

HOW THE JANUARY 27TH, 2009 BUDGET CAN STRENGTHEN CANADA'S CHARITIES DURING A PERIOD OF ECONOMIC CRISIS

A Tax-Effective Stimulus for our Not-for-Profit Sector

To: The Right Honourable Stephen Harper, P.C., M.P.
Prime Minister of Canada

The Honourable Jim Flaherty, P.C., M.P.
Minister of Finance

cc: Mr. Michael Ignatieff, M.P.
Leader, Liberal Party of Canada

Mr. Gilles Ducesse, M.P.
Le Chef du Bloc Québécois

The Honourable Jack Layton, P.C., M.P.
Leader, New Democratic Party

Canada's universities, hospitals, social service agencies, arts and cultural organizations and community foundations are facing unprecedented challenges as a result of the global financial and economic crises. With the collapse of the stock market during the past few months, many donors have been reducing the level of their charitable giving. Compounding the problem for charities is the decline in the value in endowment funds which were heavily invested in the stock market. Endowment funds have had to reduce their annual disbursements which provide crucial support for professors, medical professionals, researchers and students. At the same time, the federal government is moving into a fiscal deficit, at a time when it is under pressure to introduce economic stimulus programs in the upcoming budget.

There are many policies which can be introduced to strengthen our not-for-profit sector. We are proposing three specific measures that can be implemented immediately in the upcoming budget. They will stimulate greater private sector funding for charities. They are also tax effective for both the donor and the government. The three proposals are:

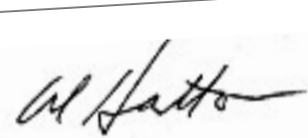
1. Exempt gifts of private company shares from capital gains taxes
2. Exempt gifts of real estate from capital gains taxes
3. Level the playing field between "arms length" and "non-arms length" employees who exercise stock options and give the shares to a charity within 30 days.

To address concerns about the valuation of private company shares and real estate, the majority of which have a low cost base, we propose that the donor would receive a tax receipt when the assets are monetized and the charity receives the cash proceeds.

The first and second proposals simply capitalize on the enormous success of the government's measure to eliminate the capital gains tax on gifts of publically listed securities. The third proposal would stimulate donations from family directors and executives of public companies that are family controlled. Private Canadian corporations and real estate represent huge potential sources of untapped charitable giving. In the U.S., gifts of private company shares and real estate are already exempt from capital gains taxes. Now is the time to level the playing field with the U.S. and unlock greater private wealth for public good!

Importantly, all four parties - the Conservatives, the Liberals, the NDP and the Bloc Quebecois unanimously supported the 2006 budget. There is every reason to believe that all four parties will support these measures as well. Our not-for-profit sector employs 2.1 million Canadians and provides essential services that benefit virtually all Canadians. It is also relevant that all six former Prime Ministers support these proposals, in principle - the Right Honourable Paul Martin, Jean Chretien, Brian Mulroney, Joe Clark, John Turner and Kim Campbell.

There is nothing more important than for all of us to give back to our communities. As Winston Churchill once said, "You make a living by what you get. You make a life by what you give"!



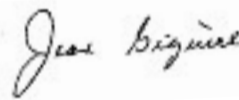
Al Hatton President & CEO
United Way Canada-Centraide Canada
representing 119 members across Canada



Nichole Anderson President & CEO
Business for the Arts
Representing 50 members



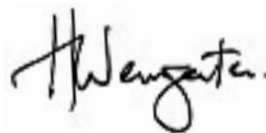
Pamela Fralick President & CEO
Canadian Health Care Association
representing the federation of provincial
and territorial hospital and health
organizations across Canada



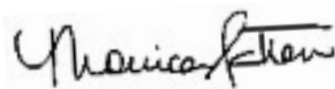
Jean Giguere Chair
12th Annual Canadian Arts Summit



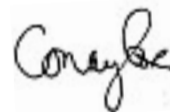
Linda Saunders Regional Director
Association for Health Care Professionals
Representing 500 members across Canada



Harvey P. Weingarten
President and Vice Chancellor
University of Calgary



Monica Patten President & CEO
Community Foundations of Canada
Representing 165 members



David Naylor President
The University of Toronto



Richard Ivey Chair
The Canadian Institute for Advanced
Research



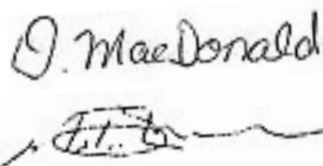
Paul Davenport
President and Vice Chancellor
The University of Western Ontario



Amanda Gellman Chair
Government Relations Committee
Association of Fundraising Professionals
(AFP)



Heather Munroe-Blum
Principal and Vice Chancellor
McGill University



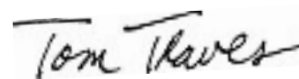
Diane McDonald Executive Director
Malcolm Burrows
Canadian Association of Gift Planners
Representing 1,330 members



Luc Vinet
Recteur
Université de Montreal



Clint Davis President & CEO
Canadian Council for Aboriginal Business
(CCAB)
Representing 61 members



Tom Traves
President and Vice Chancellor
Dalhousie University



Donald K. Johnson, C.M.
Member of the 2008 Major Individual Giving Cabinet, United Way of Greater Toronto; Director, Toronto General and Western Hospital Foundation, Business for the Arts, Advisory Board - Richard Ivey School of Business, Toronto Foundation for Student Success; Chair, Vision Campaign, Toronto Western Hospital