



RECEIPT AND VALUATION OF GIFTS TO THE CALGARY FOUNDATION (TCF) OF PUBLICLY LISTED SECURITIES

(Updated: March 2008)

The fair value¹ of gifts² of publicly listed securities, for purposes of determining the amount of a charitable donation tax receipt, will be determined in the following manner:

- a. Publicly listed securities that are freely tradable may be delivered³ by the donor directly to, and received at, the Foundation's office if the securities are evidenced by a share certificate or, preferably, the securities may be transferred electronically⁴ by the donor from their own brokerage or custodial account into the Foundation brokerage or custodial account.
- b. Freely tradable publicly listed securities may be gifted either by way of an irrevocable deed of gift⁵ or by delivery of the securities themselves⁶. The fair value will be the proceeds of the sale, prior to the cost of commission and brokerage fees, if the securities are sold on the date they are received⁷. If the securities are not sold on the date they are received, the fair value will be the closing market price⁸ on the date they are received.
- c. In cases where the gifted securities are thinly traded⁹ or represent a substantial proportion of the issuing company's total market capitalization¹⁰ the fair value will be determined with reference to the closing market price on the date of receipt by TCF, the number of securities gifted as a proportion of the average daily number of securities traded over the previous 30 trading days, and the proceeds of sale of the securities if all the gifted securities are not sold within 30 trading days of the date of receipt of the gift of securities.
- d. Publicly listed securities that are gifted and are not freely tradable because of restrictions imposed by the relevant securities commission or exchange are considered to be received when the securities' ownership has been transferred to that of TCF.
- e. The fair value of gifts of publicly listed securities that are not freely tradable is determined with reference to the closing market price on the date of ownership⁶ by TCF, the number of securities gifted as a proportion of the average daily number of securities traded over the 30 trading days previous to the transfer of ownership, the proceeds of sale of the securities if all the gifted securities are not sold within 30 trading days of the date of the transfer of ownership of the gift of securities and the length of time until the removal of the trading restrictions.
- f. Commissions, brokerage fees and realized capital gains and losses that arise from the sale of the gifted securities, as compared to their fair value for tax receipting purposes will be deducted from or added to, as the case may be, the Fund that is the recipient, as directed by the donor, of the value of the gift of securities and not to any other Fund at TCF.



¹Canada Revenue Agency's ("CRA") definition of **fair market value** in regards to donations of gifts-in-kind is: "*Fair market value is usually the highest dollar value you can get for your property in an open and unrestricted market, between a willing buyer and a willing seller who are acting independently of each other.*" Gifts and Income Tax, P113 (E) Rev. 06.

²For purposes of determining the amount of a charitable donation tax receipt, it is understood that the donor of the publicly listed securities is not the corporate issuer of the securities. Registered Charities Newsletter No. 18, Spring 2004, states under the heading 'Can shares or stock options be gifts?': "*One of the requirements necessary to the making of a gift for purposes of the Income Tax Act is the voluntary transfer of property. Where a corporation issues shares of its capital stock or grants a stock option, jurisprudence (Algoa Trust 93 DTC 404 (TCC) aff'd without reasons Feb. 4, 1998, Doc A-201-93, Fed CA) supports the view that there is no transfer of property by the corporation as the corporate assets are not reduced as a result of the issuance. As there is no gift in these circumstances, the charity should not issue a receipt notwithstanding that the shares or options will normally have value.*"

³Delivery and receipt of physical share certificates must meet the **compliance regulations** imposed on TCF by the brokerage firms regarding the negotiation of physical certificates. Currently the requirements include: the donors' signature on the certificate guaranteed by their financial institution, a letter signed by the donors authorizing the gift of securities (the letter must include TCF's name and address, TCF's brokerage account number, the number of securities, the security's certificate number, and the security's CUSIP number), and photocopies of the donors' drivers license or government-issued identification evidencing their signatures.

⁴Please contact TCF for written instructions to provide to your broker or financial advisor to facilitate a gift of securities electronically.

