



Promoting Barter and Trade in a Global Economy

Industry Statistics

- There are in excess of 500,000 corporate trade exchange members globally.
- Almost 1/3 of all small businesses in the U.S. use some form of bartering.
- 65% of corporations listed on the NYSE are involved in bartering.
- Barter accounts for 30% of the world's total business (U.S. Department of Commerce).
- 65% of Fortune 500 companies engage in barter to one degree or another.

Information provided by The International Reciprocal Trade Association (IRTA) reports, NATE (National Association of Trade Exchanges), WIR, and the U.S. Department of Commerce.

-Information is current as of 2004.

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Tax Shelter Identification Number:
Federal: TS-073270

The identification number issued for this tax shelter shall be included in any income tax return filed by the donor. Issuance of an identification number is for administrative purposes only and does not in any way confirm the entitlement of a donor to claim any tax benefits associated with the tax shelter.



Who We Are

Universal Barter Group Inc. (UBG) is a Canadian Corporation acting as the marketing arm for BarterWorld Global Inc. to promote the BarterWorld trade system on a global scale. UBG's marketing mandate includes assisting Canadian charities in meeting the needs of the less fortunate at home and abroad, through the use of barter currency.

BarterWorld Canada Inc. (BarterWorld™) holds the exclusive license for use of the BarterWorld™ and TradeBUX™ trademarks in Canada. BarterWorld Canada Inc. has appointed UBG as the sole agent to market PRESTIGE BarterWorld™ memberships to consumers across Canada. Membership allows the individual immediate access to conduct trades at www.barterworld.com.



How Does Barter Work?

Traditionally barter involved only two parties. If one was interested in trading a product or service, it was necessary to find someone else who could supply the desired item(s) - and who also wanted what the first party had to offer in exchange. This was often a difficult task and limited the ability to trade.

With the formation of commercial barter exchanges, trading has become a much more sophisticated practice. Barter exchanges have developed computerized tracking systems consisting of debits and credits which, combined with the issuance of a 'trade currency' has allowed the trade of goods and services between multiple companies and individuals. No longer does a potential trade partner require a direct relationship with the entity from which they may wish to acquire a needed product or service.



Circle of Trade

BarterWorld™ has built two sophisticated systems to allow the trade of goods between companies and individuals participating in a TRADE EXCHANGE. Members of the Trade Exchange agree to supply products and services without the need for conventional currency. Similarly, members of the Trade Exchange agree to acquire products and services from each other on trade, as opposed to cash transactions. Members agree to purchase and/or sell products using currency units. In the case of UBG and the BarterWorld™/ TradeBUX™ trade networks, transactions occur using a proprietary currency known as "TradeBUX™".





A Unique Opportunity

BarterWorld™ is an innovative business that affords real and meaningful assistance to registered Canadian charities by acting as a conduit for them to easily acquire goods and services, without the need for conventional currency.

Universal Barter Group, acting as a marketing agent for BarterWorld™, markets exclusive Prestige Memberships that allow individuals to take full advantage of the robust trading economy. All Prestige Members are entitled to apply for a loan to acquire an advance of TradeBUX™, which accelerates their ability to use the trade system. Prestige Members may then use the TradeBUX™ to purchase products and services through BarterWorld™ in order to enhance their lifestyle. Alternatively, members are given the opportunity to donate part, or all, of the TradeBUX™ to the registered Canadian charity, or charities, of their choice. Should the member participate in this type of charitable initiative, the member would be entitled to a charitable receipt which can significantly reduce the amount of income tax the member pays in the year the donation is made.



How Does a Charitable Donation Work?

