



Trinity Wood Mining - Super Flow-through Donation Strategy

The acquisition of Units in the Trinity Wood Mining Super Flow-through Fund represents an excellent strategy to donate to your favourite charity without it costing you a cent. Here is how and why it works.

Why it works is because there is an exemption from capital gains on the donation of publicly listed securities (including mutual fund shares) to a public charity or a private foundation.

Here is how it works:

- (1) You receive tax deductions at full rates and a 15% Federal tax credit when you acquire the Units in the Fund.
- (2) The Units are rolled over into a Mutual Fund in less than 14 months and you donate the Mutual Fund shares to your favourite charity. You pay no tax on the capital gain because of the exemption referred to above.
- (3) The charity gives you a donation receipt for the value of the Mutual Fund shares and you claim a tax credit at the top rate.

The numbers work as follows assuming the top Ontario rate of tax:

Cost of Units.....\$100
 Tax Saving (deduction & credit).....(57)
 After-tax cost of Units.....\$ 43

Donation of Shares worth \$100:
 Tax credit at top rate.....(46)
Your Profit on Donating \$100 is..... 3

You should never again donate cash to your favourite charity - always donate shares of Publicly Listed Companies (including Mutual Funds) with accrued gains - even if you go out in the market and re-purchase them immediately after donating. Mining Super Flow-through is ideally suited to this strategy because you receive "Super" tax savings when you acquire the investment. The investment has a zero cost base and when you donate the investment to your favourite charity you pay no tax on the capital gain.

The results displayed above assume the investment is worth the same amount that you paid for it when you donate it. If you are eligible for Provincial credits, are in a Province with a higher tax rate than Ontario or the Mutual Fund shares are worth more than their issue price when you donate them, you actually make more money by donating to your favourite charity - **a gift from the taxpayers of Canada!!!**

You might say, “what if the shares are not worth their issue price when they are donated”. **Even if the shares are worth only 80% of their issue price at the time of donation, using Super Flow-through you are making an \$80 donation, for the same after-tax cost as a \$10 cash donation (i.e. \$6).**

Attached are two slides which illustrate the foregoing. We have also prepared and can provide you with an Excel worksheet which allows you to experiment and illustrate various donation scenarios.

We hope you will find this information helpful in understanding how the Trinity Wood Mining Flow-Through Fund can help you make more tax-efficient donations to your favourite charity. If you have any questions, please do not hesitate to contact Peter Browning, President & CEO of Trinity Wood Capital Corporation (Phone: (416)214-2653 Ext. 228 – E-mail: pbrowning@trinitywood.com).

Trinity Wood Mining 2009 Charitable Donation

- Donate Shares of Mutual Fund to Charity - it won't cost you a cent
- Example (Ont):

Cost of Units.....	\$100
Tax Saving (deduction & credit).....	(<u>57</u>)
After-tax cost of Units.....	\$ 43
Donation of Shares worth \$100:	
Tax credit at top rate.....	(<u>46</u>)
Your Profit on Donating \$100 is	3

Trinity Wood Mining 2009 Charitable Donation

Example – (Value = 80% of Issue Price):

After-tax cost of Units.....\$ 43

Donation of Shares worth \$80:

Tax credit at top rate.....(\$37)

Cost of Donating \$80 is \$ 6

Equivalent Cash Donation

cost of donating \$6 (Ont) \$ 10