

## Fact Sheet on Donations of Listed Securities

Any securities<sup>1</sup> transferred directly to the Od Brewery Foundation, depend on your tax situation, to be entirely or partially exempt from capital gains tax.

You will also be entitled to a tax receipt for the fair market value of the donated shares<sup>2</sup>. It is therefore a preferred alternative to selling the shares and using the proceeds to make a cash gift or to offset a donation you have already made. This is also, a great way to make a significant donation for a cost that is similar to or lower than a cash contribution.

### YOUR BENEFITS

→ Tax receipt for the fair market value of the securities <sup>3</sup> ;

→ No capital gains taxes on the donated shares, so you can maximize the value of your gift without increasing the amount of your contributions or the net cost of your donation;

→ For securities donated through a holding company: increase in the balance of the company's capital dividend account (CDA) for the non-taxable portion of the corresponding capital gain so that shareholders can receive tax-free dividends equivalent to the amount of the capital gain

<sup>1</sup> Securities are shares, bonds, mutual fund units or other holdings of this nature that are listed on a stock exchange and are not held within a registered investment portfolio such as an RRSP or an RRIF.

<sup>2</sup> A donation to a charitable organization is eligible for a non-refundable federal and provincial tax credit. You must have tax payable in order to benefit from this credit. In this document, this note is applicable whenever tax relief or financial advantages are mentioned.

<sup>3</sup> Tax receipts will be issued for the fair market value of the securities the day they are transferred to the Old Brewery Mission Foundation account.

**Example:** To simplify the calculations below, the specified tax credit does not consider the lower rate applicable to the first \$200 of a donation and we assume a tax situation such that the capital gain is not taxable. The combined federal and provincial income tax rate and the tax credit used here has been rounded off to 50%.

Mr. Chartier would like to make a \$100,000 donation to the Old Brewery Mission Foundation. He has X in securities, which are not associated with an RRSP or RRIF. The fair market value of the per-unit price is \$100, and the acquisition cost was \$20, for a capital gain of \$80 per share. His financial planner recommends transferring a portion of these securities directly to the Foundation rather than making a cash donation. This will allow him to avoid the capital gains tax that would otherwise be applicable. As a result, the net cost of his donation would be less than if he had given the equivalent in cash. In fact, he could even increase the value of his donation by 50% and the total cost would still not exceed that of a cash donation.

Comparison between \$100,000 cash donation, \$100,000 securities sold and then donated to the foundation, \$100,000 donation of securities and \$150,000 donation of securities

	\$100,000 cash donation	\$100,000 securities sold and then donated	\$100,000 donation of securities
A) Amount of donation	\$100,000	\$100,000	\$100,000
B) Cost to acquire securities	-	\$ 20,000	\$20,000
C)Capital gain	-	\$ 80,000	\$80,000
D)Taxable capital gain	-	\$40,000	\$40,000
E) Taxes payable on capital gain (50% X D)	-	\$20,000	0
F) Savings from capital gains tax exemptions (50% X D)	-	0	\$20,000
G) Tax credit for donation (50% X A)	\$50,000	\$ 50,000	\$50,000
Cost of donation, including, including tax savings(A-F+E-G)	\$50,000	\$70,000	\$30,000

Please talk to a professional to find out how to optimize your tax benefits, before deciding which giving vehicle is best for you.