Should a Prestige Member choose to support a charity registered with BarterWorld™:

- You may donate up to 75% of your taxable income in any one calendar year.
- Donations in excess of an annual donation limit may be carried forward and claimed in any of the next 5 years.
- The first \$200 of a donation receives a tax credit calculated at the lowest marginal tax rate (marginal tax rates vary depending on your province of residence).
- Donations in excess of \$200 receive a tax credit calculated at the highest combined marginal tax rates (Example: 46.41% in Ontario)

Members who donate their TradeBUX™ will be entitled to a charitable donation receipt from the charity to which they have made the donation. The receipt will be in an amount equal to the value of the TradeBUX™ donated. The value of a TradeBUX™ for donation purposes will be determined by a Chartered Business Valuator. We project that the valuation for a TradeBUX™ will be in the range of 85¢ to 90¢. Donors may file those receipts with their annual tax returns and generate tax credits.



Charities

Charities are uniquely positioned to accept TradeBUX™ as a charitable donation in order to meet the needs and mandates of their initiatives. Charities can use the trade dollars to:

- purchase products and services in order to enable them to operate more effectively
- acquire products directly from the trade network and transfer them to those most in need, or
- use as property for fund-raising projects (e.g. raffle off entitlements to banquet hall services, etc)
- pass their TradeBUX™ on to individuals / organizations in need



Charitable Use of TradeBUX™

Any registered Canadian charity is eligible to participate as a BarterWorld™ member and register to receive TradeBUX™ to further its mandate.

As a trade interface, BarterWorld™ provides an unprecedented opportunity for charities to fulfill their needs for products and services.

The principle of the barter network is that the value of one TradeBUX™ is equal to approximately \$1 CDN, for the purpose of selling and acquiring goods and services. TradeBUX™ donated to charities allow charitable organizations to access products and services provided by independent suppliers, without the need for conventional currency.

Charities can access the advanced online interface to source their needs and to connect them with BarterWorld™ members that accept TradeBUX™ as a form of currency.

"If I had my life to live over again, I would elect to be a trader of goods rather than a student of science. I think barter is a noble thing."

Albert Einstein



How The Program Works

Prestige Membership Process

STEP 1 - Register for a Prestige BarterWorld™ Membership

Individuals register for a BarterWorld™ Prestige Membership allowing them the ability to immediately transact on BarterWorld™.

This special BarterWorld™ membership has a number of advantages when using the trade system:

- Enhanced elements of the basic "Rewards Program" available to all BarterWorld members
- Ability to purchase TradeBUX™ financed by a loan from Barterworld to accelerate an individuals ability to acquire products and services from the Barterworld.com and Tradebux.com networks.

STEP 2 - Apply for an advance of TradeBUX™

Member applies for two loans, in Canadian Currency, which can be used to acquire TradeBUX™ at 1:1 exchange rate.

The minimum loan amount permitted for a Prestige Membership through UBG is \$5,000 CDN with BarterWorld™.

A portion of the TradeBUX™ acquired may be used immediately to purchase products and services through BarterWorld™, while the remainder may be immediately donated to a charity of your choice or may be used to purchase products and services through BarterWorld™ after a holding period is over.

STEP 3 - Client provides a loan repayment deposit on the Advance (+ 5% marketing fee)

Each Prestige Member will provide a cash loan repayment deposit which will be invested by an Investment Management Firm on your behalf for a 10 year period. The future value of that investment will be applied against the debt. (Note: participation in the "Rewards Program" is the only way to pay down the interest and some principal on the second loan.)

STEP 4 - Client may use the TradeBUX™ to enhance their lifestyle and/or support their charity of choice.

Members have 3 options with their TradeBUX™:

1. Purchase goods or services for personal consumption through BarterWorld™
2. Donate their TradeBUX™ to a charity of their choice
3. Hold the TradeBUX™ for future use

Members who elect to use their TradeBUX™ to donate products purchased through BarterWorld™, or who donate their TradeBUX™ to a registered Canadian charity, will be entitled to a charitable donation receipt equal to the value of the TradeBUX™ donated.