⁵Please contact TCF for information regarding a deed of gift. Particular language is necessary to effect a gift by way of deed of gift.

⁶It is CRA's general view that the charity has taken ownership of a share when it has the right to receive dividends declared in respect of the share, the right to receive amounts on the liquidation of the corporation, and the right to exercise the votes attached to the share. See also Registered Charities Newsletter No. 12, Spring 2002, 'Valuing Gifts of Public Securities'. It is **important** to note that in instances where a gift of securities is received by TCF on the dividend or trust distribution record date but TCF is not the owner of record on that date (due to the gift being made by way of a deed of gift or a certificate), the fair value of the gift of securities will be reduced by the amount of the dividend or trust distribution as the donor will receive the dividend or trust distribution.

⁷The date of receipt of physical certificates delivered to the TCF offices would be the date on which negotiable certificates are received at the offices of TCF. See note 3 above regarding the requirements of the brokerage firms.

⁸The closing market price is denominated in the currency of the market on which the securities are traded. The charitable donation tax receipt will be denominated in the same currency.

⁹**Thin (or narrow, or illiquid) trading** is defined as securities trading in a market with few bid and ask offers and characterized by low liquidity, high spreads between bid and ask prices, and high volatility. Small changes in supply and/or demand can have a dramatic impact on market price. See also Registered Charities Newsletter No. 12, Spring 2002, 'Valuation of Shares'.

¹⁰In a manner similar to thinly traded securities, a gift of a substantial proportion of the issuing company's total market capitalization limits TCF's ability to monetize the entire gift and realize the gifted securities value as offering to sell a large proportion of the daily trading volume will normally depress the price bid for the securities.



Gift of Publicly Listed Securities

To be completed by the donor/owner of the securities and presented to his/her investment advisor.

Donor(s) Name(s) _____ Name(s) of Fund(s) _____

Address _____

Phone Number (home) _____ Phone Number (work) _____ Email _____

THIS IS TO BE ACCEPTED AS MY DIRECTION TO THE FOLLOWING INVESTMENT FIRM/INVESTMENT ADVISOR TO TRANSFER PUBLICLY LISTED SECURITIES TO THE CALGARY FOUNDATION

This direction is to:	To transfer from Account # _____:
Investment Firm Name	Name of Securities
Investment Advisor Name	Number of Shares
Advisor's Phone Number	Approximate Value per Share
<p>Please transfer the security/securities by electronic transfer or otherwise in negotiable form (ie: street name or appropriately endorsed) to:</p> <p style="text-align: center;"> The Calgary Foundation Account 701-56180-1-5 C/O RBC Dominion Securities Inc. 333 – 7th Avenue S.W. Calgary, Alberta T2P 2Z1 <u>Attention:</u> Karen Shaule/Tom Melling Ph: (403) 299-7142/299-7138 </p> <p>Delivery should be made to RBC Dominion Securities Inc. CUID # DOMA</p> <p><i>The date that a security is received by the Foundation may impact the value of a charitable tax receipt issued for the gift. For that reason, it is important that this transaction be carried out as quickly as possible.</i></p>	

*****AFTER COMPLETING THIS FORM, PLEASE FAX TO:**

- 1) YOUR FINANCIAL ADVISOR
- 2) RBC DOMINION SECURITIES INC.
 FAX: (403) 299-6541
 ATTN: KAREN SHAULE/TOM MELLING
- 3) THE CALGARY FOUNDATION
 FAX: (403) 802-7701
 ATTN: ACCOUNTANT
 and
 VICE PRESIDENT, DONOR ENGAGEMENT

I/We hereby authorize the transfer of these securities to The Calgary Foundation. I/We acknowledge that I/we have read The Calgary Foundation's Procedure of Receipt and Valuation for Gifts of Publicly Listed Securities included with this form. This gift of securities is irrevocable. I/We understand that to receive a charitable tax receipt for the current tax year the securities must be received in the Foundation's account at the Foundation's brokerage firm on or by December 31, and that the Foundation is not responsible if the securities are not received in its account by that date.

Donor's Signature

Donor's Signature

Date: _____