gains tax on publicly listed securities donated to registered charities. Gifts of securities can include stocks, bonds, mutual funds, futures and GICs. What does this mean for the donor? Normally, when you sell securities, you are required to pay tax on 50% of any capital gains that have accrued (i.e. the increase in value since you acquired the security). According to the new rule however, if you donate a security directly to a charity, such as Athletes for Africa, you will not pay any tax on the capital gains. The combination of not paying tax on capital gains plus the charitable tax receipt you will receive from Athletes for Africa for the full value of the security, translates into significant financial benefit for you, the donor.

Example:

Sarah wishes to donate \$1,000 to Athletes for Africa. She owns stock shares that she purchased for \$400, which is now worth \$1,000. By donating the shares directly to Athletes for Africa, Sarah is taxed \$0 on the capital gains, and also receives a tax receipt from Athletes for Africa for the full \$1,000 value of the shares. ***It is important to note*** that in order to take advantage of this tax benefit, you should not sell the shares and then donate the cash, as you would then be subject to the regular taxation on 50% of the capital gains.

SUPERIORITY OF DIRECT DONATIONS OF SHARES		
	Securities Sold & Cash Donated (\$)	Securities Donated Directly (\$)
Current Value of Shares	\$1,000.00	\$1,000.00
Purchase Price of Shares	\$400.00	\$400.00
Capital Gain	\$600.00	\$600.00
Capital Gains Taxes*	\$139.23	\$0.00
Funds Available for Donation	\$860.77	\$1,000
Tax Credit	\$399.48	\$464.10
Benefit to Charity	\$860.77	\$1,000.00
Tax Benefit to Donor	\$399.48	\$464.10
Profit on Investment of Donor	-0.52	64.10
*For illustrative purposes, we have used the Ontario combined federal and provincial tax rate of 46.41%		

Source: TD Bank Financial Group, http://www.td.com/economics/special/ca0507_securities.pdf

Value of the Security:

Athletes for Africa will issue you a charitable tax receipt once the transfer has been completed. The tax receipt will be made out in the amount of the closing price of the securities on the day the transfer is made to Athletes for Africa.



How to Proceed:

If you are interested in making a gift of securities, we recommend the following process:

1. Talk to your financial planner. Once you have determined how and when to make the gift, you will need to instruct your broker to transfer the gift to Athletes for Africa's brokerage account. Your broker will help you prepare an official letter to authorize the transfer. Please see the box below for all required information.
2. Contact Mike Prentice at Athletes for Africa so that we are aware of the transfer and can prepare a tax receipt for you. You can reach Mike by email at mike@athletesforafrica.com or by phone at 416-686-1533.
3. Please send a copy of the authorization letter to Athletes for Africa for our records.
4. Athletes for Africa will send your official tax receipt once the transfer is complete.

Here is all of the information you and/or your broker may need to prepare an authorization letter:

Organization Name: Athletes for Africa Aid Program*

Charitable Registration Number: 85950 1975 RR0001

Broker: M.R.S. Securities Services Inc. (as agent for Investors Group Securities Inc.)

FIN #: T080

Account #: 11033040

CUID Code (if required): MRS11033040

DTC code (if required): 5008

Broker Mailing Address: MRS Transfer Department
150 Bloor Street West, Suite M111
Toronto, Ontario
Canada M5S 3B5

*Please note that our full legal name – **Athletes for Africa Aid Program** – should be used for all official transactions.

Athletes for Africa's contact person at Investors Group:

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