



## **WEALTH CREATION PRESERVATION & DONATION INC.**

### **2010 Executive Summary (Ontario)**

#### **Philanthropic Program**

**WCPD** is a boutique financial firm with over \$200 million of assets under administration. WCPD is Canada's leader in the donation of super flow-through shares and we have created a philanthropic investment of maximum tax efficiency.

#### **WCPD'S PHILANTHROPIC ADVISORY COUNCIL**

At WCPD we are guided by the experience of some of Canada's leaders in tax policy and philanthropy.

Mr. Leonard Farber Senior tax advisor with Ogilvy Renault. Previously he was General Director of Tax Policy, responsible for all tax legislation developed by the federal Department of Finance.

Mr. Adam Aptowitzer LL.B, Specialist in Charitable Tax Law with Drache Aptowitzer.

Ms. Hilary Pearson President of Philanthropic Foundations Canada, an association for 82 of Canada's top private foundations with a combined total of \$4.8 billion in assets.

Dr. Peter J. Nicholson President and CEO of the Council of Canadian Academies, previously he was Senior Policy Advisor to Prime Minister Paul Martin.

#### **WHAT ARE FLOW-THROUGH SHARES?**

Flow-through shares are a special class of shares issued by Canadian resource companies (mining, oil and gas) which include special tax benefits relating to the exploration expenditures that the companies undertake. The tax benefits "flow-through" to the investor.

Flow-through shares are like other common shares, except that the proceeds from the issue of the shares must be spent on "qualified exploration activities". Regular flow-through shares are specific to **oil and gas exploration** and have a 100% tax deduction. Flow-through shares are specific to **mining exploration** and have the same 100% tax deduction, plus a further 15% federal tax credit and a provincial tax credit for the following provincial taxpayers: Ontario (5%), Manitoba (30%) and British Columbia (20%). Flow-through shares and RRSPs are the only government-sanctioned tax shelters.

## THE MECHANICS OF WCPD'S PHILANTHROPIC PROGRAM WITH STONE L.P.

With WCPD, the procedure is straightforward for both the donor and charity. The donor purchases units in Stone 2010-WCPD Flow-Through Limited Partnership (the "L.P.") and receives approximately 55% in "flow-through" tax savings for 2010. Prior to March 31<sup>st</sup>, 2011, the L.P. is wound up and the units are exchanged for shares of Stone & Co. Resource Plus Class (Stone Resource Fund), and then immediately exchanged for the more conservative Stone & Co. Dividend Growth Class (Stone Dividend Fund). Stone's Dividend Fund has received Morningstar's highest 5 star rating. (See attached sheet for performance).

Thus in early April, 2011, the donor can now donate some or all of the shares of the Stone Dividend Fund to their foundation or favourite charity. If donated, the charity will provide to the donor a charitable tax receipt based on the closing value of the mutual fund units on the day of donation. WCPD then sells the mutual fund units on behalf of the charity and the charity receives a cheque based on the value of the mutual fund shares sold.

The only variable in the WCPD Philanthropic Program is the stock return of the approximately 20 to 30 resource companies in the portfolio. These are all Canadian public companies involved in exploring for gold, copper, nickel, zinc, uranium, silver, diamonds, coal, oil and gas, etc. The amount of the donation and the government's funding via tax savings are both affected by the portfolio return (see table below).

***"If charity cost nothing, the world would be full of philanthropists."  
- Leo Rosten (1972)***

### ARITHMETIC OF MAXIMUM TAX EFFICIENCY

**Example of a \$100,000 investment of flow-throughs at the highest marginal tax rate by an Ontario resident, then \$100,000 donated the next year.**

Assumes flow-through value equals \$100,000 after 4 months.

Step 1, 2010: Investor purchases flow-through shares:

**Total tax savings (55% x \$100,000) = \$55,000**

Step 2, 2011: Investor donates shares to charities (charity receives \$100,000):

**2011 Charitable tax credit to investor (46% x \$100,000) + \$46,000**

**TOTAL TAX SAVED for an Individual Donating over Two Tax Years: = \$101,000**

## WHY BUY FROM WCPD?

WCPD has invested significant money and time to accomplish the following:

- 1) Created the unique Stone 2010-WCPD Flow-Through Limited Partnership with a short 4 month hold period. The average hold period for similar products is 18 to 24 months.
- 2) Designed a specific Offering Memorandum for the donation of flow-through shares.
- 3) Enlisted some of Canada's leaders in tax policy and philanthropy for WCPD's Philanthropic Advisory Council; and finally
- 4) WCPD has already successfully donated 15 flow-through philanthropic structures to charity and sold the shares for cash. The last two Stone 2010-WCPD Flow-Through Limited Partnership offerings had very good performance. Based on a \$100,000 investment, rollover values after 4 months were:
  - 2008 LP = \$108,304.00
  - 2009 LP = \$98,440.00

If you wish to discuss this opportunity further, please contact us.

Sincerely,

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