

<u>Donor</u>	<u>Deduction</u>	<u>Mining Exploration Company</u>	<u>Tax Inclusion</u>
Donor buys FT Shares \$ 165,000	165,000 cash to mining company for the shares	→→→ \$165,000 Pays out \$ 165,000	165,000
Donor gets Issued shares and Gives Shares to Charity at FMV	<u>117,000</u>	←←← Shares Issued to Donor →→→ <u>Charity</u> Receives and Receipts \$ 117,000 netting charity \$ 100,000 for use in community. Largest recipients are hospital foundations →→	<u>117,000</u>
<b>Total Donor Deductions</b>	<u>282,000</u> *	<b>Total Taxable Inclusions</b>	<u>282,000</u>

\* For one cheque of \$ 165,000 the donor receives \$ 282,000 of tax deductions assuming that the mining company properly spends the \$ 165,000 in this example. When factoring in the Investment tax credit the deductions result in an after tax cost of \$ 16,000 to net the charity \$ 100,000.

Post budget - after tax cost is \$ 42,000 since capital gains tax is paid on the \$ 117,000 gift

Non start for Ontario Donors - benefit is not offset by risk of failure of mining company to properly incur expenditures or cost of deploying additional capital

Department of Finance View limited to deductions

Holostic View - Deductions conditional on taxable mining activity and donation of the shares