Terms of the Loan

Terms of the loans are:

- Term:
 - Loan 1 (50 % of loan) - 10 years
 - Loan 2 (50% of loan) - 6 years
- Rate: Greater of 3% or CRA's prescribed rate
- Amount: \$5,000 minimum and No maximum
- Full recourse to the borrower

All PRESTIGE Members are required to submit a Loan Repayment Deposit (as percentage of loan)

- January 1 - June 30: 14%
- June 30 - September 30: 16%
- October 1 - November 31: 18%
- December 1 - December 31: 20%



Marketing Fee

An additional fee of 5% (including GST) of the Loan Repayment Deposit will be required for the following Marketing Services:

- Implementation of the "Rewards Program"
- Marketing expenses associated with ensuring that your loan is repaid
- Processing of the loan application



Donation and Tax Credit

Members who donate their TradeBUX™ will be entitled to a charitable tax receipt from the charity to which they have made the donation. The receipt will be in an amount equal to the value of the TradeBUX™ donated. Donors can file those receipts with their annual tax returns and claim tax credits.



Legal and Tax Opinion

Harris, Sheaffer LLP is the Toronto law firm retained by Universal Barter Group Inc. to provide a tax opinion and interpretation of the Income Tax Act (Canada) as it relates to the UBG Program.



Debt Repayment

The loan repayment deposit will be invested, with the value of that investment belonging to the Prestige Member. BarterWorld™ has contracted Investment Managers with extensive experience and successful track records to manage the investments. The investment philosophy is based on sound money management principles, whereby preservation of capital and maximizing the rate of return are the main goals.

The future value of the security deposit will be applied to repay the first part of Prestige Member's first loan represented by Loan 1 (50% of the debt). Please note that there are two loans and the security deposit will only be applied against the larger of the two loans. Participation in the Rewards Program will help to repay the second loan (50% of the debt).



Trust Fund

CRA has stated they will vigorously review all donation arrangements. In the event that a member wishes to make a charitable donation of some or all of their TradeBUX™, we believe that this arrangement is inherently more conservative than others because:

- Members can choose their own charities to which they wish to donate.
- A significant portion of property (in the form of TradeBUX™) may be distributed within Canada.
- Valuation can be determined more objectively as the purchasing power of TradeBUX™ can be compared to the purchasing power of conventional Canadian currency.

To provide our members with extra peace of mind for years to come, a legal trust fund is being established to deal with any CRA challenges. In the event you receive requests for additional information from CRA concerning the UBG program, simply submit the request to UBG and we will provide instruction for an appropriate response.

WE WILL NOT ASK YOU TO CONTRIBUTE FINANCIALLY TO THIS FUND.



Valuation

The starting point for a valuation is that the purchasing power of a TradeBUX™ approximates the purchasing power of a Canadian dollar. CRA takes this position when taxing businesses that transact using barter rather than cash. However, even at parity, inherently the TradeBUX™ is subject to the limitation that it can only be spent with a BarterWorld™ Member. We will therefore anticipate that even with a robust barter economy in Barterworld that one TradeBUX™ will be valued by a Chartered Business Valuator at less than \$ 1.00 Canadian. We project that the valuation for a TradeBUX™ will be in the range of 85¢ to 90¢.



Instructions

Application Process

- Go to www.universalbartergroup.com
- Click on APPLY
- Complete the online Application Forms (a unique email address must be entered):
 - Prestige Application
 - First Promissory Note
 - Second Promissory Note
 - Loan Repayment Deposit Agreement
- Mail us a copy of your completed forms along with 2 cheques (please indicate your UBG code on each cheque):
 - Cheque 1- to cover the Marketing Fee (made payable to Universal Barter Group Inc.)
 - Cheque 2- to cover the Loan Repayment Deposit (made payable to BarterWorld Canada Inc.)

Donation Process

- A notification will be sent to your email address once your TradeBUX™ have been allocated to you.
- You will have the option of using the TradeBUX™ for your own purpose or donating a portion or all of your TradeBUX™ to the Registered Canadian charity of your choice.
- If you choose to donate your TradeBUX™ you can do so by visiting www.universalbartergroup.com and clicking on DONATE where a list of registered Canadian charities will be provided.



*"Making a difference in the world,
one trade at a time"*

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